

Workplace Deviant Behaviour in Response to Breach of Psychological Contract: The Mediation Effect of Moral Disengagement

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Abstract

With the increased instances of deviant behaviours, there is a pressing need to explore its instigating variables. This article explores the influence of Breach of Psychological Contract (BPC) on two dimensions of workplace deviant behaviour namely, organisational deviance and interpersonal deviance through the mediating role of moral disengagement, a construct whose role has not been studied in the literature. The study is to explore the socio cognitive reaction of employees when the social exchange relationship between employer and employee is disturbed. It focuses on the fact that promises made to the employees matter. The data were collected from 248 employees working in private sector in India with at least one year of experience and analysed using Structural Equation Modelling and Mediation model developed by Baron and Kenny (1986) and Hayes (2008). Cross sectional study design is followed. The results show that Breach of Psychological Contract significantly affects both types of workplace deviant behaviour (organisational and interpersonal) with moral disengagement partially mediating the relationship. The conclusion drawn from the study will guide the managers to focus on maintaining psychological contracts for establishing a healthy social exchange relationship between employer and employee. It will help them to not go overboard with false promises and design their policies in such a manner that employee's psychological contracts are fulfilled. Use of moral disengagement as a mediator will highlight the importance of studying socio-cognitive reaction of employees to certain actions of the organisation.

Keywords: Workplace Deviance, Psychological Contract, Moral Disengagement, Mediation

INTRODUCTION

In recent years, deviant behaviour at workplace has increased dramatically at all levels. Bennett, Marasi, & Locklear (2019) state that majority of the workforce have the potential of indulging in deviant behaviour. 33-75 percent employees have at least once in their work tenure, engaged in activities like abusing co-workers, theft and production deviance (Coffin, 2003). The enormous emotional and financial cost sometimes linked with these kinds of behaviours have captured the attention of researchers and management consultants to find their antecedents and consequences so as to limit their occurrence '(Avey et al., 2019; Marasi, Bennett, & Budden, 2018). A behaviour qualifies to be categorised as deviant if an organisational member voluntarily, deliberately, consciously chooses to "violate significant organisational norms and in doing so threatens the well-being of an

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organisation, its members, or both” (Robinson & Bennett, 1995, p. 556). Plethora of studies have examined various predictors of workplace deviance. Two main trends emerged from these studies where researchers have either blamed personality and demographics of employee (Bowling, & Burns, 2015; Luca, Bentvelzen, Oostrom, & Vries, 2019; Singh, 2019) or situational factors (Fida et al., 2015; Stefano, Scrima, & Parry, 2017; Zhao, Chen, Glambek, & Einarsen, 2019) for behaving against the norms set by the organisation. In an attempt to analyze more factors that lead to workplace deviance, researchers have now started to focus on examining those variables that disturb the social exchange relationship between employer and employee –(Scott, Restubog, & Zagenczyk, 2013; Birtch, Chiang, & Van Esch, 2016). One such variable is Breach of Psychological Contract (Alcover et al., 2017). Employees perception or beliefs whether promises done to them is fulfilled or not forms part of psychological contract. These promises are not explicitly written in a contract and are not legally binding (Robinson, 1996). Perception of non-fulfillment of the promises lead to disturbance of social exchange relationship between employer and employee and has been associated with lot of negative outcomes like anti-citizenship behaviour (Robinson & Morrison, 1995), turnover intentions (Marcelus et al., 2016), absenteeism (Deery et al., 2006). However, its relation with workplace deviance remain under researched, especially its effect on interpersonal and organisational deviance separately –(Satpathy et al., 2016; Mackey et al., 2019). Further, we test the mediation effect of socio-cognitive variable (moral disengagement) to explain the procedure through which breach leads to workplace deviance. Echoed by many psychologists, individuals develop moral standards over time which they then apply in reacting to any situation that may arise (Barsky, 2011). Application of self-regulatory moral standards helps them to make a choice between ethical and unethical actions. But what if in some situations individuals evade their self-regulatory moral standards and reason their norm breaking acts as moral, that too without having a feeling of guilt or distress. The paper will study whether BPC act as a trigger to employee breaking their moral standards and legitimizing performing deviant acts in the organisation as moral.

This empirical research makes numerous contributions to the literature and try to fill in the existing research gaps. First, it analyzes the crucial role of moral disengagement as mediator to focus on the aspect that when relationship is compromised, how it stimulates the employee to bypass all moral standards to carry out a deviant act. Till now, no such study has analysed this. Secondly, it takes forward the research on WDB and BPC by examining the effect of BPC on different categories of deviance separately. Thirdly, due to paucity of empirical research on deviance in Asian regions specially in India (Narayanan & Murphy, 2017), this study will add knowledge to the growing literature of deviance research in India. According to Kroll's Global Fraud survey conducted in 2014, Asian countries bear the annual loss amounting to 30 billion dollars because of rising workplace deviant activities which makes it imperative to study this concept in accordance with Indian work settings.

