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An Interactionist Perspective on Employee Performance as a Response to Psychological Contract Breach

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Abstract

Purpose –The purpose of this paper is to investigate the inter-relationships among the closely related exchange-based constructs such as psychological contract (PC) breach, perceived organizational support (POS), and exchange ideology. The authors examine the effects of three-way interaction of them on employee performance.

Design/methodology/approach – This study theoretically builds on a personality trait-based interactionist model of performance (Tett and Burnett, 2003) and empirically tests the model using multi-source data collected from employee-manager dyads in a non-profit organisation. Hierarchical linear modelling was employed for analysis.

Findings – The results indicate a significant three-way interaction, such that, the negative relationship between PC breach and task performance is the strongest when employees with a high exchange ideology perceive low levels of POS.

Practical implications – These findings suggest that organisations should ensure employees feel supported and pay special attention to employees with a high exchange ideology to minimise the harmful consequences of PC breach

Originality/value – The study provides new theoretical insights to PC literature by integrating the interactionist approach, cognitive psychology, and exchange ideology research. It highlights the importance of simultaneously examining both a situational and an individual variable in predicting employee performance after PC breach

Keywords

Quantitative, Psychological contract breach, Task performance, Organisational citizenship behaviour, Exchange ideology, Perceived organisational support

Introduction

The psychological contract (PC) breach, defined as an individual's perception of the extent to which the organisation has failed to fulfil its promises or obligations (Robinson and Rousseau, 1994), has been shown to be related to a host of negative employee outcomes such as poor job satisfaction, lower levels of performance, fewer displays of organisational citizenship behaviours (OCB), and increased turnover intentions (Lester et al., 2002; Lo and Aryee, 2003; Robinson and Rousseau, 1994; Tekleab et al., 2005; Turnley and Feldman, 1999; Zhao et al., 2007). Given the aforementioned ramifications of PC breach, previous research has focused on examining the effects of PC breach on employees' work-related attitudes and behaviours and the moderating effects of variables such as employees' exchange relationships (with their organisation or organisational member) or their personality traits (e.g. Aselage and Eisenberger, 2003; Bal et al., 2010; Henderson et al., 2008; Raja et al., 2004; Tekleab and Taylor, 2003) on the above relationships. Such research attention to moderators is important because given the prevalence and at often times, the inevitability of employee experiences of PC breach (McLean Parks and Kidder, 1994; Robinson and Rousseau, 1994), organisations may look for ways to buffer the harmful effects of PC breach, in particular, on employee performance.

However, this stream of research has taken a simple perspective by placing an emphasis on either situational or individual factors, neglecting a rather complicated reality of the workplace where multiple factors come into play. This is unfortunate because a failure to simultaneously consider a situational and an individual factor in studies of PC breach may lead researchers to draw incomplete conclusions about the intricacies of joint effects and its consequences. We believe that a more complete, accurate understanding of the relationship between PC breach and employee performance can be obtained through the investigation of both situational and individual factors that may differentially affect employee reactions to PC breach. In the current study, therefore, we consider exchange ideology (i.e. individual differences in endorsement of the norm of reciprocity, Aselage and Eisenberger, 2003; Witt, 1992) as an individual difference variable, along with a contextual factor, perceived organizational support (POS), to examine boundary conditions for predicting employee performance after PC breach.

Our prediction for a three-way interaction of PC breach, exchange ideology, and POS is theoretically drawn upon a personality trait-based interactionist model of performance (Tett and Burnett, 2003). According to this model, people vary in their level of a trait and the trait is expressed in work behaviours as responses to cues provided by the organisation. We argue that experiences of PC breach will activate an individual's trait of exchange ideology because PC breach provokes their sensitivity to treatment they receive (e.g. failed promises) and provides opportunities to engage in altering their reciprocation behaviours accordingly (e.g. decreased task performance). High exchange ideology individuals are concerned and vigilant of the reciprocal exchanges between them and the organisation and they tend to perceive unfairness even in an objectively fair exchange relationship (Molm et al., 2003). Further, these individuals are more likely to look for information confirming their perceptions, such as low levels of support from the organisation (Choi et al., 2011), which provides trait-relevant situational features influencing the individual's reciprocation orientation. As a result, exchange ideology employees will likely interpret the same events (e.g. PC breach) more negatively than low exchange ideology employees (Takeuchi et al., 2011), leading them to reduce their performance (Witt, 1991). While high exchange ideology employees sensitively respond to organisational treatment by adjusting their performance, low exchange ideology employees are less likely to alter their performance regardless of the perceived levels of organisational support or PC breach due to their lesser concerns about organisational treatment (Choi

et al., 2011; King and Miles, 1994). This indicates that employees' negative reactions to PC breach will be the strongest when high exchange ideology people perceive low levels of POS.

Our paper contributes to the PC literature by providing a more complete understanding of employee performance as a response to PC breach by examining individuals' exchange ideology and their perceptions of support from the organisation. This type of knowledge helps organisations and managers identify and take proactive measures towards a group of employees whose performance will be deteriorated more severely than others when experiencing PC breach. The present study has important implications to social exchange theory. While researchers have heavily relied on social exchange theory to explain PC breach-employee performance relationships, often an important variable has been omitted, namely exchange ideology, which has direct bearing on employees' reciprocation behaviours. This is a noticeable gap in the PC literature because exchange ideology has been regarded as a key individual difference variable in the social exchange perspective (e.g. Cropanzano and Mitchell, 2005; Scott and Colquitt, 2007; Takeuchi et al., 2011). For example, Scott and Colquitt (2007) found that exchange ideology was a more impactful moderator in the justice-performance relation than the well-known Big Five personality traits. Given the importance of exchange ideology in employees' social exchange relationships with the organisation, examining exchange ideology along with a contextual factor to predict employees' performance after PC breach is critical. Thus, this study provides a refined understanding of the application of social exchange theory to studies of the PC breach-performance relationship. In the following sections, we begin with a review of relevant literatures on performance, POS, and exchange ideology relating to PC breach and then propose a three-way interaction of PC breach, POS, and exchange ideology on performance. Figure 1 presents the theoretical model of the current study.

