

## **A study of employee affective organizational commitment and retention in Pakistan:**

### **The roles of psychological contract breach and norms of reciprocity**

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#### **Abstract**

Social exchange theory (Blau, 1964), and notions of reciprocity (Gouldner, 1960), have long been assumed to explain the relationship between psychological contract breach and important employee outcomes. To date, however, there has been no explicit testing of these assumptions. This research explores the mediating role of Sahlins' (1972) three reciprocity norms; negative, generalized and balanced reciprocity, in the relationships between psychological contract breach and employees' affective organizational commitment and turnover intentions. A survey of 247 Pakistani employees of a large public university was analyzed using structural equation modeling and bootstrapping techniques, and provided excellent support for our model. As predicted, psychological contract breach was positively related to negative reciprocity norms and negatively related to generalized and balanced reciprocity norms. Negative and generalized (but not balanced) reciprocity were negatively and positively (respectively) related to employees' affective organizational commitment and fully mediated the relationship between psychological contract breach and affective organizational commitment. Moreover, affective organizational commitment fully mediated the relationship between generalized and negative reciprocity and employees' turnover intentions. Implications for theory and practice are discussed.

**Keywords:** psychological contract breach; reciprocity norms, social exchange, Pakistan

Retaining an affectively committed workforce is key to organizational survival and prosperity (e.g., Gong, Law, Chang and Xin, 2009). The psychological contract, here defined as the “*terms of an exchange agreement between individuals and their organizations*” (Rousseau 1995, p.9), has emerged as an influential framework for understanding the perceived nature of the employee-employer relationship and the implications of this relationship for important employee attitudes and behaviors such as affective commitment and turnover intentions (e.g., Coyle-Shapiro and Conway, 2005; Giannikis and Nikandrou, 2013). Of particular interest to these scholars have been the consequences of psychological contract breach (PCB). PCB refers to the perceived failure of one or both parties to meet one or more obligations within the agreed psychological contract (for a review see, Zhao, Wayne, Glibkowski and Bravo 2007), with research suggesting that, once PCB is perceived, the negative implications for the employment relationship may be difficult to repair (Morrison and Robinson, 1997; Robinson and Morrison, 2000; Zhao et al., 2007).

Social exchange theory (Blau, 1964), and in particular reciprocity (Gouldner, 1960; Sahlins, 1972), are the principal theoretical lenses through which the negative consequences of PCB have been examined and understood. Reciprocal norms refer to individuals’ expectations or schema regarding the employer-employee exchange relationship, with Sahlins (1972) identifying three types; *generalized*, *balanced* and *negative* (see also, Wu, Hom, Tetrick, Shore, Jia and Li, 2006). Generalized reciprocity reflects a high trust/altruistic social exchange relationship between parties. Negative reciprocity represents the opposite, where distrust and self-interest govern the employment relationship (Sparrow and Liden, 1997). Balanced reciprocity sits at the center of this continuum and reflects a more trust neutral economic exchange relationship (Sahlins, 1972). In short, social exchange theory argues that PCB has a negative impact on a variety of important employee work-related attitudes and

behaviors because PCB leads to the development of an employment relationship based on negative (and not generalized or balanced) reciprocal norms (Cropanzano and Mitchell, 2005; Shore, Coyle-Shapiro, Chen and Tetrick, 2009; Zhao et al., 2007).

To the best of our knowledge, this relationship between employees' perceptions of PCB, reciprocal norms, affective organizational commitment and turnover intentions has, to date, received no empirical testing (Coyle-Shapiro and Conway, 2004, 2005; Cropanzano and Mitchell, 2005). Thus, while research has repeatedly confirmed the negative impact of PCB on range of employee attitudes and behaviors (see, Zhao et al., 2007), the explanatory role of reciprocal norms in this relationship, and thus one of the central tenets of social exchange theory, is still largely assumed and empirically unconfirmed (e.g., Restubog, Bordia and Tang, 2006). Our research fills this important gap in knowledge by testing hypotheses that explore a multiple mediation model, whereby employees' perceptions of PCB are positively related to their turnover intentions because they first impact upon their perceptions of the reciprocal norms governing the employment relationship and then, in turn, their affective organizational commitment.

Parzefall (2008) provides a useful start point for our own research. In a study of Finnish public sector employees, she confirmed that employees' perceptions of generalized reciprocity mediated the relationship between their psychological contract fulfilment and affective organizational commitment and turnover intentions. This study, however, is not without its limitations.

First, it focuses on employee perceptions of, and reactions to, psychological contract fulfilment and not PCB. Recent research suggests that perceived PCB would have a significantly higher negative effect on employee work attitudes and behaviors than the positive effects of psychological contract fulfillment (Conway, Guest, and Trenberth, 2011). Additional research is needed, therefore, that examines the relationships between PCB and

Sahlins' reciprocity norms (and other attitudes and behaviors) if we are to get a more complete understanding of these relationships. Second, it only focuses on two of Sahlins' (1972) three reciprocity norms – generalized and balanced reciprocity. A more thorough test of Sahlins' (1972) model, and propositions that these norms sit on a continuum, requires research designs that examine the differential effects of all three reciprocity norms. Third, in testing a model where affective organizational commitment and turnover intentions are simply hypothesized as separate dependent variables, Parzefall (2008) may not have uncovered the full complexity of the relationships between psychological contracts and employee attitudes and behaviors. Drawing upon attitude-behavior theory (Fishbein and Ajzen, 1975), we propose and test a multi-mediation model, whereby employee perceptions of PCB are related to their turnover intentions first through the effect of PCB on their perceived reciprocity norms and then, in turn, on their affective organizational commitment. Such a test extends our knowledge and understanding of the potential cognitive reactions to perceived PCB. Finally, Parzefall's (2008) study takes place in a rather specific Finnish context and, whilst this is very important, much more research on these issues is needed in different national contexts if we are to confirm the generalizability of these ideas.

In sum, we propose to extend prior research and theory in four important ways. First, we extend PCB research and social exchange theory by providing the first, to our knowledge, empirical test of Sahlins' (1972) norms of reciprocity in the relationship between employees' perceptions of PCB, their affective organizational commitment and turnover intentions. Second, we believe our study is the first to examine the differential effects of all three of Sahlins' (1972) reciprocity norms in the context of employee evaluations of, and reactions to, their PCB. Third, we draw upon Fishbein and Ajzen's (1975) attitude-behavior theory to develop and test a new multi-mediation model that examines the sequential mediating roles of first employees' perceptions of reciprocity norms and second their affective organizational

commitment, in the relationship between PCB and turnover intentions. Finally, we extend PCB, social exchange theory, and reciprocity research to a new Pakistani context.

### **Pakistan: The research context**

Pakistan presents a particularly interesting and pertinent context to study concerns of PCB and reciprocity. Its economy is currently passing through a transition phase with ongoing internal and external political disputes, a fast growing population, high inflation and increasing unemployment. Employment patterns in Pakistan are therefore changing rapidly, such that long term employment and job security is replaced with more casual, temporary and piece rate contracts (Ghayur, 2007; 2009). Given this change in working patterns and employment contracts we suspect that PCB may have become a more frequent experience for many employees in Pakistan. Understanding employee reactions to PCB in Pakistan is thus an important and contemporary concern for employers and academics.

Pakistan also provides an interesting cultural and institutional counterpoint to the dominant Western (mainly US and UK) based studies of PCB and reciprocity. As a collectivist society, one may assume that trust and altruism (generalized reciprocity norms) may be implicit in all important social relations, including the relationship between employer and employee (Triandis, 1995). Being high in power distance and uncertainty avoidance may also suggest a society that is both highly rule oriented and supportive of high inequalities of power and wealth (Hofstede, 2001). Such a cultural profile may promote strong relational, and deferential, ties between employer and employee, where low affective organizational commitment and high turnover intentions are viewed by peers as unacceptable and disloyal (Khan, Quratulain and Crawshaw 2013), even in the face of PCB.

