A Trickle-Down Model of Psychological Contract Breach

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DISSERTATION

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<tr>
<td>HLM</td>
<td>Hierarchical linear modeling</td>
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<td>LMX</td>
<td>Leader-member exchange</td>
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<td>PC</td>
<td>Psychological contract</td>
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<td>POS</td>
<td>Perceived organizational support</td>
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<td>SEM</td>
<td>Structural Equation Modeling</td>
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SUMMARY

This dissertation asks the question, how does the role of managers’ relationships with their bosses and with their organization influence (a) the quality of exchange they have with their employees (leader-member exchange and perceived organizational support) and (b) their employees’ receipt of job-related resources (social resources, task resources)? These employee perceptions of relationships and resources are linked to a typology of psychological contract (“PC”) breach, or the perception of broken promises (relational, transactional, and generalized PC breach). In doing so, drawing on social exchange theory (Blau, 1964; Gouldner, 1960) and social information processing (Salacik & Pfeffer, 1978), this dissertation models how relationships and resources that managers have trickle down to affect the relationships and resources their employees have, and how these employee relationships and resources are related to perceptions of different types of broken promises (Rousseau, 1995). Results indicate that resources (task and social resources) are more likely than relationships (leader-member exchange, perceived organizational support) to trickle-down from manager to employee. Additionally, the greater the social resources trickle-down effect, the less likely an employee’s relational psychological contract is breached, and the greater the task resources trickle-down effect, the less likely an employee perceives PC breach by his or her manager. Type of PC breach had cross-foci effects on behavioral outcomes (in-role and extra-role performance).
INTRODUCTION

A psychological contract ("PC") is formed when an employee develops beliefs about reciprocal obligations between herself and the organization (Rousseau, 1989, 1995). These beliefs may be predicated upon explicit or implicit promises made to the employee by the organization or its agents (Rousseau, 1995; 2001). The accumulation and trade of promises between an employee and employer\(^1\), be it the organization or an agent thereof, serves as a foundation for exchange (Coyle-Shapiro & Conway, 2005; Dulac, Coyle-Shapiro, Henderson, & Wayne, 2008; Rousseau, 1995). Within this exchange, each party barters explicitly and implicitly for extrinsic and intrinsic resources (Blau, 1964; Gouldner, 1960). Consequently, a relationship based on varying degrees of trust and reciprocity is formed based on the value and duration of the exchange (Blau, 1964; Rousseau, 1995). When an employer fails to fulfill the terms of obligations due within the context of an exchange relationship with an employee, the employee experiences PC breach (Morrison & Robinson, 1997; Robinson & Morrison, 2000; Rousseau, 1995). PC breach has serious and expansive negative consequences for employee behavior and attitudes (Conway & Briner, 2002; Zhao, Wayne, Glibkowski, & Bravo, 2007).

In recent years, the field’s understanding of the antecedents and outcomes of psychological contract breach has flourished. For example, fair organizational recruitment and hiring processes (Robinson & Morrison, 2000; Turnley, Bolino, Lester, & Bloodgood, 2003) and positive relationships at work (Dulac et al., 2008; Tekleab & Taylor, 2003) reduce employee perceptions of PC breach. In terms of outcomes, performance, citizenship behaviors, organizational commitment, and job satisfaction improve when an employee experiences PC fulfillment, which is the satisfaction of the terms of an employee-employer exchange (Turnley et

\(^1\) Employer is used throughout to mean both organization and manager. When the words organization and manager are used, they are meant to explicitly refer to themselves.
al., 2003; Zhao et al., 2007). Overwhelmingly, these studies’ theoretic foundations rest on social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960), which both hold that an organization’s or manager’s contributions to an employee yield both (a) satisfaction of the terms of the employee’s PC, and (b) expectancies of further exchange within the context of the employee-employer relationship.

Despite the clear theoretic account of the mechanism underlying antecedents and consequences of PC breach, research in this area remains limited for two reasons. First, exchange relationships that influence the extent to which a PC is fulfilled are explored strictly within the context of the employee-employer relationship (Cropanzano & Mitchell, 2005; Dulac et al., 2008). That is, contributions or resources that fulfill the employee’s PC are provided simply because the employer, be it the organization or manager, is willing to provide that resource. Here it is alternatively suggested that the availability of a resource that fulfills the terms of an employee’s PC cannot be assumed, and instead must be explicitly tested. Perceived organizational support (POS) and leader-member exchange (LMX) are assessments of the quality of the relationship between an employee and his organization and manager, respectively. Recent research on POS and LMX suggests that the exchange between one’s manager and that manager’s boss ultimately influences the availability of resources available to provide an employee (Erdogan & Enders, 2007; Shanock & Eisenberger, 2006; Sparrowe & Liden, 2005). This stream of inquiry prompts research question 1: How do more distal exchanges an employee’s manager engages in ultimately affect an employee’s receipt of resources and PC breach? A trickle-down model of resources (Masterson, 2001) will guide the formation of hypotheses about the influence of distal exchange relationships on more immediate exchange relationships and breach of an employee’s PC.
Second, few studies provide insight about specific types of breach (see Bingham, In Press; Montes & Irving, 2008). Specifically, PCs vary in terms of the content of their obligations, with some PC content being more material and other content more symbolic or emotional (Rousseau, 1995; Homans, 1961). For example, relational PCs are composed of promises that are more open-ended, emotional, and dynamic, whereas transactional PCs contain promises that are economic in nature and narrow in scope, focusing exclusively on meeting minimum expectations of resources required for continued employment (Rousseau, 1995, p. 92). This paucity of research on antecedents and consequences of PC breach type is particularly salient because one of the key tenets of social exchange theory is that not all reciprocal sets of obligations are created equally (Blau, 1964; Dabos & Rousseau, 2004; Montes & Irving, 2009); they vary in value. For example, resources exchanged between two parties differ in content, from more transactional exchanges based on *quid pro quo*, explicit obligations, to more affective, implicit obligations (Blau, 1964). Also, according to theories of social exchange and reciprocity (Blau, 1964; Clark & Mills, 1979; Gouldner, 1960; Foa & Foa, 1974; Mills & Clark, 1982) and the framework of target similarity (Lavelle, Rupp, & Brockner, 2007; Settoon, Bennett, & Liden, 1996), employees will reciprocate resources in-kind when meeting their exchange obligations.

This prompts research question 2, *how do the antecedents and consequences of PC breach vary according to the type of promises broken?* For example, a lack of resources fulfilling obligations of a relational PC, such as love or social support, would incite a response directed at an employee’s deficient relational exchange, such as reduced helping behavior. In contrast, PC breach of the economic obligations an employer has made to an employee suggests employee reactions that are more explicit and concrete. Further, research suggests that employees engaged in higher-quality relationships with their manager or organization are more willing to reciprocate
received benefits (Rhoades & Eisenberger, 2002; Wayne, Shore, Bommer, & Tetrick, 2002). Would the strongest employee reaction to PC breach thus occur when the employee’s relational PC – a PC containing terms that imply a deep, interconnected relationship - is breached?

The norm of reciprocity (Goulder, 1960) and target-similarity model (Lavelle et al., 2007) suggest that employees will respond to an organization or manager’s failure to fulfill obligations with similar reductions in their own obligations to the organization or manager, respectively. However, recent research suggests that cross-foci relationship reactions may also occur (Lavelle et al., 2007). Research question 3 thus asks, *do employee perceptions of PC breach by his manager fuel not only that employee’s reduced contributions toward the manager, but also influence that employee’s contributions toward the organization?* Employees lose trust in the organizational agent that breaks perceived promises (Rousseau, 1995). This mistrust is suggested to occur because PC breach engenders feelings of mistrust in the organization and its agents (Zhao et al., 2006) as it is a violation of what an employee expected to receive. Perceptions of mistrust by the employee toward a manager following PC breach may extend to the organization because employees view their manager as an organizational agent, in addition to an autonomous being (Coyle-Shapiro & Shore, 2007; Rousseau, 1995). Similarly, employee perceptions of his manager may be fraught with mistrust following breach by the organization because that manager represents an agent of the body that recently failed to fulfill its promises to the employee. Hypotheses are thus proposed that demonstrate PC breach can have concurrent effects on behavior directed toward multiple referents.

While the norm of reciprocity (Goulder, 1960) and target-similarity model (Lavelle et al., 2007) suggest that employees will respond to a lack of resources with in-kind perceptions of PC breach, one must also consider the fourth research question: *what are factors that increase or...*
decrease the trickle-down of resources from manager to employee? This manuscript explores how one type of motivation – being watched by a superior (George & Zhao, 2001) – may increase or decrease a manager’s provision of task and social resources to his or her employee. This manuscript also examines the role of identification, or the immersion of the self in the role of the organization (organizational identification) or manager (managerial identification) (Ashforth & Mael, 1990), in perceptions of PC breach. Resources that fail to trickle-down to fulfill an employee’s PC may not automatically induce perceptions of PC breach if an employee identifies strongly with the source of the breach (Dulac et al., 2008). An employee may be unwilling to believe or perceive that someone or something they feel so united with would fail to deliver on a promise (Tajfel & Turner, 1976). Instead, they may be hopeful the resource will be provided in the future.

In examining these research questions, a model is developed that envisions employee perceptions of PC breach as being influenced by distal exchanges engaged in by his manager. This model addresses research question 1 by utilizing social exchange theory (Blau, 1964) and the norm of reciprocity (Gouldner, 1960) to describe how an accumulation of resources and positive relationships at work trickle down from managers to employees. Further, because PCs contain expectations about not only what the employee will receive from the organization and its agents but also about what that employee owes the organization in return (Rousseau, 1995; Tekleab & Taylor, 2003), the present model stipulates that the flow of resources from manager to her employee is truncated by the employee’s fulfillment of her promises to the organization. That is, resources accumulated by an employee’s manager are shared with that employee in greater amounts when the employee fulfills his promises to the organization. In addressing research question 2, this model also articulates how different types of exchanges (e.g., with the
organization versus with one’s manager) and different types of resources (e.g., task versus social resources) both differentially affect the type of PC breach experienced. For example, the quality of a manager’s relationship with her boss affects the quality of relationship that the manager has with the focal employee (as opposed to that employee’s relationship with his organization). And, a lower quality relationship with a manager indicates that an employee is more likely to experience breach of managerial promises (as opposed to organizational promises). Finally, in addressing research question 4, the present model delineates between outcomes different forms of PC engender. The outcomes examined focus on on-the-job behavior, including in-role performance, extra-role performance, and engagement with one’s job. These outcomes were selected because within the context of exchange, if one party fails to fulfill its obligations, the other party is motivated to act in ways to balance the exchange, typically by reducing her own obligations to the other part (Blau, 1964; Cropanzano & Rupp, 2005; Gouldner, 1960). Behavior is a clear, observable measure of redressing an exchange imbalance (e.g., Lee & Taylor, 2009; Tekleab, Takeuchi, & Taylor, 2005; Turnley, Bolino, Lester, & Bloodgood, 2003). Using the above example, when a manager fails to fulfill an employee’s PC, that employee will be motivated to reduce what he/she owes the manager. A behavioral manifestation of this would be employee reductions in helping behavior toward the manager. Please see the specific set of relationships to be examined in Figure 1.
Trickle-Down Model of Psychological Contract Breach

**Figure 1. Theoretic Model.**

**Diagram Description:**
- **Manager's Exchange Relationships:**
  - LMX of supervisor with his/her manager (M)
  - PC breach by supervisor's manager (M)

- **Employee's Exchange Relationships:**
  - Employee's LMX (E)
  - Employee's task resources from his/her manager (E)
  - Employee's social resources from his/her manager (E)
  - Employee's money resources from his/her manager (E)

- **Employee's PC Breach Type:**
  - PC breach of supervisor promises – Global (E)
  - PC breach of supervisor promises – POS (M)
  - PC breach of supervisor promises – Social (E)
  - PC breach of supervisor promises – Money (M)

- **Employee Outcomes:**
  - OCB toward the supervisor (M)
  - OCB toward the organization (M)
  - Performance (M)

**Modifiers:**
- Employee's PC fulfillment (M)
- Supervisor embodiment (E)
- Monitoring (M)
- Supervisor identification
- Attribution for PC breach
- Employee's PC fulfillment (M)
- Supervisory embodiment (E)
- Monitoring (M)
- Organizational identification
- Attribution for PC breach
- Supervisor identification
- Attribution for PC breach
- Organizational identification
- Attribution for PC breach

**Key:**
(M) = Manager-rated
(E) = Employee-rated
PC = Psychological contract
OCB = Organizational citizenship behavior

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7
The main contributions of this study focus on extending PC research by expanding the employer-employee relationship to include a more comprehensive set of exchanges and resources that affect employee perceptions and reactions to PC breach. First, in examining how more distal exchange relationships influence the proximate relationships that directly effect perceptions of PC breach, an account of how resources are allocated in an organization will be provided. It may be suggested that a more top-heavy model of resource distribution be enacted in organizations, whereby an organization conserves resources by allocating resources more often to managers (higher in the organizational hierarchy), of which there are fewer, with the anticipation that these resources will ultimately cascade down to lower-level employees (lower in the organizational hierarchy). Modeling non-recursive exchange relationships will highlight mechanisms other than one-to-one reciprocity that has dominated the PC literature landscape (Coyle-Shapiro & Shore, 2007; Shore, Tetrick, Lynch, & Barksdale, 2006).

Exploration on the allocation of resources in an organization will inform theories of social exchange and distributive justice in the workplace. Specifically, descriptions of social exchange within the employee-employer relationship too often depict the relationship in a vacuum, unencumbered or unrestrained by tangential relationships. This portrayal of social exchange does not accurately represent organizational life, wherein resources are limited and often are available largely through more powerful agents (e.g., a manager’s manager; Sparrowe & Liden, 2005). An important implication of this research is that in expanding our definition of exchange relationships to include more distal exchange relationships, this paper suggests expansion of social exchange theory to include third-party relationships. Research on PC breach, then, should take into account the chain of exchanges leading up to perceptions of PC breach,
rather than the most proximate exchange, when accounting for predictors. This further
insinuates that an organization’s failure to provide a promised resource to a manager may affect
not just that manager, but any employee linked by exchange to that manager. From the converse
perspective, a second implication is that an employer’s fulfillment of the terms of an employee’s
PC may additionally fulfill obligations made to subordinates of that employee. Further,
distributive justice examines how resources are allocated across employees; does employee A
receive the same amount and kind of resources as employee B? Research on distributive justice
is often concerned with how to distribute the finite set of resources organizations have to offer
employees. The present study suggests an additional pathway by which these resources may be
distributed, which should be considered when modeling how resources are distributed in an
organization. If distributive justice concerns itself with how employees perceive the fairness of
the distribution of resources across employees, it must consider the breadth of exchanges that
influence that perception.