PC breach and performance

Of interest here are work behaviours, particularly task performance and OCB. While task performance refers to required or expected behaviour that is the basis of on-going job performance, OCB represents discretionary behaviour that facilitates the overall effectiveness of the organisation although it is not formally rewarded by the organization (Organ, 1988; Podsakoff and MacKenzie, 1997). We focus on OCB directed towards the organisation (OCB-O, Williams and Anderson, 1991) because social exchange theory suggests that people will direct their reciprocation efforts towards the source from which benefits stemmed (Masterson et al., 2000). This approach is particularly appropriate because the PC typically represents a social exchange relationship between the employee and the organisation (Coyle-Shapiro and Conway, 2005; Tekleab et al., 2005).

The norm of reciprocity (Gouldner, 1960) helps to explain the negative relationship between PC breach and employee task performance and OCB. That is, when employees feel that the organisation has delivered on its obligations towards them, they reciprocate by performing well and displaying behaviours that indirectly help their organization meet its goals (Robinson and Rousseau, 1994; Rousseau, 1995). However, when employees feel that their organisation has failed to provide what is due to them, they tend to reciprocate with decreased levels of performance and less helping behaviours towards the organisation (Lester et al., 2002; Robinson and Morrison, 1995).

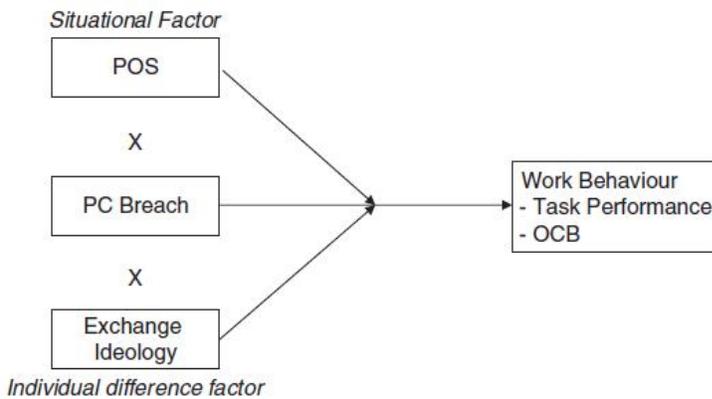


Figure 1.
An interactionist
model of PC breach

POS

POS theory suggests that the high quality of social exchange relationship between employee and organisation engenders trust and mutual obligation (Blau, 1964; Gouldner, 1960), which in turn motivates the employee to help the organisation to achieve its goal through enhanced performance (Aselage and Eisenberger, 2003; Eisenberger et al., 2001). Perhaps, in part, because of the similarity of the underlying mechanism and parties involved in the exchange relationship, some researchers have used POS as a proxy for PC fulfillment (e.g. Millward and Brewerton, 2000). However, the distinction between POS and PC was empirically documented and thus treating POS and PCs as synonymous has been criticised (Coyle-Shapiro and Conway, 2005; Tekleab and Chiaburu, 2011). In essence, the PC focuses on the discrepancy between what is promised and what is fulfilled, providing the basis on which employees reciprocate, while POS focuses on the perceived level of organisational treatment without regard to what has been promised (Coyle-Shapiro and Conway, 2005).

Extant literature has shown POS as a buffer that mitigates the negative impact of PC breach because the trust, liking, and commitment embedded in the high POS relationship serve as a form of social support (Cohen and Wills, 1985). Further, employees in high POS may attribute PC breaches to external circumstances, rather than to the organisation (Morrison and Robinson, 1997), which is consistent with the idea that individuals tend to reinforce information confirming their existing ideas (Festinger, 1957). Empirically, Dulac et al. (2008) found that those who had a low quality relationship with their organisation had more intense negative emotional responses to PC breach, which in turn led to decreased commitment to the organization and increased turnover intentions.

Exchange ideology

Exchange ideology refers to an individual difference in endorsement of the norm of reciprocity regarding employee-organisation relationship (Aselage and Eisenberger, 2003; Witt, 1992). Although several researchers have investigated exchange ideology as a moderator in the link between employees' social exchange relationship with organisation and their attitudes and behaviours (e.g. Coyle-Shapiro and Neuman, 2004; Eisenberger et al., 2001; Witt, 1991, 1992), exchange ideology has not been systematically examined in studies of PC breach. We argue that exchange ideology is a particularly relevant dispositional variable in studying PC breach-performance relationships (Cropanzano and Mitchell, 2005; Takeuchi et al., 2011; Scott and Colquitt, 2007) because it has direct implications to the degree to which individuals apply the norm of reciprocity, affecting levels of their performance after PC

breach. Supporting this argument, recent meta-analytic evidence (Choi et al., 2011) has revealed that some people are more or less strongly responsive to the exchange relationship, engendering individual variations in terms of felt obligations, job satisfaction, pay satisfaction, and OCB. This indicates that because not all individuals value reciprocity to the same degree, ignoring an individual's exchange ideology in a study of PC breach may lead to incorrect conclusions of employee responses to PC breach. Thus, we argue that it is important to consider individual differences regarding a norm of reciprocity in predicting work behaviours affected by PC breach.

