Influence of Psychological Ownership on Psychological Contract Breach

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ABSTRACT

The present research aimed at understanding influence of psychological ownership on employee’s perception of psychological contract breach. Using random sampling procedure data were collected from 250 employees working at different levels from two banks in Bhutan. Correlation and regression analysis were carried out to analyze the obtained data. Results revealed that employee’s sense of ownership is significantly and inversely related to psychological contract breach. It is found that the explanatory variable significantly explain variance of outcome variable of the study. Research implied that management through their policies and practices should try to develop sense of ownership among their employees if organization expects to reduce the possibility of feeling of contract breach because the perception of breach can have negative implications on employees as well as on organization.

Keywords: Psychological contract breach, Psychological ownership

In fast changing and uncertain economic conditions, psychological contract has been proposed as an important framework to understand and explain employment relationship. Research on psychological contract flourished over a decade since the popularization of the concept by Rousseau (1989). Major areas of research on the construct (psychological contract) had been on employee’s perception of their psychological contract breach and violation and its consequences on employee’s attitude and behaviours (Guest, 2004; Zhao, Wayne, Glibkowski, & Bravo, 2007). Researches on these aspects of the construct are important for organizational effectiveness and are significant for practitioners as well as for academicians. An important issue which is by and large ignored by scholars is how to prevent employees perceiving breach in their psychological contract. Previous researches have revealed that perception of breach is common in organization (Robinson & Rousseau 1994; Conway & Briner 2005; Agarwal & Bhargava, 2013). Once perception of breach arises in employees, are most likely to have its negative repercussions. Growing body of theoretical and empirical researches has revealed detrimental effects on

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personal and organizational outcomes when employees perceive breach and violation of their contract (Robinson, Kratz & Rousseau, 1994; Raja, Johns & Ntalianis, 2004; Parzefall & Hakanen, 2010). So the present research postulates the view that organization should proactively take steps in order to prevent employees perceiving breach of their contract or reduce its possibility. Research focusing on this area will have far positive implications on organizations to mitigate the problem of breach and enable employees to contribute in increasingly significant manner. The present research proposes the possible influence of psychological ownership on perception of psychological contract breach.

Basic of psychological ownership is the sense of possession. A person with the sense of ownership feels that the thing is his/ her own. Researchers have revealed that psychological ownership influences employee’s attitude and behaviours (Buchko, 1993, Van Dyne, & Pierce, 2004; O’Driscoll, Pierce, & Coghlan, 2006). This implies that it can have great impact on employee’s relationships with the organization. Drawing on these findings, the present research postulated that the construct (psychological ownership) has potential to influence perception of contract breach. If employees have the perception of ownership towards their organization, will work as resisting forces in perception of breach because of the sense of possession (feeling of own, mine) attached with the work and organization. Thus the objective of the study is to explore the influence of psychological ownership on employee’s perception of psychological contract breach, an unexplored relationship till now.

CONCEPTS AND LITERATURE REVIEW

Psychological Contract Breach
Psychological contract consists of beliefs employees hold regarding the terms of the informal exchange agreements between themselves and their organization (Rousseau, 1989). Psychological contract implies that the employee has a variety of expectations from the organization and that the organization has a variety of expectations of him with respect to how much work is to be performed for how much pay, and the whole pattern of rights, privileges, and obligations between the employee and the organization.

Psychological contract breach refers to the perception of employees that organization has failed partially or fully to honor their promises made associated with perceived mutual promises. Zhao et al., (2007, p. 649) define breach as ‘the cognitive evaluation that one’s organization has failed to fulfill its obligations’. Perceived contract breach has negative consequences for both individuals and organizations such as reduced job satisfaction (Tekleab and Taylor, 2003), reduced organizational commitment (Restubog et al., 2006), lowered performance (Suazo & Stone- Romero, 2011), lowered organizational citizenship behavior (Restubog et al., 2008), increased deviant behaviors (Restubog et al., 2007), and heightened turnover intention (Raja et al., 2004). Factors that contribute to the perception of contract breach are Incongruence, Reneging and Vigilance (Morrison & Robbinson, 1997). Incongruence is the different
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understanding and interpretations to the given obligations made by employee and employer. Reneging is the intentional breach of the actual promise. In this condition, the organization fails to honor its part of the obligations deliberately. Vigilant employees keeps monitoring about the how well organization is fulfilling its obligations. Another phenomenon that also contributes to the perception of contract violation is called disruption, which takes place as a result of the unforeseen events and in this situation employer shows inability to meet his obligations.

