

Interaction With Psychological Contract Breach And Organizational Justice Among Private Banking Employees

Haluk ERDEM

Turkish Military Academy
Department of Management and Organization
Yeşilyurt/Malatya, Turkey
halukerdem4244@gmail.com

Extensive Summary

1. Introduction

In today's competitive business life, organizations urge to increase organizational performance through understanding their employees. In this process organization and employee relationships and equity concepts are important. Besides, there are mutual expectations between organization and employees. In organization-employee relationship, the perception of justice in the organization and psychological contract are considered important concepts.

Individuals create culture in the places where they live. For the bases of this culture the shared values are important (Erkenekli, 2014, s. 572). The shared values describe the behavior and attitudes of individual. In today's organizations one of the factors defining the individual's behaviors is equality (Robbins ve Judge, 2013, s.146). According to Equity Theory postulated by Adams (1965), individuals continuously compare their situation with their peers' situation. As a result of this continuous comparison process, individuals develop attitudes based on their injustice perception. The cognitive judgements of individuals towards organizational applications is called organizational justice (Paşamehmetoğlu and Yeloğlu, 2014, s. 161). Organizational justice is important in terms of organizational behavior and motivating employees. Employees think that everybody shall be treated fairly and in justice in the organization with the effect of respective culture they share.

When individuals start working in an organization they accept two types of contract with organizations namely open and covered. The open contract is an official document containing financial and law related issues. On the other hand, the covered contract includes unspoken but indirectly accepted rules and regulations. In this agreement called psychological contract, organization expects high performance and commitment from employee while employee expects security and support from the organization (Turunç ve Çelik, 2010). One of the important subject which is expected by employee from organization is a management approach treating all employees in

justice and equity. In this point, the promises given by organization to employees are important to understand psychological contract.

Breaking psychological contract causes negative organizational behaviours. The perception of injustice which can emerge in employees' minds has an important role in this process. In this concept, the aim of this study is to explore the association between the violations of psychological contract and organizational justice perception using the data retrieved from banking sector

2. Method

In this study in order to explore the relationship between the violations of psychological contract and organizational justice perception, a sample of private bank employees in Elazığ province is chosen. Because there is a fierce competition in private banking sector and it is considered that there is a higher probability of violation of psychological contract, the sample of this study is chosen from private banking sector. A questionnaire was sent to private bank employees in the above mentioned region and 278 of returned questionnaire forms are regarded as suitable for statistical analyses.

For measuring organizational justice perception, the scale developed by Colquitt et al (2001) is employed in this study. This scale is adapted to Turkish by Ozmen et al (2006) and used as 17-item scale by Cihangiroglu (2009). The perception of psychological contract violations is measured using a version of the scale developed by Robinson and Rousseau (1994) and used in Turkish by Çetinkaya and Özkara (2015).

Exploratory Factor Analysis and Confirmatory Factor Analysis are conducted to test the validity of the scales. Cronbach's Alpha Coefficients are calculated to determine reliability of the scales. Correlation and regression analyses are done to see the association between variables and test our hypothesis. Lastly, t-test and ANOVA is employed to test the impacts of demographic variables and factor variables.

3. Findings

After reliability and validity exploration procedure, both scales are found to be reliable and valid to be operationalized in this study. As a result of correlation and regression analyses, it is found that violations of psychological contract decrease organizational justice perception and all sub dimensions significantly. Thus, all hypothesis proposed in this study is supported by statistics. The details of regression analyses are shown in Table 7.

Tablo 7 Regression Analyses Results

Hyp.	Independent Variable	Dependent Variable	Unstd. β	Std. D.	β	R^2	ΔR^2	t	Collinearity	
									Tolerans	VIF
H1	Psychological contract breach	Organizational justice	0.404	0.01	-0.809	0.654	0.653	22.83**	1.00	1.00
H1 (a)	Psychological contract breach	Distributive justice	0.566	0.05	-0.566	0.320	0.317	11.39**	1.00	1.00
H1 (b)	Psychological contract breach	Procedural justice	0.444	0.05	-0.444	0.198	0.195	8.243**	1.00	1.00
H1 (c)	Psychological contract breach	Interactional justice	0.325	0.05	-0.325	0.105	0.102	5.701**	1.00	1.00
H1 (d)	Psychological contract breach	Informational justice	0.283	0.05	-0.283	0.080	0.077	4.895**	1.00	1.00

** $p < 0,01$; $n = 278$

Lastly, the impact of demographic variables on research variables are scrutinized. First, correlation analysis is done to see the association between employees' age (continuous variable) and factor variables and found that there is a significant negative association between age and organizational justice perception (Pear. Cor. = -0,128, $p = 0,03 < 0,05$) and a significant positive association between age and psychological contract violations (Pear. Cor. = 0,159, $p = 0,00 < 0,01$). To explore the effect of gender on factor variables, t-test is employed and found that both variables are not sensitive to gender [organizational justice perception, ($p = 0,47 > 0,05$); psychological contract violations ($p = 0,51 > 0,05$)].

4. Discussion

An individual working for an organization develops expectations according to his/her experiences in the work environment. For example, some individuals might believe that the hardworkers are awarded with higher salaries. Some incidents can support this perception or some managers might have been implied this sort of approaches. In this case, the employee believing this mechanism might choose to work harder. After a certain time period, if the employee working harder than the others cannot receive the reflection of his efforts and expectations, he or she can develop some understandings related with the presence of psychological contract violations in his/her organization. Here individual compares himself/herself with others inside and outside of the organization in line with the equity theory. In such cases individual can think that there is injustice if he/she recognizes something or practices against him/her personal interest and expectations supported by perceptions, culture and values. In the same token, according to the social exchange theory, if organization does not present any solid benefit (appraisal, award, incentives, career, etc.) to employee, naturally, social exchange process can not be realized. In this case, employee feels injustice against him/her. As a result he or she does not give any positive response (extra efforts, commitment, identification, etc.) to the respective organization.

As a result of the analyses conducted it is found that the psychological contract violations decrease the perception of organizational justice with a high negative

coefficient ($\beta=-0,809$). Besides, it is seen that the psychological contract violations affects the sub dimensions of the organizational justice perception in negative direction.

In this concept, it can be said that the findings of this study supports the theories discussed above. Besides, the findings of this study are in line with the studies in the literature (Turnley and Feldman, 1999; Bal et al, 2008; Kingshott, 2006; Hill et al, 2009). It is considered that the findings of this study are useful for exploring the precursors of the organizational justice perception.