

**CAPITAL UNIVERSITY OF SCIENCE AND
TECHNOLOGY, ISLAMABAD**



**Impact of Perceived Contract Violation on
Counterproductive Work Behaviors. The
Mediating Role of Depressive Mood States and
Moderating Role of Neuroticism**

by

Muhammad Rizwan Khyzar

A thesis submitted in partial fulfillment for the
degree of Master of Science

in the

**Faculty of Management & Social Sciences
Department of Management Sciences**

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Dedicated to my parents, dear wife and friends



CAPITAL UNIVERSITY OF SCIENCE & TECHNOLOGY
ISLAMABAD

CERTIFICATE OF APPROVAL

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Abstract

The study examined the impact of perceived contract violation on counterproductive work behaviors. In line with conservation of resources (CoR) theory, the mediating role of depressive mood states (DMS) between perceived contract violation (PCV) and counterproductive work behaviors (CWBs) was tested, while the moderating effect of neuroticism between perceived contract violation and depressive mood states was also tested. Data was gathered from the organizations from multiple sectors because the phenomenon of contract violation is not sector-specific. Hence, the employees working in organizations like telcos (telecommunication organizations), non-profit organizations, banks and multinationals in Islamabad and Rawalpindi qualified to become the target organizations. A cross-sectional research design was followed as part of the research methodology, with minimal researchers interference, using convenience sampling technique. The relationship between perceived contract violation and counterproductive work behaviors was established, while the mediating effect of depressive mood states in the said relationship was also established as anticipated. However, the moderation hypothesis was not supported. Results are discussed, alongside their theoretical and practical implications. Limitations and future research directions are given subsequently.

Keywords: Perceived Contract Violation, Depressive Mood States, Neuroticism, Counterproductive Work Behaviors, Psychological Contracts.

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Abbreviations

PCV	Perceived contract violation
DMS	Depressive mood states
CWBs	Counterproductive work behaviors
CoR	Conservation of Resources Theory
BPC	Breach of Psychological Contract
LLCI	Lower limit of confidence interval
ULCI	Upper limit of confidence interval

Chapter 1

Introduction

1.1 Background of the Study

Psychological Contract is the individual thought about the terms of the exchange agreement between the individual and the organization (Rousseau, Sitkin, Burt & Camerer, 1998). Psychological contracts of employees are created when the employees join the organization, and with time such contracts are developed with the perceptions of employees' obligations towards organization beside their formal role and organizational obligations towards them (Rousseau, 1989). Psychological contracts play a vital role in determine the attitudes and behaviors of employees, but it is very dependent on subjective evaluation of employees (Jepsen & Rodwell, 2012). If the employees feel that psychological contract was fulfilled successfully form the organizational side then it results in favorable outcomes like job satisfaction, commitment and organizational citizenship behaviors (Stoner & Gallagher, 2010). But when perceived Contract Violation is perceived by employees then it results in destructive outcomes like turnover intentions, job dissatisfaction and counterproductive organizational behaviors (Zhao, Wayne, Glibkowski, & Bravo, 2007; Jensen, Opland, & Ryan, 2010).

The Breach of mental contract expand the inclination of uneasiness, outrage and retribution in the representatives, when the mental contract rupture is unavoidable

then the association ought to center to minimize the violation of agreement with the workers (Morrison & Robinson, 1997).

Perceived contract violation (PCV) represents an intense emotional response to unfulfilled promises by the employer. It is documented in the literature that such emotional responses which are caused by negative stimulus lead to strain, depression and anxiety. Perceived contract violation may lead to deviance work place behavior of the employees in the organizations. Deviant work place means that if the employee is not satisfied with the organization then he is not willing to play his role in the favor of organization. Deviance workplace behavior leads to employees' neglect, turnover, decreased loyalty and voice (Turnley & Feldman, 1998). More precisely, it can be seen as "intended activities that disrupts established value and norms so threatens the benefits of the organization" (Chiu & Peng, 2008). Workplace deviance could rise from the worker's view that their organization has neglected him or her in different situations. Employees then engage in mischievous as a means of revenging their organization for the supposed treatment.

Workplace deviance can be seen as negative exchange. "A negative exchange direction is the trend for an employee to respond negatively to negative treatment". Often employees respond negatively to ill treatment and respond warmly to good supervision. However, what is serious to considerate employee deviance at workplace and monitored and control that the employees are wrong or right in what they have perceived about their supervision (Zhao, Wayne, Glibkowski, & Bravo 2007). Robinson and Bennett (1995) proposed a typology of two types of deviant workplace behavior, minor versus serious and individual versus organizational. The serious and organizational deviance of workplace is a big threat to organizational existence. The employee's attitude is the predictor of deviant behavior at workplace, so the workplace deviance should be monitored and controlled by screening their multiple attitudes (Bolin & Heatherly, 2001).

At the point when the workers don't accept reasonable treatment at working environment then they deliberately withdrawal from the work (Bolin, 2004). Meier, Semmer and Hupfeld (2009) found that the experience of unfair treatment by one's

supervisor was related to subsequent depressive mood for individuals with an unstable high self-esteem. Depression of employees is conceptualized as the affective disorders of employees ranging from high to low, aroused due to negative events at workplace (Tepper, Duffy, Henle, & Lambert, 2006). Depressive mood states (DMS) are for short duration, and are found as a result of psychological contract breach and it further leads to counter productive work behaviors (Priesemuth & Taylor, 2016).

Psychological contract breach is based on the subjective experiences of employees that's why the personality of employees plays a significant role in experiencing negative emotions as a result of that breach (Raja, Johns, & Ntalianis, 2004), Because personality of a person directs his attitude and actions in a particular direction. Neuroticisms is personality traits, and is defined as the propensity to experience distress and negative emotions, including fear, sadness, anger, anxiety, irritability, loneliness, worry, self-consciousness, dissatisfaction, hostility, shyness, reduced self-confidence, and feelings of vulnerability (Riese, Ormel, Aleman, Servaas, & Jeronimus, 2016). The individuals having such neurotics personality, when feels that organizations have failed to deliver which they are expecting based on psychological contract, then its leads to high and prolonged depressive mood states (Pawlowski et al., 2014).

1.2 Gap Analysis

The present study is based on several theoretical and contextual gaps in literature, these are the following.

The importance of psychological contracts can't be ignored in this era of globalization. For gaining sustainable competitive advantage, organization needs full potential of their employees, which is not possible without the significant fulfillment of psychological contracts. Psychological contract fulfillment is not easy, while its breach is often reported, that's why different antecedents and outcomes

have been identified so far. However, behavioral outcomes of psychological contracts need further clarity on the base of underlying mechanisms that leads to particular type of behavior.

