Psychological contract violation and turnover intention: Employee-perceived loyalty as a mediator

Havana Sevcan Kurt*, Istanbul Arel University, 34537 Istanbul, Turkey

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Abstract
The purpose of this research was to examine the role of loyalty where employees perceive the effect on their psychological contract breach of the bank’s intention to leave the call centre operating in Turkey. For this purpose, the literature was examined and a research questionnaire was prepared based on the psychological contract violation (PC), intention to quit and perception of loyalty. This survey was used to collect data of 634 banking call centres operating in Turkey using the sampling method. Statistical Package for the Social Sciences 25 and LISREL 8.7 statistical package programmes were applied in the analysis of the research data. Structural equation modelling was used to test the research hypothesis. In the relationship between (PC) and turnover intention, employee-perceived loyalty has a partial mediating role. This result is considered important for bank managers and human resources specialists who want to improve their success and the quality of the service they offer to their customers. In this study, only the perceptions of the employee were examined. It is also recommended to examine the perceptions of managers working in different sectors.

Keywords: Loyalty, psychological contract violation, turnover intention.

* ADDRESS FOR CORRESPONDENCE: Havana Sevcan Kurt, Istanbul Arel University, 34537 Istanbul, Turkey.
E-mail address: sevcankunt@arel.edu.tr
1. Introduction

Today, organisations need to be able to understand the psychological contracts of their employees, which will lead them to success, in order to maintain their continuity in the global competitive environment and to adapt to the changes taking place rapidly. If employees perceive that the organisation has not fulfilled the obligations promised to them, i.e., the psychological contract has been violated, they will begin to lose their loyalty to the institution and to their managers, and as a result of the negative feelings they have experienced, they will inevitably have the intention to leave their jobs.

‘Psychological contract’, conceptualised by Chris Argyris (1960), has been used to describe the development and progression of the implicit relationship between the employee and the employer. Rousseau (1989) described the psychological contract as the belief that the promises made by the parties to each other will be fulfilled in the future and the contributions made to ensure it, and added that it constitutes an obligation to provide future benefits. As Rousseau puts it, the psychological contract appears to be about stronger promises and obligations rather than expectations (Guest, 1998). Levinson et al. stated that the psychological contract is the whole of the mutual and perceptual expectations between the organisation and the employee, and that the trust relationship between the employee and the manager is formed through implicit communications, without being explicitly expressed but reflected in behaviours (Anderson & Schalk, 1998).

The situation where an employee perceives that he/she has been promised on any subject but thinks that the obligations regarding this promise have not been fulfilled is defined as psychological contract violation (Kiefer & Briner, 2006). According to Rousseau (1989), PC is the failure to fulfil the obligations of the organisation or the individuals working in the organisation formed in exchange for contributions perceived by them within the scope of their personal beliefs. Shore and Tetrick (1994), on the other hand, expressed PC as a reactionary process resulting from the failure of the obligations of the contract conditions as a result of the information that the employee obtained from the organisation. Robinson and Rousseau (1994) describe PC as the perception that one party has not fulfilled the obligations promised to the other. PC, where trust is damaged by failure to keep the promise, brings out feelings of frustration and deceit for the employee (Robinson & Rousseau, 1994). Therefore, PC includes feeling of betrayal, a high level of psychological distress, anger, resentment and a sense of injustice (Morrison & Robinson, 1997). Negative emotions can also affect an individual’s loyalty to his/her organisation and manager.

Gouldner (1960) stated that if the promises of psychological contracts are implemented, individuals will become more loyal due to the norm of reciprocity. The loyalty of the employee who perceives that the organisation is fulfilling its responsibilities is strengthened (Sturges, Conway, Guest & Liefooghe, 2005). Robinson and Rousseau’s (1994) research showed that there is a decrease in the satisfaction level when employees’ loyalty to the organisation is reduced. In the research of Turnley and Feldman (1999) and Si, Wei and Li (2008), a negative relationship was found between the violation of psychological contract and the level of loyalty perceived by the employee.

The loyalty perceived by the employee refers to the degree of loyalty that the manager and the employee have for each other. Loyalty means that the managers and employees who are in communication approve of their behaviour and characteristics towards each other and make other employees in the organisation feel it as well (Liden & Maslyn, 1998). Loyalty requires being consistent, depending on the interaction between the manager and the employee (Liden & Maslyn, 1998). The purpose of the loyal relationship between manager and employee is not to eliminate disputes within the group, but to ensure the adoption of a good teamwork approach. The manager is more enthusiastic about loyal employees to perform tasks that require responsibility. What is expected from the loyalty dimension is that employees protect each other against the external environment and should be more sensitive to being more discreet when interacting with people outside the organisation. The long-term interaction of the employee with the manager is also related to the high
level of loyalty. Thus, the manager provides the opportunity to ensure that the employee benefits from the development activities by maintaining the relationship (Dienesch & Liden, 1986). Employee loyalty also reduces employee turnover.