The second contribution of this study is its focus on PC breach content, and specifically
how some types of breach may have stronger or weaker consequences on outcomes (Johnson &
O’Leary-Kelly, 2003). Organizations may be presented with a choice as to which resources it
should not offer employees when economic times are difficult or cost-cutting measures are in
place. These choices often lead to a disruption in the fulfillment of obligations to employees
(Morrison & Robinson, 1997; Robinson & Morrison, 2000). A more nuanced model of the
relationships between PC breach type and outcomes may aid organizations in making informed
decisions about which promises they may break with the least detrimental employee reaction.
For example, if broken relational PC promises provoke a reduction in extra-role helping behavior
but not in-role performance, an organizational may chose to breach PC relational promises rather
than transactional PC promises, which are hypothesized to have direct effects on day-to-day job performance. This model also contributes to PC theory by outlining the content-dependent nature of reactions to PC breach. Employee reactions to PC breaches related to failed social support are likely to incite an in-kind response by employees related to reduction in helping behavior toward the organization.

Finally, the current paper offers a depiction of the range of behaviors that will be affected by PC breach. Specifically, the present model proposes same-foci effects of PC breach in that certain types of PC breach may have implications for associated outcomes, and yet will also have weaker implications for outcomes that focus on different referents. As a result, when an employer breaches one type of employee PC, the damage it is inflicting on the relationship with that employee may be much broader in scope than previously theorized (e.g., Turnley et al., 2003). This suggests that the norm of reciprocity accounts for target-similar responses, but that target-dissimilar employee responses are also possible. Within the reality of organizational life, a different notion of reciprocity may thus be utilized that describes how the targets of retaliation are interchangeable due to their inextricable relationship to power and status in the organization.

Theory

Psychological Contracts

Employees begin to form expectations about their employment relationship before organizational entry based on formal (e.g., job interview) and informal (e.g., image advertising) interactions with the organization (Rousseau, 1990, 1995; Thomas & Anderson, 1998). Through the process of socialization, employees try to make sense of their environment and often re-evaluate and revise initial expectations as more explicit promises are offered and more implicit promises are made more clear via increased social interaction (Rousseau, 1995; Thomas &
Trickle-Down Model of Psychological Contract Breach

Anderson, 1998). In one study by Thomas and Anderson, the authors demonstrated that employees perceived more relational promises made by the employer (job security; social/leisure aspects of work; accommodations) when compared to promises perceived pre-organizational entry. These sets of perceived expectations and promises compose an employee’s psychological contract with the organization. Specifically, this psychological contract is composed of “individual beliefs, shaped by the organization, regarding the terms of exchange agreement between individuals and their organization (Rousseau, 1995, p. 9).” Perceived expectations and promises within an employee’s PC may either be explicit (written or spoken) or may arise from interpretation of actions (Rousseau, 2001).

Employers engage in promises with employees in order to regulate employee behavior. Promises made by the organization imply “if-then” scenarios, whereby if an employer fulfills its obligations to the employer, then the employee will fulfill his obligation to the organization. Throughout the PC literature, this reciprocal exchange is best characterized by theories of exchange, including the norm of reciprocity (Gouldner, 1960) and social exchange (Blau, 1964; Homans, 1961). Moreover, these theories also delineate between types of exchange, exacting specific definitions for exchange based on implicit promises (social exchange) and explicit promises (economic exchange). These different types of promises coalesce into different types of PCs that may form between an employee and his employer.

Theories of Exchange

The theory of social exchange is used pervasively in the organizational behavior literature in order to understand the relationship between an employee and her employer (Cropanzano & Mitchell, 2005). This theory states that one party provides a valued resource to another party, and that second party reciprocates. Why does this reciprocation occur? The norm of reciprocity
states that the second party reciprocates because of feelings of obligation (Blau, 1964; Gouldner, 1960), whereby a sense of discomfort or guilt occurs within the self if one fails to discharge an obligation. Social exchange theory specifies that additionally, after receipt of a resource, the second party reciprocates (a) in order to ensure the continued exchange of additional resources or (b) to avoid the negative, punitive effects of failing to deliver a promised resource (Blau, 1964; Emerson, 1976). The reciprocal exchange between the parties continues until the onset of decreasing marginal utility – that is, the discharge of the obligation is not worth the subsequent reward (Blau, 1964).

Theories of exchange and reciprocity are the foundation of the PC literature. They underscore the relationship between PC breach, or the failure of a party of an exchange to fulfill its obligations to the other party (Robinson & Morrison, 1997; Rousseau, 1995), and its antecedents and outcomes. Specifically, when an organization fails to provide a promised resource, whether it be intentional or unintentional, avoidable or unavoidable (antecedent) (Robinson & Morrison, 1997; Rousseau, 1995, p. 113), an employee perceives a breach in the terms of her psychological contract – the terms of the contract are unfulfilled. That employee will consequently alter her behavior or attitudes toward the employer, adjusting her contribution to the organization downward (outcome). For example, the meta-analysis by Zhao and colleagues on PC breach (2007) states that when an employee perceives PC breach, she will decrease performance and organizational commitment and/or increase intentions to turnover. PC breach can thus be characterized as an exceedingly important concept in the study of organizational behavior because it acts as a lever, prompting negative and on occasion more serious, vindictive responses by employees (Bordia, Restubog, & Tang, 2008; Turnley & Feldman, 1999).
The general characteristics of the exchange between an employer and employee can be categorized into two forms: economic and social exchange (Blau, 1964). Economic exchanges include reciprocal exchange of concrete, explicit goods, materials, or services. These types of exchanges are explicitly calculated (Blau, 1964; Shore, Tetrick, Lynch, & Barksdale, 2006). Economic exchanges can evolve into social exchanges over time if the marginal utility of increased investment in the relationship does not decrease, and if mutual trust and identification between the parties grows. As Blau (1964) states, social exchange relationships are characterized by feelings of personalized obligation, gratitude, and trust. These exchanges place an emphasis on developing a long-term relationship, in addition to maintaining a relationship predicated upon mutual identification and social support (Rupp & Cropanzano, 2002; Schein, 1980; Shore et al., 2006; Van Dyne, Graham, & Dienesch, 1994). Within the social exchange relationship, the value of the traded resources is not explicitly calculated, and there is no finite deadline for discharge of an obligation (Blau, 1964; Homans, 1961). Finally, social exchanges are characterized by distributed value to both parties; social exchanges are typically not a one-sided or imbalanced exchange in the long-term because there is always the expectation that each party will eventually again provide a valued resource to the other (Blau, 1964; Emerson, 1976; Homans, 1961).

Drawing on the separation of types of exchange, PC theorists have also differentiated between types of PC breach. Specifically, researchers have looked at not only how the content of PC varies, but how reactions to PC breach vary based on the content of the PC. In this paper, three forms of PC breach are explored: relational organizational breach; transactional organizational breach; and PC breach by the manager. Relational organizational PCs are composed on long-term obligations that are more emotional in nature, such as the promise to...
provide mentoring support to the employee or to be concerned with the personal welfare of the employee (Dabos & Rousseau, 2004; Rousseau, 1995, 2000). Transactional organizational PCs contain promises about the scope of job responsibilities, minimum pay, and limited duration of employment (Dabos & Rousseau, 2004; Rousseau, 1989, 2000). Importantly, fulfillment of these different types of organizational PCs differentially relate to employee attitudes and behaviors on the job. For example, relational psychological contracts are linked to a host of positive performance-based outcomes, including citizenship behavior, or helping behavior that extends beyond what is required (e.g., Hui, Liu, & Rousseau, 2004; Turnley, Bolino, Lester, & Bloodgood, 2003), whereas transactional contracts are associated with comparatively less positive performance-based outcomes (Lester, Kickul, & Bergmann, 2008; Rousseau, 2005). Employees with transactional organizational PCs are not interested in providing additional help or emotional investment to the organization because these employees view the organization as promising little more than the bare minimum employment terms, including a job with specific duties and limited, well-defined responsibilities (Rousseau, 1995; 2000). Importantly, employees may hold both transactional and relational organizational PCs concurrently – they may understand their employment in basic, economic terms (transactional organizational PC), yet at the same time feel some semblance of kinship with their organization, which results in the development of a relational organizational PC (Coyle-Shapiro & Kessler, 2000; Lo & Aryee, 2003; Robinson, 1996; Turnley & Feldman, 2000).

As described above, measurement of PC breach by the organization or manager occurs in many forms. Rousseau’s (2000) Psychological Contract Inventory (“PCI”) asks explicit questions about the extent to which employees receive transactional and relational promises from their employer. Transactional promises refer to obligations to provide short-term work that is
limited in scope and responsibility, as well as fair pay. Relational promises are derived from a more social exchange between an employee and manager, including personal concern and sacrifice for the employee (Dabos & Rousseau, 2004; Rousseau, 2000). This is a traditional content measure of PC breach (Rousseau & Tijoriwala, 1998; Sels, Janssens, & Van Den Brande, 2004). One limitation of content-based measures of PC breach is that certain, idiosyncratic terms of the employment relationship may not be captured (Rousseau, Ho, & Greenberg, 2006). Thus, global measures of PC breach are also popular (e.g., Robinson & Morrison, 2000), and global PC breach by the manager represents the third type of PC breach examined in the study. Global measurement of PC breach asks general questions about the extent to which an employee perceives that employer promises have been kept, without explicitly asking about the types of promises met or unmet. Modeling a manager’s global perceptions of PC breach – be that by the organization or manager - will provide an indicator of the general amount of resources that that manager has to offer. Also, just as the organization can negotiate the terms of an employee’s employment and consequent PC content, an employee’s manager can also make (and break) promises to employees (Lee & Taylor, 2009). These promises, however, vary in scope and breadth (typically much smaller) than the large-scale promises made by organizations and their Human Resource departments (Rousseau, 1995; 2001).

All three types of PCs can develop simultaneously (Rousseau, 1995). So, too, can breach of the terms of each type of PC. In terms of breach, breaking promises in a transactional organizational PC results in transactional organizational PC breach, breaking promises understood about a relational organizational PC results in relational organizational PC breach, and breaking promises outlined in a PC with one’s manager results in a PC breach by the manager.
Extant research on PC breach and its theoretical foundation of social exchange suggests two underexplored streams of research that are critical to understanding more nuanced effects of PC breach by type. First, studies on PC breach have yet to completely conceptually and empirically clarify the antecedents of relational organizational psychological contract breach and transactional organizational psychological contract breach. Social exchange theory suggests that the antecedents of each PC type differ, with a lack of economic resources predicting violation of a transactional psychological contract and a lack of social resources predicting a violation of a relational psychological contract. This model should be explicitly hypothesized and tested in order to account for variable and distinctive types of exchange employees engage in while at work. Doing so will uncover several things, including how employers can expect their employees to react to a dearth of economic versus social resources, and why different types of PC form within a group of employees. Second, the idea of social exchange has been restricted to two parties, whereas in the reality of organizational life, individuals’ exchanges are influenced by a wide variety of parties (Ho, 2005). The PC literature assumes that failure to fulfill an employee’s PC is largely due to the employee not fulfilling his set of obligations to the employer. Beyond this immediate exchange, this study examines whether an employee’s manager’s exchanges trickle-down to affect the fulfillment of that manager’s obligations to her employees. That is, this paper rejects the assumption that, a priori, managers have resources to fulfill an employee’s PC. As suggested by Morrison and Robinson (1997; see also Robinson & Morrison, 2000), there are reasons beyond blatant or intentional neglect of an employer’s PC breach. It may be simply that the employer does not have the resources to fulfill the PC, and in examining an employee’s manager’s relationship with her boss, this paper uncovers situations when this lack of resources by the manager affects the employee’s own resources at work. The
next section examines the body of research on antecedents of PC breach and develops
hypotheses about how distal exchanges affect an employee’s immediate exchange with his
manager, and consequently his perceptions of different types of PC breach.

**Antecedents of PC Breach**

Three areas of research have emerged to describe antecedents of PC breach. The first
concentrates on accurate cognition of the terms of the PC, the second focuses on an employee’s
affect and personality and its relationship to perceptions of PC breach, and the third examines
relationship quality as an antecedent of PC breach. According to Rousseau’s (2001) work on the
building blocks of psychological contracts, fulfillment of a PC is contingent upon accurate
schemas about perceived reciprocal promises. Schemas are essentially “fill-in-the-blank” mental
models of perceived reciprocal obligations, and are completed via receipt of explicit promises
and increased social interaction. Rousseau’s (1995; 2001) work on PC formation led researchers
to examine what creates an accurate schema. De Vos, Buyens, and Schalk (2003) drew on sense-
making theory to describe how employees actively seek out information about their PCs upon
organizational entry. These authors describe how employees, in seeking to solidify an
understanding of how and when to expend their energy, adjust perceptions of what their
employer promised them such that it is in congruence with what their employer actually delivers,
essentially self-regulating the terms of the exchange to be in balance, or of equal value. Dabos
and Rousseau (2004) triangulate this research, finding that shared mental models of perceived
obligations underlie agreement about the terms of an employee’s PC. These shared mental
models develop from reinforcing or interrelated social cues, and strengthen over time. Thus, PC
fulfillment is predicated upon the match between the evolving expectations of what an employee
and what an employer is providing. In terms of affect, Johnson and O’Leary-Kelly (2003) found
that cynicism directed toward the organization – a perception that the organization lacks integrity, justice, and sincerity – was related to PC breach, even after controlling for trait cynicism, or the general tendency to mistrust society. In relation, Raja, Johns, and Ntalianis (2004) found that individuals who pay explicit attention to the distribution of resources at work - that is, those who have higher equity sensitivity (Huseman, Hatfield, & Miles, 1987) – were more likely to report PC breach.

The final stream of work on antecedents of PC breach centers around how relationship quality – be that between an employee and manager or employee and organization – affects PC breach. This body of work has found the most explicit support in the PC literature. Central to this topic is work by Dulac and colleagues (2007). The authors found that improved relationship quality with one’s manager (via increased respect, contribution, and loyalty), as well as more positive affect, or leader-member exchange, (“LMX”; Graen & Uhl-Bien, 1995; Liden & Maslyn, 1998) resulted in reduced perceptions of PC breach. Similar findings found that the employee-organization relationship quality (perceived organizational support, or “POS”; Eisenberger, Huntington, Hutchison, & Sowa, 1986) as negatively related to PC breach (Dulac et al., 2007; Aselage & Eisenberger, 2003; see also Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). Drawing on social exchange theory (Blau, 1964), this group of researchers argues that higher-quality exchange relationships engender a feeling in an employee that even if the terms of the PC are not currently fulfilled, they will be in the future. More expansively, higher-quality relationships incite trust between the parties that the exchange will persist. These types of exchanges also imply that the relationship will continue to be mutually beneficial and that neither party will intentionally renege on perceived obligations (Blau, 1964; Dulac et al., 2008). These central theses found additional support in research by Tekleab, Takeuchi, and
Taylor (2005). Finally, Morrison and Robinson (2000) found that lower employee performance – arguably the employee contribution to the organization – resulted in greater employee perceptions of PC breach. The authors concluded that the organization adjusted its obligations to its lower-performing employee so as to not imbalance the value of the resources traded in the employer-employee exchange – that is, in reaction to the devaluation of the relationship quality between the employee and employer (Blau, 1964).

In summary, PCs are formed by the expectations an employee has about the terms of her employment relationship, and specifically what she will receive from the organization or her manager. Specific clusters of expectations form, be it relational expectations of a long-term, intimate relationship or transactional expectations of a short-term, quid pro quo relationship with the employer. Failure to fulfill these expectations results in PC breach related to the area that was breached, such as relational organizational PC breach, or breach by the organization of relational terms of an employee’s PC. Antecedents of these forms of PC breach include relationship quality with one’s organization or manager, affect, and pre-organizational entry schema of employment promises. The next section examines a new antecedent of PC breach: distal exchanges.

