In Press: Journal of Organizational Behavior

A multi-level investigation of psychological contract breach and organizational identification through the lens of perceived organizational membership: Testing a moderated-mediated model

Olga Epitropaki

ALBA Graduate Business School at The American College of Greece, Athens

& Aston Business School, Aston University, Birmingham, U.K.

Correspondence to: Olga Epitropaki, ALBA Graduate Business School, 6-8 Xenias St., 115 28, Athens, Greece and Aston Business School, Aston University, Aston Triangle, Birmingham, B4 7ET, U.K.

E-mail: oepitrop@alba.edu.gr and O.Epitropaki@aston.ac.uk

1

A multi-level investigation of psychological contract breach and organizational identification through the lens of perceived organizational membership: Testing a moderated-mediated model

Abstract

Drawing on the perceived organizational membership theoretical framework and the social identity view of dissonance theory, the present study examined the dynamics of the relationship between psychological contract breach and organizational identification. Group-level transformational and transactional leadership as well as procedural justice climate were included in the hypothesized model as key antecedents for organizational membership processes. The mediating role of psychological contract breach in the relationship between leadership, procedural justice climate and organizational identification was further explored and separateness-connectedness self-schema was proposed as an important moderator of the above mediated relationship. Hierarchical linear modeling results from a sample of 864 employees from 162 work units in 10 Greek organizations indicated that employees' perception of psychological contract breach negatively affected their organizational identification. Psychological contract breach was also found to mediate the impact of transformational and transactional leadership on organizational identification. Results further provided support for moderated mediation and showed that the indirect effects of transformational and transactional leadership on identification through psychological contract breach were stronger for employees with a low connectedness self-schema.

As organizations become complex and boundaryless, organizational identification is viewed as a means for providing cohesion and as a key ingredient of organizational success (Arthur & Rousseau, 1996; Mael & Tetrick, 1992; Pratt, 1998; Smidts, Pruyn & Riel, 2001). Employees who identify strongly with their organizations are more likely to show a supportive attitude towards them (Ashforth & Mael, 1989) and to make decisions consistent with organizational objectives (Smidts et al., 2001).

In the current difficult economic conditions, as many firms struggle to survive, this sense of connection between the employee and the organization becomes critical for organizational survival and effectiveness. Organizational identification is nevertheless challenged by the changing nature of the employment relationship (e.g. Tekleab, Takeuchi & Taylor, 2005). In a business environment tormented by layoffs and downsizing, loss of job security, erosion of promotional opportunities and increased uncertainty of regular and orderly pay increases, employees are less likely to believe that employers are fulfilling their obligations and responsibilities. As a result, they are more likely to experience a breach of their psychological contract (Deery, Iverson & Walsh, 2006; Morrison & Robinson, 1997).

The dynamic interplay between psychological contracts and organizational identification has been highlighted in previous conceptual work (e.g. Rousseau, 1998). Recently Masterson and Stamper (2003) as well as Stamper, Masterson and Knapp (2009) have integrated both constructs within a common conceptual framework labeled "perceived organizational membership". They have specifically suggested perceived organizational membership to be an aggregate multidimensional construct reflecting employees' perceptions of their relationship with their organization. They have further highlighted three underlying mechanisms that can explain why individuals seek membership with organizations, i.e. need fulfillment, mattering and belonging. Within their framework, psychological contracts have been proposed to strengthen employees' perceptions of organizational membership through

their perceptions of *need fulfillment* whereas organizational identification corresponds to the *belonging* dimension of perceived organizational membership. Despite the above conceptual links between the two constructs, there is little empirical evidence on the dynamics of the relationship between psychological contract breach and organizational identification (e.g., Kreiner & Ashforth, 2004). This is a gap the present study addresses.

The purpose of the present paper is two-fold: First, to empirically test the proposed conceptual relationship between two focal constructs of Masterson and Stamper's (2003) perceived organizational membership framework, i.e. psychological contract breach (tapping on the underlying mechanism of *need fulfillment*) and organizational identification (tapping on the underlying mechanism of *belonging*). Second, it attempts to empirically expand the specific framework by including key contextual antecedents of organizational membership such as transformational and transactional leadership and procedural justice climate as well as key moderators of the proposed relationships, such as employees' self-schema. In addition to Masterson and Stamper's (2003) framework, I also draw on the social identity view of dissonance theory (McKimmie et al., 2003) in order to understand the dynamics of the relationship between psychological contract breach and organizational identification. In overall, the present paper aims at casting some empirical light on the complex inter-relationships among organizational membership dimensions/sub-dimensions, boundary conditions and explanatory mechanisms.

<div align="center">Theory and Hypotheses</div>

Antecedents of Organizational identification

Managers are increasingly aware that organizational identification influences key outcomes at work, including effort, cooperation, organizational support and citizenship behaviors (e.g., Cooper & Thatcher, 2010). According to Masterson and Stamper (2003), organizational identification corresponds to the belonging dimension of perceived

organizational membership, i.e., to the perception that one has invested part of oneself to become a member of the organization and a sense of perceived acceptance by the group. It is, thus, a key component of the overall representation of the employee-organization relationship.

Organizational identification concerns the perception of "oneness" with an organization (Ashforth & Mael, 1989) and is deeply rooted within the framework of social identity theory, SIT (Hogg & Terry, 2000; Tajfel & Turner, 1985). Identification refers to "a relatively enduring state that reflects an individual's readiness to define him- or herself as a member of a particular social group" (Haslam, 2001, p.383). Employees form prototypes of organizational membership, which both describe and prescribe organizationally based perceptions, attitudes, feelings and behaviors (Hogg & Terry, 2000). It is argued that the stronger the identification with the self-categorization, the more likely it is that the categorization will guide affect and behavior within the organization and that the individual will act in the organization's best interests (Dutton et al., 1994). Ashforth and Mael (1989) suggested that identification involves the individual having "perceived him or herself as psychologically inter-twined with the fate of the group" (p. 21).

Several answers have been proposed to the question "Why do people identify with organizations?" First, organizational identification is said to satisfy a number of individual needs including safety, affiliation and uncertainty reduction (Pratt, 1998). Through the identification process an individual creates a sense of order in their world and finds deeper meanings provided by the collectives they associate with (Hogg & Terry, 2000). According to SIT, another basic motive for identifying with a group is the enhancement of one's sense of collective self-esteem (Sluss & Ashforth, 2007) which requires that group membership be rewarding and instrumental for members' feelings of self-worth. Ashforth (2001) identified

five additional self-related motives for identification, including self knowledge, self-expression, self-coherence, self-continuity and self-distinctiveness.

In addition to individual motives for identification, several organizational antecedents of organizational identification have been examined by prior research such as perceived external prestige (Dutton et al., 1994; Smidts et al., 2001) and communication climate (Smidts et al., 2001). The role of leadership has also received attention in prior research with a special emphasis on the role of transformational leadership for organizational identification (Epitropaki & Martin, 2005; Kark, Shamir & Chen, 2003). Transformational leaders have been found to act as important *sensegivers* that guide "meaning construction towards a preferred definition of organizational reality" (Gioia & Chittipeddi, 1991, p. 442). Another growing body of research examines the relationship between procedural justice and organizational identification. Tyler and Blader (2003), for example, found that being treated in a fair manner affirms one's acceptance and worth as a group member, thereby increasing identification and engagement with the group. There is, however, limited research on the role of psychological contract breach for organizational identification, despite the conceptual links between the two constructs (e.g., Masterson & Stamper, 2003).

