

## Perceptions of the organizational context and psychological contract breach: Assessing competing perspectives

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### ABSTRACT

This study examines how employees' perceptions of specific features of the organizational context—organizational politics and procedural justice—are related to their evaluations of psychological contract breach and subsequent attitudes and behaviors. Across three studies, we examined the appropriateness of four models for describing relationships among the focal constructs. Results of these studies support (a) an environmental responsiveness model in which psychological contract breach mediates the effects of politics and justice on employee outcomes, and (b) a general fairness evaluation model where politics, justice, and psychological contract breach serve as indicators of a higher order factor that predicts employee attitudes and behavior. Implications and directions for future research are presented.

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The volatile nature of modern organizations, which includes downsizing, outsourcing, and restructuring, increases the likelihood for misunderstandings and disagreements with employee–organization relationships. The uncertainty surrounding these relationships may result in employees perceiving that their organization has failed to meet its reciprocal exchange obligations. Indeed, many employees report that their employer has breached some aspect of their employment agreement (Coyle-Shapiro & Kessler, 2000; Robinson & Rousseau, 1994). The goal of our research is to extend current knowledge of employee perceptions of psychological contract breach, which refer to employees' beliefs that their organization has failed to fulfill the terms of an exchange agreement believed to exist between the two parties (Rousseau, 1989; Rousseau & Tijoriwala, 1998). Our knowledge of the consequences of psychological contract breach is extensive, as breach is consistently found to predict various attitudes and behaviors like work satisfaction and citizenship behaviors (e.g., Zhao, Wayne, Glibkowski, & Bravo, 2007). However, relatively less is known about the factors that lead to global evaluations of psychological contract breach. For example, it is unclear how perceptions of the social context of organizations affect (or are affected by) evaluations that one's psychological contract has been breached

(Robinson & Brown, 2004; Shore et al., 2004). Our research examines how employees' perceptions of two social context aspects—one emanating from observations of others' self-serving behaviors (i.e., organizational politics) and the other from employees' perceptions of decision-making processes (i.e., procedural justice)—relate to employees' evaluations of their psychological contract.

Perceptions of organizational politics and procedural justice share an underlying theme of fairness (Andrews & Kacmar, 2001), and both relate to employees' evaluations of their exchange relationships with organizations (Aryee, Chen, & Budhwar, 2004; Blader & Tyler, 2005; Hall, Hochwarter, Ferris, & Bowen, 2004; Rosen, Levy, & Hall, 2006). Despite apparent linkages with exchange relationship evaluations, it is not clear *how* employee perceptions of politics and justice relate to perceptions of psychological contract breach. To help resolve this impasse, we examine the distinctiveness of perceived politics, justice, and psychological contract breach, compare their relative effects, and test various models that plausibly explain how these constructs relate to employee attitudes and behaviors.

Understanding relationships among politics, procedural justice, and psychological contract breach is important for several reasons. First, each of these constructs has implications for managerial and organizational effectiveness. For example, organizational politics create aversive environments from which employees wish to withdraw (Cropanzano, Howes, Grandey, & Toth, 1997; Ferris, Russ, &

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Fandt, 1989; Mintzberg, 1983), procedural justice affects employee motivation and performance (Folger, 1993; Johnson, Chang, & Rosen, 2006), and psychological contract breach is negatively related to employee well-being and effectiveness (Zhao et al., 2007). Second, organizations can manage employees' perceptions of politics and justice even when psychological contract breach is unavoidable. This is important because it suggests that, by reducing perceptions of politics and injustice, organizations may be able to override negative impressions of employee–organization relationships that are associated with experiencing a psychological contract breach. In addition, knowledge of how organizational politics, procedural justice, and psychological contract breach interrelate enriches existing research by providing insight into the development of psychological contract breach and its influence on employee attitudes and behaviors. This knowledge also sheds light on the relative importance of politics and fairness for psychological contract perceptions, which can guide practitioners' efforts when implementing interventions designed to address issues concerning psychological contracts. For example, if politics perceptions drive evaluations of the psychological contract, or play a primary role in determining reactions to a perceived breach, then efforts that target only procedural justice will have limited consequences.

This article is organized into three sections. First, we review the focal constructs (i.e., politics, justice, and psychological contract breach) and discuss how they are conceptually related. We then discuss four theoretically-derived models that specify different ways in which politics, procedural justice, and psychological contract breach may be related. The detrimental effects that politics, injustice, and contract breach have on work attitudes and behaviors are well documented (e.g., Chang, Rosen, & Levy, in press; Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001; Kacmar & Baron, 1999; Robinson, Kraatz, & Rousseau, 1994; Wanous, Poland, Premack, & Davis, 1992; Zhao et al., 2007). Furthermore, a meta-analysis by Harrison, Neumann, and Roth (2006) provides evidence that general, work-related attitudes are associated with overall contributions made to one's work role, such as task performance and citizenship behaviors. As such, we refrain from discussing the effects of perceived politics, justice, and breach on employee attitudes and behaviors. Rather, we focus our attention on developing the logic underlying the four models that we examined. In the final section, we present empirical results that address the adequacy of these models for explaining how the focal constructs relate to employee attitudes and behaviors. Results are based on data collected from three separate samples, which enabled us to assess the generalizability of results.

## Psychological contract breach, procedural justice, and perceived politics

### Psychological contract breach

Employee–organization relationships involve an exchange of employees' time, effort, and loyalty for material and socioemotional benefits from the organization (Aselage & Eisenberger, 2003; Blau, 1964; Porter, Steers, Mowday, & Boulian, 1974). Psychological contracts are one way of describing the exchange relationships that develop between employers and employees (Rousseau, 1989). The psychological contract refers to employees' idiosyncratic beliefs about the terms and conditions of implied reciprocal exchange agreements between themselves and another party (Robinson, 1996; Rousseau, 1989). Specifically, psychological contracts entail “beliefs about what employees believe they are entitled to receive, or should receive, because they perceive that their employer conveyed promises to provide those things” (Robinson, 1996, p. 575). Thus, an important feature of psycholog-

ical contracts is that they are based on *perceived promises*, explicit or implicit, made by the employer, which typically extend beyond formal contracts. When employees believe that the organization has failed to fulfill obligations contained in the psychological contract, a breach occurs (Rousseau, 1989). Psychological contract theorists (e.g., Morrison & Robinson, 1997; Robinson & Brown, 2004) have identified various causes of psychological contract breach. For example, *reneging* occurs when the organization knowingly fails to meet an exchange obligation. *Incongruence* occurs when employees and organizations have different understandings about whether an obligation exists or about the nature of obligations. Reneging and incongruence lead to discrepancies between an employees' understanding of what was promised and their perception of what has been experienced. Once a breach has occurred, employees enter into a sensemaking process that determines their response (Morrison & Robinson, 1997; Robinson 1996). Responses may include feelings of betrayal, anger, and resentment (Rousseau, 1989) as well as attitudinal and behavioral reactions such as reductions in commitment and productivity (Zhao et al., 2007).

### Procedural justice

Procedural justice refers to the fairness of the rules and procedures that are used to determine outcomes (Leventhal, 1980; Thibaut & Walker, 1975). The aspects of decision-making processes (e.g., the provision of voice, consistency of decisions, use of accurate information) that contribute to procedural fairness are independent of actual outcomes (Folger & Bies, 1989; Leventhal, 1980; Leventhal, Karuza, & Fry, 1980). Thus, people not only judge the fairness and favorability of outcomes, but the manner in which they are determined as well (Brockner & Wiesenfeld, 1996). Fair procedures, which minimize uncertainty and biases during decision-making, serve to uphold “meritocratic principles of universalism and impersonal decision-making” (Pearce, Bigley, & Branyiczki, 1998, p. 375; see also van den Bos & Lind, 2002). Procedural justice also communicates that outcomes will be beneficial in the long-term (Korsgaard, Sapienza, & Schweiger, 2002) and that employees are valued by their organization (Lind & Earley, 1992; Tyler, 1989). Consistent with previous research (e.g., Colquitt, 2001), we focus on procedural justice as a perceptual phenomenon to which employees respond.

### Organizational politics

Organizational politics are activities that are self-serving, illegitimate, and often harmful to the organization or its members (Ferris et al., 1989; Kacmar & Baron, 1999). Organizational politics reflect dysfunctional aspects of the work environment that are associated with conflict, gamesmanship, and strong-armed tactics for influencing others (Ferris & Judge, 1991; Gandz & Murray, 1980; Mintzberg, 1983). The present study focuses on individuals' *perceptions* of organizational politics, which represent subjective appraisals of the pervasiveness of self-serving influence tactics in work, decision-making, and resource allocation processes (Ferris, Adams, Kolodinsky, Hochwarter, & Ammeter, 2002). There are three dimensions of politics that are perceived in organizations: general political behavior, going along to get ahead, and pay and promotion (Kacmar & Carlson 1997). *General political behavior* is associated with employee perceptions of their co-workers engaging in political activities (e.g., backstabbing). *Going along to get ahead* represents influence tactics such as ingratiating oneself by agreeing with those in power. *Pay and promotion* refers to the extent that politics influence human resources functions. As a whole, the three dimensions describe how political a given workplace is perceived to be.

### *Distinguishing psychological contract breach, justice, and politics*

Perceptions of organizational politics and procedural justice are intricately intertwined (Ambrose & Harland, 1995), as these constructs are related by an underlying theme of fairness (Andrews & Kacmar, 2001; Beugré & Liverpool, 2006) and they both represent system-level appraisals that impact employees' reciprocity-based behaviors directed toward their organization (e.g., Aryee et al., 2004; Colquitt et al., 2001; Kacmar & Baron, 1999; Masterson, Lewis, Goldman, & Taylor, 2000). However, politics and procedural justice are conceptually distinguishable (Andrews & Kacmar, 2001; Byrne, 2005; Cropanzano, Kacmar, & Bozeman, 1995). In particular, politics refers to employees' perceptions of self-serving behavior. The purpose of political behavior is "to obtain some advantage, such as promotion, power, or better performance evaluation" (Beugré & Liverpool, 2006, pp. 125–126). On the other hand, procedural justice is concerned with members' perceptions of fair treatment, with a focus on the formal procedures that underlie outcome distribution. Thus, organizational politics represents perceptions of a set of behaviors that are motivated by the self-interest of actors, whereas procedural justice is more closely associated with the structural features of decision-making that facilitate employee voice, appropriateness of criteria, and the accuracy of information used to make decisions (Cropanzano, Prehar, & Chen, 2002).

