Given increasing uncertainty in the global business environment, the use of temporary employment in organizations has increased significantly in the last decade in the Europe, North America and Asia. Adopting a 'psychological contract perspective', we examined the attitudinal and behavioural consequences when the promises of permanent employment to temporary employees are broken repeatedly. Past research has focused mainly on the organizational benefits of using temporary employees. In contrast, ...
Broken Promises: Consequences of Continuous Extension of Involuntary Temporary Employment Status

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ABSTRACT

Given increasing uncertainty in the global business environment, the use of temporary employment in organizations has increased significantly in the last decade in the Europe, North America and Asia. Adopting a ‘psychological contract perspective’, we examined the attitudinal and behavioural consequences when the promises of permanent employment to temporary employees are broken repeatedly. Past research has focused mainly on the organizational benefits of using temporary employees. In contrast, the results of our empirical study indicated that continuous extension of involuntary temporary status resulted in lower self-reported and co-worker-rated organizational citizenship behaviours, higher self-reported and co-worker ratings of job neglect, and increased turnover intentions. The implications of psychological contract breach in terms of managing a temporary workforce are discussed.

Keywords: temporary employees, psychological contract breach, OCB, job neglect.

INTRODUCTION

Organizations employ temporary employees in order to be flexible in managing human resources to reduce employee costs and to simplify administrative complexity (Burgess & Connell, 2006; Chambel & Alcover, 2011; Chambel & Castanheira, 2007; De Cuyper et al., 2008; Guest, 2004a; Guest, 2004b). Given increasing global uncertainty, use of temporary employment in organizations has increased significantly in the last decade in the Europe, North America and Asia (De Cuyper et al., 2008). While some employees may choose temporary employment voluntarily, past research has indicated that most temporary employees directly recruited by organisations wanted to become permanent employees (De Cuyper & De Witte, 2007; Hardy & Walker, 2003). Organisational researchers indicated that involuntary temporary employment affects work behaviours, attitudes, and performance (Connelly & Gallagher, 2004; De Cuyper et al., 2008). However, there is a lack of research on the perceptions of temporary employees towards the organization, job performance and job attitudes when their temporary status is continuously extended. To fill this gap in the literature we investigated the consequences of continued involuntary temporary status. In this study, we adopted a psychological contract perspective to assess
temporary employees’ reactions when employers repeatedly break promises of permanency and employees end up working on temporary employment contracts for several years. In a competitive employment environment, a permanent bank job is the dream of every temporary employee. In order to attract good employees, Bangladeshi banks also promise permanent employment on completion of a prescribed temporary employment period. Thus temporary employees generally form a psychological contract in which a permanent job is the reward for successful completion of a prescribed temporary period of service. New temporary employees work extremely hard, demonstrates high levels of commitment and organizational citizenship behaviours in order to be made permanent. Thus, failure to uphold the promise of permanency is likely to have severe adverse consequences on employee performances and behaviours. Our study investigates the attitudinal and behavioural consequences of temporary employees when their job status is not made permanent in the organization. The study also identifies the impact on individual’s job performance after employee’s psychological contract breach. Accordingly, our empirical study sought to obtain a comprehensive understanding of temporary employees’ cognitive and behavioural reactions after a psychological contract breach.

LITERATURE REVIEW

The Concept of Temporary Employment

Researchers have differentiated temporary employment from standard employment in terms of a) permanency and continuity of jobs, b) continuity of work premises and c) entitlement of statutory benefits (De Cuyper et al., 2008). Temporary employees can be fixed term or on call, can be from temporary agency or directly hired (Chambel & Castanheira, 2007). ‘Temporary employment’ has been termed ‘contingent employment’ in North American management studies and ‘temporary’, ‘fixed term’, and ‘non-permanent employment’ in the European management literature (Connelly & Gallagher, 2004; De Cuyper & De Witte, 2005; De Cuyper, De Witte, & Isaksson, 2005b). Organizational researchers have revealed that temporary employees employed directly by the organization would prefer permanent employment
status in the organization (De Cuyper et al., 2008; Hardy & Walker, 2003). One of the reasons of temporary employees’ intention to become permanent is their perception of job insecurity and uncertainty attached with temporary employment status. The extent to which the employees feel higher or lower job satisfaction depends on whether they became temporary employees by choice or because of a lack of alternate employment options (e.g. employability and career opportunity) (Connelly & Gallagher, 2004). In a longitudinal study, Parker et al. (2002) found that the perception of job security had increased after the temporary employees became permanent in the organization.