In this study, we choose exchange ideology over equity sensitivity (i.e. an individual's overall tolerance for equity or inequity, Huseman et al., 1987) because, following Coyle-Shapiro and Neuman's (2004) suggestion, exchange ideology is a more specific and proximate disposition that affects an individual's reactions to social exchange relationship with the organisation (e.g. POS, PC breach). Rather, equity sensitivity is a general individual difference with regard to any inequity issues (Choi et al, 2011). Furthermore, a personality trait-based interactionist model suggests that individuals tend to express their traits most relevant to a given situation (Tett and Burnett, 2003). We believe that exchange ideology is a more salient personality variable than equity sensitivity that will be triggered by PC breach experience because of the specific and proximate nature of exchange ideology in the relationship with the organisation. Nevertheless, both exchange ideology and equity sensitivity have common characteristics tapping on individuals' differences in applying the norm of reciprocity (Scott and Colquitt, 2007). Thus, please note that when discussing exchange ideology, we also draw from research findings on equity sensitivity.

High exchange ideology people focus on what they receive, prefer high outcomes for themselves, and feel that the organisation is in their debt (Miles et al., 1994). This orientation is known to trigger self-serving bias, which leads these individuals to believe that they are receiving less than they deserve (Takeuchi et al., 2011). As a result, high exchange ideology people are likely to perceive unfairness even in an objectively fair exchange relationship (Molm et al., 2003). Further, those with a high exchange ideology prefer giving and receiving to be more direct and immediate, thereby monitoring their input and output more closely than those with a low exchange ideology (Eisenberger et al., 1986). Thus, high exchange ideology people may not appreciate the value of a long-term relationship with the organisation, being less likely to be tolerant of any unfavourable outcome discrepancies (King and Miles, 1994; King et al., 1993) and to trade their work effort for unfulfilled promises (Eisenberger et al., 1986). It is also known that high exchange ideology people exhibit low social responsibility and tend to sacrifice the work ethic to earn gains (Mudrack et al., 1999). In contrast, low exchange ideology people tend to be less sensitive to fairness thus being less likely to change their performance according to the levels of treatment they receive from the organisation (Witt, 1991). In summary, evidence suggests that individuals with a high exchange ideology will significantly reduce the level of work behaviours in response to PC breach.

Three-way interaction effects of exchange ideology, POS, and PC breach on performance

As Figure 1 indicates, we expect exchange ideology, POS, and PC breach to interact in determining the level of employee task performance and OCB. The three-way interaction effects can be explained by integrating three theoretical perspectives: the PC theory (Morrison and Robinson, 1997), a personality trait-based interactionist model of performance (Tett and Burnett, 2003), and evidence from cognitive

psychology (i.e. congeniality effect on memory, Allport, 1935; Eagly et al., 1999). In the seminal work by Morrison and Robinson (1997) in the PC literature, they argue that “the comparison process underlying the detection of a breach is subjective and imperfect, influenced by cognitive biases, personal dispositions, and the nature of the relationship” (p. 241). This indicates the importance of taking into account personal and situational (or relational) factors affecting employees’ experience of PC breach. Similarly, a personality trait-based interactionist model of performance (Tett and Burnett, 2003) suggests that people vary in their level of a trait and the trait is expressed in their work behaviours as responses to cues provided by the organisation. Applying this notion to exchange ideology and PC breach, experiencing PC breach may provide a favourable situation that activates individuals’ trait of exchange ideology because it provides relevant cues (e.g. failed promises) and offers opportunities to engage in reducing their work behaviours out of the norm of reciprocity. That is, PC breach may prompt employees to behave in exchange ideology trait-related ways. Finally, research findings on congeniality effect on memory suggest that people tend to seek, accept, and remember information that favours their existing ideas (Allport, 1935; Eagly et al., 1999). Thus, employees with low POS may search for cues supporting the organisation’s failure of delivering on promises and thus perceive PC breach more often and more likely to interpret PC breach negatively. By contrast, individuals with high POS may interpret PC breach as a momentary failure or a natural lapse that will be restored over the course of time and believe that the fulfilment of promises is delayed rather than broken (Dulac et al., 2008). Therefore, we expect that employees with low POS will likely respond to PC breach more strongly than employees with high POS.

We further argue that the negative relationship between POS and PC breach will be particularly strong for people with a high exchange ideology because these individuals tend to prefer high outcomes and view their organisation as debtors (Miles et al., 1994), and pay more attention to negative experience than those with a low exchange ideology (Takeuchi et al., 2011). When high exchange ideology employees perceive low POS, they will more vigilantly monitor whether or not they receive what is promised by the organisation seeking and accepting information that favours their existing ideas (Festinger, 1957, 1964). Thus, high exchange ideology people may perceive PC breach more often due to their self-serving bias (Dulac et al., 2008; Pazy and Ganzach, 2010). Additionally, they tend to interpret the PC breach more negatively than employees with a low exchange ideology (Takeuchi et al., 2011). All together, this will lead high exchange ideology employees to carefully calculate the balance between what they receive from the organisation (via PC breach and low POS) and what they reciprocate (via task performance and OCB). By re-assessing their intention to contribute to the organisation, as a result, they will significantly lower their performance.

In contrast, when low exchange ideology employees perceive low levels of POS, they may not dramatically and negatively respond to PC breach due to their lesser concerns about how the organisation treats them (Choi et al., 2011; King and Miles, 1994). Low exchange ideology people tend to be more tolerant of situations of under-reward such as low POS and PC breach (Miles et al., 1989; Miles et al., 1994). Therefore, task performance and OCB of low exchange ideology employees would be less affected by PC breach and low POS than those of high exchange ideology employees.

For the completeness of our arguments, we also discuss the other two possible cases that consist of the combinations of high exchange ideology and high POS and of low exchange ideology and high POS. When high exchange ideology individuals perceive high POS, we postulate the strong dispositional orientation that determines the level of reciprocation on the basis of organisational treatment (i.e. high exchange ideology) will override the buffering effects of high POS on PC breach. This can be explained

from cognitive dissonance theory (Festinger, 1957). According to this theory, inconsistent cognitions, such as PC breach and high POS, can produce a feeling of discomfort. To reduce such cognitive dissonance, individuals will seek and incorporate information that is congruent with their personal disposition (high exchange ideology), choosing and accepting alternative information (PC breach) over the other (high POS). As a result, the positive impact of receiving high levels of POS on PC breach will be undermined, leading them to reduce their performance. Last, low exchange ideology people with high POS will not significantly reduce their performance after PC breach because they do not tend to change their performance in response to the treatment they receive from the organisation (Witt, 1991).