Empirical evidence also supports the uniqueness of politics and procedural justice perceptions. For example, confirmatory factor analyses (CFAs) conducted by Andrews and Kacmar (2001) demonstrated the independence of scales intended to measure procedural justice and perceived politics. Providing further evidence for discriminant validity, the authors found that five (i.e., locus of control, formalization, LMX, cooperation, and role conflict) of six measured antecedents distinguished between politics and procedural justice. Similarly, Aryee et al. (2004, Study 1) replicated Andrews and Kacmar's (2001) CFA results, again demonstrating the distinctiveness of these constructs. In their second study, Aryee et al. provided additional evidence that politics and justice perceptions have unique antecedents.

Psychological contract breach is also related to, but distinguishable from, organizational politics and procedural justice. In particular, these three constructs are each, in some way, associated with employees' perceptions of their organizational exchange relationship. However, psychological contract breach reflects employees' perceptions that the organization has not fulfilled obligations that it has *promised* to employees. This notion of promised obligations is unique to the psychological contract and separates it from the other constructs (Robinson, 1996). While there may be instances when organizations promise that decision making procedures will be fair and that politics will not influence work outcomes, these aspects of employment are more closely aligned with employees' general expectations of how they will be treated by their organizations, as opposed to implied or explicit promises made to employees. Thus, taken together, research and theory provide evidence that organizational politics, procedural justice, and psychological contract breach are related, yet distinguishable constructs. The focus of the current research is on understanding the ways in which these constructs relate to each other.

### **Relationships among psychological contract breach, justice, and politics**

Some researchers (e.g., Hall et al., 2004; Tekleab, Takeushi, & Taylor, 2005) suggest that politics and justice have direct effects on psychological contract breach. Yet others, particularly psychological contract theorists (e.g., Robinson & Morrison, 2000), suggest

that fairness-related information moderates the effects of psychological contract breach. Adding to the confusion, cognitive consistency theory suggests that psychological contract breach has direct effects on perceptions of politics and procedural justice (Greenwald, 1980). Furthermore, there are plausible arguments for considering politics, procedural justice, and psychological contract breach as indicators of a higher order factor that reflects general evaluations of the (un)fairness of employee–organization exchange relationships. These competing perspectives, which are illustrated in Figs. 1–4, are reviewed below.

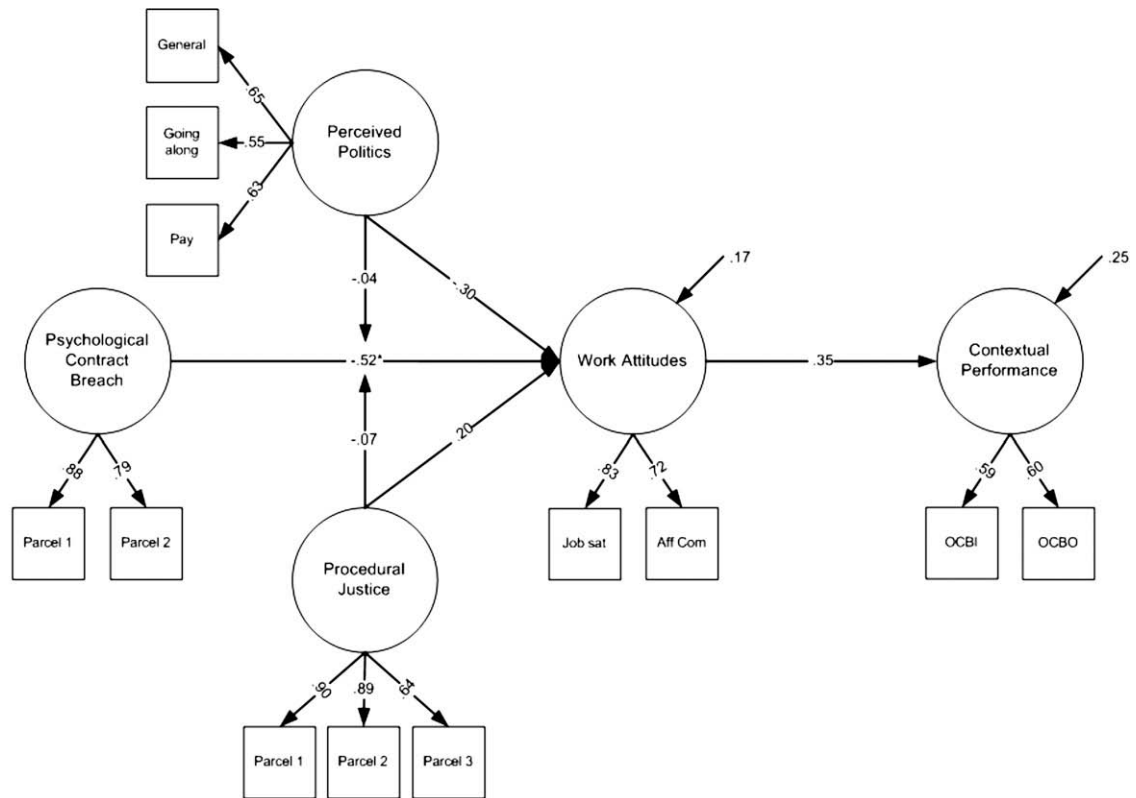
#### *Model 1: Sensemaking-input model*

The sensemaking-input model of psychological contract breach suggests that politics and justice *moderate* the effects of psychological contract breach on employee reactions (see Fig. 1). This model is consistent with the view that fairness-related information impacts sensemaking processes that follow a perceived psychological contract breach (e.g., Morrison & Robinson, 1997; Robinson & Morrison, 2000). For example, Morrison and Robinson (1997) posit that "in cases where an employee can identify formal procedures that resulted in the breach of contract, feelings of violation will be influenced by factors that are known to influence judgments of procedural fairness" (p. 245). In other words, the strength of emotional and behavioral reactions to a contract breach is moderated by cognitive assessments of the context in which the breach occurred. If the organization has acted in a procedurally fair manner and has constrained interpersonal influences on decision-making in the past, then individuals are less likely to hold the organization at fault (Kickul, Neuman, Parker, & Finkl, 2001). As such, contract breach in a fair and apolitical context will elicit weaker affective and behavioral responses.

To our knowledge, no published studies have examined the moderating effects of organizational politics on relationships between psychological contract breach and its outcomes. However, there is evidence that perceived fairness has an impact on the relationship between psychological contract breach and employee reactions. In a longitudinal study, Robinson and Morrison (2000) found that perceived breach was associated with more intense feelings of violation when employees attributed the breach to purposeful renegeing by a procedurally unfair employer. In another study, Kickul et al. (2001) found a three-way interaction between contract breach, interactional justice, and procedural justice. The results of this study demonstrated that the relationship between perceived contract breach and negative work behaviors was strongest when both procedural and interpersonal fairness were low. In line with these findings, the sensemaking-input model (Fig. 1) indicates that procedural justice and organizational politics moderate the effects of psychological contract breach on employee outcomes. We expect that effects are strongest when justice is low and politics is high.

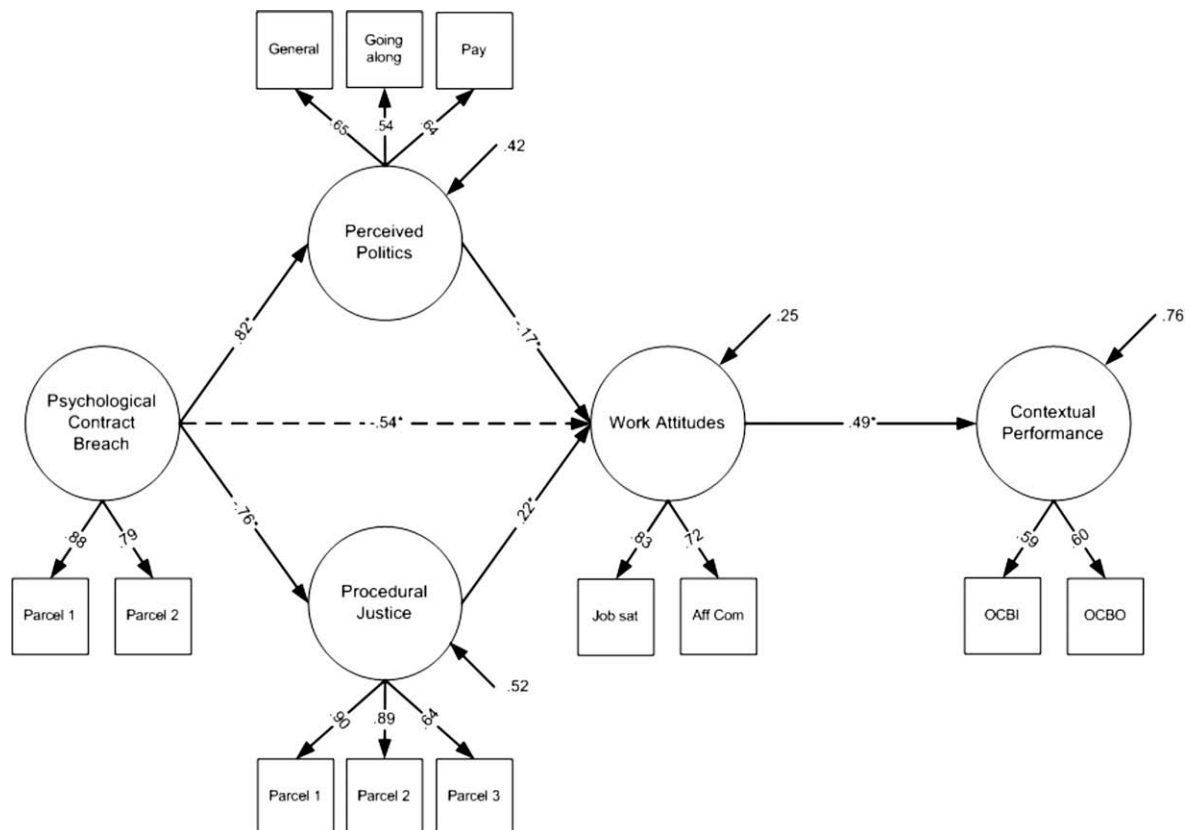
#### *Model 2: Psychological contract breach as a selective perception trigger*

