The Cost of Unfulfilled Promise: Perceived Psychological Contract Breach, Organizational Support and Employee Work Engagement in a Mismanaged Economy

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Abstract

The study explored the relationship between perceived psychological contract breach, perceived organizational support and work engagement (N = 218) using the cross-sectional survey method. Perceived psychological contract breach was measured by Robinson and Morrison’s (2000) scale, perceived support by Eisenberger, Huntington, Hutchinson and Sowa’s (1986) scale and work engagement by Schaufeli, Salanova, Gonzalez-Roma and Bakker’s (2002) scale. The data were analysed by means of hierarchical regression. Contrary to author’s prediction and in conflict with previous research findings, perceived psychological contract breach was not negatively related to employee work engagement. The results of the regression analyses also showed that perceived organizational support was significantly related to employee work engagement. The findings provide insight into the role of contexts in some individuals’ work attitudes and behaviours which may point toward the need to always consider the environment whenever studies that have some cultural implications are carried out.

Keywords: Psychological contract breach, organizational support, work engagement

1. Introduction

A firm’s success is a function of effective utilization of its resources to gain competitive advantage. To achieve this, both the organization and employees must blend to become formidable otherwise the ever gathering storm engendered by rivalries often found in competitive market would swallow them. It is therefore not surprising that the employee-organization relationship has frequently emerged as a topic of interest for both organizational researchers and
practitioners (Cappelli, 1999; Rousseau, 1995; Tsui, Pearce, Porter, & Hite, 1995). This heightened interest is a resultant effect of global competition, turbulent economies, demographic diversity, technological advances and recent trends such as restructuring, re-engineering, downsizing, mergers and acquisitions which have influenced the nature of work in the last decades (Rousseau, 1997; Coyle-Shapiro & Shore, 2007). These transformations usually involve the renegotiation and alteration of the employment agreement to fit changing circumstances (McLean Parks & Kidder, 1994; Sims, 1994). Such employment relationship is conceptualized in terms of psychological contracts between employees and their organizations, which have been found to have a positive impact on job attitudes and work behaviours (e.g., Bal, de Lange, Jansen, & van der Velde, 2008; Zhao, Wayne, Glibkowski, & Bravo, 2007). More so, perceived organizational support (POS) has continued to surface and has attracted strong interest among researchers and practitioners. Perceived organizational support has been found to predict many variables such as employee engagement (Saks & Rotman, 2006), job performance, job commitment, job satisfaction, job dedication, and task performance (Muse & Stamper, 2007).

Since the emergence of positive psychology, interest in employee engagement has continued to increase worldwide. The construct has been studied as both a predictor and outcome variable. For instance, many researchers have claimed that employee engagement predicted employee outcomes, organizational success, and financial performance (Bates, 2004; Baumruk, 2004; Richman, 2006). The Gallup Research Group (2006) found that employee engagement has a statistical relationship with productivity, profitability, employee retention, safety and customer satisfaction. Others have claimed that employee engagement is an outcome of various positive supervisor or colleague organization behavior such as virtuousness and optimism (Ugwu, 2012), job involvement, locus of control, career opportunity, work-life balance (Baldev & Anupama,
Employee work engagement has been defined in diverse ways most of which state that it is an omnibus term that incorporates older and better established constructs (e.g., Baldev & Anupama, 2010; Baumruk, 2004; Richman, 2006; Saks, 2006).

However, report from extensive review of literature shows that psychological contract breach and organizational support have been related to various positive and negative job behaviours depending on the direction of their perceptions in organizations. But similar attention on the relationship between these constructs and work engagement has been lacking, especially in Nigeria. The researcher is not aware of any of such study in Nigerian organizations. Most of such that exist were carried out in the Western countries and relying wholly on such data would cause a limited understanding of such relationships. It therefore makes empirical as well as theoretical sense to carry out related studies in different environments to be able to achieve a wholesome understanding of the relationships between perceived psychological contract breach, perceived organizational support and employee work engagement.