The present study is attempting to identify one important attitudinal antecedent depressive mood state as a mediator between psychological contract breach and counterproductive work behaviors (counterproductive work behaviors). Priesemuth and Taylor (2016) suggested to test the impact of personality attributes associated with depressive mood states as moderator between the relationship of perceived contract violation and depressive mood states. Responding to their call, the present study adds neuroticism a personality trait which intensifies the relationship of perceived Contract Violation and depressive mood states.

On the whole, the present study is testing the impact of perceived Contract Violation on counterproductive work behaviors with the mediation of depressive mood state and moderation of neuroticism in Pakistani context.

1.3 Problem Statement

Counterproductive work behaviors are a matter of concern for many organizations and the topic has gained much attention since it not only tarnishes the image of an organization but also has financial implications. Many studies have examined various antecedents of Counterproductive work behaviors, still there is a lack of work regarding the impact of perceived Contract Violation upon such undesired behaviors i.e. Counterproductive work behaviors. Therefore, it is pertinent to look into the dynamics of perceived Contract Violation and Counterproductive work behaviors. Additionally, management researchers have extensively studied the behavioral outcomes of psychological contract breach but limited studies have identified different attitudinal and affective explanatory mechanisms towards these behavioral outcomes like depressive mood states.

Likewise, contract violation is also a common complaint of employees, which generally goes unheard and unattended because it is a phenomenon which is difficult to understand and measure by the employer. Most of the times, the employer

feels that there is no such violation on their part. Therefore, measuring the level of contract violation and investigating its negative behavioral outcomes (Counterproductive work behaviors) is an important and practical area to study. The strain arising from perceived contract violation may also affect employees negatively, therefore we take depressive mood states as a mediator between perceived contract violation and Counterproductive work behaviors. Moreover, employee's own personality attributes may come into play while they experience perceived contract violation. Hence, we take neuroticism as a moderator between perceived contract violation and depressive mood states.

1.4 Research Questions

The study attempted to address several questions, these research questions were as follows;

Question 1: Does there exist a significant impact of perceived contract violation on counterproductive work behaviors?

Question 2: Do depressive mood states mediate the relationship of perceived contract violation and counterproductive work behaviors?

Question 3: Does neuroticism moderate the relationship of perceived contract violation and depressive mood states?

1.5 Research Objectives

The study is addressed several objectives based on the research questions.

Objective 1: To find out the implications of perceived contract violation with regards to Counterproductive work behaviors.

Objective 2: To ascertain the mediating effect of depressive mood states between perceived contract violation and counterproductive work behaviors.

Objective 3: To ascertain whether or not neuroticism moderates the relationship of perceived contract violation and depressive mood states.

1.6 Significance of the Study

According to Aycan et al. (2000) Pakistan is an under researched country. Therefore, the main objective of the present study is to examine the counterproductive work behavior and its relation to the psychological contracts with the employees of Pakistan. The main focus of this study is on both public and private sectors of Pakistan. Both sectors of Pakistan are not performing well due to enormous problems of integration and commitment of the employees. These all issues need to be addressed through proper studies in order to find solution for these problems. Therefore, to test the relationship of PCV with employees outcomes is a practical area and need further analysis.

Moreover, integrating personality characteristics like employees personal depression tendencies, perceived contract violation and counterproductive work behaviors relations seems to be fruitful area for researchers and practitioners that may facilitate in understanding the concept of Perceived contract violation in Pakistani context. Hofstede (1984) concluded in his cross-cultural studies that Pakistan has a collectivist culture with high power distance. In collectivist society, the employees will be more committed toward OCB (DeLeon & Finkelstein, 2011). The focused of this research will be to examine the role of neuroticism as moderating variable between association of perceived contract violation and Counterproductive work behaviors. The main purpose of this study is to identify whether the association between personality and perceived contract violation increases the depression of employees or not.

So, this study is an attempt to create this awareness in order to understand the concept of perceived contract violation in the public and private sectors of Pakistan. This study results will give a new direction to the practitioners of both sectors of Pakistan that how to buffers negative behavior of employees, which will subsequently influence the organizational performance.

1.7 Supporting Theory

Different theories can be used to underpin the studies of perceived contract violation and its outcomes like Social exchange theory, expectancy theory etc. but conservation of theory seems to be an overarching framework for the present study.

1.7.1 Conservation of Resources Theory

Hobfoll (1989) articulate the main conceptualization of conservation of resources. The Conservation of Resources (CoR) Model (Hobfoll, 1989) is an integrated model of stress that encompasses several stress theories. According to the model, individuals seek to acquire and maintain resources, including objects (e.g., homes, clothes, food), personal characteristics (e.g., self-esteem), conditions (e.g., being married or living with someone provides social support, more financial security), and energies (e.g., time, money, and knowledge). Stress occurs when there is a loss of resources, or a threat of loss.

In the present study, when individuals develop psychological contract they create and develop some resources in form of their stakes, when psychological contract is violated then they feel depression and such depressive moods of employee led them to engage in counterproductive work behavior, in this process of developing and depleting of resources the personality of individual plays a key role.

Chapter 2

Literature Review

2.1 Perceived Contract Violation and Counter-productive Work Behaviors

The topic of psychological contract breach has gained much attention in recent times, including the research regarding the elements of its formation, development and likely outcomes. Psychological contracts are the key to drive workplace relationships in almost all forms of occupations (Rousseau, 1998; Coyle-Shapiro & Kessler, 2000; Guest, 2004; Persson & Wasieleski, 2015). These contracts represent an implicit agreement between the employee and the employer regarding their duties and obligations (Robinson & Rousseau, 1994; Rousseau, 1989). Hence, such contracts fundamentally represent unwritten obligations and duties of the employee and the employer, which are not part of the formal and explicitly written employment contract (Guest, 2004; Rousseau, 2001).

The employees have perceived some expectations from his employer when his or her expectations are not fulfilled, the employee may “perceive a psychological contract breach by their employers”. This “breach” of the psychological contract then presents possible harms, mostly in the workplace (Robinson, 1995). The organizations should be deeply concerned about these unwritten contracts and promises which employees perceive, because the employees are conscious about their expectation in the organization (Ho, 2005).

Perceived contract violation is a situation when employees develop an intense feeling that the employer has failed to fulfill what was promised while the contributions made by him/her are not respected and well responded. Additionally, it carries the element of willful violation as perceived by the employee, when he/she thinks that the employer didn't keep the promises when they were in a position to adhere with their commitments (Robinson & Morrison, 2000; Morrison & Robinson, 1997). It triggers the feelings of "disappointment, depression, frustration, and distress, in combination with feelings of anger, resentment, bitterness and outrage, resulting from the perceptions of betrayal" (Priesemuth & Taylor, 2016; Rigotti, 2009; Conway & Briner, 2002).