This picture regarding the potential nature of the employee-employer relationship is further complicated by the reported corruption and nepotism that is said to beset

administrative and organizational life in Pakistan, in particular in the public services (Islam, 2004). In such a context, one may expect trust in senior figures and management to be low (Arain, Hameed and Farooq, 2012). It may follow, therefore, that perceptions of PCB are the norm for many in Pakistan and that the employee-employer exchange relationship is more likely to reflect negative (rather than generalized or balanced) reciprocal norms.

This represents a significantly different cultural profile from the dominant Western (US/UK) and economically-developed contexts of much of the extant PCB, social exchange theory, and reciprocity research. More individualistic, low power distance cultural norms, and more stable established economies, may suggest less societally and institutionally accepted strong relational ties between employer and employee with high power/wealth inequities also less tolerated (Hofstede, 2001). Employers may find it more difficult to earn, and easy to lose, employee affective commitment, retention and loyalty in such contexts.

Importantly, the strong negative relationships between employees' perceptions of PCB and their affective organizational commitment and turnover intentions that have been consistently reported in studies carried out in these contexts (see, Zhao et al., 2007) may be weakened, or negated completely, by these Pakistani cultural and institutional effects. In short, cultural values of collectivism and high power distance, combined with a lack of alternative job opportunities and an ongoing weakening of job security in a rapidly developing economy, may reduce the likelihood of employees withholding their efforts, commitment and labor in the face of their employers' PCB. Confirmation of the relationship between PCB and employees' affective organizational commitment and turnover intentions, and the explanatory role of Sahlins' (1972) reciprocity norms, within this Pakistani context thus provides an essential test of the generalizability of PCB research, social exchange theory and notions of reciprocity in a new, and important, cultural and institutional context.

The following sections further develop and explain our theoretical framework – social exchange theory and norms of reciprocity – and we build our hypothesized relationships between PCB, reciprocal norms, affective organizational commitment and turnover intentions. Figure 1, at the end of this section, presents a summary of our hypothesized model.

### **PCB and Affective Organizational Commitment**

The negative effects of employees' perceptions of PCB on a wide range of important work and organizational-directed attitudes is well established (for a review, see Bal, De Lange, Jansen, and Van der Velde, 2008), with social exchange theory (Blau, 1964) providing the theoretical foundation for the vast majority of this research (Zhao et al., 2007). Blau (1964) argues that when individuals feel highly valued by others they are likely to reciprocate with an exchange relationship based on high trust and emotional engagement. In a work context, therefore, employees are likely to exhibit high trust and emotional attachment to employers that they believe highly value their own individual contributions (e.g., Coyle-Shapiro and Conway, 2005; Giannikis and Nikandrou, 2013). Conversely, when employees feel that their employer has breached their psychological contract, they are more likely to feel angry, betrayed and under-valued, and will tend to reciprocate with less trust (greater distrust) in, and emotional attachment to, the organization (e.g. Ng, Lam and Feldman, 2010).

In examining these effects, scholars have found excellent empirical support for the negative effects of PCB on important organization-focused attitudes such as, employees' affective organizational commitment (e.g., Ng and Feldman, 2012; Conway et al., 2011). Affective organizational commitment (as opposed to one's normative or continuance commitment) focuses on an individual's strong belief in their employer's strategic vision and values, and thus their desire to maintain a long term relationship with them (Allen and Meyer,

1990). As such, social exchange theory suggests that the anger and distrust that forms from employees' perceptions of PCB will result in employees' withholding their affective commitment, or loyalty, to the organization.

We could find only one study exploring PCB and affective commitment in a Pakistani context. Arain, Hameed and Farooq (2012), in a survey of 250 employees from both public and private sector organizations, found support for a negative relationship between PCB, employees' affective commitment and their turnover intentions. Related research by Bashir, Nasir, Saeed and Ahmed (2011), reported similar findings where PCB was found to be positively related to organizational cynicism, where organizational cynicism reflects those employees with little emotional attachment to their employer. While these findings provide some confirmation of the generalizability of PCB and social exchange theory to a Pakistani context, much more is needed if we are to gain even more confidence in them.

### **The Mediating Role of Reciprocity Norms**

Missing from extant research has been a more thorough analysis of the role of reciprocity norms (Gouldner, 1960; Sahlins, 1972) in explaining this relationship between PCB and employees' affective organizational commitment. As stated previously, social exchange theory proposes that employees' lower affective commitment is their *reciprocal* response to their employers' failure to fulfill their mutually agreed promises (Parzefall, 2008). In other words, it is the effects of PCB on employees' perceptions of the *reciprocal norms* that govern the exchange relationship (with their employer) that drive their attitudinal, and ultimately behavioral, responses toward their organization. To date, however, the role of reciprocity norms in explaining employees' attitudinal and behavioral responses to PCB, and as such one of the key theoretical foundations of social exchange theory, has yet to be fully tested in any context, let alone Pakistan.

It was Sahlins (1972), drawing on earlier research of Blau (1964) and Mauss (1950), that first advanced the idea of employment exchange types (i.e. social or economic exchange relationships) based on three dimensions of reciprocity, the i) immediacy of returns; ii) equivalence of returns; and iii) nature of interest. *Immediacy of return* specifies the expectations on the timeliness of reciprocation by each party, and it may range from immediate to an indefinite period. *Equivalence of returns* refers to expectations on the comparable value of exchanged resources, and again this may range from exact correspondence to complete divergence. The *nature of interest* specifies the quality of involvement of exchange partners in the functioning of the relationship. It can take the form of self-interested orientation or complete altruistic thinking (Sahlins, 1972). On the basis of these three dimensions, Sahlins (1972) proposed three types of reciprocal exchanges; *generalized, negative and balanced*.

*Generalized reciprocity* involves indefinite obligation for equality and immediacy of returns and reflects an altruistic concern for others. Trust is implicit in this type of exchange as the timeframe of reciprocation is undefined. Generalized reciprocity therefore reflects a high trust and highly altruistic ‘social’ exchange relationship between both parties (Sahlins, 1972; Wu et al., 2006). *Negative reciprocity* represents an exchange condition that is the opposite of generalized reciprocity, where mutual distrust and self-interest underpin the exchange relationship (see also, Sparrow and Liden, 1997). *Balanced reciprocity*, sits in the center of the continuum, and reflects perceptions of an exchange relationship based on the immediacy of return of equal value and mutuality of interest. There is still trust here, albeit more likely based on a shorter term more transactional relationship (e.g., Dirks and Ferrin, 2001), as this form of reciprocity reflects a strict vigilance and accounting regarding the inputs and outcomes of both exchange partners. Balanced reciprocity is thus said to resemble a more ‘economic’ exchange relationship (Sahlins, 1972; Wu et al., 2006). In sum, Sahlins

(1972) proposes that these three reciprocity norms exist along a continuum from high trust (generalized) to moderate (balanced) and low trust (negative) interactions and that they reflect employees' ongoing experiences of the employment relationship.

