

The Impact of Psychological Contract Breach on Job Satisfaction and Employee Engagement: A Study of Academic Staff in Private Universities

¹Prof. Anurag Sharma, ²Ravish Meena

¹Professor, Department of Business Administration
University of Rajasthan, Jaipur

Mail ID - profanuragsharma@gmail.com

²Research Scholar, Department of Business Administration
University of Rajasthan, Jaipur

Mail ID - ravishmeena27@gmail.com

ARTICLE INFO	ABSTRACT
Received: 04 Nov 2024 Revised: 18 Dec 2024 Accepted: 27 Dec 2024	The research paper has examined how Psychological Contract Breach (PCB) influences job satisfaction and work engagement among employees in Jaipur, India, in a private university. PCB means that employees believe that their organization has not kept the promises and this may affect the attitudes and motivation of the employees negatively. Based on the Social Exchange Theory and Conservation of Resources Theory, the study sought to measure the effect of PCB on job satisfaction and investigates whether the PCB affects employee engagement. The study was conducted through a cross-sectional descriptive and correlational design by obtaining data of 400 academic staff using validated survey tools to assess PCB, job satisfaction, and engagement. Intense statistical regression using Structural Equation Modeling (SEM) indicated that PCB significantly decreased job satisfaction and staff involvement. The results support the value of integrity in terms of the psychological contracts to ensure the growth of positive employee attitudes and maintaining motivation. The implications of the studies are that the organizations need to focus on the transparent communication, fairness, and trust-building to reduce the number of breaches and their detrimental outcomes. The paper makes contributions to literature by affirming the importance of PCB in determining the significant employee outcomes and offering recommendations to human resource practices that can be implemented to improve commitment and performance at the workplace. Keywords: Psychological Contract Breach, Job Satisfaction, Employee Engagement, Organizational Commitment, Structural Equation Modeling, Social Exchange Theory, Higher Education, Employee Motivation

Introduction

The dynamics of employee attitudes and behaviors have been a key component in the management of effective workplaces in the modern organizational research. One of the most important constructs in this area is the psychological contract (PC) the unwritten, implicit, set of mutual expectations and obligations between employees and employers (Rousseau, 1995). In contrast to formal employment contracts, psychological contracts indicate the beliefs of the employees on what they expect to give to the organization and vice versa. These beliefs guide the mutual esteem and are critical towards work attitudes, motivation, and performance.

The breach of Psychological Contract (PCB) is related to situations when employees believe that the organization is not meeting the promised obligations (Robinson and Morrison, 1995). This is a subjective violation and is founded on the interpretation and experiences of employees and arouses a psychological reaction that can include betrayal, anger, and violation (Conway and Briner, 2005). The difference between breach and contract violation is significant because when it is said breach, we mean the cognitive awareness of an unfulfilled expectation and when it is said violation we refer to emotional suffering caused by breach (Morrison and Robinson, 1997).

The idea of PCB is based on the Social Exchange Theory (Blau, 1964), which assumes that the social behavior is conditioned by the exchange process that tries to maximize the benefits and minimize costs. The norm of reciprocity motivates employees to reduce positive contributions or display counterproductive behavior whenever they feel that the organization has not made enough returns to them (Settoon, Bennett, and Liden, 1996). This change destabilizes the equilibrium in the employment relationship, which translates to the decrease in the level of organizational commitment, job satisfaction, and deterioration of engagement.

Employee motivation and organizational effectiveness are anchored on job satisfaction and work engagement. Job satisfaction, which has always been understood as the degree to which employees believe their job-related requirements as satisfied, includes both mental comparisons in addition to affective responses to the numerous aspects of their work surroundings (Porter, 1962; Locke, 1969). In addition to contentment, job satisfaction determines turnover intentions, job performance, organizational citizenship behaviors, and thus is a very important outcome variable in organizational research.

Work engagement, however, is a positive and rewarding work related state that is typified by vitality, commitment, and engagement (Schaufeli and Bakker, 2010). As compared to job satisfaction that may be considered as a comparatively passive attitude, work engagement requires a lot of energy and participation in work inputs (Kahn, 1990). The level of creativity, persistence, and going out of the job descriptions is greatly experienced among engaged employees and this has a great influence on the organizational productivity.

A significant level of empirical studies has been reported on the negative impact of PCB on job satisfaction. Violation of trust, cynicism, and the feeling of unfairness are some of the results of breaches that create job dissatisfaction (Robinson and Rousseau, 1994; Conway and Briner, 2005). Such negative emotional and cognitive appraisals may lead to the decrease in affective commitment and turnover intention (Zhao et al., 2007).

PCB and work engagement have relatively little attention with regard to their relationship. Although previous studies have mostly emphasized engagement as a result of psychological contract fulfillment and availability of job resources, recent theoretical models like the Conservation of Resources Theory imply that loss of resources like those observed in breach has more undue influence on engagement and well-being (Hobfoll, 1989). PCB weakens the motivational premise of the engagement and it may result in emotional burnout and withdrawal.