Psychological Ownership

Psychological ownership is defined as a “the state in which individuals feel as though the target of ownership or a piece of that target is theirs,” and reflects “an individual’s awareness, thoughts, and beliefs regarding the target of ownership” (Pierce, Kostova, & Dirks, 2003, p. 86). The core of psychological ownership is the ‘sense of possession’ (feeling as though an object, entity, or idea is ‘MINE’ or ‘OURS’) (Furby, 1978). Ownership feelings can develop towards various tangible and intangible “targets” (Dittmar, 1992, Pierce et al. 2001). The term “target” of attachment in the psychological ownership literature is very broad. These targets may be something as small as a preferred seat in board room, or as large as the organization as a whole. In the present research, the focus is on the organization as the target of feelings of ownership (psychological ownership for the organization).

Ownership feelings can exist in the absence of any formal or legal claim of ownership. Psychological ownership is different from other attitudinal constructs such as commitment, involvement, engagement etc. in its conceptual core and motivational bases (Pierce et al. 2001; Van Dyne & Pierce, 2004). The theory of psychological ownership argues that a sense of possession directed toward the organization satisfies three basic human motives (efficacy and effectance, self-identity, and having a place or home). According to Pierce et al. (2001), psychological ownership has important emotional, attitudinal and behavioral effects on those that experience ownership. Even though researchers have begun to explore relationships between psychological ownership and desired outcomes, a need for further theory development and empirical research still needed (Avey, Avolio,. Crossley & Luthans, 2009). Psychological ownership has been categorized into two categories - Promotion focused and Prevention focused (Avey et al., 2009). The present research is concerned with promotion focused psychological ownership.

Promotion focused psychological ownership has four dimensions - self-efficacy, self-identity, belongingness and accountability (Avey et al., 2009). Self-efficacy dimension is based on people’s belief of doing the task (Bandura, 1997). In psychological ownership, it refers to being able to affect a desirable outcome of actions (a psychological component) that results in feelings of self-efficacy (Olckers, 2013). Self-Identity is a cognitive connection between an individual and the target (here organization) and reflects the individual’s perception of oneness with the target (Porteous, 1976; Dittmar 1992). By internalizing the organizational identity, the individual gains a sense of meaningfulness and connectedness (Albert, Ashforth, & Dutton, 2000).
Belongingness in terms of psychological ownership in organizations may be understood as a feeling that one belongs to the organization. Employees who experience a sense of ownership at work are more positive and report that they occupy a place in the organization employee belongs to (Avey et al. 2009). Accountability refers to expected rights and responsibilities. In psychological ownership accountability refers to (1) the expected right to hold others accountable and (2) the expectation for one’s self to be held accountable (Avey et al. 2009).

