

**POSITIVE PSYCHOLOGICAL RESOURCES, MANAGEMENT RESPONSIVENESS AND
PSYCHOLOGICAL CONTRACT VIOLATION:
A MEDIATING EFFECT OF PSYCHOLOGICAL CONTRACT BREACH**



**Dissertation Submitted to
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OTHMAN YEOP ABDULLAH GRADUATE SCHOOL OF BUSINESS
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Abstract (English)

Most researches on emotion, especially psychological contract violations are viewed from the exogenous constructs lenses i.e. the outcomes of violation which were generally displayed via attitudinal and behavioral evidences.

In contrast, this study aims to discuss psychological contract violation from the opposite direction, i.e. the endogenous construct viewpoint. Using PLS-SEM, the five exogenous constructs i.e. the management of responsiveness, efficacy, hope, resiliency and optimism were posited as predictors of the psychological contract violation. Psychological contract breach, on the other hand was inserted as the mediator.

The validity of this model was tested using 251 samples from individual responses of the SMBA member companies. The management of responsiveness, efficacy, hope and resiliency were found to be significant predictors for psychological contract violation. In contrary, optimism construct showed no evidence of relationship with the violation. The Psychological contract breach meanwhile was found to partially mediate the relationship of the management of responsiveness and the psychological contract violation. Other exogenous constructs have no direct relationship with the psychological contract breach; therefore the role of psychological contract breach as the mediator does not exist.

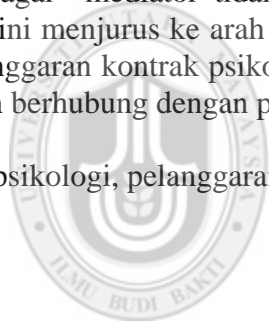
The originality and contribution of this research was primarily the application of exogenous constructs which were uncommonly used as psychological contract violation predictor. Other implications, limitations and future research opportunities on the subject of psychological contract violation were also discussed.

Keywords: psychology, violation, breach, responsiveness, resources.

Abstrak (BM)

Kebanyakan penyelidikan tentang emosi khususnya pelanggaran kontrak psikologi dilihat dari kanta konstruk eksogen, yakni hasil paparan emosi negatif yang dipamerkan melalui sikap dan gelagat pekerja. Kajian ini sebaliknya bertujuan membincangkan pelanggaran kontrak psikologi dari arah bertentangan, iaitu dari sudut konstruk endogen. Pendekatan *PLS-SEM* telah digunakan untuk menguji lima konstruk eksogen iaitu tindak balas pengurusan, yakin-diri, harapan, kebingkasan dan sikap optimis sebagai peramal pelanggaran kontrak psikologi. Kemungkiran kontrak psikologi sebaliknya dimasukkan sebagai mediator. Ujian kesahihan model ini adalah berdasarkan kepada 251 sampel yang diterima daripada pekerja-pekerja syarikat di bawah naungan *SMBA*. Tindak balas pengurusan, yakin-diri, harapan dan kebingkasan didapati merupakan peramal yang signifikan bagi pelanggaran kontrak psikologi. Sebaliknya, konstruk optimis tidak menunjukkan sebarang pertalian dengan pelanggaran kontrak psikologi. Sementara itu, kemungkiran kontrak psikologi didapati menjadi pengantara separa antara tindak balas pengurusan dan pelanggaran kontrak psikologi. Konstruk eksogen yang lain tidak menunjukkan sebarang pertalian langsung dengan kemungkiran kontrak psikologi; justeru fungsi kemungkiran kontrak psikologi sebagai mediator tidak wujud di antara mereka. Keaslian dan sumbangan utama penyelidikan ini menjurus ke arah aplikasi konstruk eksogen yang jarang diguna pakai sebagai peramal pelanggaran kontrak psikologi. Implikasi, batasan kajian lain serta potensi penyelidikan masa hadapan berhubung dengan pelanggaran kontrak psikologi juga turut dibincangkan.

Kata kunci: psikologi, pelanggaran, kemungkiran, tindakan, sumber.



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Secondly, I wish to express my heartfelt thanks to SMBA member companies and their employees who participated in this research. This research was be possible because of their support.

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Lastly, my heartfelt thanks to George G Lee for proof reading this report. For those individuals and organizations that are not mentioned here but have directly or indirectly contributed to this research in one way or another, thank you!

Hopefully this research will accentuate further interest in the psychological contract field to better understand how emotion works especially in the work environment.

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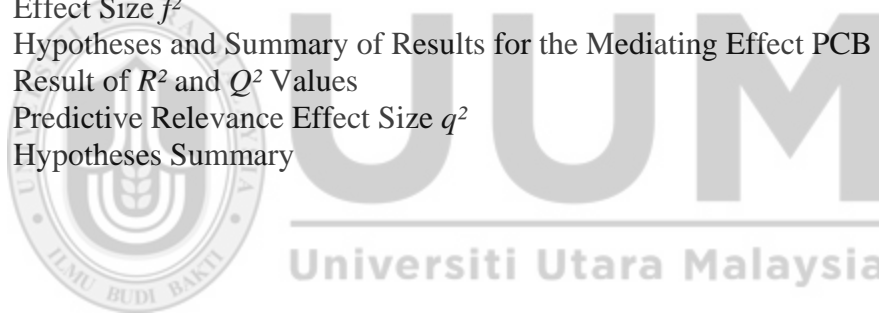
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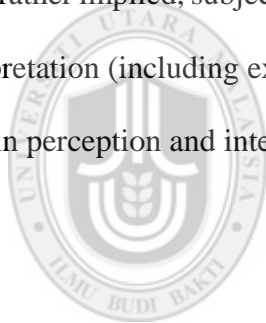
AVE	Average Variance Extracted
CR	Composite Reliability
EFFI	Self-efficacy
EI	Employee Involvement
EP	Employee Participation
EV	Employee Voice
EVL	Exit, Voice and Loyalty
FMM	Federation of Malaysian Manufacturer
HOPE	Hope
MEF	Malaysian Employer Federation
MR	Management Responsiveness
OPTI	Optimism
PC	Psychological Contract
PCB	Psychological Contract Breach
PCQ	Psychological Capital Questionnaire
PCV	Psychological Contract Violation
PLS-SEM	Partial Least Squares Structural Equation Modeling
POS	Positive Organization Support
PPR	Positive Psychological Resources
PsyCap	Psychological Capital
RESI	Resiliency
SMBA	Swiss Malaysian Business Association
SPSS	Statistical Package for Social Sciences
VAF	Variance Accounted For
VIF	Variance Inflation Factor

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

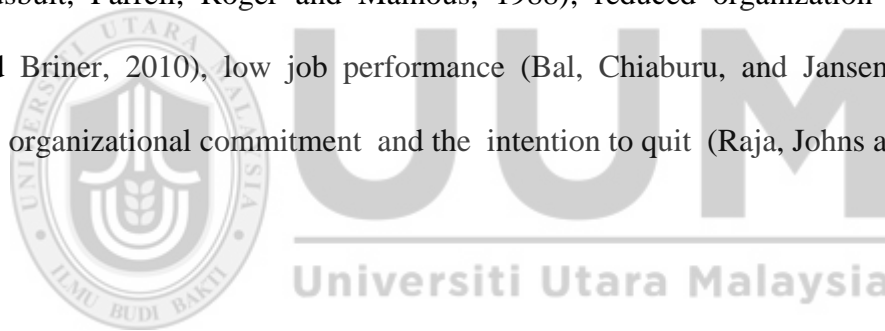
The employment relationship, widely known and practiced in countries around the world refers to “the relationship between parties at work” (Maimunah Aminudin, 2011). It is through the employment relationship that reciprocal rights and obligations are created between the employee and the employer. Through this relationship the employee gain access to the rights and benefits associated with employment. During the tenure of this relationship some of the perceived rights and obligations may not be expressly defined in an employment contract but they are rather implied, subject much to individual interpretation! In view of the subjectivity of the interpretation (including express terms), the employee and the employer may encounter divergence in perception and interpretation of the social events related to their relationship.



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Looking from employee's view, their expectations could vary individually from what has been promised or perceived to have been promised by the employer like better pay, career advancement, learning new skills and wide range of compensation and benefits or other work-related benefits. Unmet promises may lead to intense of negative emotions like anger, betrayal, and anxiety; depress etc. which literatures often refer to as psychological contract violation (PCV) (Morrison and Robinson, 1997; Suazo, 2009). The intensity of the negative emotions on the other hand is subject to individual interpretation and perception of the events. On the same token, non-payment of bonus due to organizational financial constraints, for example, while some employees may find it absolutely acceptable, others may deem the event as a broken promise, referred here as psychological contract breach (PCB). There could be multiple

reasons that mitigate or accelerate the perceived breach and the feeling of violation. Individuals with high positive psychological resources (PPR) like self-efficacy, hope, resiliency and optimism, for example, may perceive breach and experience of violation differently from individuals who have low PPR (Avey, Luthans and Smith, 2010). Likewise, positive management responsiveness (refer to as MR) to employee grievances may mitigate the breach perception (Spenser, 1986) and minimize the intensity of violations as it promotes employee trust, loyalty and commitment (Kulkarni, 2010). In the absence of positive MR, voice mechanism has no role to play and employees have no avenue to air their grievances and employers have no opportunity to address the issues thereby allowing PCV to accelerate, leading to undesirable attitudinal and behavioral outcomes e.g. exit, destructive voice and neglect (Rusbult, Farrell, Roger and Mainous, 1988); reduced organization commitment (Cassar and Briner, 2010), low job performance (Bal, Chiaburu, and Jansen, 2010), job satisfaction, organizational commitment and the intention to quit (Raja, Johns and Ntalianis, 2004).



The causal relationship between unfavorable events and PCV is that when employees experience unfavorable events, they may perceive that the organization has broken its promises (PCB) and as a result of the broken promises, it may impact them emotionally (PCV). Broken promises and violations are a different construct whereby broken promises may or may not lead to feeling of violation. In this instant, broken promises could be the antecedent of violation and some research viewed PCB as mediator to PCV (Robinson and Morrison, 2000) when other exogenous constructs are included into the equation. The intensity of the negative feeling is idiosyncratic, suggesting that understanding of human behavior in this relationship is a complex process yet important in employment relations. Appropriate managing of the unfavorable events allows organizations to better manage their resources (employees), to

maximize long-lasting desirable outcomes and avoid undesirable outcomes as a result of these violations.

In this study, PCV is the key subject matter. It is heart of the problem as the intense of negative emotions found to dictate negative individual attitudinal and behavioral responses (Rusbult et al., 1988; Cassar and Briner, 2010; Bal et al., 2010 and Cantisano, Domínguez and Depolo, 2008). It associates with the negative cognitive emotional state, and as such, addressing the causes that lead to such negative emotion is imperative to the organizational wellbeing. Morrison and Robinson (1997) noted that such emotional response is a sense-making process and idiosyncratic, as feeling of injustice (grievance) could be real or mere perception to the individuals (Nurse and Devonish, 2007). The stimuli to this response on the other hand, could vary from one to another but the aggregate response is quite similar across different cultures and environments. Employees in the textile industry, Briton (Pate, Martin and McGoldric, 2003); Australian executive management personnel in public sectors (Knights and Kennedy, 2005); manufacturing employees in US (Suazo and Stone-Romero, 2011); service-oriented employees in US (Suazo, 2009); MBA students in Australia (Grimmer and Oddy, 2007) and supervisors in service industry (car rental companies) in China (Peng and Zhao, 2012) all reacted to unfavorable events in a similar way i.e. negative. Judging from these findings, it appears that negative emotional response is a universal reaction.

Broadly defined, the source of negative emotions could arise from a single stimuli i.e. grievances; the feeling of being treated unfairly that one may encounter in the course of work relations. Irrespective of how others may perceive or conceive certain incidents, as long as one (employee) feels that miscarriage of justice is done, the grievance remains unresolved. Any

feeling of injustice (distributive or procedural injustice) that an employee has about his employment relationship with his employer e.g. unfulfilled employment terms, breach in collective agreement or perceived that the treatment received at the hands of management is unjust, unwarranted, discriminatory, or inconsistent when compared with that received by others under similar circumstances (Nurse and Devonish, 2007) could be viewed as grievance. This is a universal phenomenon, when there is an employee-employer relationship; grievance is a shadow of its existence.

At the local front, namely Malaysia, similar observations are found. It is for the same reasons, the industrial relations portfolio is created and is fast becoming one of the key pillars of human resources management (Figure 1.1). Besides policy governance and affirmative actions, managing grievances now would normally fall within the industrial relations portfolio. It is a dynamic task in nature as each case has its own merits and will need to be treated differently. Mismanagement of the grievances will certainly lead to resentments or known as psychological contract violation, which will then invoke larger problems to the organization e.g. disengagement and counterproductive work behaviors.

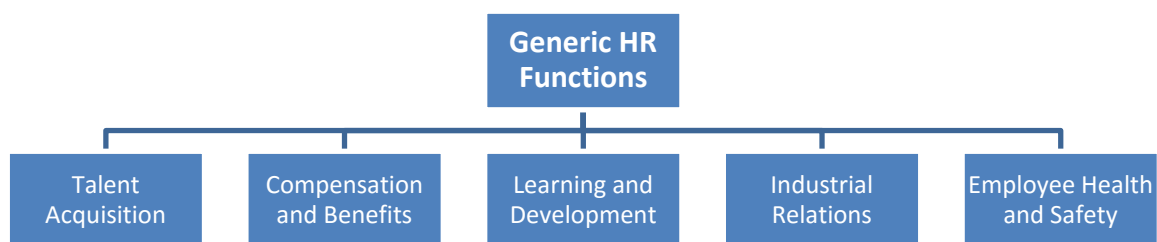


Figure 1.1: HR Functions

In a recent HR Sharing Forum (Appendix 1-1) conducted by the researcher, co-organized by Invest Penang and MyWave System (2014) in Penang involving twenty-three HR representatives from twenty-three companies (48% manufacturing, 48% services and 4% others), the data indicated that the collective cost of managing grievances, was RM40,000 a month or RM480,000 per annum. There were 645,000 enterprises (SME Corp Malaysia, 2013) in Malaysia as at the end of 2013 and assuming that number of grievance filing replicate the above findings, the estimated annual cost in handling grievances in Malaysia is a staggering RM13.5 billion ($RM480,000/23 \times 645,000$), an amount that perhaps most organizations take for granted.

Based on the same data, at an individual organizational level, averagely five (5.35) grievances were filed a month and each case require two hours (2.09) to settle. With an estimated cost RM156.00 per hour (wages*time of HR, direct manager and aggrieved employee away from productive tasks), and requiring two hours to close, each case will cost the company about RM312.00. It is noticeable from standard deviation (Table 1.1) that the number of cases, time to settle and cost per hour per case varies from company to company largely depending on the company's size (headcount). Larger companies have the tendency to have more grievances than smaller ones. For example, companies with 30 to 89 headcount (11 out of 23 companies) the mean for grievance filing is 3 cases per month versus larger companies with headcounts ranging from 90 to 200 (12 out of 23 companies) reported 10 grievances per month and companies with larger than 200 headcount showing the mean of grievance of 14 cases per month. It is noted here that representation during the HR Sharing Forum replicated distribution of establishments in Malaysia where 98.5% is categorized as SMEs (SME Corp Malaysia, 2013).

Table 1.1: Distribution Grievance Related Indicators

Measures	Cases/month	Hours/case	Cost/hour
Mean	5.35	2.09	156.22
Std. Dev.	6.46	1.56	102.45
Minimum	0.00	0.50	50.00
Maximum	30.00	6.00	400.00

N = 23

Source: HR Sharing Forum (2014)

At the same HR Sharing Forum (2014), it further revealed that the grievance cost per hour ranged between RM100 to RM299 for 57% of the respondents (Figure 1.2), while 35% reported less than RM100. Meanwhile, as for the number of grievances reported per month (Figure 1.3), 70% of respondents claimed they have received between 1-9 cases and 48% of respondents indicated that they require between 1-2 hours settling time for each case (Figure 1.4).

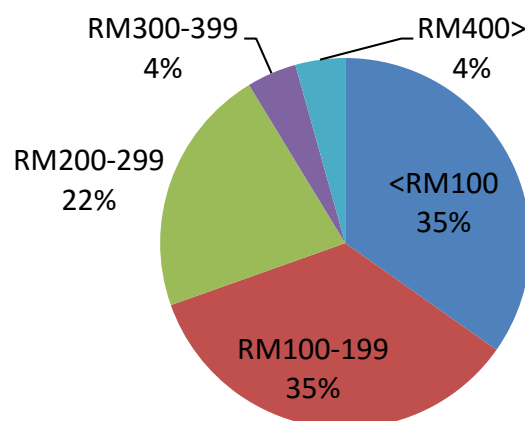


Figure 1.2: Grievance Cost per Hour per Case

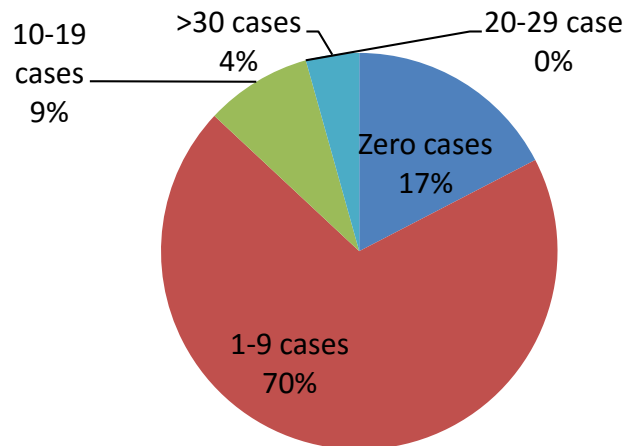


Figure 1.3: Grievance Cases Reported per Month

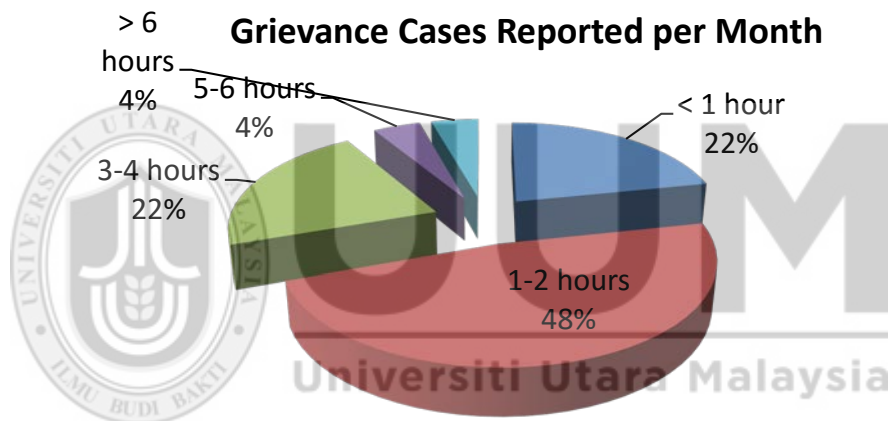


Figure 1.4: Hours to Settle Each Grievance Case

There are a number of reasons why employees raised their grievances with their management. Among the top three commonly cited reasons based on this HR Sharing Forum (2014) were the fact the employees were unhappy (psychological contract violation) with their benefits, the way their companies managed discipline and work-related issues. In response to their dissatisfaction, employees either directly report their grievances to their managers or to their HR representative. These are the two most commonly used mechanisms in raising

grievances. It is quite surprising though that 52% of the respondents (HR Sharing Forum, 2014) indicated that they operate without grievance procedures. There were no formal process as to how grievance should be raised or settled. Perhaps due to this limitation, the number of cases reported to the Labor Office for reconciliation or arbitration were significant. Averagely, there were close to 7,000 cases of complaints reported to the Labor Department in Malaysia over the last five years, 2008-2012 (Table 1.2). This limitation may pose a threat to business operations as evidences (Turnley and Feldman, 2000; Puge, Skarlicki and Passell, 2003) suggest that an unaddressed grievance is the embryonic stage of a negative emotion that will ultimately result in negative behavioral outcomes. Considering the risks and magnitude in terms of cost and consequences of grievances, this study is more compelling to pursue especially in a Malaysia context.

Table 1.2: Number of complaints Reported and Settled (Labor)

Year	Complaints Reported				Complaints Settled			
	West Malaysia	Sabah	Sarawak	Total	West Malaysia	Sabah	Sarawak	Total
2008	4902	692	831	6425	4611	585	601	5797
2009	6236	498	124	6858	5988	433	113	6534
2010	7205	470	126	7801	7076	414	124	7614
2011	6054	449	139	6642	5870	427	135	6432
2012	5817	545	178	6540	1274	432	168	1874
Average	6042.8	530.8	279.6	6853.2	4963.8	458.2	228.2	5650.2

Source: Labor Department of Malaysia, Ministry of Human Resources, 2012

Some of the indicators of negative emotions could also be drawn from cases reported and settled via arbitration at the Industrial Relations Court. Arbitration processes could be avoided or at least minimized with the right level of intervention. Taking the official report for reinstatement claims under Section 20 of the Employment Relations Act 1967 (Figure 1.5) for

example, about 4,500 cases were referred annually from 2008 through 2012. Similarly, the number of cases settled (Table 1.3) is about 4,500 cases annually over the last five years (2008-2012- included cases brought forward from the previous year). Even though the claiming trend was on a declining rate in comparison to the employed workforce i.e. 2009, 10.9mil versus 2012, 12.7mil (Human Resources Ministry, 2014), the number was still significant (Figure 1.5). The Human Resources Ministry believe that reduction of cases in the Industrial Court was because the reconciliation process at the Industrial Relations Office had become more effective (Human Resource Ministry, 2012). The report does not however imply that management of negative emotion at organizational level has improved or at least there were no evidence suggesting so thus far. This further strengthens the current belief that PCV has not been addressed effectively at organizational level.

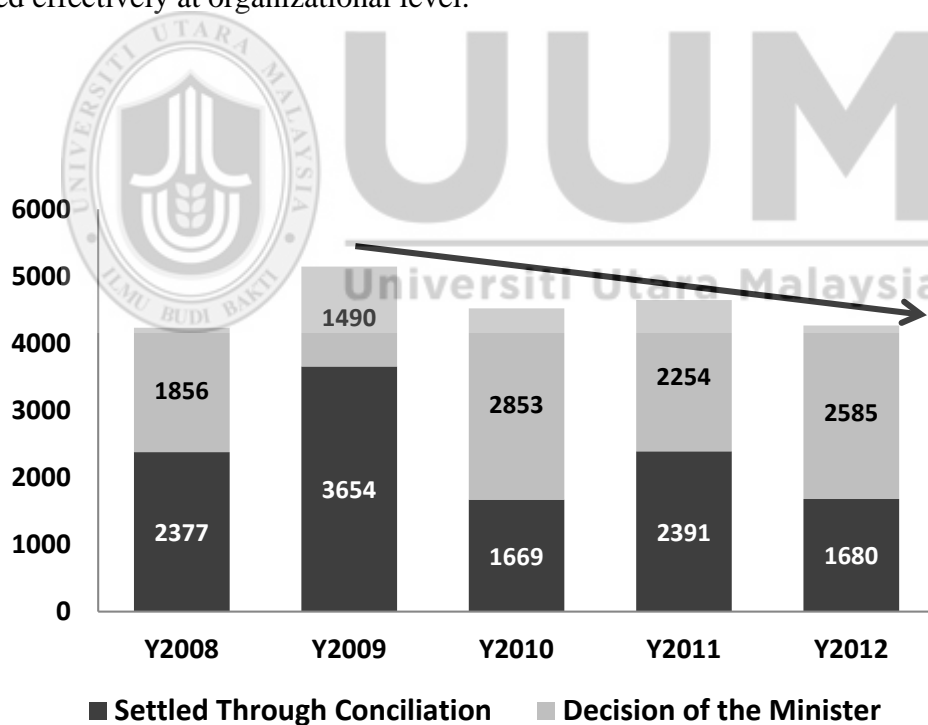


Figure 1.5: Settlement of Claim for Reinstatement (2008-2012)

Sources: Department of Industrial Relations Malaysia, Ministry of Human Resources, 2012

Table 1.3: Settlement of Claim for Reinstatement 2008-2012

Methods of Settlement	Number of Cases				
	2008	2009	2010	2011	2012
Reference to Industrial Court	1233	1219	1671	1045	1587
No Merit for reference to Industrial Court	623	271	1182	1209	998
Reinstatement	1194	2419	805	1341	820
Ex-Gratia Payment	1183	1235	864	1050	860
Total Cases	4233	5144	4522	4645	4265

Sources: Department of Industrial Relations Malaysia, Ministry of Human Resources, 2012

In reference to the settlement amounts in lieu of reinstatements (Table 1.4), the payout ranged from RM10 million to RM13 million annually. However, when payment in lieu of reinstatement, back wages for reinstatement and other costs related to labor included, the amount was three-fold i.e. RM34.4mil in 2013 (Human Resource Ministry, 2014). This payout was sunk cost to the companies, not for economic reproduction. Should other opportunity cost be taken into consideration e.g. time taken for arbitration at IR office, lawyer fees and/or the time of the judges or officers that were needed for dispute cases from all parties involved, the amount could be enormous.

Table 1.4: Ex-Gratia Payment in Lieu of Reinstatement 2008-2012

Monetary Settlement	Payout Amount				
	2008	2009	2010	2011	2012
Ex-Gratia Payment (RM-Million)	12.61	13.12	12.20	13.21	10.94

Sources: Statistic Department of Industrial Relations Malaysia, Ministry of Human Resources, 2012.

The above dispute and settlement involves multiple issues ranging from allegation of misconduct, constructive dismissal, and breach of Section 15(2) of the Employment Act 1955, retrenchment, victimization, termination-simpliciter, frustration of contract, unfair labor practices, unfair terms and conditions of employment, sexual harassment and many more. Some of these cases could be easily resolved before reaching boiling point (intense of negative emotion) or beyond reconciliation through internal process via employer-employee relations. Having positive management response or intervention to improve positive psychological resources level may not eliminate all these negativity that may occur daily (Conway and Briner, 2002) but these issues could be contained and resolved at minimum cost within the organization. In other words, all disputes between employee and employer is best to resolve before it turns to PCV.