According to Robinson and Rousseau (1994), psychological contract violation occurs when one party in the relationship perceives another as failing to fulfill his or her promised obligations. Morrison and Robinson (1997) argued that violations of psychological contracts occur when the perceived implicit and explicit promises of employers are not fulfilled. Thus, psychological contracts have been variously defined. For instance, Robinson and Rousseau (1994) defined psychological contracts as the implicit beliefs or perceptions as to the terms and conditions of the relationship between employee and employer. Psychological contract violation occurs when one party in the relationship perceives another as failing to fulfill his or her promised obligation or obligations (Robinson & Rousseau, 1994). Rousseau (1995) defined psychological contract as “individual beliefs, shaped by the organization, regarding an exchange
agreement between individuals and their organizations” (p. 9). Psychological contract theory predicts that when an employee and an organization have a relationship that is characterized by mutual investment and reciprocal commitment to the relationship, the relationship may become a self-fulfilling prophecy that makes the employee and the organization more attached to each other (Dabos & Rousseau, 2004). Organizational support theory, on the other hand, implies that to meet socio-emotional needs and to determine the organization’s preparedness to reward effort, employees develop beliefs concerning the extent to which the organization values their contributions and cares about their well-being (Orpen, 1994; Rhoades, et al., 2001). Eisenberger, Huntington, Hutchinson, and Sowa (1986) referred to this belief as “Perceived Organizational Support” (POS). According to POS theory, feelings of trust between the parties will develop, leading to long-term obligations (Rhoades & Eisenberger, 2002). POS involves the degree to which the organization is willing to compensate employees for their efforts, provide them with interesting work assignments, and provide adequate working conditions (Eisenberger, et al., 1986).

A theoretical explanation of the relationships between psychological contract breach, perceived support and employee engagement can be found in social exchange theory (SET). In his social exchange theory (Blau, 1964) suggests that individuals enter into relationships in which not only economic (e.g., pay) but also where socio-emotional benefits, such as esteem, approval and caring are relevant (Mael & Ashforth, 1992). SET argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence (Saks, 2006). A basic tenet of SET is that relationships evolve over time into trusting, loyal, and mutual commitments as long as the parties abide by certain “rules” of exchange (Cropanzano & Michtchell, 2005). Rules of exchange usually involve reciprocity or repayment rules such that the
actions of one party are a direct response to actions by the other party – a case of give and take. For example, when individuals receive economic and socio-emotional resources from their organization, they feel obliged to behave in a more positive way to repay the organization (Cropanzano & Mitchell, 2005). More so, psychological contracts are one form of social exchange that develops between employers and employees. The focus of most psychological contract research has been on identifying the components of an employee’s contract and the effects of fulfillment or non-fulfillment of contracts by employers (e.g., Rousseau, 2001). On the other hand, the norm of reciprocity suggests that high levels of POS would engender concern amongst employees for the welfare of the organization as well as the achievement of its goals (Rhoades, et al., 2001). It stands to reason, then, that employees who have higher levels of POS will also have higher feelings of engagement and therefore exert the required efforts to help the organization achieve its stated objectives.

2. Context - Nigeria

In Nigeria today, it is usual to find unemployed graduates expressing futility in job finding having remained in the job market for several years without exit point. Many eventually surrender their hope of finding jobs and take to any means of livelihood. Bello (2003) asserted that unemployment incidence affects the job seekers within the ages of 20 – 24 and 25 – 44 years more while there is less incidence of unemployment within the ages of 15 – 19, 55 – 59 and 65 years and above. According to Bello, the age distribution of unemployment signals a great threat to the domestic economy and the survival of the Nigerian nation. This is because many energetic youth with dynamic resources pound the street with tattered apparel without gainful engagements. In fact, Nigeria’s current economic under-performance is fickle and falls short of expectations, such that 66% of Nigeria’s educated youth, live below the international poverty line, at just $1.00
a day (See Oteh, 2009). However, the level of unemployment in Nigeria appears to grow geometrically, and Nigeria may have no prospect of measurable development or of improving the welfare of its people unless it enhances the chances of employment for its graduates.