Based upon the preceding arguments, we predict that the combination of a high exchange ideology and low POS will lead to the most negative responses to PC breach, such as decreased levels of task performance and OCB. When high exchange ideology employees experience PC breach in addition to low POS, the combined perceptions will activate and reinforce their strong propensity of adjusting levels of reciprocation (i.e. exchange ideology) according to their perceptions of how the organisation has treated them. Accordingly:

H1. There will be a three-way interaction of POS, exchange ideology, and PC breach on task performance, such that the negative relationship between PC breach and task performance will be the strongest when POS is low and exchange ideology is high than other combinations.

H2. There will be a three-way interaction of POS, exchange ideology, and PC breach on OCB, such that the negative relationship between PC breach and OCB will be the strongest when POS is low and exchange ideology is high.

Method

Sample and procedures

The sample was drawn from a non-profit organisation operating in a large mid-western city in the USA that offers programs and services to care for children and young adults in terms of after-school activities and supervision. With several locations in urban and low-income regions of the city, this organisation had about 300 employees and relied on private grants and public funding for its operations. Employees were invited to participate in the survey during a company-wide meeting. As part of the consent process, employees were assured of confidentiality and their responses were sealed in envelopes and collected by the second author onsite. Of the 241 employees present at the meeting, 186 employees agreed to participate. Questionnaires, coded to facilitate matching of managers and employees and to ensure confidentiality, were distributed to employees by the second author. In the meantime, managers were also invited to participate in the surveys in a separate room. Each manager's survey had names of employees reporting to the particular manager for the purpose of rating his/her employees' task performance and OCB. Employee names on the manager surveys were used to match with coded questionnaires completed by employees. Due to missing or incomplete responses, a final sample comprised of 141 employees and 38 managers (each manager evaluated approximately 3.72 employees), representing approximately 76 per cent of the respondents we surveyed.

Regarding demographics, 60 per cent of the employees and 47 per cent of the managers were female. The average employee and manager ages were 32 and 38.3 years, respectively. Minority races represented 80 per cent of the employee sample and 76 per cent of the manager sample. Managers were working in their current positions for four years and the average employees-supervisor tenure was

3.5 years. In total, 51 per cent of the employees who completed the survey were working full-time in the organisation, while 49 per cent of them were working part-time with varying work hours (ten to 30 hours/week). The average organisational tenure was 4.36 years for the employees and 8.9 years for the managers. These demographic characteristics of the sample mirrored those of the organisational workforce from which the sample was drawn.

Measures

Unless otherwise stated, all responses were rated on a five-point Likert-type scale (1 = Strongly disagree to 5 = Strongly agree). All independent variables (PC breach, POS, and exchange ideology) were assessed from employees and 38 managers provided ratings for task performance and OCB of their employees.

PC breach. A five-item measure of PC breach (Robinson and Morrison, 2000) was used to assess employee global perceptions of organisation's failure to fulfil its obligations. A sample item is "I have not received everything promised to me in exchange for my contributions" ($\alpha = 0.86$).

POS. We used nine items from the Survey of POS (Eisenberger et al., 1990). An example item includes "The organisation really cares about my well-being" ($\alpha = 0.88$).

Exchange ideology. Exchange ideology was assessed using Eisenberger et al.'s (1986) four-item exchange ideology scale. A sample item is "If someone does something for me, I feel required to do something for them" ($\alpha = 0.84$).

Task performance. Managers rated their employees' task performance using Williams and Anderson's (1991) seven items performance scale. An illustrative item is "Fulfils responsibilities specified in job description" ($\alpha = 0.81$).

OCB. We used the seven-item measure of OCB towards organisation by Williams and Anderson (1991). A sample item is "This employee adheres to informal rules devised to maintain order" ($\alpha = 0.72$).

Control variables. In order to rule out alternative explanations and control for the effects of demographic characteristics, we controlled for age, gender, race, education, organisational tenure, and work status for both employees and managers (whenever available). We controlled for employee tenure and manager tenure because prior research has found a significant relationship between PC and employee tenure (e.g. Sonneberg et al., 2011). Additionally, employee work status was controlled for because, in a study of government employees, full-time employees reported a higher number of PC obligations than part-time employees (Coyle-Shapiro and Kessler, 2002). Finally, consistent with the practice of controlling for demographic characteristics of the sample in the literature, we controlled for age, gender, race, and education of employees and managers to account for individual and group-level effects and to improve the precision of our estimates.

Statistical analyses

As mentioned above, the dependent variables were collected from managers. On an average, each manager evaluated 3.71 employees, which might have caused a violation of independence assumption. To mitigate this problem, we ran hierarchical linear modelling (HLM) using HLM 2 software, version 6.08, controlling for four demographic characteristics of the managers (age, gender, race, and organisational tenure) at Level 2. Further, we controlled for employees' age, gender, race, education, work status, and organisational tenure at Level 1. To test the hypotheses proposed, we conducted four models for each dependent variable. First, we entered the control variables both at the individual and manager level

(Level 1 and Level 2); then, we entered the predictors, followed by their two-way interaction terms. Finally, we entered the three-way interaction term. We conducted analyses with and without control variables and the results were identical. For simplicity purposes, we report the results from steps 2 to 4. We followed Rosenthal and Rubin's (2003) suggestion to calculate effect sizes in HLM using $r_{\text{equivalent}}$, which then is translated to R^2 values for the effect of each variable on the dependent variable. The $r_{\text{equivalent}}$ was calculated as follows (Rosenthal and Rubin, 2003, p. 493):

$$r_{\text{equivalent}} = \sqrt{\frac{t^2}{t^2 + (N - 2)}}$$

where t^2 is the squared t-value associated with the coefficient from the HLM output; and N is the number of cases. Rosenthal and Rubin (2003) suggested that " $N-2$ is replaced by the degrees of freedom on which the p-value is based". This procedure has also been used in other studies (e.g. Schmidt and DeShon, 2010).