Though some research suggests that fairness-related information may moderate the effects of psychological contract breach on employee reactions, experiencing a psychological contract breach might have direct effects on employees' overall perceptions of organizational politics and justice. Greenwald's (1980) cognitive consistency theory suggests that people think and act in ways that preserve and reinforce existing memories and knowledge structures. One way that people maintain cognitive consistency is by seeking out, attending to, and interpreting environmental information in a way that reinforces existing cognitions. For example, confirmation biases in information processing have been observed,



Note: Path coefficients denoted with \* were significant at  $p < .05$

Fig. 1. Sensemaking-input model.



Note: Path coefficients denoted with \* were significant at  $p < .05$ ; -----> Partial mediation path added to alternative model 1

Fig. 2. Psychological contract breach as a selective perception trigger model.

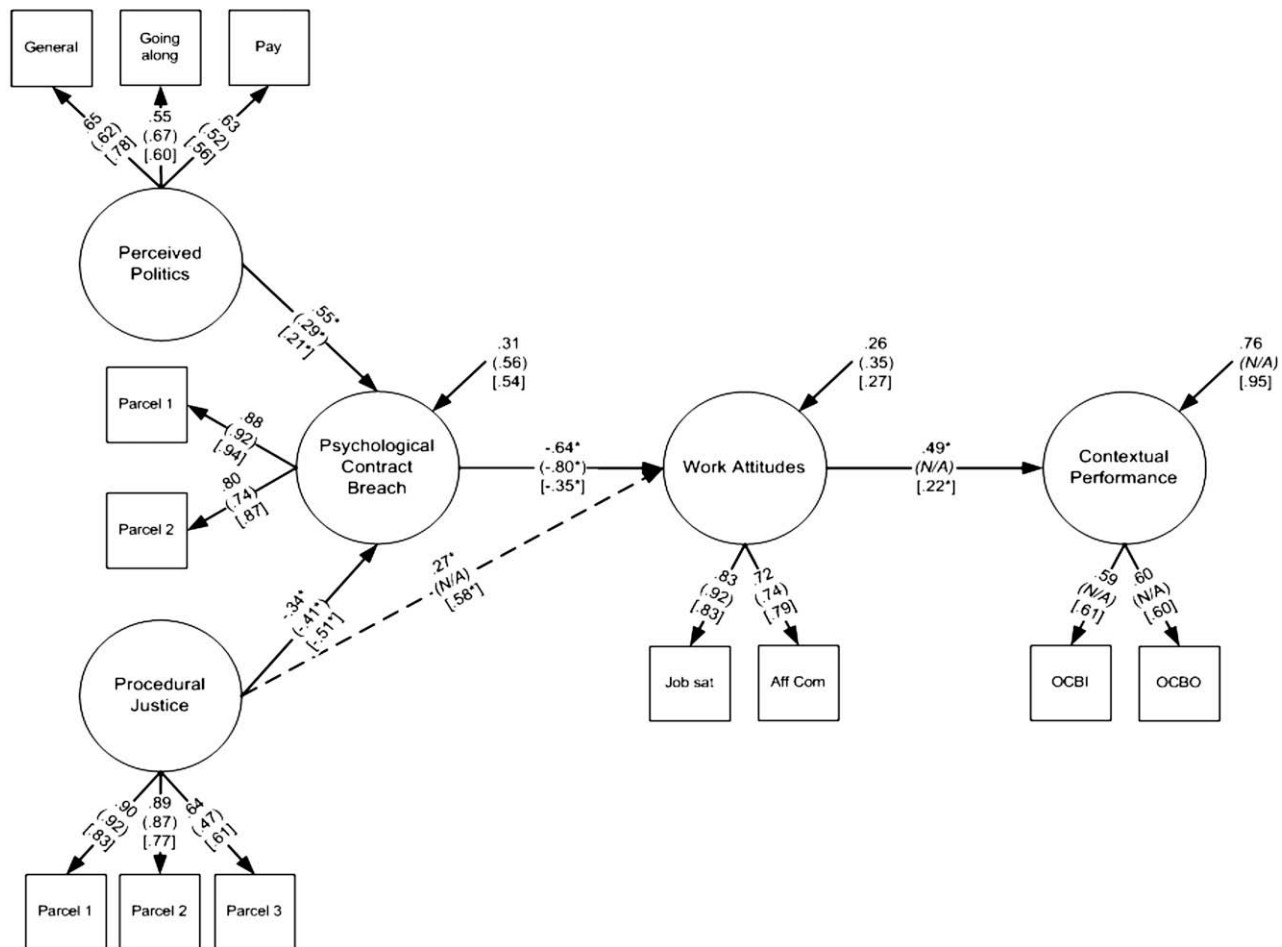


Fig. 3. Environmental responsiveness model.

such that individuals favor and pay more attention to evidence that is consistent with their existing decision or attitudes (e.g., Johnston, 1996; Jonas, Schulz-Hardt, Frey, & Thelen, 2001; Lundgren & Prislun, 1998). Individuals are most likely to be selective information processor when they have established strong attitudes (Brannon, Tagler, & Eagly, 2007) or when the accuracy of their decisions or attitudes is less important (Jonas & Frey, 2003).

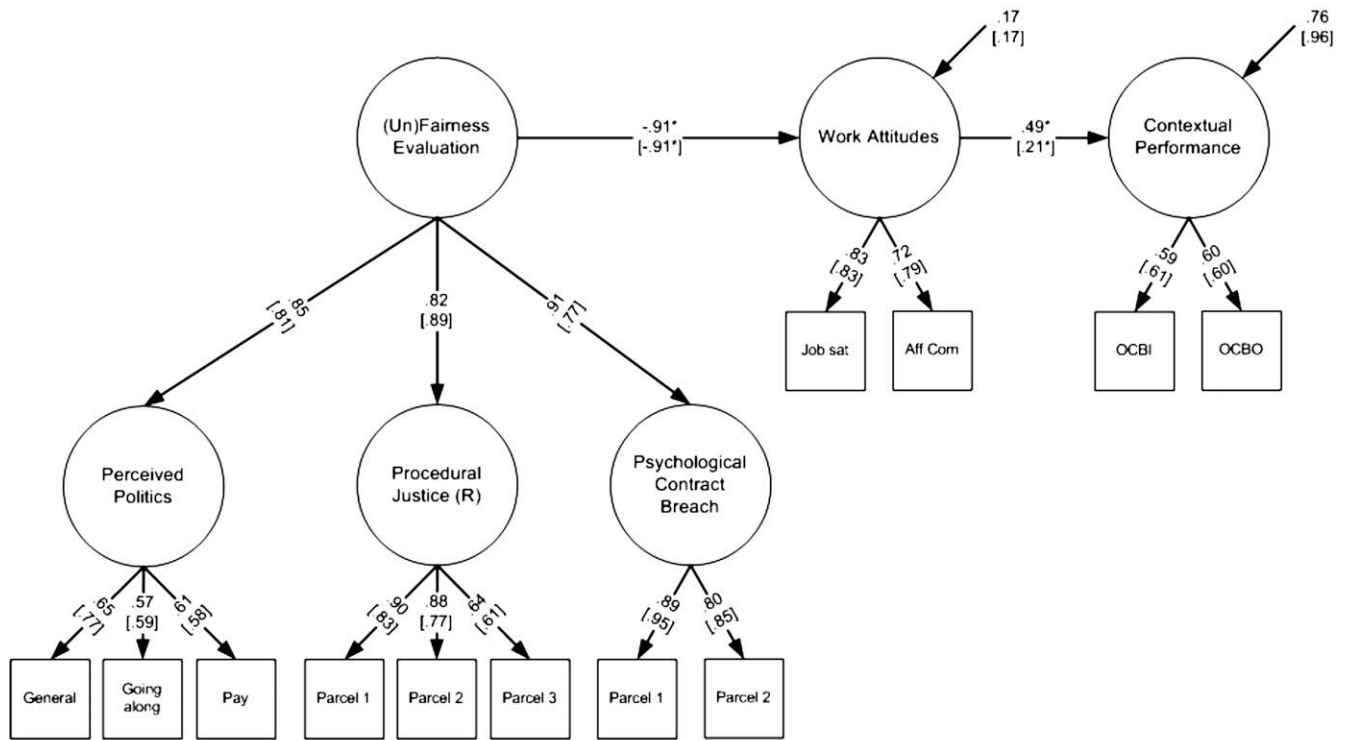
Drawing from cognitive consistency theory, Robinson (1996) identified trust as an antecedent to psychological contract breach. Robinson (1996) suggested that selective attention associated with confirmation bias leads people who have low levels of trust to seek out and recall incidents of psychological contract breach, even in the absence of an objective breach. Though Robinson (1996) applied cognitive consistency theory to understanding antecedents of psychological contract breach, this perspective can also be used to explain employee perceptions and reactions subsequent to contract breach. For example, once a breach is perceived, confirmation bias may lead people to seek out additional information that confirms their beliefs that the organization is not a good exchange partner (Eagly & Chaiken, 1993; Fiske & Taylor, 1984). High levels of organizational politics convey that the organization may not be able to meet certain exchange obligations (e.g., rewarding employees for performance), as managers in political work contexts tend to skirt the formal reward system

when making allocation decisions (Hall et al., 2004). Additionally, low procedural justice signals that organizations do not value their employees, which is consistent with beliefs associated with psychological contract breach. Therefore, selective attention may bias employees to perceive, encode, and recall more instances of politics and procedural injustice in organizations that have, in general, failed to fulfill their promises. Thus, based on cognitive consistency theory, following a psychological contract breach, employees will perceive that their organizations are political and that decision-making processes are unfair, which in turn mediate the effects of psychological contract breach on employee attitudes and behavior (see Fig. 2).