Psychological contract breach and Organizational identification

The psychological contract is an important variable within the perceived organizational membership framework. It is viewed as representative of employees' need fulfillment via their membership in the particular organization (Masterson & Stamper, 2003). The psychological contract is defined as an individual's beliefs about the terms and conditions of a reciprocal exchange agreement between the person and another party (Rousseau, 1995). Unlike formal or implied contracts, the psychological contract is inherently perceptual.

A vital component of psychological contract theory is the concept of breach, defined as "the cognition that one's organization has failed to meet one or more obligations within one's psychological contract in a manner commensurate with one's contributions" (Morrison & Robinson, 1997, p. 230). Conway and Briner (2005) argued that contract breach is probably the most important idea in psychological contract research as it proved the primary explanation for why the psychological contract may negatively impact employees' feelings, attitudes and behaviors. Prior research has demonstrated that psychological contract breach is relatively common (Robinson & Rousseau, 1994) and that it is associated with various negative outcomes such as lowered citizenship behaviors, reduced commitment and satisfaction and higher intention to quit the organization (e.g., Zhao et al., 2007). Psychological contract breach is a subjective experience, and refers to a person's perception that another has failed to fulfill adequately the promised obligations of the psychological contract. It can and does occur in the absence of an actual breach. It is an employee's belief that a breach has occurred that affects his/her behavior and attitudes regardless whether an actual breach took place (Robinson, 1996).

There has been limited empirical evidence on the role of the employment relationship and especially of employees' perceptions of psychological contract breach for organizational identification (Epitropaki, 2003; Kreiner & Ashforth, 2004) despite the attempts for a conceptual integration (Masterson & Stamper, 2003; Stamper et al., 2009). Kreiner (2002) looked at the effect of psychological contact fulfilment on organizational identification with no significant findings. Epitropaki (2003) found psychological contract breach to undermine organizational identification of bank employees whereas Kreiner and Ashforth (2004) found it to foster disidentification among a diverse sample of employed alumni.

In the present study, it is argued that psychological contract breach is a critical variable for understanding organizational membership processes and that examining the

dynamics of the relationship between the two constructs will offer significant insights for the overall employee-organizational relationship (Masterson & Stamper, 2003; Stamper et al., 2009). When employees experience a psychological contract breach they will no longer perceive the individual-organization association as rewarding and their organizational membership as fulfilling their needs. As a result they will be less likely to make an investment to the organizational community, their member designation will lose meaning and value and their sense of belonging will be seriously eroded. They will be, therefore, less willing to identify with the organization.

For a more in-depth understanding of the mechanism through which psychological contract breach impacts organizational identification, I additionally utilize the social identity view of dissonance theory (McKimmie et al., 2003) which augments current conceptualizations of dissonance theory (Festinger, 1957). According to this perspective, when dissonant cognitions are associated with group membership, group members will utilize social identity-based dissonance reduction strategies, such as reducing their levels of identification with the group. When psychological contracts are breached, employees are likely to experience such a dissonance regarding their organizational membership. The organization will start losing its positive distinctiveness as a desired category of social membership and will be deemed as inadequate to fulfill employees' needs for self-enhancement and affiliation. Employees will be likely to declare themselves as more principled that their employer and perceive their personal identity to be at odds with the organizational identity. As a result they will start engaging into a process of distancing their personal identity from that of the particular organization, i.e. reducing their levels of organizational identification (Lane & Scott, 2007; Norton et al., 2003). I therefore hypothesize that psychological contract breach will have an adverse effect on organizational identification.

Hypothesis 1: Psychological contract breach will be negatively related to organizational identification.

Psychological contract breach as mediating leadership behaviors and procedural justice climate

When urging for more research on the perceived organizational membership framework, Masterson and Stamper (2003), have particularly indicated the need to examine contextual variables that impact employees' perceptions of relational tie concepts. I, hereby, propose two organizational variables of potential interest within the particular context, namely, leadership and justice climate. Several studies have indicated that the immediate manager is a central agent in the employee-organization relationship and can often serve as the primary representation of the "organization" for the employees (Liden, Bauer & Erdogan, 2002; Tekleab & Taylor, 2003). As Shore and Tetrick (1994, p.101) state, "The employee is more likely to view the manager as the chief agent for establishing and maintaining the psychological contract". Therefore, examining the role of leadership can significantly contribute to our understanding of the dynamics of perceived organizational membership processes. I particularly focus on transformational and transactional leadership (e.g., Bass, 1985) and view them as group-level constructs (e.g., Kark et al., 2003), as the emphasis is on leadership behaviors rather than individual perceptions of those behaviours. A leader addresses many of his/actions towards the whole group (rather than individual followers) by setting group goals, fostering team spirit, communicating a common vision, acting as a role model, behaving in alignment to organizational values, making performance expectations clear and monitoring group performance (Bass, 1985; Shamir, House & Arthur, 1993). With regard to these group-directed behaviors, all group members are exposed to the same leadership behavior. Therefore, perceptions within the group regarding these transformational and transactional leadership behaviors should converge. With regard to perceived

organizational membership, groups with high levels of transformational leadership are more likely to be characterized by a sense of community and members will be unified toward the achievement of group goals. Thus, the underlying dimensions of need fulfilment, mattering and belonging are likely to be present. Group-level leadership can, therefore, be an important driver and antecedent of organizational membership processes.

Prior research has highlighted the role of transformational leadership for organizational identification (e.g., Epitropaki & Martin, 2005; Hogg & Van Knippenberg, 2003; Kark et al., 2003). The influence of transformational leadership behaviors on followers' organizational identification is central to Shamir et al.'s (1993) motivational theory of charismatic and transformational leadership. They suggested that charismatic-transformational leaders transform the self-concept of the followers, build personal and social identification among followers with the mission and goals of the organization and further enhance followers' feelings of involvement, cohesiveness, commitment, potency and performance. Kark et al. (2003) also suggested that transformational leadership will have a positive effect on social identification. Transformational leaders successfully connect followers' self-concept to the mission of the group and prime the collective level of followers' self-identity, leading thus to social identification with the work-unit. Epitropaki and Martin (2005) also found transformational and transactional leaders to positively affect employees' organizational identification. Transformational leaders, through empowerment, trust building, inspiration and articulation of an attractive vision for the future, are likely to increase the perceived attractiveness of the organization and offer reassurance to members that they work for an organization that is worth being associated with. Furthermore, transactional leaders provide clarity around organizational expectations, values and goals and they are also likely to facilitate employees' self-categorization process (Turner et al., 1987). By providing employees with useful information about their roles in the organization and

about what is expected of them in their work, transactional leaders enable members to understand what the organization stands for and what it is like to be a typical member of it. On the basis of the above, group-level transformational and transactional leadership are included as important variables in the hypothesized model of the present study (see Figure 1).

Limited prior empirical research has, nevertheless, examined the role of leadership for psychological contract breach (e.g., Henderson et al., 2008) although conceptual work on social exchange has drawn attention to the possible link between leadership processes and followers' perceptions of contract breach. Recent studies (e.g., Dulac et al., 2008; Henderson et al., 2008; Tekleab & Taylor, 2003) have paid special attention to the role of leader-member exchanges for psychological contract breach and fulfillment. Dulac et al. (2008) found a direct negative relationship between employees' perceptions of LMX quality and their perceptions of psychological contract breach. Henderson et al. (2008) also reported a positive relationship between relative LMX quality (i.e. the individual's perception of the quality of the relationship with their manager when compared with the overall LMX quality within the group) and psychological contract fulfillment. Only one prior study has examined the role of transformational leadership for psychological contract breach and specifically Epitropaki (2003) found transformational leadership perceptions to be negatively associated with employees' perceptions of psychological contract breach.

