

# **THE MODERATING IMPACTS OF AGE AND LOCUS OF CONTROL ON THE PSYCHOLOGICAL CONTRACT BREACH-OUTCOMES RELATIONSHIPS: A VIETNAM-JAPAN COMPARATIVE STUDY**

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## **ABSTRACT**

The current study examines the moderating impacts of age and locus of control on the relationships between psychological contract breach and in-role job performance, organizational citizenship behavior (OCB) and intention to quit. Data were collected from both Vietnam and Japan to enable a comparative study. Vietnamese data were collected from MBA students while Japanese data were collected from employees at several small and medium sized companies. The final data sets consist of 364 observations for Vietnamese sample and 342 observations for Japanese sample. The results confirm the role of psychological contract breach as a predictor of workplace outcomes for both data sets. Age did not moderate the relationship between breach and intention to quit for Japanese data. For Vietnamese data, age moderated the relationship in that young employees are more likely to quit when experience psychological contract breach but such pattern decreases with age. Moreover, locus of control (LOC) moderated the relationship between breach and all three outcome variables in the predicted direction. The results suggest that Vietnamese company need to have policies to retain young employees who have 2-5 years of experience and pay more attention on employees' personality at various stages of employment.

**Keywords:** Psychological Contract Breach; Moderating Impact; Locus of Control; Comparative Study; Workplace Outcomes; Vietnam; Japan.

## **1. INTRODUCTION**

Psychological contract has been a useful framework to study the attitudes and behaviors of the employees at the workplace. Both psychological contract fulfillment and psychological contract breach have been verified as a strong predictor of work-related outcomes. Psychological contract fulfillment was positively related to organizational commitment (Guerrero and Herrbach, 2008), perceived organizational support (Coyle-

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Shapiro and Kessler, 2002), and task performance (Cheung and Chiu, 2005) and negatively related to intention to quit (Cheung and Chiu, 2005).

Although studies about the consequences of psychological contract fulfillment have yielded interesting results, fulfillment of the contract is not the overwhelming situation. Research has suggested that breach of the psychological contract is a common phenomenon in the workplace. Robinson and Rousseau (1994), for example, found that 54.8% of the employees have experienced psychological contract breach at some times. As a result, the influence of psychological contract breach on work related outcomes attracted the interests of many other studies. Robinson and Rousseau (1994) studied the direct impacts of psychological contract breach on several work related outcomes. They first found that breach of the contract is very common as a majority of the respondents reported that their employer has, at some times, failed to meet their promises to them. Furthermore, the results showed that breach was negatively related to trust in the employer, job and organizational satisfaction, and positively related to intention to quit and actual turnover. The negative impact of breach on job satisfaction was also reported in Turnley and Feldman (1998), Tekleab et al. (2005) and Zhao et al. (2007) studies. Breach may also lead to loss of trust, lower job satisfaction, reduced commitment, and lower POS (Zagenczyk et al., (2009), Restubog et al., 2010). Breach was also positively related to stress, burnout, intention to quit and actual turnover (Zhao et al., 2007, Ur-Rehman et al., 2010). Finally, breach reduces in-role-and extra role work performance (Bal et al., 2008).

While many studies examined the direct impacts of psychological contract breach on work related outcomes; other studies looked at the mediating effect of violation on these relationships. Furthermore, a number of studies proposed variables that have moderating effects on the relationship between psychological contract breach or violation and work related outcomes. Because psychological contract breach is common and the negative impacts of psychological contract breach on workplace outcomes have been verified, it is important to find ways to lessen such impacts. By studying the moderators of the above relationship, researchers can suggest policies and practices to minimize the negative impacts of psychological contract breach.