In the following sections, deviant behaviour is described and then breach of psychological contract is introduced. Based on that it is explained why, according to social exchange relationship theory, it may lead to deviance at workplace. Finally, social cognitive theory is added to analyse the potential role of moral disengagement as a mediator between breach-deviance connection.

RESEARCH OBJECTIVES

1. To study the influence of Breach of psychological contract (BPC) on interpersonal deviance
2. To study the influence of BPC on organisational deviance
3. To Study the mediating effect of Moral disengagement between BPC and interpersonal deviance

4. To study the mediating effect of Moral disengagement between BPC and organisational deviance

LITERATURE REVIEW AND FRAMEWORK

The paper is based on workplace deviance model suggested by Robinson & Bennett, (1995). A comprehensive framework was developed by them which bifurcated deviance into interpersonal deviance (Political deviance and personal aggression) and organisational deviance (production deviance and property deviance). Examples of different kind of deviance are

- Political Deviance: - Acting rudely, Disobeying manager/supervisor etc.
- Personal Aggression: - Bullying, humiliating co-worker etc.
- Production Deviance: - Taking excessive breaks, Arriving late at workplace etc.
- Property Deviance: - using office supplies and stationery for personal use, stealing from organisation etc.

Apart from this, different other constructs have flooded the research arena essentially covering the same set of behaviours with little or no difference like Incivility (Andersson, 1999), Social undermining (Duffy, Ganster, & Pagon, 2002), Bullying (Robinson et al., 2013). As workplace deviance is most comprehensive and essentially covers all the behaviours, therefore it is chosen for the study (Hershcovis, 2011).

BREACH OF PSYCHOLOGICAL CONTRACT (BPC) AND WORKPLACE DEVIANCE

Breach of psychological contract is defined as, “a subjective experience, referring to one's perception that another has failed to fulfill adequately the promised obligations of the psychological contract” (S. L. Robinson & Morrison, 2000). The most important aspect is that it is based on perception and is informal in nature. It “exists only in the eye of the beholder” (Rousseau, 1989). This concept is underpinned in the theories of social exchange as well as negative reciprocity (Chiu & Peng, 2008). According to social exchange theory, a relation is successfully maintained when the give and take between two actors is equal in proportion. When managers fail to fulfill the promises or obligations perceived by the employee in return of the proper work done by the employee and his loyalty, the relationship is broken – (Bordia et al., 2017). In present times, when individual joins the organisation, he brings technical as well as social skill into the organisation and in exchange of this there is an implicit hope that organisation will help to fulfill his expectations, aspirations and will help to realise his full potential. When organisation fails to fulfill these obligations, the social exchange process is disturbed which leads to negative form of reciprocity (Jensen & Opland, 2010). Negative form of reciprocity instigates the employee to harm the organisations or its employees. When managers fail to fulfill promises made to the employee it leads to employee retaliating in an unethical manner. In previous researchers, it is observed that breach of psychological contract has led to loss of trust (Robinson, 1996), feeling of revenge (Bordia et al., 2008), loss of self-identity (Marcelus et al., 2016) and turnover intentions – (Sandhya & Sulphey, 2020). Workplace deviance is also a kind of unethical behaviour and is based on justice and equity theory which explains why employees in order to bring justice and restore back equity do acts which are against the norms of the organisation. Therefore, breach of psychological contract is likely to lead to workplace deviance which helps in formulating this hypothesis.

Hypothesis 1 (H1): BPC positively affects organisational deviance (OWD)

Hypothesis2 (H2): BPC positively affects interpersonal deviance (IWD)

MORAL DISENGAGEMENT

Moral disengagement is quite a popular term in psychology for the past two decades and was popularized in organisational behaviour by Christian & Ellis, (2013). This term was coined by Bandura in 1986 and find its bases in social cognitive theory. It is the process where individual convince themselves to evade all moral standards in a particular situation without having a feeling of guilt or remorse (Bandura, 1986; Bandura et al., 1996). The classical example of moral disengagement is terrorist killing innocents in the name of religion without having a sense of guilt. The self-regulatory mechanism which persuades employee to refrain themselves to perform inhumanely act is turned off when employee is morally disengaged. In organisational setting through socio cognitive process, an employee tries to disassociate himself from all the immoral content of any deviant act to bypass the feeling of guilt. The deviant act so performed is justified or rationalized by the employee (Barsky, 2011).

The three-deactivation mechanism given by Bandura (1986, 1999) helps to understand the mechanism behind employee becoming morally disengaged.