1.2 Problem Statement

The intense of negative emotions like anger, frustration, stress and depression (PCV) are always associated with negative behavioral outcomes (e.g. exit, neglect, destructive voice) and the sources of the intense of negative emotion are hard to define as they are idiosyncratic to the individual. Morrison and Robinson (1997) postulate that there are two roots causes of PCV i.e. reneging and incongruence. Reneging is referring to the situation where organization (agents) recognized and acknowledged the existence of their obligations but failed to fulfill. Incongruence on the other hand is the situation where organization (agents) and employee have different understandings of the events and whether the given obligations exist. As such negative emotions may occur frequently and it is imperative that organization keep PCV in control (Morrison and Robinson, 1997). Ideally prevention is better than cure but in reality employers may not be aware of the violations as such feeling mostly reserved within one heart.

In the context of employment relations, employees and employers are bound to have misconceptions and they misconstrue each other's actions. This is due to the fact that it is quite impossible for both parties in contract to outline every detail of their obligations and expectations. Even with well-expressed employment terms, disputes may still occur. What more with the implied terms and conditions! Implied terms generally outcast the express terms in employment relations. As a result, interpretations of the social events are largely depended on the individuality (background, education, gender, age, experience, tenure, personality traits, personality states and many more). Hence, there is of no surprise that psychological contract breach always exists (Conway and Briner, 2002) and therein the psychological contract violations. For example, an incident where management discontinued flexible work hours after having done so for many years is perceived as a broken promise by some employees. Such practices may not be part of the employment contract but purely at management discretion. However, since the practice has become the norm in the organization, such practices were deemed as employer's obligation and are expected by employees. Employees became upset over the absence of "flexi-work-hour". Some of the employees become more cynical toward the employer while some remain unperturbed. Why are they responding differently?

One of the possible explanations is that individual interpretation and cognitive perception of contract violation is individualized and depended on many other antecedents that has yet to unfold. The same incidences may be perceived as violations by certain employees while others may not. Morrison and Robinson (1997) theorized that breaches may not necessarily lead to violations. What other antecedents then may heighten the violations? Based on literatures, management responsiveness, efficacy, hope, resiliency and optimism beside PCB may impact the PCV in some way.

There are some efforts to examine the variation of PCV from the 5-Factor-Model perspective (neuroticism, extroversion, agreeableness, openness and conscientiousness) where Tallman and Bruning (2008) found that personality attributes moderately impacts the intensity of PCV. Individuals with neuroticism personalities for example, tend to be less tolerant and may experience violations more aggressively as they less receptive to change (Kickul and Wiesner, 1997). This finding also suggests that many other exogenous variables out there that could impact the violation but remain unknown.

While PCV, a sub-branch of organizational psychology is perhaps one of the most discussed human resource topic for decades, it is also the least understood. Therefore, it is of no surprise that this area attracts many different approaches and theories explaining the phenomena. Amongst the most commonly cited theories in relation to PCV (1990s and 2000s) include the psychological contract theory which associated with multiple theories like social exchange theory (Bal et al., 2010; Suazo, 2009; Montes and Zweig (2009), equity theory (DelCampo, 2007; Kim, Lee and Lee, 2009; Pate et al., 2003) and mental model (Klijn and Tomic (2010). Despite these efforts, there are significant gaps that are yet to be explained as to why or how employees interpret, perceive and respond to certain events differently. Some literature evidences suggest that the intensity of negative effective responses i.e. PCV is arising from PCB (Suazo, 2009). Besides that, the availability of alternative jobs (Rusbult et al., 1988); the cost and the efficacy of their responses (Withey and Cooper, 1989), the personality traits (Nikolaou, Tomprou and Vakola, 2007) are amongst other exogenous variables contributing to the intensity of PCV. However, empirical evidences are limited to the antecedents that are positively related to PCV (like PCB) rather than in cases of negative relationships. This limitation is viewed as literature gaps (Tallman and Bruning, 2008) that is part of the framework of this research where the direction and significance of PPR and MR on PCV were

examined. In addition to the above mentioned, followings are the collective problems intended to address in this research.

Firstly, limited literature is found to associate PCV as an expected outcome of management responsiveness, efficacy, hope, resiliency and optimism. Some literatures reviewed (Robinson and Morrison, 2000) associated PCV as an expected outcome are in relation to (a) organizational performance; (b) employee's own performance; (c) formal socialization; (d) interaction with organization prior to hire; (e) experience of psychological contract breach prior to hire; and (f) numerous employment options at time of hire. Most other literatures posited PCV as exogenous construct (predictor) in association to employee behavioral outcomes (Bal, De Lange, Jansen and Vander Velde, 2008; Cantisano et al., 2008; Zhao, Wayne, Glibkowski and Bravo, 2007; Grimmer, 2007; Suazo, 2009; Pate et al., 2003; Mason, 2003; Cassar and Briner, 2010; Johnson and O'Leary-Kelly, 2003; Bal et al., 2010; Pugh et al., 2003; Cantisano et al., 2008; Peng and Zhao, 2012; Turnley and Feldman, 2000) rather than endogenous construct (criterion).

Secondly, even though PCB has been extensively researched and has been found to be a significant mediator (Robinson and Morrison, 2000) as well as moderator (Addae, Parboteeah and Davis, 2006) but these findings are based on western settings. In relation to PCV, most literatures however, (Suazo, 2009; Suazo and Turnley, 2010; Peng and Zhao, 2012) posited PCB as predictor to PCV or mediator to PCV if other exogenous constructs put into the equation. In other word, PCV is dependence of PCB. The strength of PCB as mediator is varied (fully mediate or partially mediate) from one research to another. Furthermore, the relationship of PCB with endogenous construct (PCV) and exogenous construct (management

responsiveness, efficacy, hope, optimism and resiliency) is limited not only in Malaysia context but other setting as well (western setting).

Thirdly, 90% of psychological contract empirical studies (content, breach or violation and outcomes) based on sample mostly drawn from a single organization (Conway and Briner, 2005). While this is important, psychological contract represent wider range that could be researched. Would sampling design involving multiple organizations yield similar results especially in the path coefficient where PCB is posited as mediator to PCV.

Fourthly, based on literatures reviewed, Conway and Briner, (2005) outlined 3 key areas that deserve more attention for future research and one of the areas is to understand how and in what circumstances the psychological contract actually changes. Whatever the size and nature of these changes, understanding how they come about seems fundamental to understanding the psychological contract (Conway and Briner, 2005). In the current study, the level of PCV is measured in relation to the level of management responsiveness and the presence of positive psychological resources.

Fifthly, the analyses of statistical significant for psychological contract researches are commonly assessed via multiple regressions (Conway and Briner, 2005). In this study, significant and direction of path coefficient is measured via PLS-SEM which based on variance rather than covariance.

1.3 Research Questions

Based on the problem statements, the following are the research questions:

- (a) Do management responsiveness, efficacy, hope, resiliency and optimism have significant relationship with psychological contract violation in Malaysia?
- (b) Do management responsiveness, efficacy, hope, resiliency and optimism have significant relationship with psychological contract breach in Malaysia?
- (c) Does psychological contract breach has significant relationship with psychological contract violation in Malaysia?
- (d) Does psychological contract breach mediate the relationship between management responsiveness, efficacy, hope, resiliency and optimism on psychological contract violation in Malaysia?



1.4 Research Objectives

In association to the research questions, the aims of this research are therefore:

- (a) To examine the relationship of management responsiveness, efficacy, hope, resiliency and optimism on psychological contract violations in Malaysia;
- (b) To investigate the relationship of management responsiveness, efficacy, hope, resiliency and optimism on psychological contract breaches in Malaysia;
- (c) To examine the relationship of psychological contract breaches and psychological contract violations in Malaysia;

- (d) To investigate the mediating effects of psychological contract breaches in the relationship between management responsiveness, efficacy, hope, resiliency and optimism on psychological contract violations in Malaysia.

1.5 Scope of the Study

This study is confined to individual fulltime employees (not contract or contingency staffs) in medium size organizations which were also members of the Swiss Malaysian Business Association (SMBA). Short-term contract staffs or contingency workforces are normally employee of vendors (known as labor contractors) who assigned their employees on short-term basis to work with organizations. Mostly, these types of contingent workforces are machine operators. Therefore, the omission of these workers are necessary not only to avoid confusion as to which organization should they refer to in responding to the questionnaires but majority of the contract or contingent workforce are out of the sampling frame anyway. For manufacturing industries, fulltime employees herein further refined to exclude those in direct operations like operators or line-leaders and technical staffs like technicians while in service industry, all employees are included in the sample frames. Definition of medium size companies is based on SME Corp (Malaysia, 2013) definition which takes effect on Jan 1, 2014. According to SME Corp (Malaysia, 2013) medium size companies based on headcount is referring to companies with 75 to 200 headcount for manufacturing sector and 30 to 75 headcount for services industries. Based on this definition 98.5% of the total establishments in Malaysia are classified as SME (SME Corp Malaysia, 2013). Detail of SMBA organization is discussed in length under section 3.3 (Population and sampling design).

There are number of reasons why SMBA was chosen as the target population of this study. First, the SMBA organization is moderately large in terms of collective headcount or number of employees (15,000 employees) but not too large for sampling process. Second, as target of unit analysis was on individuals and not the organizations, large organizations e.g. Malaysian Employer Federation (MEF) or Federation of Malaysian Manufacturer (FMM) was irrelevant. The MEF and FMM organizations have more than one-thousand (1,000) members each. With larger than 100 thousands employees collectively, it was deemed as oversized for sampling purposes. It was viewed as inappropriate and inefficient in term of resources administration. In addition, 348 usable responses were sufficient for the expected analysis. The population of MEF and FMM were obviously too large for the intended research. As PLS-SEM was relevant to the research analysis, bootstrapping procedure could be applied for a smaller sample size which would yield similar results as of large response size. It will be therefore a waste of time and it would be more difficult to operationalize to consider large organizations with even larger populations in the sampling model.

On lighter note, the reason SMBA was chosen as target population was also dictated by the fact that many information required were readily available online accompanied by readiness of company's representative (GM, managers or HR representatives) to cooperate in the data collection process. The divergence of the membership's location which situated across west and east Malaysia was also ideal for result generalization. The combination of these attributes made SMBA members appropriate for the population sampling.

Meanwhile, the target population that confined to individual fulltime employees excludes direct operation and technical staffs are to minimize abnormality patterns in the

responses. The type of jobs (technical and non-technical) seem to play a significant role in determining the response outcomes (Ardichvili, 2011). While the scope of population that limit to medium size companies and exclude the micro, small and large size companies was to minimize the inhomogeneity and the skewness of the sample frames. The segregation of owners of companies and employees were either not clear or doubtful (many micro and small companies' owners were also the workers) in micro and small size companies (SME Corp Malaysia, 2013- less than 30 employees for services industries or less than 70 employees for manufacturing industries) which contradicted with the intended unit of analysis which confined to the service employees of the organization. Meanwhile, large companies (more than 75 employees for service industry or more than 200 service employees in manufacturing companies) will also be omitted from population sample. It was important to note that within the definition of medium size organization (SME Corp Malaysia, 2013) in manufacturing sector, consideration of 200 employees only involved service employees. The total employees in manufacturing companies may be five or ten fold more than the service employees within the same organization. For example, out of total SMBA member's companies listed on the SMBA website, two companies are extremely large with more than 5,000 employees in total with service employees of more than 200 each. Should these companies be considered, the sample size will be highly skewed towards both organizations which would have been undesirable. With these limitations, the micro and small size companies and large size companies were intentionally omitted from the sampling process.

1.6 Significant of the Study

The significance of this study can be viewed from a practical and theoretical perspective. From a practical point of view, the subject matter evolving around the

epistemology of PCV is not that common in Malaysia based on general human resource practices and myStarjob.com weekly publications that cover a variety of human resource articles (myStarjob.com, 2015). Thus far, literatures reviewed have yet to unfold published articles on PCV in Malaysia context notwithstanding the fact that 33% or one-third of UK companies have adopted the concept of psychological contract (which include contract violations), in managing their employment relationships (Guest and Conway, cited in Conway and Briner, 2005, P. 17).

There are limited researches conducted on PCV in Malaysia context. This phenomenon suggests that the concept of PCV is at an infancy stage. Through this study it is hoped that industrial practitioners could consider the perspective of PCV as an alternate management tool in managing human resources, as literatures suggest that PCV has strong relationships with motivation and job performance (Cantisano et al., 2008; Zhao et al., 2007; Grimmer and Oddy, 2007; Suazo, 2009). It could also provide synergistic impact to the current model where the combination of existing literatures and current research serve as additional in-depth knowledge for practical applications in the actual setting. For example, the limitation of an organized voice or unfavorable management response to voice (grievance), may require some form of intervention (beside unionization) to ensure all employees have avenues to raise grievances without fearing negative repercussions or intimidations by the management. Sensing the degree of PCV at the organizational level will provide opportunities to address it internally before it reaches boiling point or external bodies (Labor or IR department and union) for conciliation or arbitration. There is also an emerging trend where employees share their displeasures (PCV) outside the company via social media which may potentially have great consequences to the firm's reputation. In fact, PCV is one of the possible early indicators on whether employees would desire to form a union which normally is unfavorable for most organizations.

From a theoretical perspective, literatures on PCV are significantly limited to exogenous view. Besides that there are great amount of disagreement amongst the researchers on the significant of PCV and or PCB as an exogenous construct (Conway and Briner, 2005) or as a mediating variable. It is important to note here that PCV and PCB are viewed as the same conceptual terms and uses interchangeably up to 2000 in previous empirical studies. For example, in cross-sectional studies by Robinson and Rousseau, (1994); Cavanaugh and Neo, (1999); Conway and Briner, (2002) and Sutton and Griffin, (2004) indicating that PCB (mean PCV) is a strong predictor for attitude with correlation ranging from -0.76, -0.72, -0.57, -0.57 respectively. However, PCB is found to be weakly related to the behavioral response e.g. organizational citizenship behaviors, job performance and turnover with average correlation ranging from -0.20, -0.19 and 0.11 respectively (Conway and Briner, 2009). In reference to the number of grievances filed against the companies and cases referred to the Industrial Relations departments and Labor departments (Ministry of Human Resources, 2012) in section 1.1 across Malaysia, negative behavioral response as a result of PCV could be magnificent to the firms and Malaysian economy.

In view of the current limitations, theoretically this research model will contribute to the epistemology of PCV in three ways. First, the model considers PCV as endogenous (criterion or dependence variable) construct rather than commonly researched as exogenous (predictor or independence variable) construct. If the finding is positive, the role of PCV will change. Second, with the inclusion of PCB in the path coefficient as mediator, it could reaffirm or nullify previous findings on the role of PCB. Third, the analysis method will not rule out any appropriate tools beyond standard correlation analysis. This will include PLS-SEM approach which is uncommonly explored in previous studies. Applying new methodology in examining the path coefficient between exogenous construct (management responsiveness,

efficacy, hope, resiliency and optimism) and endogenous construct (PCV) has merits in its own way. Conway and Briner (2005) made an observation that after forty years of psychological contract research, researchers cannot draw firm causal conclusion about the consequences of breach. This remark implied that more work are needed to be done around this area. With the above considerations, the knowledge gap on PCV could be narrowed down even further.

In summary, the contribution of this research not only narrows the knowledge gap on what other causes contribute to the acceleration or mitigation of PCV but the application in work settings are also valuable to the practitioners and policy makers alike. For example, should positive psychological resources having significant relationship with PCV, the management can proactively intervene to improve the positivity of psychological resources as these attributes are found to be malleable (Luthans, Youssef and Avolio, 2007). Likewise, if the management responsiveness has effect on PCV, conscious intervention could be made as these elements are at the management's disposal (Marchington, 2005, Mathieson and Pendleton, 2007). The correct level of intervention is expected to turn negative attitudes and behaviors into positive outcomes (Luthans et al., 2007) and it will minimize employee-employer disputes as earlier discussed. It will ultimately promote positive industrial relations (loyalty and constructive voice etc.) and suppress the negativity of organizational behaviors (exit, neglect and destructive voice etc.) which is a desirable goal in any employment relations.

1.7 Operational Definition of Terms and Variables

- Psychological contract violation (PCV) – the intensity of the emotional response e.g. anger, betrayal, depression etc. due to unfavorable events. (Morrison and Robinson, 1997; Robinson and Morrison, 2000);
- Psychological contract breach (PCB) – the gap between what is perceived to have been promised by the employer and the level of fulfillments by the employer (Bal et al., 2010);
- Positive psychological resources (PPR) –the positive oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement (Luthans et al., 2007). It consists of several dimensions included efficacy, hope, resiliency, optimism, wisdom, spirituality etc. For the purpose of this research, four PPR dimension i.e. self-efficacy, hope, resiliency and optimism as defined by Luthans et al. (2007) will be considered.
 - Efficacy: having confidence to take on and put in necessary effort to succeed at challenging tasks;
 - Hope: persevering toward goals, and when necessary, redirecting paths to goals in order to succeed;
 - Resilience: when beset by problems and adversity, sustaining and bouncing back and even beyond to attain success;
 - Optimism: making a positive attribution about succeeding now and in the future.

- Management responsiveness (MR) – to the extent in which the management effectively responded to and used employee voice for workplace policy and practices (Spenser, 1986).

1.8 Organization of the Chapters

The organization of the following chapters; first, the conceptual term of PCV (2.2) which includes the underpinning theories relevant to PCV and the relevancy of PCV to other theoretical frameworks were discussed. Thereafter (2.3) reviewed of the definition of PCB and their relationship between PCV and PCB and how these two terms, conceptualized and researched in the past followed by the hypotheses that frame the research construct. In sections 2.4 and 2.5 the exogenous construct which involve positive psychological resources and the management responsiveness further detailed, followed by the hypotheses at the end of each constructs. As for section 2.5, the management responsiveness construct, relevant literatures like employee's voice and voice mechanism reviewed in detail as management responsiveness in this case is associated to the employee's voice. Chapter 2 will end with a discussion on the mediating role of PCB (2.6) and the research framework (2.7) which outlined the relationship of all exogenous, mediator and endogenous constructs before moving to chapter 3.

In chapter 3, after the introduction, the research design is discussed in section 3.2, followed by population and sampling design (3.3). The procedure of data collection methods is also discussed in section 3.4, followed by detail instruments for each construct variables in section 3.5, after which the data analysis technique which outlined PLS-SEM analysis procedures is explained in length. In chapter 4, the data analysis and results is presented; begin with the introduction (4.1), followed by the data coding, editing (4.2), response demographics

(4.3) and descriptive statistics in section 4.4. Thereafter the measurement model detail is discussed in section 4.5 followed by the structural model in section 4.6 and concluding the chapter with a summary in section 4.7.

The last chapter, (discussion, implication and conclusion) chapter 5, after the introduction (5.1), the intensity of negative emotion (PCV) in relation to all other constructs is discussed in length in section 5.2 followed by the implications of the study in section 5.3. The last two sections, section 4.4, limitations and future research direction are discussed and the chapter ending with the conclusion of the research findings in section 5.5.



CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter (chapter 2), the reviewing of the literatures pertaining to problem statements are the key objectives to accomplish. It covers the underpinning theories relevant to the endogenous construct (PCV), the predictive relevance of the exogenous construct, the hypotheses and the path coefficient framework as how this study will be carried out. Conceptualization of exogenous constructs i.e. management responsiveness to employee voice; efficacy, hope, resiliency and optimism is discussed in detail besides the mediating variable (PCB) and the research frameworks.

2.2 Psychological Contract Violation (PCV)

In employment relations, psychological contract violation (PCV) refers to the intense negative affective response (emotion) of employee i.e. sense of depression, anger or betrayal when one believed and perceived that organization has failed to keep its promises (Morrison and Robinson, 1997; Robinson and Morrison, 2000). It is an emotional experience, yet it arises from an interpretative process that is cognitive in nature (Morrison and Robinson, 1997). As negative emotion is always associated with negative attitudinal and behavioral outcomes (Suazo, 2009; Johnson and Leary-Kelly, 2003; Pate et al, 2003) violation is seen as a problem in industrial relations. The intensity of the negative outcomes is on the other hand subject to the intensity of the affective emotional response against the unfavorable events like PCB and depends on the interpretation process (Robinson and Morrison, 2000) of individual employees. This definition has two major conceptual terms that frame the underpinning theory for the

previous researches as well as this research. One, cognitive interpretation process that associated with the intensity of the emotional response that unique to individual is relevant to the mental model theory which explains how individuals perceive, conceive and interpret certain events. Second, attitudinal and behavioral response is explained by the social exchange theory, how an individual reciprocates in responding to the employer's actions.

Another key important element as far as the above definition is concerned has to do with the idiosyncrasies of an individual's interpretation process. As it is individualized, personality traits or personality states may have some level of correlations with the intensity of the individual emotions (Luthans et al., 2007 and Tallman and Bruning, 2008). Therefore, if there is such an event that accelerates the negative affective emotion like PCB, positive psychological resources like self-efficacy, hope, resiliency and optimism (personality states) or the organizational process, system and mechanism like voice mechanism, management responsiveness to voice must have some level of impact to the intensity of one's emotions (PCV).

There are reasonable amount of studies which have attempted to examine the antecedents of violation based on content of psychological contract (PC) perspective (Kickul, Lester and Finkl, 2002) and construct of violation perspective (Robinson and Rousseau, 1994; Robinson and Morrison, 2000; Tekleab and Taylor, 2003). Lately, one of such efforts (content-based violation) was conducted by Aggarwal and Bhargawa (2009) where perceived promises made by organizations to employees and how well those promises were fulfilled. The gap between fulfillments and perceived promises is known as psychological contract breach or violation (Kickul et al., 2002) and in this case Aggarwal and Bhargawa (2009) identified 37 perceived promises and possibly perceived breaches. It is important to note here however, that

the terms “breach and violation” were used interchangeably in the past up to 2000 when distinctions between the two conceptual terms redefined (Morrison and Robinson, 1997; Robinson and Morison, 2000) and reaffirmed by Suazo (2009) that violations (PCV) only refers to the intense of negative effective emotions like anger, betrayal, anxiety, depression as consequences of discrepancies between perceived promises versus perceived fulfillments i.e. breach (PCB). Herein after, PCB and PCV are no longer exchangeable constructs but PCV is viewed as an endogenous construct in relation to PCB. Their distinctions have also been elaborated by Zhao et al. (2007) who found that on average breached explained about 12% of the variance in several attitudinal and behavioral outcomes while violations explained more than 22%.

Some literatures on PCV (Table 2.1) show that scholars applied PCV in different pathways for their research frames; as mediators (Peng and Zhao, 2012; Suazo, 2009), as exogenous constructs (Grimmer and Oddy, 2007; Pate et al., 2003; Mason, 2003; Turnley and Feldman, 2000; Puge et al., 2003) and as endogenous constructs (Robinson and Morrison, 2000). Empirical evidences suggest that while it could play multiple roles but most literature which involve PCV was examining the attitudinal outcomes like promoting motivational effects (Parzefal and Hakanen, 2010) and behavioral outcomes like accelerated performance (Suazo, 2009) as a result of reductions in PCV but not as criterion or an endogenous construct itself (Conway and Briner, 2005). This limitation could be attributed to the fact that researchers have difficulty agreeing on a common theory or method in conducting research on psychological contract. Furthermore, research on psychological contract was heavily centered on content, breach and outcome of breach (Conway and Briner, 2005); where breach and violation were interpreted as common terms. As mentioned the construct of violation was not clearly defined, not until 2000 (Robinson and Morrison, 2000) and there appear to have a time

gap in the conceptualization of the (construct) violation itself. The above gap is viewed as a research limitation and postulated here as a research problem where PCV is assigned as an endogenous construct in relation to positive psychological resources and management responsiveness.

Table 2.1: PCB and PCV as Predictors, Moderators or Mediators

Researchers	Predictors	Moderators	Mediators	Criterion
Robinson & Morrison (2000)	(1) Organizational performance; (2) Employee own performance; (3) Formal socialization; (4) Pre-hire interaction; (5) Perceived breach history; (6) Employment alternatives	-	PCB	PCV
Turnley & Feldman (2000)	PCV	-	(1) Unmet expectation; (2) Job dissatisfaction	(1) Intention to leave; (2) Neglect in-role job; (3) OCB
Peng & Zhao (2012)	Compulsory citizenship behavior (CCB)	-	PCV	(1) Contextual performance; (2) Organization performance
Cantisano et al (2008)	PCB	-	(1) Org trust; (2) Commitment	(1) Satisfaction; (2) OCB; (3) intention to leave; (4) Performance
Pugh et al (2003)	PCV	-	(1) Worry	(1) Trust new org; (2) Cynicism toward new org
Bal, Chiaburu & Jansen (2010)	PCB	Social exchange		Employee performance
Suazo (2009)	PCB	-	PCV	(1) Employee attitude; (2) Behavioral outcomes
Johnson et al (2003)	PCB	-	Organizational cynicism	(1) Organization commitment; (2) Job satisfaction; (3) Emotional exhaustions
Suazo & Turnley (2009)	(1) Positive affectivity; (2) Negative affectivity; (3) Reciprocation wariness; (4) Equity sensitivity; (5) Protestant work ethic	-	POS	PCB

2.2.1 Transforming of Psychological Contract Violations

It is important to note that the underpinning theories which apply to PCV are drawn from various schools of thoughts that predominantly explain the constructs of psychological contracts (PC) and PCV is a result of PC that gone array where perceived promises were not met involving implicit or explicit contracts. Implicit contract refers to individual perception and implied terms rather than express terms which are normally outlined in legal contracts which are more explicit in nature. There are arguments that express contracts should not be a part of the psychological contracts as they are missing the key elements of psychology which were primarily individual subjectivity interpretations of the social events and in this instance the social events were related to employment relationships. This thought process belongs to the older version of psychological contract definition (Kotter, 1973; Schein, 1980). Another school of thought argues that while both express and implied terms in employment relations should be part of psychological contracts, as unmet express terms may draw stronger emotional responses (PCV) as compared to the unmet implied terms (Morrison and Robinson, 1997; Rousseau, 1990). This argument is based on the fact that psychological contract definition leaning toward promissory-based reciprocal exchange. Promises can be in the form of express or implied terms. Consistent with the second school of thought, the definition of PCV here encompass both implicit and explicit elements.