The intention to leave the job emerges by the continuous thinking of the employee’s decision to leave the organisation in a conscious and planned manner (Rusbult, Farrell, Rogers & Mainous III, 1988; Tett & Meyer, 1993). Rusbult et al. (1988) described employees’ turnover as a disruptive and active action that employees exhibit when they are not satisfied with their working conditions. Kang, Gatling and Kim (2015) defined the intention to leave as the possibility of the employee knowingly and willingly terminating his or her current job in the near future, and stated that it is the most important precursor of the quitting behaviour.

Cohen (2000) stated that the organisational commitment of employees in the organisation would decrease before showing the quitting behaviour, wherein they would keep distance and the alienation process would start to take place. At the same time, loss of productivity and sadness of individuals working in the organisation due to the departure of their colleagues and the concerns that arise from the uncertainty of the relationship with the beginners are the problems that arise (Scott et al., 1999). In addition to this, it negatively effects job satisfaction and creates perceptions that the quality of customer service is declining (Cho, Misty & Guchait, 2009). The intention to leave the job is stated as the most effective determinant of the employee turnover rate (Iverson & Deery, 1997; Shore & Martin, 1989; Tett & Meyer, 1993).

When theoretical studies are examined, it is determined that there is a positive relationship between the violation of psychological contract and the intention to quit (Chen & Wu, 2017; Hartmann & Rutherford, 2015; Iskandar & Sari, 2018; Moquin, Riemenschneider & Wakefield, 2019; Tjahjono & Ekaputran, 2018; Xu Jin & Wang, 2018)

2. Methodology

2.1. Research design

Research data were collected by applying the convenience sampling method to 634 banking call centre personnel operating in Turkey through a survey application.

2.2. Purpose of research

The purpose of this research is to examine the mediating role of employees’ perceived loyalty in the impact of PC situations experienced by the banking call centre employees operating in Turkey on their intention to leave.

2.3. The model of this study

After the literature review, the research model shown in Figure 1 was developed and hypotheses related to the model were developed.

3. Demography

27% of the participants who voluntarily participated in the survey were 18–25 years old, 21% were 26–35 years old, 18.5% were 36–45 years old, 16.2% were 46–55 years old and 17.4% were 56 years old; 50% of them were male and all were university graduates. According to the professional experience of the participants, 27.1% worked in the same institution for 2–4 years, 7.7% worked for 5–6 years, 15.9% worked for 7–9 years and 15.1% worked in the same institution for 10 years or more.
Hypothesis: The employee’s perceived level of loyalty plays a mediating role in the relationship between PC and the intention to leave.

4. Statistical analysis

Statistical Package for the Social Sciences 25 and LISREL 8.7 statistical software packages were used to test the research model. Within the scope of validity and reliability analysis of scales, first, reliability analyses were conducted to determine the internal consistency of each scale item in measuring the subject; then, exploratory factor analysis, confirmatory factor analysis (CFA) and finally structural equation modelling were performed. The significance level was accepted at 0.05 in all statistical analyses used.

4.1. Reliability of scales

In this study, the PC Scale developed by Robinson and Rousseau (1994) was used. The 9-item, one-dimensional scale was designed to measure respondents’ perceptions of whether their employers were meeting their obligations for them. Each statement in the PC scale was evaluated using an ordinal scale ranging from 1 (strongly disagree) to 5 (strongly agree). Cronbach’s alpha value of the scale was 0.969.

The 3-item, one-dimensional turnover intention (TO) scale developed by Cammann, Fichman, Jenkins, and Klesh (1983) was used. Each statement in the TO scale was evaluated by using an ordinal scale ranging from 1 (strongly disagree) to 5 (strongly agree). Cronbach’s alpha value of the scale was 0.928.

A 3-item scale adapted from the Multidimensionality of Leader–Member Exchange (LM) developed by Liden and Maslyn (1998) was used to measure the employee’s perceived loyalty. Each expression in the scale was evaluated using an ordinal scale ranging from 1 (strongly disagree) to 5 (strongly agree). Cronbach’s alpha value of the scale was 0.961.

4.2. Confirmatory factor analysis (CFA)

LISREL 8.7 statistical software was used to test the confirmatory factor analyses of the scales. Accordingly, the models were found to be significant. Finally, the fit indices of the models were evaluated.

4.2.1. PC scale

The KMO sampling adequacy value was determined as 0.951 > 0.60, and the Bartlett’s test of sphericity was found to be significant at the level of $p < 0.01$. The single factor explained 80.731% of the total variance. The factor load values of the items ranged from 0.78 to 0.95. After modifications,
goodness of fit values improved ($\chi^2$/SD = 3.818, RMSEA = 0.097, SRMR = 0.018, NFI = 0.990, NNFI = 0.990, CFI = 0.990, GFI = 0.940, AGFI = 0.880).