**Psychological Contract, Breach of Contract and Temporary Employment**

Psychological contract has been defined as “an individual’s beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party” (Rousseau, 1989). The basic nature of the contract is “reciprocal obligation” as the employees expect to receive benefits in exchange for their contribution to the organization. Psychological contract is perceptual, dynamic and evolving in nature as employees understand and interpret their employment relationships in their own way (Rousseau, 1995). The notion of “promise” is an important part of the contract as some of the employee’s expectations are formally or informally confirmed by the organization. Two types of psychological contracts have been widely accepted by the organizational researchers. These are: transactional psychological contract and relational psychological contract. Transactional psychological relationships are based on the economic transactions between the employee and the employer on the basis of performance, while relational psychological relationship is based on the social exchange between the two parties (Robinson, Kraatz, & Rousseau, 1994a; Rousseau, 1989, 1990). Temporary employees are believed to have explicitly defined transactional contracts rather than relational psychological contracts with their organizations (Connelly & Gallagher, 2004; Coyle-Shapiro & Kessler, 2000; Guest, 2004a; Guest, 2004b; McDonald & Makin, 2000; Rousseau, 1995; Rousseau & Wade-Benzoni, 1995). Organizational researchers have also suggested that psychological contract of temporary employees have short and finite time frames and are narrower in scope and are less dynamic than relationship contracts (Chambel & Alcover, 2011; Connelly & Gallagher, 2004; Coyle-Shapiro & Kessler, 2000; McDonald & Makin, 2000;
McLean Parks, Kidder, & Gallagher, 1998). Chambel and Castanheira (2006) found that temporary employees who are directly hired by the organization develop similar psychological contracts as permanent employees and these temporary employees build up relational psychological contracts with the organization. Their study found that this relational psychological contract positively influences organizational citizenship behaviours of temporary employees. Thus, temporary employees hired directly by the organization have higher levels of transactional relationship when they have high voluntariness to become temporary employees (Chambel & Castanheira, 2006). However, temporary employees who want to become permanent, exhibit favourable attitudes and behaviours in their workplace to increase the possibility of obtaining this permanent status (Connelly & Gallagher, 2004). Research has indicated that perception of job insecurity is positively related to reduced job satisfaction, lower organizational commitment, lower work engagements, higher turnover intentions and higher job strain (Mauno et al., 2005; Parker et al., 2002). Guest and Conway (1997) suggested that psychological contract breach should mediate the relationship between objective and subjective job security. Further, De Cuyper and De Witte (2007) found that perception of job insecurity is related to unfavourable employee outcomes in the event of both relational and transactional contract breach.

Psychological contract breach is the cognitive perception that an employee has not received everything that was promised formally or informally by the organization (Morrison & Robinson, 1997). However, few studies (Coyle-Shapiro & Kessler, 2002; Guest & Conway, 2000; Guest, Mackenzie Davey, & Patch, 2003; Guest & Conway, 1998; Millward & Hopkins, 1998; Van Dyne & Ang, 1998) have explicitly investigated and incorporated psychological contract into temporary employment. Social exchange theory (Blau, 1964), which is one of the theoretical bases of psychological contract explains the employment relationships between the employee and employer can be interpreted in terms of exchanges. The theory advocates that the employee and employer would be satisfied in their relationship as long as they meet each other’s requirements. Thus, psychological contract is an exchange related concept that shows the nature of the exchange relationship between the employee and the employer. In case of psychological contract, temporary employees are likely to maintain a positive relationship with their employer as long as
the employer fulfilled the employees’ psychological contract adequately. In case of a psychological contract breach; temporary employees are likely to experience mistrust towards their employers and are likely to have a negative relationship with their employers.