#### Model 3: Environmental responsiveness model

Fig. 3 presents an environmental responsiveness model in which psychological contract breach mediates the effects of politics and procedural justice on work outcomes. This model is based in part on social information processing (SIP) theory (Salancik & Pfeffer, 1978). At the core of SIP theory is the fundamental premise that the social context in which work-life is embedded provides cues that employees use to construct and interpret reality. Thus, in addition to perceiving and reacting to an objective workplace reality, employees also respond to a reality that is partially con-





Note: Path coefficients denoted with \* were significant at  $p < .05$ ; Coefficients not in parentheses were from Study 1; Coefficients in square brackets were from Study 3.

Fig. 4. General (un)fairness evaluation model.

structured from social contextual information, such as information communicated by coworkers, observations of coworkers' behavior, and interactions with agents of the organization (Thomas & Griffin, 1983). When the social context is highly political, it creates an impression that the organization is incapable of meeting its exchange obligations because organizational agents are believed to be preoccupied with protecting their own self interests and accumulating power, often without concern for how their behaviors impact other members (Hall et al., 2004). Thus, employees are more likely to formulate general impressions that their exchange obligations have been overlooked or unmet. Organizational politics also weaken performance–reward linkages (Cropanzano et al., 1997), which signals that organizations are incapable or unwilling to meet their exchange obligations. In both cases, perceived politics has a negative impact on employees' evaluations of the extent to which organizations fulfill their promised obligations, which leads to a greater likelihood of perceiving psychological contract breach (Morrison & Robinson, 1997).

Similar to politics, unfairness information paints an unflattering picture of the social context of organizations. Specifically, procedural injustice adds ambiguity and uncertainty to employee–organization exchange relationships and decision-making processes (van den Bos & Lind, 2002). When uncertainty exists (e.g., unknown performance standards, inconsistent procedures), employees and organizations are likely to have divergent understandings of what and how much is owed to each other (Robinson & Brown, 2004). As mentioned previously, incongruence between two parties is a primary antecedent of psychological contract breach (Robinson & Morrison, 1997). When procedural fairness is high though, the decision-making process is transparent, consistent, and understood by employees (Cropanzano et al., 2002; Folger & Bies, 1989). High procedural justice therefore reduces perceptions of contract breach because it promotes congruence between

employees' and organization's beliefs about their obligations. High procedural fairness also communicates that employees are valued, which leads to more positive evaluations of the organization as an exchange partner (Lind, 2001). In sum, the environmental responsiveness model suggests that politics and procedural injustice lead to perceptions of psychological contract breach, which then impact attitudes and behavior.

#### Model 4: General (un)fairness evaluation model, a unified perspective

The *sensemaking-input* and *selective perception trigger* models position psychological contract breach as a precipitating event, whereas the *environmental responsiveness* model identifies psychological contract breach as a conduit through which organizational politics and procedural justice influence attitudes and behaviors. However, similarities between perceived politics, procedural justice, and psychological contract breach support a fourth way of specifying how these constructs are related. In particular, each of these constructs is linked to an evaluation of the fairness of different aspects of the employee–organization exchange relationship. Perceived politics is associated with an evaluation of whether the organization is willing to tolerate certain behaviors (i.e., those of a self-serving nature) in the social arena (Aryee et al., 2004; Rosen et al., 2006). The presence of politics is also often interpreted as being associated with larger problems, linked to leadership and the management of the organization itself (Vigoda & Dryzin-Amit, 2006), that interfere with the ability of the organization to maintain high quality reciprocal exchange relationships with employees (Hall et al., 2004). Psychological contract breach is related to perceptions that the organization has failed to meet its obligations to employees and such perceptions are closely linked to feelings of unfairness, as the psychological contract serves to “define the standards upon which justice is predicated” (Cropanzano & Prehar,

2001, p. 246). Finally, procedural justice is linked to an evaluation of an organization's formal structures that contribute to fair decision-making processes (Thibaut & Walker, 1975). Procedural justice perceptions also convey to what extent organizations value their employees and are concerned about their long-term welfare (Tyler, 1989).

Thus, organizational politics, procedural justice, and psychological contract breach each have implications for the fairness that is perceived to exist in the exchange relationships that employees have with their organizations. In addition to these conceptual similarities, recent meta-analyses (see Chang et al., in press; Colquitt et al., 2001; Zhao et al., 2007) show that these constructs have comparable relationships with various outcomes, including job satisfaction ( $r_{\text{politics}} = -.57$ ,  $r_{\text{procedural justice}} = .62$ ,  $r_{\text{psychological contract breach}} = -.65$ ), affective organizational commitment ( $r_{\text{politics}} = -.54$ ,  $r_{\text{procedural justice}} = .57$ ,  $r_{\text{psychological contract breach}} = -.50$ ), and contextual performance ( $r_{\text{politics}} = -.16$ ;  $r_{\text{procedural justice}} = .22$ –.27  $\text{ocbi}$  &  $\text{ocbo}$ ;  $r_{\text{psychological contract breach}} = -.19$ ). In addition, empirical studies have shown that perceived politics and psychological contract breach are moderately correlated with procedural justice (Andrews & Kacmar, 2001; Aryee et al., 2004; Byrne, 2005; Kickul, 2001; Kickul et al., 2001). Thus, empirical and theoretical research suggest that it may be appropriate to view organizational politics, procedural justice, and psychological contract breach as reflecting a common, overlapping theme (Kline, 1998). We contend that these constructs serve as indicators of a global evaluation of the (un)fairness of the organization and this general fairness evaluation predicts attitudes and behaviors. Similar to Harrison et al.'s (2006) treatment of work attitudes and behaviors, this model represents a movement from characterizing the focal constructs (i.e., politics, justice, and psychological contract breach) as unique perceptions to characterizing them as a set of *unified evaluations* where each construct captures one aspect of an overall (un)fairness judgment (see Fig. 4).

### Current study

In this paper we assess the adequacy of each of the aforementioned models across three studies. In Study 1, we use structural equation modeling (SEM) to explore the relationships that are hypothesized to exist among the focal constructs. Study 1 is exploratory in the sense that we are attempting to determine which model is best supported by the data. In Study 2, we perform a cross-lagged analysis to assess how these constructs are related across time, which provides additional evidence for their causal sequencing. Finally, in Study 3 we cross-validate our findings from the first two studies using multisource data.

## Study 1

### Participants and procedure

Three hundred and nineteen employed undergraduate students at a large, Midwestern university participated in the study for course credit. The average age of participants was 24 years old ( $SD = 6.34$ ) and females made up 65% of the sample. Approximately 80% of the sample identified themselves as Caucasian, 14% identified themselves as African American, and 6% identified themselves as Asian, Hispanic, Native American or Other. Participants had an average tenure of 27 months ( $SD = 28.19$ ) in their present job and worked an average of 26 hours per week ( $SD = 12.18$ ). Overall, 48% of participants were full-time employees. Participants' jobs included both managerial and non-managerial positions and spanned multiple O Net categories, with the majority of them working in retail/service (48%; e.g., customer service representative) and professional (35%; e.g., nurse) industries. A small percent-

age of participants worked for the government (7%; e.g., district attorney aide) or a manufacturing company (5%; e.g., rubber manufacturer). This sample of industries was representative of the North American workforce at the time (U.S. Bureau of Labor Statistics, 2005), as the majority of workers were employed in sales and service occupations (41.8%) followed by managerial and professional ones (34.9%).

### Measures

Participants responded to all survey items using a 7-point Likert-scale with anchors ranging from 1 = "Strongly Disagree" to 7 = "Strongly Agree."

#### Perceptions of organizational politics

Participants completed Kacmar and Carlson's (1997) 15-item Perceptions of Organizational Politics Scale (POPS;  $\alpha = .78$ ) which assesses the extent to which employees view their work environments as political (e.g., "Promotions around here are not valued much because how they are determined is so political"). This measure has three subscales: general political behavior, going along to get ahead, and pay and promotion.

#### Procedural justice

Perceptions of procedural justice were assessed using Colquitt's (2001) 6-item scale ( $\alpha = .89$ ). A sample item from this scale is "Have organizational decisions been based on accurate information?"

#### Psychological contract breach

Psychological contract breach evaluations were assessed using Robinson and Morrison's (2000) 5-item measure ( $\alpha = .91$ ). A sample item is "Almost all the promises made by my employer during recruitment have been kept so far" (reverse scored).

#### Employee attitudes

Job satisfaction was measured with Cammann, Fichman, Jenkins, and Klesh's 1979 ( $\alpha = .91$ ) 3-item measure. A sample item is "All in all, I am satisfied with my job". Affective commitment was measured using Allen and Meyer's (1990) 8-item scale ( $\alpha = .81$ ). A sample item is "This organization has a great deal of personal meaning to me".

#### Contextual performance

Participants' self-reported contextual performance was measured by Williams and Anderson's (1991) scales that assess organizational citizenship behaviors directed at individuals (OCBI) and organizations (OCBO). The 7-item OCBI scale ( $\alpha = .80$ ) assesses behaviors that benefit specific individuals in the organization (e.g., "Helps others who have been absent".) whereas the 7-item OCBO scale ( $\alpha = .70$ ) taps behaviors that benefit the organization as a whole (e.g., "Adheres to informal rules devised to maintain order".)