Based on literatures, the path way of the affective negative emotional response (PCV) can be summed up in two streams i.e. contract fulfilling leads to positive emotion while contract breach leads to negative emotion. However, these emotional response are rooted to the early formation of the psychological contract which may have occurred as early as the first interaction between the candidate for an open position in an organization before the contract

was fully established into transactional, transitional, relational or balance contract (Aggarwal and Bhargawa, 2009). As new comers adjusted to the new environment, the information seeking around the job content, social network and personal support could be viewed as a basis for PC formation (De Vos, Buyens, and Schalk, 2005). However, no evidence suggests appropriate length or stages where PC formation is perceived to be completed before adjusting to the new events. Upon signing of the formal contract, the employer and employee relationship could move either way; weakening or strengthening depending on how well the contract has been fulfilled. In the event that psychological contract breach occurs, it will likely weaken the relationship. On the other hand, if contract fulfillment is satisfactory in the eye of employee, strengthening of the relationship will likely prevail. In brief, contract breaches leads to violations (Robinson and Morrison, 2000) and negative attitudinal and behavioral responses (Suazo, 2009), while contract fulfillment leads to positive attitudinal and behavioral responses (e.g. constructive voice and loyalty). The intensity of the feeling of violation or motivation varies from individuals to individuals suggesting cognitive interpretations and idiosyncratic to individuals which will be discussed later.

2.2.2 Underpinning Theory of Psychological Contract Violations

The understanding of PCV will not be possible without going through the history of how this conceptual is being framed and theorized which is rooted to the psychological contract (PC) itself. Early citations of the PC were originated and traced to late 1950s to early 1960s. The initial contributions cited for this subject were done by Menninger (1958) and Argyris (1960). At the early stages, PC denotes different things compared to the contemporary understanding of PC. The reconceptualization of psychological contract by Rousseau in the early 1990s (1989) gave new lease of life for the concept, and drew significant interest from

researchers on the subject. Post Rousseau era, multiple dimensions of PC researches grew at an exponential rate (Conway and Briner, 2005). However, the focus of the researchers is quite narrow to evolve around the contents of PC and the contract breach (Conway and Briner, 2005).

The fundamental concept of PC refers to a situation where one party perceives that promise has been made by another party where exchange should have taken place (Rousseau, 1989). For example, if the organization or its agents request an employee to stay back beyond standard work hours, the employee may believe that organization has obligation to reward for such effort perhaps giving time off the next day if no overtime is paid. What type of reward or whether there is any reward may not be discussed and agreed upon. However, an employee may have set certain expectations as part of a reciprocal exchange for their efforts. Based on this assumption, many of the previous studies applied social exchange theory (Bal et al., 2010; Suazo, 2009; Montes and Zweig, 2009; Aggarwal and Barghava, 2009) to explain the reciprocal relationship between the employee and employer.

The application of Social exchange theory in PC was first introduced by Rousseau (Aggarwal and Barghava, 2009). The fundamental basis of this theory defined PC as an exchange relationship (Aggarwal and Barghava, 2009) where employees offer their human assets (social capital, human capital, psychological capital) in exchange for rewards like promotion, growth and employability, just to name a few. Some authors make distinctions between different types of exchange e.g. transactional exchanges which were based upon predefined contracts and characterized by the economic exchange values while the relational exchange is characterized by the socioeconomic values (Montes and Zweig, 2009) and based on long-term relationships like trust and loyalty. The theory outlined four stages in the

exchange relationship. When an employer makes promises deemed as an inducement and when promises fulfilled, it will lead to a positive employee emotional response (e.g. job satisfaction) and behavioral response (e.g. job performance). Positive employee emotional responses will further reinforce positive behavioral responses and reinforce personal promises with positive spiral effects. The opposite is true in the event that an organization makes promises or perceived to have made the promises but failed to upkeep the promises (PCB). In any case, the focal point underpinning this theory lies on the reciprocal exchange process between parties in contract i.e. employee and employer.

Another notion of psychological contract is based upon the idiosyncratic-interpretation of the individual's perception in the exchanges process. For example, the definition of PC by Conway and Briner (2005, p. 35) noted that PC is an "employee's subjective understanding of promissory-based reciprocal exchanges between himself or herself and the organization." Individual subjectivity on the interpretation of the promises is reflecting psychological cognitive in nature. For this reason, some researchers like Klijn and Tomic, (2010) applied the mental model to explain the different levels of perceived violations and the impact on their attitudes and behaviors in view of individual differences in background, experience, belief, preferences etc. By definition, mental model is referring to cognitive representations of situations that may be real, imagined, or hypothetical (Glick, Chermack, Luckel and Gauck, 2012) or analogous representation of facts. Analogous on the other hand, refers to the ideas that certain properties of the objects or facts retained in one mind. This is associated with the memories the individual has over his previous experience where he or she may be able to describe in pictorially or visualize certain facts or objects they experienced in the past. The mental model is viewed to serve three main functions i.e. heuristic, simulation and pragmatic (Glick et al., 2012). Heuristic referring to situation where knowledge of a given situation is

incomplete, and reflection of similar incidents in the past will apply by individual compensating the knowledge gap. Second, simulation function is referring to the process of digesting the fact or object before any conclusions were made and this will minimize error in decision making or interpretation of the situation. The last function serves as a pragmatic approach where mental models direct the behavior. These three elements form a cognitive interpretive process by the individuals.

In relation to PCV, social exchange theories and mental models complement each other where heuristic, simulation and pragmatic processes serve as a guide in interpreting the facts beforehand and social exchange theories reinforce the direction of one's attitude or behavior in any reciprocal exchange process. For example, an employee who stayed back late in the office in the past, is allowed to report late for duty the next day. In the event that they stayed back late again in future, the same flexibility is expected to be extended. This could perceive as analogous representation in future. It is noted here however, that as interpretation of social event, fact or object is idiosyncratic to the individual, the interpretation may not necessarily be accurate. This explains why different individuals may experience different tendencies in their feeling of violations albeit the same event and employment relationships tend to have conflicts while conflict resolution is not easily managed.

As such, it is not surprising then that it has taken almost three decades for the conceptualization of PC before it can be operationalized more meaningfully. The divergence of underpinning theories applied by different scholars from different schools of thoughts magnify the complexity of the subject matter. Some of the authors attempted to form and use the Psychological Contract Theory (Li, Mao and Qian, 2010; Swenson and Wolven, 2010) in their research frameworks but there appears to have some limitations and may take more time

before this theory can be well received by the research scholars. Notwithstanding the facts, many researchers applied multiple disciplines and theories in their attempt to explain the phenomena, for example, the organization justice theory (Saunders and Thornhill, 2006), Social exchange theory (Bal et al., 2010; Suazo, 2009; Montes and Zweig, 2009; Aggarwal and Barghava, 2009), Job demand resources model (Parzefal and Hakanen, 2010), Social Economic exchange theory (Atkinson, (2007), Career stage theory (Hess and Jepsen, 2009; English, Morrison; Chalon, 2010), Effective event theory (Guerrero and Herrbash, 2008), Equity theory (DelCampo, 2007; Kim, Lee and Lee, 2009; Pate, martin and McGoldric, 2003), Social schemas (De Vos, et al., 2005), Mental model (Klijn and Tomic, 2010) and Sense making theory (Parzefall and Shapiro, 2011).

The variation of the underpinning theory in the psychological contract studies (content, fulfillments, breaches, violations, outcomes etc.) are largely contributed by the complexity of the employer-employee relationship itself i.e. reciprocal exchange process between both parties. This could be the key determining factor as to why inconsistency approach in previous literatures concerning psychological contracts theory persists. There are great deals of challenges in defining psychological contracts, be it from the content perspective, the breach, violation and the measurements involved in the research methodology (Conway and Briner, 2009). For example, the psychological contract theory assumes that the individuals are fully aware of the exchange processes, “what is in exchange for what”? In reality, that is not the case. Employees who offer discretionary effort like involving in corporate social responsibility (CSR) activities may or may not expect anything in return. It is unlikely that they are aware in advance even if there is, the type of exchange that employer may reciprocate. In a situation like this, the social exchange theory is in better position to explain as it makes no assumption that the individual is aware of the exchange details.

It is further argued that the divergent of the underpinning theory for psychological contract is due to the lacking of common understanding as to who represents the employer and whether organization can have psychological contract (Conway and Briner, 2005). There are still numerous gap in psychological contract theory (Conway and Briner, 2005) and it is important to note that the application of those theories are subjected to the researchers' problem statements and interest (Conway and Briner, 2009) within the epistemology of the psychological contract. Adopting the same approach as previous scholars, the combination of the social exchange theory and the mental model are deemed appropriate and they also serve as the underpinning theory for this research, relevant to the problem statements which were discussed earlier.

2.3 Psychological Contract Breach and PCV

Psychological contract breaches arise as a result of perceived unmet promises. Consistent with Zhao et al. (2007) the definition of psychological contract breach is herein refers to the employee's perceptions regarding the extent to which the organization has failed to fulfill its promises or obligations. The contract breaches may involve fundamental contracts and non-fundamental contracts but valued by employee and as such may damage their relationship. Bal et al. (2008) noted that the psychological contract breach refers to a profound damage to the employment relationship, and especially those who experienced high levels of social exchange feel betrayed, therefore reciprocate contract breaches by reducing their efforts on the job. Such breaches sometime may or may not be detected or realized by the employer as it involves not only express terms but also implied terms in employment relations. In the event that employer is aware or made aware of the breach, it may be rectified or mitigated to avoid further damaging of the relationships and any negative response from the aggrieved party (employee) could be minimized or avoided. In most cases, the employer may realize about it

only when the employee negative emotional response (PCV) has emerged through observable exchanges in their behavioral responses like destructive voice, neglect or exit.

The causes of the breaches could arise from multiple sources but Morrison and Robinson (1997) argue that the perceived breaches are stemmed from two major sources i.e. reneging and incongruence. Reneging is the condition where the organization or its agent recognize the existence of promises (e.g. promise for a promotion within 24 months of the date joined) but failed to uphold (express promise). Meanwhile, incongruence is the situation where the employee may have wrong perception or wrong interpretation of the statements or events associated to the employer (implied promises). An example of such a breach may arise when an employer provides certain benefits out of goodwill but decided to withdraw it after some time. The withdrawal of such benefits may be perceived as a contract breach by employees even though it is not be part of the legal contract.

It is important to note that the perceived breach may not necessarily be accompanied by the promise itself. In fact, the broken promise could arise without the promise (Montes and Zweig, 2009). In this instance, employees are more interested on what the organization delivered rather than what the organization promised. Montes and Zweig (2009) remarks suggest the construct of the psychological contract breach is complex to operationalize as it involves individual values, perception and interpretation. For the same reason, Rousseau (1989) suggests that the workings of the psychological contract are perhaps best understood by examining what happens when a psychological contract is unfulfilled as it manifested in employee attitudes and behaviors (observable). Rousseau (1989) calls are perhaps taken seriously by many researchers as most literatures involve psychological contract were

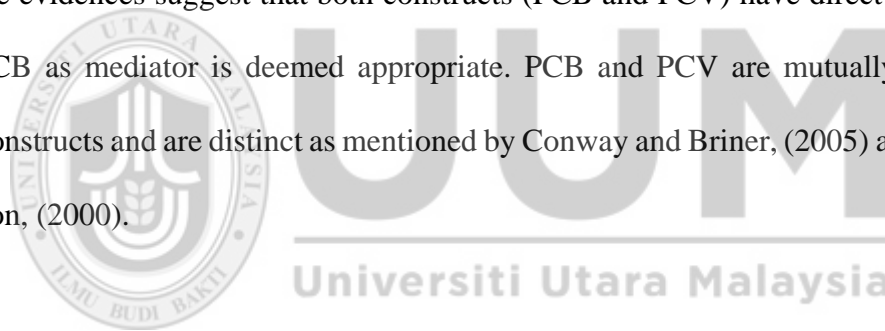
investigated from a breach and violation perspective, and its outcomes rather than antecedent or other exogenous variables that cause or mitigate the breach. From a practicality standpoint, identifying the causes is equally important if not more as an organization could then take proactive steps to avoid the breaches completely.

2.3.1 Consequences of Psychological Contract Breach

Previous findings on consequences of psychological contract breach suggest that PCB is a good predictor for an individual's negative attitudes and behaviors (Cantisano et al., 2008). Within the domain of PCB, there are observable two streams of breach consequences. First, breaches which are directly implicated to employee's attitude and behavior like reduction in organizational commitment, organizational citizenship behavior and performance (Chen, Tsui and Zhong, 2008); reduction in trust (Pugh, et al., 2003), lower job satisfaction, organizational commitment and organization citizenship behavior (Suazo, 2009) and lower performance (Bal, et al., 2008). However, the impact is found to be moderated by positive organizational support (POS) (Addae, et al., 2006). Similar to the current research, exogenous construct (management responsiveness to voice), POS work as suppressor of the breach consequences. In fact, POS was found to be fully mediated the perception of PCB (Suazo and Turnley, 2010).

Second, breaches which are indirectly related to employee's attitude and behavior where breach functions as moderator or mediator to the endogenous construct (Bal et al., 2010; Suazo, 2009). One such literature was conducted by Addae et al. (2006) where he found effective commitments led to lower intentions to leave. However, their relationship is moderated by PCB i.e. those who perceived existence of PCB are more likely to leave than

those who are not. In most cases however, literatures suggest that PCB is a significant predictor (e.g. Cassar and Briner, 2010; Suazo, 2009) for attitudinal and behavioral related responses, or as mediator (e.g. Robinson and Morrison, 2000) of these responses if other exogenous and endogenous constructs are placed in the equation. It was sometimes postulated as criterion (e.g. Suazo and Turnley, 2009) depending on researchers' problem statements. Following the conceptual frameworks of Morrison and Robinson (1997) and Suazo (2009), in this study, PCB is conceptualized as mediator between the endogenous construct PCV and the exogenous construct i.e. management responsiveness, efficacy, hope optimism and resiliency. Adaptation of PCB as mediator is based on literatures common trend where PCB is found positively significant predictor for PCV previously discussed (Robinson and Morrison, 2000; Suazo, 2010). Since evidences suggest that both constructs (PCB and PCV) have direct relationship, applying PCB as mediator is deemed appropriate. PCB and PCV are mutually related but separable constructs and are distinct as mentioned by Conway and Briner, (2005) and Robinson and Morrison, (2000).



2.3.2 Antecedent of Psychological Contract Breach

Some causal relationships suggest that the reasons for breaches are depended on one's perspective. For example, when asked about the cause of breach, the supervisor attributes the breach to reasons beyond organizational control (incongruence) while subordinates attribute the breach to reneging or organizational purposeful disregard for their promises to the employees (Lester, Turnley, Bloodgood and Bolino, 2002). In most cases, the psychological contract breach is a result of unfavorable events (as causes) specifically refers to the unmet promises made or perceived to be made by employers. It covers a wide range of possible perceived promises. In the study of the contents of PC, Aggarwal and Bhargava, (2009)

identified 37 variables that could potentially expose to breach (e.g. competitive pay, good benefits, opportunity for growth, promotion, job security etc.). However it is notable that contract breach may or may not lead to violation due to personalized sense-making and interpretation of the events that may differ from one to another. Lester et al. (2002) noted that even though empirical research on antecedents of breach is currently lacking, they believe that when employees perceived organizations intentionally breached their promises, the affective emotional response (PCV) will be more intent as compared to the situations where employees perceive that the breach was unavoidable by circumstances and beyond the organizational control. In a different research, Conway and Briner (2005) found the average correlation of PCB and organizational citizenship behaviors, job performances and employee turnover are -0.20, -0.19 and 0.11 respectively. This findings suggest that many other possible moderator, mediator or antecedents that are yet to explore. Long tenure employees, for example, place extrinsic values of the job like autonomy higher than the intrinsic values (O'Donohue, Sheehan, Hecker and Holland, 2007) and in the event that PCB involve extrinsic values, one may respond more negatively (Kickul, Lester and Belgio, 2009). The lacking of antecedent of breach is obvious (Lester et al., 2002; Tallman and Bruning, 2008), and the path coefficient model for this research incorporated this gap. Since the Five-Factor Model appears to be a good predictor for PCB (Kichuk and Wiesner, 1997), it is believe that the personality states would provide similar relationship!

2.3.3 Relationship of PCB and PCV

As far as the PCB and PCV relationship is concern, empirically evidences suggest that breach is an antecedent to violation (Morrison and Robinson, 1997). Many literatures on PCB and PCV relationship since year 2000 are showing consistent results i.e. PCB is always

significantly and positively related to PCV. One of such evidence was conducted by Robinson and Morrison (2000) showing similar relationship ($r = 0.68, p < 0.01$) of PCB and PCV. In other words, the intense of negative emotional experience is a direct result of unfavorable events in the workplace which refers to as PCB. More recent studies on their relationship Dulac, Coyle-Shapiro, Henderson and Wayne, (2008), Rajaet et al. (2004) and Suazo, Turnley and Mai-Dalton, (2005) consistently reported a positive coefficient with $r = 0.72, p < 0.01$ to $r = 0.78, p < 0.01$ between PCB and PCV respectively. Suazo's (2010) latest research also reconfirmed the direction of the PCB and PCV relationship. Consistent with these views the relationship of PCB and PCV is hypothesized as follow.

H1: Psychological contract breach will be significant positively related to psychological contract violation.

2.4 Psychological Capital and Psychological Contract Violations

Similar to the notion of capital in the classical economic view, referring to the durable goods (e.g. land, machines) as factors of production, similarly non-durable goods like management (Varian, 1990) is as important in a production function. Commonly known as psychological capital (PsyCap), the four positive psychological resources which consist of efficacy, hope, optimism and resiliency are non-tangible factors similar to the management skills but believe to provide similar capacity to an organization's competitive edge (Caza, Bagozzi, Wolley, Levy and Caza, 2010; Luthan, Avolio, Avey and Norman, 2007). The conceptualization of PsyCap is quite recent (2000s) and the scholar refers it to the individual positive psychological state of development (Luthan, et al., 2007). In relations to psychology dimensions, it is an intermediate level in terms of stability, state-like nature and malleable (Luthans and Avolio, 2009) as compared to the volatile states (e.g. mood) or personality traits

(e.g. Big-5 Personality) which are more stable (Caza et al., 2010). PsyCap even though is not as stable as personality traits, but it is believed to be durable enough to influence long-term attitudes and behaviors like job satisfaction, organization commitments, and job performance (Avey, Nimnicht and Pigeon, 2010). As such, it is believed to have similar capacity to influence individual perception of psychological contract breach and violations.

Development of PsyCap is related to positive organizational behavior which is refers to “the positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvements” (Luthans, et al., 2007, p. 10). It is a higher order positive construct, a shared variance of the first order constructs of positive psychological resources of efficacy, hope, optimism and resiliency which Luthans et al (2007, p. 3) further defined as:

.... an individual's positive psychological state of development characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success.

Based on this definition, PsyCap is an individual's' tendencies to be motivated toward goal achievements, to recognize paths way for achieving those goals, to believe they can succeed in reaching such goals, and to recover quickly from the inevitable setbacks of goal pursuit (Caza et al., 2010). Luthans et al. (2007) argue that the PsyCap recognizes and builds upon, but beyond the current theory of human capital and social capital. Personal or work-related achievements are not only dependent on what you know (human capital) and who you know (social capital) but about who you are and who you want to be or who you can be. This

positive psychological state empowers the shaping of one's attitudes and behaviors in a positive direction irrespective of circumstances. Literatures suggest that collective positive psychological resources or positive PsyCap is related to positive attitudes and behaviors and it is more sustainable due to the variations in individual's mental model (Klijn and Tomic, 2010). In other words, the enhancing and harnessing of these resources are important as the sum of this positivity can create a more lasting competitive edge. Employees may possess the necessary skills, knowledge and may be well-connected in social networks but it is only one's attitudes and behaviors that determine the outcomes. Employees with high PsyCap are believed to have higher tendency to be more optimistic, higher hope of a better future and are more resilient as they are quick to turnaround when faced with adversity in the workplace. It is important to note that positive psychological resources are malleable and with purposive intervention, it could be further enhanced (Luthans, et al., 2007). For the purposes of this study, the first order construct will be examined one-by-one as the enhancement opportunity laid within the individual construct (efficacy, hope, optimism and resiliency) rather than the global measure in PsyCap even though the measurement instruments is identical.

2.4.1 Positive Psychological Resources

PsyCap, the higher-order construct is built upon previous work of Seligman (1998) for optimism, Snyder, Sympton, Ybasco, Borders, Babyak, and Higgins (1996) for hope, Bandura (1997) for self-efficacy and Masten and Reed (2002) for resilience. Combinations of the first-order construct, Luthans et al. (2007) re-conceptualized and refer the second-order construct as PsyCap which represent individual motivational propensities that accrue through positive psychological constructs such as efficacy, hope, optimism and resilience as earlier defined. The combination of positive psychological resources together with experiences and know-how of

individuals, it creates value and individuals with such value are desirable resources for the organization. For the purpose of this research and further discussions on the subject, the first order construct i.e. efficacy, hope, resiliency and optimism will be referred to as positive psychological resources or in short PPR. PPR is preferred as this study is based on individual positive psychological resources rather than higher order construct PysCap as referred to by Luthans et al. (2007).

2.4.1.1 Self-Efficacy State

Self-efficacy is defined as “an individual’s conviction (or confidence) of his or her abilities to mobilize the motivation, cognitive resources, and courses of action needed to successfully execute a specific task within a given context” (Stajkovic and Luthans, 2003). Bandura (1994) earlier defined self-efficacy as personal belief about one “capabilities to produce designated levels of performance that exercise influence over events that affect their life”. It is talking about believing in oneself and the way one feels, thinks, motivates and behaves (Bandura, 1994) on what you can and can’t do and what it takes to be successful? Luthans et al. (2007) suggest that in order to ascertain what exactly that one is confident about, he should analyze his capabilities. Often a time while people are confident about something within their comfort zone, they are less confident about something new unless they overcome the fears and resistance to change which impact one’s confidence. Interesting to note that the state-like self-efficacy is developable with the right intervention.

Bandura (1997) outlined the four self-efficacy sources which involved personal mastery, vicarious mastery, verbal persuasion and psychological and affective states. The personal

experience of accomplishments or observing the accomplishment of others with combination of verbal encouragement via social encounters lead to one psychological arousal for a better future and greater expectations which associate with higher self-efficacy. Jude and Bono (2001) found higher self-efficacy associated with good outcomes like greater job satisfactions and job performances with significantly large effect size of $r = 0.37$. Sources of efficacy are also found to reduce anxiety and negative emotions (Bandura, Reese and Adam, 1982) which are of relevance to PCV and PCB. Even though no evidence thus far suggesting the direct relationship of self-efficacy and PCV or PCB, based on literatures the same effect is expected for PCV and PCB as negative emotions are part of the PCV construct. Consistent with the above findings, the relationship of self-efficacy and PCV or PCB is hypothesized as follows:

H2: Self-efficacy will be significant negatively related to psychological contract violation.

H3: Self-efficacy will be significant negatively related to psychological contract breach.

2.4.1.2 Hope State

The second construct for the positive psychological resources is hope which is defined as the perceived capability to derive pathways to desired goals and motivate oneself via agency thinking to use those pathways (Snyder, 2002). Based on this definition, there are three components that anchor the hope theory i.e. desired goals, pathway and agency thinking. The Conceptualization of Hope theory is based on the assumption that all human actions are goal directed or target of mental action sequences that lead to one desired goal. Snyder (2002) divided the goal into two types i.e. positive goal outcome and negative goal outcome. A positive goal outcome refers to the one's desire to achieve new goals, sustain or improve

existing goals. While a negative goal outcome is associated with deterring negative outcomes totally or delaying the outcome. Meanwhile, agency thinking refers to the “willpower” for goal-directed while pathway thinking is referring to the “way-power” in planning to meet the goals. In combination, they will serve as “motivation, autonomy and contingency actions” (Luthans et al., 2007).

The Hope theory has been applied and tested in multiple fields and environments (e.g. academics, athletics, physical health, psychology, and psychotherapy and work settings). Literatures suggest that high-hope students have better GPA in academic fields (Snyder, Harris, Anderson, Holleran, Irving and Sigmon, 1991), high-hope athletes performed significantly better than low-hope athletes (Curry, Snyder, Cook, Ruby and Rehm, 1997), high-hope people has better physical prevention of illness and recovery from terminal illnesses and high-hope workmen perform better compared to low-hope employees (Luthans, Avolio, Walumbwa and Wiexing, 2005). Snyder (2002) explains that this is possibly due to the fact that a high-hope person deriving better results from their ability to find multiple pathways to the desired goals and a self-motivator after those goals. Consistent with Snyder’s (2002) proposition, Peterson and Byron (2008) found that high-hope executives produced better solutions in problem solving scenarios. High-hope persons were also found to have better adjustments to new situations (Kwan, 2002). Cramer and Dyrkacz, (1998) found that hope correlated negatively with negative effects and positively with positive effects ($r = .55$). Considering these findings and associated with the intended study, people with high-hope are expected to experience lower affectivity of PCV and PCB as they appeared better adjusted to new events (Kwan, 2002) and having multiple pathways in pursuing their original goals (Snyder, 2002). Therefore, occurrence of PCB may not impact the PCV as much. The relationship of hope and PCV or PCB thus hypothesized as:

H4: Hope will be significant negatively related to psychological contract violation.

H5: Hope will be significant negatively related to psychological contract breach.

2.4.1.3 Optimism State

Optimism, the third positive psychological resources is defined as an attributional style that explains positive events in terms of personal, permanent and pervasive causes and negative events as external, temporary and situation-specific (Luthans et al., 2007). Seligman (1998) focuses on negative outcomes as the attributional explanatory for optimism. In comparison, both the theory of hope and the theory of optimism are goal-oriented cognitive processes. The difference is that optimism goal-oriented one is to distance oneself from negative outcomes while hope goal-oriented one is focused on future, positive outcomes. Optimism is therefore about one's interpretation of the social event that evaluator regards as advantages for his pleasure. Optimists view setbacks not necessary as failure but opportunity to improve.