**Distal Exchanges’ Effects on PC Breach**

While the PC literature positions immediate exchanges between an employee and his organization (POS) or manager (LMX) as central to PC breach perceptions, recent research on the manager-employee relationship has suggested that the quality of these relationships is largely contingent upon an employee’s manager’s relationship with her manager and organization. A manager who receives socioemotional support from her organization, or POS, will have this resource to share with her employee. Using Masterson’s (2001) trickle-down analysis of social
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exchange in the workplace, Shanock and Eisenberger (2006) suggest that receipt of POS
motivates an employee to repay the favorable treatment, presumably with a close and frequent
interaction partner, such as a subordinate (Erdogan & Enders, 2007; Sparrowe & Liden, 2005).
Similarly, a manager’s personal relationship with her manager also influences the relationship
that manager will have with her employee (Erdogan & Enders, 2007). Why is this? First,
resources provided to a manager via a manager’s relationship with his boss become available to
give to an employee (Erodogan & Enders, 2007). Additionally, the manager’s relationship with
her boss is an exemplar - it will influence how a manager communicates with her employee,
whether it be on a personal, emotional level (higher LMX) or transactional, unemotional level
(lower LMX) (Erdogan & Enders, 2007). This exemplar effect is described by social
information processing theory, which holds that employees look to their external work
environment for cues as to how to interpret events and to discuss experiences within the
organization in order to draw conclusions about its nature (Salancik & Pfeffer, 1978). This
phenomenon is visible in the service literature, whereby fair organization treatment motivates
more conscientious and courteous customer interactions among sales employees: employees
internalize how the organization treats them and emulates that experience with customers (Bell
& Menguc, 2002; see also Liao & Chuang, 2007; Masterson, 2001). Importantly, high quality
employer-employee relationships are potentially available to all levels of employees
(Eisenberger et al., 1986; Eisenberger, Fasolo, & Davis-LaMastro, 1990; Wayne, Shore, &
Liden, 1997), indicating there is a possibility for a pervasive trickle-down effect of resources in
an organization.

Work on distal exchanges evinces that employee perceptions of PC breach are colored
not only by what a manager deigns to provide an employee, but also by whether or not an
employee’s manager has a resource to provide. This stands in stark contrast to the original assumption in the PC literature that obligations of one’s PC can always be met under conditions of high-quality exchange. It does, however, extend a nascent body of work on exchange relationships that suggests individuals outside the immediate employee-employer exchange do have an influence on PC breach (Ho, 2005; Ho & Levesque, 2005). Thus, a main effect is proposed, whereby fulfillment of the terms of an employee’s PC is contingent on both (a) availability of resources and (b) willingness of a manager to share resources. For example, managers with a wealth of resources from their personal high-quality exchanges simply have more resources to offer employees for PC fulfillment. Perhaps they boss has provided them with increased task resources, such as new computer equipment, or social resources, such as professional respect. These resources are explicit and therefore easily transferrable to another party (Foa & Foa, 1974). At the same time, ss described by the literature on PC antecedents, whether or not that manager chooses to share his resources is largely contingent upon the favorability with which he looks at his employee. Necessarily, then, a manager with poor quality relationships with higher ups has fewer, if any, resources to bestow upon her employees.

The idea that resources trickle-down is critical to the PC literature in two ways: first, in a top-heavy fashion, fulfillment of an employee’s PC may be made easier for an employer in that providing resources to individuals higher-up in the organization’s hierarchy may trickle downstream to ultimately fulfill lower-level employee PCs. Resources, then, are stretched and their value maximized. This effect may be particularly potent when the resource is not particular or finite, such as love or respect (Blau, 1964; Foa & Foa, 1974). In direct contrast, managers with lower quality exchange relationships may actively be doing their employees a disservice by not accumulating resources for distribution. Thus, not only will the manager suffer the
consequences of being in a poor-quality relationship with her employer, characterized by lack of trust, communication, and loyalty, she may also inadvertently harm her employees’ chances of having a healthy, mutually beneficial exchange relationship with their employer. The next section will detail specifically what types of relationships managers engage in and resources they receive that affect distribution of resources for fulfillment of employee PCs. In examining these specific types of relationships and resources, this paper will revisit the idea that the content of PC breach varies, tying PC breach type to the kind of relationships or resources a manager is lacking.

Hypotheses

Relationships in the Organization

This section will describe how distal exchange relationships (a manager’s relationship with his or her manager) affect a manager’s accumulation of resources from the manager that are available to distribute to his employees.

Perceived organizational support. POS describes the quality of the employee-organization relationship, including the extent to which employees perceive the organization as caring for them personally, valuing their input, and providing them with assistance and support as needed (Eisenberger et al., 1986). This construct embodies the exchange relationship between an employee and employer in that in return for the caring and social support the organization provides, an employee fulfills his or her obligations to the organization (e.g., performing at a high level; extra-role helping behaviors; affective commitment, loyalty; Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001; Masterson, Lewis, Goldman, & Taylor, 2000; Settoon, Bennett, & Liden, 1996; Tekleab, Takeuchi, & Taylor, 2005; Wayne, Shore, & Liden, 1997). The direct relationship between POS and organizational obligations to employees was explored
by Coyle-Shapiro and Conway (2005) in a longitudinal study in order to ascertain the causality of perceived organizational obligations due, perceived organizational obligations met, and POS. These authors found that perceived obligations met by the organization improved employees’ perceptions of POS, which in turn reduced perceived future obligations that the organization owes.

**Leader-member exchange.** Like POS, LMX is a perception of a relationship’s quality, but is concerned with the relationship between an employee and her manager. LMX theory holds that managers maintain different quality relationships with employees, ranging from relationships based on high mutual support, liking, and trust, to low support, loyalty, and respect (Graen & Scandura, 1987; Liden & Maslyn, 1998). As Rupp and Cropanzano (2002) and Stinglhamber and Vandenberghhe (2003) provide, higher quality exchanges between a manager and employee result in mutual identification in the other’s interests, values, and preferences. Employees enjoying higher-quality exchanges receive more tangible and intangible resources from their manager (Liden, Sparrowe, & Wayne, 1997). Higher LMX has been linked to a number of positive outcomes. First, affectively, increased LMX directly enhances job satisfaction (Janseen & Van Yperen, 2004) and career satisfaction (Green, Anderson, & Shivers, 1996). It also increases feelings of empowerment (Liden, Wayne, & Sparrowe, 2000). This general feeling of support from one’s leader is also linked to the leader providing career guidance, including “lending” the employee her network of contacts (Sparrowe & Liden, 2005). The absence of higher LMX is related to low innovation on the job (Janseen & Yperen, 2004) and low motivation to engage in extra-role behavior (Wang, Law, Hackett, Wang, & Chen, 2005). Based on social exchange theory (Blau, 1964), receipt of greater and more valued resources by an employee with higher LMX is related to more satisfaction with one’s job.
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(Gerstner & Day, 1997) and reciprocal resource exchange, via better performance and citizenship (Ilies, Nahrgang, & Morgeson; Masterson, Lewis, Goldman, & Taylor, 2000). Research has also supported the relationship between higher LMX and reduced perceptions of PC breach by the manager (e.g., Zagencyzk, Gibney, Kiewtiz, & Restubog, 2009).

Importantly, theoretic development and measurement of POS and LMX capture not only what is currently being exchanged between the employee and organization/manager, but also what may be exchanged in the future. As Dulac and colleagues (2008) describe, although employees may objectively experience lack of fulfillment of the terms of their PC breach, if they have a higher-quality relationship with their employer, they are less likely to actually perceive PC breach. This is because the employees anticipate the lack of fulfillment to be corrected in the future (e.g., Uhl-Bien & Maslyn, 2003).

Managers’ relationships at work and employee PC breach. This section proposes that managers’ relationships at work affect employees’ relationships with that manager and the organization, and an employee’s relationships with his manager and organization affects his personal perceptions of PC breach. First, in examining the relationship between a manager’s relationship quality with the organization and her manager and how this affects the manager’s quality of relationship with his employees, one can draw on organizational support theory and leader-member exchange. Organizational support theory provides that when managers are treated fairly and positively by their organization, they “pay it forward,” or return the benefit to a third party (Emerson, 1976; Masterson, 2001). This may be due to a variety of reasons: it may be redundant to return a resource to the giver; it may be impossible to return a resource to the giver; or, it may be that there are others in greater need than the giver (Blau, 1964; Emerson, 1976; Homans, 1961). Shanock and Eisenberger (2006) found that employees in a large discount
appliance and electronic store were more likely to feel supported by their manager when that manager felt the organization cared personally for her well-being and values. Similarly, Tepper and Taylor (2003) provided that managers reciprocate fair organizational treatment by subsequently treating their employees more favorably. In the LMX literature, there is support for a similar trickle-down effect within the employee-manager relationship (Erdogan & Enders, 2007). Thus, a manager’s distal exchange relationships, namely POS and LMX, influence what resources she accumulates. Employees with managers in higher quality relationships will enjoy improved proximate exchanges, namely POS and LMX with their manager (Erdogan & Enders, 2005; Shanock & Eisenberger, 2006). Research on POS and LMX suggests hypotheses that link employee perceptions of PC breach to these distal exchange relationships. And, research on target-consistent behavior and the theory of the norm of reciprocity (Gouldner, 1960) suggests that LMX is related to employee perceptions of breach by one’s manager, where POS is related to employee perceptions of breach by the organization. These two ideas are discussed next.

To understand the effects of managers’ distal exchange relationships on employee PC breach, it is first important to understand if all distal exchange relationships similarly affect employee perceptions of PC breach via proximate exchanges. The target-similarity framework and the norm of reciprocity (Gouldner, 1960) suggests that manager POS and LMX will not similarly effect all types of PC breach, distinguishing between PC breach by one’s manager and PC breach by one’s organization. The target-similarity framework was developed based on a broad range of research that provides evidence that targets of behavior or resources respond in-kind (Lavelle et al., 2007; Settoon et al., 1996). That is, when employees perceive a lack of fairness in organizational policies, this leads to a negative behavioral response toward the organization; a lack of fairness by one’s manager motivates a reaction toward one’s manager.
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(Goulder, 1960; Karriker & Williams, 2009). In developing the target-similarity framework, Lavelle and colleagues (2007) draw from a wealth of research on multi-foci relationships, or the concurrent examination of multiple behavioral targets. For example, citing Settoon and researchers (1996) and Stinglhamber and Vandenberghe (2003), they discuss how POS is related to organizational commitment, whereas LMX is not. Aryee, Budhwar, and Chen (2002) explore how trust in the manager had little effect on organizational commitment, while organizational trust had a large effect (see also Camerman, Cropanzano, & Vandenberge, 2007). All of these hypotheses draw on Gouldner’s norm of reciprocity (1960, p. 173), which states that individuals provide some benefit to another with the idea that that party will provide a benefit in turn. This means that individuals seek out and extend benefits to those individuals they want to receive something from, indicating that they provide benefits to Party A in the hopes that Party A (and only Party A) will give them something in return. As will be discussed in more detail when outcomes of PC breach are identified, employees can selectively reduce helping behavior toward particular targets as the quality of the relationship they have with those targets improves or deteriorates (e.g., Lavelle, Konovsky, & Brockner, 2005; Lemmon, Wayne, & Yuan, working paper; Williams & Anderson, 1991).

Following the norm of reciprocity theory (Gouldner, 1960), hypotheses about target-specific antecedents of PC breach emerge. First, an employee’s poor quality LMX, predicted by his manager’s poor quality LMX with his manager (Erodan & Enders, 2007; Masterson, 2001), will result in reduced exchange between the employee and manager – that is, PC breach by the manager is more likely. In order to fully explicate the relationship between POS and PC breach by the organization, the prior discussion on types of PC breach is relevant. The content of relational PCs and transactional PCs varies (Rousseau, 1989, 1995). Relational PCs are
composed of terms akin to a social exchange, wherein the obligations relate to social support and long-term interest (Dabos & Rousseau, 2004; Rousseau, 1995, 2000). Transactional PCs, on the other hand, contain terms that are explicit, non-affective, and predicated upon *quid pro quo* exchange. The literature on PC breach distinguishes between relational and transactional types of breach, finding that violation of each type of contract invokes different employee responses (discussed in detail in the hypotheses on outcomes of PC breach) (Hui, Liu, & Rousseau, 2004; Lester, Kickul, & Bergmann, 2008; Montes & Irving, 2008; Turnley, Bolino, Lester, & Bloodgood, 2003). POS is characterized by a long-term social exchange between the organization and employee, wherein the organization is personally concerned with the employee’s welfare and needs. Personal concern by the organization can be ascertained by the employee because although the organization is not a living being, employees still tend to view it as such through the process of personification, ascribing to it thoughts, emotions, and intent (Eisenberger et al., 1986; Levinson, 1965). Thus, when POS is reduced because an employee’s manager has lower POS, employees are likely to perceive a breach in their relational PC.

\[ H1: \text{Employee POS will mediate the relationship between manager POS with her manager and employee relational PC breach by the organization.} \]

\[ H2: \text{Employee LMX will mediate the relationship between a manager’s LMX with her manager and employee PC breach by the manager.} \]

**Resources in the Organization**

While within the context of an employee-manager or employee-organization relationship, it is implied that resources are exchanged, there are two pieces of evidence that suggest that a more descriptive account of precisely what resources are exchanged needs be modeled in relationship to PC breach. First, a fuller spectrum of possible resources to be exchanged are not
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captured by current POS and LMX conceptualizations and measurement (Cropanzano & Mitchell, 2005; Foa & Foa, 1974). Presently, resources associated with specific task support or compensation are not tapped when assessing LMX and POS, while resources that are social in nature are tapped when assessing POS and LMX. Thus, in order to assess a broad spectrum of resources able to be traded between an employee and employer, additional types of resources that are accumulated via participation in a variety of exchanges in an organization is explored (specifically, task resources and monetary resources). Second, research on the relationship between POS, LMX, and PC breach relies on the assumption that employees in higher-quality exchange relationships perceive less breach because, in part, they expect to receive resources from the relationship in the future (Dulac et al., 2008). Indeed, this position is consistent with a central tenet of social exchange relationships in that there is no finite timeline for return of obligations. However, studies like Dulac and colleagues’ (2008) research measure fulfillment of the terms of a PC with items such as, “I have not received everything promised to me in exchange for my contributions” (Robinson & Morrison, 2000). This question asks explicitly about the extent to which resources have already been received, not if they will be received in the future. Though psychological contract formation includes expectations or anticipation of inducement (Coyle-Shapiro, 2002), measurement of already-received resources is critical to understanding current levels of employees’ perceived PC breach. Thus, a model of the development of PC breach must account for both (a) anticipated and received resources from higher-quality exchanges (H1, H2) and (b) resources received from the employer-employee relationship that are received outside the context of POS and LMX (H3a-H3b).