In the climate of trust, empowerment and open communication that a transformational leader fosters (Bennis & Nanus, 1985), there will be many opportunities for employees to discuss reciprocal obligations with their manager and further address constructively possible discrepancies between their expectations and actual contract fulfillment. It would thus be reasonable to assume that transformational leadership will have a negative effect on employees' perception of breach of their psychological contract. Transactional leaders are also expected to discuss organization-employee expectations, address discrepancies and

establish transparency and clarity on objectives. Transactional leadership is, thus, also likely to have a negative effect on employees' perception of psychological contract breach (see Figure 1).

I further argue that psychological contract breach will act as an important sensemaking (Weick, 1995) mechanism, a powerful filter through which employees will interpret their organizational experiences as well as their manager's behavior. Psychological contract breach experiences can provide employees with information regarding their manager's ability and intention to translate abstract visions into actions, to provide them with tangible and intangible rewards and to generally be on the lookout for the fulfillment of the organizational obligations towards them. Such information will have critical implications for employees' willingness to identify with the organization the leader represents (Shore & Tetrick, 1994). I therefore suggest that psychological contract breach will mediate the effects of transformational and transactional leadership on organizational identification (see Figure 1).

> *Hypothesis 2: Psychological contract breach will mediate the relationship between group-level transformational and transactional leadership and organizational identification.*

Another contextual variable of interest for the present study is procedural justice climate. Although the perceived organizational membership framework (Masterson & Stamper, 2003) does not include justice as an underlying dimension (considering it as a more evaluative construct), justice undoubtedly affects the way people view the organization and ultimately their desire to remain its members. Justice communicates to individuals that they are respected members within the organization and that they can be proud of their organizational membership (e.g. Tyler & Blader, 2003). Of particular interest in the present study is the procedural justice climate (Roberson & Colquitt, 2005), i.e., a shared group-level cognition

of procedural justice, typically operationalized as aggregate perceptions of justice across group members. As members of a work group interact, they learn about how each member of the group is treated and engage in collective sensemaking where incidents of injustice are discussed and interpreted (Erdogan & Bauer, 2010). Interaction among members, social comparison and contagion (Degoey, 2000) are likely to strengthen the homogeneity of procedural justice perceptions within the group. Shared perceptions among group members help them arrive at compatible interpretations of the environment and behave accordingly in similar ways (Colquitt, Noe & Jackson, 2002; Naumann & Bennett, 2000).

Researchers have noted that the effects of justice are more powerful when all or most of the group members have been treated fairly, as compared with when only one or a few members have been treated fairly (Naumann & Bennett, 2000). In general, aggregated perceptions of procedural justice have been found to be more powerful predictors of outcomes, such as job satisfaction, than individual perceptions (e.g., Mossholder, Bennett & Martin, 1998; Naumann & Bennett, 2000). With regard to perceived organizational membership, groups with high levels of procedural justice climate are likely to be characterized by a sense of community, camaraderie, respect and shared faith that members' needs will be met through their commitment to each other and to the group. Procedural justice climate will, thus, be a key determinant of the strength of employee-organization relational ties.

The role of procedural justice for organizational identification has been highlighted by previous research (e.g., Olkkonen & Lipponen, 2006). According to Tyler and Lind's (1992) relational model of procedural justice, fair procedures affect relational bonds among people and organizations. Fair treatment communicates identity-relevant information because it signifies that recipients are valued and respected by the organization. This favorable socio-emotional information, which includes enhanced pride and self-respect, primes recipients'

collective identities, making it more likely that they will identify with the organization and pursue shared values and goals (Johnson & Lord, 2010; Tyler and Blader, 2001). Brockner and Wisenfield (1996) have also highlighted the role of procedural justice climate. They have suggested that when group members as a whole feel they are not treated fairly, unfair procedures symbolize to them that the organization has little respect for them with detrimental effects for their organizational identification. On the basis of the above, the present study also focuses on shared (aggregate) rather than individual perceptions of procedural justice and hypothesizes a direct effect of procedural justice climate on organizational identification.

Justice is also considered an important factor for the experience of psychological contract breach (e.g., Morrison and Robinson, 1997). Procedural justice has been found to mitigate against a breach being experienced as a contract violation (Morrison & Robinson, 1997; Sapienza, et al., 1997). Tekleab et al. (2005) also highlighted the role of organizational justice as an important antecedent of the quality of the relationship between employee and organization. In the present study it is argued that shared perceptions of justice, i.e. procedural justice climate, will play a critical role for employees' experiencing a breach of their psychological contract. When group-level procedural justice climate is low, employees will be more vigilant towards observing discrepancies between what the organization promised and delivered and quick to experience psychological contract breach (even in the case of minor discrepancies). When the dominant perception in the group is that the procedures used to determine distribution of valuable rewards are fair and applied consistently across group members, employees will be more forgiving towards the organization when they notice minor discrepancies. They will tend to give the organization the benefit of the doubt and view the breach as a temporary occurrence rather than a

permanent situation. I thus hypothesize that procedural justice climate will have an adverse effect on psychological contract breach (see Figure 1).

I also argue that psychological contract breach perceptions can be an important mediating mechanism in the relationship between procedural justice climate and organizational identification. Psychological contract breach experiences can arouse dissonance cognitions about the organization (e.g., Lane & Scott, 2007; Norton et al., 2003) and induce uncertainty and doubt with regard to the fairness of the organizational procedures employed to fulfill promised obligations. Such uncertainty can further make employees skeptical about organization's respect for them (Tyler & Blader, 2003) with serious implications for their organizational identification. I, thus, hypothesize that psychological contract breach will mediate the effects of procedural justice climate on organizational identification (see Figure 1 for the full model).

Hypothesis 3: Psychological contract breach will mediate the relationship between procedural justice climate and organizational identification.

The role of self-concept

Although not explicitly addressed within the perceived organizational membership framework, employees' self-concept is a variable of potential interest within the particular context. Differences in self-concept orientations, i.e., employee tendencies to think of themselves as individuals or in terms of groups, are likely to have important implications for the process of seeking and maintaining organizational membership. Johnson, Selenta and Lord (2006) suggested that activation of different self-concept orientations results in activation of different evaluative standards of the organizational environment. The self-concept is, thus, an important self-regulatory variable that orients employees toward certain perceptions, work attitudes and behavioral intentions.

I focus here on a specific self-schema (i.e., one of the modular processing structures of the dynamic self) which is likely to buffer the relation between breach and organizational identification, i.e., on employees' separateness-connectedness self-schema. This specific representation of the self reflects the way people define themselves in terms of the relationship between the self and other people (Markus & Oysermen, 1988; Wang, 2000). An individual with a separated self-schema tends to define her or himself as a separated unique and individualistic entity. The primary components of a separated self-schema are one's unique traits, abilities, preferences, interests, goals and experiences and these are separated from social contexts, interpersonal relationships and group memberships. In contrast, an individual with a connected self-schema tends to define her or himself as part of connected relationships with others. For individuals with this self-schema, the self is defined at least in part by important roles, group memberships or relationships and representations of important roles and relationships share the self space with abstract traits, abilities and preferences. To maintain and enhance this connected and interdependent view of the self, people tend to think and behave in ways that emphasize their connectedness to others and that reinforce existing relationships (Cross, Bacon & Morris, 2000).