Peterson (2000) differentiated optimism into two major parts i.e. big optimism and little optimism. Big optimism is associated with socially acceptable norms (e.g. Malaysian differences in ethnic background and belief will not deter social harmony) and little optimism is idiosyncratic to individual specific objective (e.g. nothing will stop one's goal to achieve academic qualifications). An optimist plans ahead to avoid or minimize obstacles that may thwart his goals and an optimist shows confidence and is persistent in pursuing his goals despite possible roadblocks (Scheier and Carver, 1985). In view of the persistency and positivity of the optimist, high optimism found to be positively related to performances be it in work, education, athletics, politics or health (Seligman, 1998). Seligman (1998) found that highly optimist sale

agents sold 37% more insurance in their first two years on the job compared to low-optimists. Optimism has also found to be positively linked to desirable individual characteristics like perseverance, achievements and happiness (Peterson, 2000). In the most recent study, Luthans, Lebsack and Lebsack (2008) found optimism amongst nurses were highly significant and positively related to their commitment, customer satisfaction and work performance.

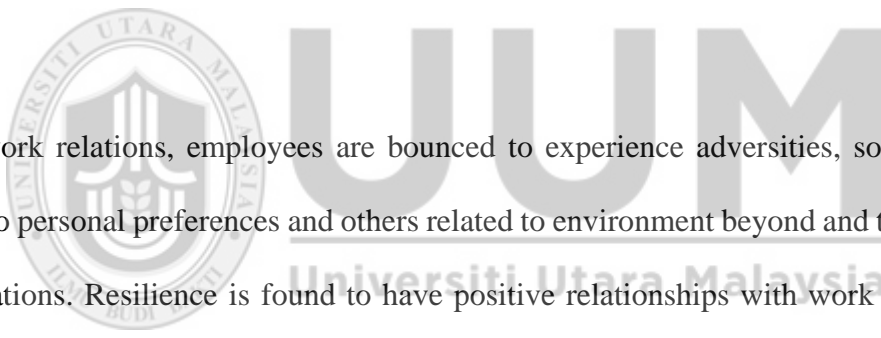
On the contrary, Tuten and Neidermeyer (2004) found optimism negatively and significantly related to stress ($r = -0.45, p < 0.001$). In other words, individuals with high optimism is likely to have less stress. In view of positive cognitive emotion associated with optimism, higher optimism is likely to reduce the intensity of breach (PCB) and violation (PCV). As explained, an optimist shows confidence and persistence in pursuing his goals; occurrences of breach will unlikely translate into PCV which may derail his goals. Optimism is therefore expected to suppress the impact of PCB on PCV as breach is viewed as a “temporary” setback. Therefore, the relationship of optimism and PCV or PCB is postulated as follows:

H6: Optimism will be significant negatively related to psychological contract violation.

H7: Optimism will be significant negatively related to psychological contract breach.

2.4.1.4 Resiliency State

The last personality state-like is resiliency. In relations to workplace environment, positive psychology views resilience as the capacity to rebound or bounce back from adversity, conflict or failure (Luthans, 2002). This definition implies that individuals with high resiliency would have strong reactive capabilities when beset with life's downturn. Similar to this view, clinical psychologist, Masten and Reed (2002) defined resiliency as class of phenomena characterized by patterns of positive adaptation in the context of significant adversity or risk. Both definitions are similar as it refers resilience to the cognitive ability not only to rebound posttraumatic incidences but have faith and positive outlooks on life that use adversity as the springboard to leap on to the higher grounds (Tedeschi, Park and Calhaun 1998).



In work relations, employees are bounced to experience adversities, some could be purely due to personal preferences and others related to environment beyond and the control of the organizations. Resilience is found to have positive relationships with work performance perhaps not only due to the ability of individual to bounce back but highly resilient persons adapting to change easily (Luthans, Avey, Avolio, Norman and Combs, 2006; Luthans, Avolio, Walumbwa and Wiexing, 2005). In relations to this study, perceived breaches are viewed as “setbacks” and resilient are expected to reverse the perceived breaches and to bounce back quickly as the adaptability in changes of events and positive outlooks may minimize the severity of PCB and its impact on PCV. Therefore the research hypotheses are postulated as

H8: Resiliency will be significant negatively related to psychological contract violation.

H9: Resiliency will be significant negatively related to psychological contract breach.

2.4.2 PsyCap Versus Positive Psychological Resources

It is important to stress that PsyCap is a combination of four positive psychological resources that fulfill certain criteria e.g. theory-base, relatively fixed, malleable, measurable, related to work performance or other positive outcomes (Luthans et al., 2007). Luthans et al. (2007) further noted that there are potential positive psychological resources e.g. creativity, wisdom and subjective-wellbeing but they are yet to be proven theoretically. As for the rationale of the first order construct is being used for this analysis rather than the global measure of psychological capital, pilot tests revealed that some of the first order constructs has significant relationships with endogenous variables while others does not. Another reason is, applying global measures in this case will omit the opportunity for individual construct applications (efficacy, hope resiliency and optimism). First order construct (PsyCap) has different levels of relationship and perhaps require different levels of intervention if so wishes.

Even though this research is not intended to use PsyCap in reference to psychological capital as outlined by Luthans et al. (2007), it is however important to discuss here as the study of positive psychological resources (PPR) are based upon the same conceptual framework as PsyCap. The major difference between PsyCap study by Luthans et al. (2007) and the intended study here are the global measures versus the individual measures involving the four positive psychological resources.

Thus far the literatures on PsyCap over a decade were primarily focused on impact of PsyCap on attitudinal and behavioral outcomes, both positive and negative relationships. For example, PsyCap found having positive relationships with employee performances (Luthans et

al., 2007; Avey et al., 2010), group performances (Walumbwa, Luthans, Avey and Oke, 2009; West, Patera and Carsten, 2009), citizenship behavior (Walumbwa et al., 2009) and positively related to desirable attitudes like job satisfaction, commitment and wellbeing (Avey, Reichard, Luthans and Mhatre, 2011). In other studies, PsyCap found having negative relationships with undesirable attitudes like stress and anxiety (Avey, Luthans and Jensen, 2009), cynicism for change and intention to leave (Avey et al., 2011). Some of these relationships were moderated by tenure of employee (where old employees recorded higher scores in PsyCap compared to younger employees -McMurray, Pirola-Merlo, Sarros and Islam, 2010), type of industries, type of jobs (Avey et al., 2011) and the followers' PsyCap level in the case of leader-follower relationships (Walumbwa, Avolio and Hartnell, 2010). The impact of leadership styles has also been tested and found transformational leadership positively related to PsyCap (McMurray et al., 2010).



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The applicability and salience of PsyCap are extended beyond western culture as similar relationships are also found in China, the eastern environments (Yong Han, Kakabadse, Zhenglong Peng and Yi Zhu, 2012). Employees with higher in PsyCap are more open and less cynical to changes in organizations. Avey et al. (2010) argue that psychological capital argentic thinking has a motivating impact that can enhance internalization, determination, and pathway thinking, which contradict with the 'giving up' and despair associated with cynicism. Job demands, compounded with limited resources and other unfavorable events at the workplace may create distress to employee, leading to psychological exhaustion and anxiety (Demerouti, Eeuwijk, Snelder and Wild, 2011). However, positive psychological resources counteract the distress, "such that the components of psychological capital act as a suppressor of stress and anxiety" (Avey et al., 2011). Nonetheless, it is uncertain as which positive psychological resources (efficacy, hope, resiliency and optimism) have less or more significant as a stressor.

In order to unfold the hidden impact, an analysis of individual first order construct is deemed desirable.

It is also notable from literatures that results of psychological capital studies on attitude and behavioral outcomes are varied and found to have limited explanations as to why such variations occur. One of such observation was from Luthans et al. (2007) who suggest that future research should consider looking at individual positive psychological resources if the objective is to have better and in-depth understanding of their impact as the first order construct may have different degrees of influence. For the same reason in the current study, hypotheses are based on first order construct rather than a global construct, psychological capital.

One of the important attributes that is worth mentioning as far as positive psychological resources are concerned; it is state-like, malleable and open to development. Through an experiment under high control condition with management students, Luthans et al. (2007) found that with just 2-3 hours of micro-intervention, pre and post result comparison shows an increase of 2% in measured of psychological capital. Based on this finding, Luthans et al. (2007) demonstrate how psychological capital positively contributes to company revenues. However the mechanism of measurement procedures is not discussed here as it is quite irrelevant to the current subject matter but it is important to mention as it directly impacts the company's profit and loss. Luthans et al. (2007) findings were further validated by other empirical researches where most components of the psychological capital showed an increase after a training intervention (Demerouti et al., 2011).

2.5 Relationship Between MR and PCV and PCB

Besides PsyCap, another exogenous variable included in the research framework is the management responsiveness (MR). The fundamental discussion of management responsiveness is to encompass employee voice and the employee voice in this case is associated with employee grievances that one were raised with management. The term “employee voice” emerged during the industrial revolution in 19th and 20th century, perhaps as a result of collision between the capitalists and the working classes. Based on pure capitalist regime, it is believed that the employers only cared for its own interests while employees were merely tools for profit maximizations. The working class formed worker’s union enabling them to bargain collectively for their own interest which were otherwise near impossible individually with single voice bargaining. It is indisputable then that employee voice is important for industrial harmony, collectively or individually. It is notable however, that industrial harmony is only possible if this voice is well addressed via management response (MR) or otherwise risk the emergence of long-term dispute or feelings of betrayal, resentment, anger, frustration, demotivation etc. (PCV) by employees.

2.5.1 Principles of Employee Voice

There are varying interpretations of employee voice (EV). For some, EV could mean raising his or her displeasure to the management on work related issues and for others, it could mean raising a concern to show a citizenship behavior (Dundon, Wilkinson, Marchington and Acker, 2004) or participating in decision making process (Marchington, 2005, Mathieson and Pendleton, 2007) or influence over workplace principles, policies and practices (Allen and Tselmann, 2009) that proliferate an employee’s capability to achieve what they value (Kulkarni, 2010). Some author views employee voice as a form of democratic practices at

workplace where workers are given real say in corporate governance (Budd, 2004). Hirschman (1970) in his EVL typology refers voice to any attempt to change rather than to escape from an objectionable or unpleasant state of affair within work environment. Whatever definition of EV might be, how EV is realized, recognized and acted upon is what matters most (Dundon, Wilkinson, Marchington and Acker, 2005).

Table 2.2 shows a variation of employee voice, their objectives, the mechanism and possible outcomes that serve as voice mapping. At level one (L1), EV may not attached with a great deal of dissatisfaction but mere concerns while level two (L2) dissatisfaction has emerged as grievances and require management attention (Table 2.2). Without proper management response, level one concerns could easily escalate to lever two grievances especially in the culture where employee voice is not welcome i.e. limits employee capacity to make the change.

Table 2.2: Voice Principles

Voice as:	Objectives	Mechanisms	Outcomes
L2: Articulation of individual dissatisfaction	To rectify a problem with management or prevent deterioration in relations	Complaint to line manager, grievance procedure or speak-up programs	Exit, loyalty, neglect
L1: Contribution to management decision making	To seek improvement in work organization, quality and productivity	Upward problem-solving groups, quality circles, suggestion schemes, attitude surveys, self-managed teams	Identify and commitment-disillusionment & empathy, improve performance

Source: Adapted from Dundon et al., (2004)

2.5.2 Importance of Employee Voice

Due to diminishing union membership around late 1990s and early 2000s, the focus of voice's study has since shifted from collective to individual and direct voice mechanism (Dundon and Gollan, 2007). Kersley, Alpin, Forth, Bryson, Bewley, Dix and Oxenbridge (2006) found that direct voice is the most popular form of voice in Great Britain even though Brewster (2007) found no significant increase of direct voice in Britain, Germany and Sweden. In a Malaysia context, the diminishing of union representation (Fatimah Said, Roza Hazli, and Saad Mohd., 2002) is quite obvious as barely 6% of the Malaysian workforce are unionized and therefore individual direct voice associated with employee involvement (EI) in the integrative issues i.e. quality and productivity or grievances are becoming more important even though they are less forceful in affecting change (Brewster, Croucher, Wood and Brookes, 2007) compared to employee participation (EP) via unionization. Table 2.3 shows that 94% of the Malaysian workforce in 2011 has no structured voice representation and therefore management response to individual voice is of great importance.

Table 2.3: Malaysian Union Membership Trend

Workforce Trends	2007		2008		2009		2010		2011	
	Headcount	%	Headcount	%	Headcount	%	Headcount	%	Headcount	%
Union Workforce	802,539	7.6%	804,911	7.4%	806,187	7.4%	802,616	7.2%	799,499	6.4%
Non-Union Workforce	9,735,561	92.4%	10,014,889	92.6%	10,091,113	92.6%	10,326,784	92.8%	11,606,101	93.6%
Employed Workforce	10,538,100	100.0%	10,819,800	100.0%	10,897,300	100.0%	11,129,400	100.0%	12,405,600	100.0%

Source: Statistic Department, Malaysia (2012)

As far as issues associated to employee voice is concerned, past studies appear to focus on causal relationship of problematic event at work place and employee behavioral outcomes (Hagedoorn, Yperen, Vliert and Buunk, 1999; Turnley and Feldman, 2000; Farrell, 1983; Withey and Cooper, 1989; Hirschman, 1970). NG and Feldman (2012) in their study for example, found positive relationship between employee voice and employee performance. Prior to this Yassi, Ostry, Hatter and Boer, (2005) found that joint committees for health and safety involving employees in decision making process increased the effectiveness of the committees in reducing industrial accident rates in the US and the UK. It further stress that some managers deliberately engage EI to improve organizational productivity or treating it as a union buster believing that EI may mitigate the demand for unionization. Besides productivity improvements, EI is also associated with the reduction of exit rate in union environments (Freeman and Medoff, 1984; Alexander, Colvin and Keefe, 2002). Although unions provide a voice mechanism platform for employees to exert certain levels of influence on management decision pertaining to policies and practices that impact employees, it is found that the consultative voice (non-unionization) mechanism produced more desired results even though it has lesser power to exert change. Using grievance procedures, survey feedback and suggestion system as part of EV mechanism, Spenser (1986) found negative relationships between EV and the employee turnover rates but becoming less significant when wages and benefits were put into the equation (Delery, Jason, Douglas and Margot, 2000). Some other research however, found positive relationship between EV and intention to leave or the actual attrition (Lewin and Peterson, 1999) while Alexander et al. (2002) found no significant relationship between EV and quit rate. Inconsistencies in previous findings suggest that further research on the subject is warranted especially in a Malaysia context. This is one of the reasons why management response is viewed as an important construct in relations to employee voice to be included in the research framework.

2.5.3 Relationship of Management responsiveness and PCV

In the course of employment relationships, employees may at time wish to speak up when beset with work-related issues or organizational related problems but hold up due to various reasons. Amongst the most frequently mentioned reasons for not speaking up or to stay silent was the fear of being viewed negatively which may in turn damage the relationships with employer or organization agents (Millikenm, Morrison, and Hewlin, 2003). This ‘fear’ factor is directly related to management practices, the way how management responds to EV. Employees can’t raise their voice if there is no such mechanism. Likewise, mechanism is meaningless if management is not in support of employee voice. Take for example the famous Enron case, there appears to be a culture of intimidation as widespread of knowledge amongst employees on financial misrepresentation yet no one raised the issue (Oppel, 2002). There was a spiral of silence where individuals believe that their voice is not supported by others and as such prefer to stay silent (Bowen and Blackmon, 2003). Van Dyne, Ang and Botero (2003) argue that the constraint for employee voice is dependent on individual types of behavior whereby the behaviors include disengagement behavior, self-protective behavior and other-oriented behavior.

Other reason for one to refrain from speaking up is because the EV is considered as the most risky and costly (NG and Feldman, 2012). How ‘risky and costly’ to voice out is again depends on management practices, i.e. how management will respond. In organizations that do not support employee voice, employees may risk being labeled as troublemakers and being lambled (NG and Feldman, 2012). Theoretically, this phenomenon could be well explained from a social exchange theory, a cost and benefit perspective, a power relations perspective or an organizational support perspective. For example, if the management of an organization in

support of EV, it is simply means (one of the possibilities) that management provides multiple mechanisms for employees to raise their concerns or grievances and seriously takes into consideration employee voice in policy making. As a result, the cost of EV to employees (negative impact for speaking up) is deemed lower and as such promoting a voice culture (social exchange) that may have a spiral effect i.e. the higher the voice mechanism and the higher the management responsiveness toward EV, the more frequent of EV may occur and less chance to have disputes (PCB) that lead to intense of negative emotion (PCV). The opposite is true when management intimidate EV. The cost of raising their voice is higher than the possible benefits (blacklisted versus promotion). Under such circumstances, employees may perceive that their voice is not welcomed (risky) or their voice or opinion will not make any difference. The natural response under such situations will be silence.

During the tenure of employment relations, employees may experience unfavorable incidents or events intermittently. As previous literatures suggest, unfavorable incidents may provoke employee voice and unattended employee voice may lead to PCB and PCV. It is argued here that unfavorable incidents (PCB) may or may not end up with PCV, depending on how management's responses are against the EV. The management practice which allows or disbands employee voice is the center of this argument. The key issue is less important for voice mechanism but it is the capability of EV that determines the outcomes.

Literature links more responsive management style (to employee's voice) to the improvement in employee productivity (Byrson, Charlwood and Forth, 2006). The causal relationships implied that when managers have regards for employees, in reciprocal exchange, employees are more willing to share ideas and put in additional discretionary efforts. Therefore voice capability (positive management response) is positively related to performance. When

employee grievances are duly rectified (Kulkarni, 2010) employee confidence are restored before allowing perceived psychological contract breaches to turn to violations (PCV). There is no reason for PCVs to take precedence when the unfavorable incidents have been addressed. Management responsiveness and practices form the heart of this stewardship (McMurray et al., 2010). Therefore the level of *management response* i.e. the level of management willingness to listen and acting upon EV is one of the key determinants to the intensity of the employee's emotional feeling (PCV). This is consistent with Byrson et al. (2006) findings in terms of directional relationships, and management responsiveness is expected to be negatively related to PCV and PCB as theorized in the following hypotheses.

H10: Management responsiveness will be significant negatively related to psychological contract violation.

H11: Management responsiveness will be significant negatively related to psychological contract breach.

2.6 Mediating Effects of PCB

As earlier discussed (section 2.3.2 and 2.3.3) significant amount of literatures suggest that PCB is a significant and positively related to PCV (Morrison and Robinson, 1997; Robinson, 2000; Dulac et al., 2008; Raja et al., 2004; Suazo et al., 2005; Suazo and Turnley, 2010). Their relationship (PCB and PCV) was also significantly strong with positive coefficient above 0.7 (ranging from $r = 0.72, p < 0.01$ to $r = 0.78, p < 0.01$) for all the above mentioned literatures. The results provide clear indicator that PCB is a good predictor for PCV. Therefore, in research model that involves PCV as an endogenous construct should include PCB in the structural model if other exogenous constructs are considered. As in this case (current study), PCB is posited as mediator similar to what has been established by the previous researchers

(Dulac et al., 2008; Raja et al., 2004; Suazo et al., 2005). In this current study, exogenous variables in relations to PCV are made up of self-efficacy, hope, resiliency, optimism and management responsiveness. In efforts to validate the mediator role of PCB, the following hypotheses are postulated.

H12a: Psychological contract breach will be a significant mediator for the relationship of efficacy and psychological contract violation.

H12b: Psychological contract breach will be a significant mediator for the relationship of hope and psychological contract violation.

H12c: Psychological contract breach will be a significant mediator for the relationship of optimism and psychological contract violation.

H12d: Psychological contract breach will be a significant mediator for the relationship of resiliency and psychological contract violation.

H12e: Psychological contract breach will be a significant mediator for the relationship of management responsiveness and psychological contract violation.

2.7 Research Frameworks

Literature evidences earlier discussed suggest that PCB is not only positively related but is a good predictor for PCV (Morrison and Robinson, 1997). Literatures also suggest that PCB mediates the relationship of PCV when other exogenous variables (Robinson and Morrison, 2000) included in their path coefficient. In addition, when PCB and PCV are separately analyzed, both constructs found to have negative relationships with employees' behavior (Chen et al., 2008; Suazo, 2009; Turnley and Feldman, 2000; Pugh et al., 2003; and Parzefal and Hakanen, 2010). Similarly, literatures on positive psychological resources (Avey et al., 2009 and Avey et al., 2011) and management responsiveness (Byrson, et al., 2006) have

identical directional relationships with employees' attitudes and behaviors, just like PCB and PCV. While PCV may have been researched for different functions previously, as an exogenous construct (Turnley and Feldman, 2000; Puge et al., 2003), as moderator (Suazo, 2009; Cassar and Briner, 2010) and as mediator (Peng and Zhao, 2012; Suazo, 2009), the aim of this research however is to view PCV from the endogenous perspective. Prior to a full scale of data collection, a pilot test on the path coefficient between positive psychological resources and management responsiveness against the psychological contract violation was conducted. Details of pilot test procedure and the findings were elaborated in section 3.7.

Consistent with the pilot test findings, the following path model (PLS-SEM) is designed as the research framework (Figure 2.2) where efficacy, hope, resiliency, optimism and management responsiveness were positioned as exogenous constructs, PCV as endogenous construct while PCB as mediator. Sixteen hypotheses examined direct relationship (H1 through H11) including five sub-hypotheses (P12a through P12e) testing the mediating effect of PCB relevant to paths modeling are examined for their relationships.

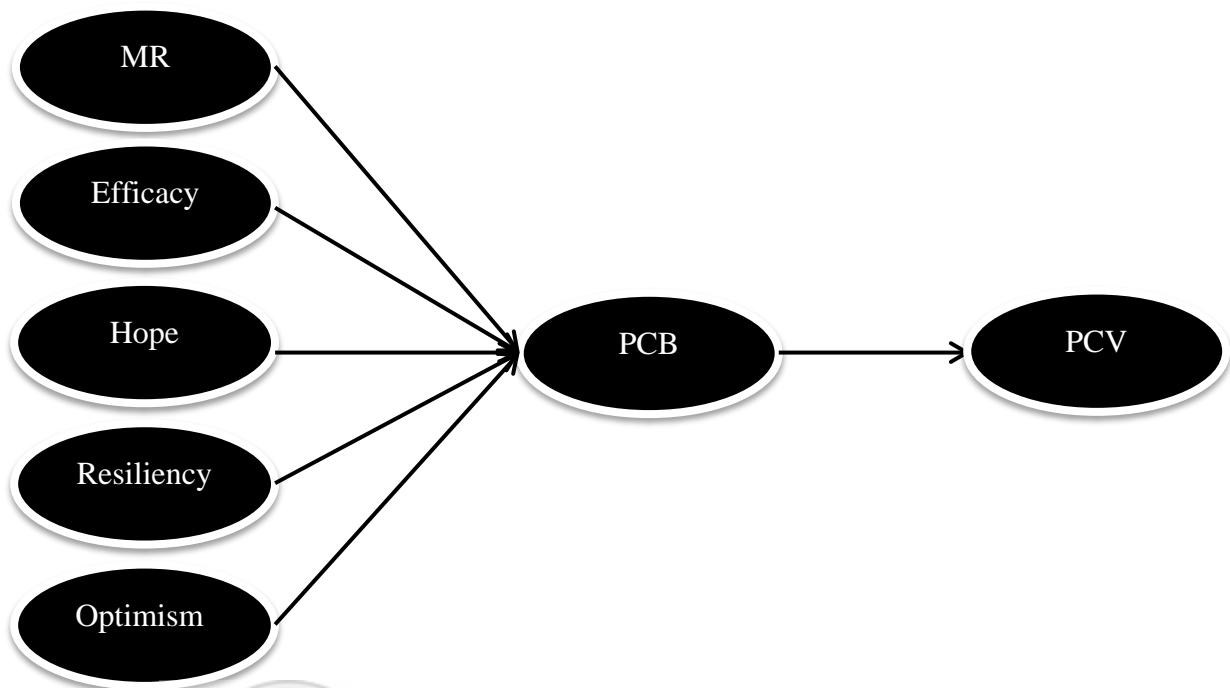


Figure 2.1: Research Frameworks

2.8 Chapter Summary

Chapter 2, the literature review began with definition of psychological contract violation, the differences between psychological contract breach and psychological contract violation and how these two conceptual constructs have been research in the past. The development of psychological contract violation, the underpinning theories of psychological contract violation and its relationship to psychological contract breach were discussed. Empirical evidences on antecedents and consequences of breach and violation were amongst the key highlights. The second half of chapter 2 was focused on relationship of exogenous constructs i.e. positive psychological resources and management responsiveness on psychological contract violation

where all hypotheses were formulated after each of the exogenous construct literatures. The chapter ended with mediating effect of psychological contract breach and the research framework. Other highlights of this chapter include conceptualization and the evolution of psychological contract development, divergent of psychological contract theories and definition plus the literatures gap on psychological contract violation that the author aims to examine within the epistemology of psychological contract domain.



CHAPTER 3

METHODOLOGY

3.1 Introduction

In the previous chapter (Chapter 2) the underpinning theories relevant to the research objectives, the hypotheses and the framework as to how endogenous and exogenous constructs relationship will be tested have been discussed in length. In this chapter, the focus of discussion will be on the methodologies that were involved at various stages in examining the coefficient of endogenous and exogenous constructs. These processes will include identifying units of analysis, population, sampling design and data collection procedures, instrumentations and data analysis techniques.

3.2 Research Design

This research is a quantitative-based with individual employees of targeted organizations (not owner of the organization) as unit of analysis aimed to examine the correlation between the self-efficacy, hope, resiliency, optimism (PsyCap) and MR on PCV. In these relationships, the mediating effects of PCB on PCV will also be examined. Against the longitudinal data collection methods, in view of the time and resources constraints, cross-sectional study is applied where data collection process is based on a self-administered survey questionnaires with PLS-SEM as the primary data analysis technique. The research framework takes into consideration of Sekaran (2000) recommendation, that it should include explicit analytical methods, a rigorous and well-developed methodology, adequately reviews of important literatures, to define the objective and research questions that frame the papers.

3.3 Population and Sampling Design

In consideration of previous limitations for sampling process that centered on managers, MBA graduates and other elite groups (Deery, Iverson and Walsh, 2006), the population for this research involves non-direct and non-operational individual employees (e.g. IT, HR, Finance etc.) of organizations registered as member of Swiss Malaysian Business Association (SMBA). Constituted in year 2000, the objective of SMBA amongst other things is to promote and foster bilateral trade, services and investment between Switzerland and Malaysia (SMBA Website). Their membership has no restrictions in terms of company's sizes, business nature or the sources of capital investment. Many of their members are local companies while some are headquartered in Switzerland and other parts of the world (MNCs). The location of their members' business operation are also scattered across Malaysia's major industrial parks in the North (e.g. Penang or Perak), South (e.g. Johor or Melaka), Center (e.g. Selangor) and Labuan similar to members of FMM or MEF organization with opportunity for generalization of the findings.