Firstly, blame of own wrongful action are cognitively passed on to manager or team members. This is holding someone else responsible for own unethical acts. Manipulating figures on the instruction of boss and not reporting it to higher authorities is an example of the same. Here employee is cognitively passing the responsibility of his own unethical acts on the boss. Another aspect of this is “diffusion of responsibility” where “Where everyone is responsible no one is really responsible”. When a team do something against the norms of the organisation, and nobody reports it on the pretext that they individually are not responsible for it. Second mechanism is interpreting and justifying the wrong behaviour in such a manner that it becomes morally acceptable. It can be done by comparing one's own unethical acts to comparatively bigger unethical acts. Stealing from employer is nothing as compared to embezzling crores of rupees. Thirdly, target is dehumanised to such an extent that he/she becomes deserving of such kind of behaviour. Phrases like “He deserves what he is getting” or “it is the result of their own karma” are used to cognitively dehumanize the target.

In BPC, employee sees their supervisor or manager as 'perpetrators', who broke trust, someone who deserves such kind of behaviour because employee is not able to fulfill his hopes and aspirations. Employees view their own unethical behaviour in a more acceptable way. What they are doing is just restoring the balance and seeking justice which helps them to disassociate the moral content from their immoral actions. When an employee is wronged, revenge is sometimes seen as the only solution(Bordia et al., 2008) to restore equity. Performing deviant acts in the organisation which bring harm to organisation as well as people working in it is a way out to take revenge and means to let out the anger. Thus, the following hypothesis has been formulated.

Hypothesis3 (H3): BPC positively affects moral disengagement (MD)

An organisational setup provides many instances to make employee morally disengaged. As pointed out by Jackall (1988) in *Moral Mazes*, “organizations are particularly effective at assisting individuals in bracketing off moral schemas that guide behaviour elsewhere.” Thus, it becomes imperative to understand how well socio cognitive mechanisms predict workplace deviant behaviour. Although researchers in the past have shown that moral disengagement is linked to many negative variables like stress (Pearson et al., 2019), turnover intentions (DeTienne et al., 2012), frustration (Pearson et al., 2019) yet research on direct link between moral disengagement

and unethical behaviour in organisation is scarce (Moore et al., 2012) let alone on workplace deviance (interpersonal and organisational) in particular (Barsky, 2011).

Research in MD specifically to predict deviant behaviour in organisation may show results different from the norm because in organisations there are various rules and procedures in place to punish for unethical acts. According to social cognitive theory given by (Baumeister et al., 1996), “cognition is less likely to influence behaviour when there are prohibitive factors present in the environment, such as punishment”. Therefore, it becomes important to research whether MD predicts deviant behaviour when employees know the harsh consequences of this kind of behaviour. Also, the present research will inquire that whether MD predicts organisational and interpersonal deviance differently or not because the consequences (punishment) of organisational deviance are much harsher than consequences of interpersonal deviance (Bennett & Robinson, 2000a)

Hypothesis4 (H4): Moral disengagement positively affects organisational deviance (OWD)

Hypothesis (H5): Moral disengagement positively affects interpersonal deviance (IWD)

MORAL DISENGAGEMENT AS A MEDIATOR

In the quest for exploration of deviance as a reaction to organizational events, the question why some employees forgive and some react to organisational wrongs done to them has been of particular interest recently (Bora et.al., 2015). Researchers have begun to answer this question by introducing different moderators and mediators in this experience reaction relationship like target's status (Aquino & Bennett, 2002), gender (Hitlan et. all ,2016), national culture (Gill et al., 2011) to name a few. In the proposed model we have taken moral disengagement as a mediator variable for its intriguing power that allure people to avoid all moral standards by turning off self-regulation mechanism and perform deviant acts.

Hypothesis 6 (H6): Moral disengagement act as mediator between breach of psychological contract and workplace deviance

METHOD

Procedure: A quantitative and cross-sectional study where data was collected through questionnaire and analysed using structural equation modelling (SEM) on AMOS 16. The data was cleaned using IBM SPSS 24. Method proposed by Baron and Kenny (1986) and Hayes (2008) is used in order to test the mediation effect.

Sample: The questionnaires were floated online. Apart from that, respondents were also contacted personally.to fill the questionnaire. People working in private sector organisations in India with at least 1 year of work experience were targeted. Convenience sampling method was used but there is some degree of randomness as no systematic effort was made to select the candidates. According to North and Vos (2002), “convenience sampling is the rational choice in cases where it is impossible to identify all the members of population” (p.191). Therefore, in order to find reliable sources of data convenience sampling was used. Also, due to paucity of time and cost constraints convenience sampling was best suited to produce quality data and efficient results (Etikan, 2016; Rivera, 2018).

This study was completely based on self-report and respondents were ensured about complete anonymity so as to reduce common method biasness in the results (Bennett & Robinson, 2000). The total respondents were 248 in number. According to Hair, Black, Bablin, & Anderson, (2009), the sample size of 200 is seen as goal for using SEM, which was met in present study. 30.3% of participants were in the age group of 18-24 years, 20.7% in 23-31 years, 18.1% in 32-38 years, 9.2% in 38-44 years and 21.7% were 45 years and above. Among the respondents, 44.5% were females and 55.5% were males. Also, 28% have 1-4 years of work experience, 23.4% have 5-9 years, 16.8% have 10-14 years, 7.2% have 15-19 years, while 24.6% have over 20 years of experience.