**Resources beyond POS and LMX.** In order to expand understanding of the types of resources people exchange, Foa and Foa (1974) developed a framework of interpersonal
resources. The authors identified six types of resources: love, status, services, information, goods, and money. Love resources include caring for another’s well-being and success in life, while status resources are about the respect one bestows upon another. Service resources are explicit helping behaviors, such as guiding or mentoring, while goods are material, tangible things. Information resources are facts about a particular thing, and money is tangible or quantifiable compensation. Foa and Foa (1974) differentiated these resources in terms of concreteness, with love and status being less concrete, and service, information, goods, and money being respectively more concrete. Resources are exchanged in-kind - e.g., love is typically not provided in exchange for money.

Foa and Foa’s (1974) resources map succinctly onto the content of transactional and social exchanges (Blau, 1964). Indeed, recent work on a scale development of these resources suggests three underlying factors: social resources, task resources, and monetary resources (Glibkowski, Lemmon, Wayne, Marinova, & Chaudry, working paper). Social resources include love and status, and imply a trusting, nurturing relationship such as a social exchange. In contrast, transactional resources include goods, services, and information. These more concrete, quantifiable resources are akin to the *quid pro quo* exchange of explicit resources in a transactional exchange (Blau, 1964; Cropanzano & Mitchell, 2005). Finally, money resources include money, or currency.

Much like how managers share resources gleaned from their high-quality employee-employer relationships to improve an employee’s perceptions of POS and LMX (Erdogan & Enders, 2007; Masterson, 2001; Shanock & Eisenberger, 2006), managers’ social, task, and monetary resources should also trickle-down to influence employee receipt of social, task, and monetary resources. Managers accumulate these resources from their manager over time.
Although the amount of resources a manager has may be contingent upon that manager’s perceptions of PC breach (e.g., did that manager’s manager actually provide promised task, social, and monetary resources), this additional relationship is not explored in the present research. That is, antecedents of managers’ resources are not explored in the model.

According to the target-similarity framework, not receiving a particular type of resource will influence type of PC breach that is experienced. Particularly, because it reflects the content of a social exchange, lacking social resources will prompt increased employee perceptions of relational PC breach. And, because task and monetary resources represent the context of a transactional exchange, a dearth of task and monetary resources will prompt an employee to perceive transactional PC breach. Here it is assumed that all employees hold both relational and transactional PC content in their PC schema (Coyle-Shapiro & Kessler, 2000; Lo & Aryee, 2003; Robinson, 1996; Rousseau, 1995; Turnley & Feldman, 2000), and that the lack of fulfillment of the terms of this schema influences breach based on the type of non-fulfillment (social, task, or monetary non-fulfillment).

**H3a:** Employee social resources from the manager will mediate the relationship between his manager’s social resources from his or her manager and employee’s relational PC breach by the organization.

**H3b:** Employee task resources from the manager will mediate the relationship between his manager’s task resources from his or her manager and employee’s transactional PC breach by the organization.

**H3c:** Employee monetary resources from the manager will mediate the relationship between his manager’s monetary resources from his or her manager and employee transactional PC breach by the organization.
**PC breach by the manager and organization.** As described, modeling a manager’s global perceptions of PC breach – be that by the organization or manager - will provide an indicator of the general amount of resources that that manager has to offer. This general amount of resources will influence the manager’s exchange with his employee in two ways. First, when a manager lacks resources from his manager, this will influence the manager’s ability to exchange resources with his employee as it relates to manager-employee exchange, or LMX. For example, managers who lack a warm friendship with their managers do not have appropriate social cues for forming higher-quality relationships with their employees (Bandura, 1977), nor do they have workplace experiences that can aid them in forming higher-quality relationships with others (Salancik & Pfeffer, 1978). Failing to create or sustain a higher quality relationship with one’s manager will be related to employee perceptions of PC breach by the manager; the manager will not provide the individualized emotional and developmental support needed to fulfill the terms of an employee’s PC with the manager. Second, managers who do not receive an appropriate amount of resources from the manager compared to what they are promised simply may not have the task and monetary reserves to offer an employee. Thus, a manager experiencing PC breach of promises made by his own manager will also not have the task and monetary resources to share with this employee. That employee will consequently not have all the terms of his transactional PC fulfilled. These terms include basic tools for work and compensation, related to task and monetary resources respectively.

**H4:** Employee LMX will mediate the relationship between the manager’s perception of breach of his PC and employee perceptions of PC breach by the manager.

**H5a:** Employee task resources will mediate the relationship between the manager’s perception of breach of his PC and employee transactional PC breach.
**H5b:** Employee monetary resources will mediate the relationship between manager’s perception of breach of his PC and employee transactional PC breach.

**Moderators.** The transfer of resources and exchanges from manager to employee cannot be assumed to occur simply because the manager has accumulated resources or higher-quality exchange with his manager. As Tekleab and Taylor (2003) point out, a manager’s treatment of an employee is largely contingent upon that employee fulfilling her own obligations to the organization (manager reports of an employee’s PC breach). Put another way, a manager will only share the bounty of her own positive relationships at work and resources at work to employees who deserve their receipt. Thus, a manager’s positive relationship with her manager (LMX) and organization (POS), and the resources gleaned from exchange with the organization (social, task, and money resources; lack of PC breach by her manager) will benefit only those employees who have fulfilled their own obligations to their manager.

**H6:** Manager reports of an employee’s PC breach will moderate the relationship between (a) a manager’s LMX and an employee’s LMX, (b) manager POS and an employee’s POS (c) a manager’s receipt of social resources and an employee’s social resources, (d) a manager’s task resources and an employee’s task resources, and (e) a manager’s monetary and an employee’s monetary resources.

Following social exchange theory, employees who fulfill their obligations to their manager build a higher-quality relationship with that manager via increased trust and reciprocity (Blau, 1964). Thus, employees who fulfill their part of the exchange agreement with their manager are more likely to receive reciprocal manager resources, such as key information used at work (Tekleab & Taylor, 2003). Further, that manager may be more inclined to share experiences of benevolent organizational behavior (e.g., experiences of POS) and organizational
resources (e.g., POS), prompting the subordinate to perceive higher POS. There are also manager-driven contextual-focused factors that influence manager-subordinate trickle-down of resources. For example, employees who feel that their managers are acting on behalf of the organization may be more willing to accept resources from that manager because embodiment implies that the manager is acting based on the direction of the organization (Eisenberger, Stinglhamber, Vandenbergh, Sucharski, & Rhoades, 2002; Stinglhamber, Eisenberger, Aselage, Becker, Sucharski, & Eder, working paper). Additionally, if a manager feels his or her actions are monitored by a higher-level manager, the manager may be more inclined to share resources at her disposal in order to be viewed favorably (Bolino, 1999; George & Zhao, 2001). Here a manager’s level of discretion, or autonomy, in providing resources to an employee may affect the trickle-down effect. Managers whose actions are not embodied by his or her organization’s specific policies have more control over the provision of resources to fulfill an employee’s PC (George & Zhou, 2001).

**H7:** Manager embodiment moderates the relationship between manager and employee (a) POS, (b) LMX, (c) social resources, and (d) task resources, such that the relationship is stronger when manager embodiment is higher.

**H8:** Manager monitoring moderates the relationship between manager and employee (a) POS, (b) LMX, (c) social resources, and (d) task resources, such that the relationship is stronger when manager monitoring is higher.

In addition to factors that may influence the trickle down of resources between a manager and employee, consideration must also be given to employee-driven contextual factors that may increase or decrease the likelihood that employees will perceive PC breach when they do not have a higher-quality relationship with their manager or enough social and task resources from
their manager. Specifically, are there factors that mitigate the negative effects of lower-quality relationships and fewer resources on perceptions of PC breach? Within the context of interpersonal exchange, each party strives to maintain a balance of obligations owed and obligations due. According to the norm of reciprocity, when the exchange becomes imbalanced, such as when PC breach occurs, the injured party will seek to rebalance the exchange (Bordia, Restubog, & Tang, 2008). For example, in the Bordia and colleagues’ study (2008), the researchers found that employees were actively deviant after they experienced a PC breach. Deviance included behaviors such as neglected organizational property or using organizational resources for personal use. Additionally, employees lacking self control, an individual difference, had comparatively more deviant responses to PC breach.

The Bordia and colleague’s (2008) study sheds light on the active, tangible ways employees respond to PC breach. It also demonstrates the importance of considering consider conditions in which PC breach may be more or less apparent. For example, employees who feel a personal connection with their employer may be hesitant to act in ways that harm it in response to breach. That is, they may be more forgiving in the face of misdeeds by the organization and its agents.

When employees define themselves in terms of their organization and develop a psychological attachment to their organization because of this self-definition (Ashforth & Mael, 1989; Dutton, Dukerich, & Harquail, 1994), they are said to have high organizational identification. It differs from commitment such that commitment is more of a positive attitude toward the organization; identification assumes that the fate of the individual and the organization are linked in employees’ minds (Ashforth, Harrison, & Corley, 2008). Organizational identity can also be defined in terms of a motivational state, in which
identification spurs employees to act on behalf of the organization. For example, higher identification is associated with more OCB, loyalty, and performance (e.g., O’Reilly & Chatman, 1986; Tyler & Blader, 2000). In addition, organization identification is associated with more cooperation, participation, effort, and decision-making that prioritizes satisfying organizational needs (Ashforth et al., 2008; Bartel, 2001; Kramer, 2006; Simon, 1976).

There are two reasons that organizational identification may reduce perceptions of PC breach. First, according to social identity theory (Tajfel & Turner, 1986; Turner, 1982), organizational identification may prevent or stymie a belief that someone they see as “one and the same” has broken a promise to them. This is because the employee sees him- or herself and the organization as interchangeable in that the organization’s actions are also the actions of the employee. Thus, the employee will not be as willing to consider the possibility that he or she has committed self-harm. Further, organizational identification implies a deep-seated connection with the organization. Employees may feel as though even if the organization does not fulfill its obligations now, it trusts that in the future the organization will deliver.

Identification can also be extended to individuals or groups (Tajfel & Turner, 1986), such as one’s manager. Managerial identification operates similarly to organizational identification in that higher managerial identification implies a feeling of connection and trust with one’s manager (Lavelle et al., 2007). Further, like organizational identification, employees experiencing higher managerial identification are more likely to give their managers the benefit of the doubt in situations such as PC breach, instead feeling that the manager will either (a) work to correct the wrong-doing or (b) that the manager and the self are one and the same, and thus not blame the manager. As Lavelle and colleague’s (2007) target similarity framework suggests, managerial identification will affect one’s attitudes toward his manager, whereas organizational
identification will affect one’s attitudes toward his organization. For this reason, employees with higher managerial identification are likely to respond less negatively to PC breach by the manager, but not alter their responses to PC breach by the organization.

**H9:** *Organizational identification will moderate the relationship between employee perceptions of (a) POS and relational PC breach, (b) social resources and relational PC breach, and (c) task resources and transactional PC breach such that the relationship is weaker when identification is stronger.*

**H10:** *Managerial identification will moderate the relationship between employee perceptions of LMX and PC breach by the manager such that the relationship is weaker when identification is stronger.*

The final moderator that may influence whether or not an employee perceives PC breach is the degree to which an employee believes that the other party in his or her PC intentionally broke promises contained in the employee’s PC (Rousseau, 1995; Robinson & Morrison, 2000). As Turnley et al. (2003) describe, employees who feel that the organization or manager had no other choice in breaking the contract – that is, their choice to break a PC promise was out of their control – are less likely to consider a broken promise an instance of PC breach. Employees who feel that the manager or organizational are blameless in breaking a promise are less likely to perceive a violation of their PC (Rousseau, 1995).

**H11:** *Unintentional attribution for PC breach will moderate the relationship between employee perceptions of LMX and PC breach by the manager such that the relationship is weaker when unintentional attribution for PC breach by the manager is stronger.*
H12: Unintentional attribution for PC breach by the organization moderates the relationship between employee perceptions of (a) POS and relational PC breach, (b) social resources and relational PC breach, and (c) task resources and transactional PC breach such that the relationship is weaker when unintentional attribution for PC breach by the organization is stronger.

Outcomes of PC breach

Target-similar and dissimilar relationships. The literature on outcomes of PC breach has proliferated greatly in the past two decades because of the reliably strong relationship between PC breach and important employee attitudes and behaviors. Using social exchange as a guide, PC theorists have described the outcomes of a PC breach as an act of restitution (Coyle-Shapiro & Kessler, 2000; Deery, Iverson, & Walsh, 2006; Rousseau, 1995; Zhao et al., 2007). In not receiving what was promised to them, employees seek to restore balance in the value of resources they expend compared to the value of resources they have received, if any (Rousseau, 1995; Turnley, Bolino, Lester, & Bloodgood, 2003). In their meta-analysis, Zhao and colleagues (2007) found that PC breach was related to lower job satisfaction, organizational commitment, and turnover intentions. In terms of behaviors, PC breach was also related to helping behavior and in-role performance. Though, some of these effects were stronger when using a global rather than content-based measure of PC breach. There is also evidence that employees respond to PC breach in a variety of ways, contingent upon the severity of the breach (Bordia, Restubog, & Tang, 2008) and personal norms for reciprocity (Coyle-Shapiro, 2002). For example, Bordia and colleagues (2008) demonstrated that employees who experienced severe relational PC breach thought about exacting revenge on the organization and were more likely to be organizationally deviant.
A more recent body of work on PC breach exists that suggests that reactions vary across PC breach type (Bordia et al., 2008; Hui et al., 2004; Montes & Irving, 2008; Raja, Johns, & Ntalianis, 2004; Turnley et al., 2003). The target-similarity framework serves as a guide for making predictions about same-foci relationships. First, employee perceptions of PC breach by his manager will prompt a response directed at his manager. Because a manager’s performance is often predicated upon the work product of the workgroup they supervise, a decrease in in-role performance will directly harm a manager. Thus, employees may decrease their in-role performance in reaction to PC breach by the manager in an effort to rebalance the exchange (Rousseau, 1995; Turnley, Bolino, Lester, & Bloodgood, 2003). However, behaviors that extend beyond in-role performance should also be discussed. The PC breach literature proposes that extra-role helping behavior, or organizational citizenship behavior ("OCB"; Organ, 1988; Williams & Anderson, 1991), is one specific lever employees may use to regain balance in the exchange with their employer (Coyle-Shapiro & Kessler, 2000; Turnley et al., 2003; Zhao et al., 2007). OCB may be directed toward the organization or toward the manager. Organizational OCB includes behaviors aimed at making the organization run smoothly, such as being on time to work and not taking personal calls at work. OCB directed toward the manager includes behavior that help the manager do his job better, such as helping out coworkers when they are absent. The target-similarity model demonstrates that reductions in OCB vary by beneficiary, with negative actions by one’s manager resulting in a decrease in OCB toward the manager, and negative actions by one’s organization resulting in a decrease in OCB toward the organization (Karriker & Williams, 2009; Lavelle et al. 2007). Importantly, OCB is by definition behavior above and beyond the call of duty in the workplace. Individuals who enact OCB toward the organization are typically deeply embedded in a social exchange.
relationship with the organization. Individuals experiencing relational PC breaches are thus more likely to reduce OCB directed toward the organization than individuals experiencing transactional PC breaches because relational PC breaches are predicated on the idea that a social exchange exists between the organization and employee. Alternatively, employees with transactional PCs enjoy a less meaningful, long-term relationship with the organization. They are likely not engaging in OCB to begin with, and their only recourse will be to reduce their in-role helping behavior, or in-role performance.