Available statistics of Nigerian unemployment consist of not only illiterate or uneducated populations but also of some highly educated populations, who if given opportunity would form the kernel of the productive avant-garde in a developing country. In other words, many of Nigeria’s unemployed and consequently poor are well educated even by world standards. From the foregoing, therefore, it is obvious that unemployment, especially graduate unemployment, hinders Nigeria’s progress. It is disturbing to note that Nigeria’s graduates have slim chances of becoming gainfully employed. It is even more demoralizing that the country’s economic condition is such that it is hardly able to cater for the products of its own educational system. Many adults remember with nostalgia the days when employers go about looking for employees. Today the trend has changed as it is now the turn of employees to move from one office to the other seeking jobs that are non-existent. These days thousands of young people are found waiting to be interviewed for just one, two or few vacant positions in some organisations or firms. Under such condition the privileged few who are employed whether gainfully or otherwise could afford to tolerate any assault from their employers because the consequences of losing one’s job is better imagined.

3. Psychological Contract Breach and Work Engagement

The theoretical model of psychological contract violation (Wolfe, Morrison, & Robinson, 1997) proposes that when an employee perceives a mismatch in the reciprocal promises made between the employee and the organisation, their response may manifest as job dissatisfaction, with resultant increases in absenteeism and turnover (Griffeth, Hom, & Gaertner, 2000). Turnley and
Feldman (1999) found that employees with higher levels of psychological contract violation are more likely to attempt to exit their organizations, voice their displeasure with the organization’s practices to upper management, and neglect their in-role job performance. They also found that employees with higher levels of psychological contract violation are less likely to be loyal to the organization. Other responses that have been reported to arise from perceptions of psychological contract violations include deep, long lasting feelings of betrayal and resentment, anger and frustration (Rousseau & McLean Park, 1993), perceived injustice in procedures and outcomes (Morrison & Robinson, 1997; Shore & Tetrick, 1994) and reduced employee commitment (Guzzo, Noonan, & Elron, 1994; Robinson & Morrison, 1995). Based on social exchange theory (e.g., Blau, 1964), Lester, Turnley, Bloodgood and Bolino (2002) noted that employees’ perceptions of psychological contract violations could lead to a host of other negative outcomes such as decreases in extra-role behaviors (Robinson, 1996), neglect (Turnley & Feldman, 1999), lower performance (Lester, et al., 2002), and higher voluntary turnover, lower levels of trust, and lower job satisfaction (Robinson & Rousseau, 1994). While many studies suggest a direct empirical relationship between employees’ perceptions of a psychological contract violation and organizational commitment, job satisfaction, turnover intention, a decrease in loyalty and so forth, little is known about the relationship between psychological contract breach and work engagement. Along that same line, the present researcher argues that if perceived psychological contract breach could lead to numerous negative job-related outcomes enumerated above, individual employees’ perception of psychological contract breach could also have a significant negative relationship with work engagement. Hence, it is hypothesized that:

Hypothesis 1: Perceptions of psychological contract breach will be statistically and negatively related to employee work engagement.
4. Perceived Organizational Support and Work Engagement