**Impact of Psychological Contract Breach**

Research over the past two decades has indicated that perception of psychological contract breach is directly related to the employee’s performance, behaviours and attitudes towards the organization. For example, psychological contract breach is negatively related to employee’s trust in management (Deery, Iverson, & Walsh, 2006; Zhao, Wayne, Glibkowski, & Bravo, 2007), job satisfaction (Gakovic & Tetrick, 2003; Zhao et al., 2007), intentions to remain with the organization (Kickul et al., 2002; Zhao et al., 2007), employee performances (Restubog, Bordia, & Tang, 2007; Suazo, Turnley & Mai-Dalton, 2005), citizenship behaviours (Suazo & Stone-Romero, 2011; Zhao et al., 2007), civic virtue behaviour (Chambel & Alcover, 2011), employee commitment (Johnson & O'Leary-Kelly, 2003; Raja, Johns & Ntalianis, 2004) and positively related to workplace deviant behaviours (Bordia, Restubog, & Tang, 2008; Restubog et al., 2007), employees’ neglect of job duties (Turnley & Feldman, 1998, 1999, 2000), job burnout (Chambel & Oliveira-Cruz, 2010), employee’s cynicism about their employer (Johnson & O'Leary-Kelly, 2003), higher absenteeism (Deery et al., 2006; Johnson & O'Leary-Kelly, 2003) and revenge cognitions (Ahmed, Bordia, & Restubog, 2007; Bordia et al., 2008). The above discussion indicates that psychological contract breach is negatively related with three forms of employee contributions to the organization: day-to-day performance, organizational citizenship behaviours and intentions to remain with the organization (Robinson, 1996). In the present study, we examined the relationship between the dependent variables organizational citizenship behaviours directed towards individual employees and the organization, intentions to leave the organization, neglect of the job and the independent variable temporary employees’ psychological contract breach.

**DEVELOPMENT OF HYPOTHESES**

**Impact of Psychological Contract Breach on Organizational Citizenship Behaviour**
Organizational citizenship behaviour (OCB) can be referred to as a set of discretionary workplace behaviours that exceed the employee’s basic job requirements (Organ, 1988). Organizational researchers have divided OCB into two broad categories: behaviours that are directed towards individuals in the organization (OCB-I) and behaviours which are concerned more with helping the organization (OCB-O) (Williams & Anderson, 1991). Courtesy and altruism are viewed as mainly benefitting co-workers (OCB-I), while conscientiousness, sportsmanship and civic virtue are directed at the organization (OCB-O) (Williams & Anderson, 1991). These behaviours include assisting new employees in the organization, attending optional organization meetings, making constructive suggestions and volunteering for tasks that are not mandatory.

Psychological contract breach is a form of perceived imbalance in the social exchange relationship and can be termed as distributive injustice (Morrison & Robinson, 1997; Rousseau, 1995; Turnley & Feldman, 2003). In order to “get even” with the organization after psychological contract breach, employees tend to reduce their commitment to the organization and contribute less to their organizational citizenship behaviours (Turnley et al., 2003). Robinson and Morrison (1995) revealed a positive relationship between the fulfilment of psychological contract and OCB-O. A recent study revealed that psychological contract breach was negatively related to supervisor rated OCB-I and OCB-O (Restubog et al., 2007). A meta-analysis of 51 empirical studies revealed that perceived psychological contract breach was negatively related to employees’ citizenship behaviours (Zhao et al., 2007). Van Dyne and Ang (1998) compared temporary and permanent professional service employees in Singapore in terms of psychological contract, organizational commitment and citizenship behaviour. Their study found that employment contract status moderated the relationship between employees’ psychological contract and their organizational commitment and citizenship behaviour. Coyle-Shapiro and Kessler (2002) found that temporary employees demonstrate lower levels of organizational citizenship behaviour. However, they engage in higher levels of organizational citizenship behaviours, compared with permanent employees, if the temporary employees receive organizational support or higher organizational inducements. It can be
argued that after psychological contract breach, temporary employees will reduce behaviours and efforts that will benefit the organizations. Thus, it is likely that psychological contract breach will be negatively related to temporary employees’ organizational citizenship behaviours towards the organization and individual employees. Therefore, the following hypotheses are proposed.