Results

First, we conducted confirmatory factor analysis to examine the distinctiveness of POS, exchange ideology, and PC breach. The hypothesised three-factor model had a good fit to the data (CFI = 0.958; SRMR = 0.068; RMSEA = 0.054), with inter-factor correlations ranging from 0.06 between exchange ideology and POS to -0.62 between PC breach and POS. Thus, these results provided empirical support for the distinctiveness of the three constructs used in the study. The descriptive statistics and correlations for study variables appear in Table I.

At the individual level (Level 1), only employee tenure had a significant effect on OCB ($B = -0.03$, $SE = 0.01$, $p < 0.05$) and performance ($B = -0.04$, $SE = 0.02$, $p < 0.01$). At the manager level (Level 2), managers' age had a significant effect on employees' OCB ($B = 0.03$, $SE = 0.01$, $p < 0.01$). Further, managers' gender had a negative effect on employees' performance ($B = -0.34$, $SE = 0.15$, $p < 0.05$) and OCB ($B = -0.33$, $SE = 0.15$, $p < 0.01$). None of other control variables at the individual or manager level was significant ($p > 0.05$).

H1 predicted a three-way interaction among POS, exchange ideology, and PC breach in terms of task performance and this hypothesis was supported ($B = 0.17$, $SE = 0.05$, $p < 0.001$, $R^2 = 0.11$; see Table II). The results are plotted in Figure 2. As hypothesised, these figures demonstrate that the strongest negative relationship between PC breach and task performance exists when POS is low and exchange ideology is high. The simple slope was significant ($t(74) = -3.63$, $p < 0.001$) only when POS is low and exchange ideology is high.

H2 predicted a three-way interaction among POS, exchange ideology, and PC breach in terms of OCB. As shown in Table III, this relationship was also significant ($B = 0.25$, $SE = 0.12$, $p < 0.05$, $R^2 = 0.04$). The simple slopes, however, were not significant ($p > 0.05$). The results are plotted in Figure 3. Table IV presents standard errors and t -tests for simple slopes of regression for task performance and OCB.

Table I.
Descriptive statistics
and correlations
of study variables

| | N | M | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---------------------|-----|-------|-------|---------|-------|--------|---------|---------|--------|--------|--------|--------|--------|-------|---------|---------|--------|
| 1 EE age | 134 | 31.86 | 11.06 | | | | | | | | | | | | | | |
| 2 EE gender | 138 | 1.60 | 0.49 | 0.23* | | | | | | | | | | | | | |
| 3 EE race | 134 | 1.84 | 0.49 | -0.19* | -0.05 | | | | | | | | | | | | |
| 4 EE edu | 138 | 3.21 | 0.86 | 0.02 | -0.01 | -0.20* | | | | | | | | | | | |
| 5 EE work status | 134 | 1.50 | 0.54 | -0.32** | -0.08 | 0.25** | -0.35** | | | | | | | | | | |
| 6 EE tenure | 125 | 4.36 | 4.66 | 0.56** | 0.04 | -0.05 | 0.14 | -0.36** | | | | | | | | | |
| 7 MGR age | 38 | 38.05 | 9.00 | 0.28** | 0.05 | -0.01 | 0.12 | -0.33** | 0.33** | | | | | | | | |
| 8 MGR gender | 38 | 1.51 | 0.50 | 0.08 | 0.12 | 0.10 | 0.04 | -0.11 | 0.10 | 0.31** | | | | | | | |
| 9 MGR race | 38 | 1.75 | 0.43 | -0.27** | -0.12 | 0.28** | -0.17** | 0.25** | -0.19* | 0.01 | -0.00 | | | | | | |
| 10 MGR tenure | 38 | 8.95 | 8.17 | 0.08 | 0.02 | -0.05 | 0.10 | -0.33** | 0.18* | 0.68** | 0.33** | 0.24** | | | | | |
| 11 XI | 134 | 3.54 | 0.82 | 0.02 | 0.06 | 0.05 | -0.04 | 0.04 | 0.04 | -0.09 | -0.06 | -0.14 | -0.09 | | | | |
| 12 POS | 138 | 3.48 | 0.64 | -0.01 | 0.01 | -0.01 | -0.06 | 0.19* | 0.00 | -0.02 | 0.04 | -0.15 | -0.02 | 0.07 | | | |
| 13 PC breach | 139 | 2.40 | 0.73 | -0.08 | 0.02 | 0.03 | -0.15 | -0.08 | -0.04 | -0.01 | 0.04 | 0.03 | -0.01 | -0.11 | -0.62** | | |
| 14 Task performance | 141 | 3.90 | 0.66 | -0.02 | 0.14 | -0.19 | 0.28** | -0.18* | -0.09 | 0.22** | -0.11 | 0.02 | 0.26** | -0.08 | 0.11 | -0.20** | |
| 15 OCB | 141 | 3.96 | 0.62 | 0.11 | -0.00 | -0.12 | 0.16 | -0.19* | 0.01 | 0.35** | -0.03 | 0.08 | 0.33** | -0.01 | -0.01 | -0.12 | 0.65** |