Researchers have found that perceived organizational support affects performance and well-being (Eisenberger, et al., 1986). Other researchers believe that the field of POS refers to the organization’s contribution to a positive reciprocity dynamic with employees, as employees tend to perform better to pay back for perceived organizational support (Rhoades & Eisenberger, 2002). Employees who experience a strong level of POS theoretically feel the need to reciprocate favourably to organizational treatment with attitudes and behaviours that in turn benefit the organization (Eisenberger, et al., 1986). In support of this social exchange perspective, research has revealed that POS is positively related to job attendance and measures of job performance (Eisenberger, et al., 1986; Eisenberger, Fasolo, & Davis-LaMastro, 1990), the tendency to help co-workers (Shore & Wayne, 1993), the tendency to offer constructive suggestions for organizational improvement, and affective organizational commitment (Eisenberger, et al., 1990), job satisfaction (Çakar & Yıldız, 2009), job involvement (George & Brief, 1992), intention to leave (Guzzo, et al., 1994). Organ (1988) stated that employees with higher levels of POS are likely to be more committed and possibly more willing to engage in extra role or organizational citizenship behaviours than are employees who feel that the organization does not value them as highly. Following from the foregoing that POS is related to numerous job attitudes and behaviors, it could also be related to employee work engagement. Hence, it is hypothesized that:

Hypothesis 2: Perceived organizational support will be positively related to employee work engagement.
5. Method

5.1 Participants and Procedure

The present study employed the cross sectional survey design to sample 218 participants for the study from 11 commercial banks in Makurdi, North-Central region, Nigeria. They consisted of 122 (56%) female employees. Their ages ranged from 29 to 56 years, with a mean age of 40.86 years. The employees’ highest and lowest academic qualification is Master of Science (M. Sc.) degree and Ordinary National Diploma (OND) respectively. Their average organizational tenure is 6.31 years, while their average job tenure is 3.45 years. All the participants in the study were volunteers. However, a total of 243 employees were sampled in their workplaces, out of which 225 copies of the questionnaire were completed and returned, representing 92.59% response rate. Out of this number, 7 (3.11%) copies were discarded due to improper completion and only 218 (96.89%) were subjected to analyses.

5.2 Instruments

Psychological Contract Breach: Psychological contract breach was assessed using the 5-item scale reported in Robinson and Morrison (2000). Sample items include: “My employer has broken many of their promises to me even though I have upheld my side of the deal”, and “I have not received everything promised to me in exchange for my contributions”. All items were rated on a 5-point scale ranging from strongly disagree (1) to strongly agree (5). Cronbach alpha of the scale for the present study is 0.73.

5.2.1 Perceived Organizational Support: The Survey of Perceived Organizational Support (SPOS) (Eisenberger, et al., 1986) was used to assess levels of perceived organizational support. Studies surveying many occupations and organizations suggested that this survey forms a single factor (unidimensional) and possesses adequate internal reliability of the survey generally used to
assess SPOS (Eisenberger, et al., 1986, 1990; Shore & Wayne, 1993). The scale has been found to be related to, but distinct from, measures of similar beliefs and attitudes (e.g., Aquino & Griffeth, 1999; Randall, Cropanzano, Bormann, & Birjulin, 1999; Rhoades, et al., 2001). To assess employees’ perception that the organization valued their contribution and cared about their well-being, the present researcher borrowed from the work of Eisenberger, Stinglhamber, Vandenberghhe, Sucharski, and Rhoads (2002) who selected three high-loading items from the SPOS (Items 1, 4, and 9; Eisenberger, et al., 1986) with factor loadings, respectively, of .71, .74, and .83. Respondents rated their agreement with each statement using a 5-point Likert-type scale (1 = strongly disagree to 5 = strongly agree). Cronbach alpha of the scale for the present study is 0.69.

5.2.2 Work Engagement: The short version of the Utrecht Work Engagement Scale (UWES-9) developed by Schaufeli, Salanova, Gonzalez-Roma and Bakker (2002) was used to measure work engagement. It is a self-report scale with a 5-point Likert-type response format ranging from 0) = never to 4) = always. It captures the three dimensions of work engagement: vigour, dedication and absorption. Sample items for the 3 dimensions include: “At my work, I feel bursting with energy”, “I am enthusiastic about my job”, “I feel happy when I am working intensely” respectively. Cronbach alpha of 0.83 was obtained for the instrument in the present study.