As PCB arises when employees believe their employer has reneged on important obligations and promises made (Zhao et al., 2007), it is likely to lead them to view their employer as self-interested and untrustworthy (e.g., Lo and Aryee, 2003); perhaps one who is simply seeking to maximize profit from their human capital (Sparrowe and Liden, 1997). Indeed, the negative relationship between PCB and trust is well established in the psychological contract literature (e.g., Robinson, 1996; Robinson and Morrison, 2000). Thus, we would expect PCB to be positively related to negative reciprocity norms (i.e., those based on low trust) and negatively related to generalized reciprocity norms (i.e., those based on high trust). The following hypotheses are proposed:

**H1a:** Employee perceptions of PCB is positively related to their perceptions of negative reciprocity.

**H1b:** Employee perceptions of PCB is negatively related to their perceptions of generalized reciprocity.

The association of balanced reciprocity with a more economic exchange relationship makes the relationship between PCB and balanced reciprocity norms a little less certain. Parzefall (2008), for example, draws on research that suggests economic exchange relationships are rather trust neutral (e.g., Shore, Tetrick, Lynch, and Barksdale, 2006) and therefore proposes a negative relationship between psychological contract fulfilment and balanced reciprocity. In other words, PCB may lead to employees viewing the employment relationship in economic, trust neutral terms (see also, Lo and Aryee, 2003). However, Sahlins' (1972) original definition and explanation of balanced reciprocity norms suggest that

these norms are still based upon some, albeit moderate, levels of trust. While balanced reciprocity norms may be based on a more quid-pro-quo relationship, Sahlins (1972) argues that some trust in each partner upholding their side of this ‘economic’ exchange must exist – however limited and short term in nature. Thus, given this view, one would expect a negative relationship between PCB and the emergence of balanced reciprocity norms as PCB would likely further erode the moderate trust in the employment relationship represented by balanced reciprocity norms. Whilst empirical support exists for both views, our position was to apply Sahlins’ (1972) ideas in their original form and thus we propose the following hypothesis:

**H1c:** Employee perceptions of PCB is negatively related to their perceptions of balanced reciprocity.

Importantly, we propose that these trust-based beliefs regarding reciprocal norms subsequently guide employees own response to PCB; governing first their attitudes towards work and their organization and in turn their behaviors (e.g., Sahlins, 1972; Morrison and Robinson, 1997). Indeed, related research has found consistent support for trust as a mediating variable in the relationship between PCB (or psychological contract fulfilment) and employees’ organizational commitment and turnover intentions (e.g., Lo and Aryee, 2003). Employee perceptions of the reciprocal norms that underpin their employment relationship thus represent the mechanisms that generate subsequent employee obligations (manifest in their work attitudes and behaviors) towards their employer (Parzefall, 2008).

Based on these studies, and the recent research of Parzefall (2008) and Wu (2006), we hypothesize therefore, that generalized reciprocity norms will be positively related to one’s affective organizational commitment because such high trust based exchange norms help uphold and embed a sense of long-term loyalty and attachment to one’s employer (Parzefall,

2008). Alternatively, we argue that the low trust-based nature of negative reciprocity norms will be negatively related to employees' affective organizational commitment. In other words, negative reciprocity norms suggest an ongoing employment relationship based on low trust and thus lower loyalty and long-term emotional attachment (see also, Aselage and Eisenberger, 2003).

Past research is again rather uncertain about the potential relationship between perceptions of balanced reciprocity norms and affective organizational commitment. On the one hand, Parzefall (2008) proposes a negative relationship between balanced reciprocity and affective commitment, arguing that the trust neutral, "*quid pro quo... orientated basis of balanced reciprocity is not likely to generate affective commitment*" (p. 1708). While we recognize such a position may explain why there may be no relationship between balanced reciprocity and affective commitment we are not sure why this should lead to a negative relationship. Indeed, Pazefall's (2008) own study actually reports no relationship between balanced reciprocity and affective commitment.

Wu (2006), on the other hand, draws more directly from Sahlins' (1972) earlier work and recognizes that balanced reciprocity is still based on a mutuality of interests and, as such, employees holding balanced reciprocity norms will still trust their organization (to deliver on its economic promises) but less so than those who hold generalized high trust and high altruistic exchange norms (see also, Dirks and Ferrin, 2001). This, albeit minimal, trust in the exchange relationship should therefore predict a moderate positive relationship with employees' affective commitment. Again, the aim of our study was to test the role of Sahlins' reciprocity norms in the relationship between PCB and employee work-related attitudes and behaviors and thus we follow Sahlins' (1972) (and Wu's, 2006) position that balanced reciprocity norms should be moderately positively related to affective commitment.

In short, therefore, we propose a positive relationship between employees' perceptions of generalized and balance reciprocity and their affective commitment, and a negative relationship between their perceptions of negative reciprocity and affective commitment. Moreover, that these perceptions of generalized, balanced and negative reciprocity will mediate the relationship between employees' perceptions of PCB and their affective commitment.

While (we believe) no research exists specifically focusing on notions of PCB, reciprocity norms and affective commitment within a Pakistani context, evidence emerges of a potential complex exchange relationship that may exist in Pakistani firms. Islam's (2004) cultural analysis of Pakistan's administrative organizations concludes that a propensity towards high collectivism, high power distance, high uncertainty avoidance and masculinity help explain many contemporary organizational norms including, employees' strict adherence to hierarchy, centralization of control, nepotism and corruption. Many of these findings are confirmed by the more recent study by Bashir et al. (2011), who describe organizational life for many Pakistani employees – in particularly lower level employees – in terms of poor salaries and conditions, hostility, and rigid seniority-base career paths. They argue that it is these conditions that have led to employees' perceiving greater PCB and ultimately developing rather cynical perceptions of their employers. In terms of reciprocity norms, we may expect many, therefore, to hold fairly negative perceptions of the employer-employee exchange relationship. To borrow Robinson and Rousseau's (2004) phrase, PCB may be the norm rather than the exception for many Pakistani employees. In turn, these experiences of PCB may be leading to perceptions of an exchange relationship based on negative (rather than generalized) reciprocal norms and thus a greater organizational cynicism (reduced affective commitment). The following hypotheses are proposed:

**H2a:** Employee perceptions of negative reciprocity are negatively related to their affective organizational commitment, and mediate the negative relationship between PCB and organizational commitment.

**H2b:** Employee perceptions of generalized reciprocity are positively related to their affective organizational commitment, and mediate the negative relationship between PCB and organizational commitment.

**H2c:** Employee perceptions of balanced reciprocity are positively related to their affective organizational commitment, and mediate the negative relationship between PCB and organizational commitment.

### **The Implications for Turnover**

Attitude-behavior theory posits that employees' workplace behaviors follow (causally) from their attitudinal reactions to an environmental stimulus (Fishbein and Ajzen, 1975). In other words, an employee's behavioral response to their employer's failure to fulfil the psychological contract is driven by their attitudinal reactions to this PCB. More recent PCB research has tested this causal 'attitude-behavior' model and found support for the mediating effects of employees' affective commitment in the relationship between PCB (or psychological contract fulfilment) and a range of behaviors, including employees' in-role performance (Restubog, Bordia and Tang, 2006), discretionary effort (Lapalme, Simard and Tremblay, 2011) and individual innovation (Ng, Feldman and Lam, 2010).

Following on from this research we propose, therefore, that employees' attitudinal response to PCB – perceived negative reciprocity norms and reduced affective commitment – will lead to greater intentions to leave their current employer. While the relationship between employees' affective commitment and turnover intentions is well established (for a meta-analysis, see Meyer, Stanley, Herscovitch and Topolnytsky, 2002), research within different

national and cultural contexts presents a more complex picture. For example, within collectivist cultures, such as Pakistan, high levels of normative commitment – exhibited by individuals’ general desire to maintain in-group harmony, higher levels of loyalty and commitment to relationships, and tendency to subordinate personal priorities – may make affective commitment a less salient predictor of employee turnover (e.g., Wasti, 2003). Moreover, in contexts where labor market conditions are weak or uncertain – again like Pakistan –the risk of being unable to secure another job (high continuance commitment), may also moderate the effects of low affective commitment on individuals’ turnover intentions (e.g., Somers, 1995). It is important, therefore, that we extend PCB research into new national and cultural contexts to test more rigorously the theoretical propositions of social exchange theory and norms of reciprocity. To this end, we extend PCB research into a new Pakistani context, examining the relationships between employees’ perceptions of PCB, reciprocity norms, affective commitment and intentions to leave. The following hypothesis is proposed:

**H3:** Employee affective organizational commitment is negatively related to their turnover intentions and mediates the relationship between employee perceptions of generalized, negative and balanced reciprocity and their turnover intentions.