#### Analytic strategy

Scale scores and multiple-item parcels (Hall, Snell, & Foust, 1999) were used as indicators of latent constructs, which were then used to evaluate measurement and structural models of relationships among focal constructs (Anderson & Gerbing, 1988). The three subscales of the POPS served as separate indicators for perceptions of politics. Job satisfaction and affective commitment scale scores were used as indicators of a construct representing general employee attitudes (see Harrison et al., 2006). The OCBI and OCBO subscales served as indicators of contextual performance. For procedure justice and psychological contract breach

items, we first conducted exploratory factor analysis (EFA) separately to evaluate the presence of secondary factor. Following the isolated uniqueness strategy recommended by Hall et al. (1999), items that shared variance associated with the secondary factor (e.g., negative wording, similar stem) were used to form multi-item parcels. This strategy guided us to use three indicators for procedural justice and two for psychological contract breach.

Confirmatory and structural analyses were estimated using Mplus 4.0 (Muthén & Muthén, 2006) with maximum likelihood estimation. With the exception of the sensemaking-input model, model fit was assessed using Hu and Bentler's (1999) 2-index presentation strategy, with the following cutoff values: values greater than .90 for the Comparative Fit (CFI) and Tucker–Lewis (TLI) indices, .06 or below for the root mean squared error of approximation (RMSEA), and .09 or below for the standardized root mean square residual (SRMR). Unfortunately, traditional fit indices are not yet available for assessing interactions between latent constructs with multiple indicators. Therefore, we followed Muthén's (2004) recommendations and compared adjacent nested models using loglikelihood difference chi-square tests to assess the sensemaking-input model. This method allows us to evaluate whether adding a path linking the interaction term between the predictor (i.e., contract breach) and the moderator (i.e., perceived politics or procedural justice) to the outcome (i.e., employee attitudes) improves model fit. In addition, because it is not possible to test the implied three-way interaction of contract breach, politics, and procedural justice on employee attitudes using Mplus, we used moderated regression analysis to examine higher-order moderation effects.

## Results and discussion

Means, standard deviations, coefficient alphas, and intercorrelations among the observed variables are reported in Table 1.

The measurement model consisted of five latent constructs: organizational politics, procedural justice, psychological contract breach, general employee attitudes, and contextual performance. These constructs were allowed to freely correlate, so that model fit indices reflected the adequacy of the proposed relationships between the constructs and their indicators. Results suggested that

the measurement model had adequate fit for the data ( $\chi^2_{(44)} = 145.64$ , CFI = .94, TLI = .91, RMSEA = .08, SRMR = .05) and all loadings of the measured variables on their respective constructs were statistically significant and over .55. With a reasonably well-fitting measurement model, we proceeded to test the proposed structural models.

### Model testing: relationships among politics, justice, and psychological contract breach

#### Model 1: Sensemaking-input model

To test the moderating effects of politics perceptions and procedural justice on contract breach, we followed Muthén's (2004) recommendation and first examined the mediated structural model in which psychological contract breach influences contextual performance through its impact on employee attitudes. This model fit the data well ( $\chi^2_{(7)} = 29.50$ , CFI = .97, TLI = .93, RMSEA = .10, SRMR = .04), indicating that it is appropriate to test moderation effects. Next, we examined politics perceptions as a moderator. The comparison of the adjacent nested model showed that adding the path did not significantly improve model fit ( $\Delta\chi^2_{(1)} = 0.60$ ), and the interaction term between contract breach and politics ( $\beta = .07$ ) was not significant. Similarly, adding the interaction effect between contract breach and procedural justice did not result in an improvement to the fit of the model ( $\Delta\chi^2_{(1)} = 1.06$ ) and the interaction term was not significant ( $\beta = -.06$ ). In our last structural model test, we included both moderation effects together (see Fig. 1). Neither interaction term was significant ( $\beta = -.04$  for politics and  $\beta = -.07$  for procedural justice), and adding them to the model did not improve the overall fit ( $\Delta\chi^2_{(2)} = 1.14$ ). Finally, moderated regression analysis showed that, after controlling for main effects and all possible two-way interactions, the three-way interaction between contract breach, politics perceptions, and procedural justice was not a significant predictor of either of the two indicators of the employee attitudes factor (job satisfaction:  $\beta = .00$ ; affective commitment:  $\beta = .05$ ). Together, these results suggest that the effect of contract breach on general employee attitudes was not moderated by either politics perceptions or procedural justice, providing little support for the sensemaking-input model.

**Table 1**

Means, standard deviations, correlation coefficients and reliability coefficients for focal variables for Study 1 and Study 3

	1	2	3	4	5	6	7	8	9	10	11
1. Sex		-.09	-.09	.02	.08	.05	.08	-.11	-.04	-.13	-.12
2. Age	-.10		.37***	.35***	-.25**	.14	-.02	.14	.10	.03	.01
3. Tenure	-.05	.34***		.46***	-.02	.05	.10	-.04	.08	.08	.04
4. Hours per week	.05	.28***	.29***		.07	-.07	.21**	-.11	.01	.15	-.02
5. Politics perceptions	.10	-.12*	.08	.06		-.54***	.49***	-.46***	-.47***	.02	.11
6. Procedural justice	.02	.06	-.06	-.02	-.50***		-.53***	.60***	.55***	.00	.18*
7. Psychological contract breach	.09	.01	.12*	.13*	.54***	-.58***		-.59***	-.56***	-.08	-.13
8. Job satisfaction	-.12*	.08	-.11	-.02	-.52***	.56***	-.66***		.66***	.07	.14
9. Affective commitment	-.04	.07	.08	.13*	-.43***	.59***	-.52***	.59***		.21**	.21**
10. OCBI	-.21***	.02	.10	.04	-.08	.19***	-.17***	.28***	.25***		.60***
11. OCBO	-.21***	.13*	.03	.06	-.18**	.14**	-.31***	.27***	.14**	.36***	
<i>Study 1</i>											
M	.35	22.22	27.34	25.79	2.73	4.05	3.46	2.25	3.81	3.89	4.08
SD	.48	5.04	28.15	12.19	.55	.62	.89	.93	1.01	.61	.56
Internal consistency					.78	.89	.91	.91	.81	.80	.70
<i>Study 3</i>											
M	.32	23.52	26.81	26.35	3.56	4.41	3.02	5.25	4.29	5.46	5.91
SD	.48	6.88	36.25	11.53	.86	1.15	1.54	1.50	1.19	1.14	.89
Internal consistency					.83	.84	.94	.93	.84	.84	.91

Note: N = 319 for Study 1 and N = 152 for Study 3. Correlations below the diagonal are from Study 1 and those above the diagonal are from Study 3. Sex coded as Male = 1 and Female = 0. OCBI and OCBO were rated by self in Study 1, and rated by supervisors in Study 3.

\*  $p < .05$ .  
 \*\*  $p < .01$ .  
 \*\*\*  $p < .001$ .



### Model 2: Selective perception trigger model

Results of the nested structural model tests corresponding to the second model are reported in Table 2. The hypothesized structural model had reasonable fit ( $\chi^2_{(49)} = 169.78$ , CFI = .93, TLI = .91, RMSEA = .09, SRMR = .06) and all path coefficients were significant (see Fig. 2). Alternative models were then tested for potential partial mediation effects. The direct effect of psychological contract breach on employee attitudes was freely estimated and this path resulted in improvement in model fit ( $\Delta\chi^2_{(1)} = 9.60$ ,  $p < .001$ ). We therefore retained the path from psychological contract breach to employee attitudes. Next, we explored the direct effect of contract breach, politics, and procedural justice on contextual performance. Adding these paths did not result in significant improvement in model fit, nor were any of these paths significant. Thus, the final structural model indicated that politics and procedural justice partially mediated the effects of contract breach on employee attitudes and contextual performance (see Fig. 2), which is consistent with the selective perception trigger model.

### Model 3: Environmental responsiveness model

Table 2 summarizes the nested model tests used to evaluate the environmental responsiveness model. Results indicated that this model had reasonable fit ( $\chi^2_{(49)} = 163.42$ , CFI = .93, TLI = .91, RMSEA = .08, SRMR = .06) and all the path coefficients were significant. We tested additional nested models for partial mediation effects by allowing the direct effects of politics perceptions and procedural justice on general employee attitudes to be freely estimated. This resulted in a significant improvement in model fit ( $\Delta\chi^2_{(2)} = 12.04$ ,  $p < .001$ ). However, only the procedural justice–

attitudes path was statistically significant and thus, only this direct path was retained. Additional tests of the model indicated that the direct effects of politics, procedural justice, and contract breach on contextual performance were not significant. As such, the final model indicates that psychological contract breach fully mediated the effect of perceived politics and partially mediated the effect of procedural justice on employee attitudes, which, in turn, related to contextual performance (see Fig. 3). Overall, these results are consistent with the environmental responsiveness model.

### Model 4: General (un)fairness evaluation model

Table 2 reports nested model tests for a model where politics, injustice, and psychological contract breach are indicators of how unfair the work environment is perceived to be. This model had reasonable fit ( $\chi^2_{(49)} = 151.75$ , CFI = .94, TLI = .92, RMSEA = .08, SRMR = .05) and all path coefficients were significant. Adding a path between the second order unfairness construct and contextual performance did little to improve model fit ( $\Delta\chi^2_{(1)} = 2.84$ ). Thus, effects of a general unfairness evaluation on contextual performance were fully mediated by general work attitudes (see Fig. 4).