Heine and Lehman (1997) as well as Norton et al. (2003) have further suggested that people with a connected and interdependent view of the self will be less likely to experience dissonance (such as that induced by a psychological contract breach). Dissonance predisposes a stable independent self whereas connected selves are defined in relationships with others and are as a result more flexible and more comfortable with inconsistency. On the basis of the above, I assume that for employees with a connected self-schema their organizational identification will be less affected by perceptions of breach, whereas for employees with a high-separateness their identification will be strongly affected by their perceptions of breach.

Hypothesis 4: Separateness-connectedness self-schema will moderate the relationship
between psychological contract breach and organizational identification. Specifically,
the negative relationship between contract breach and organizational identification
will be stronger when connectedness is low (high separateness) rather than when
connectedness is high (low separateness).

Considered together, the above hypothesized pattern of moderation implies moderated mediation whereby the mediated effect depends on the level of a third variable (e.g., Bauer, Preacher & Gil, 2006; Edwards & Lambert, 2007). Self-schema is likely to be an important boundary condition that will determine the proposed mediating effect of psychological contract breach. Psychological contract beach will be a more powerful filter of leadership and justice climate in the case of employees with a low connectedness schema who will be inclined to interpret these facets of organizational experience through the lens of the dissonance induced by the breach of the psychological contract. I will, thus, further explore in the present study whether or not the indirect effects of transformational, transactional leadership and procedural justice climate on organizational identification through psychological contract breach are moderated by self-schema.

Hypothesis 5: The indirect effects of transformational and transactional leadership on
organizational identification through psychological contract breach will be stronger
for employees with a low connectedness self-schema.

Hypothesis 6: The indirect effects of procedural justice climate on organizational
identification through psychological contract breach will be stronger for employees
with a low connectedness self-schema.

Organizational Context

Greece (Hellas) is a country of 11 million and has been a full member of EU since 1981. It has a democratic political system and a free market economy with limited government regulation. For years, however, the Greek economy has been facing several problems including rising unemployment levels, inefficient bureaucracy, tax evasion and corruption. By the end of 2009, as a result of a combination of international (financial crisis) and local (uncontrolled national spending and corruption) factors, the Greek economy faced one of the most severe crises in its history. It is important to note that the present dataset has been collected in the period 2002-2004, i.e. long before the economic crisis hit the country and inevitably Greek organizations.

A key characteristic of the Greek culture which is of relevance for the present study is its high levels of in group-collectivism (e.g., Hofstede, 1980; House et al., 2004) In collectivist cultures, identity is defined more in terms of relationships (I am a member of family X, I am a member of organization Y) rather than individual possessions and accomplishments (Triandis, 1989). Behavior towards the members of the in-group is characterized by cooperativeness, extreme nurturance, as well as anxiety and concern about their welfare. In contrast, behavior towards members of the out-group is characterized by suspicion and hostility, as well as extreme competitiveness. Traditionally, employee-employer relations in Greece are characterized by high levels of suspicion and tension and the experience of a psychological contract breach is a rather common phenomenon (e.g., Bellou, 2007). However, it is likely that when an organization gets to the point of being perceived as having kept its promises (in other words the psychological contract has been fulfilled) employees will view it as their in-group and show high levels of organizational identification, loyalty and cooperative behavior (to the point of self-sacrifice).

Method

Sample and Procedure: One thousand one hundred and sixteen (1116) employees of six manufacturing and four services companies in Greece participated in the study. These 1116 employees belonged to 225 separate work units. Data were collected by means of a mail survey and the present sample represents a 54% response rate (60.4% and 49.7% for services and manufacturing, respectively; response rates in the 10 organizations ranged from 41.2% to 67.6%). All surveys were administered in Greek. Prior to the administration of the questionnaires, all questions were translated in Greek and then back-translated in English to ensure that the Greek version of the questionnaire captured the same constructs as the English version (Brislin, Lonner & Thorndike, 1973; Hambleton, 1994). After eliminating from the sample employees with less than three months of organizational tenure (to enable development of identification) (e.g. Kark et al., 2003) and work units with fewer than three responses (e.g., Erdogan & Bauer, 2009; Henderson et al., 2008), subsequent analyses were based on a final sample of 864 employees from 162 work units. Female respondents accounted for 63% of the sample. The average age was 35.8 years (SD= 8.7 years), and the mean organizational tenure was 7.8 years (SD = 7.6 years). 98% of the sample was full-time employees. Services employees accounted for 44.9% of the sample. Also, 23% were clerical/administrative staff, 30% were in production, 28% were in sales and 19% had a technical job.

Measures

Transformational leadership: The 20-item transformational leadership scale of the Multifactor Leadership Questionnaire (MLQ)-Short Form 5X (Bass and Avolio, 1997) was used to measure transformational leadership behaviors (α = .95). It includes five subscales, namely Idealized Influence attributed and behavioral, Inspirational Motivation, Intellectual Stimulation and Individualized Consideration. Sample items include: "[My manager] goes beyond self interest for the good of the group", "Talks optimistically about the future", etc.

Respondents were asked to judge how frequently their direct manager engaged in the specific behaviors measured by MLQ-5X. Each behavior was rated on a 5-point scale ranging from "Not at all" (1) to "Frequently, if not always" (5).

Transactional leadership. The 12-item transactional leadership scale of the Multifactor Leadership Questionnaire (MLQ)-Short Form 5X (Bass and Avolio, 1997) was used to measure transactional leadership behaviors (α = .78). Transactional leadership encompasses three subscales, namely Contingent reward and Management by exception active and passive. Sample items include: "Discusses in specific terms who is responsible for achieving performance targets", "Waits for things to go wrong before taking action". Each behavior was rated on a 5-point scale ranging from "Not at all" (1) to "Frequently, if not always" (5).

Procedural justice: Procedural justice climate (α = .89) was measured with Colquitt's (2001) 7-item scale of procedural justice and a *direct consensus model* was utilized (e.g., Colquitt et al., 2002; Walumbwa et al., 2010). Participants were asked to think of the outcomes they receive from their job (e.g., pay, promotions and other rewards) and the procedures used to arrive at those outcomes and then state to what extent: "Have you been able to express your views and feelings during those procedures?", "Have those procedures been applied consistently" etc. All responses were obtained on a 5-point scale from "Not at all" (1) to "To a great extent" (5).

Psychological contract breach: Psychological contract breach was assessed with a five-item global measure of perceived breach (α = .85) proposed by Deery et al. (2006). Respondents were asked to indicate the degree to which they felt that their organization had fulfilled its obligations to employees on five dimensions: pay based on individual performance, pay based on team performance, training, career development and long term job security. Sample items included: "The organization has fulfilled its obligations to employees on training" (reverse scored; R) and "The organization has fulfilled its obligation to

employees on career development" (reverse scored, R). A higher score on the recoded items indicated a greater perception of contract breach.

Organizational identification: Organizational identification was measured by Smidts et al. (2001) 5-item scale (α = .91). This scale is based on social identity theory and includes both cognitive and affective elements. Sample items include "I feel strong ties with my organization", "I feel proud to work for this organization", and "I am sufficiently acknowledged in this organization". Responses were obtained on a five-point dimension from "Strongly disagree" (1) to "Strongly agree" (5).