Hypothesis 1: Psychological contract breach will be negatively related to temporary employees’ organizational citizenship behaviours towards individual employees (OCB-I).

Hypothesis 2: Psychological contract breach will be negatively related to temporary employees’ organizational citizenship behaviours towards organization (OCB-O).

**Psychological Contract Breach and Employee’s Intention to Leave the Organization**

After a psychological contract breach, employees evaluate the situation and question whether to remain in the employment relationship (Turnley & Feldman, 1999). If employees perceive high imbalance in the relationship after psychological contract breach and perceive future mistreatments of the same kind, it is likely that they will be looking for employment elsewhere. This can also be explained from the social exchange perspective. In the event of a psychological contract breach, employee’s trust in fulfilment of future exchanges is severely damaged and the situation denies employees’ valued benefits. Employees may view the discrepancy in the employment because of psychological contract breach as large and impossible to resolve. As a result, employees may believe that it is important to look for alternative employment opportunities in order to obtain valued benefits in future. Robinson et al. (1994) found that perception of psychological contract breach is negatively related to the intention to remain with the organization. Robinson (1996) suggested that psychological contract breach is negatively related to employee’s intention to remain with the organization. Other researchers have also established the relationship between the psychological contract breach and intent to leave the organization (Turnley & Feldman, 1998, 1999, 2000). In three studies, they revealed that psychological contract breach is positively related to exit and voice and negatively related to employee loyalty. A meta-analysis indicated
that perceived psychological contract breach was positively related to employees’ turnover intentions (Zhao et al., 2007). If temporary employees evaluate the situation, perceive high imbalance in the relationship after psychological contract breach and perceive future mistreatments of the same kind, we predict that these temporary employees will look for employment elsewhere. Thus, psychological contract breach is likely to be positively related to temporary employee’s intention to leave the organization. To test this prediction, the following hypothesis is proposed.

*Hypothesis 3: Psychological contract breach will be positively related to temporary employees’ intent to leave the organization.*

**Psychological Contract Breach and Employees’ Neglect of the Job**

Prior studies have suggested that psychological contract breach negatively influences employees’ attitudes toward their organizations and jobs (Lester et al., 2002; Robinson, 1996). It is also evident that psychological contract breach is positively related to employees’ neglect of their in-role job duties (Robinson, 1996; Turnley & Feldman, 1999). According to social exchange theory (Blau, 1964), when employees perceive that their organization has not fulfilled its promises, employees are motivated to restore balance to the employment relations in some ways. They may reduce their in-role job efforts to balance this relationship (Lester et al., 2002). Some of the examples of employees’ neglect at work can be their half-hearted effort to complete a task, higher absenteeism from the workplace, not attending office or business meetings and not maintaining promised office hours. Neglect as the response of psychological contract breach can also result in lower job performance. Previous research has demonstrated that perceived psychological contract breach leads the employees to be more neglecting of their job (Turnley & Feldman, 1998, 1999, 2000). Thus, it is expected that psychological contract breach will be positively related to temporary employees’ neglect of job performance. Hence, the following hypothesis is proposed.

