



EXPLORING THE RELATIONSHIP BETWEEN PSYCHOLOGICAL CONTRACT BREACH AND EMPLOYEE VOICE IN THE HOTEL INDUSTRY: AN EMPIRICAL STUDY

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ABSTRACT

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This study aims to investigate the role of psychological contract breach as a predictor of employee voice behavior. For this study, data was collected from employees working in “A” category hotels in Srinagar, Kashmir, India. The findings offer empirical evidence supporting the hypothesis that psychological contract breach (PCB) has a negative relationship with employee voice (EV). The finding is consistent with social exchange theory, suggesting that employees' reactions are influenced by the treatment they receive from their organizations. The study contributes to the current body of literature on psychological contract breach and its impact on discretionary work behaviors.

KEYWORDS: *Psychological contract breach, Employee voice, Hotel industry, Structural equation Modelling*

INTRODUCTION

The psychological contract is crucial for motivating and fostering cooperation among employees (Cullinane & Dundon, 2006). Upholding the psychological contract leads to positive employee behaviors, while its breach results in negative work-related outcomes and reduced employee well-being (Gulzar et al., 2021). Empirical evidence indicates a negative relationship between psychological contract breach (PCB) and affective commitment, work engagement, and in-role and extra-role performance (Aggarwal & Bhargava, 2013; Lu, Shen & Zhao, 2015). Understanding the effects of PCB on work-related attitudes and behaviors is crucial for organizations aiming to establish a supportive work environment, with demographic variables significantly influencing perceptions and behaviors (Ng & Feldman, 2015).

Employee voice is extensively studied as a predictor of organizational outcomes such as engagement,

commitment, performance, leadership effectiveness, and innovative work behavior (Rees, Alfes, Gatenby, 2013; Botha & Steyn, 2022). Recent research explores the influence of various workplace conditions on employee voice, including job satisfaction, psychological empowerment, psychological safety, leadership behavior, and organizational stressors (Memon & Ghani, 2020; Hasan & Kashif, 2021; Liang, Farh & Farh, 2012; Detert & Burris, 2007; Ng & Feldman, 2012). While existing studies predominantly focus on the positive aspects of employee voice, there is a limited examination of negative factors, notably psychological contract breach.

THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

Psychological Contract Breach and Employee Voice

Rousseau (1995) defines the psychological contract as individuals' beliefs, shaped by the organization,

regarding the terms of an exchange agreement with their employer. Drawing on social exchange theory (Blau, 1964), which emphasizes reciprocity, it is argued that employees tend to respond based on their treatment by employers. This response is rooted in their assessment of whether they receive what was initially promised. The fulfillment of individual psychological contracts leads to varied employee behaviors. Positive behaviors result when employers meet their responsibilities, while negative responses occur when employees perceive unfulfilled promises (Morrison & Robinson, 1997).

Empirical studies examining psychological contract breach (PCB) reveal that employees reciprocate by reducing in-role performance, affective commitment, work engagement, innovation, and organizational citizenship behavior (Restubog et al., 2012; Hazrati, 2017; Soares & Mosquera, 2019; Kiazad, Seibert & Kraimer, 2014; Jafri, 2012). Employee voice, characterized as constructive change-oriented communication (LePine & Van Dyne, 2001), falls under organizational citizenship behavior (Yu & Zhao, 2013).

Aligned with social exchange theory (Homans, 1958), a mutually fulfilling commitment between the organization and its workforce is essential. A breach of trust by either party results in negative attitudes and behaviors from the other (Cropanzano & Mitchell, 2005). Consequently, when organizations fail to fulfill psychological contracts, employees are likely to reduce engagement in discussions or sharing opinions, establishing a negative association between PCB and employee voice (Balabanova et al., 2022; Cao & Li, 2016; Ng et al., 2014). There it is hypothesized; H1: PCB is negatively related to employee voice

METHODOLOGY

Sample and Data collection

The study focuses on 'A' category hotels in the city of Srinagar, Kashmir, India. The population comprised 250 employees associated with 8 selected hotels, chosen through systematic random sampling based on the official list. Considering the finite population, the Yamane (1967) model determined a minimum required sample size of 150 participants. However, 200 questionnaires were administered after obtaining permission from hotel management. Of these, 165 were returned, and after excluding 13 incomplete responses, 152 usable questionnaires formed the basis for subsequent analysis, resulting in a 76% response rate.