H13: Employee perceptions of PC breach by the manager will be more negatively related to OCB directed toward the manager and in-role performance than OCB directed toward the organization.

H14: Employee perceptions of relational PC breach by the organization will be more negatively related to OCB directed toward the organization than in-role performance or OCB directed toward the manager.

H15: Employee perceptions of transactional PC breach by the organization will be More negatively related to employee performance than to OCB directed toward the organization or toward the manager

METHOD

Sample

Source of data. Data were collected from four organizations: (1) white-collar employees of a Fortune 500 manufacturing organization, (2) employees at a Midwestern recruitment firm, (3) medical professionals and nurses at a public hospital in the Midwest, and (4) academic professionals from a large Midwestern university. Within each organization, surveys were
distributed to employees and their respective managers. Employees responded to questions about their work experiences and attitudes, while managers responded to questions about both their work experiences and their perceptions of their employees’ behaviors and attitudes.

**Response rate.** Response rates across the organizations varied, due to both the method of data collection and the support of top management at each organization. At the manufacturing organization, 1,236 employee surveys were distributed via email and 1,106 employee surveys were completed. Managers completed surveys on 249 of the responding employees (response rate = 23%), with 152 answering all questions related to the present study (response rate 14%). At the recruiting firm, 114 employees were sent surveys via email. 89 employees completed the survey, and 87 of their managers completed the survey (response rate = 98%). 82 of these managers completed all questions related to the present study (response rate = 92%). For the hospital sample, 1,280 surveys were distributed to employees via email and paper-and-pencil, and 470 were completed. 86 managers completed corresponding surveys (response rate = 18%), with 75 surveys having completely usable data (response rate = 16%). Finally, in the academic sample, 3,302 employee surveys were distributed, with 262 employees completing the survey. Only 23 managers completed corresponding surveys, all with full data needed for the present study (9%). In sum, 337 dyads were used to test this study’s hypotheses.

Response rates for all samples except the recruitment firm were lower than expected. Several factors may have contributed to this lower response rate: First, the use of on-line surveys to collect data is known to reduce response rate (Dillman, 2000). This is due to several factors: employees can easily delete emails; there is no in-person plea for survey completion; the number of emails employees receive daily may be overwhelming; and unlike paper-and-pencil
surveys, manager do not typically set aside work hours for on-line survey completion. However, one factor that did increase the response rate was regular reminder emails (Yammarino, Skinner, & Childers, 1991). Second, in two of the three organizations, top management support for the studies was not as visible as desired. While each organization sent an email from a top management employee encouraging employees to respond to the survey, an email is a relatively impersonal way to communicate information about a research study that asks sensitive questions (Gupta, Shaw, & Delery, 2000). (In the recruitment organization, where the response rate was high, the survey was announced in-person by top executives several times prior to the survey data.) The recruitment email sent to potential participants was also somewhat generic in that they did not talk about specific outcomes of the study that may directly benefit those who participated (e.g., a redesigned performance management system). (This lack of communication about concrete benefits to participants is largely due to the UIC Internal Review Board strictly monitoring how researchers convey the purported benefits of a research study.) Therefore respondents may have not felt like their responses mattered as it related to organizational change, decreasing their motivation to complete a survey. Interestingly, Gupta, Shaw, and Delery (2000) point out that motivation to complete a survey is largely informed by social exchange theory. It may be that the potential benefits of our study – a drawing for a gift card and the ability of the employee to “contribute to the body of knowledge on organizational behavior (language from the study’s recruitment letter)” was not a resource with enough value to prompt an employee to complete a survey. Without perceived equity, employees did not respond to the survey (Gouldner, 1960). Finally, research on response rates has demonstrated that the position an employee holds in an organization’s hierarchy contributes to their willingness to complete a survey, with higher-level managers typically responding to surveys at lower rates than
employees (Cycyota & Harrison, 2006). Because most of the managers in our samples occupied positions in mid- to upper-level management, they may have been less interested in completing a survey. Cycyota and Harrison (2006) point out that “topical salience,” or the belief that the topics covered in the studied will benefit the manager directly, is an important predictor of response rate. Higher-level managers may simply feel as though other tasks or duties take priority over a survey. In hindsight, we may have not been specific enough on the value of our study to respondents.

Due to the response rate issue, in all samples with low response rates an ANOVA was conducted to compare the means scores on all variables in this study. The two groups compared were employees with corresponding manager responses (complete dyads) to employees with no corresponding manager responses was conducted (incomplete dyads). No significant differences were found in the means.

**Sample characteristics.** Demographic information was collected from survey respondents. 32.5% of employees were female compared to 17.2% of managers. The employee sample was relatively diverse: 67% of the sample was White, 14.9% Black, 9.4% Asian, 6.7% Hispanic/Latino/Latina; 2% did not provide race information. Managers were 79.2% White, 8.4% Black, 6.2% Hispanic, and 4.1% Asian; 2.1% did not provide race information. In terms of education, across samples 57% of employees held a Bachelor’s Degree and 18% held a Master’s Degree or higher. In the manager sample, 58.2% held a Bachelor’s degree and 32.6% held a Master’s Degree or higher. Several of the organizations sampled requested we collect age and tenure information by category (e.g., ages 21-20, 30-39, etc.; less than a year tenure, 1-2 years tenure, etc.). 18.4% of employees were younger than 30; 35.2% of employees were 30-39 years of age, and 42.9% of employees were 40 or older; 3.5% did not provide age information. In
terms of tenure, 19.9% worked with their manager for less than a year. 29.4% worked with their manager for 1-2 years, 34.9% worked with their manager from 3-5 years, 9.5% worked with their manager for 6-10 years, and 6.4% worked with their manager for 10 or more years. In terms of organizational tenure, 6.2% of employees worked at their job for less than a year, 11.5% worked for 1-2 years, 42.8% worked for 3-5 years, 33.5% worked for 6-10 years, and 6.0% worked for more than 10 years at their current organization.

**Procedure**

Recruitment of participants occurred at each company prior to the survey distribution date. Top executives at each company wrote emails encouraging participants to complete an online survey. Online surveys were then distributed to all samples. Follow-up reminders were sent at weekly intervals for one month after the initial survey distribution. In addition, paper-and-pencil surveys were distributed at the hospital sample, at the direction of the hospital’s survey liaison. (No significant difference in means was found between hospital employees who completed the survey on-line versus via paper-and-pencil.)

**Measures**

The present study was part of a larger study on employee engagement. Employees and respondents answered a number of questions related to both variables in this study and variables included in the engagement study. Thus, due to survey space constraints, short-forms were used for several variables, as described below. Unless otherwise noted, the response scale for all variables was a Likert scale ranging from 1 = strongly disagree, 2 = disagree, 3 = slightly disagree, 4 = neutral, 5 = slightly agree, 6 = agree, and 7 = stronger agree.

**POS.** POS captures the quality of the relationship between an employee and his or her organization. It was assessed using the four top-loading items of Eisenberger and colleague’s
Trickle-Down Model of Psychological Contract Breach

(1986) scale ($\alpha = .92$ – employees, $\alpha = .91$ – managers). Managers and employees completed this scale. An example item is, “My organization really cares about my well-being.”

**Relational PC Breach.** Relational PC breach captures the extent to which an organization fails to fulfill obligations to employees that relate to how much it cares for or is concerned for the employee. Relational PC breach was assessed using five top-loading items from Rousseau’s Psychological Contract Inventory (2000) ($\alpha = .94$). These five items were used in subsequent studies of PCs (e.g., Bingham, In Press). Responses were reported on a Likert scale with anchors of $1 = I$ receive much less than my organization is obligated to provide. to $3 = I$ receive what my company is obligated to provide. to $5 = I$ receive much more than my organization is obligated to provide. An example item is: “Decisions made with my interests in mind.” These items were reverse-coded to capture PC breach rather than fulfillment.

**LMX.** LMX captures the quality of the relationship between an employee and his or her manager. It was assessed using Scandura and Graen’s (1984) 7-item measure ($\alpha = .93$ – employees, $\alpha = .91$ – managers). Managers and employees completed this measure. An example item is, “I can count on my manager to back me up when I really need it.”

**PC Breach by the Manager.** PC breach by the manager captures the extent to which an employee perceives his or her manager breaking promises made to him or her. Robinson and Morrison’s (2000) 5-item measure was used ($\alpha = .87$ – employees, $\alpha = .94$ – managers). Both managers and employees completed this measure. An example item is, “During the past year, my manager has come through in fulfilling all of his/her obligations to me.” These items were reverse-coded to capture PC breach rather than fulfillment.

**Social Resources.** Social resources are resources provided by the manager that focus on social support or enhancing self-efficacy. Short-form 2 (3 items) of the scale developed by
Glibkowski, Lemmon, Wayne, Marinova, and Chaundry (working paper) was used ($\alpha = .87$ – employees, $\alpha = .91$ – managers). Both managers and employees completed this measure. An example item is, “My manager is confident in my abilities.”

**Task Resources.** Task resources are resources provided by the manager that focus on tangible things that help an employee complete his or her work, such as equipment or information. Short-form 2 (3 items) of the scale developed by Glibkowski et al. (working paper) was used ($\alpha = .88$ – employees, $\alpha = .89$ – managers). Both managers and employees completed this measure. An example item is, “My manager gives me access to the material resources I need at work.”

**Money Resources.** Money resources are financial resources provided by a manager that directly benefit an employee’s personal finances. Several organizations asked that we not collect information about money resources. We planned on using the short-form 2 (four items) of the scale developed by Glibkowski et al. (working paper), with an example item being “My manager gets me a raise.” The organizations felt that these items were too sensitive, and therefore these data were not collected.

**Transactional PC breach.** Transactional PC breach captures the extent to which an organization fails to fulfill obligations to employees that relate to basic employment terms, such as duration of employment or work hours. Transactional PC breach was assessed using five top-loading items from Rousseau’s Psychological Contract Inventory (2000) ($\alpha = .94$). These five items were used in subsequent studies of PCs (e.g., Bingham, In Press). This scale was assessed using a Likert scale with anchors of 1 = I receive much less than my organization is obligated to provide. to 3 = I receive what my company is obligated to provide. to 5 = I receive much more than my organization is obligated to provide. An example item is: “A job with specific, well-
defined responsibilities.” These items were reverse-coded to capture PC breach rather than fulfillment.

**Manager Embodiment.** Manager embodiment captures the extent to which an employee thinks that the actions of his or her manager are made as an agent of the organization. Stinglhamber, Eisenberger, Aselage, Becker, Sucharski, and Eder’s (working paper) 5-item measure was used ($\alpha = .96$). An example item is, “When my manager is pleased with my work, I feel that the organization is pleased with my work.

**Manager identification.** Manager identification is the degree to which an employee perceives himself to be connected with his or her manager. It was assessed using the three top-loading items of Mael and Ashforth’s (1992) scale, with the referent changed from “organization” to “manager” ($\alpha = .76$). An example item is, “When I talk about my manager, I usually say “we” rather than “him/her”.

**Organizational identification.** Organizational identification is the degree to which an employee perceives him- or herself to be connected with his or her organization. It was assessed using the three top-loading items of Mael and Ashforth’s (1992) scale ($\alpha = .85$). An example item is, “When I talk about my organization, I usually say “we” rather than “it”.

**Unintentional Attribution for PC Breach.** Unintentional attribution for PC breach assesses the extent to which a manager or organization breaks promises due to outside factors. Turnley and colleague’s (2003) single-item measure was expanded to three items. Employees responded to questions with a manager referent (example item: “During the past year, my manager wanted to keep his/her obligations to me but could not due to factors outside of his/her control.” $\alpha = .86$), and organization referent (example item: “During the past year, my
organization wanted to keep its obligations to me but could not due to factors outside of its control.” (α = .85).

**PC Breach by Employee.** Managers rated the extent to which an employee failed to keep his or her promises to the manager. Morrison and Robinson’s (2000) five-item PC Breach scale was used (α = .78). An example item is, “During the past year, this employee has come through in fulfilling his/her obligations to me.” These items were reverse-coded to capture PC breach rather than fulfillment.

**Manager Monitoring.** Manager monitoring is the degree to which an employee feels his or her manager watches closely over his or her behavior. The three top-loading items of George and Zhou’s (2001) measure were used (α = .92). An example item is, “My manager keeps pretty close tabs on me.” Managers completed these questions about their boss.

**Organizational Citizenship Behavior.** Organizational citizenship behavior is the degree to which an employee goes above and beyond his or her normal duties at work. The four top-loading items of a manager (α = .89) and organization (α = .38) referent scale were used (Williams & Anderson, 1991; see also Lee & Allen, 2002). The organization referent scale’s reliability did not improve when dropping additional items. Further, examining organization-referent citizenship behavior in each sample revealed no suitable increase in reliability; the reliabilities ranged from .27 to .44. This may be because two of the four items were reverse-scored. An example manager-referent citizenship behavior is, “This employee generally helps others who have heavy workloads.” An example of an organization-referent citizenship behavior is, “This employee sometimes pursues his/her own interests on company time.”

**In-role Performance.** In-role performance is the extent to which an employee completes his or her required daily duties. The top-four highest loading items were used. Managers rated
employees on this Williams and Anderson (1991) measure ($\alpha = .93$). An example item is, “This employee consistently meets the formal performance requirements of his/her job.”

**RESULTS**

**Overview of the Analyses**

Because of the large number of hypotheses in this dissertation, it was not possible to test a full structural equation model (SEM) that included all relationships. However, because of the benefits of structural equation modeling, including the modeling of error terms and testing concurrent relationships (Kilnc, 2004), a simplified model of the study’s hypotheses was developed based on hypotheses that received support using regression. Thus, a four-pronged analysis strategy was used. This strategy consisted of (a) analysis of the data’s structure and integrity, (b) initial tests of hypotheses using regression, (c) supplementary analyses conducted on variables in the final model to address discriminant validity and rater effect concerns, and (d) a focused test of supported hypotheses using structural equation modeling to establish a final model (SEM).

**Data Structure and Integrity**

Before conducting analyses, the data were checked for outliers, inconsistencies (e.g., scoring an “8” on a 1-7 Likert scale), and validity. In terms of outliers and inconsistencies, cases with anomalies that could not be resolved (for example, those errors did not trace back to a data entry issue) were excluded from analysis. In terms of validity, first the reliability of each measure was assessed. As described above, organizational-citizenship behavior directed toward the organization did not have a suitable reliability and therefore was excluded from analyses. Second, because several measures were assessed from the perceptive of the employee, a confirmatory factor analysis (CFA) was conducted to ensure that all (a) all items loaded on their
respective latent factor, and (b) the fit of the measurement model was acceptable (Kelloway, 1998; Kline, 2004). Scales included in the employee CFA include POS, relational PC breach, LMX, PC breach by the manager, social resources, task resources, transactional PC breach, manager embodiment, manager identification, organizational identification, and unintentional attribution for PC breach by both the manager and organization. A CFA was also conducted on measures completed by the manager (POS, LMX, PC breach by the manager, social resources, task resources, PC breach by the employee, manager-referent organizational citizenship behavior, and in-role performance). The employee CFA was successful: the data fit the hypothesized measurement model well ($\chi^2 = 1538.93$ (356), comparative fit index (CFI) = .98, incremental fit index (IFI) = .98, root mean square error of approximation (RMSEA) = .08, and standardized root mean square residual (SRMR) = .08), and all indicators loaded significantly on their respective latent factor. Similar results were found for measures completed by manager: the model had good fit ($\chi^2 = 1284.55$ (281), CFI = .97, IFI = .97, RMSEA = .07, SRMR = .06) and all indicators loaded on their respective latent factor. Please note that full data was present for 281 cases. When future tests of a focused model were conducted that excluded some variables, full data is present for 337 cases. The jump in sample size may be attributed to giving participants the option to respond “n/a” on the survey, or to skip the question entirely. Those individuals who responded n/a or did not respond to a particular item on a scale in this study were excluded from analysis.