The violation of psychological contract increases the feeling of anxiety, anger and revenge in the employees, when the psychological contract breach is unavoidable then the organization should focus to minimize the violation of contract with the employees (Morrison & Robinson, 1997). When the employees don't receive fair treatment at workplace then they intentionally withdrawal from the work (Hsu, Yang, & Lai, 2011). So, the organization should provide an equally treated environment in order to generate loyalty and citizenship behavior in the employees. The committed and loyal workforce will provide a competitive edge to the organization over its competitors. Violation of psychological contract decrease loyalty and the employee concern for the organizational goals. Raja, Johns and Ntalianis (2004) concluded that breach of psychological contract effect the citizenship behavior of the employees.

Counterproductive work behaviors are negative workplace behaviors that are unwanted and unwelcome by the employers. Counterproductive work behaviors are detrimental to organizations' existence and they need to be at minimal level in order to have a healthy organization. These behaviors include overt behaviors which are clear and apparent like theft from these organization, whereas at times they may take the shape of a little passive behavior which may include willful noncompliance and doing work incorrectly. There exist various views on Counterproductive work behaviors. The typology presented by Robinson and Bennett (1995) mainly discusses "minor vs. serious and interpersonal vs. organizational

Counterproductive work behaviors” (Figure 1). Based on these broad categories, the dimensions of Counterproductive work behaviors include four types namely, “production deviance, property deviance, political deviance, and personal aggression”. Production deviance encompasses those activities which affect an organizational functioning and productivity negatively. Such deviance will be evident if for example, “employees don’t stay at workplace for the stipulated time, keep on availing longer than the allowed breaks, go slow and don’t use the resources efficiently”. Property deviance activities include, “destroying organizational assets, accepting bribe, misinformation about the actual work and working hours and stealing from the organization”. political deviance includes, “showing favoritism, gossiping about coworkers, blaming coworkers, and competing nonbeneficially”. Personal aggression includes, “sexual harassment, verbal abuse, stealing from coworkers and endangering coworkers”.



FIGURE 2.1: Typologies of Counterproductive work behaviors. Adopted from Robinson and Bennett (1995).

Multiple conceptualizations of Counterproductive work behaviors exist in the literature. For example, Spector et.al., (2006), proposed five-dimensional construct

of Counterproductive work behaviors. The dimensions include, “sabotage, withdrawal, production deviance, theft and abuse”. Gruys and Sackett (2003), also proposed a model of Counterproductive work behaviors, having eleven dimensions namely, “theft and related behavior, destruction of property, misuse of information, misuse of time and resources, unsafe behavior, poor attendance, poor quality of work, alcohol use, drug use, inappropriate verbal actions, inappropriate physical actions”. Moreover, Bennett and Robinson, (2000) put forward a two-dimensional model of Counterproductive work behaviors including “interpersonal deviance and organizational deviance”. Therefore, it is evident that Counterproductive work behaviors represent an important workplace variable to which researchers have paid considerable attention.

The devastating consequences of Counterproductive work behaviors are well documented. Theft and fraud which are two element of Counterproductive work behaviors costs \$50 billion annually to employers (Dineen, Lewicki & Tomlinson, 2006). Cases involving CWBs had more than doubled in 10 years, to about 11,700 cases in 2003, from 5,200 cases in 1994 (Khalizani et al., 2011). Combined its multiple conceptualizations, devastating consequences and theoretical links with perceived contract violation as discussed above, Counterproductive work behaviors appear to qualify as amongst the most important workplace behaviours that are to be dealt by the managers. Based on the above discussion, we hypothesize the following.

Hypothesis 1: Perceived contract violation is positively associated with counterproductive behavior.

2.2 Mediating Role of Depressive Moods States between Perceived Contract Violation and Counterproductive Work Behaviors

As discussed earlier, counterproductive work behaviors are negative behaviors which are avoided by organizational managers and they attempt to get them at

minimal level. However, counterproductive work behaviors occur and its necessary to find out the causes and possible pathways through which counterproductive work behaviors come into existence (Carpenter & Berry, 2017; Zheng, 2017). In the previous part of the literature review, it was discussed that what are the possible predictors of counterproductive work behaviors and an important predictor that was perceived contract violation was chosen to be the independent variable of the study. Similarly, there is a need to identify how perceived contract violation influences counterproductive work behaviors (Griep & Vantilborgh, 2018; Salin & Notelaers, 2017). In the lines below, the path to counterproductive work behaviors from perceived contract violation is discussed in the form of depressive mood states in line with the available literature and conservation of resources theory.

Perceived contract violation represents an intense emotional response to unfulfilled promises by the employer. It is documented in the literature that such emotional responses which are caused by negative stimulus lead to strain, depression and anxiety (Kakarika, González-Gómez & Dimitriades, 2017) while the stressors that are present in the workplace lie in the category of psychosocial stressors (Cooper & Quick, 2017).

Depression is particularly and outcome of psychosocial stressors and acts towards depletion of resources available to an individual (Siegrist, 2016; Schmidt, Roesler, Kusserow, & Rau, 2014). Depressive mood states are characterized as having the elements of, “getting bothered by things that usually don’t bother an individual, poor appetite, having trouble in getting focused, feeling burdened, fearful, sad, lonely and failed, having restless sleep and having crying spells” (Priesemuth & Taylor 2016; Eatough et.al., 2016). As per Priesemuth and Taylor (2016), perceived contract violation which represents a psychosocial stressor is expected to cause depressive mood states in the affected employees. This implies that, it is highly likely that the employees who are experiencing perceived contract violation, will experience depressive mood states subsequently.

Similarly, depressive mood states are responsible for many negative behaviors and outcomes at workplace (Reknes et.al., 2014). When employees experience depressive mood states due to perceived contract violation, they are likely to develop

negative feelings about their employer. This is because depressive mood states are triggered by unfulfillment of promises by the employer (Probst & Lavaysse, 2017; Cassar & Buttigieg, 2015). In this way, the negative actions of employees will be directed to hurt employer which can take the form of counterproductive work behaviors. Minor or serious counterproductive work behaviors may occur depending upon the extent to which employees are facing depressive mood states. The higher the level of depressive mood states, the more intense the deviance will be (Chiu, Yeh & Huang, 2015; Avey, Wu & Holley, 2015). This deviance may become evident in all or one of the types which are “production deviance, property deviance, political deviance, and personal aggression”. In this way depressive mood states explains the mechanism between perceived contract violation and counterproductive work behaviors.