Measures

Established scales were employed to assess the study constructs. The psychological contract breach was measured using the scale developed by Robinson and Morrison (2000), consisting of five items, with the initial three items reverse-coded. This scale was chosen for its comprehensive evaluation of global breach, demonstrating stronger associations with outcome variables compared to measures focusing on specific obligations or facets of psychological contracts (Zhao et al., 2007). Employee voice was evaluated using the scale by Van Dyne and Lepine (1998). Respondents recorded their answers on a 5-point Likert scale, ranging from 1 ('strongly disagree') to 5 ('strongly agree').

Results

The partial least squares-structural equation modeling (PLS-SEM) method, as outlined by Sarstedt et al. (2020), was employed for analyzing the measurement and structural models. PLS-SEM, chosen for its flexibility with non-normally distributed datasets and suitability for small sample sizes (Hair et al., 2017), involves a two-stage approach: assessment of the measurement model and assessment of the structural model.

Assessment of the Measurement Model

The initial focus was on evaluating the measurement model to ensure construct validity, convergent validity, discriminant validity, and reliability. First, the Factor Loading (FL) of each item was scrutinized, with a minimum threshold of 0.70. All FL values surpassed this threshold, as indicated in Table 2, leading to the retention of all items. Subsequently, the Composite Reliability (CR) exceeded the recommended threshold of 0.70, and alpha values were also recorded above the proposed threshold, ensuring reliability. Additionally, in accordance with Hair et al. (2019), the Average Variance Extracted (AVE) met the minimum requirement of 0.50 (Table 1), confirming the presence of convergent validity within the outer model.

Discriminant Validity Assessment

Discriminant validity was evaluated using the Heterotrait-Monotrait (HTMT) ratio, calculated as the mean value of item correlations across constructs relative to the mean of average correlations for items measuring the same construct. All correlations were found to be lower than the square roots of the AVE, establishing the discriminant validity of the scales used (Table 2).

Table 1: Reliability and Validity

Constructs	Indicators	Convergent validity			Reliability	
		FL	AVE	VIF	Alpha	CR
PCB	PCB1	0.712	0.715	2.479	0.815	0.835
	PCB2	0.843		2.894		
	PCB3	0.759		2.715		
	PCB4	0.745		2.120		
	PCB5	0.734		2.040		
Employee Voice	VO1	0.858	0.638	2.568	0.772	0.813
	VO2	0.762		1.375		
	VO3	0.868		1.793		
	VO4	0.887		4.552		
	VO5	0.755		1.848		
	VO6	0.712		2.086		

Table 2: Discriminant Validity (HTMT)

	Employee Voice	PCB
Employee Voice		
PCB	0.328	

Assessment of Structural model

Hypothesis testing

The Hypothesis H1 was supported, as there was a significant negative association between PCB and

employee voice ($\beta = -1.156, t = 4.029, p < 0.001$) (see, Table 3). These results were obtained through structural model as illustrated in Figure 1.