The current study investigates the impacts of age and locus of control (LOC) on the relationships between psychological contract breach and job performance, organizational citizenship behavior and intention to quit. Furthermore, by carrying out a comparative study between Japan and Vietnam, the current study addresses one of the recent focuses of psychological contract research, the cross-cultural issues (DelCampo, 2007; Rousseau & Tojoriwala, 1998). There are evidences that cross-cultural differences exist in psychological contracts, however, these difference aren't well understood (Rousseau and Tinsley, 1994). DelCampo (2007) suggested that research in the perceptions of breach and fairness in cross-cultural encounters will be more interesting than that focus only on the content of psychological contract in cross-cultural settings.

## 2. LITERATURE REVIEW

### 2.1. *The moderating impacts of age on the relationship between psychological contract breach and work-related outcomes*

Previous study suggested that age can have significant impacts on the psychological contract process. Bal et al. (2008) carried out a meta-analysis of age as the moderator of the relationship between psychological contract breach and work-related attitudes. They argued that young people often enter the workforce with high expectations, but after time they adapt their expectations according to reality and older workers may have more realistic expectations about what to receive than younger workers. Bal et al. (2008) hypothesized that age moderates the relationships between psychological contract breach and work attitudes in that the relationship would be weaker for older workers than for younger ones. The results showed that the relationship between breach and trust and between breach and affective commitment were moderated by age in the predicted direction. On the other hand, age moderated the relationship between breach and job satisfaction in the reversed direction. The relationship was stronger for older workers than for younger ones.

Bal et al. (2008) provided several explanations for their findings. First, since older workers have more experience, the work they conduct may become less interesting while younger workers place greater importance on the job than the relation with their employer. Older workers' satisfaction may stem primarily from the relation with the employer and coworkers, than younger workers, whose satisfaction may be derived more from the work they conduct. Therefore, when organizations break the psychological contract, younger workers' job satisfaction is less intensely harmed, but they lose trust in their employer and become less committed to the organization. Second, because older workers may perceive fewer chances for job transfer than their younger colleagues, they may react more strongly to contract breach on aspects like job satisfaction. Finally, older workers may receive higher satisfaction from factors outside their work, such as family, hobbies, and the community. Therefore, they can permit themselves to be less satisfied with their jobs after a contract breach, while maintaining satisfaction from areas outside their work.

Together with examining the moderating effects of age, Bal et al. (2008) also investigated organizational tenure as a moderator of the relationship between breach and its consequences. The results showed that tenure moderated the relationship between breach and trust positively but did not moderate the relationship between breach and other outcomes such as job satisfaction and affective commitment.

Conway et al. (2011) studied the moderating role of tenure on the relationship between contract fulfillment and employee performance. They found little support for the

hypothesis that the positive relationship between contract fulfillment and subsequent performance was weaker for individuals with longer organizational tenure.

In summary, age and organizational tenure have been found to moderate the relationship between psychological contract breach and several work-related attitudes and behaviors. However, the moderating role of age and tenure in other breach-outcome dyads needs further research attempts.

## ***2.2. The moderating impacts of locus of control on the relationship between psychological contract breach and work-related outcomes***

### *2.2.1. The moderating impacts of personality variables*

Personality plays an interesting role in the psychological contract process. Personality has been found to influence the contract formation and orientation (Raja et al., 2004; Nikolaou, Tomprou and Vakola, 2007), and perception of psychological contract breach (Raja et al., 2004). Personality was also expected to influence the relationship between perceived breach and outcomes.

Ho et al. (2004) examined the impacts of neuroticism and agreeableness on the strength of both cognitive and affective responses to breaches of the psychological contracts. The researchers used the terms social breach and economic breach. In an economic breach, the individual suffers an economic, monetary loss as a result of the breach. In a social breach, the individual experiences embarrassment or a loss of face. Emotive responses to breach include: distressed, upset, hostile and irritable. Cognitive responses to other party include trust in the other party and attributions made towards the other party. Ho et al. (2004) found that people higher in neuroticism had stronger negative emotive responses. Agreeableness was negatively correlated with negative emotions. The effects of neuroticism on negative emotive responses to breach were stronger for social breach than economic breach. No such pattern was found for agreeableness. As for the cognitive responses to other party, neurotic persons reported less cognitive responses to the other party. Because people high in neuroticism tend to engage in more self-blame and are more accepting of personal responsibility when coping with stressful situations, they are more likely to internalize the cause of breach to themselves and attribute less blame and negative attitudes towards the other party. Finally, the positive relationship between agreeableness and cognitive responses was weaker for a social breach than an economic breach.