INSERT FIGURE 1 HERE

## **METHODS**

### **Research Context**

We collected data for this study from one Public Sector University located in southern Pakistan. There are 171 Higher Education Commission, Pakistan (HEC) recognized

universities and degree awarding institutions in Pakistan with 99 of these classed as Public Sector institutions (HEC, 2015). The sharp rise in these numbers from a mere 32 such institutions in 2001 highlights just how important they are seen by the Pakistani Government and others in helping to improve the social and economic foundations of the country (Hussain and Malik, 2014). The national economic and social importance of these institutions makes salient the proliferation of research within this sector, including research examining the working lives and experiences of the professionals that work within them.

### **Sample**

Questionnaires were distributed to 450 employees from academic faculty, administration and other support functions (e.g., engineers, IT support and campus medical officers). In total, 260 questionnaires were returned giving a response rate of 58%. There was, however, a very low response rate from the academic faculty (9/100). Given the lack of engagement by academic faculty in this survey, the potential unrepresentative nature of this sample, and the very different nature of their labor market conditions and internal performance management system we decided to remove these from the final sample to avoid any potential skewing of our analysis. We also excluded those responses with missing data, thus leaving us with a final sample of 247 employees.

This final sample was made up of 79.9% males which is representative of the very male dominated nature of the University sector workforce in Pakistan. In terms of age, 8.9% were less than 20 years old, 50.6% were between 21-30 years old, 27.9% were between 31-40 years old, and 12.6% were 40 years old or above. In terms of job tenure, 15% had been employed for less than 1 year, 39.3% for between 1 and 3 years, 23.5% for between 4 and 9 years and 22.3% for more than 9 years. In terms of education, 52.3% had high school education, 27.9% an undergraduate degree and 12.6% some form of postgraduate degree

qualification. The majority of respondents were office/administrative workers (76.5%), with the rest made up with staff from other University support functions.

## **Measures**

Data was collected by a questionnaire in Urdu (the national language of Pakistan). We used previously established scales and all scales were translated into Urdu by the first author and back translated by two bilingual academics. The items having discrepancies were corrected and back-translated again. The ordering of questionnaire was maintained in such a manner that the dependent variables of interest did not precede all the independent variables (Podsakoff and Organ, 1986). All items were measured on a response scale ranging from 1 (strongly disagree) to 5 (strongly agree). A full list of all questionnaire measures and items is included in Appendix 1.

**PCB.** Existing studies have used two different forms of measures to assess PCB (Zhao et al., 2007). Content-specific measures focus on specific employer promises (e.g., pay, promotion), and assess employees' perceptions of breach concerning these specific promises. Global scales assess global assessment of perceptions of breach of promises (Robinson and Morrison, 2000). Global scales have an advantage over specific scales when the research focus is not on a particular of content of the psychological contract but overall perceptions of PCB (Zhao et al., 2007). Content-specific scales may also lead respondents to unconsciously inflate their perceptions of PCB as their attention is drawn to a part of their psychological contract (e.g. pay) that has been identified a priori as a potentially important source of breach (Conway and Briner, 2005; Zhao et al., 2007).

Given our interest in employees' overall perceptions of PCB, we used the five-item global measure of PCB developed by Robinson and Morrison (2000). A sample item is, "I

*have not received everything promised in exchange of my contributions*”. A Cronbach alpha score of .71 suggested acceptable internal consistency and reliability of this scale.

**Reciprocity norms.** Employees’ perceptions of reciprocity norms were assessed using Wu et al’s (2006) three-factor measure of *generalized* (4-items), *balanced* (5-items), and *negative* (7-items) reciprocity. Given the limited empirical testing of this construct we carried out an initial confirmatory factor analysis (CFA) to confirm its three factor structure. As such, we compared the hypothesized three-factor model with two competing models. First, a two-factor model with items for generalized reciprocity and balanced reciprocity loaded onto the same factor. Second a single-factor model with all items loading onto it. As predicted, the three-factor model was the best fitting model ( $\chi^2 = 197.98$  [87],  $p < .001$ ; CFI = .89; RMSEA = .07), with both the two-factor ( $\chi^2 = 308.01$  [89],  $p < .001$ ; CFI = .78; RMSEA = .10) and one-factor ( $\chi^2 = 519.49$  [90],  $p < .001$ ; CFI = .57; RMSEA = .14) models providing a poor fit. The fit statistics of our three-factor model were still rather weak however and an examination of the factor loadings suggested some items from the three scales were cross loading (see Appendix). These items were dropped and CFA re-run. The fit statistics were significantly improved and now provided a very good fit with the data ( $\chi^2 = 74.29$  [41],  $p < .001$ ; CFI = .94; RMSEA = .06).

In sum, therefore, *generalized reciprocity* was measured using three of the four items developed by Wu et al. (2006). A sample item is ‘*My organization takes care of me in ways that exceed my contribution to the organization*’. *Balanced reciprocity* was measured using three of the five items developed by Wu et al. (2006). A sample item is ‘*It seems important to my company that my efforts are equivalent to what I receive from the company*’. *Negative reciprocity* was measured using five of the seven items developed by Wu et al. (2006). A sample item is ‘*My organization seems to think that I need to work hard no matter how poorly I’m treated*’. Cronbach alpha scores of .70, .71 and .71 respectively suggest acceptable

internal consistency and reliability of these scales and are consistent with the findings of previous studies (e.g. Wu et al. 2006).

**Affective organizational commitment.** We used the five items from Allen and Meyer's (1990) affective commitment scale used by Eisenberger, Armeli, Rexwinkel, Lynch, and Rhoades (2001). A sample item is '*I would be happy to spend the rest of my career with this organization*'. All items were included in the scale for the analysis. A Cronbach alpha score of .74 suggested acceptable internal consistency and reliability of this scale.

**Turnover intention.** Turnover intentions were assessed with a three-item measure from the Michigan Organizational Assessment Questionnaire (Cammann, Fichman, Jenkins and Klesh, 1979), described in Cook, Hepworth, Wall and Warr (1981). A sample item is, "*I will probably look for a new job in the next year*". A Cronbach alpha score of .78 suggested acceptable internal consistency and reliability of this scale.

**Control variables.** Previous research has suggested that gender, tenure, age and educational level may be important correlates of one or more of our key dependent variables – perceived reciprocity norms, affective organizational commitment and turnover intentions/behavior – and thus were included as potential control variables in our study (e.g., Cohen 1992; Cotton and Tuttle, 1986).

## **Data Analysis**

There were three main stages to our data analysis. First, we carried out CFA to examine the discriminant validity of our measurement model. Second, t-tests, ANOVAs and correlations were carried out to examine the statistical significance of our control variables and to provide a preliminary analysis of our main effects. Finally, structural equation modeling (SEM) was used to test the goodness of fit of our hypothesized model. A combination of chi-square, with corresponding degrees of freedom and statistical significance ( $\chi^2$  [*df*], *p*), comparative fit

index (CFI), and the root mean square of approximation (RMSEA) were used in both our CFA and SEM (Hu and Bentler, 1999). Bootstrapping was used to test the statistical significance of all hypothesized direct and indirect relationships within our tested model (Iacobucci, 2008). Five-hundred bootstrap re-samples and significance tests based on the bias corrected 95% confidence intervals were used in this analysis. All analysis was carried out using SPSS version 20 and AMOS version 20 (Arbuckle, 2011).

## RESULTS

### Confirmatory Factor Analysis

First, CFA was carried out to assess the fit of our measurement model. In total we tested and compared four models. Model 1 contained two factors, one containing all the PCB and generalized, balanced, and negative reciprocity items, and the other containing all turnover intentions and affective commitment items. Model 2 contained three factors, with the items for turnover intentions and affective commitment now loaded onto separate factors. Model 3 contained four factors, with the items for PCB loaded onto a separate factor. Finally, Model 4 contained six factors with the items for generalized, balanced and negative reciprocity now loaded onto three separate factors.