Table 3: Beta, T value, P value

Paths	β	T Value	P Value	Decision
H1: PCB -> Employee Voice	-2.146	5.029	0.000	Accept

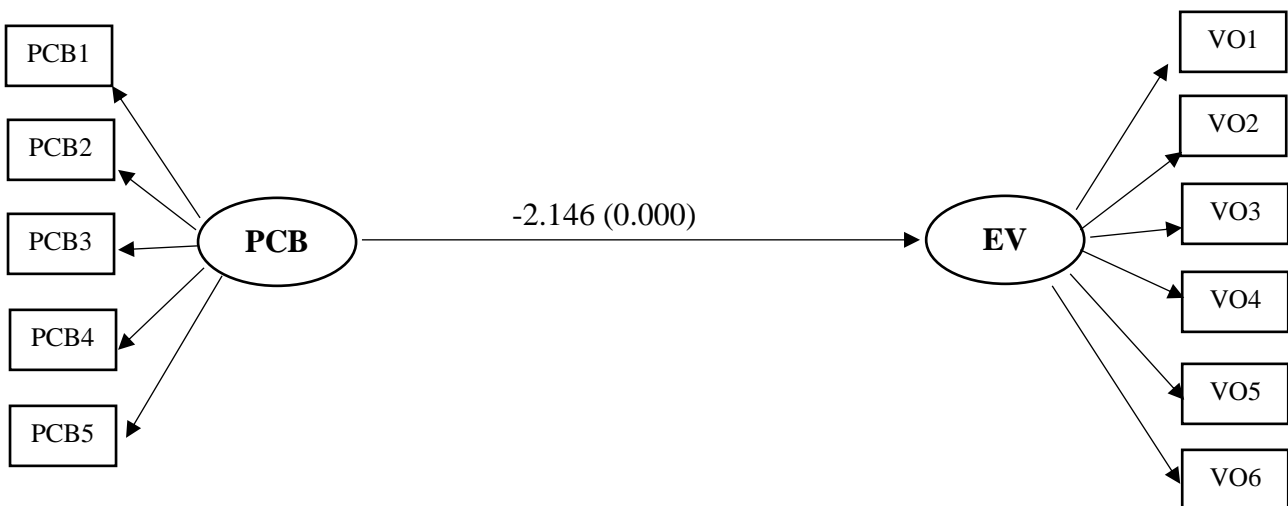


Figure 1. Structural Model

DISCUSSION AND IMPLICATIONS

The results of the study provide empirical support for the hypothesis that psychological contract breach (PCB) is negatively related to employee voice. This finding aligns with theoretical perspectives rooted in social exchange theory, which posits that employees respond to how they are treated by their organizations. When employees perceive a breach in their

psychological contract, they are likely to reciprocate with negative behaviors, and in this case, a reduced inclination to engage in constructive communication such as employee voice.

The negative association between PCB and employee voice has practical implications for organizations. It suggests that maintaining a positive psychological

contract is crucial for fostering open communication and employee engagement. Organizations should be attentive to the promises and expectations set forth in the psychological contract and strive to fulfill them. Failure to do so may not only lead to negative work-related outcomes but also hinder the flow of valuable information and suggestions from employees.

Moreover, the study contributes to the literature by highlighting the role of psychological contract breach as a factor influencing employee voice behavior. While previous research has explored various antecedents of employee voice, the examination of negative factors, such as psychological contract breach, adds depth to our understanding of the dynamics influencing upward communication in the workplace.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Despite the valuable insights gained from this study, there are certain limitations that should be acknowledged. First, the study focused on a specific industry, which may limit the generalizability of the findings to other sectors. Future research could explore diverse industries to enhance the external validity of the results.

Second, the cross-sectional nature of the study design limits the establishment of causal relationships. Longitudinal studies could provide a more nuanced understanding of the dynamic interplay between psychological contract breach and employee voice over time.

Additionally, the study did not explore potential mediators or moderators that could influence the relationship between psychological contract breach and employee voice. Future research could investigate variables that may amplify or mitigate the impact of psychological contract breach on employee voice.

CONCLUSION

This study contributes to the growing body of literature on organizational behavior by examining the relationship between psychological contract breach and employee voice. The findings underscore the importance of organizations actively managing and fulfilling their psychological contracts to promote positive employee behaviors and communication.

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