6. Control Variables
There are variables that have proven relationship with work engagement and some of such variables are entered as control variables in the present study. For example, researchers have shown that gender predicts behavioural engagement (Fan & Williams, 2010; Green, Rhodes, Hirsch, Suárez-Orozco, Camic, 2008). Age, marital status, job tenure, organizational tenure, education and work experience predict work and behavioural engagement (Adekola, 2011; Otwori & Xiangping, 2010). It is therefore reasoned that controlling for these variables in the
current study would help understand the incremental effects of other predictor variables after
determining the contributions of the control variables.

7. Statistical Analyses

Regression analyses were carried out on the data in order to assess the amount of incremental
variance explained by each of the predictor variables. We first, entered the control variables.
Next, we entered the predictor variables in their sequence: perceived psychological contract
breach and perceived organizational support.

The results of the regression analysis computed revealed that among all the control variables
tested in the study, it was only gender, education, age and job tenure that were significant: gender
($\beta = .15, p < .05$), education ($\beta = -.17, p < .05$), age ($\beta = -.13, p < .05$), job tenure ($\beta = .11, p < .05$). These control variables contributed 6.7% of the variance in employee work engagement.
The results equally indicated that psychological contract breach contributed 6.4% of the variance
in work engagement above and beyond that of the control variables. In the regression equation
model, psychological contract breach was not statistically significant on work engagement. The
results of the study further revealed that perceived organizational support contributed 10.9% of
the variance in work engagement above and beyond that of the control variables and
psychological contract breach. In the regression equation model, perceived support was
statistically significant ($\beta = .23, p < .01$).
8. Discussion

The study examined the role of psychological contract breach and perceived support in the development of work engagement in Nigeria. Contrary to prediction, psychological contract breach is not related to work engagement. This is a paradigm shift from established facts that breach of contract is negatively related to a host of positive job behaviours. The context under which the study was carried out may be responsible for this radical result. In Nigeria there is general dearth of employment opportunities; and graduate unemployment has assumed a threatening dimension in that millions of young energetic individuals that have equipped themselves with the necessary skills cannot find jobs. So the work behavior of the privileged few may not be deterred by whatever treatment they receive from their employers. This may be as a result of their perception that their employers have numerous options to select from should they be found disengaged with their work. So despite the non-fulfillment of the employers own side of the bargain, employees may still exhibit positive work behaviours and maintain their membership with the organization. This result is in conflict with many Western-based studies that found that psychological contract breach was related to a host of negative outcomes which include decrease in extra-role behaviours, neglect, lower performance, and higher turnover, lower levels of trust and lower job satisfaction and commitment (Anderson & Schalk, 1998; Lester, et al., 2002; Robinson, 1996; Robinson & Rousseau, 1994; Turnley & Feldman, 1999 ). The result is equally in conflict with the study of Knights and Kennedy (2005) which found a negative relationship between psychological contract violation on both job satisfaction and organizational commitment.

The results of the current study also suggest that perceived organizational support is related to work engagement. This result is consistent with the speculation that perceived support
will be significantly related to work engagement. The reason for this result might be that when employees are convinced that their organization recognizes the effort they exert in the performance of their work, they are more likely to reciprocate in a way that will be beneficial to the organization. However, this result is consistent with previous findings that established that perceived organizational support was related to various positive job attitudes and behaviours which include job attendance, job performance, affective commitment, tendency to assist co-workers, job satisfaction, job involvement and organizational citizenship behaviours (Çakar & Yıldız, 2009; Eisenberger, et al., 1986; Eisenberger, et al., 1990; George & Brief, 1992; Guzzo, et al., 1994; Organ, 1988; Shore & Wayne, 1993). This finding ultimately emphasizes the relevance of the social exchange theory in organizational and work context, that employees return good management behaviours in the same measure.