Results showed that Model 4 was the best fitting model, and provided a good fit with the data ( $\chi^2 = 362.81 [237]$ ,  $p < .001$ ; CFI = .92; RMSEA = .05). The next best fitting model was Model 3 ( $\chi^2 = 625.30 [246]$ ,  $p < .001$ ; CFI = .75; RMSEA = .08), which fit poorly with the data. Comparison of  $\chi^2$  between Models 4 and 3 confirm that Model 4 is a statistically better fit of the data ( $\Delta\chi^2 = 262.49 [9]$ ,  $p < .001$ ).

Due to the single source nature of our data collection we felt it pertinent to test for the potential presence of common method bias (CMB) within our data. There are a number of statistical responses to potential CMB and all have their own strengths and limitations (see

Podsakoff, MacKensie, Podsakoff, and Lee, 2003). As such, Podsakoff et al. (2003) suggest best practice is to use more than one of these tests. With this in mind we conducted both the Harman's single factor test (using SPSS) and the common latent factor method (using AMOS) for assessing CMB within our CFA model.

Results of the Harman's single factor test showed that one factor (containing all observed items in our measurement model) accounted for 19% of variance. The literature suggests problematic levels of CMB may be present when this single factor accounts for the majority of variance in the model – that is, 50% or more. Our results thus provide preliminary evidence that CMB may not be a significant issue within our data. Indeed, these initial findings are also supported by our CFA, which confirm that a one-factor model has a very poor fit with the data ( $\chi^2 = 971.50 [252]$ ,  $p < .001$ ; CFI = .53; RMSEA = .11).

The common latent factor method requires the researcher to add a latent variable to their CFA model with regression paths from this variable to all the observed items in the model predicted. This common variable thus helps identify the common variance across all items in the model. Results of the common latent factor test identify 3.6% of common variance across all variables in our model, again suggesting that CMB may be of limited concern in our data (see Podsakoff et al., 2003). Taken together, the results of these three diagnostic tests suggest that we may proceed with the rest of our analysis confident that CMB is having little impact in our data.

## **Descriptive Statistics**

T-test results showed that there was no statistically significant difference in mean scores on affective organizational commitment ( $t = .43$ , *ns*) and turnover intentions ( $t = -1.14$ , *ns*)

between male and female respondents in this study. However, mean differences in perceived negative reciprocity (although not generalized or balanced reciprocity) were found between male and female respondents ( $t = -2.16, p < .05$ ). While research is extremely limited, our findings tend to support those of Dohmen, Falk, Huffman and Sunde (2008), who reported women as less likely to hold negative reciprocal tendencies. Dohmen et al. (2008) also report that women tend to trust more than men, although Gilbert and Tang (1998) found no such gender effects on organizational trust perceptions. Theoretical and empirical research regarding gender differences in trust propensity and reciprocity norms is thus limited and mixed, and more research is needed to explore, more specifically, the potential implications of these effects. For our purposes, however, these findings led us to control of gender effects in our main hypothesis testing.

ANOVAs confirmed that there were statistically significant mean differences between age groups, tenure groups and educational groups in terms of reported affective organizational commitment and/or turnover intentions. As expected, older workers (40 years old or more) tended to report higher levels of affective organizational commitment ( $F = 5.07, p < .01$ ) and lower turnover intentions ( $F = 12.14, p < .001$ ). Those with higher tenure (9 years or more) also tended to report higher levels of affective organizational commitment ( $F = 9.47, p < .001$ ) and lower turnover intentions ( $F = 12.81, p < .001$ ). Finally, those with a lower level of education tended to report significantly lower levels of affective organizational commitment ( $F = 3.32, p < .05$ ). Differences in affective commitment and turnover intentions between age groups, tenure groups and those with different levels of education were thus controlled for in our main hypotheses testing.

There were also statistically significant mean differences between educational groups in terms of their perceptions of negative ( $F = 4.03, p < .01$ ) and balanced ( $F = 3.78, p < .05$ )

reciprocity. Differences in perceptions of reciprocity between those with different levels of education were thus controlled for in our main hypothesis testing.

Table 1 presents the means, standard deviations and zero-order correlations among the main model variables. Significant correlations between these variables, and in the predicted directions, gave us confidence to proceed with our main model testing.

INSERT TABLE 1 HERE

### **Model Testing**

Guided by Zhao et al's (2007) meta-analysis of the impact of PCB on work-related outcomes we compared four conceptual models. Model 1 is our hypothesized multiple mediation model (see, Figure 1), where hypothesized paths are proposed from PCB through first, reciprocity norms, then affective organizational commitment and finally to our main dependent variable turnover intentions. Model 2 is an alternative partial mediation model which includes additional direct paths between PCB and affective commitment and PCB and turnover intentions. Model 3 is a direct effects model where only the main effects between PCB and employees' reciprocity norms, affective commitment and turnover intentions, are hypothesized. Finally, Model 4 is a null model where no statistically significant relationships between any of our model variables are hypothesized.

Model fit statistics suggest that our hypothesized mediation model (Model 1) is an excellent fit with the data ( $\chi^2 = 674.52 [479], p < .001; CFI = .92; RMSEA = .04$ )<sup>12</sup>. Models 3 and 4 are both statistically a poorer fit than our hypothesized model. While Model 2, the

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<sup>1</sup> All fit statistics and hypothesized direct and indirect effects held when the model was tested without the control variables included.

<sup>2</sup> As a further test of CMB we also re-tested our hypothesized structural model with it including the common latent variable used in our CFA (see Podsakoff et al. 2003). In other words, using CMB-corrected variables. Again, there was no significant effect on the model's fit indices and all statistically significant relationships held.

partial mediation model, has comparable fit statistics, change in  $\chi^2$  statistics suggest it is not a significantly better fitting model ( $\Delta\chi^2 [df] = 2.36 [2], p > .10$ ) (see Table 2 for a summary). Non-significant relationships for the hypothesized direct main effects between PCB and affective commitment ( $\gamma = .06, ns$ ) and PCB and turnover intentions ( $\gamma = .12, ns$ ) in this partial mediation model provide further support and confirmation of our more parsimonious model.

INSERT TABLE 2 HERE

Recent research suggests that such model comparison tests may be overly lenient (Cheung and Rensvold, 2002) and recommends bootstrapping as a more rigorous test of mediation models (see, Iacobucci, 2008). Figure 2 below provides a summary of the standardized estimates (and their statistical significance) of our hypothesized model paths. For ease of interpretation Figure 2 does not contain paths from the control variables. Table 3, however, presents a summary of the statistically significant relationships between controls and the key dependent variables.

INSERT FIGURE 2 HERE

INSERT TABLE 3 HERE

### **Mediation of reciprocity in the relationship between PCB and commitment**

As predicted, employee perceptions of PCB were found to be positively related to employees' perceptions of negative reciprocity ( $\beta = .54, p < .01$ ) and negatively related to employees' perceptions of generalized ( $\beta = -.60, p < .01$ ) and balanced ( $\beta = -.40, p < .01$ ) reciprocity. PCB accounted for 35% of unique variance in generalized reciprocity, 27% of variance in

negative reciprocity and 16% of variance in balanced reciprocity. Hypotheses 1a, 1b and 1c are confirmed.

In addition, negative reciprocity ( $\beta = -.20, p < .05$ ) and generalized reciprocity ( $\beta = .46, p < .01$ ) were found to be negatively and positively related to employees' affective organizational commitment respectively, with bootstrap analysis showing that generalized and negative reciprocity fully mediate the relationship between PCB and affective organizational commitment ( $\beta = -.42, p < .01$ ). Employee perceptions of negative, generalized and balanced reciprocity accounted for 19% of additional variance in their affective organizational commitment. Hypotheses 2a and 2b are thus supported. Against expectations, balanced reciprocity was not significantly related to employees' affective organizational commitment ( $\beta = .11, ns$ ), and thus hypothesis 2c was rejected.