Measures: - Instruments from previous studies were used and responses were taken on a 5 Point Likert scale. BPC was measured from instrument developed by Coyle-shapiro, Kessler, & Kessler, (2000) containing 7 set of obligations marked on a Likert scale ranging from 1 = not at all fulfilled to 5= very much fulfilled. These items were then reverse coded to measure breach of these obligations.

Moral disengagement was measured through instruments given by Barsky, (2011). The instrument has 8 items to be marked on 5-point Likert scale where 1= strongly disagree to 5= strongly agree.

Organisational deviance and Interpersonal deviance was measured using scale given by Bennett & Robinson,(2000).Organisational deviance included 11 items and interpersonal deviance included 5 items measured on a 5 point Likert scale where 1= strongly disagree to 5= strongly agree.

Common method variance (CMV): The present study is cross-sectional in nature. The answers from respondents were collected at a specific point of time and the predictor as well as criterion variable were assessed from same source. All this leads to common method variance which makes the results biased. According to Richardson & Sturman, (2009) common method variance (CMV) is defined as “systematic error variance shared among variables measured with and introduced as a function of the same method and/or source”. Also, the study was based on self-report of undesirable behaviour. One of the disadvantages of self-reporting is that respondents sometimes tries to “fake good” which is also called as “social desirability biasness”. Both statistical as well as non-statistical measures were taken to remove biasness. As suggested by Bennett & Robinson, (2000) the respondents were assured about the complete anonymity of their responses and no details regarding their name and place of work were asked to reduce biasness. To detect CMV, Harman's single factor test was done(Podsakoff et al., 2003). In this, all factors were loaded to one single factor that explained only 24.73% of total variance. If a single factor explains more than 50% of the variance, then biasness could be there. Thus, the data was free from any kind of common method biasness. Though Harman single factor test is easy to apply, yet it has many disadvantages and regarded redundant by some scholars (Richardson & Sturman, 2009). For this purpose, an additional method named as Common Latent Factor (CLF) has been employed to check for the presence of CMB (Furtmueller et al., 2011). It was done using AMOS 16 by including a common factor in the already existing model that was allowed to be loaded with other constructs and restricting the factor loadings to be equal. The factor loading so obtained was squared which turned out to be 32.61%, less than 50% benchmark (Eichhorn, 2014). Further, there was no significant difference between chi-square goodness of fit benchmark between model 1 (without latent factor) and model 2 (with latent factor). As there was no significant improvement in model fitness therefore, it can be safely contended that the data was free from common method biasness (Hair et al., 2006).

DATA ANALYSIS

Descriptive statistics comprising of mean, standard deviation and Cronbach's alpha is given in Table1.

Cronbach's coefficient of Breach of psychological contract was 0.832, moral disengagement 0.846 and that of interpersonal deviance and organisational deviance was 0.764 and 0.890 respectively. Cronbach's alpha of all the variables was greater than 0.6 pointing towards internal consistency and reliability. The KMO value was 0.951 and there was a significant Barlett's test of sphericity which signifies appropriateness of sample adequacy.

Table1: - Descriptive statistics and Cronbach alpha

| Variables | Mean | Standard deviation | Cronbach alpha |
|-------------------------|-------|--------------------|----------------|
| BPC | 2.61 | 0.974 | 0.832 |
| Moral Disengagement | 3.519 | 1.10 | 0.846 |
| Interpersonal Deviance | 1.739 | 0.894 | 0.764 |
| Organisational Deviance | 1.657 | 0.60 | 0.890 |

Table 2: - Confirmatory Factor Analysis Results of BPC, MD, Organisational Deviance and Interpersonal deviance

| Construct | Measuring Items | Standard Loading | Variance | Error |
|----------------------------------|---|------------------|----------|-------|
| Breach of psychological contract | Fair pay for the responsibilities I have in my job | 0.865 | 0.748 | 0.252 |
| | Pay increase to maintain my standard of living | 0.833 | 0.694 | 0.306 |
| | Necessary training to do my job well | 0.864 | 0.746 | 0.254 |
| | long term job security | 0.710 | 0.504 | 0.496 |
| | Promotion and advancement in my career | 0.715 | 0.511 | 0.489 |
| | Good career prospects | 0.944 | 0.891 | 0.109 |
| | Upto date training and development | 0.924 | 0.853 | 0.146 |
| Moral disengagement | if an employee needs to distort the truth to do their job, they cannot be blamed for lying | 0.801 | 0.642 | 0.358 |
| | if it helps you do your job, it is alright to cheat clients or customers | 0.883 | 0.780 | 0.220 |
| | employees are not at fault for making mistakes if their boss puts too much pressure on them to perform well | 0.833 | 0.694 | 0.306 |
| | employees cannot be blamed for wrongdoing if they feel that their boss pressured them to do it | 0.776 | 0.602 | 0.398 |