**Psychological Ownership and Psychological Contract Breach**

Pierce, Rubenfeld and Morgan (1991) have theorized that psychological ownership can be associated with positive behavioural and psychological consequences. Psychological ownership has been viewed as a positive resource for impacting attitudes (e.g. higher commitment, sense of belongingness, self-identity etc. (Avey, et al., 2009; Pierce et al., 2001, 2003; Van Dyne & Pierce, 2004). It means that employees with higher level of psychological ownership will show higher level of positive attitude towards the organization. But probably there is no research which has tried to establish relationship of psychological ownership with the perception of psychological contract breach. However an effort is made to draw indirect relations with the two constructs. Psychological ownership is based on concepts of ‘possession’ and includes concepts such as self-identity, belongingness, accountability etc. Possession of targets provides people with comfort, autonomy and pleasure and all these helps facilitate in the development and cultivation of their identity (Pierce, Kostova & Dirks, 2003). Psychological ownership provides an opportunity to individual to identify himself with an organization, mission or purpose (Rousseau, 1998). It implies that individual gets emotionally attached with / develops affective commitment and increased involvement towards the organization. Research conducted by Hekman et al., (2009) on professional employees (e.g. doctors, nurses, lawyers) revealed that employees were less likely to reciprocate perceived psychological contract violation, which normally results because of contract breach, when they strongly identified with the organization. One important component of the psychological ownership is the self-identity, whereby individual identify himself with the target (organization). Epitropaki (2013) conducted a study on Greek organizations indicated that employees’ perception of psychological contract breach negatively affected their organizational identification. It means that if a person identifies himself with the organization is less likely to perceive breach. Possession provides people with a sense of psychic comfort, an emotional connection, pleasure and security (Heidegger, 1967; Dittmar, 1992). The argument is that if employees are feeling connected with and belonged to their work and organization and identifies with the values and goals of the organization; employees are less likely to be incongruent and vigilant (a cause of perception of psychological contract breach) of employer’s inducements. Further such employees are less likely to perceive discrepancies between the promised obligations and met obligations leading to the reduced perception of contract breach. Beggan (1992) found that that people evaluated objects/ targets more favorably when they felt a sense of ownership for the target. Similarly Avey et al. (2009) stated that employees who experience a sense of ownership at work are more positive. Thus it is conjectured that –
H: Psychological ownership will have negative influence on employee’s perception of psychological contract breach.

METHOD

Sample and Survey Procedures
The study is cross-sectional and based from the perspective of employees. Data were taken from 250 fulltime employees randomly from two major banks in Bhutan. Respondents were called up during their working hours with the prior permission from the competent authority. The schedule was completed by the researcher. Age range of respondents in this study was between 25 and 53 years, with average for the sample being 33 years approximately. Thus the sample consisted of respondents from a fairly well distributed age-group. Approximately 60 percent of the respondents were male. In terms of educational attainment, the sample population consisted of employees with graduate and above qualification (73 per cent) and the remaining was below graduate. All the necessary information regarding the study and ways to respond on questionnaire were shared with all respondents. Respondents were assured of confidentiality of their responses and were told that their responses shall be used for the research purpose only.

Measurement of Variables
Psychological contract breach was measured by the 5-item scale developed by Robinson and Morrison (2000). This scale is a global measure of contract breach. Such global measures are effective tools for capturing overall perceptions of how much an organization has fulfilled (or not) its promises. Items were measured on 5-point likert type scale ranging from 1 (strongly disagree) to 5 (strongly agree). The 5 items were averaged with higher values representing greater degree of psychological contract breach. Reliability of the scale was found to be .78 (Cronbach’s alpha).

Psychological ownership was measured by the 12-item scale developed by Avey et al., (2009). The scale measures the construct from four dimensions – self-efficacy, accountability, belongingness and self-identity with 3 items each. Items were measured on 5-point likert type scale ranging from 1 (strongly disagree) to 5 (strongly agree). Higher score reflects higher psychological ownership. Reliability of the scale was found to be .76 (Cronbach’s alpha).