4.2.2. Employee’s perceptions of loyalty scale

The KMO sampling adequacy value was significant at 0.700 > 0.60, and the Bartlett’s test of sphericity was found to be significant at the level of $p < 0.01$. It was determined that four factors of leader–member interaction scale explained 90.996% of total variance, and the loyalty factor explained 23.478% of the total variance. The factor load values of the items ranged from 0.79 to 0.87. After modifications, goodness of fit values improved ($\chi^2$/SD = 2.722, RMSEA = 0.076, SRMR = 0.045, NFI = 0.950, NNFI = 0.960, CFI = 0.970, GFI = 0.930, AGFI = 0.900).

4.2.3. TO scale

The KMO sampling adequacy value was significant at 0.739 > 0.60, and the Bartlett’s test of sphericity was found to be significant at the level of $p < 0.01$. The single factor explained 80.055% of the total variance. The factor load values of the items ranged from 0.80 to 0.87. In the first model, the required criteria for fitness were achieved; therefore, no modification was necessary ($\chi^2$/SD = 1.600, RMSEA = 0.024, SRMR = 0.012, NFI = 0.980, NNFI = 0.980, CFI = 0.990, GFI = 0.980, AGFI = 0.960).

4.3. Path analysis of the structural equation model

The hypothesis in the research was tested with the structural equation modelling. The LISREL 8.7 statistical software was used to examine the assumed mediating effect in the hypothesis. Three models were established with the variables included in the research model and the relationships between them were evaluated. The mediating role of the employee’s perceived loyalty variable in the models was examined by two different methods. Accordingly, the regression coefficients between variables were compared in the first method. In the second method, model fits were compared and the paths of model were established.

When Model 1 formed by PC and TO variables was tested, the relationship established between PC and TO ($t = 22.48$, $p < 0.05$) was found to be statistically significant. When the ratio of the chi-square value to the degree of freedom was evaluated ($\chi^2$/SD = 4.63), the fact that it was less than five indicated that it has an acceptable fit. The goodness of fit index values of the structural model indicate that the structural model has an acceptable fit.

4.3.1. Testing the model formed by PC and TO
4.3.2. Testing the model formed by PC, TO and employee perception of loyalty

![Model 2](image)

Figure 3. Model 2: testing the model formed by PC, TO and employee perception of loyalty. PC = Psychological contract violation; TO = Turnover intention; LM = Leader–member exchange; FAC 2 = Loyalty

When Model 2, formed by PC, TO and employee perception of loyalty variables, is tested, the relationship between PC and employee perception of loyalty ($t = -15.22, p < 0.05$), and the relationship between employee perception of loyalty and TO ($t = -16.26, p < 0.05$) were found to be statistically significant. When the ratio of the chi-square value to the degree of freedom is evaluated ($\chi^2/SD = 2.98$), the fact that it is less than 3 indicates that it has perfect fitness. The goodness of fit index values of the structural model indicate that the structural model has good fit.

4.3.3. Examining the mediator role of employee perception of loyalty in the relationship between PC and TO

![Model 3](image)

Figure 4. Model 3: examining the mediator role of employee perception of loyalty in the relationship between PC and TO. PC = Psychological contract violation; TO = Turnover intention; LM = Leader–member exchange; FAC 2 = Loyalty
When the mediating role of the employee’s perception of the loyalty variable in the structure between the PC and TO, which is the third model, is tested, the relationship established between the PC and TO (t = 18.79, p < 0.05), between the employee perception of loyalty and TO (t = -6.29, p < 0.05) and the relationship between PC and employee perception of loyalty (t = -15.23, p < 0.05) were found to be statistically significant. When the ratio of the chi-square value to the degree of freedom was evaluated (χ²/SD = 2.74), the fact that it is less than 3 indicates that it has good fit. The goodness of fit index values of the structural model indicate that the structural model has good fit.

### Table 1. Standard good fit indices and the fit indices calculated for the model

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Good fit</th>
<th>Acceptable fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>χ²/SD</td>
<td>0 ≤ χ²/SD ≤2</td>
<td>2 &lt; χ²/SD ≤3</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0 &lt; RMSEA ≤0.05</td>
<td>0.05 ≤ RMSEA ≤ 0.08</td>
</tr>
<tr>
<td>SRMR</td>
<td>0 ≤ SRMR &lt;0.05</td>
<td>0.05 ≤ SRMR ≤ 0.10</td>
</tr>
<tr>
<td>NFI</td>
<td>0.95 ≤ NFI ≤ 1</td>
<td>0.90 ≤NFI ≤ 0.95</td>
</tr>
<tr>
<td>NNFI</td>
<td>0.97 ≤ NNFI ≤ 1</td>
<td>0.95 ≤NNFI ≤ 0.97</td>
</tr>
<tr>
<td>CFI</td>
<td>0.97 ≤ CFI ≤ 1</td>
<td>0.95 ≤CFI ≤ 0.95</td>
</tr>
<tr>
<td>GFI</td>
<td>0.95 ≤ GFI ≤ 1</td>
<td>0.90 ≤GFI ≤ 0.95</td>
</tr>
<tr>
<td>AGFI</td>
<td>0.90 ≤ AGFI ≤ 1</td>
<td>0.85 ≤ AGFI ≤ 0.90</td>
</tr>
</tbody>
</table>

Adapted from Schermelleh-Engel et al. (2003).