*Hypothesis 4: Psychological contract breach will be positively related to temporary employees’ neglect of job performance.*
METHODS

Data for this study were collected at a commercial bank in Dhaka, Bangladesh. The bank is in the private sector and has 26 branches in Bangladesh, of which 8 are in Dhaka. After obtaining approval from the bank management, the Human Resources Department of the bank introduced the research project to their employees through the bank’s internal mailing system. 250 temporary bank employees were randomly selected and a survey pack (research information sheet, self-report questionnaire, co-worker rating form and self-addressed envelopes) was sent to each employee. Respondents were asked to participate in the study only if they had been promised a permanent position in the bank and they personally wanted to become permanent employees. The respondents were requested to fill up the Self-Report Survey (SRS) and were further requested to nominate and distribute the Co-worker Rating Form (CRF) among their co-workers who could comment on the respondent’s job behaviours and attitudes. The purpose of CRF was to obtain data on outcome variables from a different source to reduce common method bias. The surveys (SRS and CRF) were anonymous. The two surveys were linked by using a non-identifying coding system generated by the respondents. Self-Report Survey (SRS) measured all of the variables in the study (i.e., psychological contract breach, organizational citizenship behaviours toward the organization and individual employees, intention to leave the organization, neglect of the job). The Co-worker Rating Form (CRF) measured organizational citizenship behaviours toward the organization and individual employees, employee’s neglect of the job and intention to leave the organization.

A total of 140 completed and usable responses were received. The overall response rate was 56 per cent. 78 per cent (N= 109) of the respondents were male and 22 per cent (N= 31) were female. In terms of age, 26.4 per cent (N= 37) were under the age of 30 years, 59.3 per cent (N= 83) of the respondents were between the age of 30 to 40 years and the rest 14.3 per cent (N= 20) were above the age of 41 years. The information about educational qualifications revealed that 94.3 per cent (N= 132) of the respondents were university graduates. Several respondents had worked for their current bank as temporary employees for
considerably long periods of time: 37.9 per cent (N= 53) had been employed by the bank for less than 5 years.

**Measures**

Measures used included measures of employee’s perception of psychological contract breach, employee’s organizational citizenship behaviours directed toward individual employees and the organization, employee’s neglect of the job, employee’s intention to leave the organization. All survey measures were based on reliable and valid measures used in other organizational studies. In self-reported and co-worker rated surveys, respondents were instructed to indicate the level to which they agree with each statement by using a 7-point Likert-type scale, where 1 = strongly disagree to 7 = strongly agree.

**Demographic Information.** Participants in self-reported surveys were requested to provide information about their age, gender, educational qualifications and employment tenure with the bank. In co-worker rated survey, respondents were requested to provide information about their age, gender and duration of time they knew the employees.

**Psychological Contract Breach.** Psychological contract breach was measured in self-reported survey by a five item scale designed to globally assess the overall extent to which an organization has lived up to its obligations and promises (Robinson & Morrison, 2000). The authors reported internal consistency of 0.92 for the scale. One sample item from the instrument is “So far my employer has done an excellent job of fulfilling its promises to me”. Test of reliability showed that removing two items from the measures resulted in substantial improvement in reliability (.67 to .87). Therefore, two items were removed from the scale and we used the remaining three items as a measure of psychological contract breach. The items we removed included “I have not received everything promised to me in exchange for my contributions to the organization” and “My employer has broken many of its promises to me even though I have maintained my side of the deal”.

**Organizational Citizenship Behaviour towards Organization and Individuals.** Employee’s OCB was assessed by a sixteen item scale adapted from (Lee & Allen, 2002) for both self-reported and co-worker
rated surveys. This scale measured OCB directed towards the organization (OCB-O: eight items) and towards fellow employees (OCB-I: eight items). The authors reported coefficient alpha reliabilities for the OCB-O and OCB-I measures were 0.83 and 0.77 respectively. Sample items of OCB-O and OCB-I are “Attend functions that are not required but help the organization image” and “Assist others with their duties” respectively. In our study, the reliability estimate for the self-reported and co-worker rated OCB-O were .93 and .75 respectively. We also found that the internal consistencies for the self-reported (.91) and co-worker rated (.89) OCB-I were also in the acceptable range.