Literature Review

The relevance of psychological contracts in the determination of relationships and behavior in the workplace is important. They depend on various factors, including openness of the employees, perceptions of fairness, the awareness of the relevant information (Bhattacharya et al., 2018; Robinson, 1994). Personal factors such as marital status, gender, job position, and work experience also have an

influence on PCs. The creation of psychological contracts occurs both formally and informally, and the expectations of the pre-employment are affected by the media, social network, and previous work experience (Rousseau, 2011; Shore and Tetrick, 1994). These contracts are also influenced by organizational onboarding and the relationship with the supervisors and colleagues (Turnley and Feldman, 1999; Miller and Jablin, 1991). Reactions to PC breaches are also moderated by other social and individual characteristics such as personality (Conway and Briner, 2009; Raja et al., 2004).

Work engagement is a long term motivational-psychological condition, which comprises of vigour, commitment and captivation, which depicts whole self-involvement in work (Schaufeli and Bakker, 2010; Kahn, 1990). Although there was previous research that associated PC fulfillment to greater engagement through job resources (Parzefall and Hakanen, 2010), the adverse impacts of PCB have not been explored in detail. Conservation of Resources Theory indicates that the negative effects of resource losses (PCB) can be felt more negatively on employee attitudes compared to the gains (Hobfoll, 1989). Thus, the impact of breach and fulfillment should be researched independently, and there is an increasing demand to discuss the role of PCB in reducing engagement, which can be mediated by job satisfaction (Bal et al., 2013; Conway and Briner, 2002).

Job satisfaction entails both cognitively and affectively judged job satisfaction and is negatively influenced by PCB, by ways such as unmet expectations, lost trust and unfairness (Porter, 1962; Conway and Briner, 2005). In spite of the controversial direction between job satisfaction and work engagement, the Social Exchange Theory is consistent with job satisfaction as a source of engagement, where positive exchange relationships lead to commitment and positive attitude (Saks, 2006; Conway and Briner, 2005). Engagement is the opposite of satisfaction because it is an active motivational state and not a passive affective state, which is opposite to burnout (Bakker and Demerouti, 2008).

Turnover intentions are strongly correlated with PCB because of feelings of betrayal and reduced trust upon failure to promise what the organization has (Robinson and Morrison, 1995; Ahmad and Riaz, 2011). The practical impacts can be highlighted by high turnover rates among scholars in various countries. The organization climate may mediate PCB-turnover relationship, which influences job performance, disengagement, and well-being (Carr et al., 2003). Psychological contracts describe the convictions of employees other than formal contracts that have a significant impact on attitudes and choices towards retention or quitting (Rousseau, 1990; Herriot et al., 1997).

There is a strong negative correlation between PCB and job performance, comprising declines in organizational citizenship behavior and rise in counterproductive behavior trends at the workplace (Kickul et al., 2001; Zhao et al., 2007). Violation of contracts hurts the trust, collaboration, attendance, and the effectiveness in various industries and cultures (Deery et al., 2006; Cho et al., 2009). These effects are mediated by social exchange relationship and organizational justice perceptions (Bal et al., 2010). Motivated by the personal attributions and cultural values, the responses of employees towards breaches are also affected (Chao et al., 2011; Chen et al., 2004).

Recent systematic reviews and meta-analyses affirm that PCB has a strong negative impact on the attitudes of employees, particularly organizational trust, job satisfaction, and affective commitment, and they have significant negative effects (Topa et al., 2022; Bal et al., 2008). PCB causes cynicism, withdrawal behavior and low psychological well-being (Coyle-Shapiro and Parzefall, 2008). The attitude effects are more powerful and reliable compared to the effect on behavioral outcomes.

Through numerous studies conducted in organizations and countries, PCB is still supported as a strong predictor of turnover intentions, which is consistent with theoretical perspectives that regard breach as a significant antecedent of voluntary turnover (Ahmad and Riaz, 2011, Kanu, 2022). Other studies also

emphasize that organizational climate and the leadership style are significant moderators in PCB-turnover relationship and offer potential ways of mitigation (Kanu, 2022).

Sharma and Gupta (2020) highlight the central importance of human resource management in modern organisations, and state that employee job satisfaction is one of the keys of productivity. Their empirical study surveyed the satisfaction levels in seven different industries, that is, insurance, banking and finance, travel and tourism, outsourcing, education, healthcare, and logistics, by using a structured questionnaire to a representative sample of workers. The result showed that the highest rates of satisfaction were among the healthcare professionals, then those working in the areas of education and travel and tourism. On the other hand, the lowest score in satisfaction was reported among employees in outsourcing and insurance. To the authors, the higher satisfaction in the field of healthcare and education can be explained by the inherent service-based and socially oriented nature of these jobs, and the mundane and generic nature of the routine and insurance activities leads to the lower satisfaction. The difference in scores regarding satisfaction was significantly low in the case of healthcare, education, and travel and tourism participants, but significantly high in outsourcing, banking and finance, and logistics industries. These lessons can be used to offer effective insights to the leaders of the industry to ensure that their HR strategies are refined to maintain the level of workforce satisfaction and productivity. However, the research also takes into account methodological weaknesses such as rather small sample size and limited industry coverage, and suggests larger and more extensive research in future.