Kickul and Lester (2001) examined equity sensitivity as a moderator between contract breach and employee attitudes and behaviors. Their results suggested that individuals low in equity sensitivity responded more negatively to psychological contract breaches of intrinsic outcomes such as autonomy and control, while those high in equity sensitivity reacted more negatively following breaches of extrinsic outcomes. Similar

result was found regarding the negative relationship between breach of extrinsic outcomes and job satisfaction was higher among entitled individuals. Benevolent individuals reported greater decreases in job satisfaction and organizational citizenship behaviors than entitled individuals following a breach of intrinsic outcomes. Reverse relationships were found for the responses to a breach of extrinsic outcomes.

Restubog et al. (2007) found that the negative relationships between breach and organizational citizenship behavior directed at the organization (OCB-O) and at coworkers (OCB-I) were stronger for individuals who focus on outcomes (high sensitivity) than for those who focus on input (low sensitivity). In addition, breach had stronger positive effects on workplace deviant behaviors directed at organizational members (WD-I) for highly sensitive individuals than for those who are lowly sensitive.

### *2.2.2. The moderating impacts of locus of control*

Locus of control (LOC) refers to the extent to which people believe they can control events that affect them (Rotter, 1966, 1990). Individuals with high internal LOC (internals) believe that outcomes are the result of their own behavior and actions, whereas people with high external LOC (externals) believe that outcomes are controlled by other factors such as luck, fate, or powerful others (Rotter, 1966; Spector, 1988). Locus of control has been proved to be an important construct in predicting individual and organizational behaviors. Previous research suggested the relationship between LOC and affective commitment (Meyer et al., 2002), job satisfaction and job performance (Judge and Bono, 2001), and well-being at work (Spector et al., 2002). In general, previous research has found that an internal LOC tends to be associated with more positive actions/outcomes while an external LOC tends to be associated with negative outcomes. Spector (1988) suggests that LOC is related to motivation, effort, performance, satisfaction, job perceptions, compliance with authority, and supervisor style.

There was research attempting to relate locus of control and psychological contract. Raja et al. (2004), for example, proposed and found that externals will be less concerned with long-term relationships, and will likely to form contracts that offer them accessible short-term gains rather than future opportunities, while people with internal locus of control will prefer relationships where loyalty and commitment will be rewarded. Raja et al. (2004) also found that external locus of control was positively related to perceived breach which was contradictory to their hypothesis. The role of locus of control in moderating the relationship between perceived breach and work related outcomes was under-researched.

### **3. HYPOTHESIS DEVELOPMENT**

#### **3.1. *The effects of psychological contract breach on job attitudes and behaviors***

Previous research have indicated that psychological contract breach has a profound impact of job related attitudes and behaviors (Zhao et al., 2007; Bal et al., 2008). This study replicates previous research in that it verifies the impacts of perceived psychological contract breach on work related attitude such as intention to quit, and work-related behavior such as in-role job performance, and organizational citizenship behaviors. It is hypothesized that

*H1: Psychological contract breach will be positively related to intention to quit and negatively related to in-role performance and organizational citizenship behaviors.*

#### **3.2. *The moderating impacts of age on the relationship between psychological contract breach and intention to quit***

Psychological contract research suggested three different types of self-regulative reaction to perceived breach: balancing, revision and desertion (Roe and Schalk 2007). Hattori and Morinaga (2011) proposed that revision involves altering expectations. The information that employees obtain from observing an employer's behavior may alter their beliefs about what they can expect from their employer. Balancing involves the adjustment of an employee's fulfillment level to achieve balance with that of their employer. Finally, desertion involves the employee's departure from their employer.