**Intention to leave the Organization.** Employee’s intention to leave the organization was measured by a five-item scale developed by (Becker, 1992). The measures were included in both self-reported survey and in co-worker rating form. Coefficient alpha reliability for this instrument was reported to be 0.76 (Suazo et al., 2005). One sample item from the scale is “It is likely that I will actively look for a new job in the next year”. The reliability estimates for the self-reported and co-worker rated intention to leave the organization were .90 and .93 respectively.

**Neglect of the Job.** Employee’s neglect of the job was measured by six items used by Turnley and Feldman (1999). The authors reported Cronbach alpha reliability of 0.77 for the scale. The nine items were originally taken from (Rusbult, Farrell, Rogers, & Iii, 1988) and (Van Dyne, Graham, & Dienesch, 1994). The scale assessed employee’s intention to avoid their in-role job responsibilities and their avoidance of extra-role assignments. The measure was included in both the self-reported survey and co-worker’s rating form. One sample item from the scale is “I try to keep out of sight of my supervisor so I can talk to co-workers, take breaks, or take care of personal business”. The Cronbach Alpha reliabilities for the self-reported and co-worker rated neglect of the job were .82 and .89 respectively. Table 1 summarizes the measures used in the study and their Cronbach’s Alpha estimates.

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Insert Table 1 about here

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RESULTS

Descriptive statistics, inter-correlations and internal consistency reliabilities are summarized in Table 2. The internal consistency reliability coefficients are shown in parentheses along the main diagonal of the variable. To evaluate the hypothesized relationships among the variables, several hierarchical regressions were conducted. Hierarchical regression analyses were performed separately for the self-reported and co-worker rated surveys. In the current study, a number of control variables are also included in the regression analysis. In the first step of the hierarchical regression analysis, the dependent variables (OCB-I, OCB-O, intention to leave the organization and employee’s neglect of the job) were regressed on the control variables (gender, age, educational qualifications and employment tenure). In the next step, psychological contract breach was entered in the regression to test the main effect. The summary of the regression analysis for the self-reported survey and co-worker rated survey are presented in Table 3 and 4.

A correlation analysis was used to examine the relationships between the study variables. Zero-order correlations were all in the expected directions. Psychological contract breach was negatively correlated to both the self-reported ($r = -.33, p < .01$) and co-worker rated organizational citizenship behaviours towards individual employees ($r = -.24, p < .01$). Furthermore, psychological contract breach was negatively correlated to self-reported ($r = -.24, p < .01$) and co-worker rated organizational citizenship behaviours towards organization ($r = -.42, p < .01$). It was also expected that psychological contract breach would be positively related to employee’s intention to leave the organization and employee’s neglect of the job. This is supported by the positive correlation between psychological contract breach and both the self-reported ($r = .51, p < .01$) and co-worker rated ($r = .24, p < .01$) intention to leave the organization. Also, psychological contract breach was positively correlated to self-reported ($r = .22, p < .05$) employee’s neglect of the job.
None of the demographic variables, with the exception of educational qualifications were significantly correlated ($r = .30, p < .01$) to psychological contract breach. Further analysis showed that some demographic characteristics were significantly correlated to the outcome variables. For example, age and employment tenure of the participants were negatively correlated to both the self-rated organizational citizenship behaviours directed towards individual employees ($r = -.23, p < .01$), ($r = -.28, p < .01$) and organization ($r = -.30, p < .01$), ($r = -.33, p < .01$) respectively. Considering these relationships, demographic variables were controlled in the subsequent regression analyses.