| | | | | |
|-------------------------|--|-------|-------|-------|
| | if an employee perceives that his/her company wants him/her to do something unethical, it is unfair to blame the employee for doing it | 0.826 | 0.682 | 0.318 |
| | employee alone cannot be blamed for manipulating the facts when all other employees do it | 0.831 | 0.691 | 0.310 |
| | it is unfair to blame an employee who had only a small part in the harm caused by a group's actions | 0.860 | 0.740 | 0.260 |
| | It is alright to fabricate the truth to keep your company out of trouble | 0.815 | 0.664 | 0.336 |
| Interpersonal Deviance | Made fun of someone at work | 0.873 | 0.762 | 0.237 |
| | Said something hurtful to someone at work | 0.918 | 0.843 | 0.157 |
| | Played a mean prank on someone at work | 0.931 | 0.867 | 0.133 |
| | Made an ethnic, religious or racial remark at work | 0.922 | 0.850 | 0.150 |
| | Acted rudely towards someone at work | 0.952 | 0.906 | 0.094 |
| Organisational deviance | Made fun of someone at work | 0.789 | 0.623 | 0.377 |
| | Said something hurtful to someone at work | 0.849 | 0.720 | 0.280 |
| | Played a mean prank on someone at work | 0.833 | 0.693 | 0.306 |
| | Acted rudely toward someone at work | 0.926 | 0.858 | 0.143 |
| | Taken property from work without permission | 0.932 | 0.867 | 0.133 |
| | Spent too much time fantasizing or daydreaming instead of working | 0.944 | 0.891 | 0.108 |
| | Falsified a receipt to get reimbursed for more money than you spent on business expenses | 0.933 | 0.870 | 0.129 |
| | Taken an additional or longer break than is acceptable at your workplace | 0.876 | 0.767 | 0.232 |
| | Intentionally worked slower than you could have worked | 0.905 | 0.820 | 0.181 |
| | Put little effort into your work | 0.893 | 0.797 | 0.203 |
| | Dragged out work in order to get overtime | 0.873 | 0.762 | 0.238 |

To test convergent and discriminant validity of the instruments, Confirmatory Factor Analysis(CFA) using AMOS16 employing Maximum likelihood Estimation (MLE) method was carried out. The factor loadings, variance extracted and errors of theorized four factor model is shown in Table 2. All the factor loadings are greater than 0.7 ensuring local usability of the scale. However, to improve the model fit, modification indices were used. The four-factor model was tested for adequate goodness of fit. Goodness of fit is indicated if CMIN/df is less than 3. However, to obtain conclusive evidence the Comparative Fit Index (CFI), Incremental Fit index (IFI) and Root Mean Square Error of Approximation (RMSEA) are calculated; while CFI and IFI should be above 0.90, the RMSEA which shows badness of fit with the available data, should be below 0.010 (Hu et al., 2009). In the

present study the indicators CMIN /df was found to be 2.974, Comparative Fit Index had a value of 0.944, Incremental Fit Index stood at 0.952 while Root Mean Square Error of Approximation (RMSEA) was 0.068. As such all the criterion statistics were in acceptable range (Hair et.al, 2006). The convergent and discriminant validity of the instruments was tested employing the tool 'excel tool package OLD' developed by David Kenny which is accessible at his website (www.davidakenny.net). The results are presented in Table 3. The Table shows that all constructs used in this study have Composite Reliability (CR) > 0.7, Average Variance Explained (AVE) > 0.5 and CR > AVE. Therefore, there is reasonable evidence of the presence of convergent validity. Discriminant validity is indicated if, Average Variance Explained (AVE) > Maximum Shared Variance (MSV) and the square root of AVE is greater than inter-correlations among different constructs. The results of David-Kenny Excel tool show (Table3) that instruments employed in the present study satisfy all these conditions of discriminant validity.

Table -3 Convergent and Discriminant Validity of Measured Instruments

| Variable | CR | AVE | MSV | Moral Disengagement | BPC | Organisational Deviance | Inter personal Deviance |
|--------------------------------|-------|-------|-------|---------------------|-----------------|-------------------------|-------------------------|
| Moral Disengagement | 0.945 | 0.682 | 0.514 | (0.826)* | | | |
| BPC | 0.931 | 0.663 | 0.514 | 0.629 ** | (0.814)* | | |
| Organisational Deviance | 0.976 | 0.789 | 0.514 | 0.717 ** | 0.717 ** | (0.888)* | |
| Interpersonal Deviance | 0.965 | 0.845 | 0.503 | 0.585 ** | 0.709 ** | 0.684 ** | (0.919)* |