Initial Test of Hypotheses

Table 1 provides descriptive statistics for all variables described in the hypotheses, other than OCB-O, which was excluded from analyses due to poor reliability, and money resources, which was not measured at several organizations’ requests. Table 2 describes the results of the
initial hypothesis testing. First I will describe the control variables considered during initial hypothesis testing, and then I will describe the analytic strategy used to test the hypotheses.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Perceived Organizational Support (E)</td>
<td>4.899</td>
<td>1.324</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Perceived Organizational Support (M)</td>
<td>5.182</td>
<td>1.330</td>
<td>.060</td>
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</tr>
<tr>
<td>3. Relational Psychological Contract Breach (E)</td>
<td>1.389</td>
<td>0.468</td>
<td>-.529***</td>
<td>-.097*</td>
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<tr>
<td>4. Leader-member Exchange (E)</td>
<td>5.380</td>
<td>1.291</td>
<td>.312***</td>
<td>.020</td>
</tr>
<tr>
<td>5. Leader-member Exchange (M)</td>
<td>5.798</td>
<td>1.192</td>
<td>.159***</td>
<td>.444**</td>
</tr>
<tr>
<td>6. Psychological Contract Breach by Manager (E)</td>
<td>2.133</td>
<td>0.739</td>
<td>.289**</td>
<td>- .067</td>
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<tr>
<td>7. Psychological Contract Breach by Manager (M)</td>
<td>2.528</td>
<td>0.782</td>
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<td>- .123*</td>
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<tr>
<td>8. Social Resources (E)</td>
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<td>1.132</td>
<td>.232**</td>
<td>.075</td>
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<td>9. Social Resources (M)</td>
<td>6.012</td>
<td>0.972</td>
<td>.125*</td>
<td>.355**</td>
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<td>10. Task Resources (E)</td>
<td>5.234</td>
<td>1.295</td>
<td>.179**</td>
<td>.040</td>
</tr>
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Notes:
N = 281.
(E) = variable rated by employee
(M) = variable rated by manager
*p < .05
**p < .01
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Notes.
N = 281.
(E) = variable rated by employee
(M) = variable rated by manager
*p < .05
**p < .01
Trickle-Down Model of Psychological Contract Breach

TABLE I (continued)

Descriptive Statistics for Initial Hypotheses Testing

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<tr>
<th>Variable</th>
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Notes.
N = 281.
(E) = variable rated by employee
(M) = variable rated by manager
* p < .05
** p < .01
### TABLE I (continued)
**Descriptive Statistics for Initial Hypotheses Testing**

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Notes:
- \( N = 281 \)
- (E) = variable rated by employee
- (M) = variable rated by manager
- \( * p < .05 \)
- \( ** p < .01 \)
TABLE II
Results of Initial Hypotheses Testing

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<th>Data Collected? (Y/N)</th>
<th>Hypothesis #</th>
<th>Results Using Simple Regression</th>
<th>Used in SEM model (Y/N)</th>
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<td>N</td>
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<tr>
<td>Y</td>
<td>3a</td>
<td>Social Resources (M) --&gt; Relational PCB (E): $\beta = -.11, p &lt; .05$</td>
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<tr>
<td></td>
<td></td>
<td>Social Resources (E) --&gt; Relational PCB (E): $\beta = -.28, p &lt; .01$</td>
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<tr>
<td></td>
<td></td>
<td>Partial mediation.</td>
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<tr>
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<td>Marginally significant partial mediation. An alternative test revealed a stronger, full mediation relationship between task resources (E) and PCB by manager (E). This alternative was used in the SEM model.</td>
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<td>6c</td>
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<tr>
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<tr>
<td>Y</td>
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<tr>
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<td>8b</td>
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<td>8d</td>
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<td>PCB by Manager --&gt; In-role Performance = $\beta = -.15, p &lt; .01$</td>
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<td>Relational PCB --&gt; In-role Performance = $\beta = .01$ ns</td>
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<td>N</td>
<td>12d</td>
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(E) = Variable rated by employee
(M) = Variable rated by manager
PCB = Psychological Contract Breach
During the initial hypothesis testing, several control variables were considered. First, the effect of organizational sample was examined as it relates to the outcomes of employee perceptions of relational PC breach, transactional PC breach, and PC breach by the manager. It may be that one organization’s work culture made breach – the breaking of promises – more or less common. No effect was found. Second, organizational tenure and managerial tenure were examined as they related to an employee’s receipt of social and task resources from his or her manager, and also as it related to breach. It may be that longer tenure provides more opportunity to either accumulate resources, or more chances to perceive breach. Again, no effect was found.

As far as analytic strategy for testing the hypotheses, regression was used to for initial hypothesis testing. For hypotheses involving mediation, Baron and Kenny’s (1986) method was employed. Considering a model Independent Variable (IV) $\rightarrow$ Mediator (M) $\rightarrow$ Dependent Variable (DV), this method requires that three tests must be passed in order to establish full mediation: (1) the IV significantly predicts the DV; (2) the IV significantly predicts the M; and (3) the M predicts the DV when the IV is also included in the regression equation, and the IV has not significant effect on the DV. In Table 2, these tests are referred to as test 1, test 2, and test 3. (Partial mediation requires a less rigorous third step: the IV and the M may both significantly predict the mediator.) There were six supported hypotheses. Of particular note is that there were two relationships included in the final model post-hoc. First, the relationship between task resources and PC breach by the manager was tested. This relationship is an important one to consider given the literature on task resources. Foa and Foa’s resource theory (1974) describes task-based resources as fulfilling basic needs. At work, these needs include the proper equipment and information needed to perform. When basic work needs are not met, employees are likely to feel that their manager – the personal who is in the best position to garner resources
Trickle-Down Model of Psychological Contract Breach

for them and supervisor their usage – is failing to fulfill his or her obligations (Rousseau, 1995). The second post-hoc analysis was done on the outcomes of relational PC breach by the organization and PC breach by the manager. In both instances, experiences of breach had effects on both citizenship behavior directed toward the manager and in-role performance. This is perhaps not unexpected. Turley et al.’s (2003) study of the effects of PC breach by the manager found that a failure to keep commitments on the part of the manager was met with a decline in both outcomes, although the effect was stronger for in-role performance ($r = .41$) than manager-directed citizenship behavior ($r = .30$). The authors described this effect as employees doing everything in their power to rebalance the exchange; perhaps just decreasing performance is not enough. These results may be extrapolated to relational PC breach by the manager when consider that this type of breach is still a perceived broken promise (Rousseau, 1995), thereby instigating employee behavior based on retribution. Both of these tests (manager task resources $\rightarrow$ employee task resources $\rightarrow$ PC breach by the manager; relational PC breach and PC breach by the manager to both in-role performance and manager-directed citizenship behavior) were included as a “supported hypothesis” in Table 2 and retained in the final model.

After reviewing supported hypotheses, they were condensed into a single model for SEM testing (next step). This condensed model is hereafter called the focused model. See Figure 2.
However, prior to testing this focused model, several factors were considered. First, did the focused model still test the main research questions in this paper? The focused model answers several main research questions, including, *Do resources trickle-down from manager to employee? What makes this trickle-down more or less strong? How do resources impact the fulfillment of an employee’s PC?* And, *Do different types of PC breaches beget different behavioral reactions from employees?* The second factor that was considered was sample size. Even with the smaller number of variables, were there enough dyads to test a model? In analyzing the list-wise deletion correlation table, 337 dyads were included in the analysis for the focused model. Given a 10-dyad per indicator rule-of-thumb (Kline, 2004), there was enough data to test the focused model using SEM. The final consideration was if the remaining supported hypotheses that were condensed into the focused model told a coherent story. In
examining the pattern of supported versus unsupported hypotheses (discussed in more detail in the Discussion section), it appears that relationships – whether it be with the organization or the manager – do not trickle down. Specifically, the quality of the relationship a manager has with his or her boss had no bearing on the quality of relationship that the employee perceived having with his or her manager. Similar results were found for POS. Further, analyses that examined how an employee’s manager’s experience of breach trickled down were unsupported. Instead, the focused model examined the trickle down of specific resources: social and task resources. For these reasons, the focused model was next tested.

**Supplementary Analyses**

Based on the final set of variables used in the focus model, several supplementary analyses were conducted. First a CFA containing all subordinate-rated measures was tested. The model fit the data well ($\chi^2 = 378.83$ (98), CFI = .95, IFI = .95, RMSEA = .09, SRMR = .06). A model wherein the two types of resources – social and task – were collapsed as single factor was then compared to the hypothesized measurement model. This model had significantly worse fit ($\Delta \chi^2 = 326.85$ ($\Delta$3), $p < .01$), as did a model that collapsed the two types of psychosocial contract breach, relational and by the manager ($\Delta \chi^2 = 1157.02$ ($\Delta$3), $p < .01$). Thus, the hypothesized measurement model had the best fit. Next, Harman’s single-factor test was used to ensure that common method variable did not significantly affect any results. This test specifies that a model with all variables loading onto a common methods factor should significantly worse fit than the hypothesized model. This test was supported; fit decreased dramatically in the single-factor model ($\Delta \chi^2 = 2810.09$ ($\Delta$3), $p < .01$). Finally, a more stringent test of same-source bias was conducted, as suggested by Podsakoff, MacKenzie, Lee, and Podsakoff (2003). This test compared a hypothesized model to a model where all indicators load onto a common
methods factor in addition to their respective latent variables, and the correlations between the common methods factor and the other latent variables in the model are set to 0. Results of this test were positive in that the fit worsened significantly: $\Delta \chi^2 = 36.25 (\Delta \chi^2), p < .01$. Moreover, the common methods factor only accounted for 8.1% of variance in the hypothesized model, which is considered a negligible amount (Williams, Cote, & Buckley, 1989). Based on the results of the CFA comparisons and discriminant validity tests, the dataset used to test hypotheses is likely not significantly biased by common method variance.

The final supplementary analysis examined rater effects in the final model’s dependent variables. Because some managers rated more than one subordinate, it may be that their responses about one employee affected or biased their responses about another employee. More specifically, group membership may significantly affect manager-rated scores on both in-role performance and organizational citizenship behavior toward the organization. ICC(1) values were assessed for each manager-rated variable. For performance, only 6% of total variance in scores was accounted for by the rater. Similarly, for organizational citizenship toward the manager, only 7% of variance in scores was accounted for by the rater. These ICC(1) values indicate an absence of a rater effect (Bliese & Hanges, 2004; Kozlowski & Klein, 2000).

**Focused Model**

The hypotheses receiving support in regression were tested again as part of a larger structural equation model – the focused model (Figure 2). Table 3 provides descriptive statistics. LISREL 8.71 (Jöreskog & Sörbom, 1993) was employed to analyze the data, using maximum likelihood estimation. Variables were centered prior to analysis, as recommended by Cortina, Chen, and Dunlap (2001) particularly when modeling interactions using SEM.
Table 3
*Descriptive Statistics for Focused Model*

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<th>Variable</th>
<th>Mean</th>
<th>Standard Deviation</th>
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*Notes.*
N = 337.

(E) = variable rated by employee
(M) = variable rated by manager
*p < .05
**p < .01
Table 3 (continued)
Descriptive Statistics for Focused Model

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Notes.
N = 337.
(E) = variable rated by employee
(M) = variable rated by manager
*p < .05
** p < .01
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Notes.  
N = 337.  
(E) = variable rated by employee  
(M) = variable rated by manager  
* p < .05  
** p < .01

A full structural equation model was used to test the model without interactions. This model displayed acceptable fit, and all indicators loaded appropriately on their latent factor. ($\chi^2 = 1091.10$ (365), CFI = .95, IFI = .95, RMSEA = .07, SRMR = .08). Two error co-variances were allowed to co-vary: first, the co-variance between social resources and task resources. These variables are from two factors in the same overall scale (Employee Resource Inventory, Glibkowski et al., working paper), and thus may be conflated. Second, in-role and extra-role performance were allowed to correlate. Managers responded to these items back-to-back on the
survey, so responses on the first set of items may have biased or influenced their responses on the second set. Based on this model, specific hypotheses were tested. Please see Figure 3 for results.

Figure 3. Focused Model Results.

First, in support of H3a, employee social resources mediated the relationship between manager social resources and employee relationships of relational PC breach. To test for full mediation, a model with a path between manager social resources and employee perceptions of relational PC breach was tested. This alternative model displayed significantly better fit ($\Delta \chi^2 = 6.15 (\Delta 1), p < .05$), although the partial mediation path was non-significant. Second, in partial
support of Hypothesis 3b, employee task resources mediated the relationship between manager task resources and employee’s perception of PC breach by the manager. (In the original hypothesis, transactional PC breach was the outcome. As described in the initial test of hypotheses section, Table 2, this mediation worked when transactional PC breach was replaced by PC breach by the manager.) This relationship was fully mediated: adding a path between manager task resources and PC breach by the manager significantly worsened the fit of the model ($\Delta \chi^2 = 37.85 (\Delta 1), p < .01$). Given these results, the model that partially supported Hypothesis 3a was selected as the final model. Some support was also found for Hypotheses 14 and 15. Relational PC breach more strongly predicted organizational citizenship behavior toward the manager compared to in-role performance. Additionally, PC breach by the manager had a stronger effect on organizational citizenship behavior toward the manager. To test this comparative effect, a model specifying that the paths between PC breach by the manager to organizational citizenship behavior toward the manager and in-role performance as equal was tested (Cheung, 2007). This model fit the data significantly worse than the hypothesized full structural model ($\Delta \chi^2 = 7.71 (\Delta 1), p < .01$), indicating that there is a significant difference in the relationship between PC breach toward the manager and in-role performance (stronger) compared to citizenship behavior toward the manager (weaker).

To test the interaction hypotheses supported using regression, a single-indicator approach was employed. This methodology was chosen for two reasons: first, to maximize the power to detect effects in the model, and second, because the model required estimation of an interaction effect. With respect to the second reason, although a full model may be tested when an interaction in present, there is no agreement as how to chose indicators for the latent variable (Cortina et al., 2001). In their comparison of methods of modeling interaction terms in SEM,
Cortina and colleagues (2001, p. 357) conclude that given the unresolved issues of measuring the product term, “a single indicator is usually sufficient.” The authors also state that maximum likelihood is the preferable estimation method for testing interactions using SEM. Thus, a single-indicator model was used to estimate the path and the error term of the interaction. Mathieu, Tannenbaum, and Salas’ (1992) procedure was followed. Specifically, the authors provide:

\[
\text{Path} = \sqrt{\alpha} \\
\text{Error term} = (1-\alpha) \times \sigma^2 \\
\text{Reliability of the interaction} = \frac{\alpha (IV) \times \alpha (Moderator) + r^2}{1+r^2}
\]

These equations for path and error term are commensurate with the generally accepted practice of estimation in single-indicator models set forth by Jarvis, MacKenzie, and Podsakoff (2003) and Sass and Smith (2006).

