

## Psychological Contract Breach and Job Resources on Work Engagement

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### Abstract

In today's competitive job market, talent-competed companies are continuously focusing their efforts on enhancing the work engagement of employees, where it is a vital factor that could determine the success of the organization. However, when the employers or organization often promised the employees better rewards or promotion but ended up breaching the promises, this would cause disengagement among employees and loss of trust towards employers. It has been said that fulfilling job resources may help employees in stimulating their personal growth in the organization. This study aimed to determine the factors that influence the work engagement of employees. A random sample of 153 employees was selected from the private sector in Malaysia. The results of multiple regression analyses showed that only job resources boost work engagement. However, the authors did not find a relationship between psychological contract breaches and work engagement. The implications are discussed, and recommendations are presented.

**Keywords:** Psychological Contract Breach, Job Resources, Work Engagement of Employees, Private Sector.

### Introduction

The major impact of the COVID-19 outbreak on employees' work lives is leading to employee anxiety, frustration, and burnout. When left unattended, these feelings can affect employee engagement, leading to poor work quality, errors, and eventually influencing an organization's ability to survive in these difficult times (Mo et al., 2020). It is undeniable that the role of employees in organizations is vital where the success of the organization depends on the employee's performance (Long et al., 2014). As hard as it may be, organizations will try to the best to retain talent and find any feasible ways to improve the attachment of employees during the pandemic.

Memon et al. (2018) stated that the determinant of the success of an organization is mostly contributed by the workforce and being said as the backbone of any organization. Prior studies have indicated that employees with a high level of work engagement, tend to have

less intention to turn over (Alfes et al., 2013). Under pandemic conditions, an economically high unemployment rate and high turnover ratio are major challenges in finding loyal employees (Goutte et al., 2020). Most organizations focus on their employees to attract, retain and engage them to achieve the organizational goal, as well as boost productivity level. This major issue runs counter to the private sector institution's mission, which always seeks to increase profit and reduce costs (Abdul Latif & Saraih, 2016). Employees' comfort at work has been perceived as a vital component for measuring profitability.

In the meantime, Qualtrics (2020) conducted the latest survey that reported global results of work engagement in 2020, where Malaysia scored only 54% of global employee engagement report, which is the lowest work engagement of employees in South East Asian region, indicating 5% drop since 2017. Aon (2017) reported that Malaysia scored 59% in work engagement that year. Compared to the latest results, a decreased trend could be identified from the survey. Malaysia also scored lower than the top three leading countries which are India (79%), Thailand (72%), and Hong Kong (63%). This situation depicts that companies in Malaysia are losing opportunities in increasing returns and speeding up growth.

Other than that, the balance of 46% of employees left in the country are considered disengaged, and in an organization, almost half of every 10 employees are disengaged. Thus, the importance of engagement in an organization will contribute to the well-being of an employee, where engaged employees will bring substantial benefits to the organization such as lowering employee turnover, improving organizational commitment as well as raising productivity and profits for the company. This study attempts to find out which one among the two variables will affect more on work engagement of employees.

Currently, most studies conducted the relationship of psychological contract and work engagement are concentrated in the Western countries (Antonaki & Trivellas, 2014; Coyle-Shapiro et al., 2019) and the public sector (Naidoo et al., 2019). The available studies are focusing on education, the public sector, and the military only. Furthermore, studies involving job resources and work engagement also mostly come from the healthcare, hospitality, and education industries which is in Western countries too (Arnold B. Bakker et al., 2007; Karatepe & Olugbade, 2009; Mauno et al., 2007). The researcher will focus more on the other industries than mentioned, involving the private sector, to identify whether the results of the past studies can be generalized to this context too. The purpose of this study therefore is to determine the influence of psychological contract breach and job resources towards work engagement of employees in the private sector.

### **Literature Review**

Work engagement is one of the vital factors that determine the future success of an organization. It has already been one of the employers' main concerns for quite a while and has attracted more researchers to conduct studies regarding this topic. When employees give the best that they could, devote themselves with maximum energy they had in work-related endeavors in the company, work engagement has been used to best describe the situation. As a psychological state, it is also referred to as a state of mind, where engaged employees are attached to their jobs at a personal level that goes beyond just turning up and carrying out job duties for the duration of their shift. Employees with high work engagement have made a psychological investment in their work, and under the right circumstances will direct personal effort toward their duties (Karatepe, 2013).