Roe and Schalk (2007) argued that desertion often occurs in case of extreme events or changes that are perceived as intolerable. Employees loose commitment at once and no longer feel obligated to keep the promises implied in the psychological contract. When considering leaving the organization as a result of a perceived breach, the employees are likely to compare between the gain and loss of such decision. The moderating role of age on the relationship between breach and intention to quit is based on the notion that higher age would increase the perceived costs of leaving.

Becker (1960) put forwards the terms *side-bets* which refer to the accumulation of investments valued by the individual which would be lost if he or she were to leave the organization. Becker argued that, over a period of time, certain costs accrue that make it more difficult for the person to disengage from a consistent line of activity, namely, maintaining membership in the organization. Ritzer and Trice (1969) reasoned that side-bets will accumulate over time, for instance, through increased tenure the employee gains seniority and connections within the organization (Becker, 1960). The longer the time an employee spend with the organization, the more side-bets or investment. Higher employee's investment of time and effort would make it more difficult to leave the organization.

*H2: Age will moderate the relationship between breach and intention to quit in such a way that the relationship will be weaker for older employees than for younger ones.*

### **3.3. The moderating impacts of locus of control**

#### *3.3.1. The moderating impacts of locus of control on the relationship between psychological contract breach and intention to quit*

The moderating role of LOC in the relationship between unfavorable work experience and turnover intention has been examined in some previous studies. Blau (1987) carried out a longitudinal study using a sample of 119 nurses, and found that LOC moderated the relationship between facets of satisfaction, promotion and pay, both to withdrawal cognitions and turnover. Internals showed significantly stronger negative relationships than externals between these satisfaction facets and withdrawal cognitions and turnover. Blau (1987) explained that internals exert greater personal efforts than externals on controlling their environment. Internals are more likely to be active with respect to their environment, while externals are more likely to adopt a passive role. Externals are less likely than internals to think about leaving a job, even if they are dissatisfied with it (instead, externals are likely to wait until environmental factors force them to leave). Therefore, the negative relationship between job satisfaction and turnover intentions is moderated by locus of control, and is stronger for internals than externals.

Extending the findings by Blau (1987), Lin and Ding (2005) hypothesized and found that the negative relationship between job satisfaction and turnover intentions is stronger for internals than externals. Furthermore the negative relationship between organizational commitment and turnover intentions is stronger for internals than externals. Perceived psychological contract breach can also be considered an unfavorable work experience. Following the occurrence of breach internals will be more likely to think about leaving the organization than externals.

*H3a: LOC will moderate the relationship between perceived breach and intention to quit in such a way that the relationship is stronger for internals and for externals*

#### *3.3.2. The moderating impacts of locus of control on the relationship between psychological contract breach and job performance and organizational citizenship behavior*

LOC has also been studied as a moderator of the relationship between negative work events and job performance. König et al. (2010) examined the relationship between job insecurity and job performance and investigated the moderating role of LOC on that relationship. They proposed that people with an external work locus of control might be more severely hampered by the feeling that their employment situation is threatened than people with an internal locus of control. As a consequence, people who cannot

counteract the threat of job loss with an internal locus of control might show lower performance than those who possess a high internal locus of control. Using Swiss employees' data they found that LOC moderated the relationship between job insecurity and self-rated job performance. However, the interaction was different to what they expected: when job insecurity was low, the relationship between LOC and self-rated task performance was stronger compared to when job insecurity was high. In other words, the relationship between job insecurity and job performance was higher for internals than for externals.