Conservation of Resources theory can help in explaining the mechanism. In the presence of apparent discrepancy between subordinates’ investments and organizational returns, research maintains that contract violation depicts a resource loss to employees (e.g., Kiazad, Seibert, & Kraimer, 2014; Lapointe et al., 2013) which may lead to declining wellbeing of the employees. Precisely, unmet promises and unfulfilled obligations drain subordinates, making them tired and dejected (Hobfoll, 2001; Kessler, Turner, & House, 1988), leaving them in a state where they remain unable to perform their job duties properly. Fundamentally, individuals facing exhaustion and depression are likely to enter into a “defensive posture” (Hobfoll, 1989, 2001) in an attempt to conserve their resources (Byrne et al., 2014; Hobfoll, 1989, 2001), consequently evading the responsibilities that can further minimize their resources. Since individuals do not own the resources to surpass in the organization, they may disregard the tasks that are discretionary in nature (Chiu & Tsai, 2006; Cropanzano, Rupp, & Byrne, 2003; Kiazad et al., 2014).

Based on the above argumentation arising from conservation of resources theory and the available literature pertaining to perceived contract violation, depressive mood states and counterproductive work behaviors, it is plausible that DMS appears to qualify as a mediator in the relationship between PCV and CWBs. Therefore, the following hypothesis is put forward.

Hypothesis 2: Depressive mood states mediate the relationship between perceived contract violation and counterproductive behavior.

2.3 Moderating Role of Neuroticism between Perceived Contract Violation and Depressive Mood States

Personality traits are important predictors of various workplace behaviors (Guay, 2016; Kluemper, McLarty & Bing, 2015). Personality traits depict enduring tendencies of individuals which combined with other situational factors result in various outcomes (Beck, Davis & Freeman, 2015). The most commonly known and used conceptualization of personality trait is the Big Five model (Goldberg, 1993) that carries the attributes of “openness to experience, conscientiousness, extraversion, agreeableness, neuroticism”. The dimensions as observed by Judge, Higgins, Thoresen & Barrick (1999) are defined. Openness to experience represents an individual’s tendency relating to “Appreciation for art, emotion, adventure, unusual ideas, curiosity, and variety of experience”. Conscientiousness refers to “the tendency to be organized and dependable, show self-discipline, act dutifully, aim for achievement, and prefer planned rather than spontaneous behavior”. Individuals high on Extraversion are characterized to have “Energy, positive emotions, surgency, assertiveness, sociability and the tendency to seek stimulation in the company of others, and talkativeness”. Agreeableness represents “a tendency to be compassionate and cooperative rather than suspicious and antagonistic towards others”. Neuroticism refers to “the tendency to experience unpleasant emotions easily, such as anger, anxiety, depression, and vulnerability. Neuroticism also refers to the degree of emotional stability and impulse control and is sometimes referred to by its low pole, emotional stability”.

As discussed earlier that depression is particularly and outcome of psychosocial stressors and acts towards depletion of resources available to an individual

(Siegrist, 2016; Schmidt, Roesler, Kusserow, & Rau, 2014). It is plausible that depressive moods are triggered through perceived contract violation. As per Priesemuth and Taylor (2016), perceived contract violation which represents a psychosocial stressor is expected to cause depressive mood states in the affected employees. This implies that, it is highly likely that the employees who are experiencing perceived contract violation, will experience depressive mood states subsequently. As the study takes into account perceived contract violation as a predictor of depressive mood states, it seems logical to select and test the facilitating effect of a personality trait in the said relationship. Research suggest that individuals having neurotic tendencies are more likely to experience depression and depression-related symptoms (Schmitz, Kugler & Rollnik, 2003). This implies that employees who are high on neuroticisms are likely to experience higher levels of depressive mood states in case of perceived contract violation. This

It has been observed a lot of time that at whatever points this aspect is considered; emotional stability correlation must be made with neuroticism. Both in the meantime have submitted immense essentialness in personality psychology as well as in human resource management implications. The characteristics of emotional stability are inverse with the quality of neuroticism (Behling, 1998). Individuals having neuroticism trait are restless, discouraged, irate, humiliated, stressed and frail (Barrick & Mount, 1991), the explanation for this that their level of feelings is generally not pleasant, .To be exact, they have a tendency to express more feeling as they don't know the craft of how to control feelings (Elanain, 2007; Pronk & Kottke, 2009). Barrick and Mount (1996) describes Neurotics are ill personalities who often perceives the situations negatively (Boudreau & Boswell, 2001). So, the following hypothesis is proposed.

Hypothesis 3: Neuroticism moderates the relationship between perceived contract violation and depressive mood states; such that the relationship between perceived contract violation and depressive mood state will be high when neuroticism is high and vice-versa.

2.4 Theoretical Framework

Based on the literature review, a framework was developed in line with conservation of resources theory. In the framework, perceived contract violation (PCV) was the independent variable, depressive mood states (DMS) represented the mediator, neuroticism appeared as moderator between PCV and DMS, while the outcomes variable was counterproductive work behaviors (CWBs) as shown in figure 2.

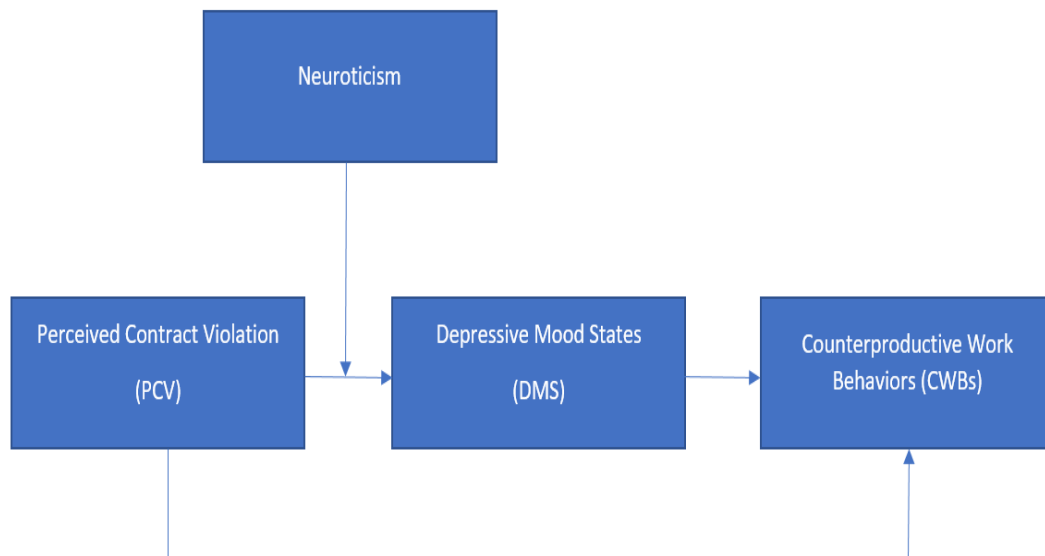


FIGURE 2.2: Theoretical Framework.