Notes: EE, employee; MGR, manager; XI, exchange ideology; POS, perceived organisational support; PC breach, psychological contract breach; OCB, organisational citizenship behaviour. Dummy coded variables: EE gender 1 = male, 2 = female; EE race and MGR gender 1 = white, 2 = non-white; EE education 1 = some high school, 2 = high school, 3 = some college coursework, 4 = Bachelor's degree, 5 = Master's or higher degree; EE work status 1 = full-time, 2 = part-time; EE tenure and MGR tenure provided in number of years. * $p < 0.05$; ** $p < 0.01$

| Model | Variables | <i>B</i> | SE | <i>t</i> -value | <i>R</i> ² |
|-------|----------------------------------------|----------|------|-----------------|-----------------------|
| 2 | Psychological contract breach (PCB) | 0.00 | 0.06 | -0.02 | 0.00 |
| | Exchange ideology (XI) | -0.03 | 0.08 | -0.40 | 0.00 |
| | Perceived organisational Support (POS) | 0.09 | 0.07 | 1.31 | 0.02 |
| 3 | Psychological contract breach (PCB) | -0.02 | 0.06 | -0.30 | 0.00 |
| | Exchange ideology (XI) | -0.06 | 0.07 | -0.76 | 0.01 |
| | Perceived organisational support (POS) | 0.08 | 0.07 | 1.25 | 0.02 |
| | XI × POS | -0.01 | 0.14 | -0.05 | 0.00 |
| | XI × PCB | -0.15 | 0.16 | -0.99 | 0.01 |
| | POS × PCB | -0.02 | 0.05 | -0.50 | 0.00 |
| 4 | Psychological contract breach (PCB) | -0.04 | 0.06 | -0.65 | 0.00 |
| | Exchange ideology (XI) | 0.00 | 0.08 | 0.05 | 0.00 |
| | Perceived organisational support (POS) | 0.11 | 0.08 | 1.45 | 0.02 |
| | XI × POS | -0.02 | 0.14 | -0.13 | 0.00 |
| | XI × PCB | -0.22 | 0.16 | -1.37 | 0.02 |
| | POS × PCB | -0.03 | 0.04 | -0.64 | 0.00 |
| | XI × POS × PCB | 0.17*** | 0.05 | 3.45 | 0.11 |

Notes: Results only from Level-1 output. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

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Table II.
Hierarchical linear
modelling results for
performance

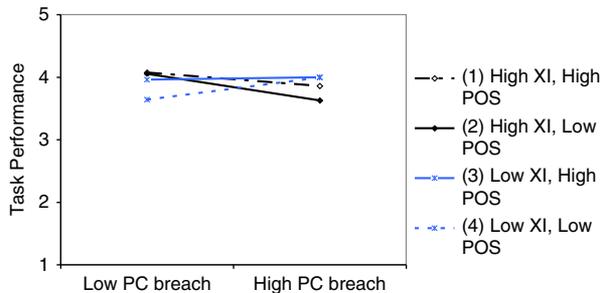


Figure 2.
Three-way interaction
effect on supervisor-rated
task performance

| Model | Variables | <i>B</i> | SE | <i>t</i> -value | <i>R</i> ² |
|-------|----------------------------------------|----------|------|-----------------|-----------------------|
| 2 | Psychological contract breach (PCB) | 0.04 | 0.07 | 0.58 | 0.00 |
| | Exchange ideology (XI) | -0.01 | 0.07 | -0.18 | 0.00 |
| | Perceived organisational support (POS) | 0.07 | 0.09 | 0.87 | 0.01 |
| 3 | Psychological contract breach (PCB) | 0.06 | 0.07 | 0.76 | 0.01 |
| | Exchange ideology (XI) | -0.02 | 0.08 | -0.27 | 0.00 |
| | Perceived organisational support (POS) | 0.08 | 0.08 | 0.96 | 0.01 |
| | XI × POS | 0.14 | 0.11 | 1.32 | 0.02 |
| | XI × PCB | 0.06 | 0.1 | 0.56 | 0.00 |
| | POS × PCB | 0.1 | 0.09 | 1.15 | 0.01 |
| 4 | Psychological contract breach (PCB) | 0.03 | 0.08 | 0.40 | 0.00 |
| | Exchange ideology (XI) | 0.07 | 0.1 | 0.71 | 0.01 |
| | Perceived organisational support (POS) | 0.12 | 0.08 | 1.48 | 0.02 |
| | XI × POS | 0.12 | 0.11 | 1.15 | 0.01 |
| | XI × PCB | -0.03 | 0.11 | -0.27 | 0.00 |
| | POS × PCB | 0.09 | 0.08 | 1.22 | 0.02 |
| | XI × POS × PCB | 0.26* | 0.12 | 2.06 | 0.04 |

Notes: Results only from Level-1 output. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Table III.
Hierarchical linear
modelling results for OCB

Discussion

Research on the impact of PC breach on employee outcomes has continued to flourish. The current study carries on this tradition by enhancing our knowledge about boundary conditions in predicting employees' performance as a response to PC breach. Specifically, this study took the trait-based interactionist model of performance in theorising three-way interaction effects of PC breach, POS, and exchange ideology on task performance and OCB. Drawing on evidence from cognitive psychology (e.g. Eagly et al., 1999; Festinger, 1957), we posited that employees' negative reactions to PC breach would be the strongest when high exchange ideology people perceive low levels of POS because their concerns of the treatment from the organisation and sensitivity to reciprocity would lead them to look for information reinforcing their existing ideas (i.e. low POS), thus they would more likely and often perceive the organisation's failure to fulfil its obligations. Consistent with this prediction, we found that the negative relationship between PC breach and task performance was the strongest when a high exchange ideology was combined with low POS. These findings suggest that the extent to which individuals endorse the norm of reciprocity plays an important role in determining levels of their task performance after experiencing PC breach. Thus, our study adds evidence to the existing research on exchange ideology as a key individual difference construct in the social exchange theoretical perspective (e.g. Scott and Colquitt, 2007; Takeuchi et al., 2011), which has served as a primary theoretical framework in PC research.