Two focused models were tested: first, a model with manager monitoring interaction with a manager’s receipt of social resources to predict an employee’s receipt of social resources (Figure 4, Model A, testing Hypothesis 8c), and a second model with organizational identification moderating the relationship between employee’s receipt of social resources and perceptions of relational PC breach (Figure 4, Model B, Hypothesis 10c). Model A had a significant interaction effect, while Model B did not. In plotting the interaction, no support was found for Hypothesis 8c. A manager’s perception of monitoring by his or her boss moderated the relationship between the manager’s social resources and the employee’s social resources (see Figure 5). Contrary to Hypothesis 8c, as monitoring increased, the trickle-down effect declined.
significantly. There was no change in the trickle-down of social resources when monitoring was low; the slope for low monitoring was non-significant (Cohen & Cohen, 1984).

Figure 4. *Focused Model A and Focused Model B for Interactions.*
DISCUSSION

This dissertation focused on how a manager’s relationship with his or her boss and the organization influences the relationship that manager has with his or her subordinates. Broadly, it was hypothesized that a trickle-down effect would occur for two main reasons: first, managers experiencing higher quality relationships with their boss or organization use these relationships as a model as to how to relate to the employees they supervise (Bandura, 1977; Salancik &
Trickle-Down Model of Psychological Contract Breach

Pfeffer, 1978), thereby replicating the relationships they have with their superiors with their subordinates. Second, when managers accumulate resources from their boss, they have a greater bounty of resources to share with their employees. These resources may also contribute to the quality of relationship the manager has with his or her employee (Erdogan & Enders, 2007; Shanock & Eisenberger, 2006). The trickle-down effect described here addresses several gaps in the psychological contract research, including mapping how an immediate exchange, such as between an employee and manager, is dependent upon more distal exchanges, such as between that manager and his or her boss (Bordia, Restubog, Bordia, & Tang, 2010; Coyle-Shapiro & Conway, 2004; Ho, 2005). Additionally, this study’s findings describe contexts when the trickle-down effect may be more or less pronounced, providing evidence that there are preventative mechanisms that can compensate for breach in more distal exchange. The next section summarizes the significant and non-significant results of this study’s hypotheses.

Summary of Significant Results

The two main trickle-down effects demonstrated in this study are that social resources a manager receives from his or her boss positively influence social resources an employee perceives receiving from that manager. Likewise, managers who receive more task resources from their bosses have employees who report receive more task resources. Results indicate that an employee who perceives more social resources is likely to feel that (a) his or her manager has adequately met his or her obligations to the employee (that is, less PC breach by the manager), and (b) the organization is delivering promises based on personalized concern for the employee’s well-being and happiness at work (that is, a stronger relational psychological contract). This is a critical relationship because several studies have demonstrated the robust positive effects of lower relational psychological contract breach, ranging from career advancement (Dabos &
Rousseau, 2004) to trust in the organization, work satisfaction, and intentions to turnover (Montes & Irving, 2008; Shore & Tetrick, 1994). Results also indicate that employees who perceive greater amounts of task resources are more inclined to feel their manager has met his or her obligations (lower PC breach by the manager).

Interestingly, and contrary to expectations, a manager’s boss’s leadership style can influence the trickle-down of social resources to relational psychological contract fulfillment. Moderation results reveal that in instances of high monitoring, fewer social resources trickle-down, whereas when a manager’s boss monitors the manager less, that monitoring has no effect on when resources trickle-down. There are a few plausible explanations for this finding. First, managerial monitoring is a negative thing: it implies that one’s boss is a “big brother,” needlessly watching his or her subordinate’s every move. This monitoring likely engenders feelings of disempowerment or lowered efficacy and competence on the job. Managers who perceive higher levels of monitoring, then, may be less satisfied with their work. This dissatisfaction may demotivate them from paying forward social resources to their subordinates. Indeed recent work on trickle-down effects of work relationships indicates that some forms of relationship quality (e.g., LMX; Erdogan & Enders, 2007; Shanock & Eisenberger, 2006) do trickle-down to impact how a manager treats his or her employee. Such an effect may be presenting itself in this finding in that higher monitoring represents a negative trickle-down to employees.

In terms of outcomes of PC breach, there were two main findings. First, relational PC breach by the organization was related to decreased citizenship behavior directed toward the manager. Citizenship behaviors are elicited when an employee would like to do something extra for his or her manager, beyond formal job requirements. (Bolino, Turnley, & Bloodgood, 2002;
Podsakoff & MacKenzie,, 1994; Van Scotter & Motowidlo, 1996; Wright, George, Farnsworth, & McMahan, 1993). Employees experiencing relational psychological contract breach often experience a sense of mistrust and dissatisfaction with their employer (Montes & Irving, 2008). Engaging in behaviors that will actively help their manager is unlikely – instead, the employee is more likely to look for ways to either rebalance the exchange by reducing contributions (e.g., decreased citizenship behavior) (Gouldner, 1960).

The second main finding in terms of outcomes of breach is that PC breach by the manager – when an employee perceives that his or her boss has not come through in meeting his or her obligations – is met with significant decreases in both in-role and extra-role job performance. That is, compared to relational PC breach by the organization, the effects of PC breach by the manager are more robust. However, the relationship is stronger between PC breach by the manager and in-role job performance. This relationship was expected for several reasons. As Bordia and colleagues (2010) describe, once an employee perceives his or her manager breaches the PC, the employee will seek to rebalance the exchange by reducing exchange (Blau, 1964; Gouldner, 1960). Specifically these authors found that in their sample, the main duty of the employees, customer service, decreased dramatically when the employee felt his or her manager broke a promise (Bordia et al., 2010). Unlike the Bordia study, the present paper examines two types of breach concurrently (breach of relational PC promises and general PC breach by the manager) and discovers a more nuanced pattern of results with respect to expected outcomes of PC breach. Implications of these findings are discussed in the next section describing theoretic implications.

**Summary of Non-Significant Results**
Before discussing the theoretic and practical implications of this study’s results, consideration must be given to non-supported hypotheses. Although some hypotheses in this dissertation received support, many did not. It is fruitful, however, to examine the unsupported hypotheses because they show evidence of two distinct patterns, one as it relates to the trickle-down of relationships (as opposed to hypotheses supporting the trickle-down of more explicit resources), and another pattern as it relates to employee reciprocal fulfillment of obligations to his or her manager.

Hypotheses that proposed a trickle-down of relationships, including manager’s perceived organizational support influencing a subordinate’s perceived organizational support, and manager’s leader-member exchange with a boss influencing leader-member exchange with their direct reports, were by and large unsupported. There are several explanations for this finding. First, the social cues provided by a manager or organization on how to develop a high quality relationship with a direct report may not be explicit enough. Thus a manager may not know how to pay forward a positive relationship with his boss or organization – rather, social learning may not occur (Bandura, 1977). Second, there may be other, unmeasured moderators of this relationship. Perhaps managers who have explicit training on mentoring are more adept at mimicking the positive relationships they have with individuals higher in the organization’s hierarchy with their own employees. Or, it may be that managers are more inclined to use their positive relationship with their organization or boss as a model relationship when they have more liking for an employee. More structural factors may influence this relationship as well: managers who are more distal, in terms of office location or workplace location, may have more difficulty in translating their positive relationship higher in the organization’s hierarchy downward. Future research can explore these possibilities.
More surprisingly, hypotheses that proposed a manager’s perception of his or her employee fulfilling his or her PC had little impact on the trickle-down of resources. In other words, whether or not an employee fulfilled promises to a manager had little effect on the trickle-down of social resources and task resources. The most plausible explanation for this finding is that PCs are constantly in a state of flux. For example, at any given time one is evaluating met obligations, changing perceptions of existing obligations, altering his or her own behavior in response to another’s met obligation, or perceiving the addition or removal of obligations, among other things. It may be that the managers in this sample were optimistic that employees who had not completely met PC obligations (or gone above and beyond in terms of meeting PC obligations) would do so in the future. Given the changeable nature of a PC, it is perhaps known or expected that some obligations would not yet be met. This is consistent with social exchange theory. The crux of a social exchange relationship lies in the principal that your exchange partner does not expect immediate reciprocation of benefits (Blau, 1964). An exchange partner is comfortable knowing that sometime in the future obligations will be met. In the present study, the mean score of relational PC breach was lower than transactional PC breach, indicating that more relational PCs were fulfilled across organizations. Relational PCs are formed when social exchange develops between parties (Rousseau, 1995; 2000), indicating that lack of PC fulfillment by an employee may not have influenced how a manager perceives his or her subordinate. The manager believes that in the future, the obligations will be met, making PC fulfillment by an employee a null factor in influencing the trickle-down effect.

**Theoretic Implications**

Psychological contract breach, in any form, is detrimental to both the relationship an employee has with his or her manager, and the work product of that employee (Conway &
Briner, 2009; Dulac et al., 2008; Zhao et al., 2008). In exploring factors beyond the immediate employee-manager dyad that may influence breach, more accurate and instructive indicators of breach are uncovered. As such, the first theoretic implication of this research centers on distal influences of perceptions of PC breach. Distal exchange can and do affect proximate exchange (Bordia et al., 2010; Cook & Emerson, 1978). However, importantly, this study’s findings also provides nuance to this conclusion. Below are four questions that this study begins to provide answers to, thereby shaping the theoretic landscape of what we know about social exchange.

What trickles down? First, the type of distal exchange that trickles down is specific: it is the exchange of explicit resources. Task resources, for example, include provision of specific information or materials, whereas social resources include provision of specific type of support, such as work confidence or respect. Each type of resource is easily identifiable, unlike the more uneasily identifiable construct of friendship or liking, measured by POS and LMX. It may be argued, then, that only when a manager can objectively identify a resource can he or she allow it to trickle-down to a direct report. Workplace relationships, such as POS and LMX, may be more amorphous in that they are idiosyncratic and more difficult to accurately gauge in terms of benefits. For example, a manager whose boss has confidence in the manager’s work product may display this perception by statements like, “Nice work; you know what you’re doing.” – a social resource. This type of encouragement is direct and explicit. Managers can easily replicate this type of statement in conversations with their direct reports, establishing the trickle-down effect. Moreover, managers who have information from their bosses have something objective and explicit to pass forward to their employees. In contrast, managers who have a good relationship with their boss may implicitly know that there is positive affect or liking between him- or herself and the boss, but not necessarily know how to articulate this benefit. Without
articulation, it may be difficult to “pay it forward” when it comes to these less explicit relationships such as LMX and POS. For example, some items that assess LMX ask about hypothetical situations (e.g., if I were in trouble at work, my manager would defend me), indicating that the boundaries of the relationship are not expressly known. Higher LMX is often described as having the belief that resources will be exchanged in the future (Dulac et al., 2008). Moreover, LMX may be based on person-based factors, such as liking, which is not necessarily easily transferable as the complementary personalities of a boss and manager may not be similarly complementary between manager and employee. Finally, as described above in the discussion about lack of significant findings, it may be more difficult for managers to replicate or mimic the positive relationships they have without training. In contrast, explicit, tangible, and/or objective resources – here, task and social resources – are more likely to trickle-down an organization’s hierarchy. Task and social resources are something more easily replicable between boss and manager, and manager and employee. Of course, this lack of relationship-based trickle-down effects is inconsistent with recent work by Shanock and Eisenberger (2006) who found a trickle-down of manager POS to subordinate ratings of perceived support. It could be argued, however, that these authors’ single-organization sample captured a phenomenon that is not present across industries, and that the present study’s more representative sample presents a more accurate picture of the trickle-down phenomenon.

What impacts the trickle-down of resources? As Bordia et al. (2010) call for, research on factors that set boundaries or parameters on when resources trickle-down are needed. The present study suggested that supervisory monitoring may be one variable that affects trickle-down, although in an unexpected way. Results suggest that managers who feel they are being carefully watched by their boss are less likely to pay forward social resources. If one can
extrapolate the feeling of “being watched” to broader constructs, such as discretion at work, high manager monitoring is akin to feeling a lack of job empowerment. Psychological empowerment includes the feeling of competence, which is reduced when a manager constantly tracks your work, or even self-determination, which decreases if your boss’s monitoring affects how you go about your work (Spreitzer, 1995). As such, this study reveals a subtle way in which a more distal exchange may impact a proximate exchange. Managers who have bosses who are less trusting (higher monitoring) may be resentful or dissatisfied at work (Hackman & Oldham, 1976). Although they may receive social and task resources from their boss, these managers may not have the motivation to pay it forward as they experience psychological disempowerment. This suggests that not only does a manager’s boss’s provision of resources to a manager impact what that manager provides to an employee, but also that more subtle aspects of the manager-boss dynamic invariably trickles down. As discussed in more detail in the future research section, more research must be done to see how aspects of the manager-boss relationship, rather than its overall quality, affect the employee-manager relationship. In terms of social exchange, there may be more fine-grained factors than relationship quality, or higher social exchange, that motivate or demotivate a manager to allow social and task resources to trickle down.

What is the pattern of trickle-down resources? This research hypothesized that resources received by a manager from his or her boss would trickle-down to employees based on social exchange theory (Blau, 1964). When a manager has more resources to share based on a more positive relationship with his boss, he or she may “pay it forward” by sharing these resources with his or her employee. This research suggests a specific pattern in which resources are paid forward. Commensurate with recent work on resources and resource theory, significant
cross-foci relationships did not exist between, for instance, manager reports of task resources and employee reports of social resources \((r = .12, \text{ ns})\), nor did a significant relationship exist between manager reports of social resources and employee reports of task resources \((r = .11, \text{ ns})\). An increase in employee task resources was present only when there was also an increase in manager task resources, with the same pattern holding for social resources. This pattern of relationships is important because it implies that what trickles down is relatively straightforward rather than mutated. For example, a manager receiving respect from his or her boss (social resource) will not be able to turn that respect into a software program or computer (task resource) for his or her employee. In terms of social exchange theory, social exchanges are often described as being composed of unknown terms that will be repaid in some unknown timeframe. This study suggests that although the exact repayment schedule is unknown between parties, the form of reciprocation is known, and furthermore, is in-kind.

*How do employees respond to different types of PC breach?* The final theoretic implication relates to employee responses to PC breach. Relational PC breach had a more limited effect on behaviors of employees than PC breach by the manager. This is an important addition to our understanding of psychological contract theory for many reasons. First, relational PC breach impacted citizenship behavior toward the manager. This decrease may be particularly detrimental to an organization because OCB toward the manager helps smooth group functioning and promotes social harmony (Colquitt, 2001). For instance, OCB toward the manager includes helping those who have been absent get up to speed, or helping coworkers with heavy workloads. These types of activities make it easy for a manager to coordinate and supervise his or her employees. Psychological contract theory, then, should incorporate the idea that relational
PC breach will have broad effects not just on the manager, but the scope of responsibilities and duties of the manager (e.g., supervising a workgroup).