* = Square Root of AVE

**= Inter correlations

For analyzing the data, Structural Equation Modelling and the Mediation analysis were utilized. Mediation Analysis was carried out in two steps. In the first step, as suggested by Baron and Kenny (1986), we checked whether the variable hypothesized to be mediating is actually mediating or not. According to Baron and Kenny (1986), for a variable to qualify as a mediator two conditions must be fulfilled. First, there should be a significant relationship between i) independent and dependent variable, ii) independent and mediator variable and iii) dependent and mediator variable. Second, when mediator variable is introduced in the equation the already existing significant relationship between independent and dependent variables must weaken. In the second step, bootstrapping approach as suggested by Preacher, Rucker, & Hayes, (2007) was adopted to check if the mediator mediates the relationship between independent and dependent variable fully or partially. According to Preacher et al., (2007), "full mediation happens when direct effect is significant when mediator is not added but once mediator is added into the relationship, the direct effect becomes insignificant and indirect effect becomes significant. Partial mediation happens when both direct as well as indirect relationship even after adding mediator is significant. It implies that only some but not all of the relationship between dependent and independent variable is explained by mediating variable".

RESULTS

To test the Hypotheses, standardized result of the theorized model with and without mediator were obtained through SEM and presented in Figure-1 and Figure -2 respectively.

Figure 1:- Standardized theorized model without mediator

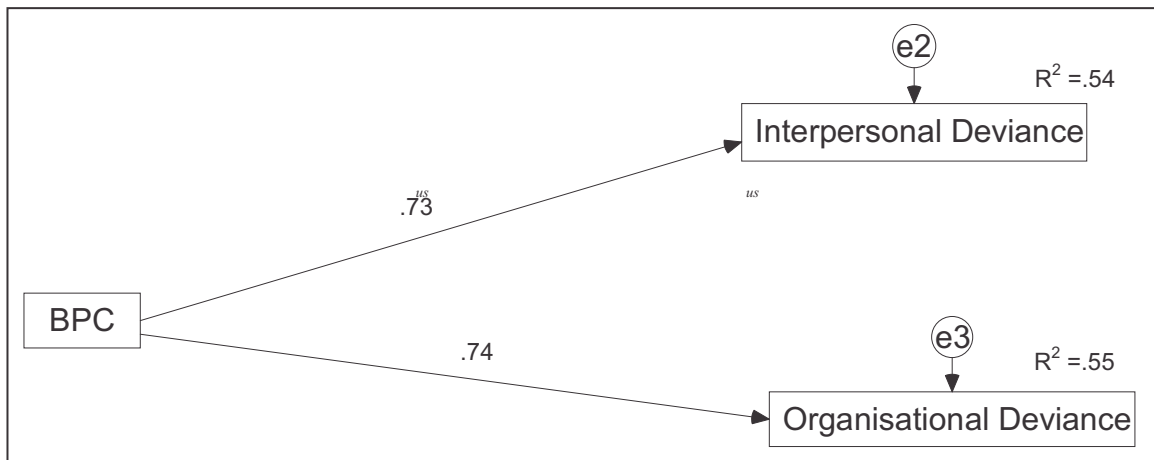
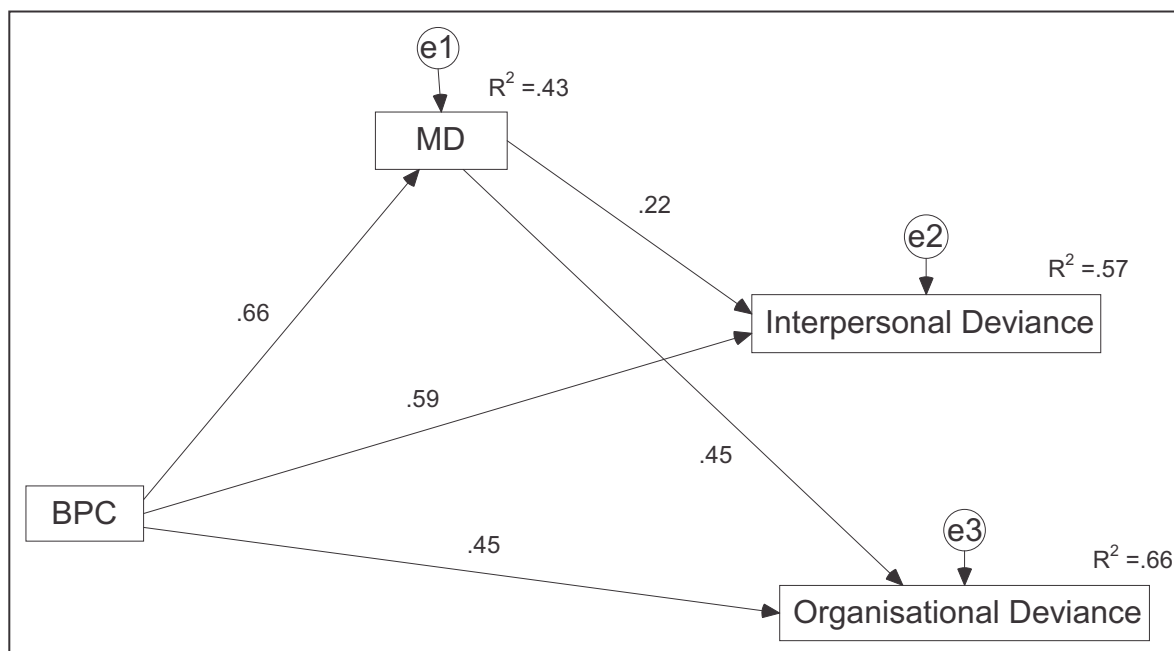