There are several reasons why SMBA was chosen as the target population for the research. Firstly, it is difficult to find evidence suggesting that such study has been conducted in Malaysia involving SMBA members. Secondly, the size of SMBA organizations were not too large for effective and efficient sampling and data collection process. Thirdly, most of the SMBA members were non-manufacturing in nature (slightly above 60%) i.e. service industry relevant to the target respondents. Fourthly, many information required like company's core business, location where they operate, contact person, contact number etc. were readily available online. Fifthly, readiness of the company's representative (GM, managers or HR representatives) to cooperate in the data collection process was also one of the contributors.

Divergence of the membership's location which situated across west and east Malaysia is also ideal for result generalization fulfil some of the empirical research hallmarks which include purposiveness, rigor, testability, replicability, confidence, objectivity, generalizability and parsimonious (Sekaran, 2000). The reasoning for SMBA selection as target population has also been discussed in section 1.5, scope of the study.

Based on information received from the company's representatives and the association records available on SMBA website as at June 2013, SMBA has 73 registered members with about 15,000 employees collectively with the exclusion of 7 companies which were not contactable as the contact numbers provided were inactive. This limitation posts a challenge for the researcher to obtain the exact SMBA population. However, it does not create any misrepresentations as more than 90% of the members were accounted for.

SMBA member's principal businesses can be categorized into three major segments i.e. manufacturing (35%), services (42%) and sale rep offices (23%). While the segmentations look reasonably balanced, almost 90% of the total population belongs to the manufacturing sector and 70% of the services and sales segments having less than 30 headcounts each. The manufacturing organizations involved were mostly in hardware components (e.g. automotive, mechanical tools, pressure instruments, security instruments, steel and transportation), electronic components and foods production. As for the service organizations; banking, insurance, hospitality, and consultation (e.g. legal, management, accounting, relocation and turnkey projects) constituted a major part of service sector. While sales segment, representative offices were primarily involved in products marketing or distributing agents for cosmetic, other consumable and non-consumable products. It is notable that most of the services and sales companies were small firms (less than 30 employees) with the owners as part of the workforce.

As individual employees are the target for unit of analysis, segregation between owners and employees are not readily and easily available in these companies. As such, service provider organizations with less than 30 headcounts and manufacturing firms that having less than 70 headcounts (small size organization based on SME Corp Malaysia, 2013) will be dropped from the sampling frames.

With SMBA member companies as the target population, the sampling process was further streamlined and based on stratified random sampling to involve only specific workgroups i.e. non-direct operation and non-technical staff for manufacturing sector. Meanwhile, all employees were included except the owner and directors of the company for service industry. Cautionary efforts were made to ensure that the owners and the directors were not included into the sampling process. The verification of the total headcount and ownership were done via teleconference with the company's representative (e.g. GM, HR representative, Secretary etc.) registered in the SMBA website. As mentioned, out of the 73 companies, seven companies (7) were not contactable and were accordingly removed from the population list.

According to Sekaran (2000, p. 273), stratified random sampling involves “a process of stratification or segregation, followed by random selection of subject from each stratum”. It involves several steps (Gay and Diehl, 1992) beginning with first, define the population, second, determine desired sample size, third, identify subgroups and finally randomly select appropriate number of individual from each of the subgroups. In determining the correct population sample and considering Gay and Diehl (1992) recommendations, the following steps were cautiously examined especially during the conversation with company's representative and the sampling process:

1. The total number of employees for each company were first ascertained. This process was to determine the classification of the company size; whether small, medium or large organization based on the definition of SME Corp (Malaysia, 2013). For the purpose of this research, medium sized organizations as defined by SME Corp (2013) (75 to 200 employees for manufacturing sector and 30 to 75 employees for services sector) were applied but only limited to service employee (non-service employee, directors or owners of the company were excluded from the sampling process);
2. Small size organizations as defined by SME Corp (Malaysia, 2013) i.e. less than 70 and 30 employees for manufacturing and services industries or large size organization (more than 200 service employees in manufacturing companies and more than 75 employees in service companies) were omitted.
3. Further exclusion process to minimize response skewness due to functional dissimilarity (McMurray et al., 2010) were also done as follows:
 - a. manufacturing industry- confirmed total employees without direct operation, technical staffs and companies' directors;
 - b. service industry- confirmed total employees without companies' directors and/or owners;
4. Upon validation of population, weighted sampling (companies with higher population, larger sample size) for each company was then calculated;
5. Proportionate allocation of questionnaires (weighted) to each company based on the total required sample size of 348 shown in Table 3.1. Consideration of weighted sample is made to ensure equal representation based proportionate stratified sampling process (Sekaran, 2000; Gay and Diehl, 1992).

Based on the above selection criteria, 3,699 qualified populations from 35 companies were identified. With the total population of close to 3,700, 348 samples should be collected using Krejcie and Morgan (1970) sampling method. Prior engagement with company representatives before distribution of the questionnaires provide great help as the participation rate was very encouraging. Three hundred and forty-eight (348) questionnaires were deployed to 35 qualified companies via company representative. This approach was adopted firstly due to the complexity of each organizational structure. Secondly, literatures suggest that job categories had significant impact on response pattern (Ardichvili, 2011) and to avoid biasness in relation to job, services population were selected. Thirdly, getting the correct respondents remained a challenge in spite of the company representatives being briefed on the requirements. Fourthly, direct delivery of questionnaires to each employee was quite remote as individual contact was not possible due to restrictions in releasing of individual information (against Personal Data Protection Act, 2010) by the participating companies. Such constraint left the researcher with limited options but was made to depend on the company representatives. This constraint is further discussed as research limitations in the last chapter.

Table 3.1: Sampling Methods

Company	Service Employee	Weightage	Sample Size
1	200	0.054	19
2	200	0.054	19
3	195	0.053	18
4	190	0.051	18
5	180	0.049	17
6	180	0.049	17
7	175	0.047	16
8	160	0.043	15
9	155	0.042	15
10	150	0.041	14
11	150	0.041	14
12	140	0.038	13
13	140	0.038	13
14	135	0.036	13
15	130	0.035	12
16	130	0.035	12
17	120	0.032	11
18	120	0.032	11
19	100	0.027	9
20	80	0.022	8
21	80	0.022	8
22	75	0.020	7
23	54	0.015	5
24	50	0.014	5
25	48	0.013	5
26	45	0.012	4
27	45	0.012	4
28	45	0.012	4
29	40	0.011	4
30	35	0.009	3
31	32	0.009	3
32	30	0.008	3
33	30	0.008	3
34	30	0.008	3
35	30	0.008	3
Total	3699	1.000	348

3.4 Data Collection Methods

Based on predefined weighted sample (Table 3.1) for equal representation, the questionnaires were sent to the company representatives established earlier during secondary data collection. For example, company A, a manufacturer for transport equipment having 650 employees but only 470 employees consist of operators, line-leaders, supervisors and other technical staff e.g. technicians and engineers plus directors will excluded from the population list of the company A. The balance of 180 employees, supporting staffs which included IT, Finance, HR, In-bound and out-bound Logistic, procurement, supply chain, facilities, security etc. are the identified population qualified for sampling. Total qualified respondents then determined the weightage ($180/3699 = 0.049$) followed by the actual sample size ($0.049 \times 348 = 17$). Similarly, company B which was an accounting firm with 45 employees excluding owners and directors will have a sample size of 4 ($45/3699 = 0.012$; $0.012 \times 348 = 4$). The same methodology was applied for all other qualified companies (Table 3.1) before the questionnaires with self-addressed envelopes and stamps were sent over to the company representatives for distribution to the target respondents. The covering letters specifically calling out on the distribution criteria were attached with parcels delivered to the company representatives. Besides that, other instructions like participation based on volunteerism, anonymity etc. and contact numbers were also included for each questionnaires. The company representatives were expected to distribute the questionnaires based on random sampling (Sekaran, 2000) where all identified population has equal chance of being selected as a subject.

Upon receipt of the questionnaires, potential respondents in each organization will then be notified via email or verbal communication by the company representatives to collect the questionnaires within two days from the date of notification. The distribution of the questionnaires was based on first-come first-serve principle until all questionnaires have been

fully distributed. The distribution method may not be ideal as far as random sampling is concerned but it is close enough as all respondents has equal chance to be represented. The only gap is that they need to be fast in collecting the questionnaires. After two days of notification, some questionnaires remained uncollected. The company representative again communicated with the potential respondents as a reminder after which all undistributed questionnaires are returned to the researcher. It was notable that the data collection process herein mentioned relied heavily on the company representatives. These challenges were posted as weaknesses for future research considerations.

Upon receiving the questionnaires, the respondents returned completed questionnaires directly to the researcher via self-addressed stamped envelopes within 14 days. This process was to ensure anonymity of the respondents. As for the follow up procedures, seven days after posted questionnaires, courtesy calls to the company representatives were made, asking them about the progress or any problems that they may have faced or any assistance required. Second courtesy calls were made after the due date. The objective of the second call was aimed to follow up with those that yet to return the questionnaires. When the completed questionnaires were not received within 1.5 months of the date of delivery, it was assumed that the respondents were not willing to participate and the data analysis was based on the response rate received till that end. The entire process of data collection from the point of sending the questionnaires to the company representatives up to the last collection date of the competed questionnaires was approximately two months.

3.4.1 Non-Response Bias

Non-response bias is a matter of concern for survey methodology (Armstrong and Overton 1977). The issue is pertaining to those who responded within the 14 days and those

who responded thereafter. There could be reasons holding them from completing the questionnaires in time that may impact the response pattern. In order to examine non-response bias, the Armstrong and Overton (1977) method was used by comparing the key demographic variables and response pattern of variable constructs for early and late responses using an independent variable t-test. The early response refers to those that responded in the first two weeks (Verreyne, 2005) while late responses are those responded after the first two weeks.

3.5 Instrumentations

Research instruments used in this study were adapted from various fields of empirical studies. For example, PCV and PCB instruments were adapted from Robinson and Morrison (2000) where their questionnaires were relevant to psychological contract field of studies; while positive psychological resources instruments were the copy exact from psychological capital questionnaires (PCQ) introduced by Luthans et al. (2007). The management responsiveness instrument on the other hand was adapted from Spencer (1986) which was relevant to the industrial relations studies.

It is important to note that the instruments for measuring PCV, PCB and MR were adapted in view of the measuring scale modification while others remain unchanged. PCV and PCB originally used 5 point Likert-type scales response (Robinson and Morrison, 2000) while MR response format based on 7 points Likert-type scales (Spencer, 1986). Likert-type scale is widely used to measure latent constructs across different fields (Kent, 2001). In order to be consistent with PCQ instruments, PCV, PCB and MR response format were all converted to six-point Likert scale. The standardization is also served to avoid the central tendency error (Cooper and Schindler, 2003) especially in Asia countries including Malaysia where

respondents incline to rank their priority in the neutrality dimension (Trompenaars and Hampden-Turner, 1997). Therefore, force ranking intentionally designed to counteract potential central tendency error which may affect the accuracy of the findings.

There are generally three approaches in measuring PCV and mediating variable PCB i.e. composite measure, global measure and weighted measure. Composite measure takes into consideration various content of the psychological contract breach or violation and ask respondents how much the organization has failed to fulfill their promises on each element. As for global measure, it does not refer to any specific content but instead directly assess the subjects' overall perception of the contract breach and violation. The last one was the weighted measure which was similar to the composite measure except that each item in specific content will also be assess on their importance before the breach or violation related questions being asked. Besides being lesser in complexity, global measure is found to be a better predictor (larger effective size) than composite measure (Zhao et al., 2007). As such global measure will be used in the current study. One drawback for the global measure is associated with non-weighted measure. However, participants are believed to have consciously or unconsciously (already) weigh the importance of the promises by which more important aspect of the contract breach is considered while they are responding (Zhao et al., 2007).

3.5.1 Psychological Contract Violation (PCV) Instruments

A four-item global measure instrument for PCV construct developed by Robinson and Morrison (2000) was used for this study. The reliability of the four-item composite measures indicates highly reliable with $\alpha = 0.92$. Consistent with other measures, 6 Likert-type scales measuring the degree of respondents' agreements or disagreements with the given statements. As for the rating scale, 1 denotes strongly disagree and 6 denotes strongly agree with the given

statements. It is noted here that Robinson and Morrison (2000) originally used 5 Likert-type scales but Suazo (2009) expanded to 7 Likert-type scales with the same questionnaires. It is believed that the scales used, whether 5, 6 or 7 Likert-type scales will have an insignificant impact on the results. As such 6 rating scale was used consistently with the other measuring instruments in positive psychological resources that require no alteration in the questionnaires or rating scales as pre-requisite for using PCQ measures (Luthans, et al., 2007). Sample of the statements for PCV are like “I feel betrayed by my organization” and “I feel that my organization has violated the contract between us”.

3.5.2 Psychological Contract Breach (PCB) Instruments

Similar to PCV with 6 Likert-type scales measuring the degree of respondents' agreements or disagreements with the given statements, five-item global measure for PCB introduced by Robinson and Morrison (2000) was used for the study. Sample for PCB statement was “I have not received everything promised to me in exchange for my contributions” (Robinson and Morrison, 2000). The reliability of the five-item instrument appears to be excellence as well with reliable measure $\alpha = 0.92$.

3.5.3 Positive Psychological Resources Instruments

Positive psychological resources instruments are based on PsyCap first order construct. PsyCap was the higher order construct introduced by Luthans et al. (2007), consisting of 24 statements measuring positive psychological resources i.e. efficacy, hope, resiliency and optimism known as psychological capital questionnaires (PCQ). PCQ was a combination of recognized and published measures previously done by other authors like Parker (1998) for efficacy, Synder et al., (1996) for hope, Scheier and Carver (1985) for optimism and Wagnild

and Young (1993) for resilience (Luthans et al., (2007). Validity and reliability of PCQ was also validated by Caza et al., (2010). Out of 24 PCQ statements, 6 statements represented each of the first-order construct (efficacy, hope, resiliency and optimism). An example of the statements are “I feel confident analyzing a long-term problem to find a solution,” which measured efficacy and “At the present time, I am energetically pursuing my work goals,” which measured hope. Meanwhile, statements like “I usually take stressful things at work in stride” which measured optimism and “I approach this job as if ‘every cloud has a silver lining’” which measured resiliency. Each of the 24 items completed with 6 rating scales indicated agreement or disagreement to the given statements (1 = strongly disagree to 6 = strongly agree).

Based on multiple studies involving first-orders construct, reliability results showed satisfactory to excellence where previous studies indicated $\alpha > 0.70$ (Avey et al., 2009; Avey, Patera and West, 2006; Luthan et al., 2007). The reliability measure ranged from 0.73 to 0.90 for all positive psychological resources (efficacy, hope, resiliency and optimism).

For the purpose of this research, first-order constructors, the individual positive psychological resources will be used instead of higher order construct or global measures. The difference between the first order and the higher order construct is the splitting of the 24 measuring statements or a combination of the 24 measuring statements. The combination of the 24 measuring statements would represent higher order construct (PsyCap) while splitting it into four positive psychological resources i.e. efficacy, hope, resiliency and optimism are measuring the first order construct. Luthans et al. (2007) specified clearly the sequent of measures, i.e. the first 6 statements were measuring the efficacy, the second 6 statements were measuring hope, the next 6 statements were measuring resiliency and the last 6 statements were

measuring optimism. Based on the pilot test results, higher order construct has limited predictability and lost opportunity to identify the key predictors in the path coefficient model. Each construct may carry different weightage in predicting the endogenous variable. As such, for the purpose of this research, first order construct is deemed appropriate.

3.5.4 Management Responsiveness Instruments

The measure of management responsiveness was adapted from Spencer (1986) instrument. It consists of 10 statements, 6-Likert-type scales with 1 indicated strongly disagree and 6 implied strongly agree with the given statements. Based on Spencer's (1986) findings, ten-item composite reliability is $\alpha = 0.89$, strongly reliable. Similar to the previous measures, the respondents were asked to indicate the likelihood of them agreeing or disagreeing with the described statements. Sample of the management responsiveness' statements are like "The management of my organization is not interested in resolving individual employee problems" (reverse statement) and "The management of my organization encourages employees to voice their problems". Complete set of research instruments use for this research is available in **Appendix 2**.

3.6 Data Analysis Techniques

Based on the research objectives and data collected, few analysis techniques could be considered and amongst the common technique used in social science include multiple regression and SEM or PLS-SEM. Regression is used when independent variables are correlated with one another and with the dependent variables (Coakes, Steed and Ong, 2010). Generally there are three regression models i.e. simultaneous model, hierarchical and stepwise regression. Which model is considered depending on various attributes which include the analysis objectives that researcher intended to achieve. Each model has its own prerequisites,

strengths and weaknesses. Likewise, regression, SEM and PLS-SEM analysis technique has its own strengths and weaknesses as well as preconditioning. For example in regression model, normality is assumed while in PLS-SEM abnormality is acceptable.

In view of the abnormality of the data collected (Kolmogorov-Smirnov Sig. = 0.00; less than 0.05 for normality assumed) for all measurement variables, PLS-SEM techniques of analysis, specifically SmartPLS Version 2.0, M3 Beta (Hansmann and Ringle, 2004) was used in measuring of the endogenous and exogenous constructs relationships. PLS-SEM is an open-source software package provided by the University of Hamburg. PLS path modeling was based on variance rather than covariance analysis. This approach was considered over other methods due to several reasons. First, using PLS, construct may be measured by single item versus covariance approach which required four items per construct (Yim and Leem, 2013). Some of the variables that form a construct in this research failed to fulfill the minimum factor loading and need to be eliminated resulting in fewer items for a construct but significant as predictor. Second, PLS provide more accurate estimates of the interaction effect like mediator (Chin, 1998). Third, PLS-SEM achieved high levels of statistical power even with small sample size (Hair, Hult, Ringle and Sarstedt, 2014). Based on sampling process and data collection procedure, 251 responses were usable. The usable responses were above minimum threshold of 110 samples i.e. 10 times the maximum number of arrowheads pointing at a latent variable anywhere in the PLS path model (Hair et al., 2014). Forth, PLS analysis did not require normality assumption but employed bootstrapping to predict the significance of the relationships, in conformity to non-normal data (Effron, 1988) and fifth, it handled non-normal data relatively well too (Ringle, Sarstedt and Zimmermann, 2011).

3.6.1 Reliability and Validity

In general, PLS model was analyzed and interpreted sequentially in two main steps i.e. assessment of reliability and validity and the assessment of the structural model (Chin, 1998). Prior to the PLS structural model analysis, reliability and validity of the model was first assessed. In PLS path model, internal consistency reliability could be examined from composite reliability. It took into consideration that all indicators have different loadings with internal consistency reliability value at least 0.7, the lowest limit for reliability measures (Hair, Black, Babin, Anderson and Tatham, 2006). Next, two types of validity were examined i.e. convergent validity and discriminant validity. Convergent validity signifies that a set of items measure one and the same construct suggesting that average variance extracted (AVE) value of at least 0.5 is sufficient for convergent validity (Fornell and Larcker, 1981). It means that on average the latent variable managed to explain at least 50 percent of the variance of its items. Discriminant validity on the other hand, was verified via the square roots of AVE for each constructs. The AVE value should be larger than the correlation between a construct and any other constructs. However, prior to the above, examining the main loading for each items that form a constructs (> 0.5) and main loading minus cross loading (> 0.1) must be first satisfied. Once these were fulfilled, the analysis of model significant were then good to proceed.

3.6.2 Structural Model Analysis

After having established that the construct measures were reliable and valid, the next step was to provide evidence supporting the theoretical or structural model result which emphasized on variance explained and the significance of all path estimates. Hair et al., (2014) proposed the following five steps for structural model assessment procedures which were carried out sequentially:

1. Assess structural model for collinearity issues
2. Assess the significance and relevance of the structural model relationships
3. Assess the level of R-square
4. Assess the effect size (f-square)
5. Assess the predictive relevance (Q-square) and the q-square effect size

3.6.2.1 Collinearity Assessment

The objective of assessing collinearity was to avoid bias in the path coefficients due to similarity amongst the predictor constructs. In order to do that, “latent variable score” were retrieved from PLS Algorithm and moved it into SPSS to conduct regression for collinearity statistics where the VIF value for each of the constructs were ascertained. If the VIF value for predictor construct was lesser than 5, non-collinearity was assumed and assessment of the second to fifth steps which was the key criteria for assessing PLS structural model can proceed. Should collinearity exists Hair et al., (2014) suggest that one should consider to eliminate constructs, merging predictors into a single construct, or creating higher-order constructs to treat collinearity problems.

3.6.2.2 Significant of the Path Coefficients

Path coefficients in structural model relationships indicated the strength and direction of the relationship between endogenous and exogenous latent variables. It represented the hypothesized relationships amongst the constructs which have standard coefficients between negative one to positive one (-1 to +1). The estimated path coefficient close to negative one (-1), indicated strong negative relationship that were highly likely statistically significant. The reverse is true when the path coefficients were close to positive one (+1).

In order to ascertain the significance of the path coefficients, it was depended on the standard error that could be obtained from means of bootstrapping. In the bootstrapping routine, Hair et al., (2014) suggested the inclusion of 5000 subsamples in order to have better predicted critical values. If empirical t-value was larger than the critical value, the coefficient was significant. According to Hair et al., (2014) the critical value for two-tailed test were 1.65, 1.96 and 2.57 for significant of 10%, 5% and 1% respectively. In the case of one-tailed tests the critical t-value was 1.64 for 5% significant and 2.33 for 1% significant. In the current study, the coherent to research framework and hypotheses, the critical value for one-tailed test was relevant and applied in determining the strength and direction of the path coefficient.

3.6.2.3 Coefficient of Determination (R^2)

R^2 value or coefficient of determination was the measure of variance in the endogenous latent variables (constructs) explained by all exogenous latent variables (constructs) relevant to it. It was calculated as a squared correlation (actual versus predictive values) between a specific endogenous construct. The R^2 value ranged from 0 to 1 with higher the value represented more predictive accuracy of the exogenous construct (Hair et al., 2014). In current study, exogenous construct consist of Efficacy (EFFI), Hope (HOPE), Resiliency (RESI), Optimism (OPTI) and management responsiveness (MR) while endogenous construct referred to the psychological contract violation (PCV) (Figure 2.2). Psychological contract breach (PCB) was posited as mediator between exogenous and endogenous constructs respectively. In PLS routine, path coefficient and R^2 value was obtained via PLS Algorithm procedures.

3.6.2.4 Effect Size f^2

Besides evaluating the R^2 values of the endogenous constructs, Hair et al., (2014) also recommended that the analysis should consider the impact of changes in R^2 when exogenous

constructs were omitted from the model. This procedure required the removal of exogenous construct one-by-one which then observed the changes in the R^2 values which later calculated the effect size of each exogenous construct using the following formula (Hair et al., 2014):

$$f^2 = \frac{R^2 \text{ (included)} - R^2 \text{ (excluded)}}{1 - R^2 \text{ (included)}}$$

This procedure will be able to identify which of the exogenous constructs has large, medium or small effect on the endogenous constructs. The f^2 of 0.35, 0.15 and 0.02 were considered as large, medium and small effect of the exogenous latent variable respectively (Cohen, 1988).

3.6.2.5 Predictive Relevance

Besides evaluating the magnitude of R^2 , conduct predictive relevance (Q^2) measurement routine will ‘accurately predict the data point of indicators in reflective measurement model of endogenous construct’ (Hair et al., 2014). The measurement process in PLS-SEM involved blindfolding procedure where ‘a sample reused technique that omits every d th data point in the endogenous construct’s indicators and estimate the parameters with the remaining data points’ (Chin, 1998). The difference between the estimated true data point and the predicted data point will be used for Q^2 estimation. Examining the blindfolding results via report of construct cross-validated redundancy, positive value of Q^2 for specific reflective endogenous latent variable implied that the path model had predictive relevance.

One can also examine the effect size (q^2) of predictive relevance for each of exogenous construct on endogenous construct by applying the same methodology in f^2 measurements, based on the following formula (Hair et al., 2014):

$$q^2 = \frac{Q^2 \text{ (included)} - Q^2 \text{ (excluded)}}{1 - Q^2 \text{ (included)}}$$

Based on the rule of thumb, q^2 value of 0.02, 0.15 and 0.35 indicate small, medium and large predictive relevance of the exogenous construct have on endogenous construct.

3.6.3 Indirect Effect Measurement (Mediator)

In this research model (Figure 2.3), psychological contract breach was theorized as mediator for the relationship between exogenous construct (Efficacy, Hope, Resiliency, Optimism and Management Responsiveness) and endogenous construct (psychological contract violation). Therefore the analysis of the mediator effect will be part of the research outcomes. Against the commonly used approach in testing of the mediating effect, Sobel test (Sobel, 1982), Preacher and Hayes (2008) approach was used in the analysis as recommended by Hair et al. (2014). According to Preacher and Hayes (2008) this routine involved bootstrapping and made no assumption the shape of variables' distribution and can be applied for smaller sample size with more confidence. It was also suggested that this approach exhibit higher statistical power compared to Sobel's test (Hair et al., 2014).

Considering both Baron and Kenny (1986) mediator's conditions and Preacher and Hayes (2008) approaches in assessing mediating effects would involve examining the path coefficient of exogenous constructs on the endogenous construct with bootstrapping procedure

to ascertain the significance of the relationship. First, the significance of the path coefficient without the mediator will be assessed and followed with the inclusion the mediator. Should the mediating effect exist; the direct path coefficient between the exogenous and endogenous constructs would change. How much will this change will depend on the strength of the mediator constructs in relations to exogenous and endogenous constructs.

In reference to Figure 2.2, step 1, the estimation of the PLS path model (H2, H4, H6, H8 and H10) without the mediator (PCB) would determine the significance of the direct path coefficient. The insignificant relationship of any exogenous constructs to the endogenous construct will not be considered for the mediating effect later as one should not assume that their relationships were mediated by PCB. In step 2, when the mediator variable included (H3, H5, H7, H9, H11), the assessment will be made whether the indirect effect of Efficacy, Hope, Resiliency, Optimism and Management Responsiveness (MR) via the PCB mediating variable on PCV was significant. Assuming that relationship between MR and PCB (H11) was significant as well as PCB and PCV (H1) were also significant (in compliance to Baron and Kenny (1986) mediator's conditions), one then can calculate the indirect effect size of PCB and later manually calculate the standard error in bootstrapping before calculating the variance accounted for (VAF). VAF was the effect size of the exogenous constructs to PCV explained via the PCB mediator. According to Hair et al. (2014), VAF more than 80% indicated full mediation; while VAF of 20% to 80%, partial mediation and VAF less than 20% was referred to as no mediation.