The new studies continue the knowledge about the effects of PCB on diminishing work engagement and growing job insecurity (Xiao, 2022). The engagement of work seems to partially mediate the connection between the psychological contract violation and turnover intention, with the greater emphasis put on the improvement of engagement as a strategic priority to offset the outcomes of PCB (Malik, 2016). The Conservation of Resources Theory remains influential to the study on the imbalanced adverse impacts of loss (PCB) in comparison to gain in resources.

Recent empirical evidence supports the fact that PCB has a harmful effect on several aspects of job performance and in-role performance, organizational citizenship behaviours, and counterproductive work behaviour increases (Yu, 2022; Bal et al., 2010). The mediation mechanism between PCB and the decreased productivity is through job insecurity and perceived organizational injustice (Deery et al., 2006).

Literature reviews indicate that the dynamic of PCB can become more complex, and it is recommended to use integrative and multilevel models with personality, situational, and cultural moderators (Topa et al., 2022). Researchers recommend longitudinal and experimental studies that would define causality and examine poorly studied mediators such as emotional fatigue, organizational identification, and psychological safety. The role of the digital work situation in psychological contracts is also becoming increasingly popular.

Research Gaps And Rationale

Even though the adverse effects of PCB on job satisfaction and turnover are clearly proven, its effect on work engagement is under-researched and should be studied. Moreover, the available literature demonstrates the lack of panache as to whether job satisfaction or engagement is the cause or the effect. Other studies define satisfaction as a prerequisite to engagement (Simpson, 2009) whereas others consider satisfaction as a result (Saks, 2006). It is essential to explain this relationship in the context of PCB in order to promote theory and educate practice.

Due to the significant roles that job satisfaction and work engagement plays in motivating employee performance and organizational success, there is a pressing need to measure the effect of PCB in influencing these. Knowing these dynamics enables organizations to come up with specific interventions to reestablish the integrity of the psychological contracts, to reestablish trust, and to motivate the employees.

Study Objectives

- I To quantify the effect of Psychological Contract Breach on employees' Job Satisfaction.
- II To examine the impact of Psychological Contract Breach on Employee Engagement.

Methodology

The research design that was used was descriptive and correlational where two main aims were to measure the effect of Psychological Contract Breach (PCB) on Job Satisfaction among employees and to determine the effect of PCB on Employee Engagement. The description aspect provided an explicit representation of the research sample demographics and variable distribution among the participants that were academic personnel of the private universities located in Jaipur, India. This cross-sectional design was suitable since it allowed to collect data at one time and well capture the immediate perception and attitudes that employees had towards their psychological contracts without having to control any of the variables.

The sample included 400 academic staff members which were purposely chosen in order to represent the faculty at various ranks and departments in order to make sure that the data provided was a true representation of employees who had pertinent experience with PCB, job satisfaction and engagement. The structured survey tool consisted of established scales of perceived unmet organizational commitments, aspects that include job satisfaction like pay and supervisor relationships, and engagement dimensions as revealed by energy, enthusiasm, and being absorbed in work activities.

Online and paper-based questionnaires were used and prior informed consent and confidentiality ensured in order to maximize access. The data quality checks were conducted rigorously to guarantee reliability and validity, such as pilot testing and confirmatory factor analyses. Ethical standards were also adhered to and an institutional review board approval was taken. Data were analyzed using Structural Equation Modeling (SEM) which was used to concurrently estimate both the relationships among latent variables and measurement errors as well as ANOVA was used to determine the difference between demographic subgroups.

The methodological technique was very much compatible with the research objectives as it tested the extent and nature of the negative impact of PCB on job satisfaction and work engagement in a quantitative manner. These relationships and their possible impacts of mediation could have been understood in detail using the statistical rigor of SEM and provided a strong empirical basis to explaining the effects of psychological contract perception on employee attitudes in the context of higher education.

Overall, the study with the help of purposive sampling, validated measurement scales, and sophisticated statistical calculations, was well-equipped to explain the negative impacts of the Psychological Contract Breach on the level of the employee satisfaction and engagement, and its findings would bring significant information to the field of organizational behavior and human resource management.

Result Analysis

Table 1- Models Info

Estimation Method	ML
Optimization Method	NLMINB
Number of observations	400
Model	Psychological Contract Breach $= \sim TBI_1 + TBI_2 + TBI_3 + TBI_4 + TBI_5 + RBI_1 + RBI_2 + RBI_3 + RBI_4 + RBI_5$ Job Satisfaction = ~Compensation & Benefits +Promotion & Recognition +Supervisor Relations +Work Environment +Communication & Organizational Clarity Employee Engagement = ~vigor+Dedication+Absorption Job Satisfaction ~Psychological Contract Breach Employee Engagement ~Psychological Contract Breach

In table 1 The model was estimated with the help of the Maximum Likelihood (ML) method that estimates parameters by maximizing the likelihood that the observed data might have resulted under the given model. The method has extensive application in structural equation modeling (SEM) since it gives effective and unbiased estimates when the data meet the assumptions like multivariate normality. To optimize it, the NLMINB (Nonlinear Minimization with Bounds) algorithm was used and it will be used to adjust the parameters values to reduce the differences between the observed and predicted covariance matrices. A total of 400 observations were used to analyze them, which guarantees a high statistical power to estimate the model and maintain the reliability.