Sprung (2011) investigate the impacts of LOC on the relationships between work stressors and counterproductive work behaviors (CWB). The results showed that LOC moderated the relationship between organizational constraints, interpersonal conflicts and organizational justice and CWB. Specifically, it was found that organizational constraints and interpersonal conflict yielded stronger positive relationships with CWB among workers with an external work LOC compared to workers with an internal work LOC. Sprung (2011) explained that this finding may reflect the fact that employees with an external orientation may feel they lack better options because they have little control over their work situation. Thus, CWB may represent an ineffective coping strategy. Those with an internal work LOC, in contrast, may find other more constructive coping strategies before resorting to CWB. It's possible that external's are more likely to engage in CWB in order to gain some sort of control over their situation (Allen & Greenberger, 1980), while internals are less likely because they perceive more control and the possibility of better options for dealing with work stress. For example, internals may try actions such as talking with a supervisor or coworker to resolve the issue before engaging in CWB.

The psychological contract comprises the mutual obligations between an individual employee and the organization. Dissatisfaction with pay and promotion, job insecurity and perception of injustice can be thought of as breach of certain contract components. Therefore, similar pattern can be expected for the moderating role of LOC on the relationship between breach and job performance or OCBs. In addition, because externals perceive that they lack control of the external environment they may expect that their psychological contract will be breached. For externals, the organization is a powerful force, as a result whether the organization fulfills its obligation or not will not depend on their own performance or contributions.

The positive relationship between external locus of control and perceived breach was reported in Raja et al. (2004) although it was in contrary to their hypothesis. Because externals expect that their contracts may be breached, when breach occurs they can easily deal with it. On the other hand, internals may believe that they can prevent the occurrence of breaches by working hard and fulfilling their side of the deal. When breach occurs, they may experience shock and respond more intensively to breach by reducing performance and OCBs. It is hypothesized that:



*H3b: LOC will moderate the relationship between breach and in role performance in that the relationship is stronger for internals than for externals*

*H3c: LOC will moderate the relationship between breach and OCB in that the relationship is stronger for internals than for externals*

## **4. RESEARCH METHODOLOGY**

### **4.1. Data collection**

#### *4.1.1. Vietnamese data collection*

A survey was conducted to collect data in Vietnam. The survey focused on MBA students. Self-administered questionnaires were distributed to MBA students at National Economic University and University of Commerce in Hanoi, Vietnam. Respondents are required to fill in the questionnaires and return while sitting in class. An explanation session was included for each MBA class to ensure accuracy of responses. The survey was conducted with permission of the lecturer in charge of the class.

Out of 1000 questionnaires distributed, 462 were returned yielding a response rate of 46.2%. After screening the data and discarding observation with missing data, the final useable data set consists of 364 observations. Male respondents accounted for 52.2% of the sample. The average age of the respondents was 27.1 and the average tenure at the current company was 3.42. More than half of the respondents are working in small firms with less than or equal to 100 employees. And 23.1% of whom works in small firms with less than 20 employees. Also, 29.8% of the sample is working in large firms with more than 500 employees.

#### *4.1.2. Japanese data collection*

Japanese data was collected by a survey using the questionnaires designed by the author. Data collection was done by a data collection firm. Respondents are full time employees at various Japanese companies. Japanese data consisted of 342 observations. More than three-fourth of the sample was males. The average age of the respondents was 43.61 and average tenure at their respective organizations was 14.16 years. Married employees accounted for 64.3% of the sample. About 45.2% of the sample is working in small firms with less than 100 employees, 25.3% of the respondents was working in large firms with more than 1000 workers.

Due to financial constraint, information on locus of control was not collected for Japanese respondents. As a result, Hypotheses from 3a to 3c were tested for Vietnamese sample only.

## **4.2. Measures**

*Psychological contract breach (PCB)*: breach was measured by the 5-item scale developed by Robinson and Morrison (2000). A sample item was “Almost all of the promises made by my employer during recruitment have been kept so far”. The internal consistency reliability of this scale in the current study for Vietnamese sample was .842. The internal consistency of this scale for Japanese data was .681.

*Locus of control (LOC)*: LOC was measured by a 16-item scale developed by Spector (1988). Typical examples of the items in the sub-scale are: “A job is what you make of it”, “On most jobs, people can pretty much accomplish whatever they set out to accomplish”. Cronbach’s alpha for this scale was .766.