Overall, the sensemaking-input model, which specifies that politics and procedural justice moderate the psychological contract–outcome relationships, received little support. However, the selective attention trigger, environmental responsiveness, and global fairness evaluation models all received reasonable support. Unfortunately, because the models are not nested, we were unable to directly compare the fit of these models to determine their relative merit. The cross-sectional nature of the study also precludes us

**Table 2**  
Nested model testing for structural Model 2 in Study 1 and Model 3 in Study 1 and Study 3

Model	$\chi^2$	df	CFI	TLI	RMSEA	SRMR	$\Delta\chi^2$ , df
<b>Study 1</b>							
Selective perception trigger model	169.78	49	.93	.91	.09	.06	
Alternative models for selective perception trigger model							
1: Direct effects from contract to work attitudes	160.18	48	.94	.91	.08	.05	9.60***, 1 <sup>a</sup>
2: Direct effects from contract to work attitudes and OCB	159.97	47	.94	.91	.09	.06	0.21, 1 <sup>b</sup>
3: Direct effect from contract to work attitudes + Direct effects from POP and PJ to contextual performance	154.81	46	.94	.91	.09	.05	5.37, 2 <sup>b</sup>
Environmental responsiveness model	163.42	49	.93	.91	.08	.06	
Alternative models for environmental responsiveness model							
1: Direct effects from POP and PJ to work attitudes	151.38	47	.94	.92	.08	.05	12.04***, 2 <sup>a</sup>
2: Direct effect from PJ to Work Attitudes	154.56	48	.94	.92	.08	.05	3.18, 1 <sup>b</sup>
3: Direct effect from PJ to work attitudes + Direct effect from contract breach to contextual performance	154.41	47	.94	.91	.08	.05	0.15, 1 <sup>c</sup>
4: Direct effect from PJ to Work Attitudes + Direct effects from POP and PJ to contextual performance	149.46	46	.94	.92	.08	.05	5.10, 2 <sup>c</sup>
General (un)fairness model	151.75	49	.94	.92	.08	.05	
Alternative models for general (un)fairness model							
1: Direct effect from unfairness to contextual performance	148.91	48	.94	.92	.08	.05	2.84, 1 <sup>a</sup>
<b>Study 2</b>							
Environmental responsiveness model (partial test)	106.31	31	.94	.92	.09	.06	
Alternative models for environmental responsiveness model							
1: Direct effect from POP to work attitudes	105.98	30	.94	.92	.09	.06	0.33, 1 <sup>a</sup>
2: Direct effect from PJ to work attitudes	106.00	30	.94	.92	.09	.06	0.31, 1 <sup>a</sup>
3: Direct effects from POP and PJ to work attitudes	105.94	29	.94	.91	.10	.06	0.37, 2 <sup>a</sup>
<b>Study 3</b>							
Environmental responsiveness model	103.19	49	.93	.91	.09	.08	
Alternative models for environmental responsiveness model							
1: Direct effects from POP and PJ to work attitudes	74.32	47	.97	.95	.06	.05	28.87***, 2 <sup>a</sup>
2: Direct effect from PJ to Work Attitudes	75.18	48	.97	.95	.06	.05	0.86, 1 <sup>b</sup>
3: Direct effects from PJ to work attitudes + Direct effect from contract breach to contextual performance	75.09	47	.96	.95	.06	.05	0.09, 1 <sup>c</sup>
4: Direct effects from PJ to work attitudes + Direct effects from POP and PJ to contextual performance	74.93	46	.96	.95	.06	.05	0.25, 2 <sup>c</sup>
General (un)fairness model	76.91	49	.97	.95	.06	.05	
Alternative models for general (un)fairness model							
1: Direct effect from unfairness to contextual performance	76.91	48	.96	.95	.06	.05	0.00, 1 <sup>a</sup>

Note: N = 319 for Study 1; N = 152 for Study 3; POP, perceptions of organizational politics; PJ, procedural justice; contract breach, psychological contract breach.  
\*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$ .

<sup>a</sup>  $\Delta\chi^2$  from comparing the model with the hypothesized structural model.

<sup>b</sup>  $\Delta\chi^2$  from comparing the model with the alternative model 1.

<sup>c</sup>  $\Delta\chi^2$  from comparing the model with the alternative model 2.

from inferring causal relationships among the focal constructs. In order to address some of these concerns, we conducted a follow-up study.

## Study 2

Study 2 utilized a cross-lagged panel analysis (Campbell & Kenny, 1999; Finkel, 1995) to evaluate the temporal ordering of contract breach, perceived politics, and procedural justice. We were interested in testing whether psychological contract breach at time 1 led to subsequent politics perceptions and procedural justice at time 2, as implied by the selective perception trigger model, or vice versa, as suggested by the environmental responsiveness model. The work criteria were job satisfaction and affective commitment, both measured at time 2.

### Participants and procedure

Data were collected across two time periods spaced approximately three months apart. Employed students from a large, Mid-western university participated in this study for course credit. Four hundred and thirty-five students completed the survey at time 1. These participants were sent an email three months later asking them to complete an on-line survey. Sixty-one percent of participants completed the survey at time 2, resulting in two hundred and sixty-five matched surveys for analysis. The average age of

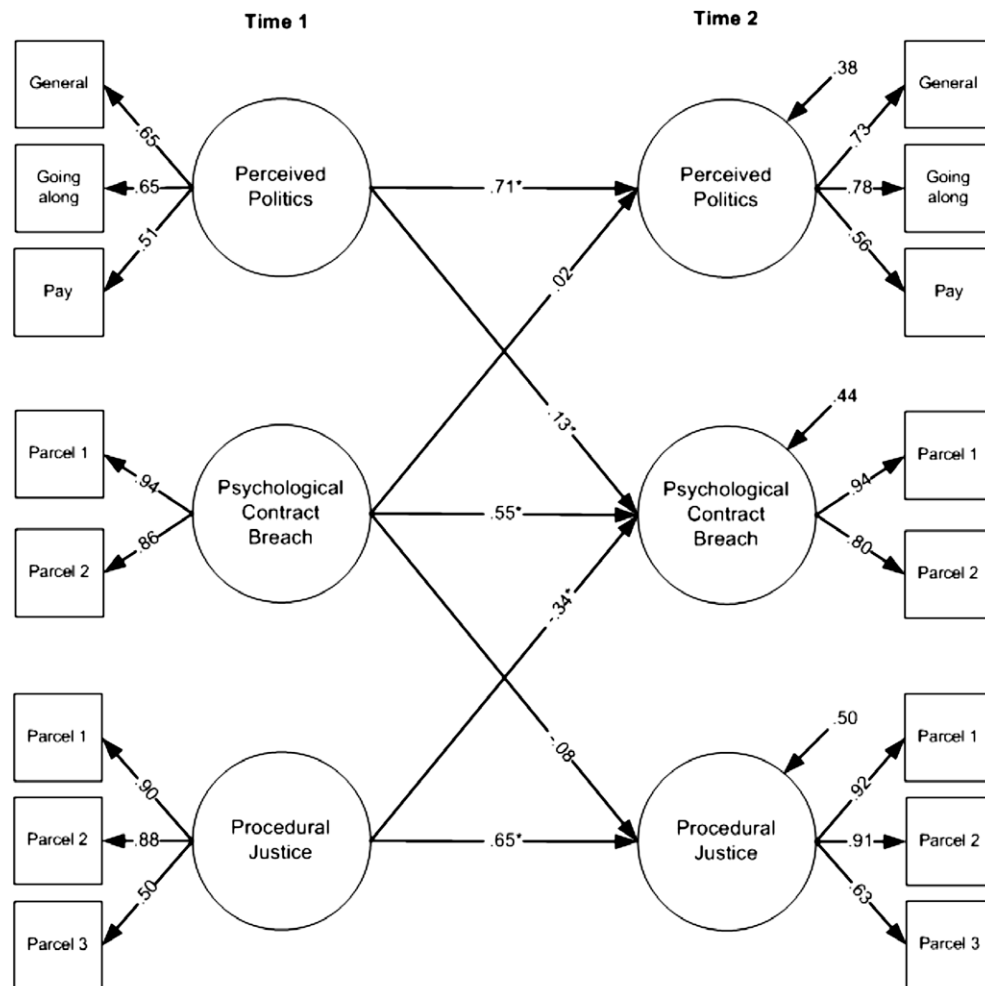
participants was 22 years old ( $SD = 5.12$ ) and females made up 71% of the sample. Approximately 86% of the sample identified themselves as Caucasian, 6% identified themselves as African American, and 8% identified themselves as Asian, Hispanic, Native American, or Other. Participants had an average tenure of 21 months ( $SD = 21.95$ ) in their present job and worked an average of 26 h per week ( $SD = 12.48$ ). Overall, 30% of the participants were full-time employees and their jobs included managerial and non-managerial positions that spanned multiple O'Net categories. The majority of participants worked in retail/service (49%) and professional (25%) industries. A small percentage worked in manufacturing (10%), healthcare (6%), or government (9%) jobs.

### Measures

Participants completed the same measures of politics, justice, psychological contract breach, job satisfaction, and affective commitment that were used in Study 1.

### Analytic strategy

We followed a similar strategy as Study 1 to form parcels and test the measurement model of the focal constructs. To test the temporal ordering of the variables with the cross-lagged panel design, we analyzed a two-wave model (see Fig. 5). The model included perceived politics, procedural justice, and contract breach



Note: Path coefficients denoted with \* were significant at  $p < .05$

Fig. 5. Structural model of relationships between perceptions of politics, procedural justice, and contract breach over time from Study 2.