The model consists of three latent constructs having the following observed variables; Psychological Contract Breach, Job Satisfaction, and Employee Engagement. There are ten observed indicators which represent Psychological Contract Breach: these are transactional breach indicators (TBI1 -TBI5) and relational breach indicators (RBI1 -RBI5), each representing a different facet of unmet employee-employer obligations. The second latent construct, Job Satisfaction is gauged using five indicators to measure it; Compensation & Benefits, Promotion and Recognition, Supervisor Relations, Work Environment, and Communication and Organizational Clarity as the important elements of overall workplace satisfaction. Three fundamental indicators are to be used to assess Employee Engagement, they include Vigor, Dedication and Absorption, which reflect the physical, emotional, and cognitive aspects of employee involvement and engagement in the workplace.

The structural model analyses the direct relationships of these constructs. Particularly, Psychological Contract Breach predicts Job Satisfaction and examines how breaches of the psychological contract reduce their level of satisfaction among employees. Similarly, Employee Engagement is also regressed on Psychological Contract Breach, which is the measurement of the effect of the perceived violations of organizational promises in causing lower motivation, commitment or involvement at work. All these relationships provide an understanding of the manner in which unfulfilled expectations in the psychological contract may affect crucial areas in work attitude and behavior in an organization.

Table 2 - Parameters estimates

Dep	Pred	Estimate	SE	95% Confidence Intervals		β	z	p
				Lower	Upper			
Job Satisfaction	Psychological Contract Breach	-0.721	0.0675	-0.853	-0.589	-0.850	-10.68	<.001
Employee Engagement	Psychological Contract Breach	-0.208	0.0459	-0.298	-0.118		-4.52	<.001

In table 2 The estimates of parameters show that there are strong and statistically significant negative correlations between Psychological Contract Breach and Job Satisfaction as well as Employee Engagement.

In particular, the unidirectional relationship between Psychological Contract Breach and Job Satisfaction has a standardized coefficients (β) of -0.850, which implies that the impact is very strong, negative. The nonstandardized estimate is -0.721 and the standard error is equal to 0.0675, and the 95 percent confidence interval (-0.853, -0.589) does not contain zero, which proves the statistical significance. The z-value, -10.68, and p-value, which is less than .001, continue to show that this effect is very significant. This implies that greater perceptions of breach of contract are highly correlated with low job satisfaction among the employees. On a practical level, employees will experience decreased levels of satisfaction with different job attributes like recognition, working conditions and organizational communications when they feel that that organization has not met the promise of delivering its commitment to them (either tangible (pay, benefits) or relational (trust, respect)).

In the case of the path that the Psychological Contract Breach is leading to Employee Engagement the unstandardized estimate is -0.208 and its standard error is 0.0459 and the 95% confidence interval (-0.298, -0.118) does not include zero hence it is significant. The value of z -4.52 and p -value of less than .001 affirm that this relationship is statistically high but relatively weak in comparison with that of job satisfaction. This means that although breaches in psychological contracts also decrease the engagement of employees, which is manifested in decreased vigor, dedication, and absorption, the strength of this effect is moderate.

In general, the model reveals that the psychological contract breach has a far-reaching negative impact on job satisfaction and moderate and significant negative impact on employee engagement. These findings demonstrate that trust is an essential element that must be preserved and organizational promises should be kept retaining employee morale and the level of engagement.