In the first method, to determine whether the employee’s perception of loyalty variable has a mediating role, regression coefficients tested for PC and employee’s perception of loyalty (β = -0.56) calculated for model 2 and regression coefficients tested for employee’s perception of loyalty and TO (β = -0.59) were found to be significant. When the regression coefficients for the third model were examined, it was determined that the regression value (β = -0.19) remained significant between the employee’s perception of loyalty and TO. In the third phase, when the rate of change of the relationship between the independent variable and the dependent variable tested in Model 1 was evaluated, while the regression coefficient observed in Model 1 of the TO with PC was β = 0.81, the same coefficient decreased to 0.71 in Model 3. According to the first method, the employee’s perception of the loyalty variable was determined to have a partial mediating effect. According to the second method, when the mediating role of the employee perception of loyalty variable was tested, it was observed that the goodness of fit of Model 3 was lower (in more perfect fit) than Model 2. This suggests that between the PC and the TO there is again a partial mediating effect of the employee perception of loyalty.

### 5. Discussion and conclusion

The research covers the banking call centres operating in Turkey in light of the information contained in the call centre statistics report published by the Banks Association of Turkey in March 2019. The impact of PCs experienced by banking call centre employees on their intention to leave was examined, and the role of the employee’s-perceived loyalty level as a mediating role was investigated.

It is seen that the violation of the psychological contract is a constant situation within the scope of a business relationship, and it may cause permanent damages to the relationship between the organisation and its members. It helps organisations to identify the consequences caused by the violation of psychological contract, to prevent and eliminate these violations and to provide guidance to managers regarding employee expectations.

The employee’s perceived level of loyalty, PC and intention to leave the job were hypothesised to play a mediating role in the relationship, and it was determined to have a partial mediating effect. Accordingly, the PC perceived by the employee damages the feelings of loyalty towards the manager, he/she does not support his/her manager as much as he/she used to, keeps distance from team work, avoids tasks that require responsibility and this leads the employee to think of quitting. The level of
mutual loyalty established by the employee, who has a perception of PC, with his/her manager also decreases, which in turn increases the employee’s turnover. This situation can accelerate the employee’s turnover and drag him/her to the quitting behaviour. According to the results of the research, the reason for the low level of loyalty between the manager and the employee is the PCs perceived by the employees. The reason for this is that from the moment the employee begins the employment relationship with the organisation, even though psychological contracts are based on the relationship between the organisation and the employee, the managers manage this process. This might be achieved by an implicit promise made during the first job interview, or perhaps by the goals given to the employee for motivational purposes later on, and the rewards he/she hopes to receive in return. At the same time, employees who have negative feelings due to PC and have the intention to leave, which is a natural consequence of this, feel that their managers do not manage this process well, and do not support and recognise them. In this negative process with the organisation, the employee expects his/her manager to protect himself and find a middle ground. If this expectation of the employee is not fulfilled, it is inevitable that the perceived PC will result in the turnover.

The studies carried out reveal that employees have started to develop negative responses in their attitudes and behaviours with a perception of incompatibility between what they have been promised and what they have achieved. As a result of the inability of the employee to eliminate this incompatibility, an increase in the intention to leave the organisation is observed. Therefore, the reciprocity relationship between the employee and the organisation is damaged as a result of the bank executives not fulfilling their obligations and the employee wants to end the business relationship with the bank. If managers know the expectations of their employees from the organisation, they can avoid negative feelings towards the organisation by establishing healthy communication with the employee without experiencing PC.

6. Limitations and future research

This research was carried out only on bank call centre employees operating in Turkey. It would be beneficial for researchers to conduct empirical studies on different sector employees. In this study, only the obligations of the organisation to the employee were examined. In addition, in this study, the obligations arising from the perceptions of the employees as a result of the promises made by the organisation were investigated. Therefore, researchers are advised to examine the employee’s obligations to the organisation. The employee’s promises to the organisation and the resulting obligations were excluded. The level of loyalty was evaluated based on employee perception. The level of loyalty perceived by the manager is not included. In future studies, the level of loyalty perceived by managers should also be investigated.

References