Chapter 3

Research Methodology

3.1 Research Design

In line with the study objectives and based on the literature review, a causal relationship was hypothesized between the variables of interest i.e. perceived contract violation (independent variable), depressive mood states (mediating variable), neuroticism (moderating variable) and counterproductive work behaviors (dependent variables). Therefore, data collection and analysis for the purpose of interpretation and deducing the results was made using different means as mentioned below.

3.1.1 Type of Study

As the research was intended to find out the impact of perceived contract violation on counterproductive work behaviors alongside the mediating (depressive mood states) and moderating (neuroticism) mechanisms involved, it was an attempt to establish cause and effect relationship. Therefore, the study was causal in nature. Since the study was based on questionnaire which obtained responses on a likert scale, it was quantitative in nature.

3.1.2 Study Setting

The study settings can be contrived or noncontrived based on the type of study and its intended outcomes. The current study was conducted in a noncontrived settings implying that the researcher obtained data from the work settings where routine work activities occur. It is because, the study was intended to find out the relationship between the variables without introducing any changes or stimuli to the natural working environment.

3.1.3 Time Horizon

Time horizon of a study describes that whether that data was collected once, in various time lags or even after months or years repeatedly. It depends upon the scope and research question of the study. The current study was cross-sectional in nature. This implies that data was gathered from the respondents once and they were only contracted for one time slot.

3.1.4 Researcher Interference

There can be minimal, moderate or excessive interference of the researcher depending upon the type of study and its objectives. In the present study, the researcher introduced no changes or external modifications in natural work settings (organizations) from where the data was gathered from the respondents (employees) employing a survey questionnaire representing that the researcher's interference was minimal. Therefore, the researcher gained first-hand information from study respondents in natural work settings.

3.1.5 Unit of Analysis

Unit of analysis represents that aggregation of data which is required at the time of analysis. The researcher determines to have the appropriate unit of analysis based on the study objectives and scope. Unit of analysis can be individual, dyad

or groups. For the present study, the unit of analysis was individual, which was represented by employees who were contracted and became respondents.

3.1.6 Data Collection Procedure

Study questionnaires were disseminated to the respondents in target organizations. Those respondents who provided their willingness to take part in the research were chosen as participants. The respondents were contracted while their break from working hours. The study questionnaire had various sections, including demographic profile of respondents (age group, gender, work experience, qualification and nature of job) and likert-scale questions regarding each scale variable.

An introductory cover letter was attached with the questionnaire, explaining the purpose of study and the respondents were encouraged to participate promising confidentiality. The respondents' names and other personal information was not asked to ensure anonymity. The author personally made multiple visits to the selected organizations to get the responses. Questionnaires were collected back on subsequent visits.

3.2 Population and Sample

The study took into account organizations from multiple sectors because the phenomenon of contract violation is not sector-specific. Hence, the employees working in organizations like telcos (telecommunication organizations), non-profit organizations, banks and multinationals in Islamabad and Rawalpindi qualified to become the target organizations. The unit of analysis were individual employees. 500 questionnaires were distributed in target organizations. convenience sampling method was employed to contract respondents based on their willingness to participate in the survey. The convenience sampling method was used because it was not possible to get the respondents of our own choice. And the cooperation level of organizations was not encouraging.

3.3 Instrumentation

All variables of the study were measured through standard instruments developed and validated previously, as discussed below.

3.3.1 Perceived Contract Violation

Perceived contract violation (PCV) was measured by using the scale of (Robinson, 2000). The scale has 09 items and measures responses on a likert scale. Sample items include, **“so far my employer has done an excellent job of fulfilling its promises to me”** (reversed) and **“my employer has broken many of its promises to me even though I’ve upheld my side of the deal”**.

3.3.2 Depressive Mood States

Depressive mood states (DMS) were measured by using the scale of (Radloff, 1977). The scale consists of 20 items and asks respondents to rate statements based on how often they feel a certain way on a likert scale. Sample statements include **“I felt that I could not shake off the blues even with help from my family or friends”** and **“I had trouble keeping my mind on what I was doing”**. Priesemuth and Taylor (2016) recently used the scale to measure depressive mood states in contract violation scenarios.

3.3.3 Neuroticism

The scale of Goldberg et.al., (2006) was used to measure neuroticism. It is most widely used scale to measure five-factor personality traits. It has 08 items and measures responses on a likert scale. Sample items include, **“I see myself as someone who can be tense”** and **“I see myself as someone who is emotionally stable, not easily upset”** (reverse).

3.3.4 Counterproductive Work Behaviors

The scale of Spector et.al., (2006) was used to measure counterproductive work behaviors. It is a shortened version of the main scale. It has 33 items and measures responses on a likert scale. Sample items include, “**purposely dirtied or littered your place of work**” and “**stayed home from work and said you were sick when you were not**”.

3.4 Reliability Analysis

A reliability analysis was carried out to make sure that each scale used in the study fits the study requirements and is suitable to be used in current study settings (table). Reliability represents the condition when a scale gives consistent results when administered multiple times or to varying audiences. As a benchmark, a scale is reliable if it gives a Cronbach’s alpha value of 0.7 and above.

Here, it can be observed that all scales have reliability value of more than 0.7. Perceived contract violation had 09 items with alpha value of 0.78. Depressive mood states had 20 items with the alpha value of 0.75. Neuroticism had 08 items with the alpha value of 0.79. Whereas, the reliability value of CWBs’ scale turned out to be 0.97 which had 33 items. This shows that all scales used in the study were fit for the study settings and were reliable in terms of their statistical strength.

TABLE 3.1: Scale Reliabilities.

Variable	Cronbachs Alpha	Number of Items
Perceived contract violation	0.78	09
Depressive mood states	0.75	20
Neuroticism	0.79	08
Counterproductive work behaviors	0.97	33

3.5 Data Analysis Procedure

The study was quantitative in nature; therefore, certain statistical techniques were employed to analyze the relationship between the dependent, independent, mediating and moderating variables. Descriptive statistics were used to describe the characteristics of sample in terms of age, gender, work experience and qualification. Scale variables' descriptive statistics were measured in terms of frequency distribution, arithmetic mean, and standard deviation. Regression analysis based on bootstrapping method introduced by Preacher and Hayes (2004) was applied for hypothesis testing (direct relationships, mediation and moderation).