Figure 1 – Path Diagram

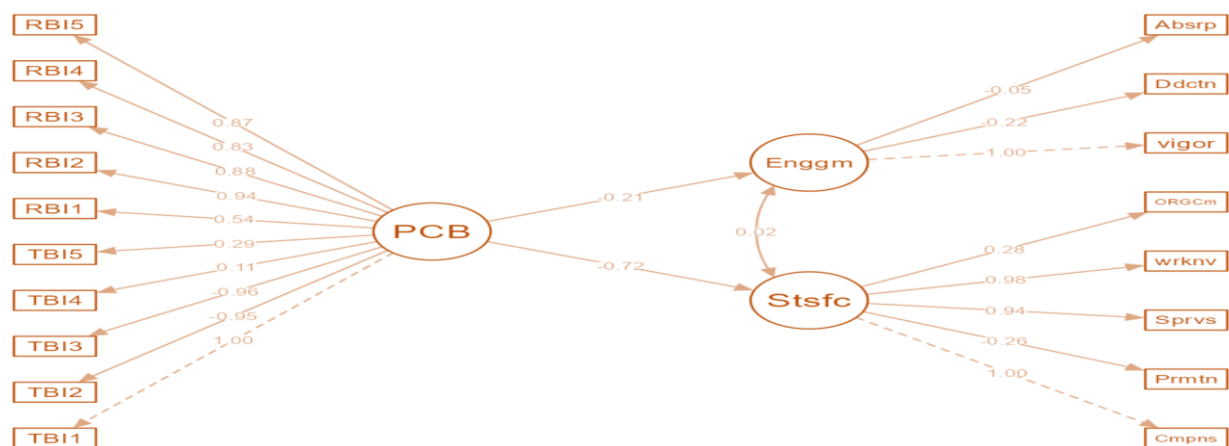


Table 3 - Measurement model

				95% Confidence Intervals				
Latent	Observed	Estimate	SE	Lower	Upper	β	z	p
Psychological Contract Breach	TBI1	1.0000	0.0000	1.0000	1.000	0.5975		
	TBI2	-0.9453	0.0884	-1.1186	-0.772	-0.6912	-10.692	<.001
	TBI3	-0.9650	0.0959	-1.1529	-0.777	-0.6343	-10.066	<.001
	TBI4	0.1079	0.0886	-0.0657	0.281	0.0658	1.218	0.223
	TBI5	0.2949	0.0933	0.1121	0.478	0.1727	3.162	0.002
	RBI1	0.5386	0.0808	0.3802	0.697	0.3820	6.663	<.001
	RBI2	0.9398	0.0960	0.7517	1.128	0.6108	9.792	<.001
	RBI3	0.8791	0.0883	0.7060	1.052	0.6248	9.957	<.001
	RBI4	0.8318	0.0877	0.6599	1.004	0.5852	9.482	<.001
	RBI5	0.8657	0.0907	0.6880	1.043	0.5905	9.547	<.001
Job Satisfaction	Compensation & Benefits	1.0000	0.0000	1.0000	1.000	0.8002		
	Promotion & Recognition	-0.2643	0.0477	-0.3579	-0.171	-0.2929	-5.537	<.001
	Supervisor Relations	0.9403	0.0683	0.8066	1.074	0.6845	13.777	<.001
	Work Environment	0.9816	0.0580	0.8679	1.095	0.8300	16.926	<.001
	Communication & Organizational Clarity	0.2827	0.0429	0.1986	0.367	0.3464	6.585	<.001
Employee Engagement	vigor	1.0000	0.0000	1.0000	1.000			
	Dedication	-0.2250	0.1806	-0.5790	0.129		-1.245	0.213
	Absorption	-0.0501	0.1540	-0.3520	0.252		-0.325	0.745

In table 3 The outcome of the measurement model would give an idea of the extent of representation of the observed variables in their respective latent constructs, which are Psychological Contract Breach,

Job Satisfaction, and Employee Engagement in terms of standardized loadings (r) and standard errors (SE), confidence intervals, and standardization levels.

In the case of Psychological Contract Breach, two dimensions of underlying breach, namely transactional and relational, are represented by the indicators TBI1 to TBI5 and RBI1 to RBI5. Among them, the relational breach indicators (RBI1, RBI 5) demonstrate strong and statistically significant loading, standardized coefficients between 0.38 and 0.63, and p-value of less than 0.001, which shows that they are effective and consistent measures of the latent construct. Conversely, the transactional breach indicator (TBI2 and TBI3) also indicates high negative loadings of about -0.69 and -0.63, which implies that the higher the breach perception, the higher the negative judgment of the transactional elements. But TBI4 (= 0.0658, p = 0.223) is statistically unimportant which means it does not add to the psychological contract breach construct significant contribution. TBI5 (= 0.1727, = 0.002) is weakly significant indicating low but meaningful effect. In general, relational dimensions seem to be the more valid measures of perceived breach of contract in the psychological sense.

With Job Satisfaction, the loading of the factors show that the two indicators that have the highest and most reliable loadings include Work Environment (= 0.8300, = 16.926, p =.001) and Compensation and Benefits (= 0.8002), implying that the two elements are significant and influential in determining the overall job satisfaction of employees. Supervisor Relations (0.6845, p <.001) is another important indicator with a positive value, which shows that positive management helps the level of satisfaction become better. Communication & Organizational Clarity (= 0.3464, p < .001) has an intermediate impact, whereas Promotion and Recognition (= -0.2929, p <.001) has a negative unexpected impact. This could either indicate that there is an inverse coding or a difference in interpretation between respondents that is, employees who see fewer promotional prospects are less satisfied and this would lead to a negative correlation between the predictors and the response.

In the case of Employee Engagement, the outcome indicates that the loading of both Dedication (no significant value) and Absorption (z = -0.325, p = 0.745) are non-significant; therefore, neither of the two factors is significant in this model. The reference indicator was fixed to only Vigor. The fact that the other two dimensions are not significant may indicate problems with measurements, including low item reliability or little variance captured by the latent factor. It can also suggest that the conceptual representation of engagement in this dataset is not well represented by these three items.

Overall, the measurement model indicates that the items of relational contract breach and work-related satisfaction variables such as compensation, relations with supervisor, and work environment are robust and valid measures, but the indicators of employee engagement need to be refined in further studies to guarantee the relevant measurement of the latent construct.