Separateness-connectedness self-schema. The 9-item separateness-connectedness (SC) scale developed by Wang and Mowen (1997) was used to measure participants' self-schema. It includes two subscales, Independence/Individuality and Self-Other Boundary. Sample items include: "I will stick to my own opinions if I think I am right, even if I might lose popularity with others" and "There should be a clear boundary between me and others, even with my parents, spouse, and closest friends". Responses were obtained on a 5-point scale from "Does not describe me at all" (1) to "Describes me very well" (5). Initial reliability and CFA analyses indicated problems with the 9-item scale. After elimination of two problematic items (details of the specific analyses can be provided by the author on request) the Cronbach alpha for the 7-item scale was α = .71, thus exceeding the .70 value recommended by Nunnally (1978).

Control variables. I have controlled for the effects of four individual level variables (Level 1): gender, age, organizational tenure (measured in months) and employment status (full- and part-time). Research indicates that older people, having built up more stable psychological contracts, will react differently than younger people to psychological contract breach (e.g., Bal et al., 2008). Tenure was also included because contract dynamics may change over the course of an individual's career (Raja et al., 2004). Tenure has also been

consistently found to positively affect employee identification (e.g., Mael & Ashforth, 1992). I further controlled for two group-level variables (Level 2), i.e. industry (services vs. manufacturing) and organization. As there are 10 different organizations in my sample, I have created nine dummy variables for organization to be included in all subsequent analyses.

Analytic strategy

The theoretical model is multilevel in nature, consisting of variables at both the individual (i.e. psychological contract breach, organizational identification, positive and negative affectivity, separateness-connectedness) and group (i.e., transformational and transactional leadership, procedural justice climate) level of analysis. Hypotheses were, thus, tested using the random coefficient regression procedure in hierarchical linear modeling (HLM). HLM is particularly suitable to test cross-level relations when individual data are nested within groups (Hox, 2010; Raudenbush et al., 2004). Using HLM to test cross-level relations is superior to using ordinary least square (OLS) regression because including individuals from the same group violates regression assumptions and underestimates standard errors of group-level variables, leading to the overestimation of relations (Hoffman & Gavin, 1998).

To establish lower level mediation of an upper effect (2->1->1) (Bauer et al., 2006), I used HLM in conjunction with recommended steps to test mediation by Kenny, Kashy and Bolger (1998) and Chen and Bliese (2002). According to Kenny et al. (1998) mediation is supported when the following conditions are met: (a) the independent variable (in this case, transformational leadership, transactional leadership and procedural justice climate) predicts the dependent variable (organizational identification); (b) the independent variable predicts the mediator (psychological contract breach); and when regressing the dependent variable on both the independent and the mediator (c) the mediator significantly predicts the dependent variable whereas (d) the independent variable no longer predicts the dependent variable. It is

further recommended that mediational analyses be based on formal significance tests of the indirect effect, of which the Sobel (1982) is best known. However, as Edwards and Lambert (2007) have pointed out, the Sobel test rests on the assumption that the indirect effect *ab* is normally distributed. This assumption is tenuous, because the distribution of *ab* is known to be nonnormal, even when the variables constituting the product *ab* are normally distributed. Therefore, bootstrapping is recommended. Through the application of bootstrapped confidence intervals (CIs), it is possible to avoid power problems introduced by asymmetric and other nonnormal sampling distributions of an indirect effect (McKinnon, Lockwood & Williams, 2004; Pituch, Whittaker & Stapleton, 2005). Although HLM6.08 does not do bootstrapping, I was able to estimate the CIs of the indirect effects using the Monte Carlo method provided by Selig and Preacher (2008). To assess moderated mediation (Hypotheses 5 and 6) I examined four conditions (Muller et al., 2005; Ng, Ang & Chan, 2008): (a) significant effect of psychological contract breach on organizational identification; (b) significant interaction between psychological contract breach and separateness-connectedness self-schema in predicting organizational identification; (c) significant effects of transformational and transactional leadership and procedural justice climate on organizational identification and (d) different conditional indirect effects of transformational and transactional leadership as well as procedural justice climate on organizational identification via psychological contract breach across low and high levels of separateness-connectedness self-schema. The last condition which is the essence of moderated mediation, establishes whether the strength of the mediation via psychological contract breach differs across the two levels of the moderator (Edwards & Lambert, 2007; Preacher, Rucker &Hayes, 2007).

Results

Aggregation analyses

To support the aggregation of transformational and transactional leadership as well as procedural justice ratings, I calculated within group interrater agreement (r_{wg}) (James, Demaree & Wolf, 1993; LeBreton & Senter, 2008), intermember reliability (ICC1 and ICC2) and tested whether average scores differed significantly across work units (indicated by an F test from a one-way analysis of variance contrasting work unit members on each variable). Average r_{wg} across groups was .80 for transformational leadership (median r_{wg} = .81), .87 for transactional leadership (median r_{wg} = .91) and .83 for procedural justice climate (median r_{wg} = .86). Furthermore, ICC1 was .20 and ICC2 was .56 for transformational leadership, ICC1= .24 and ICC2= .61 for transactional leadership and ICC1= .30 and ICC2= .68 for procedural justice. Finally, an analysis of variance indicated that individual perceptions of leadership and procedural justice significantly clustered by group, $F(162, 864) = 2.54$, $p<.001$ for transformational leadership, $F(162, 864) = 2.72$, $p<.001$ for transactional leadership and $F(162, 864) = 2.38$, $p<.01$ for procedural justice. These results provided sufficient statistical justification for aggregating individual perceptions of transformational and transactional leadership as well as procedural justice to the group level (see Bliese, 2000).

Hypotheses testing

Table 1 presents the individual-level means, standard deviations, coefficient alpha internal consistency reliabilities and zero-order intercorrelations for the main variables in the study. Relationships and significance tests associated with these variables should be viewed with caution until properly modeled in the HLM analyses, because the correlation table does not account for the fact that individual-level relationships might also be affected by the non-independent nature of the data (Bliese, 2000; Kark et al., 2003).

Measurement model

Following the procedure outlined by Anderson and Gerbing (1988), confirmatory factor analyses were conducted to determine that the data conform to the supposition that each of

the study variables represents separate constructs. Results for the measurement model indicated that the model fit the data well, χ^2 (24, $\underline{N}$ = 864) = 57.3, p< .001, χ^2/df = 2.3, CFI = .99, NNFI = .99, RMSEA = .03. Moreover, inspection of factor loadings and factor covariances showed that all factor loadings were significant (standardized loadings ranging from .79 to .97, with t-values ranging from 8.80 to 41.36, $\underline{p}$< .001) providing support for convergent validity. Discriminant validity of the six constructs was checked in multiple ways (Anderson & Gerbing, 1988). First, the measurement (baseline) model was compared to a series of models that each had constrained the correlation of one pair of constructs to be 1.00. All chi-square differences were significant at the .01 level, indicating high discriminant validity among constructs. Two additional tests were used to determine the extent of common method variance in the current data. First, a Harman's single-factor test (Podsakoff & Organ, 1986) using CFA was conducted. This model yield a bad fit to the data: χ^2 (34, $\underline{N}$ = 864) = 513.68, p< .001, χ^2/df = 15.1, CFI = .89, NNFI = .88, RMSEA = .12. Second, I followed the single-method-factor procedure recommended by Podsakoff, MacKenzie, Lee and Podsakoff (2003) when the researcher cannot identify the precise source of method bias. In this approach three models are compared: (a) the measurement model (Model 1), (b) the measurement model with an additional method factor (Model 2) and (c) a null model (Model 3). Results indicated that although Model 2 had a better fit than Model 1 the chi-square difference between the two was not significant $\Delta\chi^2$ (11) = 9.11, ns. The results of all the above tests suggest that common method variance is not a pervasive problem in this study.