Although the three-way interaction effects of POS, exchange ideology, and PC breach on OCB were statistically significant, the simple slopes were not significant. There might be alternative explanations as to why there was a difference in the results with respect to employee's task performance and OCB. A contemporary perspective of OCB suggests that organisations may differ in how they define OCB and which dimensions of OCB they stress (Morrison, 1994). Further, several researchers argue that employees may view some of the work behaviours as required rather than discretionary even though those are not formally recognised as part of their job requirements (e.g. Van Dyne and Ellis, 2004). This phenomenon is likely to be prevalent in non-profit organisations that are often characterised by limited resources and loosely defined job responsibilities with the "all hands on the deck" attitude, suggesting that everybody has to do whatever is necessary to get the work done. Thus, it is possible that in the non-profit organisation sample used in the study, employees' task performance may have overlapped with some of the discretionary behaviours typically considered as OCB in other organisations. Future researchers should examine this possibility by considering individual employees' definition of OCB in their studies. Future research also needs to investigate other types of employee outcomes such as work attitudes and behaviours besides task performance and OCB.

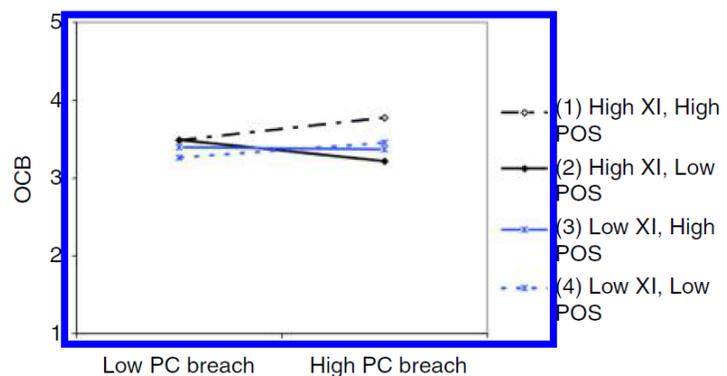


Figure 3.
Three-way interaction
effect on supervisor-rated
OCB

| | Level of XI | Level of POS | Task performance | | | OCB | | |
|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------|------------------|------|---------------|--------------|------|---------------|
| | | | Simple slope | SE | <i>t</i> (74) | Simple slope | SE | <i>t</i> (74) |
| Table IV. Standard errors and <i>t</i> -tests for simple slopes of regression of task performance and OCB on PC breach | High | High | -0.15 | 0.16 | -0.90 | 0.20 | 0.15 | 1.28 |
| | Low | High | 0.03 | 0.12 | 0.22 | -0.02 | 0.11 | -0.18 |
| | High | Low | -0.29 | 0.15 | -1.87* | -0.19 | 0.17 | -1.13 |
| | Low | Low | 0.24 | 0.15 | 1.62 | 0.13 | 0.15 | 0.87 |
| | Note: * <i>p</i> < 0.05 | | | | | | | |

Although not formally hypothesised, we investigated whether or not a contextual variable (POS) and a dispositional variable (exchange ideology) separately moderated the PC breach-performance relationship. When they were entered together, like what is done in the current study, the results showed that either POS or exchange ideology alone did not significantly moderate this relationship. A possible explanation may be related to the characteristics of the sample used in our study. For example, non-profit workers may be motivated by different factors than those of for-profit workers, such as value expression, ego defense, social adjustment, and gaining knowledge, to name a few (Omoto and Snyder, 1995). These factors may have a stronger influence than exchange ideology on employees' perceptions of and their responses to their employment relationship within their organisation. In addition, non-profit organisations are characterised by service commitment, and thus, organisational support may play a less powerful role than personal values and needs because these determine workers' decision to work for such organisations. Hence, the non-significant interaction between POS and PC breach might have been caused by the lack of importance employees place on organisational support. More importantly, when taking into account both POS and exchange ideology simultaneously, the three-way interaction became significant for both task performance and OCB. This indicates that it is important to consider both situational and personal factors in studying employees' work behaviour relating to PC breach. Finally, we note that in the presence of a higher order effect (i.e. three-way interactions in this paper), the lower order effects (i.e. direct and two-way interactions), if any, are meaningless because these lower-order effects are conditional on a third variable (Cohen et al., 2003). Thus, the fact that our study found a more complete set of variables (showing the significant three-way interactions with a meaningful effect sizes) depicts the intricate nature of exchange relationships existing in organisations. This indicates that our findings can provide important implications to researchers and organisations alike.

Theoretical and practical implications

Above of all, our findings suggest that the interactionist perspective on the PC appears to serve as a useful theoretical framework to capture a complex, but more realistic picture of employee responses to PC breach that are influenced by multiple factors. In particular, the significant three-way interaction of PC breach, POS, and exchange ideology for task performance (contrasted with the non-significant two-way interaction of POS and exchange ideology) suggests that the interactionist framework is beneficial in acquiring a more complete knowledge regarding employee performance affected by PC breach. This leads us to call for future studies that incorporate more elaborated PC breach models that include both individual and situational factors in the equation.

Furthermore, this study goes beyond the prior PC research in that we incorporated exchange ideology into the study on individual differences shaping employees' reactions to PC breach. While researchers have vastly relied on social exchange theory to explain PC breach-employee outcome relationships, they often ignored an important variable – exchange ideology. The finding that task performance of high exchange ideology employees in low POS was damaged the most severely by PC breach reveals

important information that has not been captured in the prior literature. Given that exchange ideology has been found to be a key individual difference moderator in employees' exchange qualities (e.g. justice, felt obligation), failure to examine individuals' exchange ideology in studies of PC breach may lead researchers to draw inaccurate conclusions about its antecedents and consequences. Therefore, our study provides valuable insights into the more refined application of social exchange theory to research on employees' reciprocating behaviours after PC breach.