Table 4 - Variances and Covariances

				95% Confidence Intervals				
Variable 1	Variable 2	Estimate	SE	Lower	Upper	β	z	p
TBI1	TBI1	1.0060	0.0782	0.85269	1.1592	0.643	12.86	<.001
TBI2	TBI2	0.5455	0.0454	0.45654	0.6344	0.522	12.02	<.001
TBI3	TBI3	0.7724	0.0614	0.65216	0.8927	0.598	12.59	<.001
TBI4	TBI4	1.4960	0.1059	1.28853	1.7035	0.996	14.13	<.001

TBI5	TBI5	1.5804	0.1123	1.36031	1.8006	0.970	14.07	<.001
RBI1	RBI1	0.9484	0.0690	0.81319	1.0835	0.854	13.75	<.001
RBI2	RBI2	0.8287	0.0649	0.70148	0.9558	0.627	12.77	<.001
RBI3	RBI3	0.6738	0.0532	0.56956	0.7781	0.610	12.66	<.001
RBI4	RBI4	0.7420	0.0573	0.62962	0.8543	0.658	12.94	<.001
RBI5	RBI5	0.7819	0.0606	0.66317	0.9006	0.651	12.91	<.001
Compensation & Benefits	Compensation & Benefits	0.2259	0.0223	0.18218	0.2697	0.360	10.12	<.001
Promotion & Recognition	Promotion & Recognition	0.2994	0.0215	0.25735	0.3415	0.914	13.94	<.001
Supervisor Relations	Supervisor Relations	0.4035	0.0331	0.33872	0.4683	0.531	12.21	<.001
Work Environment	Work Environment	0.1751	0.0191	0.13762	0.2125	0.311	9.16	<.001
Communication & Organizational Clarity	Communication & Organizational Clarity	0.2358	0.0170	0.20247	0.2692	0.880	13.85	<.001
vigor	vigor	0.4804	0.1309	0.22381	0.7370	1.281	3.67	<.001
Dedication	Dedication	0.3093	0.0228	0.26458	0.3540	1.018	13.56	<.001
Absorption	Absorption	0.7175	0.0508	0.61800	0.8171	1.000	14.13	<.001
Psychological Contract Breach	Psychological Contract Breach	0.5585	0.0907	0.38063	0.7363	1.000	6.15	<.001
Job Satisfaction	Job Satisfaction	0.1119	0.0200	0.07265	0.1512	0.278	5.59	<.001
Employee Engagement	Employee Engagement	-0.1293	0.1267	-0.37774	0.1191		-1.02	0.307
Job Satisfaction	Employee Engagement	0.0213	0.0145	-0.00704	0.0497	0.177	1.47	0.141

Table 4 shows the covariances and variances give us the information about the level of variability and the correlation between the observed variables and latent constructs in the model.

Beginning with the variances of observed variables, all the estimates are significant at the 0.001 level which means that each observed variable has non-negligible variation that cannot be fully attributed to the latent constructs. To illustrate, transactional breach items, including TBI1 (variance = 1.0060) and TBI4 (variance = 1.4960), are characterized by moderate to high variability, whereas relational breach items, including RBI1 (variance = 0.9484) and RBI5 (variance = 0.7819) are also characterized by a significant amount of variance. On the same note, other indicators of job satisfaction like Compensation and Benefit (variance = 0.2259) and Promotion and Recognition (variance = 0.2994) have statistically reliable variance, indicating the existence of significant difference in employee perception of these aspects. The variances of the engagement indicators are variable with the Absorption having the largest variance (0.7175) and Vigor having the smallest (0.4804) variable, which is significant.

In the case of the variances of latent constructs, Psychological Contract Breach has a large variance value of 0.5585, which is significant at $p < .001$, and this means that there is a discrete and quantifiable latent construct. Job Satisfaction has a minor, yet significant variance estimate (0.1119), indicating that there is less variance, on the whole. The variance of Employee Engagement is negative (-0.1293) and not significant ($p = 0.307$) which means that there are problems with the estimation of engagement latent variable, which could be related to the fact that the indicators are measured inadequately as mentioned earlier.

In terms of the covariances among the latent variables, the covariance between Job Satisfaction and Employee Engagement is low (0.0213) and does not show significant covariance ($p = 0.141$) which means that both constructs are perhaps functioning independently in this model or there might be a measurement problem that is influencing their relationship.

On the whole, these variance and covariance results indicate that there is stable and significant variance in observed variables and latent constructs of Psychological Contract Breach and Job Satisfaction, but they create some issues in terms of stability and validity of the Employee Engagement construct and its association with Job Satisfaction in this data set. In the future, more streamlining of measurement in engagement would be recommended.