Prior to the above analysis however, descriptive analysis which were summarized among other things, the composition of the response rate, gender, age, education, job levels, organization etc. were first examined. This analysis was done via SPSS programs. In total, the

analysis for this study was a combination of PLS-SEM, SPSS and Excel Microsoft program. The details of the analysis and the results of the study will be discussed in the following chapter, chapter 4.

3.7 Pilot Test

Based on the research instruments discussed, a pilot test was conducted with 62 respondents involved from service companied or service functional group of a manufacturing company. The key objective was to assess the consistency and understanding of the questionnaires. The Pilot test was deemed important as it could avoid disaster due to e.g. offensive statements, confusion or awkward questions (Cooper and Schindler, 2003). Data collection for the pilot test involved several steps. First, obtained full list of service personnel from human resource department, then confirmed the employment status (regular staffs only) for each of these personnel to avoid contract staff and directors of the company. There were 92 service personnel in this company and all of them were invited via email to participate in the prelim survey. The objectives and volunteerism-based participation were explained in the email. The respondents were given three working days to collect the questionnaires from the front-desk executive of the company and to return the completed questionnaires to the same person via sealed envelope attached to the questionnaires within seven days. At the end of seven days, 65 questionnaires were returned with three questionnaires incomplete and discarded.

Considering the abnormality of the data collected (skewness), PLS-SEM techniques of analysis were adopted. The key objective of data analysis at this stage is to determine the path coefficient of the research model is work as hypothesized. The results of path coefficient for

the pilot test suggest that exogenous constructs (efficacy, hope, optimism, resiliency and management responsiveness) moderate predictor (Hair et al., 2014) for endogenous latent variable (psychological contract violation). Collectively, positive psychological resources and management responsiveness explained 35.8% of psychological contract violation ($R\text{-square} = 0.358$). Individually, exogenous constructs (EFFI, HOPE, RESI, OPTI and MR) indicated significant relationship with PCV where t-value for all exogenous constructs were ranging from 1.645 to 8.704. However, in the pilot test only MR has significant relationship with both PCV and PCB fulfilling the requirement for testing the mediating effect of PCB on PCV. There was no major error or concern found in the questionnaires and the data collection method, thus similar approaches were adopted in the full scale data collection process.

3.8 Chapter Summary

This chapter dealt with research design which includes sampling process, research instruments and data collection methods as well as data analysis techniques. All research instruments for exogenous and endogenous constructs were adapted from previous studies with standardized six-point Likert type scales response. Meanwhile, stratified random sampling was adopted in identifying the potential respondents and data collection process which involved individual service employee of SMBA member's companies. PLS-SEM used as the anchored analysis technique to assess the reliability, validity, structural model and mediating effect of the mediator. The chapter ended with pilot test procedure before moved to chapter four for analysis.

CHAPTER 4

DATA ANALYSIS AND RESULTS

4.1 Introduction

This chapter explains the analyses conducted applying PLS-SEM as the primary tool to present the empirical results testing of the hypotheses. It consists of four main sections summarized in Figure 4.1. After the introduction, the process of data coding and editing (4.2) will be explained followed by descriptive statistics in section 4.3 and 4.4. Section 4.5 is focused on measurement model which include the convergent (4.5.1) and discriminant (5.4.2) validity followed by structural model in section 4.6 where the correlation and significance of constructs are assessed which include collinearity (4.6.1), model significant (4.6.2), effect size (4.6.3) hypotheses evaluation (4.6.4), predictive relevance (4.6.5) and the last sections (4.6.6), the mediator effect of PCB on endogenous construct.

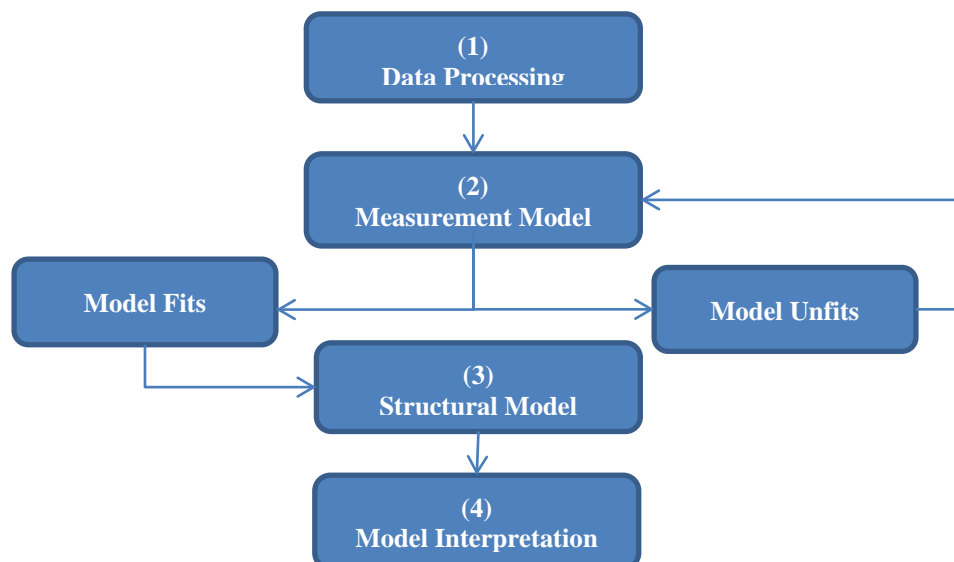


Figure 4.1: Summary of Data Analysis Procedures

4.2 Response Rate

Out of 276 total responses received, 251 data (72.1%) are usable for the analyses (Table 4.1). The total response rate was encouraging at 79.3%. However, 25 responses were removed from the data frame due to various reasons with majority of the cases dropped due to outlier. In this case, outlier is determined by examining latent variable score for all constructs. Any variables score that were larger than +3 or smaller than -3 considered for deletion (Ramayah, 2014). This process has been completed before pursuing to the next stage of analysis.

Table 4.1: Response rate

Descriptions	Number	Percentage	Reasons
Distributed questionnaires	348	100.00%	NA
Completed questionnaires received	276	79.30%	NA
Unusable questionnaires	25	7.20%	Standard response (3), incomplete responses (4), outlier (18)
Usable questionnaires	251	72.10%	NA

4.2.1 Non-Response Bias

As earlier discussed in section 3.4.1, non-response bias is a matter of concern for survey methodology (Armstrong and Overton 1977) if the response rate within the first 14 days and those who responded thereafter are significantly different in numbers (Armstrong and Overton, 1977). Existing of non-response bias could be examined via comparing the key demographic variables and response pattern of variable constructs for early and late responses using an independent variable t-test. Based on Verreyne (2005) early response refers to those that

responded in the first two weeks or within the timeframe instructed in the questionnaires. For current study, 95% (262) of the respondents completed and returned the questionnaires within two weeks while 5% (14) responded after the two weeks' timeframe. Out of the fourteen (14) late responses, two (2) responses were incomplete and were dropped from the analysis. In view of small percentage usable late responses, non-response bias is not a concern and therefore comparing the early and late responses is unnecessary and was not conducted.

4.3 Responses demographic

Table 4.2 shows actual profile of respondents. From an ethnic standpoint, there were fairly distributed amongst Malays (30.3%), Chinese (32.7%) and Indians (35%) with only 2% others. In terms of gender, males were slightly higher represented with 52.6% while females were 47.4%. As for age groups, majority of them were at the early stages of their career with 49.4% between the age group of 26 to 35 years, followed by the age group of 36 to 45 years (33%), 46 to 55 years (10%) and Gen-Y below 26 years (7.6%). Most of the respondents were highly educated with 54.6% were graduate and post graduate degree holders, followed by diploma holders (32.7%) and STPM or lower certificates (12.7%). All respondents were employees of organization (100%) with services functional duties (100%), meeting the criteria set for the unit of analysis. About thirty-one percent (31%) of the respondents had less than three years of service with the company and a fairly large percentage can be considered as senior employees with more than three years (69%) of service with majority coming from the manufacturing sector (83.2%) and the balance were either from service industries (10%) or other sectors (6.8%). As far as company ownership was concern, 59.4% was foreign-owned companies and the balance either locally-owned (20.3%) or joint-venture entities (20.3%). In view of the company size based on service employees, 20.7% of the respondent companies

employ between 30 to 119 service employees, while a fairly large percentage (79.3%) of the respondent companies employ between 120 to 200 service employees.

Table 4.2: Respondent Demographics

Demographic Profile	Respondents (N = 251)	Valid Percentage (%)
Gender:		
Male	132	52.6
Female	119	47.4
	251	100
Ethnic:		
Malay	76	30.3
Chinese	82	32.7
Indian	88	35.1
Others	5	2.0
	251	100
Age:		
25 and below	19	7.6
26 TO 35	124	49.4
36 TO 45	83	33.1
46 TO 55	25	10.0
	251	100
Education:		
STPM and below	32	12.7
Diploma	82	32.7
Degree	126	50.2
Post-graduate	11	4.4
	251	100
Employment Status:		
Owner	0	0
Owner cum employee	0	0
Employee	251	100.0
	251	100.0
Job Category:		
Operation	0	0
Non-Operation (services)	251	100.0
	251	100.0

Service Length:

2.9 year and below	77	30.7
3 year to 5.9 year	71	28.3
6 year to 8.9 year	33	13.1
9.0 year to 11.9 year	39	15.5
12 year and above	31	12.4
	251	100

Type of Industry:

Service	25	10.0
Manufacturing	209	83.3
Others	17	6.8
	251	100

Ownership:

100% locally owned	51	20.3
100% foreign owned	149	59.4
Join-venture	51	20.3
	251	100

No. of Service Employee:

30 to 59	29	11.5
60 to 89	18	7.2
90 to 119	5	2.0
120 to 149	62	24.7
150 to 179	75	29.9
180 to 200	62	24.7
	251	100

4.4 Descriptive statistics

The descriptive statistics of constructs (mean and standard deviation) were presented in Table 4.3 meant to examine the social desirability bias. Considering self-reported responses used in data collection, social desirability bias may be present. In determining the social desirability biasness, calculation of coefficients of variance is conducted by taking standard deviation of each constructs divided by the mean of the construct (Standard Deviation/mean) presented in Table 4.3. The data showed substantial variability indicated by differences in

percentage of variance coefficient from one variable construct to another and therefore social desirability bias was ruled out for this data frame.

Table 4.3: Descriptive Statistic (Mean and Standard Deviation)

Constructs	Codes	Mean	Std Dev	Coefficient of Variance
Psychological Contract Breach	PCB	2.783	1.177	42.3%
Psychological Contract Violation	PCV	2.426	1.345	55.5%
Management Responsiveness	MR	4.086	1.345	32.9%
Self-Efficacy	EFFI	4.708	1.011	21.5%
Hope	HOPE	4.683	.940	20.1%
Resiliency	RESI	4.296	1.194	27.8%
Optimism	OPTI	4.163	1.259	30.2%

4.5 Measurement Model

Reflective measurement models included convergent validity, discriminant validity and collinearity assessments. Convergent validity was “the extent to which a measure correlates positively with alternative measures of the same construct” (Hair et al., 2014) while discriminant validity was used to measure the extent to which a construct was significantly distinct from other constructs. In other words, convergent validity was looking at each measure within the construct while discriminant validity was looking at each construct which may consist of few measures. At the final stage before interpretation of the results, collinearity level was also being assessed as high collinearity amongst the constructs may post a threat to the accuracy of the estimated results (Hair et al., 2014).

4.5.1 Convergent validity

Convergent validity was referred to whether a set of item share a high proportion of variance in common. All of the constructs in this research model were measured by multiple items. However, when the items become redundant, it should be removed (Kline, 2005; Hair et al., 2014) for construct parsimonious. In PLS-SEM, rather than automatically removing all indicators with outer loading of less than 0.7, Hair et al. (2014) suggests that outer loadings between 0.4 and 0.7 should be carefully removed only if the removal of the indicators improve composite reliability and average variant extracted (AVE). In fact measurement items may be considered for removal even if the outer loading at 0.7 or more should the AVE not meeting the minimum threshold of 0.5. This exercise also needs to be carefully executed as deletion of measurement items may reduce R^2 . However, any measurement items with outer loading less than 0.4 are removed from the scale (Hair, Ringle and Sarstedt, 2011). Considering all the above, Table 4.4 displays measurement items for all constructs. As displayed, the original measurement items for PCB and PCV were all retained while six items measuring MR, one item each measuring EFFI and HOPE, four items measuring RESI and three items measuring OPTI were removed from the scales due to low outer loadings. The removal was not surprising as their relationship, exogenous and endogenous variables have not been tested in the past, at least not to the knowledge of the researcher.

Table 4.4: Measurement Items and Their Descriptions

Original Measurement Items	Item Label	Item Deleted
Psychological Contract Breach (PCB):		
Almost all the promises made by my employer during recruitment have been kept so far.	PCB1	
I feel that my employer has come through in fulfilling the promises made to me when I was hired.	PCB2	
So far my employer has done an excellent job of fulfilling its promises to me.	PCB3	
I have not received everything promised to me in exchange for my contributions.	PCB4	
My employer has broken many of its promises to me even though I've upheld my side of the deal.	PCB5	
Psychological Contract Violation:		
I feel betrayed by my organization.	PCV1	
I feel a great deal of anger toward my organization.	PCV2	
I feel my organization has violated the contract between us.	PCV3	
I feel extremely frustrated by how I have been treated by my organization.	PCV4	
Management Responsiveness:		
The management of my organization is not interested in resolving individual employee problems.	MR1	
The management of my organization encourages employees to voice their problems.	MR2	Deleted
The management of my organization has not provided enough mechanisms (for example, suggestion systems, grievance procedures, etc.) to allow employees to effectively voice their dissatisfaction.	MR3	Deleted
I get the feeling that my superior does not want to hear about my complaints.	MR4	
The personnel manager is open to receiving complaints.	MR5	Deleted
My boss comes around regularly to keep in touch with any complaints that I may have.	MR6	
The personnel manager makes an effort to keep in touch with any complaints that workers have.	MR7	
I feel intimidated by my superiors when pursuing a grievance.	MR8	Deleted
Management views grievances as a challenge to their authority.	MR9	Deleted
The organization encourages suggestions to improve situations that are dissatisfying to employees.	MR10	Deleted

Efficacy:

I feel confident analyzing a long-term problem to find a solution.	EFFI1	
I feel confident in representing my work area in meeting with management.	EFFI2	
I feel confident contributing to discussions about the organization's strategy.	EFFI3	
I feel confident helping to set targets/goals in my work area.	EFFI4	
I feel confident contacting people outside the organization (e.g., suppliers, customers) to discuss problems.	EFFI5	Deleted
I feel confident presenting information to a group of colleagues.	EFFI6	

Hope:

If I should find myself in a jam at work, I could think of many ways to get out of it.	HOPE1	Deleted
At the present time, I am energetically pursuing my work goals.	HOPE2	
There lots of ways around any problem.	HOPE3	
Right now I see myself as being pretty successful at work.	HOPE4	
I can think of many ways to reach my current work goals.	HOPE5	
At this time, I am meeting the work goals that I have set for myself.	HOPE6	

Resiliency:

When I have setback at work, I have trouble recovering from it, moving on.	RESI1	
I usually manage difficulties one way or another at work.	RESI2	Deleted
I can be "on my own" so to speak, at work if I have to.	RESI3	Deleted
I usually take stressful things at work in stride.	RESI4	Deleted
I can get through difficult times at work because I've experienced difficulty before.	RESI5	
I feel I can handle many things at a time at this job.	RESI6	Deleted

Optimism:

When things are uncertain for me at work, I usually expect the best.	OPTI1	
If something can go wrong for me work-wise, it will.	OPTI2	Deleted
I always look on the bright side of things regarding my job.	OPTI3	
I'm optimistic about what will happen to me in the future as it pertains to work.	OPTI4	
In this job, things never work out the way I want to do them.	OPTI5	Deleted
I approach this job as if "every cloud has a silver lining."	OPTI6	Deleted

Table 4.5 displays the outer loading for each item. Eight of the twenty-eight (8/28) items show outer loading less than 0.708 threshold (Hair et al., 2014). However, the measurement items were retained as outer loading in psychology frequently observe weaker loading especially when involves newly developed scales (Hulland, 1999). In this research, the scale (a set of reflective measure) was adopted from previous researchers but their relationships were not known to have been empirically tested in the past. Therefore, the assumption was made that the scale for the constructs are new. The items were carefully examined to retain whenever the effects of the items that were positive against the composite reliability (CR) and /or average variant extracted (AVE).

Composite reliability was assessing whether measurement indicators were sufficient in representing the constructs (Fornell and Larcker, 1981). In Table 4.5 shows that composite reliability for each construct was above 0.7 thresholds (Segars, 1997) suggesting strong evidence for scale reliability in reflective construct except “Resiliency” construct which CR value close to 0.7 (0.696) and accepted as meeting the threshold. The average variance extracted (AVE) on the other hand was a summary indicator for convergent validity of the constructs. As shown in Table 4.5, AVE for all constructs above 0.5 meaning that latent constructs can be accounted for at least 50% of the variance in items. AVE for all constructs in this model was ranging from 51% to 74% indicating that measurement scale has adequate convergent validity (Hair et al., 2014).

Table 4.5: Convergent Validity of the Construct

Items	Loading	AVE	CR
EFFI1	0.769	0.601	0.883
EFFI2	0.792		
EFFI3	0.817		
EFFI4	0.769		
EFFI6	0.726		
HOPE2	0.740	0.533	0.850
HOPE3	0.695		
HOPE4	0.738		
HOPE5	0.819		
HOPE6	0.649		
MR1	0.695	0.509	0.804
MR4	0.831		
MR6	0.632		
MR7	0.680		
OPTI1	0.554		
OPTI3	0.877		
OPTI4	0.709	0.526	0.763
PCB1	0.708		
PCB2	0.794		
PCB3	0.824		
PCB4	0.642		
PCB5	0.725		
PCV1	0.871	0.744	0.921
PCV2	0.807		
PCV3	0.891		
PCV4	0.880		
RESI1	0.782		
RESI5	0.678		

4.5.2 Discriminant validity

Discriminant validity refers to the degree of measure of different constructs were distinct from one another and “implies that a construct was unique and captures phenomena not represented by other constructs in the model” (Hair et al., 2014). It can be assessed by comparing square root of AVE for each construct in correlations to other constructs (Chin, 1998). Table 4.6 showed all square root of AVE in diagonal are larger than inter-construct correlations, suggesting that variance explained by the respective construct was larger than the measurement error (Fornell and Bookstein, 1982) variance and therefore measurement of discriminant validity was validated.

Table 4.6: Discriminant Validity

	EFFI	HOPE	MR	OPTI	PCB	PCV	RESI
EFFI	0.775113						
HOPE	0.6353	0.730342					
MR	0.2461	0.2811	0.713162				
OPTI	0.3864	0.5165	0.1041	0.725396			
PCB	-0.2735	-0.2758	-0.5733	-0.1994	0.741418		
PCV	-0.1218	-0.2423	-0.4767	-0.1145	0.5759	0.862728	
RESI	0.1656	0.1573	0.1035	0.2221	-0.1012	-0.2348	0.731505

4.6 Structural Model

Before the interpretation of the results, collinearity issue was first assessed as the existence of collinearity will affect the accuracy of the predictor constructs.

4.6.1 Collinearity

Collinearity refers to a condition in which two or more constructs highly correlated, meaning that one construct can be linearly predicted from the others with limited degree of accuracy. Therefore, if collinearity at critical level indicated by variance inflation factor (VIF) value of less than 0.2 or larger than 5.0 (Hair et al., 2011), the construct need to be treated either by removing the corresponding indicator, combining the collinear indicator into a single construct, creating higher order construct or the indicator need to be removed from the structural model (Hair et al., 2014). VIF value for collinearity assessment is obtained from multiple regressions using another statistical software package, IBM SPSS. This was done by importing latent variable score from PLS into IBM SPSS Statistic and run multiple regressions with a set of exogenous constructs as independence variable with another endogenous latent variable specifically request for VIF value. Table 4.7 displays set 1 independence variable consist of five predictor constructs (EFFI, HOPE, MR, OPTI and RESI) and PCB as dependence variable. In set 2, PCB was assumed as predictor construct while PCV was the dependent variable. The results (Table 4.7) showed that VIF value is well above 0.2 and below threshold of 5.0 (Hair et al., 2014) indicating that collinearity amongst the predictor constructs was not an issue. In other words, predictor constructs are not highly correlated with one another and individually contribute to explain the coefficient of determination R^2 . Dropping either one of the predictor constructs will reduce the model significant. Thus, interpretation of the structural model can therefore proceed.

Table 4.7: Collinearity

Set 1		Set 2	
Construct	VIF	Construct	VIF
EFFI	1.713	PCB	1.000
HOPE	2.023		
MR	1.103		
OPTI	1.417		
RESI	1.065		

Dependent variable PCB

Dependent variable PCV

4.6.2 Model Significant

Examining the R^2 value (Figure 4.2) represents the amount of explained variance (coefficients of determination) of the endogenous constructs, PCV (0.413) and PCB (0.357) are considered weak based on general rule of thumb where R^2 values of 0.25, 0.5 and 0.75 are considered as weak, moderate and substantial respectively (Hair et al., 2014). However, a proportion of variance above 25% (R^2 values of 0.25 and above) especially in the field of psychology is considered substantial (Heiman, 1998).

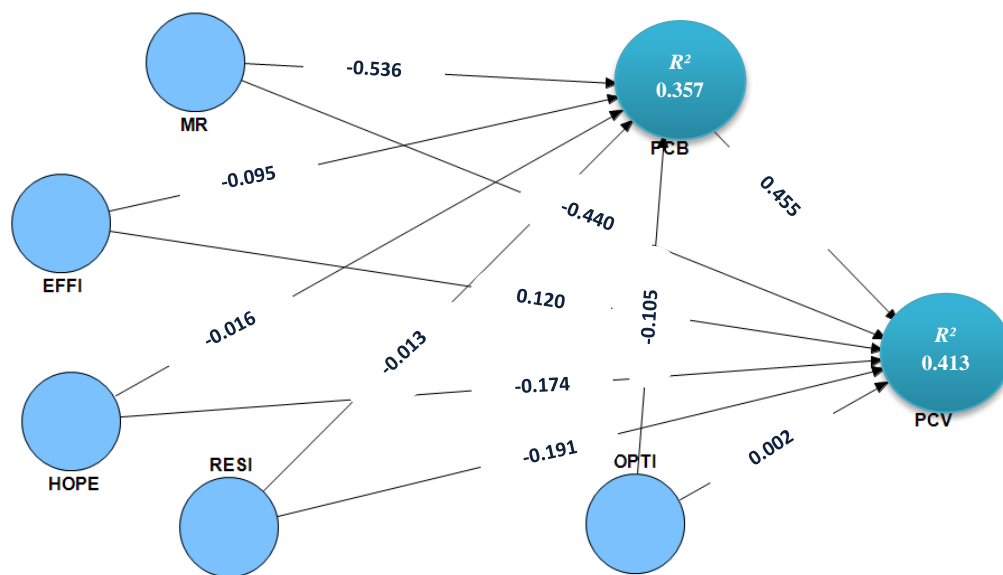


Figure 4.2: Structural Model

Examining the relative importance of the total effects of exogenous constructs on PCB, management responsiveness (MR), (-0.535) appeared to be the single most important driver, while efficacy (EFFI), hope (HOPE), resiliency (RESI) and optimism (OPTI) have very little bearing on perceived psychological contract breach (PCB). In contrast, beside MR (-0.440), EFFI (0.123), HOPE (-0.175) and RESI (-0.185) increased in importance of determining the level of the negative emotion, psychological contract violation (PCV). Optimism however, has little bearing on both relationship, OPTI → PCB and OPTI → PCV.

4.6.3 Effect Size f^2

Besides the relative importance of the exogenous constructs, the effect size of each constructs can also be determined by evaluating the changes in R^2 when specified exogenous construct is omitted from the model. The effect size of the exogenous construct can be calculated based on the following formula (Hair et al., 2014):

$$f^2 = \frac{R^2_{\text{included}} - R^2_{\text{excluded}}}{1 - R^2_{\text{included}}}$$

The evaluation process involve the estimation of the PLS path model twice for each exogenous constructs, one with the specified construct (R^2_{included}) and another one without the specified construct (R^2_{excluded}). After obtaining R^2 values for all exogenous constructs relevant to the endogenous constructs, based on effect size rules of thumb (Cohen, 1988), MR has larger effect size (>0.35) for PCB while other exogenous constructs, EFFI, HOPE, RESI and OPTI has no effect (<0.02) on PCB (Table 4.8). In contrast, PCB has medium ($>0.15 < 0.35$) effect size on PCV, while MR, EFFI, HOPE and RESI have small effect on PCV. Optimism has neither effect on PCB nor PCV.

Table 4.8: Effect Size f^2

Exogenous Constructs	PCB		PCV	
	Path Coefficient	f^2 Effect Size	Path Coefficient	f^2 Effect Size
PCB			0.455	0.19
MR	-0.536	0.40	-0.440	0.04
EFFI	-0.095	0.01	0.120	0.02
HOPE	-0.016	0.00	-0.174	0.02
RESI	-0.013	0.00	-0.191	0.05
OPTI	-0.105	0.01	0.002	0.00

4.6.4 Hypotheses Evaluation

Table 4.9 showed estimation results of the structural equation model including standardized path coefficients and their t-values obtained from PLS analysis. The standard errors were computed by using the bootstrap resampling method with 5000 resamples. The results provide evidence for the hypothesized relationship between exogenous constructs and PCV. As summarized in Table 4.9, out of eleven hypotheses (mediating effect will be discussed later), the test results of the hypotheses H1, H2, H4, H8, H10 and H11 are showed to be significant and supported while five other hypotheses (H3, H5, H6, H7 and H9) were not supported. Directional relationships of these hypotheses (H1, H2, H4, H8, H10 and H11) were also supported as earlier theorized. For example, MR was hypothesized to have negative relationship with PCV and PCB, the results show that relationship of MR and PCV (H10), $\beta = -0.440$, $t = 7.405$ ($p < 0.001$) is significant and negatively related. Similarly, relationship of MR and PCB (H11), $\beta = -0.536$, $t = 13.009$ ($p < 0.001$) is highly significant and negatively related as theorized. In other words, management responsiveness (MR) is a significant predictor for PCV and PCB whereby increase in management responsiveness likely to reduce

employee perceived breach and negative emotion as a result of breach. It is important to note though, despite significant relationship EFFI and PCV were positively related, contradicting to H2 proposition. Therefore H2 hypothesis was not supported.