Chapter 4

Results

4.1 Descriptive Statistics

Table 4.1 represents the descriptive statistics of study variables. When variables are explained in terms of their mean, minimum, maximum and standard deviation values, it becomes easier for the researcher to gain an understanding about what are the extreme values and whether or not the data turns out to be as per the expectations of the researcher. The mean value represents the average for each variable. The observed minimum response is represented by the minimum value. The observed maximum response is represented by the maximum value. While standard deviation represents that how far the values are from the mean observed value. Table carries the said values for age, gender, qualification, experience, perceived contract violation, depressive mood states, neuroticism and counterproductive work behaviors.

TABLE 4.1: Descriptive Statistics (Minimum, Maximum, Mean and Standard Deviation).

Variable	Sample	Min	Max	Mean	Std. dev.
Gender	240	1	2	1.30	0.45
Age	240	1	5	1.79	0.89
Qualification	240	1	4	4.28	0.57
Experience	240	1	5	2.13	0.81
Perceived contract violation	240	1	4	2.12	0.65
Depressive mood states	240	1	7	2.84	0.82
Neuroticism	240	1	4	2.44	0.73
Counterproductive work behaviors	240	1	4	1.34	0.58

4.2 Sample Characteristics

Study respondent's demographic characteristics are given in table. Out of 240 respondents, 168 were male, while the remaining 62 were females representing 70 and 30 percent of each gender. In terms of age, the mix of respondents was as follows; 102 respondents were from the age bracket of 18-25 years, 99 were from 26-33 years, 19 were from 34-41 years, 14 were from 42-49 years and the remaining 06 were from 50 years or above age bracket representing 42.5%, 41.2%, 7.9%, 5.8% and 2.5% of each category respectively. The respondents had differing educational background, where 218 of them had a masters or higher degree (90.8% of the sample), 04 had a bachelor's degree (1.6% of the sample), 14 had intermediate level education (5.8% of the sample), while 04 had matriculation level education (1.6% of the sample). Similar to educational level, there was differing level of experience of the respondents. Respondents having less than 01 year, 01 to 05 years, 06-11 years, 12-17 years and 17 years and above of experience represented 15.8%, 65%, 11.6%, 3.7% and 3.7% of the sample respectively.

4.3 Correlation Analysis

A correlation analysis depicts the extent to which study variables are associated with each other. The value of correlation may lie between -1.00 to +1.00, where the value of 1 represents a perfect correlation. The higher the value of correlation

TABLE 4.2: Respondents' Demographic Characteristics.

	Frequency	Percent	Cumulative percent
Gender			
Male	168	70	70
Female	72	30	100
Age			
18-25 years	102	42.5	42.5
26-33 years	99	41.2	83.7
34-41 years	19	7.9	91.6
42-49 years	14	5.8	97.4
50 years and above	06	2.5	100
Qualification			
Matriculation	04	1.6	1.6
Intermediate	14	5.8	7.4
Bachelors Degree	04	1.6	09
Masters Degree or Higher	218	90.8	100
Experience			
Less than 01 year	38	15.8	15.8
01 to 05 years	156	65	80.8
06 to 11 years	28	11.6	92.4
12 to 17 years	09	3.7	96.1
18 years and above	09	3.7	100

between two variables, the more associated they are with each other with the sign implying the direction of association. Table shows correlation matrix of study variables.

According to table 4.2, the correlation value of perceived contract violation with depressive mood states turned out to be ($r = 0.28, p < 0.01$), with counterproductive work behaviors it was ($r = 0.36, p < 0.01$) and with neuroticism it was ($r = 0.17, p < 0.05$) with positive signs. The correlation value of depressive mood states with counterproductive work behaviors turned out to be ($r = 0.30, p < 0.01$), while with neuroticism it was ($r = 0.5, p < 0.01$) with positive signs. Finally, perceived contract violation and neuroticism had a positive correlation with each other ($r = 0.16, p < 0.05$). All correlations were significant. No correlation was above 0.7, implying that further relationships could be tested without omitting any variables.

TABLE 4.3: Correlation Analysis.

Variable	1	2	3	4
Perceived contract violation	1			
Depressive mood states	0.28**	1		
Counterproductive work behaviors	0.36**	0.30**	1	
Neuroticism	0.17*	0.50**	0.16*	1

*. Correlation is significant at the 0.05 level (2-tailed).

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

4.4 Control Variables

One-way ANOVA was performed to make sure whether any demographic variable had a significant impact upon the dependent variable i.e. Counterproductive work behaviors. This determines if some demographic characteristic needs to be controlled in further analysis. In the present study, no such variable was found significant in terms of being qualified as a control variable. The results one way ANOVA shows insignificant relationship of gender, age, qualification and experience with counterproductive work behaviors; gender ($F = 1.83$, $P > .05$), Age ($F = 0.64$, $P > .05$), Qualification ($F = 0.26$, $P > .05$) and experience ($F = 0.57$, $P > .05$).

TABLE 4.4: One Way ANOVA (Control Variables).

Variable	F Value	Significance
Gender	1.83	0.17
Age	0.64	0.63
Qualification	0.26	0.89
Experience	0.57	0.68

4.5 Mediation Analysis

A mediation analysis was run through SPSS using PROCESS macro by Preacher and Hayes (2004), using 5000 bootstrap samples. According to Hayes templates, Model 4 works as a mediation model. The total, direct and indirect effects can be observed through table.

4.5.1 Total Effect

The total effect reflects the impact of independent variable (perceived contract violation) upon the dependent variable (counterproductive work behaviors). The total effect turned out to be 0.36 having a significant p value (0.0000). Additionally, there lies no zero value between the upper (0.18) and lower (0.45) boot limits of the total effect, which demonstrates that the effect is significant. This implies that around 36% of the variance in counterproductive work behaviors is explained by perceived contract violation. Hence, hypothesis 1 is supported which stated that perceived contract violation and counterproductive work behaviors are positively linked with each other.

4.5.2 Direct Effect

The direct effect shows that impact of independent variable (perceived contract violation) upon the dependent variable (counterproductive work behaviors) in the presence of mediator (depressive mood states). The direct effect turned out to be 0.26 having a significant p value (0.0002). Additionally, there lies no zero value between the upper (0.40) and lower (0.13) boot limits of the direct effect, which demonstrates that the effect is significant. This implies that around 26% of the variance in counterproductive work behaviors is explained by perceived contract violation when the mediator (depressive mood states) is also present in the model.

4.5.3 Indirect Effect

Finally, the indirect effect i.e. the mediation effect of depressive mood states between perceived contract violation and counterproductive work behaviors is determined. The effect size is 0.10 with no zero value lying between the upper (0.21) and lower (0.02) boot limits. This implies that depressive mood states mediate the relationship between perceived contract violation and counterproductive work behaviors and hypothesis 2 is supported subsequently.