Table 5 - Intercepts

Variable	Intercept	SE	95% Confidence Intervals		z	p
			Lower	Upper		
TBI1	2.833	0.063	2.710	2.955	45.292	<.001
TBI2	3.397	0.051	3.297	3.498	66.487	<.001
TBI3	3.123	0.057	3.011	3.234	54.931	<.001
TBI4	3.550	0.061	3.430	3.670	57.923	<.001
TBI5	3.578	0.064	3.452	3.703	56.060	<.001
RBI1	2.860	0.053	2.757	2.963	54.282	<.001
RBI2	2.910	0.057	2.797	3.023	50.620	<.001
RBI3	2.860	0.053	2.757	2.963	54.405	<.001
RBI4	2.540	0.053	2.436	2.644	47.823	<.001
RBI5	3.192	0.055	3.085	3.300	58.276	<.001
Compensation & Benefits	3.366	0.040	3.289	3.444	84.949	<.001
Promotion & Recognition	2.978	0.029	2.921	3.034	104.050	<.001
Supervisor Relations	3.036	0.044	2.950	3.121	69.679	<.001
Work Environment	3.335	0.038	3.262	3.409	88.931	<.001
Communication & Organizational Clarity	3.226	0.026	3.175	3.276	124.617	<.001
vigor	2.813	0.031	2.753	2.873	91.864	<.001
Dedication	2.182	0.028	2.128	2.236	79.149	<.001
Absorption	2.880	0.042	2.797	2.963	68.011	<.001
Psychological Contract Breach	0.000	0.000	0.000	0.000		
Job Satisfaction	0.000	0.000	0.000	0.000		
Employee Engagement	0.000	0.000	0.000	0.000		

In table 5 The intercept estimates constitute the expected average level of scores of each of the observed variables when the latent constructs are all set to zero. The intercepts are very significant at the $p.001$ level meaning that the mean values in the sample are trustworthy that they are not equal to zero.

In the case of the Psychological Contract Breach items, the lowest intercept (2.54 indicated by RBI4) and the highest intercept (3.58 indicated by TBI5) imply that the interviewees on average scored the items regarding the transactional and relational breach of the contract in the mid to upper part of the

measurement scale used. This means that there is a moderate- to high-perceived level of breach along these dimensions in the sample.

In the case of the Job Satisfaction indicators, the intercepts vary between approximately 2.98 (Promotion and Recognition) and 3.37 (Compensation and Benefits) which implies that employees are relatively satisfied in these job aspects at the baseline with averages of between 2.98 and 3.37.

In terms of Employee Engagement component, the intercepts vary between 2.18 (Dedication) and 2.88 (Absorption), and it can be stated that the employees report a moderate level of engagement baseline with dedication being slightly lower than other components of engagement.

The latent variables, namely Psychological Contract Breach, Job Satisfaction, and Employee Engagement, are themselves initialized with a zero by model identification conventions and thus no estimates are provided or significance tests found.

Overall, the intercepts indicate moderate to high mean scores on the majority of indicators observed in the case of psychological contract breach, job satisfaction, and employee engagement, which gives the context through which the variation attributed to the latent constructs was explained and the impact of the constructs on each other.

Discussion And Conclusion

The purpose of the study was to measure the impact of Psychological Contract Breach (PCB) on Job Satisfaction of employees and to determine the effect of the Psychological Contract Breach (PCB) on the Employee Engagement. The results indicated that there was a definite negative correlation of PCB and job satisfaction as well as work engagement in employees. This means that the level of satisfaction that employees have in different job aspects considerably reduces when they feel that the promises and obligations made to them by organizations are not being fulfilled. Also, the employees are less motivated and psychologically engaged in their work, which is another consequence of such breaches resulting in low engagement rates.

These findings are similar to the findings of other studies, which had pointed out the negative influences of PCB on job satisfaction and other related attitudes towards the organization (Robinson and Rousseau, 1994; Conway and Briner, 2005). As in the propositions of the Social Exchange Theory employees who judge violation of the psychological contract are likely to respond negatively with negative attitudes, including low satisfaction and withdrawal of discretionary effort (Settoon, Bennett, and Liden, 1996). Furthermore, the results of the study conform to other research conducted by Zhao et al. (2007) that PCB leads to mistrust and reduces organizational commitment, which ultimately damages the work attitudes.

In terms of employee engagement, the current findings were in line with the recent researches indicating that the fulfillment of the psychological contracts contributes to engagement, and the violation of the agreement causes the motivational exhaustion (Parzefall & Hakanen, 2010; Bal et al., 2013). Further confirmation is provided by the implementation of the Conservation of Resources Theory, which highlights the fact that a loss of resources such as PCB will have more negative impacts on the employee attitudes as compared to the similar gains made by the same resource (Hobfoll, 1989). The study has helped by confirming that PCB undermines the spirit and commitment that employees make to their job hence the need to protect the integrity of the contracts.

The fact that PCB has a negative influence on job satisfaction, as well as employee engagement, supports the argument that organizations should put an essential emphasis on psychological contract

maintenance in an effort to maintain the motivation in the workforce and organizational affective well-being. The results are consistent and reinforce previous empirical studies, showing that organizational reciprocity is very important in positive employee outcomes and reducing effort minimizing intentions.

Finally, this paper has established that the psychological contract breach was a strong deterrent to job satisfaction and work engagement among employees, which supports the importance of employers to honor both implicit and explicit promises. Actions to PCB causes and consequences can help organizations to positively deal with employee attitudes, motivation and eventually, performance. The insights have practical implications on human resource practices aimed at fostering trust, fairness and open communication to enhance psychological contracts and employee engagement.

Practical Implications

The practical implications of the study are important to the organization leaders, human resource professionals and managers involved in increasing employee satisfaction and employee engagement and avoiding the adverse effects of the negative impact of Psychological Contract Breach (PCB). Realizing that PCB is a great deterrent to job satisfaction and employee engagement, organizations have to take active measures and address implicit and explicit vows given by the organizations to their workers.