### **Mediation of affective commitment in the relationship between reciprocity and turnover**

As predicted, employees' affective organizational commitment was negatively related to their turnover intentions ( $\beta = -.54, p < .01$ ) and accounted for 10% additional variance in turnover intentions. Bootstrap analysis found that affective organizational commitment fully mediated the negative relationship between generalized reciprocity and turnover intentions ( $\beta = -.25, p < .01$ ) and the positive relationship between negative reciprocity and turnover intentions ( $\beta = .11, p < .05$ ). The non-significant relationship between balanced reciprocity and affective organizational commitment meant there was no indirect relationship between balanced reciprocity and turnover intentions. Hypothesis 3 is thus partially supported.

## **DISCUSSION**

Overall, the results provide excellent support for our hypothesized model. Employees' perceptions of PCB were found to be negatively related to their perceptions of generalized

and balanced reciprocity norms and positively related to their perceptions of negative reciprocity norms. Moreover, perceptions of generalized and negative reciprocity (but not balanced reciprocity) fully mediated the negative relationship between perceived PCB and employees' affective organizational commitment. In turn, employees' affective organizational commitment was found to fully mediate the negative relationship between generalized reciprocity and turnover intentions and fully mediate the positive relationship between negative reciprocity and turnover intentions. It appears, therefore, that when employees perceive PCB they are more likely to develop leave intentions. Importantly, our findings suggest that this is because they are more likely to perceive an employment relationship that is based on exchange norms that are instrumental and untrusting (negative reciprocity), and that these negative reciprocal norms reduce their affective organizational commitment.

### **Theoretical Implications**

Three important theoretical contributions are proposed. First, we provide a more thorough test of social exchange theory's ability to explain the relationship between employees' perceptions of PCB and important work and organization-direct attitudes and behaviors (e.g., Bordia, Restubog, Bordia and Tang, 2010; Dulac, Coyle-Shapiro, Henderson and Wayne, 2008; Turnley and Feldman, 1999). In particular, and to the best of our knowledge for first time, we present empirical confirmation of the explanatory role of Sahlins' (1972) norms of reciprocity in the relationship between PCB and employees' affective organizational commitment and turnover intentions. To date, these proposed relationships have underpinned our theoretical understanding of PCB, without the requisite empirical testing of them. Our study provides this. We extend theory, therefore, by highlighting the importance of explicitly including Sahlins' (1972) reciprocity norms in any future modelling of employees'

evaluations of, and reactions to, their psychological contract and, in particular, PCB. A failure to recognize the role played by employee perceptions of reciprocity threatens to limit substantially our understanding of the cognitive processes involved in employees attitudinal and behavioral responses to PCB.

Second, we believe that this is the first study to explore the differential effects of all three of Sahlins' (1972) reciprocity norms in the relationship between employees' perceptions of the PCB and their work-related attitudes and behaviors. Our findings suggest that while generalized and negative reciprocity account for unique variance in employees' affective organizational commitment and turnover intentions, balanced reciprocity does not. While we recognize that our study does not explicitly test Sahlins' (1972) proposition that generalized, negative, and balanced reciprocity sit on a continuum, we suggest that our findings may provide some, albeit tentative, support for this.

Generalized and negative reciprocity represent the extremes of this continuum and thus are predicted to have equally strong yet opposite effects on key attitudes and behaviors such as affective commitment and turnover intentions (Sahlins, 1972; Wu et al., 2006). Our findings support these propositions. Balanced reciprocity, on the other hand, is said to sit at the center of this continuum and is viewed as a more neutral 'tit-for-tat' economic (rather than social) exchange between employer and employee (Blau, 1964; Shore et al., 2009). In line with Tetrick et al. (2004) and Parzefall (2008), we may reason therefore that such trust neutral attitudes towards the employment relationship do not promote affective/emotion-orientated employee attitudes and behaviors at work such as affective commitment and turnover intentions.

Interestingly, our findings are in contrast to the research of Wu et al. (2006) that reports a strong positive relationship between balanced reciprocity and affective commitment in a sample of 466 working Chinese MBA students. These counter-intuitive findings are

explained with reference to potential cultural predispositions toward a balanced reciprocity norm in Chinese cultures. Wu et al. (2006) argue that a more immediate economic exchange model may in fact be a key signal in Chinese culture of mutual trust and loyalty between employer and employee. In other words, a social exchange relationship.

While it is beyond the scope of this research to compare the Pakistani and Chinese context, research carried out in Pakistan suggests that the ‘quid pro quo’ nature of balanced reciprocity norms, is unlikely to be the norm for many Pakistani employees and is unlikely to garner perceptions of loyalty associated affective commitment. The limited national, cultural and institutional research carried out in Pakistan describes national culture values that lean towards high collectivism, high power distance, high uncertainty avoidance and masculinity and thus employee expectations regarding a strict adherence to hierarchy, centralized control and long term relationship building (Islam, 2004). At the same time Islam (2004), and others (Arain et al., 2012), describe a work context beset by nepotism and corruption. These values, and realities, do not suggest the emergence, for many, of a set of reciprocal norms based around an economic exchange and, as such, this may help explain the lack of a relationship between balanced reciprocity and employees’ affective commitment in this context. Clearly, given these contrasting findings, much more comparative national and cultural research is needed to explore more specifically the role of contextual factors, such as cultural values and institutional difference, in influencing the nature and role of Sahlins’ reciprocity norms in the relationship between PCB and affective commitment.

This brings us to our final contribution, which is the extension, and confirmation, of social exchange theory and reciprocity as useful frameworks for understanding employees’ responses to PCB in a new non-Western Pakistani context. Pakistan provides an important cultural counterpoint to the dominant Western-Anglo studies of PCB and social exchange theory. As a collectivist society, one assumes trust and altruism is implicit in relationships

held within all important social groups, including work organizations and the relationship between employer and employee (Triandis, 1995). Being high in power distance and uncertainty avoidance also, however, suggests a society that is highly rule oriented and with high inequalities of power and wealth (Hofstede, 2001). This presents a significantly different cultural profile from the dominant US, and other Anglo country, contexts of prior PCB and social exchange theory research, where societal norms of strong relational ties between employer and employee may be less in evidence and high power/wealth inequities less tolerated. One may expect PCB to be a more frequent experience in such Western contexts, and a willingness to withhold affective commitment and ultimately change employer more forthcoming. Confirmation, therefore, of the important relationship between PCB and key employee attitudes and behaviors such as turnover intentions and affective commitment, and the explanatory role of Sahlins' (1972) reciprocity norms in this relationship, within this Pakistani context provides an essential test of the generalizability of PCB research, social exchange theory and notions of reciprocity to a new cultural context.

### **Limitations and Opportunities for Future Research**

The findings of this study should be considered in view of certain limitations which are here presented as opportunities for future research. The cross-sectional design of our survey limits our claims of causality in the tested model. While our model was informed by extant theoretical and empirical research that supports the directions of causality proposed, and our findings provide some further confirmation of these, future research that employs longitudinal or experimental designs is needed if we are to more rigorously test these causal relationships.

All data were collected through self-report measures which may inflate the relations among variables. While it makes sense in our study that all the variables collected are perhaps

best reported by the employees themselves, using a time-lag study may help overcome issues of common method bias. For example, the main independent variables and mediators may be collected at a separate time point (maybe one month before) than the main dependent variables. Future research may also examine dependent variables that are more easily reported by different respondents, such as one's line manager. Examples may include employees' job performance or organizational citizenship behavior. This would then help to provide a more objective, multisource dataset. Therefore, while our statistical tests suggested minimal issues with common method bias, future research should seek to employ stronger longitudinal and/or multi-source research designs in order to provide a more rigorous test of our proposed model.

A note of caution is also raised regarding the Wu et al. (2006) three-factor measure of generalized, negative and balanced reciprocity used in this study. Our CFA highlighted some, albeit minimal, cross-loadings between items on each of these scales and thus were dropped from our main analysis. We note similar problems, although with different measures, in earlier research (e.g., Parzefall 2008). Thus, additional scale development work may be needed here to help develop better, more independent, measures of Sahlins' (1972) reciprocity norms.