An employee with high engagement is mutually connected cognitatively, emotionally, and physically. In some situations, work engagement is anything but difficult to perceive and very

hard to characterize. Despite this, the importance of work engagement is increasing day by day as it appeared to be a source of employee motivation. According to Mone et al. (2018), work engagement is a key determinant of employee performance. Surely when someone is motivated, they are willing to go above boundaries and dedicated to achieving the work goals. Being passionate about the work that you need to perform also depicts the employees' work engagement in the organization. According to Mone et al. (2018), the work engagement of employees is a key determinant for employee performance. It is further explained that the performance depends on three key attributes which are ability, opportunity, and motivation. Overall, it can be said that the higher level of work engagement can lead to greater commitment and satisfaction, lower absenteeism and turnover, improved health and well-being, and better in-role and extra-role performance (Alzyoud et al., 2015). Work engagement indeed plays an important role in determining organizational success, since employees with higher work engagement are being said to be more active, passionate, and motivated to perform their job. However, factors such as psychological contract breach (PCB) and job resources determine whether the work engagement of employees will be affected or not.

PCB consists of the belief of the employees about what they are entitled to receive or should receive since they perceive that the employer promised to provide those things in return for their contribution towards the company (Agarwal & Bhargava, 2013; Bailey et al., 2017). They perceived some kind of expectation that they will get in return and put high hopes for it to happen. This situation depicts the belief structures of an individual of what is expected to happen in the organization, and in return what is expected of them (Garcia et al., 2018). In this situation, employees would compare their experience concerning what they expected the job would be turned up to, and what the job should provide them. For instance, employees started working with a new job and expected the organization to provide them with opportunities to further study or even increment after a few years of working.

When the obligation is unmet or not fulfilled by the organization that is when PCB occurs. PCB is defined as the cognition that one's organization has failed to meet obligations within one's psychological contract in a manner to reward one's contribution that has been done. Perceived discrepancies between what has been promised and what has been delivered depict the PCB situation (Huy & Takahashi, 2018; Kutaula et al., 2019). When employers make promises to the employee in return for the contributions made by the employee in an employment relationship, the act of breaking the promises (psychological contract breach) by the employer will reduce the likelihood of the desired outcomes and benefits of the employees to become reality. Consequently, the perceived breach of psychological contract will result in a feeling of unfair, dissatisfied, or unbalanced employment relationship and an experience of cognitive dissonance (Chiu & Peng, 2008; Rasdi & Ahrari, 2020).

There are two main causes where PCB breach will probably happen, which are reneging and incongruence. When organizational agents (employers, supervisor, organization) fail to keep up with their promises or obligation towards the employees because they are unwilling to do so, it can be referred to as reneging. On the other hand, incongruence takes place when the employee and organization agents have different perceptions in understanding the mutual obligations and promises that have been made. The distinct perceptions exist due to the complexity and ambiguity of reciprocal obligation, as well as different expectation (Milanovic et al., 2018).

Job resources refer to aspects of physical, psychological, social, or work organization that may reduce the job demands and the cost associated with physiological and psychological, purposeful in accomplishing work goals and able to stimulate individual growth, learning, and

development (Roslan et al., 2015). Thus, any of the provided features which aid in carrying out the work tasks can be referred to as a job resource. In this research, three features will be included which are autonomy, social support, and performance feedback.

Employee well-being can be influenced intrinsically or extrinsically by job resources. As an intrinsic motivator, job resources will fulfil the needs for autonomy, competence, and individuals' growth and development (Arnold B. Bakker & Demerouti, 2007; Ryan & Deci, 2000). For instance, supervisory coaching can enhance job competence, while participation in decision-making and support from colleagues or supervisors might fulfil the necessity of autonomy. Extrinsic motivators can be from supportive peers, performance feedback, or positive environments that transfer the energy of motivation towards the employee. The appropriate supply of job resources is expected to increase work engagement while if they lack it, this may obstruct the goal accomplishment, which may lead employees to develop a negative and cynical attitude towards their work.

### **Materials and Methods**

This study employed Multiple Linear Regression (MLR) to determine a regression equation that could be used to make predictions to a population (Hair et al., 2018). By this, this study would help in explaining the relationship that exists between PCB and job resources, towards the dependent variable, which is work engagement.

### **Measurements**

#### **Psychological Contract Breach (PCB)**

PCB was measured using the five-item instrument established by Robinson and Morrison (2000) which aims to determine the global perception of PCB. A seven-point Likert scale was used ranging from 1: Strongly Disagree to 7: Strongly Agree. Respondents were asked to respond to each item with the most appropriate answer depending on the situation mentioned.

#### **Job Resources**

For job resources, the measurement consists of three dimensions which are autonomy, social support, and performance feedback. Items for social support were adapted from the Job Content Questionnaire by Karasek (1985). Constructs for social support contain eight items that determine employee's interpersonal coping resources where an individual helps another person and improve the wellbeing of the person who received the help. Items range from 1= Strongly Disagree to 5=Strongly Agree.