Hypothesis 1 and Hypothesis 2 predicted that psychological contract breach was negatively related to employee’s organizational citizenship behaviours towards the individual employees and organization. As shown on Table 3, psychological contract breach was negatively related to self-reported ($\beta = -.36, p < .001$) and co-worker rated ($\beta = -.24, p < .01$) organizational citizenship behaviours toward individual employees, providing support for Hypothesis 1. In case of organizational citizenship behaviour towards the organization, psychological contract breach was found to be negatively associated to self-reported ($\beta = -.30, p < .001$) and co-worker rated ($\beta = -.40, p < .001$) organizational citizenship behaviours toward the organization, supporting Hypothesis 2. The above results indicate that temporary employees who are directly hired by the organization demonstrate lower organizational citizenship behaviours towards the individual employees and organization in the event of a psychological contract breach. The findings of this analysis are consistent with previous research of psychological contract breach and organizational citizenship behaviours toward individual employees and organization (Turnley et al., 2003, Turnley & Feldman, 1999).
Hypothesis 3 posited that psychological contract breach was positively related to employee’s intent to leave the organization. Hypothesis 3 was supported through the analysis as psychological contract breach was positively associated with the self-reported ($\beta = .55, p < .001$) and co-worker rated ($\beta = .24, p < .01$) intention to leave organization (Table 4). The findings of the current research are in accordance with earlier studies on psychological contract breach and employee’s intent to leave the organization. Past research has also indicated that employee’s intent to leave the organization is positively related to psychological contract breach (Raja et al., 2004; Robinson et al., 1994).

Hypothesis 4 stated that psychological contract breach was positively related to employee’s neglect of the job. As shown in Table 4, psychological contract breach was positively related to self-reported ($\beta = .32, p < .001$) employee’s neglect of job. However, co-worker rated ($\beta = .19$) employee’s neglect of the job was found to be not significant in the analysis. Thus, hypothesis 4 was partially supported as the self-rated neglect of the job was found to be significant. The results reveal that while temporary employees actually decreased their job related efforts after a psychological contract breach, this decrease was not visible to co-workers. The first part of these results is in consonance with previous research which revealed that employees’ neglect of their jobs is positively related to psychological contract breach (Lester et al., 2002; Robinson, 1996; Robinson et al., 1994).
Temporary employees play an important role in organisations. Yet most employers pay little attention to the needs of these employees, on the assumption that temporary employees have only short term transactional psychological contracts. The main focus of our research was to assess how temporary employees react when the promise of permanent employment is broken, resulting in a continuous extension of involuntary temporary status. Our results indicated that temporary employees hired directly by the organization with the promise of permanency after a certain time period, appear to develop long term relational psychological contracts. Nearly 60 per cent of our respondents had been working with the same bank for between five years as temporary employees. It is clear that repeated breaches of the promise of permanency have significant consequences. Our empirical study indicated that perceived psychological contract breach negatively influenced temporary employees’ citizenship behaviours toward individual employees (OCB-I) and toward the organization (OCB-O). We also found that that psychological contract breach was positively related to employees’ intention to leave the organization and neglect of job duties. It is interesting to note that while temporary employees reported that they actually neglected their job duties after a psychological contract breach, this neglect was not detected by their co-workers. In a country like Bangladesh, temporary employees do not have attractive job options. Since they have to continue working in the organization, these employees ensure that neither their co-workers nor supervisors detect any decrease in job performance, even though such neglect of job duties actually occurs.

These results support the findings of the previous research that individuals withdraw their citizenship behaviours, neglect job duties that help the organization and intend to leave the organization. Any decrease in employee commitment and morale is detrimental to the organization. The results of our research add to the increasing psychological contract literature which suggests that employees’ perceived psychological contract breach is negatively related to organizational citizenship behaviours (Robinson & Morrison, 1995; Turnley et al., 2003; Turnley & Feldman, 1999). This finding is consistent with previous research on permanent employees, where higher perceptions of psychological contract breach are related to lower organizational citizenship behaviours towards individual employees and the organization (Turnley
et al., 2003; Turnley & Feldman, 1999), higher intentions to leave the organization (Raja et al., 2004; Turnley & Feldman, 1998, 1999, 2000) and higher employee job neglect (Lester et al., 2002; Robinson, 1996; Robinson et al., 1994).