We also note the limitations of our sample and research context. While one of our principle aims, and contributions, was examining issues of PCB and reciprocity within a new Pakistani context we also recognize that this limits the generalizability of our findings. Much more research in alternate country, cultural, institutional and professional/non-professional contexts is thus needed if we are to provide a more robust empirical support for social exchange theory and Sahlins' (1972) reciprocity norms in explaining employees' reactions to PCB. This should include comparative, cross-national and cross-cultural, research designs

that may better explore the moderating role of cultural/national context on the roles and importance of Sahlins' reciprocity norms in psychological contract and PCB research.

Finally, while our mediating model was driven directly by early theoretical (e.g., Blau, 1964; Sahlins, 1972) and recent empirical (e.g., Wu et al., 2006; Parzefall, 2008) research on social exchange theory, we recognize a potential alternate moderating model to the one tested and confirmed within our study. For example, someone who has a generalized reciprocal norm may be more likely to interpret PCB as something extremely serious compared to someone with a balanced norm – in which case the breach may simply lead to a re-interpretation of the relationship between the parties. In other words, the reciprocal norms we currently hold may moderate our response to PCB. Future research may thus seek to explore this more iterative relationship between PCB or psychological contract fulfillment (PCF), one's reciprocal norms, and key employee attitudes and behaviors.

### **Practical Implications**

Despite these limitations we feel our findings present a number of important implications for HR and management practice and, in particular, those practitioners working in national and multinational enterprises in Pakistan. Principally, our results suggest that employers need to promote and maintain an employment relationship based on generalized, and not negative or balanced, reciprocity norms, if they are to promote the required affective commitment and retention of key staff that they desire. To this end, there is burgeoning empirical research, including some carried out within a Pakistani context (e.g., Bashir, Jianqiao, Zhang, Ghazanfar, Abrar and Khan, 2011), suggesting that the trust and affective commitment associated with generalized reciprocity norms may be built through the development and implementation of high commitment work practices (see also, Budhwar, Varma, Singh and Dhar, 2006; Pearce and Manz, 2005; Seibert, Silver and Randolph, 2004). HR practices that

promote greater employee involvement and autonomy in decision-making, focus on sophisticated recruitment and selection practices, strong internal labor markets and mobility, provide highly valued training and development, and emphasize organizational performance related pay have all be highlighted as examples of high commitment work practices (Giannikis and Nikandrou, 2013). Line managers and other key decision-making agents must therefore be made aware (perhaps through formal training or effective mentoring programs) of the nature and potential importance of these practices in the workplace.

Research suggests that Pakistani organizations are often beset with problems of corruption, nepotism and career models based on seniority rather than performance, competencies or ability/talent (Arain et al., 2012; Islam, 2004). Overcoming these organizational cultural/institutional problems, where they exist, is thus a priority if employers are to promote an exchange relationship based on generalized reciprocity norms. Leaders and senior managers who engage with those HR practices associated with high employee commitment outline above may provide organizations with a framework for initiating and achieving this change.

Our research also highlights the importance of employers avoiding PCB if they wish to promote employee perceptions of an exchange relationship based on generalized reciprocity norms. Employer-employee incongruence in respect of perceived promises and obligations, and employee vigilance regarding the psychological contract have both been highlighted as key antecedents of PCB (e.g., Conway and Briner, 2005). Organizations must therefore look to implement well-designed reward strategies that avoid employers promising rewards/recognition that in the future they cannot possibly fulfil, maybe due to an unforeseen downturn in organizational performance (Robinson and Morrison, 2000). They should also promote effective communication so that promises (from both parties) are clearly understood and explicitly stated and not simply implied (Robinson and Morrison, 2000). Finally, well-

designed and detailed induction and socialization practices (e.g., De Vos, Buyens and Schalk 2003), as well as mechanisms for regular communication (e.g., team and one-to-one meetings, informal interactions), are also recommended if employers are to effectively negotiate, with their employees, the nature and mutual expectations they have regarding the employment contract.

## **Conclusion**

Research exploring the consequences of PCB for a range of important employee attitudes and behaviors is well established (e.g., Wu et al. 2006). Social exchange theory and, in particular Sahlins' (1972) norms of reciprocity, have provided the dominant theoretical framework for understanding these relationships. For too long, however, scholars have accepted the role of reciprocity norms in explaining employees' reactions to PCB without appropriate and rigorous empirical testing (Cropanzano and Mitchell 2005). Our paper, therefore, provides an important first step in building a more solid empirical base for the theoretical importance of social exchange theory and reciprocity in the context of PCB research.

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## **APPENDIX:**

### **Measurement scales used in this study**

#### **Psychological Contract Breach** (Robinson and Morrison 2000)

- 1) Almost all the promises made by my organization during recruitment have been kept so far. (Reverse coded)
- 2) I feel that my organization has come through in fulfilling the promises made to me when I was hired. (Reverse coded)
- 3) So far my organization has done an excellent job of fulfilling its promises to me. (Reverse coded)
- 4) I have not received everything promised to me in exchange for my contributions.
- 5) My organization has broken many of its promises to me even though I have fulfilled my obligations.

#### **Negative Reciprocity** (Wu et al. 2006)

- 1) I have the impression that my organization is up to something that could hurt me.
- 2) My organization would never help me out unless it was in the organization's own interest.
- 3) What I have received from my organization is only a small part of my contribution to the organization.
- 4) My organization expects more from me than it gives me in return.
- 5) My organization only cares about its own benefits and never cares about my career or living.
- 6) If my organization gives me double wages, it will require me to put in three or four times more energy. (*Item Removed*)

7) My organization seems to think that I need to work hard no matter how poorly I am treated. *(Item Removed)*

**Generalized Reciprocity** (Wu et al. 2006)

1) My organization would help me develop myself, even if I cannot make more contributions at present.

2) My organization seems willing to invest in my professional development, even when it does not directly impact my current job performance.

3) My organization would do something for me without any strings attached. *(Item Removed)*

4) My organization takes care of me in ways that exceed my contribution to the organization.

**Balanced Reciprocity** (Wu et al. 2006)

1) My organization takes care of the organization's interests as much as my interest. *(Item Removed)*

2) It seems important to my company that my efforts are equivalent to what I receive from the company.

3) If I do my best and perform well, my organization will give me the opportunity for promotion.

4) If my job performance exceeds my organization's need, my organization will give me an extra reward, otherwise, my organization will punish me. *(Item Removed)*

5) As long as I show my concern for the welfare of the organization, the organization will be concerned for my welfare in return.

**Affective Commitment** (Eisenberger et al. 2001)

1) I would be very happy to spend the rest of my career with this organization.

- 2) I enjoy discussing my organization with people outside it.
- 3) I really feel as if this organization's problems are my own.
- 4) I do not feel 'emotionally attached' to this organization. (Reverse coded)
- 5) This organization has a great deal of personal meaning for me.

**Turnover Intentions** (Cammann et al. 1979)

- 1) As soon as I can find another job I will leave.
- 2) I am actively looking for another job.
- 3) I am seriously thinking of quitting my job.