Table 4.9: Hypotheses and Summary of Results for the Mediating Effect PCB

Hypotheses	Relationship	Std Beta	Std Error	t-value	Decision
H1	pcb -> pcv	0.455	0.053	8.553	Supported***
H2	effi -> pcv	0.120	0.073	1.672	Supported
H3	effi -> pcb	-0.095	0.067	1.390	Not supported
H4	hope -> pcv	-0.174	0.090	1.950	Supported*
H5	hope -> pcb	-0.016	0.074	0.184	Not supported
H6	opti -> pcv	0.002	0.093	0.169	Not supported
H7	opti -> pcb	-0.105	0.064	1.551	Not supported
H8	resi -> pcv	-0.191	0.060	3.079	supported**
H9	resi -> pcb	-0.013	0.058	0.105	Not supported
H10	mr -> pcv	-0.440	0.059	7.405	Supported***
H11	mr -> pcb	-0.536	0.041	13.009	Supported***

Note: * Indicates significant at $t_{0.05} > 1.645$
 ** Indicates significant at $t_{0.01} > 2.326$
 *** Indicates significant at $t_{0.001} > 3.090$

4.6.5 Predictive Relevance Q^2

Besides the evaluation of the model's predictive accuracy (R^2) and effect size (f^2) of each exogenous constructs, Hair et al. (2014) suggest that predictive relevance (Q^2) should also be considered. The Q^2 value is obtained via blindfolding procedure with certain omission distance number of between 5 and 10 depending on the number of observations (Hair, Sarstedt, Ringle and Mena, 2012). Blindfolding is a sample reuse technique that omits every d th and in the current study every 5th data point in the endogenous construct is omitted and estimate of

the parameters is computed with the remaining of the data points (Henseler, Ringle and Sinkovics, 2009). In structural model, any Q^2 value that larger than zero for reflective endogenous constructs “indicate the path model’s predictive relevance for this particular construct” (Hair et al., 2014). Table 4.10 provides the Q^2 value of all endogenous constructs considerably above zero and thus providing support for the model’s predictive relevance for PCB and PCV (endogenous latent variables).

Table 4.10: Results of R^2 and Q^2 Values

Endogenous Latent Variables	R^2 Value	Q^2 Value
PCB	0.357	0.195
PCV	0.413	0.302

The Q^2 value estimated via blindfolding procedure however, only measure how well the path model predict the observed values but not the relative impact of the predictive relevance. Similar to f^2 procedure, the relative impact of the predictive relevance (q^2) can be obtained through the following computation where q^2 is the effect size (exogenous constructs) of the predictive relevance (Q^2) on the endogenous constructs. Q^2_{included} is the condition where the value of Q^2 for specified exogenous construct is not omitted, while Q^2_{excluded} referring to the Q^2 value when specified exogenous construct is omitted.

$$q^2 = \frac{Q^2_{\text{included}} - Q^2_{\text{excluded}}}{1 - Q^2_{\text{included}}}$$

Applying the blindfolding procedure in the current analysis for example, $q^2MR \rightarrow PCB$ is calculated as follows where q^2 value is equal to 0.17. The rule of thumb suggests that q^2 value of “0.02, 0.15 and 0.35 indicate that an exogenous construct has small, medium and large predictive relevance for a certain endogenous construct” (Hair et al., 2014).

$$q^2 = \frac{0.195 - 0.057}{1 - 0.197} = 0.17$$

Based on the rule of thumb, Table 4.11 showed that MR has medium effect size of predictive relevance for PCB while others exogenous construct has no predictive relevance for PCB. Meanwhile, all exogenous constructs except OPTI have medium (PCB) and small (MR, EFFI, HOPE, RESI) predictive relevance effect size for PCV.

Table 4.11: Predictive Relevance Effect Size q^2

Exogenous Constructs	PCB		PCV	
	Path Coefficient	q^2 Effect Size	Path Coefficient	q^2 Effect Size
PCB			0.455	0.11
MR	-0.536	0.17	-0.440	0.02
EFFI	-0.095	0.00	0.120	0.02
HOPE	-0.016	0.00	-0.174	0.02
RESI	-0.013	0.00	-0.191	0.03
OPTI	-0.105	0.01	0.002	0.00

4.6.6 Mediating effect of PCB

The model theorized that the relationship of PCV and the five exogenous constructs will be mediated by PCB. The analysis for the mediating effect was based on Preacher and Hayes (2008) and Baron and Kenny (1986) approach which also recommended by Hair et al. (2014). The analysis involved bootstrapping the sampling distribution of the direct and indirect effect. The prerequisite for this analysis require both direct path relationship between exogenous and endogenous constructs and the indirect path relationship must be significant. If the indirect effect was significant, mediator may absorb some of the direct effect. How much the mediator absorbs the direct effect was determined by the size of the variance accounted for (VAF) where direct effect plus indirect effect was computed.

Examining Figure 4.2, the only exogenous construct that fulfill the above criteria was the management responsiveness (MR) whereby the direct effect of MR to PCV was significant at $\beta = -0.196$, $t = 3.095$ ($p < 0.001$). Meanwhile, the relationship of MR and PCB also significant at $\beta = -0.536$, $t = 13.009$ ($p < 0.001$) and PCB to PCV at $\beta = 0.456$, $t = 8.553$ ($p < 0.001$) respectively. Relationship of other exogenous constructs (Efficacy, Hope, Resiliency and Optimism) failed to fulfill all criteria required for mediating effect analysis. Hence, the mediating analysis was relevant to the relationship of $MR \rightarrow PCB \rightarrow PCV$.

As earlier mentioned, the following formula was used to establish the significance of mediator i.e. indirect effect/total effect (Hair et al., 2014). However prior to that, the significance of the indirect effect of MR via PCB mediator variable on PCV must first be established. This procedure was achieved by transferring the bootstrapping results of the two products, $MR \rightarrow PCB$ and $PCB \rightarrow PCV$ into Microsoft Excel and computed for the standard deviation. The Value of bootstrapping standard deviation (0.034) was then used as the baseline

to compute the empirical t value for the indirect effect of MR on PCV ($-0.244/0.034$) which equal to -7.176 ($t = -7.176, p < 0.001$). In conclusion, the indirect effect of MR on PCV via PCB was significant.

Now that the significance of indirect effect has been established, the next VAF value (0.555) was then computed based on the following procedures (see steps in calculation VAF). Computation of the indirect effect can be concluded that MR's effect on PCV is explained via the PCB mediator by 55.5%. VAF is larger than 20% but smaller than 80%, PCB can therefore be categorized as partial mediation (Hair et al., 2014). This conclusion is in support of H12e which postulated that psychological contract breach will be a significant mediator for the relationship of management responsiveness and psychological contract violation. As mentioned, relationship of other exogenous constructs (Efficacy, Hope, Resiliency and Optimism) failed to fulfill all criteria required for mediating effect. Thus, the hypotheses H12a, H12b, H12c and H12d were not supported.

Steps in Calculating VAF

$$\text{VAF} = \frac{\text{Path MR} \rightarrow \text{PCB} * \text{Path PCB} \rightarrow \text{PCV}}{\text{Path MR} \rightarrow \text{PCB} * \text{Path PCB} \rightarrow \text{PCV} + \text{Path MR} \rightarrow \text{PCV}}$$

$$\text{VAF} = \frac{-0.535 * 0.456}{-0.535 * 0.456 + -0.196}$$

$$\text{VAF} = \frac{-0.244}{-0.244 + -0.196} = 0.555$$

4.7 Chapter Summary

This chapter presents data analysis based PLS-SEM with minor applications of other software like SPSS and Microsoft Excel. Prior to the measurement model and structural model assessment, dimensionality, reliability and validity of the measurement instruments were evaluated via CFA where multiple items measuring exogenous and endogenous constructs were validated.

The results show that 37.5% (6/16 hypotheses) of the hypotheses were supported while another 62.5% (10/16 hypotheses) were not supported. Management responsiveness emerged as the key predictor for the intensity of the negative emotion (PCV) and as theorized, breach (PCB) significantly mediate the relationship between exogenous (MR) and endogenous (PCV) constructs in support of previous findings (Robinson and Morrison, 2000). Out of four positive psychological resources i.e. efficacy, hope, resiliency and optimism, all were significant predictors for PCV with the exception of optimism. In contrary, none of the positive psychological resources has significant relationship with PCB.

CHAPTER 5

DISCUSSIONS, IMPLICATIONS AND CONCLUSION

5.1 Introduction

In the previous chapter, statistical analyses on the research model and the results of the hypotheses testing were validated. This chapter aims to provide interpretations and inferences of analysis results, detailed discussions on the research findings and implications of these findings for theoretical and practical reasons. First, recapitulation of the findings was presented with respect to the conceptualization and measurement of negative emotion followed by antecedents presented in this model (5.2). The mediating role of PCB and its effect on correlation between exogenous constructs and PCV were discussed in the same section 5.2. Implications (5.3) and limitations (5.4) of the study will follow thereafter with last section 5.5 ended with conclusion.

5.2 Summary and Discussions

For the purpose of this study, sixteen (16) hypotheses were formulated and evaluated via PLS-SEM, an emerging analytical tool in the field of psychology. Based on 251 usable responses collected from individual service employees of 35 SMBA companies, the results showed that six of the sixteen (6/16) hypotheses were supported while ten hypotheses were not supported as summarized in Table 5.1. Three major findings could be drawn from this table. Firstly, all four positive psychological resources (H3, H5, H7 and H9) were not good predictors for psychological contract breach as hypothesized but significant predictors for psychological contract violation (H2, H4 and H8) with the exception of optimism (H6) which appeared to have insignificant relationship while H2 displayed significant relationship with PCV but was

positively related. Secondly, management responsiveness is the sole construct that has significant relationship with both psychological contract violation and psychological contract breach in support of H10 and H11. As relationship of management responsiveness and both psychological contract violation and psychological contract breach was significant, relationship of MR and PCV was partially mediated by PCB in support of H12e. The third major findings relevant to the research hypotheses suggested that positive psychological resources has direct relationship with PCV but not PCB and therefore PCB did not mediate such relationship (H12a, H12b, H12c and H12d), not in support of mediating role of PCB.

Table 5.1: Hypotheses Summary

Count	Hypotheses	Relationship	Supported (✓ / ✗)
1	H1	PCB significant and positively related to PCV	✓
2	H2	EFFI significant and negatively related to PCV	✗
3	H3	EFFI significant and negatively related to PCB	✗
4	H4	HOPE significant and negatively related to PCV	✓
5	H5	HOPE significant and negatively related to PCB	✗
6	H6	OPTI significant and negatively related to PCV	✗
7	H7	OPTI significant and negatively related to PCB	✗
8	H8	RESI significant and negatively related to PCV	✓
9	H9	RESI significant and negatively related to PCB	✗
10	H10	MR significant and negatively related to PCV	✓
11	H11	MR significant and negatively related to PCB	✓
12	H12a	PCB mediate relationship of EFFI and PCV	✗
13	H12b	PCB mediate relationship of HOPE and PCV	✗
14	H12c	PCB mediate relationship of OPTI and PCV	✗
15	H12d	PCB mediate relationship of RESI and PCV	✗
16	H12e	PCB mediate relationship of MR and PCV	✓

5.2.1 Intensity of the Negative Emotion (PCV)

There was enough evidence that suggested that emotional response was largely dependent on one's cognitive abilities in the interpretation of certain work related events that led them to perceive and believe in certain ways. Individually, the same incident may have varying effects on one perception which led to varying degrees of one emotion (negative or positive). Likewise, there were multiple drivers contributed to these perception out of which, five drivers were modeled in this research which were analyzed and further discussed here.

Motivated by the fact that human psychology may have been well researched but least understood, this research was initiated with the hope to close some of the literatures' gap specifically on psychological contract violation (PCV) i.e. the intense of negative affective response as a result of certain stimuli. Better understanding of these stimuli or predictors of PCV may pave way for a better management of employee engagements which associated with desirable and predictable performance of individual employee.

Out of the five predictors construct in the path coefficient model (MR, EFFI, HOPE, RESI and OPTI); with the exception of OPTI, four constructs appeared to be good predictors for PCV. With the combination of PCB, MR, EFFI, HOPE, RESI and OPTI collectively explained 41.3% ($R^2 = 0.413$) of the variance in PCV which were concluded as substantial based on Heiman's (1998) recommendations. Individually however, these predictor constructs (MR, EFFI, HOPE and RESI) showing small effect size on PCV with f^2 ranging from 0.04, 0.02, 0.02 and 0.05 respectively. Similar results were also observed for predictive relevance,

q^2 . Notably, OPTI was found to be irrelevant in this equation as it has neither effect size nor predictive relevance.

PCB as individual construct, on the other hand demonstrate medium effect size on PCV ($f^2 = 0.19$) with small predictive relevance ($q^2 = 0.11$). When PCB was included in the path way analysis as mediator, one of the predictors construct (MR) appeared statistically significant in relation to PCV via PCB which triggered for mediating analysis where effect of MR to PCV was found to be partially ($VAF = 0.555$) explained via PCB mediator. In other words, PCB partially mediates the MR and PCV relationship while other exogenous constructs show no such evidence.

By far and large, consistent findings suggest that affective negative emotion (PCV) as a result of unfavorable events in workplace always associated with negative outcomes (Suazo, 2009; Johnson and Leary-Kelly, 2003; Pate et al., 2003) such as lower in job performance (Bal et al., 2010), reduction in organization citizenship behavior (Cantisano et al., 2008) or exit, destructive voice and neglect (Rusbult et al., 1988). Neglect behavior on the other hand was closely linked to ‘disengagement’ in contemporary market research. In the most recent study conducted by HRLC (2014) revealed that 46% of the individual performance derived from one’s engagement. This was supported by Anitha’s empirical research (2013) where she found performance was 59.7% explained by engagement ($r^2, 0.597$) and engagement drivers was the opposite direction of negative emotion (PCV). With the key drivers of intense negative affective response were identified, addressing these responses in a desirable way virtually simpler.

5.2.2 Management responsiveness and Mediating Effects of PCB

Management responsiveness is measuring the degree of management willingness not only in listening to employee's grievances but by providing avenue for such complaints and genuinely addressing the issues raised timely and satisfactorily. In this study, MR appears to be a significant predictor for PCV ($\beta = -0.440$, $t = 7.405$, $p < 0.001$) and PCB ($\beta = -0.536$, $t = 13.009$ ($p < 0.001$), in full support of hypotheses H10 and H11 which postulated that MR will be negatively related to PCV and PCB. As theorized, the magnitude of management responses, favorable or unfavorable to employee voice or grievances determines the employee's perception. Favorable response reduces perceived breach and violation. Likewise, unfavorable response increase perceived breach and violation (Kickul et al., 2009). The intense of perceived breach or violation is subject to individual value (idiosyncratic) employee placed on certain experience or incident.

MR has significantly large effect size for relative importance ($f^2 = 0.4$) and medium effect size for predictive relevance ($q^2 = 0.17$) related to PCB. However, it has only small effect size in terms of relative importance ($f^2 = 0.04$) and predictive relevance ($q^2 = 0.02$) for PCV. This could be attributed to the fact that PCB partially mediated (VAF = 0.555) the relationship of MR and PCV where path coefficient of MR to PCB was -0.536 while path coefficient of MR to PCV was -0.440 respectively. The relationship of MR and PCV were absorbed to a great deal by PCB as earlier theorized. Their relationship was consistent with earlier findings (Dulac et al., 2008; Raja et al., 2004; Suazo et al., 2005) and in support of hypothesis H12e which postulated that PCB will mediate the relationship of MR and PCV. The mediating effect of PCB was proven in relationship of MR and PCV but not with other exogenous constructs as earlier theorized. One of the possible reasons why PCB was not mediating the relationship of

other exogenous constructs (EFFI, HOPE, RESI and OPTI) with PCV was perhaps due to the small effect size of relative importance (f^2) and predictive relevance (q^2). Secondly, the analyses of the exogenous variables i.e. the positive psychological resources were based on the first-order constructs; individually may have small impact on PCV. Global measure or second-order construct (Luthans et al., 2007) collectively may be a stronger predictor for PCV but the first order construct was chosen over the second order construct due to various reasons explained in section 2.4.2.

As far as directional relationship is concerned, both $MR \rightarrow PCB$ and $MR \rightarrow PCV$ were negatively related suggesting that higher in management responsiveness, lower in perceived breach and intensity of negative emotion. On the other hand, the relationship of PCB and PCV was positively related ($\beta = 0.455$, $t\text{-value} = 8.553$, $p < 0.001$) suggesting that higher in breach lead to larger in violation in support of H1 which theorized as having positive relationship amongst them. This finding was consistent with earlier literatures (Raja et al., 2004; Suazo et al., 2005; Dulac et al., 2008; Suazo, 2010) where increase in perceived breach likely to be followed by violation. Perceived breach was like the perception of beauty; it is in the eye of beholder! However, the occurrence of perceived breach, always trigger the negative emotional such as, anxiety, anger, betrayal etc. The intensity of this emotion on the other hand was dependent on many other variables e.g. personality, culture, belief etc. but beyond the scope of this study.

As breach mediates the relationship of MR and PCV, in order to reduce the PCV which lead to negative behavioral outcomes (company wants to avoid), one should pay special attention to reduce the PCB. It is goes without saying that identification and management of

PCB's predictors were absolutely necessary. In this model, MR appears to be one of the good predictors for PCB. This finding also further confirmed that PCB and PCV were closely related (Morrison and Robinson, 1997) but mutually exclusive construct (Robinson and Morrison, 2005; Suazo, 2009) that measures different things. Management of MR determine the intensity of PCB which trigger PCV (mental model theory) resulted in attitudinal and behavioral outcome e.g. engagement and performance (social exchange theory).

5.2.3 Self-Efficacy

Self-efficacy or self-confident is part of positive psychological resources that appear to mitigate the negative behavioral outcomes in the earlier researches. Higher self-efficacy associated with greater job satisfaction and job performances (Jude and Bono, 2001) as it reduces anxiety and negative emotions (Bandura et al., 1982). In this study self-efficacy was theorized as having negative relationship with PCV and PCB. However, the analysis indicated the opposite direction where self-efficacy was significant but positively related to PCV ($\beta = 0.120$, $t = 1.672$, $p < 0.05$) contradicting to what has been theorized and not in support of hypothesis H2. Even though it is significant, Self-efficacy also appears to have a small effective size on PCV (relative importance $f^2 = 0.02$; predictive relevance ($q^2 = 0.02$). Meanwhile, relationship with PCB was insignificant and not in support of H3 where efficacy was hypothesized to have negative relationship with PCB.

Judging from this research outcomes, employees with high self-efficacy may not necessarily experience low in violation (PCV) as earlier found by Bandura et al. (1982), instead higher self-efficacy could experience higher negative emotions. This was perhaps due to the

fact that a high self-efficacy person was likely to engage in complaint behavior (Bodey and Grace, 2006). On top of that, people with high self-efficacy levels demonstrate the ability to initiate and sustain efforts in achieving the objectives (Christensen, Forgarty and Wallace, 2002), welcome and thrive on challenges and persevere in driving towards that objective (Luthans and Peterson, 2002). In employment relations, employees with such quality were expected to be vocal and highly engaged in speaking up rather than suffer in silence when beset with unexpected incidences. With these qualities in place and the popularity of direct voice (Kersley et al., 2006), any unfavorable events experienced by individual employees with high self-efficacy levels will likely end up with escalation. When escalation becoming rampant, not all issues will be addressed desirably by the management (especially for direct voice), resulting high in PCV. It has a sparrow effect; the more you escalate the more you becoming unhappy and once you are unhappy further escalations continue.

Even though direct voice was the most popular form of voice mechanism (Kersley et al., 2006) due to limited union penetration (including Malaysia where nonunionized employees consist of 94% of the total workforces (Statistic Department, 2012), their voice were less dominant to exert change as compared to collective voice in union environments (Allen and Tusemann, 2009; Kulkarni, 2010). Undoubtedly, this phenomenon leads to a significant surge in unresolved grievances which positively escalate the PCV.

Similar explanations were true as far as insignificant relationship of EFFI and PCB were concerned. Self-efficacy individuals has certain personality associated with “Decisive” in Leonard Personality Inventory (Yong, 2007) or Neuroticism in Big Five Model or Choleric in Greek temperament measures. This personality was associated with high goal-oriented and as

earlier explained (Bodey and Grace, 2006; Luthans and Peterson, 2002), taking a firm stand (Tams, 2008) on the desirable outcomes. Therefore unfavorable events that lead to perceived breach will likely escalate at the earliest opportunity available. If the issue was well addressed, the perceived breach dissolved, otherwise PCV pursued. As it found that direct voice was ineffective (Allen and Tusek, 2009; Kulkarni, 2010) in securing management attention, most likely the grievances were left unresolved as earlier mentioned. At this stage the intense of negative emotion (PCV) was no longer due to the perceived breach but rather due to the management inability to resolve issues. At the same time some people may perceive breach as a challenge rather than a threat (Morrison and Robinson, 1997) and react to such unfavorable event to change thing at workplace that accentuate the state of positive activation.

5.2.4 Hope

Second construct for positive psychological resources, Hope was referring to one capability to define pathway via agency thinking toward desired goal. Hope was found to be a significant predictor for PCV ($\beta = -0.174$, $t = 1.950$, $p < 0.05$) with negative relationship in support of hypothesis H4 which also expected to be negative in their relationships. However the effect size of Hope for relative importance and predictive relevance (f^2 and $q^2 = 0.02$ respectively) was considerably small, while its impact on PCB was insignificant therefore not in support of H5 which theorized as having negative relationship with PCB. Small or zero effect size of Hope on PCV and PCB could be attributed to the fact that in the absence of union, organization may thrive on policy and procedure covering intricate detail of operation which tend to stifle hope (Luthans, Wyk and Walumbwa, 2004). Having little space to deviate from regulated environment, those who stay (70% of the respondents are long tenure with three years and above) may just blend into the system.

People who demonstrated high hope associated with strong desired goals, resourceful with multiple pathways compounded with great will-power and way-power that serve as self-motivator (Synder, 2002; Luthans et al., 2007). Hence, a high hope person has great mental strength and not easily distracted by organizational breach (PCB) as such distraction will derail his goal-oriented behavior. Furthermore, agency thinking and the ability to source for multiple pathways toward a desired goal superseded the negative emotion (PCV) that one may experience as a result of breach. Therefore, even though significant and negatively related, hope suppresses the affectivity of PCV to the point that effect size is rather small in their relation, Hope → PCV.

Luthans (2002) describes hope as the heart and the most unique positive organization behavior (POB) where organization with high hope human resources reported higher profits, better retention, greater job satisfaction and commitment. Individuals with high levels of hope were also found to have strong relationships with positive psychological outcomes e.g. perceived control, positive affectivity and the ability to cope with stress or hardship (Luthans and Youssef, 2004). This further explained the rationale of the negative relationships between Hope and PCV as positive psychology of high hope person overwhelm the negativity of their emotions.

There may be but limited literatures examining the relationship of Hope and PCB. In current study, the insignificance of hope in predicting PCB could be attributed to goal-oriented and resourceful nature of individuals with high hope. The end justify the means mentality one has little room to dwell on trivial issues especially with multiple pathway capability and relentless pursuit valuable group or personal goals to the extent that PCB evaporated in the

pathways. Some of the extreme hopeful individuals may even compromise their “organization’s ethical value” in pursuing their objective (Luthans et al., 2007). Therefore, the hopeful mentality could bypass the PCB and the only focus was on achieving goal with a clear mental image of what is the end in mind (Gawler, 2014).

5.2.5 Resiliency

Most studies that involve resilient construct as part of the research model, largely focuses around after-shocked incidences e.g. natural disaster, organizational crisis or life threatening experiences. Individuals with high resiliency were able to bounce back quicker when beset with life downturn (Luthans, 2002) as they have the ability to rationalize and adapt to change easily (Masten and Reed, 2002). As such individuals with high resiliency were more likely to withstand adversity as their ability to bounce back suppresses the negative impact. Drawing evidence from the current study, Resiliency was found not only significant predictor ($\beta = -0.191$, $t = 3.079$, $p < 0.01$) for negative emotion (PCV) but their relationship are negatively related as theorized, suggesting that higher resiliency, lower in PCV. This finding was in full support of hypothesis H8 which positioning Resilience to be negatively related to PCV.

Similar to other positive psychological resources constructs, resiliency relative importance and predictive relevance to PCV showed larger in absolute impact size compared to all other exogenous constructs but still a small ($f^2 = 0.05$ and $q^2 = 0.03$ respectively) effect in relative terms based on the rule of thumb (Hair et al., 2014). The relationship of Resiliency and PCB was insignificant and was not in support of H9 which postulate as having negative relationship with PCB. In other words, the level of resiliency has no impact on perceived breach but violation. Consistent with all other positive psychological resources constructs (EFFI,

HOPE and OPTI), reasoning for insignificant relationship of Resiliency and PCB were quite similar which were drawn from the same literatures.

5.2.6 Optimism

Literatures evidence suggest that higher optimism was positively related to positive outcomes like motivation (Carver and Scheier, 1994), better work performance (Luthans et al., 2005) and engagement (Avey, Wernsing and Luthans, 2008). In contrast, higher optimism was found to be negatively related to emotional affectivity (Tuten and Neidermeyer, 2004) like stress (part of PCV), organization cynicism and deviant (Avey et al., 2008) and turnover (Avey et al., 2006). It was logical therefore to make an assumption and hypothesize that relationship of optimism and PCV will likely be negative in tandem with historical evidences. However, in this study optimism does not show any significant relationship neither with PCV nor PCB. Hence both hypotheses H6 and H7 which postulated that optimism will be having negative relationship with PCV and PCB were not supported.