Figure 2: - Standardized theorized model with mediator



It can be observed from Figure-1 and Table 4 that there is a direct and positive impact of breach of psychological contract (BPC) on organisational deviance and interpersonal deviance ($P < 0.001$). The results on applying Maximum Likelihood Estimation (MLE) procedure shows that BPC significantly influences interpersonal deviance ($\beta = 0.734$, $p < 0.001$) and increases organisational deviance ($\beta = 0.739$, $p < 0.001$). The direct effect in both the relationship is positive. Thus, supporting the first and second hypotheses. However, it should be noted that BPC appears to explain the nearly the same amount of variability in organisational deviance ($R^2 = 0.55$) as that in interpersonal deviance ($R^2 = 0.54$). However, on comparing figure 1 with figure 2, when we add moral disengagement in the model, the explained variation goes up significantly ($p < 0.05$) for organisational deviance from $R^2 = 0.55$ to 0.66 ; and also, for interpersonal deviance the R^2 rose significantly from 0.54 to 0.57 (based on F-test proposed by Gujrati, Porter & Gunasekar, (2009)). It can also be observed from Table 4 that there is a

significant relationship between BPC and moral disengagement. It implies that when an employee perceives breach of psychological contract, he bypasses all the moral standards that helps to differentiate between what is right and what is wrong. Thus, finding support for the hypotheses 3. Also, there is a significant positive relationship between Moral disengagement and interpersonal deviance (H4 supported) and moral disengagement and organisational deviance (H5 supported). Also, when moral disengagement is introduced into the model the existing significant relationship between BPC and organisational deviance weakens as the β slides down from 0.74 to 0.45 and the same effect can be seen in the relationship between BPC and interpersonal deviance in which case β falls from 0.73 to 0.59. One can see that all the conditions specified by Baron and Kenny (1984) for a variable to qualify as mediator are fulfilled, one can assert that mediation effect exists. It implies that workplace deviance is more powerful when BPC operates through moral disengagement. It may therefore be stated that employees will act in a deviant manner against organisation and other coworkers owing to the impact of BPC on moral disengagement rather than directly.

Table -4: Hypothesis testing for direct impact

| PATH | Standardized regression coefficient (β) | Standard error | T-value | Hypothesis testing |
|------------|---|----------------|---------|--------------------|
| BPC -> IWD | 0.589 (**) | 0.039 | 17.195 | H1 supported |
| BPC -> OWD | 0.445 (**) | 0.033 | 17.448 | H2 supported |
| BPC -> MD | 0.656 (**) | 0.041 | 13.829 | H3 supported |
| MD -> IWD | 0.221 (**) | 0.040 | 12.172 | H4 supported |
| MD -> OWD | 0.448 (**) | 0.028 | 17.502 | H5 supported |

**=p<0.001

To examine whether MD acts as a full or partial mediator, bootstrapping approach as suggested by Preacher, Rucker, & Hayes, (2007) was adopted. Table 5 provides results of mediation analysis. As both the direct impact as well as the indirect impact is significant at 5% level, therefore, moral disengagement partially mediates the relationship between BPC and interpersonal deviance as well as between BPC and organisational deviance. It implies that moral disengagement is not the only mediator between BPC and the two types of deviance examined in the present study; there may be other mediators too which may be explored in future research.

Table 5: - Testing for indirect impact

| Path | Standardized direct effect w/o mediator | Standardized direct effect with mediator | Standardized indirect effect | Mediation type |
|----------------|---|--|------------------------------|-------------------|
| BPC ->MD ->IWD | 0.734 (**) | 0.589 (*) | 0.145(*) | Partial mediation |
| BPC ->MD ->OWD | 0.739 (**) | 0.445 (*) | 0.294 (*) | Partial mediation |

** = $p < 0.001$, * = $p < 0.05$

DISCUSSION

The present study presents an approach to understand the impact of BPC on workplace deviance via the lens of socio-cognitive mechanism of moral disengagement. Literature has not been convincing on the determination of interpersonal and organisational deviance through moral disengagement and the way it affects the action orientation of the employees. It shows that BPC is positively related to organisational as well as interpersonal deviance. In addition, it has been observed that moral disengagement only partially mediates the relationship between them. All the proposed hypotheses are supported in the present study. The present research presents considerable evidence of a distrust loop that is created when employees perceive breach of psychological contract. This distrust loop also morally disengages the employee which if not controlled properly will give rise to different manifestations of wrongdoings at workplace. Present Findings are in sync with social exchange theory – (Bordia et al., 2017) , reciprocity theory (Knapp et al., 2020) and justice theory (Greenberg, 1990) which asserts that when managers fails to fulfill promises and disturb the equation of equal exchange, employees in order to seek justice, relent.