RESULTS
Mean, standard deviation, and correlation for the study’s variables are presented in table 1. The relationship between psychological ownership and PCB was found to be negative and significant (r = - 0.221, p < 0.01). It indicates that as increase in psychological ownership reduces the perception of employee’s PCB.
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Table 1: Mean, Standard Deviation (SD) and correlation coefficient among variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Age</td>
<td>33.62</td>
<td>.58</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Qualification</td>
<td>1.42</td>
<td>.52</td>
<td>.164*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Self Efficacy</td>
<td>3.24</td>
<td>.48</td>
<td>.029</td>
<td>.020</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Accountability</td>
<td>3.09</td>
<td>.52</td>
<td>.015</td>
<td>-.044</td>
<td>.765*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Belongingness</td>
<td>3.15</td>
<td>.47</td>
<td>.032</td>
<td>.017</td>
<td>.771*</td>
<td>.784**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Self-Identity</td>
<td>2.86</td>
<td>.58</td>
<td>.036</td>
<td>.035</td>
<td>.658*</td>
<td>.517**</td>
<td>.590**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Psy Ownership</td>
<td>3.34</td>
<td>.49</td>
<td>.132</td>
<td>.043</td>
<td>.755*</td>
<td>.762**</td>
<td>.755**</td>
<td>.821**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8 PCB</td>
<td>2.92</td>
<td>.81</td>
<td>.065</td>
<td>-.017</td>
<td>.118</td>
<td>-.278*</td>
<td>-.211**</td>
<td>-.238**</td>
<td>-.221**</td>
<td>1</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).
Psy Ownership = Psychological Ownership
PCB = Psychological Contract Breach

Hypothesis Testing

Table 2 presents summary of stepwise multiple regressions analysis of psychological ownership and perception of PCB. Results showed that PCB is significantly and negatively related to psychological ownership ($\beta = -0.37$, $p = .01$). $\Delta R^2$ is found to be 0.21 which indicates that psychological ownership explains 21 percent variation on PCB. $F$ values with 14.23 corroborates this as it is found to be significant ($p = .01$). Thus, the hypothesis which predicted that psychological ownership will negatively influence on employee’s perception of psychological contract breach was supported.

Looking into the details of which dimensions of psychological ownership contribute in predicting PCB, summary of hierarchical regression analysis revealed that all the four dimensions significantly contributes in the prediction.
Table 2: Stepwise hierarchical Regressions for PCB as a Function of Psychological Ownership

<table>
<thead>
<tr>
<th>Variables</th>
<th>β (Standardized Coefficient)</th>
<th>t-value</th>
<th>R</th>
<th>R²</th>
<th>ΔR²</th>
<th>F</th>
<th>P</th>
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<tbody>
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<td></td>
<td></td>
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<tr>
<td>Age</td>
<td>.20</td>
<td>2.44</td>
<td></td>
<td></td>
<td>.16</td>
<td>.07</td>
<td>.07</td>
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<tr>
<td>Qualification</td>
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<td>1.95</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>.20</td>
<td>2.40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualification</td>
<td>.14</td>
<td>1.76</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.08</td>
</tr>
<tr>
<td>Self Efficacy</td>
<td>.32</td>
<td>3.65</td>
<td></td>
<td></td>
<td>.14</td>
<td>.07</td>
<td>.07</td>
</tr>
<tr>
<td>Accountability</td>
<td>-.25</td>
<td>2.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.02</td>
</tr>
<tr>
<td>Belongingness</td>
<td>-.30</td>
<td>2.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.02</td>
</tr>
<tr>
<td>Self-Identity</td>
<td>-.41</td>
<td>4.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.01</td>
</tr>
<tr>
<td>Psy Ownership</td>
<td>-.37</td>
<td>3.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.01</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>.45</td>
<td>.25</td>
<td>.21</td>
<td>14.23</td>
<td>.01</td>
</tr>
</tbody>
</table>