As the present work shows, one was wondering as to why optimism (positive construct) has no significant impact on both PCV and PCB (negative constructs). One plausible explanation for this phenomenon could be similar to what Lopes, Cunha and Rego, (2011) finding i.e. “paradoxical optimism”, a situation where positive and negative emotion co-exists at the same time. Paradox effect, positive or negative constructs can be negatively correlated, uncorrelated or positively correlated (Bagozzi, Wong and Yi, 1999). Despite multiple evidences, traditional assumption of linearity relationship between optimism and other emotional states were questionable. Emotion can contain negative and positive experiences at

the same time that may lead to different outcomes (Compos, 2003) like happiness can trigger anxiety or anger may generate energy. Fredrickson (2008) suggests that it is not the positive emotion *per se* that could suppress the negativity but the positive and negative ratio (P/N) that count. In a study conducted by Losada and Heaphy (2004) using positive and negative ratios (P/N Ratio) amongst different workgroups (high performer and low performer) found that P/N ratio were vastly different; for high, medium and low performer team P/N ratio were 5.614, 1.855 and 0.363 respectively.

In line with the emerging new assumption posted by Compos (2003), Fredrickson (2008) and Lopes et al., (2011) conducted a study applying unipolar model where optimism and pessimism postulated as two independence constructs, they found almost half of the samples fall within paradoxical optimism. Of the four-cluster model (undefined, optimistic, pessimistic and paradoxical pessimists) paradoxical pessimists represent the largest type (46.36%) of the total sample. In other words, as this work shows, that both positive and negative emotion co-exists in paradoxical terms. In comparison to the current study, the relationship of optimism and PCV-PCB was assumed to be linear which may not necessary true. The instrument for measurement (questionnaires) applied in this study was linearity-based. If paradoxical optimism exists amongst the samples, the positivity may offset the negativity assumption in the pathway (OPTI → negatively related to PCV-PCB) to a greater extent that the negative relationship was no longer significant and therefore their relationship will also be insignificant.

Other explanations may reside in cultural differences. Bagozzi et al., (1999) found that cultural and gender variations played a big part in determining the relationship of optimism

and other variables e.g. positive and negative emotions were found strongly correlated inversely to American women but weakly correlated inversely for American men and strongly correlated positively with Chinese women but weakly and positively correlated with Chinese men. In the current study, all respondents were treated homogeneously, disregarded subgroup that may constitute bias and overinflated the result interpretation (Lopes et al., 2011). While samples were drawn from SMBA members constituted three major ethnic groups (Malay 30%, Chinese 33% and Indian 35%), adaptations and cultural assimilations could be varying greatly from one organization to another in view of its origin.

In summary, the absence of the significant relationship of positive psychological resources constructs (EFFI, HOPE, RESI and OPTI) and PCB was consistent across all pathways with exception of OPTI where insignificant relationship extended to PCV. As far as this research was concerned, age-related could likely be another explanation. According to socio emotional selectivity theory (Carstensen, Turan, Scheibe, Ram, Ersner-Hershfield, Samanez-Larkin, Brooks and Nesselrode, 2011) and emotion regulation theory (Diamond and Aspinwall, 2003) older people become better in regulating their emotion when facing negative events. Other literatures suggest similar outcomes where older workers acquire specific emotional regulation skills and becoming better in regulating their emotions in response to breach (Bal et al., 2008; Gross, 2001; Ng and Feldman, 2009). There were primarily two emotion regulation strategies i.e. reappraisal and suppression (Wallace, Edwards, Shull and Finch, 2009). Reappraisal involves mental redirection i.e. changing how one appraises situation to alter the emotion (Gross and John, 2003). In other words, reappraisal strategy involve for example, reframing negative events at work in a positive light so much so that it influence one's emotion in a positive outcomes in the long run. Another emotion regulation strategy is in a form of suppression where actual negative emotion was not expressed at a certain moment

(Gross and Thompson, 2007). The strategy was to distract from negative emotion in order to modify the person mood making it neutral or positive (Van Dillen and Koole, 2007).

Reviewing respondents demographic of this study (Table 4.2), 92% of them are above 25 years old and 43% are above 35 years old. In terms of work tenure, 70% of them have been working with the same organization for at least 3 years while 41% have been working for 6 years or more. These samples suggest that most of the respondents were experienced and older workers. In line with socio emotional selectivity theory (Carstensen et al., 2011) and emotion regulation theory (Diamond and Aspinwall, 2003), most of the respondents may have acquired sufficient skills and experience to subdue the impact of breach hence, positive psychological resources constructs no longer impact on PCB. Older workers have learned how to express their emotions appropriately in response to breach in such a way that lower the negative affectivity while maintaining the positive affect (John and Gross, 2004; Bal and Smit, 2012). Further studies may be required in the Malaysian context to ascertain their relationship whether the respondent demographic will truly moderate the perceived breach and violation.

5.3 Implications of the Study

The main aim of this study besides management application, was intended to contribute to the psychological contract literatures specifically providing additional insights into how nontraditional antecedents accentuate the psychological contract violations. Against the backdrop of the first research objective, the results showed that four (MR, EFFI, HOPE and RESI) out of five antecedents were significant predictors for PCV. As expected, their relationship indeed negatively related with exception of EFFI which was found to be positively related. Meanwhile, OPTI appeared insignificant predictor for PCV which was likely due to

paradoxical optimism (Lopes et al., 2011) and cultural differences (Bagozzi et al., 1999) as earlier explained.

Tracing the pathway of the conventional wisdom in objective number four, PCB was included into the equation as mediator (Morrison and Robinson, 1997) and the results suggest that PCB partially mediated the relationship of MR and PCV (Dulac et al., 2008) only. Other exogenous constructs (EFFI, HOPE, RESI and OPTI) apparently offered little help as no significant relationship with PCB prevailed. The results directly answered research question number two as well where relationships of exogenous constructs (MR, EFFI, HOPE, RESI and OPTI) and PCB were examined.

As for the third research question, empirical evidence in this study suggests that PCB and PCV were not only a separable constructs (Robinson and Morrison, 2000; Suazo, 2009) but positively related (Dulac et al., 2008; Raja et al., 2004; Suazo et al., 2005) which further validated previous literatures on the subject. With these findings, the key contributions of the research could be summarized into two major streams i.e. managerial implications and theoretical implications.

5.3.1 Managerial implication

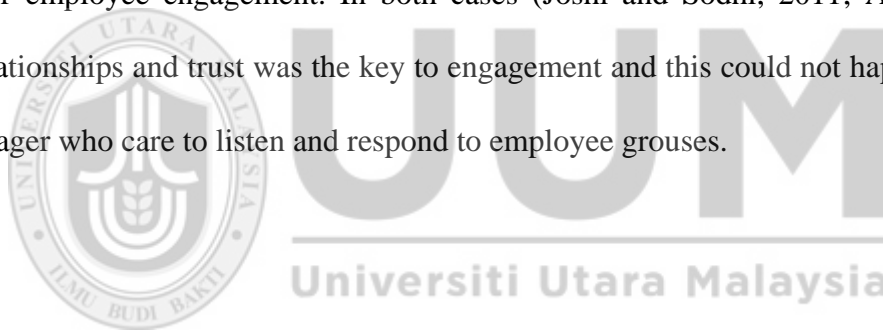
Many evidences in previous research highlights the importance of an employee's emotion (Suazo, 2009; Johnson and Leary-Kelly, 2003; Pate et al., 2003) where negative emotion (stress, feeling cheated, angry, disappointment etc.) always associated with negative behavioral outcomes e.g. disengagement (destructive voice, neglect or exit) or

counterproductive work behavior (go slow, sabotage, presentism) just to name a few. So it was reasonable to expect that all organizations should put effort to thwart possible negative emotions.

In additional to the existing knowledge on psychological contract violation, current research highlights the importance of management responsiveness on an employee's' emotion. Management responsiveness not only significant predictor for an employee's perceived violation but negatively related suggesting that management action in response to their grievances are determinant of the degree of violation. The finding offers an opportunity for organizations to seriously examine their response's policy if they treasure employee engagement and commitment. It is more so required in Malaysia context as 94% of the thirteen (13) million workforces are not formerly represented, unlike unionized environment. Therefore the chances of unattended grievance in these organizations are very high, allowing discontent to accumulate. Accumulation of discontent overtime may post as a time-bomb that could explode when you least expected it. It is also worrisome that 50% of the companies participated in HR Shared Forum indicates the absence of grievance procedures in their organizations.

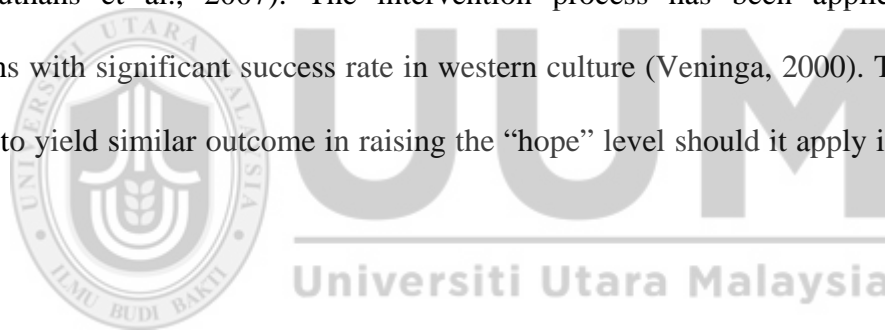
It has been noted earlier that management responsiveness (speed, quality etc.) was at management disposal and it was also noted that speed and quality of management response was important to enhance employee's positive psychology. At the least, management should provide mechanism as how grievances should be filed and responses to be made. It may or may not reduce the grievance cost but at least it may help organization in two ways. First, organization may avoid dispute that involve external arbitrators (Labor court, IR court or Civil court) and second, organizations may avoid employees' negative behavior e.g. disengagement

which may cost the firms even higher. In an ongoing Gallup study (Kaye and Jordan-Evans, 2014) found that 55% of American workforces are disengaged which cost American companies an estimated amount of USD350 billion per year in lost of productivity and substandard performance. Caution though that this report is not an academic research, but rather a market study that share worldwide within entrepreneur's domain. However, empirical studies are suggesting similar relationship where fully engaged employees appear to perform better (Rich, Lepine and Crawford, 2010; Richman, 2006). Joshi and Sodhi (2011) found that one of the critical determinants of employee engagement was the top management-employee relations (approachability, responsiveness, ethical conduct, respect and equality). Similar findings were also highlighted by Anitha (2014) where she found that the working environment as a reliable predictor for employee engagement. In both cases (Joshi and Sodhi, 2011; Anitha, 2014) building relationships and trust was the key to engagement and this could not happen without having manager who care to listen and respond to employee grouses.



By far and large, evidence suggests that emotion dictate engagement and engagement determines performance (Anitha, 2014). If one travels upstream in the performance management chain, one will realize that the study of emotion is a complex process and need to be cautious with paradox psychology. One will also realize that attitudinal and behavioral outcomes (e.g. disengagement, poor performances, low organization citizenship behavior, reduce discretionary effort, increase counterproductive behavior etc.) were all symptoms of negative emotion (PCV). So reduction of the negative emotion is the key for better performances and one way to do that is by improvising the management responsiveness. Besides that, high degree of two other psychological resources (Hope and Resiliency) was also found to have significant impact on employee emotions.

Employees with high hope and resilience show a significant lower in their negative emotions (PCV). It is obvious therefore, further reduction of negative emotions require effort to improve one psychological state of hope and resiliency. As explained in section 2.4.1.2, high-hope employees perform better (Luthans et al., 2005; Peterson and Byron, 2008) due to goal-oriented psychological state (agency) and their ability to plan in meeting the goals (pathway). While hope is portrayed as stable dispositional state, it is also found to be malleable and subscribe to developmental state (Synder et al., 1996; Veninga, 2000). With the right level of intervention, hope can be nurtured. Amongst the process in nurturing hope include but not limited to goal setting and planning in meeting the goals which is called stepping. Other steps include stakeholder consultation, reward system, resource allocation, strategic alignment and training (Luthans et al., 2007). The intervention process has been applied by many organizations with significant success rate in western culture (Veninga, 2000). The approach is expected to yield similar outcome in raising the “hope” level should it apply in a Malaysia context.



Similarly, ability to rebound from posttraumatic incidences in the case of people with high-resiliency, given them opportunities to leap on higher ground (Tedeschi et al., 1998) without holding on to the unpleasant past. This is an explainable reason as to why highly resilient people positively related to performance (Luthans et al., 2007) and negatively related to setback i.e. PCV (Hamil and Valikangas, 2003). Historically, many examples could be drawn from the past leaders who demonstrating of such quality e.g. Abraham Lincoln, Aung San Suu Kyi, John F. Kennedy, Nelson Mandela, Martin Luther King and many more. These well-known figures have experienced multiple setbacks in pursuing their noble causes but every time they purpose only to rise much stronger than ever before no matter how many or

how intense the inevitable setbacks were. One wonders how such psychological capacity or strength be learned! Empirical evidence suggests that such strength could be acquired. Waite and Richardson (2004) study for example, support the claim that resilience could be markedly improved at workplace with training intervention consisted of the three strategies i.e. asset-focus strategies, risk-focus strategies and process-focus strategies. Similar opportunity for intervention and improvement were found in other psychological resources as well i.e. efficacy, hope and optimism (Luthans et al., 2007).

Thus far, evidences suggest that enrichment of management responsiveness, hope and resiliency constructs were within management reach. Correlation of these constructs in minimizing employee's negative emotion that lead to better engagement and performance was evidenced. It is up to the management prerogative whether they want to tap on this opportunity for the betterment and wellbeing of their workforce and ultimately their organizations.

5.3.2 Theoretical Implications

This study offers several important implications for theory; enrich the epistemology of psychological contract violation especially the functional and rotational application of exogenous and endogenous constructs; the relevancy of mental model and social exchange theory as well as alternative statistical analysis against the traditional regression methods.

Firstly, psychological contract violation literature was expanded through this research, where violation was viewed as an endogenous construct rather than exogenous construct

traditionally examined. To the best knowledge of the author, this is the first study to empirically link psychological resources and management responsiveness to psychological contract violation in a Malaysia context. Secondly, psychological resources (hope and resiliency) and management responsiveness which traditionally associated with behavioral response now evidenced to have similar impact on the psychological responses. As psychological state somewhat dictate behavioral response (Zhao et al., 2007), knowing the stimulus of psychological response (Bal et al., 2008; Suazo, 2009) significantly added to the psychological contract literatures. Thirdly, this investigation was conducted within the organizational context in a non-western country, namely Malaysia; in contrast to most literatures on the subject which focused on western cultures. In addition, with a multi-cultural society within Malaysia (Malays 30.3%, Chinese 32.7% and Indians 35.1% of the respondents), the findings suggest that psychological response was indiscriminate irrespective of cultural orientation.

Furtherance to the above, reviewing of the literatures failed to detect correlation analysis that applying PLS-SEM in psychological contract violation. While comparison of results was not possible based on the same methodological approach, this effort provided a new frontier in analyzing strategy. By applying PLS-SEM, this research was able to demonstrate the joint impact of exogenous construct and the outcomes of psychological contract violation. Moreover, PLS-SEM was able to handle both reflective and formative constructs at the same time (Hair et al., 2014). Measurement items for exogenous constructs were based on reflective designs while the relationship of exogenous constructs on the endogenous construct was formative. In addition, the ability of PLS-SEM to be more accurately predicting the interaction effect of mediator (Chin, 1998) further enhanced the confidence level of the research outcomes. In reference to the current findings, conclusion can be made with more confidence that

management responsiveness is not only a good predictor for psychological contract violation but their relationship is mediated by psychological contract breach. In other words, even though PLS is useful for prediction (Hair et al., 2014), one should be cautious on possible intervening variables namely PCB, where any efforts to change the level of psychological contract violation is subjected to how far it will impact the level of psychological contract breach. In short, PLS-SEM not only provides a way to test relationships in the hypothesized model simultaneously, but it has better predictability when involve multiple scales and measurements.

Another significant contribution of this research is viewed from the psychological contract theory itself. These findings further affirmed that psychological contract breach is mutually related with psychological contract violation but indeed distinct constructs (Conway and Briner, 2005) that use different measurement scales and should be investigated separately. It was also further validated that psychological response due to breach and other antecedents in Malaysia context was similar to western cultures. In another words, mental model and social exchange theory works the same way irrespective of cultural differences.

Inspired by many theories that have been used (section 2.2.2) by researchers in attempt to explain their work, this research tested the concept of psychological contract violation in Malaysia. Without doubt, it highlighted the significant applicability of mental model and social exchange theory in further explaining the perceived violation in the organizations. In contrast to traditional practice that one theory explains all (section 2.2.2.); one would notice that in work relations, employees would interpret certain event based on their own cognitive ability after which transcend into psychological response and/or behavioral response. Idiosyncratic interpretation is evidently explained via mental model while responses are related to social

exchange theory. Combination of both theories provide more comprehensive explanation as to why perceived violations is idiosyncratic in nature and so the psychological responses.

Based on mental model, while interpreting the event (stimulation), employees compensate knowledge limitation on the subject (heuristic) by referring to previous experiences before conclusion (pragmatic) is made. Take for example the way management response to one's grievance filing have differing effects on different employees (Std. Dev. = 1.345). Similarly, psychological state is known and obviously different from one another (Cramer and Dyrkacz, 1998; Luthan et al., 2006). Evidence from this research showed that someone with higher hope or resilient has lower perceived of psychological contract violation ($r = -0.174$; $r = -0.191$ respectively) and their differences were also obvious with standard deviation of hope and resilience at 0.940 to 1.194 respectively. Based on this analysis, perceived psychological contract violation was nothing more than referring to psychological response which stimulates attitudinal and behavioral response at the same time (Luthan et al., 2006). Action may not have taken place, but the direction in reciprocate of perceived breach was vivid in their minds which explained the social exchange theory - tit for tat! However, the response was varying with the existence of psychological resources which also explained by the mental model. Hence, both theories mental model and social exchange theory were plausible and complementing each other with former related to mental model and the later related to directional response. Taking account of practical and theoretical implications together, it is fair to claim that this research provide a new paradigm shift surrounding psychological contract violations which not only extend beyond traditional relationship but beyond the reported scope of a western environments.

5.4 Limitations and Future Research Direction

Fundamentally the limitations in this research can be summed up into three major areas namely, construct limitation, data collection limitation and C. With these limitations, interpretation of the research findings must be with cautious.

5.4.1 Constructs Limitations

The current research model was based upon quantitative method. Dynamic mental model in regards to PCV was emotionally-based rather than rationally-based (Raja et al., 2004 and Tallman and Bruning, 2007) hence, applying quantitative method alone would limit the opportunity to understand how the constant change of employee's emotion impact PCV at operational level (Conway and Briner, 2005). For example, when management decided to shut down certain day involving leave deduction, generally there will be some level of discontent (PCV) amongst employees as an earned leave entitled them to utilize it at their disposal. Some may experience high degrees of violation while others may not which explained by the level of positive psychological resource or management responsiveness in the current model. However, at which point the degree of violation was high that warrant immediate action by the management (prior to announcement, upon announcement, actual implementation, etc.) was unknown.

In future, the researcher should consider a mixed-method approach to investigate the antecedents of PCV. Daily-diary method could be one of the most viable options (DeLongis, Hemphill and Lehman, 1992; Conway and Briner, 2005). This method argues to have the capability to examine the changing processes by assessing day-to-day experiences at the within-person level over time (Bolger, DeLongis, Kessler and Schilling, 1989). Quantitative

data allows the researcher to test and confirm hypothesized relationships whilst the qualitative data helps to provide in-depth knowledge, and in this case how PCV develop overtime or perhaps answering the question of what is exchange for what. Qualitative is indeed complementing the interpretation of the quantitative results (Conway and Briner, 2005).

5.4.2 Limitations in Data Collection Process

Firstly, data collection via self-report method and cross-sectional survey may expose to common method bias even with precautionary steps. Similar to other cross-sectional design and self-report questionnaires, the critique and limitation of such design is associated with the distortion and biasness on recollection of social event by the respondent (Conway and Briner, 2005). For example over what time frame the event had taken place or how far backs the respondent was allowed to recall and aggregate information. Cross-sectional design cannot sufficiently test and explain the cause and effect of relationship and how PCV enacted over time (Conway and Briner, 2005).

Secondly, even though stratified random sampling was applied throughout the data collection process, distributing of questionnaires via company representatives questionnaires within their organizations may not be carried out efficiently. In addition, isolating samples to exclude non-operational, non-technical and contract employees, discard the opportunity to understand other workgroup psychological response (PCV) which could involve bigger population which may have different degree of perceived violations. Similarly, limiting the sample size to SMBA medium size organizations will limit the opportunity to understand psychological response from other segments, while omission of other psychological resources besides efficacy, hope, optimism and resiliency and management responsiveness would limit

the value of R^2 . However, since the unit of analysis was based on individual perception, those limitations should be minimized.

Based on these limitations, for future similar research, the accessibility to population list is an important consideration. In addition, researcher should consider inclusion of other positive psychological resources like wisdom or spiritual belief in their research model. Ideally, future research should avoid this methodological pitfall by collecting data randomly and from larger population to include all sectors with variation in company's size and employment categories (regular versus contract employee). The analysis should also consider moderating effect of gender, ethnicity, levels of performance and other demographic variables which appear to have significant impact on the psychological response or behavioral outcomes (Bagozzi et al., 1999). Similar type of research is strongly encouraged in Malaysia context not only in view of the limitation of such research but as country marching toward a high income nation status, job demands becoming more challenging and deteriorating of emotional health in relation to employment is staggering. In the most recent report by The Malaysian Insider (2015), 63% of Malaysian are emotionally stress and 70% of Malaysian workforce experienced stress related illness (Regus's Online Survey, 2014). Suicidal death as a result of stress or depress is also becoming more frequent. Research on psychological contract violation may not address the issue of stress or depress directly but constructs related to psychological contract violation (stress is one of the elements in psychological contract violation) provide similar insight to one emotional health. Further exploring of antecedents for psychological contract violation or variables constructs that mitigate or accentuate the intensity of emotional affectivity will greatly help not only individual, practitioners and policy makers but counselors or clinical psychologist in promoting emotional health.

5.5 Conclusion

One always wonders the reasons as to how some employees remain vigilance under all circumstances while others succumb to unfavorable events badly! This is the key motivator in conducting the study aim to understand the predictors of psychological response in particular the psychological contract violation which evidenced to have great parity between individual to individual i.e. idiosyncratic. Guided by mental model and social exchange theory, sixteen hypotheses were formulated in relations to four research questions. Despite the fact that psychological contract violation (PCV) were widely researched, most of the previous studies singled out PCV as predictor (Turnley and Feldman, 2000; Pugh, et al., 2003) or mediator (Suazo, 2009; Peng and Zhao, 2012). In this research, PCV was posited as an endogenous construct and beyond the traditional western culture.

Drawing from previous literatures, five constructs (MR, Efficacy, Hope, Resiliency and Optimism) were identified as likely predictors for PCV. Management responsiveness for example was seen as likely predictor as it addresses the intensity of one negative emotion, while the high degree of positive psychological resources were expected to mitigate and neutralize the affectivity of this emotion. Based on measurement scales previously validated, a quantitative survey method was adopted. After the pilot test, the survey instruments (questionnaires) were posted to the respondents based on stratified random sampling process.

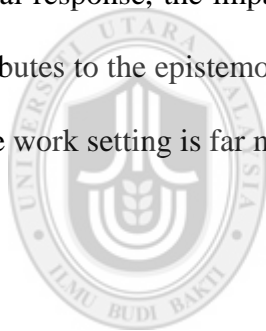
With 251 data collected from individual respondents amongst 35 SMBA member's company, reflective and formative first order constructs were evaluated using PLS-SEM analysis. The results of the analysis supported six out of sixteen (6/16) hypotheses in the research model. Management responsiveness, efficacy, hope and resiliency were all significant predictors for psychological contract violation with exception that efficacy having a positive

relationship with PCV while others having negative relationship as theorized. Optimism was however an insignificant predictor for PCV. In addition, psychological contract breach (PCB) was found partially mediated the relationship of MR and PCV consistent with earlier literatures. However other predictor constructs have no significant relationship with PCB and therefore mediating role of PCB was not supported. Judging from these findings, the role of PCB as mediator was not conclusive and further study will be required.

The results further demonstrate that variance explained ($R^2 = 0.413$) in the research model was considered moderate based on Hair et al. (2014) general rule of thumb. Heiman (1998) however argues that variance explained above 25% was succinct and significant. Whatever standard one chooses to apply, the level of psychological contract violation was obviously impacted by these predictors (three psychological resources and management responsiveness) with varying degree of influence. Considering all limitations, this empirical study not only enriches the epistemology of psychological contract violation literatures, but presents a significant implication for practitioners who are concerned with their employees' emotional wellbeing. In addition, this finding will also pave way for future research as almost 60% of the variance explained was not represented in this model.

In contrast to positive psychology (Seligman, 2002), PCV was a negative psychology which impacted attitudinal and behavioral responses in negative ways. Identification of the predictors constructs may present a great value for the manufacturing and services sector; enable them to deal with negative emotions more effectively. With individual and personalized grievances taking center stage due to diminishing union representation in Malaysia (6% of 13 million workforces), management responsiveness policy could play a bigger roles. Hidden costs involve in mismanagement of grievances in Malaysia (RM13.565 billion annually) could

be avoided. Similarly, Malaysia can learn from disengagement cost that experienced by US economy (costing US economy USD350 billion annually) as some of these efforts are cost free (e.g. MR), while with little intervention, positive psychological resources could be further improved. Using utility analysis, Luthan et al. (2007) demonstrates that based on top 10 firms' revenue reported in Forbes Global 2000, (mean of sales revenue at US\$156 billion and profit of US\$15 billion annually) with 2-3 hours micro-intervention can improve positive psychological resources (efficacy, hope, resiliency and optimism) by 2%, resulted in additional sales of US\$774 million and profits of US\$45 million annually. In other words, the increment of positive psychological resources (PsyCap) by 2%, improved profits by about 3%! Intervention efforts is therefore worth considering, while it suppressing the negative psychological response, the impact to the bottom line is imminent. In conclusion, while this study contributes to the epistemology of employee emotional response, the application of this model in the work setting is far more encouraging!



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