Tests of mediation

Table 2 presents the results for Hypotheses 1 - 4. As can be seen in Table 2, group-level transformational leadership and transactional leadership significantly predicted organizational identification (γ = .40, SE = .10, t= 3.53, p<.001, and γ = .27, SE = .11, t= -2.05, p<.05, respectively). Procedural justice climate was also found to have a significant positive effect

on organizational identification (γ = .25, SE = .09, t= 2.48, p<.01). Group-level transformational leadership and transactional leadership also significantly predicted psychological contract breach (γ = -.45, SE = .10, t= -4.17, p<.001, and γ = -.20, SE = .10, t= -1.97, p<.05, respectively) and procedural justice climate had a significant negative effect on psychological contract breach (γ = -.26, SE = .09, t= -2.91, p<.01). In order to gain support for Hypotheses 2 and 3 the relationships between transformational leadership and organizational identification, transactional leadership and organizational identification as well as procedural justice climate and organizational identification must disappear when including the mediator (i.e. psychological contract breach) in the equation. Supporting hypothesis 1 psychological contract breach significantly predicted organizational identification (γ = -.56, SE = .04, t= -12.17, p<.001) whereas the relationship between transformational leadership and organizational identification, transactional leadership and organizational identification as well as procedural justice climate and organizational identification became nonsignificant, providing thus initial support for hypotheses 2 and 3. Bootstrapped CIs corroborated the significant indirect effect of transformational (95% CIs between 0.13 and 0.37) and transactional leadership (95% CIs between 0.01 and 0.22) on organizational identification. Bootstrapped CIs did not, however, confirm the significant indirect effect of procedural justice climate on organizational identification (95% CIs between -0.06 and 0.35). Thus, in overall, only hypotheses 1 and 2 were fully supported by the data.

Tests of moderated mediation

I then proceeded to test the four conditions mentioned above in order to assess moderated mediation. Conditions 1 (significant direct effect of psychological contract breach on organizational identification) and 3 (significant direct effects of transformational, transactional leadership and procedural justice climate on organizational identification) have already been confirmed through the analyses described in the previous section. When testing

Condition 2 (i.e., Hypothesis 4), the predictor and moderator variables were centered prior to creating the product-terms for testing interaction effects and the standardized scores were used in subsequent analyses (Aiken & West, 1991).

Hypothesis 4 predicted that separateness-connectedness self-schema would moderate the relationship between psychological contract breach and organizational identification. As shown in Table 2, the interaction of separateness-connectedness self-schema with psychological contract breach was significantly related to organizational identification. The plot of this interaction is presented in Figure 2. Figure 2 demonstrates that for employees with low connectedness (i.e., high separateness), the negative relationship between contract breach and identification was stronger than for employees with high connectedness. Therefore, Hypothesis 4 was supported and also Condition 2 for assessing moderated mediation was met. To further assess moderated mediation I examined Condition 4 which requires the magnitude of the conditional indirect effect of group-level transformational, transactional leadership and procedural justice climate via psychological contract breach to be different across high and low levels of separateness-connectedness self-schema. Following Preacher et al. (2007) I operationalized high and low levels of connectedness as one standard deviation above and below the mean of separateness-connectedness self-schema and further examined the significance of indirect effects of transformational, transactional leadership and procedural justice climate on organizational identification via psychological contract breach for employees with low connectedness and employees with high connectedness using bootstrapped 95% Confidence Intervals (Selig & Preacher, 2008). For employees with low connectedness, results revealed significant conditional indirect effects of transformational leadership (95% CIs between 0.05 and 0.58) and transactional leadership (95% CIs between 0.14 and 0.37). However, the conditional indirect effect of procedural justice climate was not significant (95% CIs between -0.04 and 0.38). For employees with high connectedness, on

the other hand, the conditional indirect effects were not significant for all three constructs (transformational leadership: 95% CIs between -0.12 and 0.41; transactional leadership: 95% CIs between -0.42 and 0.19; procedural justice climate: 95% CIs between -0.02 and 0.36). Thus, Hypothesis 5 was supported whereas Hypothesis 6 was not.

Overall, the data supported the negative effect of psychological contract breach on employees' reported organizational identification and its mediating role in the relationship between group-level transformational and transactional leadership and organizational identification. They also provided support for the moderating role of separateness-connectedness self-schema in the relationship between psychological contract breach and organizational identification. They further confirmed that the mediating effect of psychological contract breach varied across different levels of the employees' self-schema.

Discussion

As Masterson and Stamper (2003) have pointed out, for 20 years organizational scholars have paid attention to the relational ties between employees and organizations, often focusing on specific facets of the relationships such as organizational identification and psychological contracts but without offering a general or overall representation of the employee-organization relationship. The present study answers the call of Masterson and Stamper (2003) for more empirical work on the aggregate framework of employee-organization relationship. It specifically attempts an in-depth examination of the relationship between two focal constructs of perceived organizational membership, i.e., psychological contracts and organizational identification. I additionally explored the impact of contextual and organizational parameters, such as leadership and justice, on employees' perceptions of relational tie concepts such as psychological contracts and organizational identification.

Masterson and Stamper (2003) specifically highlighted the importance of procedural justice as a critical antecedent of perceived organizational membership, especially of the

mattering dimension since fair treatment is interpreted as demonstrating the employees' value to the organization. Recent research on perceived organizational membership (e.g., Armstrong-Stassen & Schlosser, 2011) also indicated the role of procedural justice as an important predictor of employees' sense of belonging. Although Masterson and Stamper (2003) do not explicitly address the role of leadership for perceived organizational membership, managers are the organizational members responsible for creating and maintain the conditions of employment that promote organizational goal achievement (e.g. Liden et al., 2002). They are generally perceived as the "guardians" of the organization and thus are key agents for the management of the employee-organization relationship. Therefore, the role of leaders for employees' perceptions of organizational membership is likely to be critical with implications for all three underlying motives, i.e. need fulfillment, mattering and belonging.

The present study further explored the mediating role of psychological contract breach in the relation between transformational and transactional leadership as well as procedural justice climate and organizational identification. In addition to utilizing perceived organizational membership as a key conceptual framework, I also drew on the social identity view of dissonance theory (McKimmie et al., 2003) in order to understand the dynamics of the relationship between psychological contract breach and organizational identification. On the basis of this theory, when employees experience a breach of their psychological contract, dissonant cognitions are likely to emerge in regard with their group membership. Employees may think that the organization has claimed a certain identity but its actions do not match its claims and thus an imbalance arises. In order to resolve this imbalance or inconsistency employees will utilize social identity-based dissonance reduction strategies, such as reducing their levels of identification with the group. Employees will perceive their personal identity to be at odds with the organizational identity and thus start engaging into a process of distancing their personal identity from that of the particular organization.

I have further suggested that such a mechanism will be a powerful filter through which employees will interpret their whole organizational environment as well as the actions of key organizational actors, such as managers and therefore psychological contract breach will mediate the relationships between leadership behaviors, justice climate and organizational identification. Results partially confirmed the above hypotheses. Psychological contract breach was found to have a strong detrimental effect on organizational identification and further mediated the effects of transformational and transactional leadership on organizational identification. Organizations that are perceived by employees as having broken their promises are less likely to be perceived as embodying desirable attributes that employees would wish to incorporate in their self-identity and to further inspire them to want to tie their fate with that of the organization. Such organizations will be deemed as untrustworthy and as a result the chances that an employee can fulfill needs such as those of safety, affiliation, self-enhancement, and meaning, that are central for identification (Pratt, 1998), are very low. Psychological contract breach appears to be a powerful lens through which people interpret their experiences with their manager and is thus a critical factor for understanding organizational identification processes.