Meanwhile, constructs for social support and performance feedback were adapted from a research that was conducted in a Korean setting (Lee, Shin & Baek, 2017). The five items for autonomy assessed the extent of freedom, independence, and choices of employees to plan their work pace, and how do they plan to execute it. Respondents were asked to rate the questions ranging from 1= Strongly Disagree to 5= Strongly Agree.

The last component which is six items performance feedback was used to evaluate to which extent do the employees know their job performance feedback, either from the job itself, from colleagues, supervisors, superiors, or have they never received any feedback. Respondents were asked to rate from 1= Never to 5= Always.

**Work Engagement**

As for the dependent variable which is work engagement, the researcher used the shortened version of the Utrecht Work Engagement Scale (UWES-9) which was first developed by Scaufeli and Bakker (1999). The UWES-9 utilizes three constructs to determine the level of work engagement, which are vigor, dedication, and absorption. Each of the constructs was represented by three items in the questionnaire. The instrument was used to measure the work engagement on both levels, which are on individual and group levels.

**Procedures**

Before proceeding with the actual study, the researcher has conducted a pilot test on individuals who share similar characteristics of the actual target group of respondents. The purpose of this pilot study is to test the feasibility of the instruments in a small-scale version or a trial run, before implementing it in the actual survey which involves a bigger population (Van Teijlingen & Hundley, 2001). Results from the pilot test will be used as an indicator to revise the questionnaire. As for this study, the researcher conducted the study on 20 respondents from different organizations who held the same characteristic as the target group.

In measuring a certain concept, the researcher needs to measure the stability or internal consistency of an instrument before proceeding with the study (Ghazali, 2016). As for the instrument of PCB, the Cronbach's  $\alpha$  of the scale is 0.858, while for the job resources scale which has been measured by three constructs, each of them has satisfactory values of reliability ranging from 0.714 to 0.867. To increase the reliability of the instruments, two items from the construct of autonomy were removed. Hence, the researcher was able to get a better value of Cronbach's  $\alpha$ .

Meanwhile, the internal consistency of UWES-9 resulted in 0.877. Thus, all the values of Cronbach's  $\alpha$  exceeded the value of 0.70 which is traditionally used as a rule of thumb and an accepted standard (Schaufeli et al., 2006). Content validity was used based on the feedback given by the respondents during the pilot test. Besides that, content validity also intends to make sure whether the content of items measure what it had to measure in the study and align with the objective (Muijs, 2011). In continuance of the process, after this has been obtained then it was analyzed and processed using the Statistical Package for the Social Sciences (SPSS). The researcher run the EDA prior to analysing the data and information collected to ensure the assumptions of the analysis had not been violated.

**Population and Sample Selection**

The sample was then selected using convenient sampling method since the researcher involves employees from the selected private sector that has agreed to participate. A few companies from customer services industries, properties, facilities and management, healthcare, telecommunications, and also consultancy industry were involved. All of them represented employees from private sectors in the services industries. To determine the appropriate sample size, the G\*Power program was utilized to know the sufficient number of participants needed to achieve the purpose of the study. Hence, the results generated from G\*Power for the total sample size was 153. A formal survey using a structured questionnaire was used in this study for data collection. The researcher acquired formal permission from the management of the selected organization by sending an email for approval with the summary of the research proposal to obtain participatory consent.



## Results

A total number of 153 respondents ( $n=153$ ) who participated in this study were randomly picked from several private organizations. Characteristics of the respondents were assessed through their gender, age range, highest education level, and period of service in the organization. Respondents involved in this study bring a total of 68 males and 85 females, where it is dominated by 55.6% females, compared to the male which is only 44.4%. This shows that females are more likely and willingly participate in this research, compared to the number of males. Based on age range, the participants were divided into four groups which resulted in 13 people or 8.5% in the range (18-25 years old), 64 people or 41.8% in the range (26-35 years old), 48 people or 31.4% in the range (36-45 years old), and last range which is (46 years old and above) was comprised of 28 people or 18.3%. Referring to the data obtained, the highest number of respondents was in the age range between 26-35 years old.

For the highest education level, only 8 people or 5.2% with Sijil Pelajaran Malaysia (SPM) level, 33 people or 21.6% with a Diploma certificate, 92 people or 60.1% were Bachelor's Degree holders, 20 people or 13.1% with Master's Degree and none of them with Ph.D. The majority of participants were Bachelor's Degree holders. As for the period of service, participants were divided into ranges of working years. 17 people or 11.1% with less than a year working experience, 51 or 33.3% with (1-4 years) of working experience, 18 or 11.8% with (5-8 years) working experience, and lastly the highest frequency with 67 people or 43.8% with more than 8 years total of working experience. To sum up, the majority of respondents who participated in this study were female, ranging in age from 26 – 35 years old, with the highest education of Bachelor's Degree, and a period of service more than eight years.