DISCUSSION

The present study aimed to explore the influence of psychological ownership on perception of PCB. Findings of the study supported the assertion that psychological ownership does influence employee’s perception of PCB. It implied that if employees develop ownership with the organization, believe that the organization is their own, employees probably becomes less susceptible to look for inducements by organization, becomes less susceptible to perceive discrepancies between promised expectations and met obligations. It is possible that a sense of possession, the basics of psychological ownership, with the organization reduces employee’s tendency to become vigilant and reduced level of incongruent which causes perception of breach. Vigilant enables employees keep monitoring about the how well organization is fulfilling its obligations. Employees with psychological ownership develops an identity with the organization, feels connected with and accountable to the organization are less likely to react against the perception of breach which may result into perception of breach. Reason could be that sense of ‘Mine’ or feeling of ‘Possession’ which result from being connectedness, belongingness, self-identity etc, towards the organization, creates positive feelings, gives pleasure towards the organization. This generated positive feeling and pleasures reduces employee’s tendency to look for the discrepancies between what is promised and what is met (PCB). People evaluate targets more favourably when they feel a sense of ownership for the target (Beggan, 1992, Nesselroade, Beggan, & Allison, 1999). Feelings of psychological ownership lead to positive attitudes about
the entity (Nuttin, 1987). Another reason could be that ownership helps to fulfill three basic human needs: having a sense of place, efficacy and effectance, and self-identity (Pierce et al., 2001). When organization provide employees to fulfill these needs, employees are likely to be motivated to reciprocate in the form of positive assessment of mutual expectations and obligations. Pierce, Rubenfeld and Morgan (1991) have theorized that psychological ownership is associated with positive behavioural and psychological consequences. Psychological ownership influences PCB because when an employees with a sense of ownership, works hard and contributes to the organization much more than employees with reduced or no sense of ownership. Because of employee’s high level of contribution, employer resists in reneging (one cause of PCB which refers to intentional breach of the actual promises). Employer meets its obligations because of employees are considered as assets of the organization. Failing to meet obligations by employers to performing employees may likely to cost to the organization (Morrison & Robinson, 1997).

**CONCLUSIONS and IMPLICATIONS**

In modern business environment employees have become asset more important than technology in the survival and growth of organization. Organization should pay special attention and consideration towards the perception of employee’s psychological contract breach because it affects so many organizational outcomes including employee’s performance. Some ways have been explored to deal with the breach problem. The present research took the position that psychological ownership can be used as one of the mechanisms to mitigate the problem of perception of breach and the study supported this notion. Employees having a sense of ownership with the organization are less likely to perceive their psychological contract breach. Insights gained from the research have fundamental implication for organizations. Common practices have been that human resource practitioners have typically been limited to employee stock ownership plans, stock options, compensation schemes (e.g. Wagner et al., 2003) to promote feelings of ownership. Probably less attention has been given towards psychological ownership to have desired organizational outcomes. The study revealed that organizations should make efforts through policies and practices to create psychological ownership (feelings of mine / ours) among employees in order to reduce the chances of perception of contract breach. Psychological ownership is construct that can be developed (Avey et al., 2009). Psychological ownership is not an enduring trait of personality and is context specific (Van Dyne & Pierce, 2004). Giving opportunity to influence work policies and actions, greater degree of control, autonomy etc., are ways by which organization can develop psychological ownership in employees (Pierce et al., 2001). Employees with reduced or no sense of ownership don’t feel connected with the organization and are more likely to interpret organization’s contributions in negative sense.

The research also has theoretical implication in the sense that the findings of the study significantly contribute in advancing the body of knowledge of psychological contract breach and psychological ownership. The study has unmasked interesting findings in the relationships between the two variables.
LIMITATIONS and FUTURE RESEARCH
The present study has some limitations, so findings of the study should be taken with some caution. First limitation is the small sample size, thus limiting the generalizability. The study also suffers from the common limitations of survey research that uses self-reported measures which are subject to social desirability bias. Persistent use of field studies and survey methods that produce co-relational data has resulted in a “methodological rut” (Taylor & Tekleab, 2004; Conway & Briner, 2009). Use of mixed method research design would be better to have better insight. Additionally, cross sectional nature of the study, as opposed to longitudinal and experimental methodology don’t allow affirmative causal explanation especially on the issue of psychological contract which is dynamic in nature. This study is conducted on banking sector, which consequently raises the issue of generalizability of the findings on employees of other sectors because every organization is unique from others in terms of policies, practices, challenges etc. Future studies may be necessary to validate the findings and increase the accuracy of results by obtaining data from different employees of different sectors. Perception of violation of psychological contract is very subjective and dynamic also. So collection of information on the issue at one point of time may not give accurate picture. Future research should explore contract violation on experimental or longitudinal designs and provide more convincing evidence on the issue.

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