The results suggest that social cognitive item like MD acts as an important mediator. It also suggests that employees working in private organisation who generally value their moral standards and ethical values, first need to deactivate and bypass their moral values in response to wrongdoing done to them, in order to perform and rationalise their deviant acts. It also acts as a caution for managers because when an ethically committed employee sidestep their moral standards it can lead beginning of many other wrongful activities.

IMPLICATIONS

Theoretical Implications

Firstly, it is the first study to explore the mediating role of Moral disengagement between BPC and Workplace deviance, including interpersonal deviance and organisational deviance. While previous studies focused on mediators like self-identity (Marcelus et al., 2016); trust (Rani et al., 2018); justice perceptions (Cohen & Diamant, 2019), this study adds new understanding of explaining the link between BPC and workplace deviance by adding socio cognitive angle to it. Secondly, It will greatly extend the literature of deviance specially in Asian context. Most of the deviance studies are focused on western countries. But it should be noted that there is difference in behaviours of employees in western countries as against employees in Asian countries ('Zhang & Li, 2018) which makes the findings of present research more relevant. It asserts that that employees working in India are equally involved in these destructive behaviours as much as western people. The research refutes the results of previous studies that in

India, public sector organisation employees perform behaviours that are deviant and its presence in private sector is minuscule (Mishra & Pandey, 2014). This study shows significant presence of workplace deviance in private organisations too. Thirdly, the presence of partial mediation implies that the mediation effect is significant but it is partial in nature, implying that there may be other variables which might be mediating between our dependent and independent variables. The finding is not surprising as there can be several causes behind a psychological behaviour, it is often impractical to expect a single mediator explaining all of the relationship (Judd & Kenny, 1981).

However exploring these other variables in future research will help explain the relationship between BPC and deviance better.

Managerial Implications

Several implications are indicated by the present study for practicing managers. Organisations are trying to increase pro social behaviour at their workplace and attempting to arrest all kinds of deviant behaviour from their very root. The study brings role of psychological contracts as an antecedent to workplace deviance in focus. Managers need to give importance to dynamic nature of relationship between employer and employee and make an effort to understand what comprises of psychological contract for each employee. The psychological satisfaction is as important to employees as much as physiological needs. Managers should not make false promises just to attract the potential candidate as it may have negative impact in future. Induction program should be clearly designed so as to make employees clear about what they should expect from their organisations. Skills of employees should match with the job offered. Managers and HRs should have regular meeting with employees as to understand whether their promises are fulfilled or not and to clear out if they have misconceptions about any unkept promise. Lastly, moral disengagement as a cognitive mechanism has high potential to mature over time (Paciello et al. 2008) which means where employees psychological contract has not been fulfilled, legitimizing aggressive and deviant behaviour will become a routine which in future will give rise to "morally disengaged culture" in the organisation (Bonner et al., 2016). This culture will provide easy justification of any immoral act and is hard to manage. To avoid this, organisations should be clear about the explicit and implicit norms of conduct that should be followed by employees. High morality in work context should be encouraged. HR managers can conduct social cognitive test to judge the morality of the incoming candidate.

CONCLUSION

Since psychological contracts and their maintenance have far reaching effect on organisational outcomes, this has become an important concept to study specially in relation to workplace deviance which drains out the company financially and employees emotionally. This paper empirically demonstrated how breach of psychological contract increases the propensity of employee to morally disengage and predict both types of workplace deviance. This paper offers new insights into the significance of moral disengagement in turning breach into deviance and answer the question as to why some employees react to BPC and some choose to not do it. The inclusion of socio-cognitive variable into the deviance model has helped to fill in the gap existing in the literature. Also, this research has paved the way for future research in workplace deviance in India as it acknowledged the presence of workplace deviance in Indian organisations. Testing this model of breach - deviance by adding socio cognitive factor (MD) in regards to Indian employees is one of the major contribution of the present research.

LIMITATION AND SCOPE OF FUTURE RESEARCH

Firstly, the present paper has only taken private sector employees as target of study. In future, research can be focused

on public sector employees so as to make results more generalizable. Secondly, the study was based on self-reported data. Although respondents were assured of their anonymity but still social goodness bias cannot be completely ruled out. Thirdly, cross sectional study design was followed in the paper. In future, longitudinal study design can be followed to make results more robust. As meaning and terms of psychological contracts of an employee change with experience, therefore longitudinal study will add new dimension to the research in Breach of Psychological Contract. Lastly, the present study showed the existence of partial mediation which suggests that future studies should focus on finding new mediators to explain the relationship between breach of psychological contract and deviance

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