TABLE 4.5: Mediation of Depressive Mood States Between Perceived Contract Violation And Counterproductive Work Behaviors.

	Effect	SE	T	P	Boot LLCI	Boot ULCI
Total effect	0.36	0.06	4.75	0.0000	0.18	0.45
Direct effect	0.26	0.06	3.85	0.0002	0.13	0.40
Indirect effect	0.10	0.04	-	-	0.02	0.21

4.6 Moderation Analysis

A moderation analysis was run through SPSS using PROCESS macro by Preacher and Hayes (2004), using 5000 bootstrap samples. According to Hayes templates, Model 1 works as a moderation model. The coefficient of interaction term, R^2 change and boot limits can be observed through table.

The coefficient of interaction terms turned out to be 0.23 while the R^2 change after introducing the moderator in the model of perceived contract violation and depressive mood states turned out to be 0.01 with a nonsignificant p-value of 0.07. The upper (0.48) and lower (-0.02) boot limits carry a zero value between them. This reflects that the neuroticism doesn't significantly moderate the relationship between perceived contract violation and depressive mood states as stated in hypothesis 3. Therefore, hypothesis 3 is not supported, which can also be observed in the moderation plot given in figure 4.1.

TABLE 4.6: Moderation of Neuroticism between Perceived Contract Violation And Depressive Mood States.

	Coefficient	SE	T	P	LLCI	ULCI	R^2 Change	F
Neuroticism	0.23	0.13	1.77	0.07	-0.02	0.48	0.01	3.14

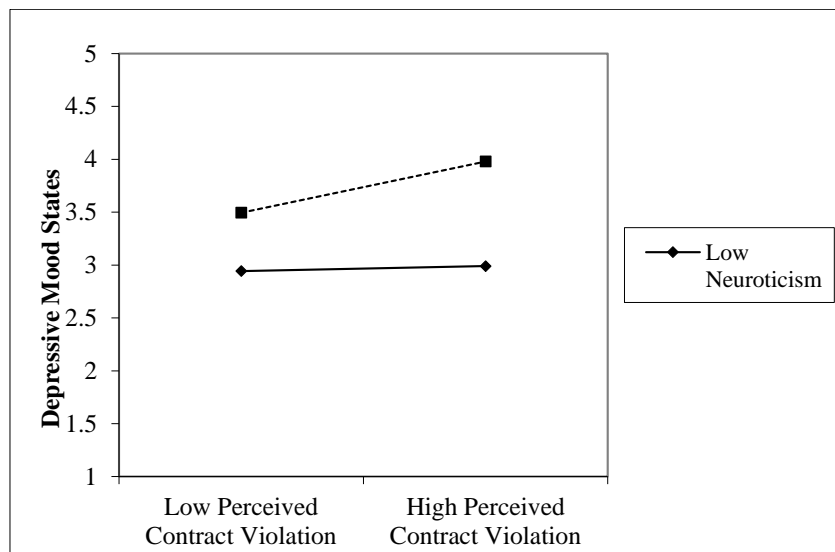


FIGURE 4.1: Moderation Plot.

TABLE 4.7: Summary of Accepted/Rejected Hypotheses.

Hypothesis	Statement	Result
1	Perceived contract violation is positively associated with counterproductive behavior.	Supported
2	Depressive mood states mediate the relationship between perceived contract violation and counterproductive behavior.	Supported
3	Neuroticism moderates the relationship between perceived contract violation and depressive mood states; such that the relationship between perceived contract violation and depressive mood state will be high when neuroticism is high and vice-versa.	Not supported

Chapter 5

Discussion and Conclusion

This chapter gives a conclusive touch to the study, delineating its logical conclusions together with potential limitations and future research directions. It carries the findings of the study in line with research hypotheses, whereas its theoretical and practical implications are discussed subsequently.

5.1 Discussion

The study was carried out with the purpose of examining the relationship between perceived contract violation and counterproductive work behaviors. In addition, the mediating role of depressive mood states between perceived contract violation and counterproductive work behaviors was also investigated. The facilitating role of neuroticism between perceived contract violation and depressive mood states was tested as well. Conservation of resources theory provided a theoretical foundation to the study. Research hypotheses were formulated based on the research questions and study objectives. The study used a quantitative approach and after collecting the data from target organizations' employees it moved on to tabulate, report and interpret the statistical results. Out of three hypotheses, two were supported while one was not supported. The results are discussed below.

The first hypothesis of the study was: perceived contract violation is positively associated with counterproductive behavior. This hypothesis was supported by

study results. This means that perceived contract violation (independent variable) has a significant impact upon counterproductive work behaviors (dependent variable). This implies that when an employee strongly feels that the organization has violated the psychological contract, he/she gets involved in counterproductive work behaviors. The substantiation of hypotheses 1 represents that perceived contract violation is a predictor of counterproductive work behaviors. This is consistent with the studies which suggest that psychological contract is very important determinant of various workplace behaviors and the breach of such contract may lead to detrimental outcomes (Chao, Cheung & Wu, 2011; Jensen, Opland, & Ryan, 2010; Semmer, 2010). The current study confirms the findings of said researchers and brings into light another negative outcome of perceived contract violation in the form of counterproductive work behaviors.

As discussed earlier, perceived contract violation is recognized as a strong and intense emotional response to psychological contract breach. It is believed that the first step towards perceived contract violation is the breach of contract which results into strong emotional response from employees. Therefore, psychological contract breach can be taken as an antecedent to perceived contract violation and it is beneficial for the organizations to prevent the occurrence of psychological contract breach in the first place. On the other hand, counterproductive work behaviors are always harmful for organizations and organizational managers attempt to keep them at minimal level and its generally perceived that they are the result of some observable organizational predictors. However, the current study suggests that counterproductive work behaviors can also result from some apparently unobservable predictors like that of perceived contract violation which is a very useful insight for both the researchers and managers alike.

The next hypothesis stated that; depressive mood states mediate the relationship between perceived contract violation and counterproductive behavior. This was developed based on the existing literature in line with conservation of resources theory. According to CoR (Hobfoll, 1989), individual resources are limited (psychological, physical etc.) And under stressed circumstances they try to conserve those resources for other more important tasks and responsibilities or channel their

depression towards negative alternatives. In the present study, it was hypothesized that in the scenario of perceived contract violation, employees will experience depressive mood states, which will result in counterproductive work behaviors on part of them. Therefore, depressive mood states was proposed to mediate and suggest a path between perceived contract violation and counterproductive work behaviors. This hypothesis was supported with the results.