Table 1: Means, Standard Deviations, and Inter-correlations among the Main Model Variables

	Mean	SD	1	2	3	4	5
1. PC Breach	2.68	0.83					
2. Generalized Reciprocity	3.31	0.82	-.44**				
3. Balanced Reciprocity	3.38	0.81	-.30**	.36**			
4. Negative Reciprocity	3.24	0.71	.42**	-.22**	-.10		
5. Affective Commitment	3.75	0.71	-.30**	.46**	.29**	-.22**	
6. Turnover Intentions	2.86	0.97	.22**	-.18**	-.09	.23**	-.48**

Notes:  $N = 247$ ; \*  $p < .05$ ; \*\*  $p < .01$

Table 2: Comparison of Alternative Model Fit Statistics

<b>Model</b>	$\chi^2$ (df), $p$	CFI	RMSEA	Comparison of fit with hypothesized model ( $\Delta\chi^2$ (df), $p$ )
Model 1: Hypothesized Model	674.52(479), $p < .001$	.92	.04	
Model 2: Partial Mediation Model	672.16(477), $p < .001$	.92	.04	2.36(2), $p > .10$
Model 3: Main Effects Model	720.33(481), $p < .001$	.90	.05	45.81(2), $p < .001$
Model 4: Null Model	883.85(486), $p < .001$	.83	.06	209.33(7), $p < .001$

Notes:  $N = 247$ .

Table 3: Statistically Significant Standardized ( $\beta$ ) Estimates for the Relationships between Controls and Dependent Variables

Controls	Negative Reciprocity	Generalized Reciprocity	Balanced Reciprocity	Affective Commitment	Turnover Intentions
Gender	.15*				
Age (Years): < 21:					.26*
21-30:					.31*
31-40:					.27*
Tenure (Years): < 1:				-.38**	
1-3:				-.30*	
4-9:				-.28*	
Education: Matric:	-.22*		.20*		
Inter:				-.19*	
University:					

Notes:  $N = 247$ ; \*  $p < .05$ ; \*\*  $p < .01$ .

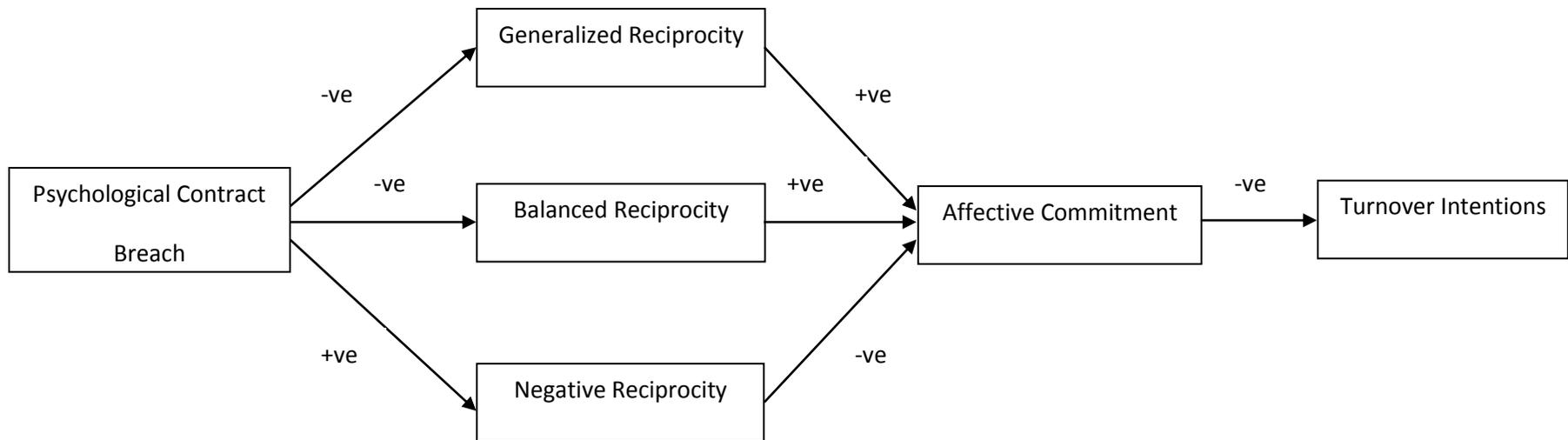
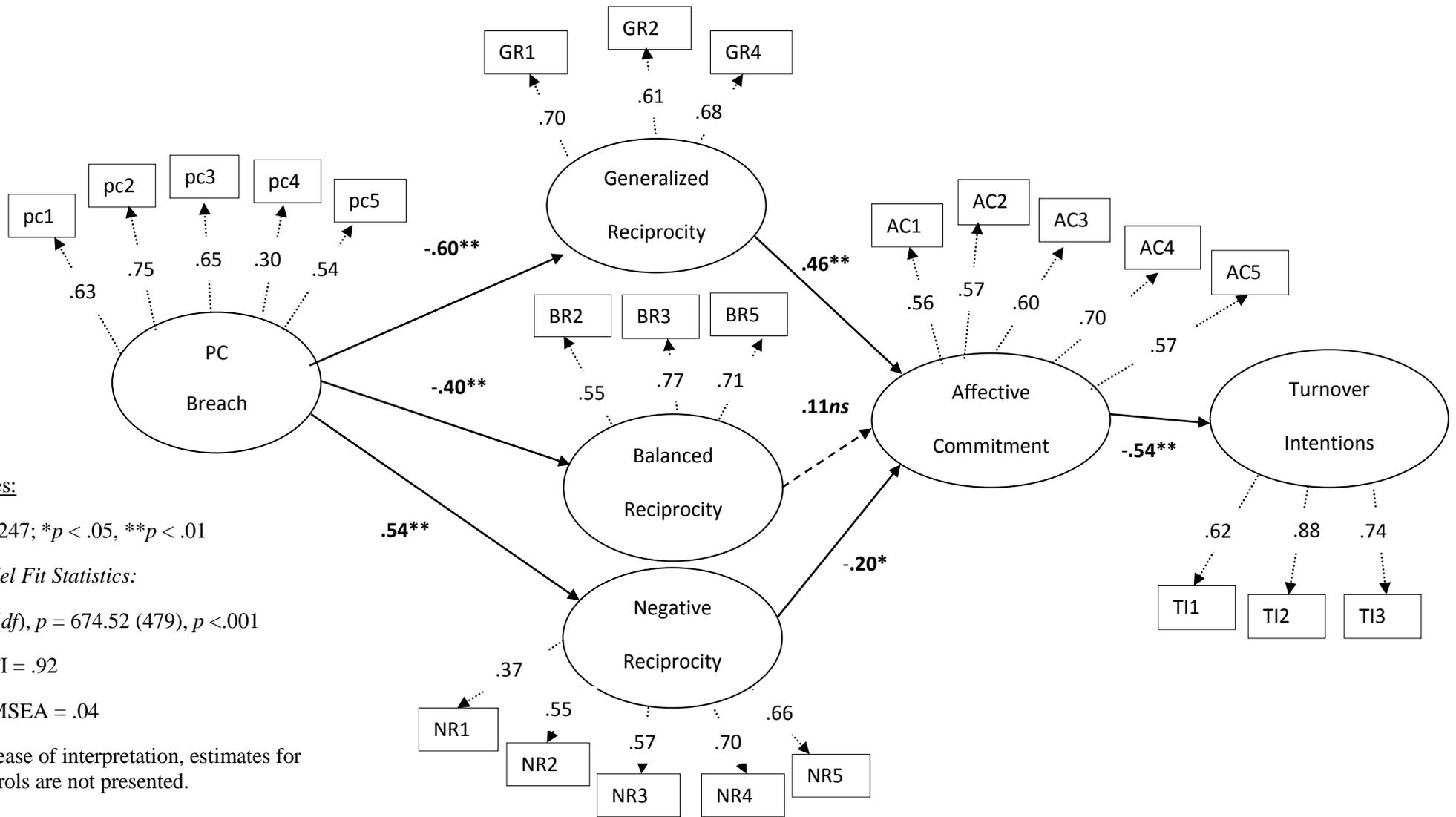


Figure 1. Hypothesized Model



**Notes:**

$N = 247$ ;  $*p < .05$ ,  $**p < .01$

**Model Fit Statistics:**

$\chi^2 (df), p = 674.52 (479), p < .001$

CFI = .92

RMSEA = .04

For ease of interpretation, estimates for controls are not presented.

Figure 2. Hypothesized Model Fit Statistics and Standardized ( $\beta$ ) Estimates