It is important to note the non-significant relationship between relational psychological contract breach and in-role performance. In the absence of relational PCs, or even concurrent with holding a relational PC, employees often have transactional psychological contracts, or contracts composed of terms related to basic employment terms (e.g., length of service; explicit working hours) (Coyle-Shapiro & Kessler, 2000; Dabos & Rousseau, 2004; Rousseau, 1995). Performance is a cornerstone of these quid pro quo contracts in that it is the main thrust of what the employee gives the organization or manager in exchange for employment. As such, employees experiencing relational PC breach may need to maintain a certain level of performance as required by their transactional psychological contract. This informs psychological contract theory in that relational PC breach does not create across-the-board decreases in performance, but rather, decrease in certain types of performance, extra-role performance directed toward the manager.

PC breach by the manager was related to both decreased in-role and extra-role performance. PC breach by the manager is a more direct form of breach. Rather than an entity breaking a promise (as with relational PC breach), PC breach by the manager occurs when the person that you likely rely on for social contacts, pay, performance reviewers, and promotions fails to deliver what is promised. Much trust is placed in the person who controls important job factors such as pay and promotions, and therefore PC breach by the manager may be both more acutely felt and incite a greater reaction. Additionally, because a decrease in in-role performance by an employee is obvious to a manager (as opposed to an entity, which cannot actually perceive), individuals perceiving PC breach by the manager may use this method because it is an
explicit way to rebalance the exchange with their supervisor (Blau, 1964; Bordia et al., 2008; Bordia et al., 2010; Goulder, 1960).

The results with respect to behavior outcomes of PC breach suggest a broad contribution to psychological contract theory. Based on the results, it can be said that not all types of promises are equal, with some more acutely felt (e.g., PC breach by the manager), and some prompting a more measured, specific response (e.g., relational PC breach affecting only extra-role behavior). Articulating how the referent, terms, and conditions of promises are made and broken is required to fully understand the possible repercussions if those promises are broken.

**Practical Implications**

This study provides several practical implications. First, it provides evidence the pay-it-forward mechanism in social exchange works in organizations. Organizations looking to structure resource distribution may thus concentrate their distribution at managers in the organization’s hierarchy as those resources will ultimately cascade to employees. Important to this trickle-down is that what managers receive will trickle-down in the same form to employees. For example, a manager’s manager giving her manager information about how to deal with a new competitor is a resource that, through a trickle-down process, will reach that manager’s employees in the same form: as information about how to deal with a competitor. Although straightforward, this is an important implication to highlight because it implies that great care should be placed on the types of resources imbued on managers as those resources will ultimately wend their way to employees, who are lower on the organization’s hierarchy.

Organizations who, for example, provide too many task resources (e.g., too much information on a competitor in that it is overwhelming and redundant) to managers will waste not only the time of managers, but as the resource trickles down, people that the manager supervises.
The second practical implication of this study’s findings again stems from the resource-based trickle-down effect. Because this study found that explicit resources, as opposed to implicit relationships, were more likely to trickle-down from boss to manager to employee, organizations must be aware that gaps in resources at higher-levels of management may have long-range effects on lower-level employees. Organizations may not consider the withholding of certain equipment to a higher-level manager as being an extremely detrimental withholding of a resource, but this study suggests that it is: that lack of equipment affects all the relationships that tangentially relate to the upper-level manager. In sum, much like how the provision of resources to upper-level managers can have a positive cascading effect, the withholding of resources can also have a negative cascading effect.

The final practical implication of this study focuses on how to prevent PC breach. As discussed, manager monitoring actually stops the flow of social resources between a manager and employee. Managers who do not feel empowered at work may thus not be willing to “pay it forward” when it comes to social resources. Therefore, attention must be paid to making sure managers feel comfortable in paying forward social resources. This may include allowing managers to work independently in deciding how to do their work, and ultimately, how to manager their team. Such empowerment motivates managers to spread positive enthusiasm about work (Hackman & Oldham, 1976; Spreitzer, 1995).

Strengths

This study had several strengths. First, with respect to methodology, four organizations were sampled, each from a unique industry. Moreover, respondents from each organization represented a broad swath of possible employee-manager relationships, stemming from top management team dyads to lower-level, entry-level dyads. Data were also collected from two
sources, reducing the risk of significant same-source bias. Also, many validity tests were conducted to establish the factor structure and discriminant validity of the measures in this study. With respect to the study’s aim, one strength of the study is its concentration on the spectrum of things that may trickle-down from boss to organization. Recent studies on trickle-down effects (e.g., Bordia et al., 2010; Shanock & Eisenberger, 2006) specifically focus on how relationships may be replicated through levels in an organization. This study considers both relationships and resources, emphasizing that managers may replicate both what they perceive (e.g., LMX), and what they actually possess (e.g., task resources). This is a critical consideration because studies examining the trickle-down of relationships often assume that, for example, social resources are also exchanged between the parties. Measured in this study was a more complete spectrum of things that may be exchanged between a manager and employee.

Weaknesses

Despite its strengths, there are several weaknesses that must be considered. First, although a mediation model is presented, causality has not been established. Although upward exchange is plausible (e.g., an employee giving a supervisor information, a task resource), the reverse relationship is more common given the hierarchical nature of organizations. A second limitation is the study’s response rate. It should be noted that two of the organizations were undergoing financial issues, including layoffs and pay freezes. Therefore, employees may have hesitated to answer any questions that revealed dissatisfaction or unrest at their current company, lest they be singled out during downsizing. Although there were many safeguards to ensure confidentiality, employees unfamiliar with rigorous research methods may not feel comfortable taking the survey.
Another limitation of the research is that a relatively narrow spectrum of behavioral outcomes of PC breach were explored: in-role performance and extra-role performance toward the manager and the organization. Moreover, the OCB toward the organization had a low reliability and had to be dropped from the study. As discussed in future research, a broader range of behavioral outcomes of PC breach may yield a more specific understanding of psychological implications of PC breach. Research on PC breach suggests that those employees experiencing PC breach do look to swiftly rebalance of the exchange (Bordia et al, 2008), so understanding all potential behaviors rather than just some is critical.

**Future Research Directions**

More research must be done to see how specific aspects of the manager-boss relationship, or distal exchanges, rather than its overall quality, affect the employee-manager relationship. For example, it may be that manager leadership style influences the trickle-down of resources. Managers that are more transformational in nature – that is, who have inspirational appeal – are likely to be more motivating to employees (Podsakoff, MacKenzie, Moorman, & Fetter 1980). Thus managers with transformational bosses may be more likely to allow resources to trickle-down because they are engaged with their workgroup and organization, wanting everyone to succeed. Other forms of leadership may have similar effects. Liden, Wayne, Zhao, and Henderson (2008) describe servant leadership as when leaders focus on development employees, concentrating on employee needs and wants with respect to the workplace rather than issuing unidirectional directives about how to go about work. Servant leaders may then be said to be more likely to share their resources with lower-level employees. Thus, the trickle-down effect may be stronger when servant leaders occupy the “boss” position in the boss → manager → employee hierarchy.
Another area for future research is exploration of additional behavioral outcomes of PC breach. Other than performance – whether it be in-role or extra-role – there are a multitude of behaviors employees may elicit at work. For example, employees can engage in withdrawal behaviors (e.g., daydreaming, surfing the internet) or counterproductive work behaviors (e.g., petty theft, gossiping). Studies need to examine when, precisely, employees are more or less likely to engage in certain types of workplace behavior as a result of PC breach.

A final area of future research would be to explore an even broader spectrum of relationships in an organization, looking for trickle-up or trickle-sideways behaviors (Cook & Emerson, 1978). A single employee has many important stakeholders in his or her worklife. This study examines just two: one’s manager, and one’s manager’s boss. Other key stakeholders include co-workers, team members, customers or clients, key industry contacts, and so forth. A study that describes how resources move more than vertically through an employee’s social network will inform us not only where there may be structural stoppages in the flow of resources, but also which relationships are likely to have the strongest trickle-down effect.

**Conclusion**

This dissertation focused on one overall question: when and how do resources trickle-down from boss to manager to employee? The major finding of this study is that explicit resources – that is, task and social resources – are exchanged from boss to manager, and then from manager to employee, in a same-foci fashion. Receipt of these resources by an employee contributes to feelings of PC fulfillment, increasing both in-role performance and citizenship behavior toward the manager. Nearly as important as these significant findings are the non-significant findings. Relationships, such as POS and LMX, were not found to trickle-down an organization’s hierarchy, indicating that the most effective forms of trickle-down involve explicit
and concrete resources. Employees, then, are most likely to use perceptions of these task and social resources to evaluate their PCs, and adjust their behavioral outcomes accordingly.
CITED LITERATURE


Trickle-Down Model of Psychological Contract Breach

302.


The employee resources inventory (ERI): Developing and validating a measure of resources within dyadic relationships.


Trickle-Down Model of Psychological Contract Breach


Trickle-Down Model of Psychological Contract Breach


Trickle-Down Model of Psychological Contract Breach

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EDUCATION
Ph.D. August, 2011
University of Illinois at Chicago
Major: Business Administration
Dissertation: A trickle-down model of psychological contract breach
Committee: Sandy J. Wayne (Chair), Shelley L. Brickson, Jackie A.-M. Coyle-Shapiro, Jenny M. Hoobler, Robert C. Liden

B.S. May, 2006
DePaul University
Major: Marketing

ACADEMIC APPOINTMENTS
Present: Assistant Professor of Management, Western Michigan University
2010-2011: Visiting Instructor of Management, Georgia State University
2008-2010: Instructor, Department of Management, University of Illinois at Chicago

AWARDS AND GRANTS


Lemmon, G. Outstanding Doctoral Student Research Award, University of Illinois at Chicago (2010). $500 awarded.

Lemmon, G. Liautaud Graduate School of Business Fellowship. (2006-2010). $16,000 awarded. ($4,000 awarded per year.)


Trickle-Down Model of Psychological Contract Breach

**RESEARCH INTERESTS**
Psychological contracts
Resources and exchange relationships
Minority status and career success

**PUBLICATIONS**


**MANUSCRIPTS WITH RESUBMISSION INVITATIONS**
Glibkowski, B., **Lemmon, G.**, Wayne, S. J., Chaudhry, A., & Marinova, S. Employee Resources Inventory (ERI): Development and validation of a measure of resources within dyadic relationships. *(Journal of Management; third revision submitted)*

**MANUSCRIPTS UNDER REVIEW**

**MANUSCRIPTS BEING PREPARED**
**Lemmon, G.**, Glibkowski, B. C., & Wayne, S. J. Negotiation social exchanges: The mediating role of integrative negotiation in social exchange relationships and resources. *(data analyzed; manuscript being prepared; target: Journal of Applied Psychology)*

**Lemmon, G.**, Hu, J., Jiang, K., & Liden, R. C. Destructive and constructive reactions to psychological contract breach: An examination of the buffering effects of a positive team environment. *(data analyzed; manuscript being prepared; target: Academy of Management Journal)*

**Lemmon, G.**, Wayne, S. J., & Chiang, F. The impact of identity orientation on reactions to psychological contract breach. *(data analyzed; manuscript being prepared; target: Academy of Management Journal)*
Trickle-Down Model of Psychological Contract Breach

**Lemmon, G., Wayne, S. J., & Hoobler, J. M.** Impression management and mentorship. *(data analyzed; manuscript being prepared; target: Personnel Psychology)*

Shore, L., Wayne, S. J., **Lemmon, G.**, Tetrick, L., & Bommer, B. HR practice’s effects on social and economic exchange. *(data analyzed; manuscript being prepared)*

**Lemmon, G.,** Glibkowski, B. & Wayne, S. J. Predictors of psychological contact breach in independent contractors. *(data being analyzed)*

**Lemmon, G.,** Glibkowski, B. G., Wilson, M. S., & Wayne, S. J. The role of demographics, needs, and wants in the development of idiosyncratic employment relationships. *(data being analyzed)*

Hoobler, J. M., Wayne, S. J., & **Lemmon, G.** The role of the MBA degree and other human capital factors in mitigating the effects of managerial stereotyping on career outcomes. *(data being collected)*

Wayne, S. J., **Lemmon, G.**, Wilson, M. S., & Hoobler, J. M. Understanding the antecedents of employee engagement. *(data being collected)*

**Lemmon, G.** A trickle-down model of psychological contract breach: The impact of supervisors’ relationships on employee perceptions of kept promises. *(dissertation; data being collected)*

**CONFERENCE AND MEETING PRESENTATIONS**


TEACHING EXPERIENCE
Below I summarize my teaching experience and ratings at the University of Illinois at Chicago and Georgia State University. I was the sole instructor for each course. The “instructor” position indicates that I was fully responsible for the course, including developing course objectives, designing syllabi, preparing lesson plans, and exams and grading.

Awards: A Certificate of Recognition was earned during Fall and Spring semesters at GSU. A top score across the department in the “effectiveness of instructor” is the criteria for this award.

<table>
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<th>School</th>
<th>Level</th>
<th>Course</th>
<th>Semester</th>
<th>Compared to other instructors you have had at UIC, this instructor was…*</th>
<th>Instructor had a genuine interest in students.*</th>
<th>Students were encouraged to ask questions and were given meaningful answers.*</th>
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* Students answered these questions on a scale of 1 = very poor to 5 = excellent.
Trickle-Down Model of Psychological Contract Breach

**PROFESSIONAL EXPERIENCE**
Office Manager (2004-2006)
Billing Administrator (2006-2010)

**CONSULTING EXPERIENCE**

*Spring, 2008: Fortune 500 Transportation and Delivery Organization*
Along with Sandy J. Wayne and Jenny M. Hoobler, we analyzed upward mobility and succession trends at a Midwest facility. We developed a model of employee upward mobility, and identified key factors that deterred or prevented upward mobility for minority individuals.

*Spring, 2009: Bus Contractor*
This organization connects large group bus trips and tours to independent owners and operators of buses, e.g., coordinating bus trips when relief workers nationwide needed to be transported to Louisiana after Hurricane Katrina. Along with Brian Glibkowski of Stonehill College, we analyzed this firm’s relationship quality with their independent contractors. We made recommendations as to how to improve this relationship quality, and sustain more long-term relationships with their independent contractors.

*Spring 2010-Present: One private hospital (professional employees); one public hospital (professional employees); one staffing firm; one multinational building materials organization (3,000 domestic employees)*
Along with Sandy J. Wayne and Jenny M. Hoobler, for each organization, we developed and are currently testing a process model of employee engagement, customized to each organization. Our key deliverable is the identification of task, relationship, and resource levers that affect employee engagement at multiple levels of analysis.

**INVITED CONSULTING PRESENTATIONS**


**DOCTORAL COURSEWORK**

*Core Courses*
- Organizational Behavior
- Human Resource Management
- Multi-level Theory, Research, and Methods
- Research Methods

*Topical Courses*
- Individual, Group, and Organizational Identity
- Leadership
- Psychological Contracts
- Careers, Work-family Conflict, and Gender
- Hierarchical Linear Modeling
- Research Design and Implementation
Trickle-Down Model of Psychological Contract Breach