The most contributing factors to whether PCB or job resources impacted the level of work engagement can be identified by performing Multiple Linear Regression. In this statistics test, PCB and job resources were set as the independent variables, while working engagement as the dependent variable. However, results displayed that only one of the independent variables, which is job resources was a significant contributor. PCB was excluded in the regression analysis since the correlation result depicted that there is no significant relationship between PCB towards work engagement.

Referring to Table 1 above, the estimated coefficient for the adjusted  $R^2 = 0.377$  depicted that it can also be interpreted as a 37.7% variance in work engagement, and has been explained by all the predictor variables. The findings revealed that only one independent variable was found to be significant towards work engagement, which is job resources ( $t = 7.062$ ,  $p = 0.000 < 0.05$ ). Results also showed that the predictor variable which contributed the most was the one with the highest t-value with a standard coefficient of beta value  $\beta = 0.555$ . Conclusively, job resources contributed about 55.5% of a significant level towards work engagement in this study.

## Discussion and Conclusions

Work engagement indeed plays an important role in determining organizational success, since employees with higher work engagement are being said to be more active, passionate, and motivated to perform their job. However, factors such as PCB and job resources determine whether the work engagement of employees will be affected or not. From the findings, only job resources have a significant impact on work engagement, compared to PCB which has a significant relationship, but is not the significant contributor since the value of  $p$  is less than alpha. Most of the results obtained in this study are provided with significant support and proven from past research.

To further explain the findings, it is in tandem with other studies where job resources significantly contributed to the work engagement. With a lack of job resources, disengagement will take place, so do vice-versa situations (Bothma & Roodt, 2013). When employees receive an appropriate supply of job resources, it will thus result in increasing work engagement of employees, while deficiency of it might block the accomplishment of work goals. In the study of Alzyoud et al. (2015), researchers mentioned that many past types of researches have depicted a positive association between job resources components such as social support, performance feedback, and autonomy towards work engagement across various settings and countries. Similar results were also found in Schaufeli et al., (2009) where increment in autonomy, support, and feedback have shown positively predicted future work engagement of employees.

According to Schaufeli and Salanova (2007), having the satisfaction of basic needs at work in the form of job resources will contribute towards positive results, thus fostering engagement. Indeed, previous studies have consistently demonstrated that job resources can cultivate work engagement (Alzyoud et al., 2015; Arnold B. Bakker & Demerouti, 2008; Schaufeli et al., 2009; Taipale et al., 2011). In a different study conducted among four different samples of Dutch employees, it was found out that three dimensions of job resources (performance feedback, social support, and supervisory support) have a positive relationship with work engagement (vigor, dedication, and absorption) (Arnold B. Bakker & Demerouti, 2008).

The results of this study, however, were inconsistent with the Parzefall and Hakanen (2010) study that the fulfilment of psychological contract would indeed lead to more engagement as employees' resources are fulfilled. The authors argued that perceived contract fulfilment could be viewed as a resource that the employees expected the employer to provide in exchange relationship which fostered work engagement.

### **Implication and Future Studies**

The findings obtained in this study will contribute to local literature by providing the level and relationship between PCB and job resources towards the work engagement of employees from the private sector. Hence, the results will provide outcomes to the body of knowledge in Human Resource Development, particularly focusing on organizational development, where the results would path the way for an organization to decide which way to practice or to avoid to grow rapidly in the industry.

Moreover, Human Resource practitioners can identify the factors that contribute the most in work engagement. Thus, they will be able to practice in an organization and enhance the continuous improvement process to cultivate excellence in the execution of the task. This study is also expected to contribute significantly from management and academic aspects in dealing with PCB and job resources. Besides, this study will also assist the continuous improvement and development process of private-sector employees in Malaysia and continuously cultivate excellence with a high level of work engagement.

Since this study has several limitations that might hinder the findings to some extent, a few recommendations need to be highlighted for future research. Firstly, the future researcher might want to widen the sectors, areas, and regions so that the results can be cultivated to a larger population. Secondly, since past research often separates the sector such as either only consisting of the government sector, or private sector. Future research could incorporate both sectors so that we can compare prominent different as a result of differences between the two. Other than that, researchers could also utilize other types of studies such as qualitative or causal-comparative approach that could strengthen the results. Apart from

knowing the results of only the predictor variable, the researcher would be able to determine other factors that exist in influencing work engagement.

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