**Table 3**

Means, standard deviations, correlation coefficients and reliability coefficients for focal variables in Study 2

	1	2	3	4	5	6	7	8	9	10	11	12
1. Sex												
2. Age	.08											
3. Tenure	.07	.24***										
4. Hours per week	.17**	.32***	.36***									
<i>Time 1 measures</i>												
5. Politics perceptions	.04	.07	.15*	.11								
6. Procedural justice	.10	-.19**	-.12	-.14*	-.57***							
7. Psychological contract breach	.03	.10	.18**	.17**	.48***	-.50***						
<i>Time 2 measures</i>												
8. Politics perceptions	.11	.04	.13*	.13*	.63***	-.54***	.46***					
9. Procedural justice	.03	-.10	-.03	-.10	-.50***	.64***	-.40***	-.59***				
10. Psychological contract breach	.03	.05	.16**	.09	.42***	-.51***	.65***	.60***	-.62***			
11. Job satisfaction	-.01	-.11	-.12*	-.07	-.30***	.41***	-.49***	-.50***	.61***	-.69***		
12. Affective commitment	.11	-.09	.03	-.02	-.29***	.43***	-.35***	-.46***	.64***	-.55***	.67***	
M	.71	21.32	20.75	25.63	3.45	4.26	2.99	3.57	4.28	3.23	4.88	4.12
SD	.45	5.16	21.95	12.48	0.99	1.11	1.40	0.97	1.26	1.40	1.50	1.34
Internal consistency					.85	.84	.95	.88	.90	.94	.92	.87

Note:  $N = 265$ ; Male = 1, Female = 0.\*  $p < .05$ .\*\*  $p < .01$ .\*\*\*  $p < .001$ .

measured at both time 1 and time 2. To determine the temporal ordering, paths connecting time 1 and time 2 variables were freely estimated. If variable A (e.g., politics perceptions) measured at time 1 had a stronger association with variable B (e.g., contract breach) measured at time 2 than vice versa, then it suggests that variable A proceeds variable B temporally (Finkel, 1995). In addition, we allowed for autocorrelated error variances by freely estimating the covariances between error terms administered at time 1 and time 2. Based on the temporal ordering of the variables established by the two-wave model testing, we then tested a model that included satisfaction and commitment.

## Results and discussion

Descriptive statistics and intercorrelations of the observed variables are reported in Table 3. The measurement model consisted of eight latent constructs: perceived politics, procedural justice, and psychological contract breach, each at time 1 and time 2, and job satisfaction and affective commitment measured at time 2. These constructs were allowed to freely correlate, and the error for each indicator at time 1 was allowed to correlate with the error of the same indicator at time 2 to account for autocorrelations. Results showed that the measurement model had good fit for the data ( $\chi^2_{(106)} = 294.06$ , CFI = .94, TLI = .91, RMSEA = .08, SRMR = .06) and all loadings of the measured variables on their respective constructs were statistically significant.

As seen in Fig. 5, while time 1 psychological contract breach had little effect on time 2 politics perceptions ( $\beta = .02$ ), time 1 politics perceptions had a significant, positive relationship with time 2 contract breach ( $\beta = .13$ ). Additionally, time 1 psychological contract breach had a nonsignificant relationship with time 2 procedural justice ( $\beta = -.08$ ), whereas time 1 procedural justice significantly related to time 2 psychological contract breach ( $\beta = -.34$ ). These results suggested that perceptions of politics and justice preceded psychological contract breach, which is consistent with the environmental responsiveness model.

Next, we included employee attitudes to provide a partial test of the environmental responsiveness model (see Table 2). The hypothesized model had acceptable fit:  $\chi^2_{(31)} = 106.31$ , CFI = .94, TLI = .92, RMSEA = .09, SRMR = .06. Politics perceptions at time 1 were associated with increased contract breach at time 2 ( $\beta = .29$ ), procedural justice at time 1 was related to reduced con-

tract breach at time 2 ( $\beta = -.41$ ) and psychological contract breach, in turn, led to reduced employee attitudes ( $\beta = -.80$ ). Additional model tests indicated that adding direct paths from politics perceptions and procedural justice to employee attitudes did not improve the model fit and none of these direct paths were significant, suggesting full mediation. Overall, results from Study 2 supported the environmental responsiveness model.

## Study 3

The results from Study 1 ruled out the proposal that perceived politics and procedural justice moderate the effects of psychological contract breach (i.e., the sensemaking-input model). Results from Study 2 eliminated the selective attention trigger model, which proposes that politics and justice perceptions are outcomes of contract breach. In order to further assess the appropriateness of the two remaining models (i.e., the environmental responsiveness and general (un)fairness models), Study 3 served as a constructive replication of Study 1 with supervisor-rated contextual performance as the distal work criterion.

### Participants and procedure

Participants consisted of employee-supervisor dyads from a variety of organizations. Three hundred forty-nine employed adults who were enrolled in university classes provided the subordinate responses and gave us permission to contact their immediate supervisor. Subordinate participants, who received extra credit for taking part in the research, completed a survey containing measures of the focal variables and completed a consent form allowing their supervisors to be contacted regarding their work performance. The participants were responsible for giving the survey to their supervisor. Supervisors provided data on employee performance and mailed the surveys directly to the researchers. One hundred and fifty-two supervisors returned the survey, yielding a supervisor response rate of 44%. A random sample of 30 supervisors was contacted following data collection to verify that they had in fact completed the survey. All supervisors indicated that they had received and returned the survey.

The average age of subordinates was 24 years ( $SD = 6.88$ ), the majority of which were female (68%) and Caucasian (78%) or African American (16%). Subordinates' average tenure in their current

job was 27 months ( $SD = 36.24$ ) and they worked an average of 26 hours per week ( $SD = 11.53$ ). Half of the subordinates (51%) classified themselves as full-time employees. Similar to Study 1, the majority of participants were employed in retail/service (43%) and professional (40%) industries. A small number of participants were employed in manufacturing companies (9%) or worked for the government (6%).

The average age of supervisors was 38 years ( $SD = 11.56$ ), the majority of which were female (55%) and Caucasian (80%) or African American (16%). The average tenure of supervisors in their current managerial position was approximately 6 years ( $SD = 5.94$ ) and had been with their current organization for nearly 10 years ( $SD = 4.85$ ). The average amount of time that the focal participants have been reporting to their supervisor was 1.9 years ( $SD = 2.68$ ).

#### *Measures and analytic strategy*

Subordinates' perceptions of organizational politics, procedural justice, psychological contract breach, job satisfaction, and affective organizational commitment were measured by the same scales used in Study 1. Contextual performance was measured using the same scales as in Study 1, however we collected supervisor ratings of OCB rather than self-reports. Survey data were analyzed using model testing strategies similar to those used in Study 1.

### **Results and discussion**

Table 1 lists the means, standard deviations, reliabilities, and intercorrelations among the observed variables.

#### *Measurement model*

The measurement model included five latent constructs: organizational politics, procedural justice, psychological contract breach, general employee attitudes, and contextual performance. These constructs were allowed to freely correlate. Results indicated that the measurement model had good fit for the data ( $\chi^2_{(44)} = 73.96$ , CFI = .96, TLI = .94, RMSEA = .07, SRMR = .05), and that all indicator loadings were significant and above .55 in the model.

Overall, the environmental responsiveness model fit the data well ( $\chi^2_{(49)} = 103.19$ , CFI = .93, TLI = .91, RMSEA = .09, SRMR = .08). Next, we tested a series of nested models for partial mediation effects between non-adjacent variables (see Table 2). The direct effects of politics and justice on general employee attitudes were freely estimated, which resulted in an improvement in model fit from the hypothesized model ( $\Delta\chi^2_{(2)} = 28.87$ ,  $p < .001$ ). However, the inclusion of paths from politics to general employee attitudes, contract breach to contextual performance, and politics and justice to contextual performance resulted in only negligible changes to model fit and none of these paths were significant. Thus, only the direct path from procedural justice to employee attitudes was retained. Overall, model testing results supported the environmental responsiveness model because they indicated that psychological contract breach partially and fully mediated the effects of justice and politics, respectively, on employee attitudes (see Fig. 3). Employee attitudes, in turn, had a positive relationship with contextual performance.

Table 2 also summarizes the nested model tests for the general (un)fairness model. Results indicated that the hypothesized model had reasonable fit ( $\chi^2_{(49)} = 76.91$ , CFI = .97, TLI = .95, RMSEA = .06, SRMR = .05) and all path coefficients were significant. Adding a direct path from the general (un)fairness evaluation construct to contextual performance did not result in an improvement to model

fit ( $\Delta\chi^2_{(1)} = 0.00$ ). Thus, effects of a general unfairness evaluation on contextual performance were fully mediated by general attitudes (see Fig. 4). These findings parallel the results of Study 1, which demonstrated that the environmental responsiveness and general fairness models had comparable fit to the data.

### **General discussion**

Organizational scholars (e.g., Robinson & Brown, 2004; Shore et al., 2004) have suggested that relationships exist between organizational contexts and employee–organization exchanges. However, empirical and theoretical research has not clarified how employees' perceptions of the organizational context affect evaluations of the psychological contract. The goal of our research was to specify how two aspects of the organizational context—organizational politics and procedural justice—relate to psychological contract judgments and subsequent work attitudes and behaviors. Toward this end, we identified four theoretical perspectives that specify different patterns of relationships among these constructs and, across three studies, assessed the appropriateness of each model.

Study 1 results provided little support for interaction effects of psychological contract breach with politics and justice. Thus, the sensemaking approach (Morrison & Robinson, 1997; Robinson & Morrison, 2000) for understanding relationships between organizational context and psychological contract breach received minimal support. Results of Study 1 were, however, consistent with predictions generated by the other three hypothesized models, supporting both mediational models (where psychological contract breach is specified as an antecedent or outcome of perceptions of politics and procedural justice) and the general (un)fairness evaluation model. Regarding the mediational models, the longitudinal design of Study 2 permitted us to utilize a cross-lagged panel analysis to assess how politics, justice, and psychological contract breach relate to each other over time. Results demonstrated that politics and justice are antecedents of psychological contract breach perceptions and not vice versa. The cross-lagged panel results therefore supported the environmental responsiveness model, which specifies that organizational politics and procedural injustice lead employees to feel that a discrepancy exists between what they were promised by their organizations and what they actually received.