9. Conclusion

Although organizations seem to be similar in terms of approaches and styles they adopt to goal attainment, the environments in which those businesses operate differ significantly across countries and to some extent may determine how they behave towards the organizations. While some environments are supportive, others may not be that supportive and such might trigger some positive or negative work attitudes and behaviours as the case may be. The relationships between psychological contract breach, perceived organizational support and work engagement have not been studied in Nigeria, and the current result has x-rayed the typical dilapidated economy in the country, where there is dearth of job opportunities and where the few privileged may not be ready to take any risks that might lead to job loss. This result has implications for managers of organizational practitioners. However, the present research has shown that perceived psychological contract breach was not related to work engagement. This counteracts most
previous studies and the reason may be the context under which the current study was conducted. This implies that under this context, contract violation is not important in hindering work engagement. The results of the present study also showed that perceived organizational support influences work engagement among Nigerian bank employees. As perceived support is positively related to various positive work behaviours other than work engagement, it is imperative for managers of organizations to invest resources in developing work engagement to cash in on the gains of such positive work behaviour especially the organization.
References


### Table 1: Means, standard deviation and inter-correlation among study variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<th>6</th>
<th>7</th>
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<tr>
<td>1. Work engagement</td>
<td>22.47</td>
<td>3.09</td>
<td>-</td>
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<td></td>
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<td>2. Gender</td>
<td>1.46</td>
<td>.50</td>
<td>.15**</td>
<td>-</td>
<td></td>
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<tr>
<td>3. Marital status</td>
<td>1.59</td>
<td>.49</td>
<td>.13**</td>
<td>.00</td>
<td>-</td>
<td></td>
<td></td>
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<tr>
<td>4. Education</td>
<td>1.43</td>
<td>.50</td>
<td>-.22**</td>
<td>-.08</td>
<td>-.59***</td>
<td>-</td>
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<tr>
<td>5. Age</td>
<td>40.86</td>
<td>5.59</td>
<td>-.18**</td>
<td>.05</td>
<td>-.18**</td>
<td>.23***</td>
<td>-</td>
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<td>6. Organizational tenure</td>
<td>5.42</td>
<td>2.61</td>
<td>-.08</td>
<td>-.35***</td>
<td>.09</td>
<td>.15**</td>
<td>-.01</td>
<td>-</td>
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<td>7. Job tenure</td>
<td>3.17</td>
<td>1.42</td>
<td>-.13**</td>
<td>-.01</td>
<td>-.08</td>
<td>.15**</td>
<td>.14**</td>
<td>.50***</td>
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<td>8. Contract breach</td>
<td>19.16</td>
<td>1.97</td>
<td>.13**</td>
<td>.15**</td>
<td>.10</td>
<td>-.11*</td>
<td>-.21**</td>
<td>-.08</td>
<td>-.25***</td>
<td>-</td>
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<tr>
<td>9. Organizational support</td>
<td>9.71</td>
<td>1.36</td>
<td>.28***</td>
<td>-.00</td>
<td>.24***</td>
<td>-.23***</td>
<td>-.15**</td>
<td>.04</td>
<td>-.13**</td>
<td>.14**</td>
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Key: * = p < .05; ** = p < .01; *** = p < .001

Note: A total of 218 employees completed the survey. Gender (1 = Male, 2 = Female), Marital status (1 = Married, 2 = Single), Education (1 = high, 2 = Low). Age, Organizational tenure and Job tenure were entered as they were collected. Contract breach and Perceived support were coded, such that the higher the scores the higher the behaviours.
Variables | Step 1 | Step 2 | Step 3
--- | --- | --- | ---
Gender | .16* | .15* | .15*
Marital status | -.01 | -.01 | -.04
Education | -.17* | -.17* | -.14
Age | -.13* | -.12 | -.11
Organizational tenure | .06 | .05 | .02
Job tenure | -.11 | -.10 | -.07
Contract breach | | .04 | .02
Perceived support | | | .23**
R Square | .07 | .06 | .11
R Square Change | .09 | .00 | .05
F Change | 3.59 | .30 | 11.62
F Value | 3.59 | 3.11 | 4.31

*= p < .05; **= p < .01

Table 2: The hierarchical regression results