I further examined employees' self-concept as a critical moderator of the mediating effect of psychological contract breach. Psychological contract breach was found to have a stronger negative effect on identification and further be a more powerful mediator of the effects of leadership behaviors on organizational identification in the case of employees with a low connectedness self-schema. High connected employees that have a higher need to belong tended to be more forgiving towards their organization. They were also less likely to experience a dissonance (Norton et al., 2003) and generally dealt better with inconsistency, thus their identification was less affected by perceptions of breach.

Practical Implications

In a difficult economic environment, as firms struggle to survive and use their human resources more effectively in gaining competitive advantage, perceived organizational membership and the relational ties between employee and organization emerge as variables of paramount importance for mobilizing employees towards collective endeavors. It is thus vital that managers gain insight into the dynamics of the relationship between psychological contract breach and organizational identification. The results of the present study suggest that psychological contract breach critically undermines the employee-organization relationship. It leads employees to underinvest in the relationship, have doubts about the continuation of the specific organizational membership and engage into a process of dissociating their personal identity from that of the organization. In crisis conditions when the availability of financial rewards as a motivational tool is limited, the erosion of the employee-organization relationship and the loss of intangible rewards (such as pride and employee engagement) can have dramatic effects for organizational survival.

The present study has also highlighted the role of transformational and transactional leaders for managing the employee-organization relationship, for "inoculating" employees against dissonant cognitions regarding their organizational membership and for stimulating high levels of organizational identification. Thus, training managers to become transformational may provide important and useful returns on investment in training. Such training initiatives have already been shown to be related to increased levels of employee motivation and performance (e.g., Barling, Weber, & Kelloway, 1996). Furthermore, the present study directs managers' attention to the role of employees' self-concept. Although management might have little control over this individual characteristic, they would be better prepared to manage their workforce if they had a clear understanding of the role that individual differences play in how organizational members make sense of leadership and of their employment relationships.

Limitations and future research

Despite the interesting findings, the present study is not without limitations. A first potential limitation relates specifically to the use of self-report data, which are commonly identified as a potential source of common-method bias. Several analytical steps were taken to examine the extent of common method variance (Podsakoff et al., 2003) in the present data set and all tests showed that it did not seriously undermine the validity of the findings. It is also worth mentioning that common method variance is likely to result in increased correlations between the variables and not likely to result in statistical interactions, which were a main focus of the present research (Aiken & West, 1991). Additionally, as organizational identification reflects a personal "perception of "oneness" with an organization" (Ashforth & Mael, 1989), it has been traditionally operationalized as a self-report variable. Despite the absence of prior studies using separate-source criteria for identification, broadening the measurement scope of the construct could significantly contribute to our understanding of organizational identification processes. Future research could, for example, collect "significant others" (e.g., spouse or family member) perceptions of a person's identification (e.g., Judge & Hulin, 1993; Judge, Scott & Ilies, 2008). Due to their close proximity and frequent interaction with the person, they could have several opportunities to witness the person expressing his/her pride for his/her organizational membership. Supervisor-data and team member-data could also be collected.

The collection of data in Greece may also potentially limit generalizability. Despite the high levels of in-group collectivism of the Greek culture, the Greek private-sector organizational environment blends Eastern and Western values and it is not uncommon for organizational research to report findings similar to those of studies conducted in the United States (e.g., Epitropaki & Martin, 2005; Kapoutsis et al., 2010; Tomprou, Nikolaou &

Vakola, 2012). Still, additional research is needed before the generalizability of the present study results can be fully determined.

The present study has not also addressed different foci of identification and the emphasis has been on members' attachment on the organization as a whole. Prior conceptual and empirical work (e.g. Ashforth et al., 2008; Sluss & Ashforth, 2008; Van Knippenberg & Schie, 2000) has however indicated that organizations provide their members with multiple group memberships (e.g. work units, departments, divisions as well as informal networks and relationships) and that all these memberships and relationships offer potential for identification. A recent study (Bordia et al., 2010) has argued for a similar multi-foci approach to psychological contract breach and specifically addressed two foci of breach (i.e. breach by the organization referent and breach by the supervisor referent). Future research can address the fact that individual employees are embedded in a range of formal and informal relationships at work and examine the implications of different foci of psychological contract breach for different foci of organizational identification.

Furthermore, the issue of disidentification was not addressed by the present study and could be a fruitful area for future research (Kreiner & Ashforth, 2004). Whereas organizational identification is defined as a connection between a person and an organization, disidentification is defined as a sense of separateness (Elsbach & Bhattacharya, 2001). Although, identification and disidentification have generally been treated in the literature as very similar constructs, one cannot disregard the possibility of their antecedents being different. Also, the role of the emotional response to psychological contract breach, i.e., psychological contract violation, has not been examined in the present study. In research literature of the mid-1990s, the term violation was used interchangeably with breach, but to improve definitional clarity, Morrison and Robinson (1997) distinguished between psychological contract breach and feelings of violation accompanied by strong emotions.

Psychological contract breach refers to the cognitive appraisal of discrepancy between what was promised versus what was actually delivered whereas violation refers to the affective reaction that follows from this cognitive appraisal of breach. It consists of various emotions (e.g. disappointment and frustration) and at a deeper level, feelings of betrayal, anger and bitterness due to broken promises. Previous research has shown violation to mediate the relationship between psychological contract breach and attitudinal and behavioral outcomes (Bordia et al., 2008; Morrison & Robinson, 1997; Raja et al., 2004; Robinson & Morrison, 2000; Zhao et al., 2007). It is thus possible that violation mediates the relationship between psychological contract breach and organizational identification. This is a question that future research can address. The role of trust has also not been explicitly addressed in the present study although it has been identified as a key outcome of psychological contract breach (e.g., Dulac et al., 2008; Morrison & Robinson, 1997; Robinson, 1996). Trust is likely to be an important exploratory variable that can offer additional insights on the dynamics of the employee-organization relationship and perceived organizational membership as recent research (Restubog et al., 2008) has shown it to be a mediator between breach and organizational identification. Finally, other individual variables could be included in the model as additional explanatory constructs, e.g., need for identification, self-esteem, cynicism (e.g., Kreiner, 2002) as well equity sensitivity (e.g., Kickul, & Lester, 2001).

Conclusion

In overall, the present paper has demonstrated the importance of psychological contract breach for employees' identification with their organization, as well as the key role of leadership and individual differences for understanding this relationship. Organizations that wish to foster strong relational ties with their employees need, therefore, to take those variables seriously into account in their implementation of management practices. As Ashforth et al. (2008) have highlighted: "It may seem odd to speak of identification in a time

of turbulence and eroding individual-organization relationships. However, it is precisely because individuals seek situated moorings in each of their social domains that it is important to understand the dynamics, risks, and potential of identification in today's organizations" (p.360).

References

Aiken, L.S. & West, S.G. (1991). *Multiple regression: Testing and interpreting interactions*. Newsbury Park, CA: Sage.

Anderson, J.C. and Gerbing, D.W. (1989). Structural Equation Modeling in practice: A review and recommended two-step approach. *Psychological Bulletin, 103*, 411-423.

Armstrong-Stassen, M. & Schlosser, F. (2011). Perceived organizational membership and the retention of older workers. *Journal of Organizational Behavior, 32,* 319-344.