Study 3 replicated and extended the findings from Studies 1 and 2. Specifically, results were consistent with the environmental responsiveness and general (un)fairness evaluation models. Together, the set of studies suggests that (a) evaluations of psychological contract breach are a conduit, rather than a precipitating event, that links perceptions of the work context to attitudes and behaviors and (b) it may be appropriate to view organizational politics, procedural justice, and psychological contract breach as indicators of a broad evaluation of the fairness of the work context. Implications of these findings are discussed below.

#### *Theoretical and practical implications*

In general terms, our findings offer a response to researchers' (e.g., Levy & Williams, 2004) calls to focus attention on understanding how aspects of the organizational context shape organizational phenomena, including employee–organization exchange relationships (Shore et al., 2004). This is important because, to date, organizational scholars have focused primarily on the content of psychological contracts (e.g., Dabos & Rousseau, 2004; Robinson et al., 1994) and behavioral and attitudinal outcomes of psychological contract breach (see Zhao et al., 2007), with little research pertaining to how contextual features relate to psychological contract



breach evaluations. As noted by Shore et al. (2004, p. 323), “we know relatively little in a systematic way about which context factors—such as organizational stresses, group and organizational norms and culture, employee personal circumstances—are most critical [to the employee–organization exchange relationship]” and “we lack solid knowledge about how such factors impact the ongoing exchange interactions between the two parties.”

The present research addresses these concerns by systematically examining how *specific* information from organizational settings relates to employees’ perceptions of psychological contract breach and subsequent attitudes and behaviors. Across multiple studies, our research demonstrated that organizational politics and procedural justice represent contextual information that employees consider when forming general (i.e., fairness) and specific (i.e., psychological contract evaluations) evaluative judgments. While there are valid arguments for considering a variety of processes through which the organizational context relates to psychological contracts (e.g., sensemaking and selective attention), our findings that were supportive of the environmental responsiveness model indicate that the SIP perspective (Salancik & Pfeffer, 1978) is most appropriate for explaining *how*, over time, politics, procedural justice, and psychological contract breach are related to each other and subsequent employee actions and reactions. In particular, Studies 1, 2, and 3 provide evidence that perceived politics and procedural justice each have unique (i.e., nonredundant) effects on psychological contract breach, which mediates the effects of politics and justice on general work attitudes and contextual performance. Furthermore, our results indicated that, in addition to psychological contract breach evaluations, these contextual variables may have other permeating effects on general work attitudes. This is evident in the partial mediation effects of procedural justice demonstrated across these studies.

Thus, consistent with previous literature (e.g., Andrews & Kacmar, 2001), we provide further evidence supporting the distinctiveness of these constructs. Nonetheless, it is necessary to continue studying both constructs in order to better understand how they relate to each other and to employees’ assessments of their work context. For example, there may be other mechanisms through which these contextual factors influence employee attitudes and performance. Specifically, emotional strain has been identified as a possible mediator linking perceived politics with job satisfaction and organizational commitment, as well as performance (e.g., Podsakoff, LePine, & LePine, 2007). Similarly, procedural unfairness has been linked with increased negative emotions such as anxiety and frustration (e.g., Krehbiel & Cropanzano, 2000), which may in turn lead to reduced satisfaction, commitment, and performance.

The results supporting the general (un)fairness evaluation model are also quite interesting. In particular, the relative fit of the unified, general (un)fairness model, where politics, justice, and psychological contract breach load on a single factor, is comparable to the environmental responsiveness model. Moreover, the magnitude of the relationship between the general (un)fairness construct and employee attitudes ( $\beta = -.91$ ) suggests that the common relationship between politics, procedural justice, and psychological contract breach may be a *primary source of variance* in work attitudes. These findings support Ajzen and Fishbein’s (1977) compatibility principal by showing that when perceptions and attitudes are examined at similar levels of abstraction, they demonstrate the strongest relationships with one another.

The environmental responsiveness and general (un)fairness models are not incompatible, as both suggest that perceptions politics, justice, and psychological contract breach represent evaluative tendencies that are relevant to work attitudes and behaviors. However, the current research does raise important questions concerning the measurement and modeling of the focal constructs and

has implications for how future researchers examine constructs, such as politics, justice and psychological contract breach, that have developed independently, yet share a common underlying theme. First and foremost, the way in which constructs are modeled should be guided by the goals of specific studies. If researchers are interested in forecasting (i.e., determining what generally predicts work attitudes and behaviors), then it may be most appropriate to examine constructs that are of a more general nature, such as global fairness evaluations, core-self evaluations (Judge, Locke, & Durham, 1997), and hindrance and challenge stressors (LePine, Podsakoff, & LePine, 2005). Second, our results suggest that researchers should match the level of abstraction of perceptual variables with the same level of generality/specificity as criterion variables. Thus, our research indicates that examining how specific aspects of the organizational social context relate to general employee attitudes (and vice versa) may not be appropriate. Finally, our findings also suggest that researchers who wish to develop a finer grained understanding of the underlying psychological processes that lead to attitude formation and behavior activation will benefit from taking a disaggregated (Bagozzi & Edwards, 1998), diversified approach that, in the case of politics, justice, and psychological contract breach, makes use of longitudinal research designs to examine how work perceptions relate to each other, work attitudes, and behaviors. Such an approach will aid researchers who are interested in identifying multiple points at which to target organizational interventions.

In particular, results supporting the environmental responsiveness model indicate that separate interventions aimed at reducing politics and enhancing procedural justice may be necessary. In particular, organizational politics are representative of self-serving behaviors that influence social, interpersonal aspects of the work environment. In contrast, procedural justice is associated with structural features of decision-making that organizations may have greater control over. Thus, organizations that intend to improve their members’ evaluations of the psychological contract may need to consider both aspects, as politics and procedural justice are independently relevant to employees’ evaluations of their psychological contracts and ensuing attitudes and behaviors. Not only should there be transparent and consistent policies and procedures in place that are clearly communicated to employees, but organizations must also discourage the practice of politicking. This could be accomplished by incorporating politics-based competencies into performance management programs that align employee and organizational goals (Chang et al., *in press*; Witt, 1998). This two-prong approach to increasing procedural fairness and reducing organizational politics may result in substantial improvements in employees’ psychological contract evaluations.

#### Limitations and future research

A majority of the participants in our samples were employed university students. The reliance on a younger sample of subordinates with modest job tenure may place boundary conditions on the generalizability of the study. This is especially relevant because it has been found that employees with shorter tenure show a proclivity for perceiving that the organization has failed to fulfill its obligations to them (Sutton & Griffin, 2004) and that age moderates reactions to politics (Witt, Treadway, & Ferris, 2004). Thus, it would be worthwhile to replicate our findings with samples comprised of employees with greater variance in age, tenure, and career stage. However, one advantage of our samples is that subordinates were from a variety of organizations (and thus differing social contexts) which is encouraging with respect to the generalizability of the findings.

A second limitation pertains to the use of self-report data. Any time that self-reported data are used, common method variance

(CMV) may bias the observed relationships among variables. CMV may have accounted for some of the variance in subordinate responses in Study 1 when self-reported data were collected at a single point in time. We attempted to reduce the threat of CMV by gathering data over multiple time periods in Study 2 and including supervisor ratings of performance criteria in Study 3 (see Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The results were consistent across all three studies, which suggests that CMV is likely not a threat to the validity of our findings.

Although the results of the present study highlight the relevance of politics and justice, other contextual variables may also be important to consider. Such variables may include perceived support, other dimensions of fairness besides procedural justice, the feedback environment, and an organization's hierarchical structure. Future studies may extend our findings by evaluating additional micro (e.g., perceived organizational support, leader-member exchange relationships, feedback and communication processes) and macro (e.g., the employment market, the economy, type of industry) features of jobs that might influence employees' evaluations of their psychological contracts (Shore et al., 2004). It would also be worthwhile to examine boundary conditions of observed relationships by focusing on situational and personal characteristics that moderate the effects of politics and justice on perceptions of the psychological contract. For example, research has demonstrated that equity sensitivity may amplify the effects of injustice on employee reactions (Colquitt, Scott, Judge, & Shaw, 2006), whereas political skill has the potential to mitigate the relationship between perceived organizational politics and adverse employee reactions (Rosen, Levy, & Johnson, 2007).

Moreover, as mentioned above, there may be additional mediating factors that link these contextual characteristics with employee attitudes and behavior. Emotional strain represents one such variable. Thus, future research should explore whether strain, along with psychological contract breach, mediate the effects of perceived politics and procedural justice on employee outcomes. Additionally, future studies should longitudinally assess the effects of politics and justice on the sources of psychological contract breach (e.g., reneging, incongruence). Doing so would improve our understanding of how relationships between the organizational context and psychological contract breach unfold over time and may provide additional clarification for why politics and injustice affect evaluations of the psychological contract.

Finally, future research is necessary to explore the nature of the general fairness construct that was supported by Studies 1 and 3. In particular, researchers should seek to determine which aspects of politics, justice, and psychological contract breach are shared (e.g., evaluative tendencies, linkages to the social exchange relationship, associations with fairness in the workplace) and explore why this common relationship is of such great importance to work attitudes. Moreover, our findings imply that researchers who are interested in understanding psychological processes and relationships among specific perceptual constructs need to focus on improving how various constructs are measured. In the case of politics, procedural justice, and psychological contract breach, we suggest that researchers focus on assessing unique, non-overlapping aspects of each. Such an approach will improve the contribution of these constructs to the organizational sciences and will serve to reduce redundancy in the literature.

## Conclusion

The current study examined how organizational politics, procedural justice, and psychological contract breach relate to each other as well as work attitudes and behaviors. Across three studies, our results support the perspective that general evaluations of the psychological contract are influenced by employees' perceptions of

politics and procedural justice. However, our research did not allow us to rule out an alternative, second-order model in which organizational politics, procedural justice, and psychological contract breach share a common relationship with general evaluations of fairness of the work context and this shared relationship appears to be fundamentally important to understanding work attitudes. These findings have important implications for the measurement and modeling of psychological contract breach, justice, and politics in the future.

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