*Intention to quit (quit intent)*: a 3-item developed by Becker (1992) was used to measure quitting intention. Cronbach’s Alpha=.854 for Vietnamese data and .787 for Japanese data, respectively.

*In role job performance (performance)*: A 5-item in role job performance scale developed by Williams and Anderson (1991) was used. Cronbach’s alphas of .763 and .885 were obtained for Vietnamese data and Japanese data, respectively.

*Organizational citizenship behaviors (OCB)*: A 5-item scale from the 19-items OCB scale developed by Moorman and Blakely (1995) was used to measure OCB. This scale measures interpersonal helping behaviors. One sample item was “I always tried to help the people surround me with their work”. The internal consistency of this scale for Vietnamese data was .816 and that for Japanese data was .847.

*Age*: Measure in years at the time of survey.

*Rank*: the position of the respondents in their relative organizations, the scorings are as follows: staff/non-supervisor: 1; direct supervisor: 2; middle management: 3; and top management: 4.

*Education*: the highest education level that the respondents had at the time of survey, the scorings are as follows: high-school or below: 1; college/university degree: 2; post-graduate: 3.

## 5. RESULTS

### 5.1. *The effects of psychological contract breach on job attitudes and behaviors*

To test hypothesis H1, each of the three variables: quit intent, performance and OCB were regressed on breach. The respondents' rank and education were included as predictors. The regression results were shown in table 1. Hypothesis H1 predicted that perceived psychological contract breach would be positively related to intention to quit and negatively related to in-role performance and OCB. The results showed that breach was positively related to intention to quit for both Vietnamese data ( $\beta = .705, p < .001$ ) and Japanese data ( $\beta = .433, p < .001$ ). Moreover, breach was found to negatively relate to job performance ( $\beta = -.091, p < .001$  for Vietnamese data;  $\beta = -.099, p < .05$  for Japanese data). The coefficient for OCB was ( $\beta = -.227, p < .001$ ) for Vietnamese data and ( $\beta = -.104, p < .05$ ) for Japanese data, respectively. Therefore the data provided full support for Hypothesis H1.

**Table 1:** Impacts of psychological contract breach on work-related outcomes

Variables	Vietnamese data			Japanese data		
	Quit intent	Performance	OCB	Quit intent	Performance	OCB
Rank	-.131*	.132***	.124**	-.082	.057**	.025
Education	.035	.063*	.082*	-.023	-.003	.008
Breach	.705***	-.091***	-.227***	.433***	-.099*	-.104*
F	61.189**	24.017***	26.069***	26.723***	4.944*	2.719*
R <sup>2</sup>	.338	.167	.180	.192	.048	.024

Notes: \*,  $p < .05$ ; \*\*,  $p < .01$ ; \*\*\*,  $p < .001$ . N=364 for Vietnamese data, N=342 for Japanese data.

### 5.2. *The moderating impacts of age on the relationships between breach and intention to quit*

Hypothesis H2 suggested that age would moderate the relationship between perceived breach and intention to quit the organization. To test the hypothesis, hierarchical regression was employed. In step 1, quit intention was regressed against psychological contract breach as in the above section. In step 2, age and the interaction term between age and breach were entered. Adding age and the interaction term between breach and age explained an addition 1.8% in the variance of quit intent for Vietnamese data and 1.5% for Japanese data. As shown in Table 2, age was negatively related to intention to quit for both sets of data. Results of the regression analysis indicated that only the interaction term for Vietnamese data was significant. The sign of the interaction term, however, suggested that the relationship between breach and intention to quit was stronger for older employees, which was contradictory to hypothesis H2. The interaction term was not significant for Japanese data. Therefore, Hypothesis H2 was not supported. Because the interaction term was significantly related to intention to quit but in the unexpected direction, the author added the square of age and its interaction terms with

breach into step 3 of the regression. The interaction term was significant at  $p < 0.1$ . The results suggested that the impact of breach on intention to quit was stronger for older employees but such moderation effect decreased with age.