To begin with, transparency and uniform communication must be put at the forefront of organizations to deal with the expectation of employees. It is also important that job roles, responsibilities, and organizational commitments are stated clearly during recruitment and all through the employment lifecycle so as to avoid any misunderstandings that attract perceived breaches. Periodic feedback systems and employees voice meetings can also be used to help in issues that can be raised and resolved before they get out of control.

Second, the development of trust and fairness culture is crucial in helping to reduce the negative impact of PCB. This implies that organizational justice and support mean that staff members will not develop extreme dissatisfaction or disengagement after minor infractions (Bal et al., 2010). The creation of fair policies, the appreciation of the input of employees, and the rewards of employees in a fair way strengthens the psychological contracts and makes them resistant to the breaches of the contract.

Third, the managers and supervisors must be trained on the significance of psychological contracts and their effects on performance and motivation. They play vital roles in reflecting the organizational intentions and can have direct impact on the perceptions of employees because of their interactions, support, and responsiveness in their day to day lives.

Fourth, the organizations should enhance the strength of the social exchange connections and perceived organizational support in order to cushion the effects of breach. Good quality relations can either cushion the impact of mild breaches or vice versa, good quality relationship contexts can aggravate breaches (Robinson and Morrison, 2000). Thus, by tracking the quality of relations and promptly taking corrective measures in the instances when the breaches emerge, the level of employee engagement and job satisfaction can be maintained.

Finally, there should be interventions to restore trust and reconstruct psychological contracts when they are violated. This may involve organizational apologies, renegotiation of expectations between employees, job resources, as well as support systems to reinstate good employee attitudes, and motivation.

Overall, this paper highlights the importance of managing psychological contracts as more than the official employment provisions and necessitates continuous relational management, organizational commitment, and communication with the objective to achieve a well-motivated, satisfied, and engaged workforce and, hence, the overall organizational effectiveness.

References

- [1] Bakker, A. B., & Demerouti, E. (2008). Towards a model of work engagement. *Career Development International*, 13(3), 209-223.
- [2] Bakker, A. B., Schaufeli, W. B., Leiter, M. P., & Taris, T. W. (2008). Work engagement: An emerging concept in occupational health psychology. *Work & Stress*, 22(3), 187-200.
- [3] Bal, P. M., Kooij, D. T., & De Jong, S. B. (2013). How do developmental and accommodative HRM enhance employee engagement and commitment? The role of psychological contract and SOC strategies. *Journal of Management Studies*, 50(4), 545-572.
- [4] Conway, N., & Briner, R. B. (2005). *Understanding psychological contracts at work: A critical evaluation of theory and research*. Oxford University Press, USA.
- [5] Hobfoll, S. E. (1989). Conservation of resources: A new attempt at conceptualizing stress. *American Psychologist*, 44(3), 513-524.
- [6] Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692-724.
- [7] Locke, E. A. (1969). What is job satisfaction? *Organizational Behavior and Human Performance*, 4(4), 309-336.
- [8] Parzefall, M. R., & Hakanen, J. (2010). Psychological contract and its motivational and health-enhancing properties. *Journal of Managerial Psychology*, 25(1), 4-21.
- [9] Porter, L. W. (1962). Job attitudes in management: I. Perceived deficiencies in need fulfillment as a function of job level. *Journal of Applied Psychology*, 46(6), 375.
- [10] Rich, B. L., Lepine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. *Academy of Management Journal*, 53(3), 617-635.
- [11] Robinson, S. L., & Greenberg, J. (1998). Employees behaving badly: Dimensions, determinants and dilemmas in the study of workplace deviance. *Journal of Organizational Behavior*, 1.
- [12] Robinson, S. L., & Morrison, E. W. (1995). Psychological contracts and OCB: The effect of unfulfilled obligations on civic virtue behavior. *Journal of Organizational Behavior*, 16(3), 289-298.
- [13] Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600-619.
- [14] Schaufeli, W. B., & Bakker, A. B. (2010). Defining and measuring work engagement: Bringing clarity to the concept. In *Work engagement: A handbook of essential theory and research* (pp. 10-24). Psychology Press.
- [15] Settoon, R. P., Bennett, N., & Liden, R. C. (1996). Social exchange in organizations: Perceived organizational support, leader-member exchange, and employee reciprocity. *Journal of Applied Psychology*, 81(3), 219.

- [16] Sharma, S. C., & Gupta, R. (2020). Job satisfaction: difference in levels among selected industries. *Int J Rec Technol Eng (IJRTE)*, 8(6).
- [17] Taylor, M. S., & Tekleab, A. G. (2004). Taking stock of psychological contract research: Assessing progress, addressing troublesome issues, and setting research priorities. In *The employment relationship: Examining psychological and contextual perspectives* (pp. 253-283).
- [18] Tekleab, A. G., & Chiaburu, D. S. (2011). Social exchange: Empirical examination of form and focus. *Journal of Business Research*, 64(5), 460-466.
- [19] Zhao, H., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, 60(3), 647-680.