The findings of the current research have significant implications for individual employees and organizations. In a world of increasing economic uncertainty, the value of a permanent job is extremely high. Thus a psychological contract breach, which involves a failure to fulfil a promise of permanent employment, can have serious consequences. For individual employees, higher perceptions of psychological contract breach will result in lower employee job performance, higher job neglect and higher intention to leave the organization. For the organization, the consequences of temporary employees’ psychological contract breach will affect organizational performance and retention of employees. Our study revealed that temporary employees reduce organizational citizenship behaviours after a psychological contract breach. Employees’ organizational citizenship behaviours are believed to be important for the effective functioning of the organization. It can be predicted that organizational performance will be negatively affected when temporary employees reduce their organizational citizenship behaviour after a psychological contract breach. Employee retention will be another issue for the organization when temporary employees are not made permanent. When employers fail to fulfil their promise of permanency, temporary employees would constantly look for opportunities outside the organization. This will have a dual impact on the organization’s human resource management. Firstly, a vacuum of employees will be created immediately within the organization and secondly, the organization will incur the cost of recruiting, training and retaining new employees. In work places where these disgruntled temporary employees do not leave the organisation and continue to work for several years as temporary employees, the negative consequences are likely to be prolonged and more intense. It is thus important for the organization to formulate temporary employee friendly human resource policies to fulfil their promise of permanency. Finally, human resource management practitioners will benefit from the current study by realizing the significance of making promises to temporary employees about their job
status. The findings of our study will enable practitioners to effectively manage the employment relationship with temporary employees.

Limitations of the Study and Scope for Future Research

There are some limitations of the current study. First, the study was limited to temporary employees directly hired by the organization. Thus, the results of the study cannot be generalized to all types of temporary employees because of the existence of different types of temporary employees in the literature (on call workers, agency workers, casual workers etc.) (Guest, 2004a; Guest, 2004b). Second, the study was cross sectional in nature. Though self-report and co-worker rated surveys have been used in the study to reduce common method bias, a longitudinal research design could be more convincing. Third, data for the study was collected only from the banking sector. The results may vary in other sectors. Fourth, the study was conducted only in Bangladesh. Hence, the generalizability of the results of our studies to other countries will have to be done with caution.

Our study has contributed to the existing literature by explaining the consequences of continued involuntary temporary status within an organization. However, the results of our study also suggest future research directions. First, there has been limited research on behaviour, attitude, and performance of temporary employees employed directly by organizations than through recruitment agencies (Connelly & Gallagher, 2004; Guest, 2004a; Guest, 2004b). More research should be conducted on temporary employees directly employed by the organization. Second, future research should incorporate a longitudinal research design to identify causal relationships among the studied variables. Third, future research should also consider conducting similar studies in different industries to assess if there is any difference among the responses of temporary employees. Fourth, to increase the generalizability of the findings, future research can replicate our study in other countries.

REFERENCES


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\(^a\) Organizational Citizenship Behaviours towards Individual employees  
\(^b\) Organizational Citizenship Behaviours towards the Organization  
\(^a\) Cronbach’s Alpha score of the measure used in the self-report survey of the study  
\(^b\) Cronbach’s Alpha score of the measure used in co-worker rated survey of the study
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Note: Gender (1= male, 2= female), Age (1= 20-25 years, 2= 26-30 years, 3= 31-35 years, 4= 36-40 years, 5= 41-45 years, 6= 46 years and above), Education (1= Higher secondary, 2= Bachelor Degree Pass Course, 3= Bachelor Degree Honours Course and 4= Master Degree), Tenure (1= less than 1 year, 2= 1-5 years, 3= 6-10 years, 4= 11-15 years, 5= 16-20 years, 6= 21-25 years and 7= 25 years and above) *p<.05, **p<.01, ***p<.001
**TABLE 3**
Hierarchical Regression Analysis for Self Report and Co-worker rated Survey for OCB I and OCB O

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*p < .05, ** p < .01, *** p < .001
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