**Table 2:** Moderating role of age on the relationship between contract breach and intention to quit

	Vietnamese Data			Japanese Data	
<i>Step 1</i>					
Rank	-.131*	-.117*	-.118*	-.082	-.060
Education	.035	.047	.046	-.023	-.028
Breach	.705***	.717***	.754***	.433***	.433***
<i>Step 2</i>					
Age		-.026*	-.039**		-.010*
AgeXBreach		.027*	.040*		.009
<i>Step 3</i>					
Agesqr			.003 <sup>†</sup>		
AgesqrXBreach			-.002 <sup>†</sup>		
F	61.189***	39.566***	29.074***	26.723***	17.484***
R <sup>2</sup>	.338	.356	.364	.192	.206
R <sup>2</sup> change		.018**	.008 <sup>†</sup>		.015*

*Notes:* dependent variable: Quit intent. <sup>†</sup>:  $p < .1$ ; \*:  $p < .05$ ; \*\*:  $p < .01$ ; \*\*\*:  $p < .001$ . N=364 for Vietnamese data, N=342 for Japanese data.

### 5.3. Moderating impacts of locus of control (LOC) on the relationships between psychological contract breach and outcomes

Hypotheses from H3a to H3c were tested for Vietnamese data only. To test Hypotheses from H3a to H3c similar procedure to what was used in testing Hypothesis H2 was employed. In step 2, LOC and its interaction term with breach were entered. The results were displayed in Table 3.

Hypothesis H3a to H3c predicted that LOC would moderate the relationships between breach and outcomes in such ways that the relationship is stronger for internals. The regression analyses showed that internal LOC was positively related to performance and OCB and negatively related to intention to quit. However, following the perception of psychological contract breach, internals are more likely to quit the organization and respond more intensively by reduce their performance and OCB by larger margins. Overall, the data provide supports for Hypotheses H3a to H3c

**Table 3:** Moderating role of LOC on the relationship between contract breach and outcomes

	Quit intent		Performance		OCB	
<i>Step 1</i>						
Ranking	-.131*	-.128*	.132***	.131**	.124**	.110*
Education	.035	.066	.063*	.054	.082*	.066
Breach	.705***	.494**	-.091***	.048	-.227***	-.057*
<i>Step 2</i>						
LOC		-1.304***		.467**		.850***
LOCXBreach		.367**		-.150*		-.274**
F	61.189***	41.844***	24.017***	16.384***	26.069***	18.802***
R <sup>2</sup>	.338	.369	.167	.186	.180	.210
R <sup>2</sup> change		.031***		.019*		.030**

Notes: \*.  $p < .05$ ; \*\*.  $p < .01$ ; \*\*\*.  $p < .001$ . N=364.

## 6. DISCUSSION AND IMPLICATION

### 6.1. Discussion

The results of analysis confirmed the role of perceived psychological contract breach as a predictor of intention to quit, job performance and OCB. Specifically, breach was positively related to intention to quit and negatively related to performance and OCB. Similar results were obtained for both sets of data, albeit the relationship between breach and outcomes were stronger for Vietnamese data than for Japanese data. Together with findings from numerous other studies, it can be concluded that breach is a solid predictor of work-related outcomes across countries.

Age did not moderate the relationship between breach and turnover intention for Japanese sample. Although age did moderate that relationship for Vietnamese data, the moderation impact was in the direction contrary to hypothesis H2. Specifically, the positive relationship between breach and turnover intention was stronger for younger employees. A possible explanation for the finding can be based on Meyer and Allen (1984). They proposed that younger employees may be more committed because of their awareness that, with less work experience, they often have fewer job opportunities. As they gain experience alternate employment opportunities may increase; this decreases the magnitude of one important cost of leaving, that of having no job. Meyer and Allen explanation was received support from Cohen (1993) whose meta-analysis revealed that the relationship between age and organizational commitment (including intention to remains) varied across employment stages. He found that the positive relation between organizational commitment and age was strongest for youngest subgroup of employees, up to 30 years, that is, employees at the trial career stage. The average age of employees in this sample was 27, which may be applicable to Cohen's (1993) youngest group.