The substantiation of hypothesis 2 represents that perceived contract violation is a predictor of depressive mood states, which in turn leads to counterproductive work behaviors. The mediating mechanism as suggested by CoR explains how the relationship between perceived contract violation and counterproductive work behaviors work. The employee may perceive that the employer has not fulfilled the promises and has not recognized his/her contributions judiciously despite him/her honoring the contract. When employees perceive betrayed on part of the employer, their mood states get altered negatively in the form of feeling depressed, fearful, unhappy, lonely, sad and being unable to get along with others easily. This sense of frustration then results in counterproductive work behaviors which include unwanted behaviors that are harmful to the organization, damaging organizational property, showing up late, availing prolonged leaves, noncompliance with instructions, communicating bad about the organization to outsiders etc. In this way, depressive mood states mediate the relationship between perceived contract violation and counterproductive work behaviors.

The third hypothesis stated: neuroticism moderates the relationship between perceived contract violation and depressive mood states; such that the relationship between perceived contract violation and depressive mood states will be high when neuroticism is high and vice-versa. This hypothesis has not been supported with study results. It was proposed on the basis of CoR, which suggests that when individuals are in situations where there is a likelihood of experiencing stress or getting depressed, their person emotional stability/neuroticism may diminish or intensify the felt state of depression. Neuroticism is a characteristic of individuals where they are “easily depressed, are unable to handle and manage stress,

get tense, worry a lot, get nervous easily and are moody". Its opposite is emotional stability, where individuals remain relaxed, calm and stable under stressed situations.

In the current study, neuroticism didn't turn out to be a moderator in the relationship between perceived contract violation and depressive mood states as anticipated. The possible reasoning behind this may be, first there may be other possible stressors in the work environment which are more of a concern to the employees than perceived contract violation. Because employees from multiple sectors were the respondents of the study, it is likely that perceived contract violation is not the biggest stressor for all of them alike. For example, coping with work-family requirements, abusive supervision, destructive leadership and person-job mismatch may have been causing spells of depression more intensely than perceived contract violation. Additionally, some individuals may have been facing serious depressive conditions which are not altered by varying conditions rather are a permanent medical illness. Next, other traits may come into play in the said relationship. For instance, employees with high level of optimism, resilience and psychological capital may not experience the same level of depressive mood states as that of others. Therefore, the above-mentioned possible moderators can be tested in the model.

5.2 Implications

The study has important implications for both researchers and practitioners. The theoretical model was developed based on conservation of resources theory, which emphasizes that individual resources are limited and resources depletion must be managed properly and it has negative effects if not managed properly. A major theoretical contribution of the study is the support found for depressive mood states as a mediator between perceived contract violation and counterproductive work behaviors. Here, it is established that depressive mood states mediate the relationship between perceived contract violation and counterproductive work behaviors, which suggest a path in the said relationship. The fundamental purpose of

a mediator is to answer how the relationship between independent and dependent variables work. Hence, it is a theoretical contribution which will help in advancing researchers' understanding of the relationship between perceived contract violation and counterproductive work behaviors.

The moderating effect of neuroticism between perceived contract violation and depressive mood states was hypothesized in the study. However, the results didn't establish the moderating role of neuroticism in the said relationship. Although the results didn't support the moderation hypothesis, still it opens up avenue for further thinking and investigation. Since, the researcher used one moderator based on the scope of the study. It is suggested to test other possible moderators to understand the dynamics of the relationship between perceived contract violation and depressive mood states in more detail.

The study results are equally important for practitioners. As perceived contract violation has emerged as a significant predictor of counterproductive work behaviors, organizational managers need to watch the early signs of contract violation to prevent it. Since counterproductive work behaviors are always harmful to the organization and its equivalent to damaging the organizational in a gradual manner, they can be prevented by having a watch on their antecedent including perceived contract violation. Moreover, depressive mood states of employees can be curtailed by improving the organizational practices in way that they start believing that their employers are fulfilling their promises which can ultimately lead towards the reduction in counterproductive work behaviors and hence a healthy organization.

5.3 Limitations

Although, the study attempted to address its research questions effectively and is generalizable to various economic sectors, still there are some limitations attached to it. First, the scope of the study was limited to test one outcome of perceived contract violation. Other outcomes of perceived contract violation which can be of importance both theoretically and practically were not covered. Second, the

study was carried out with an assumption that perceived contract violation is not an industry-specific phenomenon and may exist across many industries and organizations alike. Based on this assumption, data was collected from multiple industrial sectors. However, there may be industries or organizations where employees perceived contract violation levels are higher than others and which could become specific target industries or organizations for such a study. Third, the data was collected using a cross-sectional design. This means that the responses obtained don't guarantee to explain behavior over a period of time and the timing in which data was gathered may not be representative. Lastly, the sample was restricted to the cities Islamabad and Rawalpindi only, which may have caused the issue of cultural specificity. Moreover, the low response rate was also a limitation of the study. Another important limitation of the study was that the researcher didn't have any specific criteria to know how many employees are high or low on neuroticism.

5.4 Future Research Directions

Future research in the same area is suggested with considerations discussed further. First, the moderation hypothesis was not supported, which indicates the inclusion of other possible moderators in the relationship between perceived contract violation and depressive mood states. Other traits may come into play in the said relationship. For instance, employees with high level of optimism, resilience and psychological capital may not experience the same level of depressive mood states as that of others. Therefore, optimism, resilience and psychological capital can be used as moderators in future investigations.

Next, some specific industries or organizations can be strong candidates for future research in the domain of perceived contract violation. For example, the industries where turnover rate is higher may be facing the issue of perceived contract violation to a greater extent than others. Therefore, identifying such industries and including them in the study is suggested further. Next, a longitudinal study design is suggested for future researchers to explain the variables' relationship over

a period of time and to truly establish a cause and effect relationship. Lastly, as the responses were obtained from the individuals working in Islamabad and Rawalpindi only, a countrywide sample can represent Pakistani population in a better way.

5.5 Conclusion

Mainly, the study was based on its hypotheses which were framed to make sure whether there exist statistically significant relationships between the study variables and whether the theoretical framework which was framed based on the literature review contributes significantly to the existing literature of perceived contract violation and its impact upon counterproductive work behaviors. The study took into account the variables relevant to perceived contract violation and connected those variables in a way that can predict the negative effects of perceived contract violation both to the organization and the employees.

The study findings signal that perceived contract violation is an important variable that has a significant impact over employees' depressive mood states (mediating variable), and involvement in counterproductive work behaviors (outcome variable). It can be inferred that perceived contract violation predicts counterproductive work behaviors via depressive mood states, while neuroticism moderate the relationship between perceived contract violation and depressive mood states. Hence, the current study adequately achieved its purpose, which was initially written down in the form of research objectives and research questions. Additionally, the study limitations, future research directions and implications open an opportunity to carry out further investigation in this area.

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