The current study also has important practical implications to organisations seeking to minimise the harmful consequences of PC breach. Given that PC breach is a norm but not an exception (Robinson and Rousseau, 1994), it is important for organisations to formulate solutions to mitigate the adverse effects of PC breach on employee work behaviours, thereby reducing damages to the bottom line of the organisations. Our study suggests that this can be done by considering both situational and individual factors that differently influence employees' reactions to PC breach. More specifically, organisations should have employment practices in place ensuring that employees feel supported and valued through fair treatment, supervisory support, and favourable job conditions. Further, organisations should promote and communicate how favourable the job conditions are compared to what employees contribute to the organisation, thus being better able to manage employees' perceptions regarding their reciprocal relationships (e.g. giving vs receiving).

Finally, in cases of PC breach, management and supervisors should pay special attention to their employees (through one-on-one conversation) who have a high exchange ideology and who also perceive less support from the organisation. Our interactionist approach to PC breach can help identifying and effectively managing a specific group of employees whose performance will be deteriorated more severely than others after PC breach. Finally, given the significant role of exchange ideology, organisations may consider job applicants' levels of exchange ideology among other criteria in employment selection if other qualifications are equivalent (Takeuchi et al., 2011).

Strengths and limitations

Our study has several strengths. The use of HLM allowed us to take into account supervisor level effects by specifying supervisor as a group level variable, thus controlling for the lack of independence on the dependent variables. Additionally, we utilised multiple-source data, which mitigate concerns of common source bias in our hypotheses testing (Podsakoff et al., 2003). All together, these strengthen the conclusions we can draw from the study.

Nevertheless, the current study is not without limitations. First, the data used in the study were derived from a cross-sectional design. Longitudinal data are needed if inferences about causal relationships are to be firmly made. Ideally, exchange ideology should be assessed at Time 1, POS and PC breach at Time 2, and performance ratings from supervisors at Time 3. Such a longitudinal design may help demonstrate the logical, temporary sequence of these variables. Further, assessing employee performance at Time 1 and comparing it with performance at Time 2 would provide a more direct evidence for the changes in levels of employee performance affected by PC breach. However, please note that the focus of the study was on examining the general patterns of relationships among variables rather than confirming the sequence of each variable in the respective relationships. Given the nascent stages of the literature that examines a three-way interaction relating to PC breach, a cross-sectional study can be used as a first effective step (Spector, 1994). Thus, our study provides preliminary, important evidence to this stream of literature.

Second, the variances explained by the three-way interactions were relatively small ($R^2 = 0.11$ for task performance and $R^2 = 0.04$ for OCB). However, the effect sizes of the three-way interactions were medium to large (0.17 for task performance, 0.26 for OCB) according to Cohen's (1988) criteria (i.e. $0.02 \geq$ small effect, $0.15 \geq$ medium effect, $0.26 \geq$ large effect). Given that power to detect interaction effects is often low because of the small effect sizes observed in social science (Aiken and West, 1991), our results suggest that there are meaningful three-way interactions among PC breach, POS, and exchange ideology. Third, the sample used in the analyses was relatively small and this might be one of the reasons why the simple slopes of regression for OCB were not significant. Future researchers should replicate the findings in samples of larger size.

Finally, as noted earlier, a sample drawn from a non-profit organisation may restrain the generalisability of our findings. While there is evidence that employment relationships in a non-profit environment are comparable to those in a for-profit organisation (Liao-troth, 2001), employees' in these organisations may be motivated by different factors that shape their exchange relationships with the organization (Farmer and Fedor, 1999). Thus, exchange ideology might be a less relevant personal disposition for understanding these employees' pro-social motivation or volunteerism. Further, employees in non-profit organisations may have a value-based PC with the organisation in addition to transactional and relational types of contracts (Vantilborgh et al., 2012). Thus, we suggest that future research should replicate our study in other organisational settings including for-profit organisations.

Future research directions

Future researchers should investigate the type of PC an employee has with the organisation in combination with the interactionist model of PC breach proposed here. Past literature has shown that an employee's PC can be categorised by either short-term quid-pro-quo type of exchanges, transactional contracts, or open-ended relational exchanges, relational contracts (Rousseau, 1995). Future research is needed to examine whether or not the interactionist perspective adopted in this study can be applied to both transactional and relational types of PCs. Also, it would be interesting to investigate whether different factors, situational or individual, may interact with PC breach to differentially shape employee responses to PC breach. For instance, trust in the organisation may buffer the negative impact of PC breach for employees who have a relational contract with the organisation as they may be willing to give the organisation the benefit of doubt out of their concern for the long-term relationship with it. For transactional contracts, the type of employment approach the organization uses (e.g. over-investment vs quasi-spot) may interact with employees' job embeddedness in the organisation (Hom et al., 2009). Another promising area of future research includes examining other social exchange-based constructs such as leader-member exchange and justice perceptions. Although social exchange theory plays a prominent role in PC research, there is a limited understanding of three-way interactions that involve these constructs along with exchange ideology. Finally, as the conception of performance expands to include OCB and counterproductive workplace behaviours (Podsakoff and MacKenzie, 1997; Sackett and DeVore, 2001), future research should examine employees' engagement in undesirable behaviours (e.g. workplace deviance) as well.

Conclusions

This study examined three-way interaction effects of PC breach, POS, and exchange ideology on task performance and OCB. We found that the low POS/high exchange ideology combination resulted in the strongest, negative consequences of PC breach on task performance. These findings suggest that a lack of organisational support perceived by employees with a high exchange ideology can seriously damage

their performance, which in turn may also hurt organisational performance. To promote employee perceptions of organisational support, organisations should have employment practices in place ensuring that employees feel supported and valued by the organisation. Further, our findings suggest that the interactionist approach that accounts for both individual and contextual factors serves as a useful framework in predicting a specific group of employees whose performance will be suffered more than others after PC breach.

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Further reading

Brock, T., Albert, S. and Becker, L. (1970), "Familiarity, utility, and supportiveness as determinants of information receptivity", *Journal of Personality and Social Psychology*, Vol. 14 No. 4, pp. 292-301.

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