More importantly, the different results between two sets of data perfectly reflect the differences between two countries in terms of recruitment policy. Most of the companies in Vietnam require two-year work experience for most entry jobs. For supervisory and management positions, 5 to 10 year work experience are one of the first requirement. In fact, job opportunities are very limited to candidates with no or few work experience. Employees in Vietnam tend to remain at the jobs for several years in order to gain enough work-experience even if their contracts have been breached. On the other hand, Japanese companies recruit new employees even before they graduate with the “shushoku” systems giving “naitei”, which means job promise to qualified candidates. Further analysis by adding the square of age and the interaction between age square and breach displayed a marginally significant impact of the interaction term. The sign of the interaction term suggested that the intensifying moderating impact of age on the relationship between breach and turnover intention decreased when the employees get older.

The moderating impacts of LOC on the relationship between breach and work-related outcomes were verified for Vietnamese data in this study. The results showed that internal locus of control was positively related to performance and OCB and negatively related to intention to quit. However, internals tend to react more strongly after a perception of psychological contract breach than externals. The results provide support for the notion that because internals believe that they can exert control over their environment, they tend to think that they can fulfill their job requirements and expect organizations to fulfill its obligations in return. As a result, internals do not expect the occurrence of breach as indicated by the negative correlation between breach and LOC. When breach is perceived in reality they may react more strongly. Furthermore, internals tend to take an active role of changing environment by thinking of quitting rather than externals who may wish to wait for what happens. Because the moderating roles of LOC on the relationships between breach and outcomes have not been heavily researched, the results of this study may contribute some insights and directions for future research.

## **6.2. Implications**

The analysis suggested that breach reduced in-role job performance as well as OCBs and increased intention to quit the organizations for both sets of data. Although Japan and Vietnam are very different in terms of human resource practices, psychological contract breach was verified as a solid predictor of negative workplace outcomes. Japanese employees are well-known for their diligence loyalty and with the organizations. However, they still react negatively at the perception of psychological contract breach. Japanese companies need to pay attention on fulfilling their obligations towards the employees.

The results pointed out that Vietnamese young employee tend to remain at the companies for several years to gain experience so that they can apply for better jobs in the market. This may indicate that employees are more likely to leave the company after 3 to 5 years in service if they experience psychological contract breach. With 3 to 5 year tenure at the company, those employees may have a good understanding about the company and the job and should perform well. Furthermore, the companies must have spent a lot of money and efforts on recruiting, socializing and training those employees. As a result, such turnover would be a big loss for the company. The company can reduce turnover by trying to fulfill its obligations to this particular group of employees. Furthermore by clarifying career path for this group the company can increase their level of organizational commitment.

The moderating role of locus of control on the relationship between breach and outcomes was established for Vietnamese data. Together with previous finding, it can be concluded that personality is a very important source of information for human resource management in the context of Vietnam. Unfortunately, Vietnamese companies often pay little attention to this source of information when making human resource decisions such as hiring, promotion or transfer. In the near future, Vietnamese companies should carry out personality survey questionnaires on job candidates at the time of recruitment to collect such information.

## 7. CONCLUSION

The current study validated the role of perceived psychological contract breach in predicting workplace outcomes for both Vietnamese and Japanese data. Specifically, breach reduced in-role job performance as well as OCB and increased intention to quit the organizations. The moderating impacts of age on the relationship between breach and intention to quit were confirmed only for Vietnamese sample. However, age moderated that relationship in unexpected direction. The relationship was stronger for younger employees. Analysis also reported that the moderating impact decrease as age increase. One possible explanation was that younger employees tend to stay at their jobs to gain work experience before considering changing their jobs even if they perceived contract breaches. The findings reflected the differences in recruitment policies between Japan and Vietnam.

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