Arthur, M. B., & Rousseau, D. M. (Eds.) (1996). *The boundaryless career: A new employment principle for a new organizational era*. New York: Oxford University Press.

Ashforth, B.E. (2001). *Role transitions in organizational life: An identity-based perspective*. Mahwah, NJ: Lawrence Erlbaum.

Ashforth, B.E. & Mael, F.M. (1989). Social Identity Theory and the organization. *Academy of Management Review, 14,* 20-39.

Ashforth, B. E., Harrison, S. H. & Corley, K. G. (2008). Identification in organizations: An examination of four fundamental questions. *Journal of Management, 34,* 325-374.

Avolio, B., Bass, B. & Jung, D. (1999). Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire. *Journal of Occupational and Organizational Psychology, 72*, 441-562.

Bal, P.M., De Lange, A.H., Jansen, P.G.W. & Van Der Velde, M.E.G. (2008). Psychological contract breach and job attitudes: A meta-analysis of age as a moderator. *Journal of Vocational Behavior, 72*, 143-158.

Barling, J., Weber, T., & Kelloway, E.K. (1996). Effects of transformational leadership training on attitudinal and financial outcomes: A field experiment. *Journal of Applied Psychology, 81*, 827-832.

Bass, B.M. (1985). *Leadership and performance beyond expectations*. NY: Free Press.

Bauer, D. J., Preacher, K. J., & Gil, K. M. (2006). Conceptualizing and testing random indirect effects and moderated mediation in multilevel models: New procedures and recommendations. *Psychological Methods*, *11*, 142-163.

Bennis, W. G., & Nanus, B. (1985). *Leaders: The strategies for taking charge.* NY: Harper & Row.

Bellou, V. (2009). Profiling a desirable psychological contract for different groups of employees: evidence from Greece. *The International Journal of Human Resource Management*, 20, 810-830.

Bliese, P.D. (2000). Within-group agreement, non-independence, and reliability. Implications for data aggregation and analysis. In K. Klein & S.W.I. Kozwlowski (Eds), *Multilevel theory, research and method in organizations* (pp. 349-381). San Francisco: Jossey-Bass.

Bordia, P., Restubog, S.L. & Tang, R.L. (2008). When employees strike back: Investigating mediating mechanisms between psychological contract breach and workplace deviance. *Journal of Applied Psychology, 93*, 1104-1117.

Bordia, P., Restubog, S.L., Bordia, S. & Tang, R.L. (2010). Breach begets breach: Trickle-down effects of psychological contract breach on customer service. *Journal of Management, 36*, 1578-1607.

Brislin, R.W., Lonner, W.J. & Thorndike, R.M. (1973). *Cross-cultural research methods*. NY: Wiley.

Brockner, J. and B. M. Wisenfield (1996). "An Integrative Framework for Explaining Reactions to Decisions: Interactive Effects of Outcomes and Procedures. *Psychological Bulletin, 120*, 189-208.

Chen, G. & Bliese, P.D. (2002). The role of different levels of leadership in predicting self-

and collective efficacy: Evidence for discontinuity. *Journal of Applied Psychology, 87*, 549-556.

Colquitt, J.A. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology, 86*, 386-400.

Colquitt, J. A., Noe, R. A., & Jackson, C. L. (2002). Justice in teams: Antecedents and consequences of procedural justice climate. *Personnel Psychology, 55*, 83-109.

Conway, N., & Briner, R. B (2005). *Understanding Psychological Contracts at Work*. Oxford University Press, UK.

Cooper, D. & Thatcher, S. (2010). Identification in organizations: The role of self-concept orientations and identification motives. *Academy of Management Review, 35*, 516-538.

Cross, S. E., Bacon, P. & Morris, M. (2000). The relational-interdependent self-construal and relationships. *Journal of Personality and Social Psychology, 78*, 791-808.

Deery, S.J., Iverson, R.D. & Walsh, J.T. (2006). Toward a better understanding of psychological contract breach: A study of customer service employees. *Journal of Applied Psychology, 91,* 166-175.

Degoey, P. (2000). Contagious justice: Exploring the social construction of justice in organizations. In B. Staw & R. Kramer (Eds.), *Research in organizational behavior* (Vol. 22, pp.51-102). Greenwich, CT: JAI Press.

Dulac, T., Coyle-Shapiro, J. A-M., Henderson, D.J. & Wayne, S.J. (2008). Not all responses to breach are the same: The interconnection of social exchange and psychological contract processes in organizations. *Academy of Management Journal, 51*, 1079-1098.

Dutton, J.E., Duckerich, J.M. & Harquail, C.V. (1994). Organizational images and member identification. *Administrative Science Quarterly, 39*, 239-263.

Edwards, J. R., & Lambert, L. S. (2007). Methods for integrating moderation and mediation:

A general analytical framework using moderated path analysis. *Psychological Methods, 12*, 1-22.

Elsbach, K.D. & Bhattacharya, C.B. (2001). Defining who you are by what you're not: Organizational disidentification and the National Rifle Association. *Organization Science, 12*, 393-413.

Epitropaki, O. (2003). Transformational leadership, psychological contract breach and organizational identification. *Academy of Management Best Paper Proceedings*, OB, pp. M1-M6.

Epitropaki, O. & Martin, R. (2005). The moderating role of individual differences in the relation between transformational/transactional leadership perceptions and organizational identification. *Leadership Quarterly, 16*, 569-589.

Erdogan, B. & Bauer, T. (2009). Perceived overqualification and its outcomes: The moderating role of empowerment. *Journal of Applied Psychology, 94*, 557-565.

Erdogan, B. & Bauer, T. (2010). Differentiated Leader-Member Exchanges: The buffering role of justice climate. *Journal of Applied Psychology, 95,* xx.

Festinger, L. (1957). *A theory of cognitive dissonance*. Stanford, CA: Stanford University Press.

Gioia, D. A. & Chittipeddi, K. (1991) Sensemaking and sensegiving in strategic change initiation. *Strategic Management Journal, 12,* 433-448.

Hambleton, R. K. (1994). Guidelines for adapting educational and psychological tests: A progress report. *European Journal of Psychological Assessment, 10,* 229-244.

Haslam, S.A. (2001). *Psychology in organizations: The social identity approach*. London: SAGE.

Heine, S. J., & Lehman, D. R. (1997). The cultural construction of self-enhancement. An

examination of group-serving biases. *Journal of Personality and Social Psychology, 72,* 1268-1283.

Henderson, D. J., Wayne, S.J., Shore, L. M., Bommer, W. H. & Tetrick, L.E. (2008). Leader-Member Exchange, differentiation, and psychological contract fulfillment: A multilevel examination. *Journal of Applied Psychology, 93*, 1208-1219.

Hofmann, D.A. & Gavin, M.B. (1998). Centering decisions in hierarchical linear models: Implications for research in organizations. *Journal of Management, 24*, 623-641.

Hofstede, G. (1980). *Culture's consequences: international differences in world-related values.* London: SAGE.

Hogg, M. A., & Terry, D. J. (2000). Social identity and self-categorization processes in organizational contexts. *Academy of Management Review, 25*, 121-140.

Hogg, M.A. & van Knippenberg, D. (2003). Social identity and leadership processes in groups. *Advances in Experimental Social Psychology, 35*, 1-52.

House, R.J., Hanges, P.J., Javidan, M & Dorfman, P.W. (2004). (Eds), *Culture, Leadership and Organizations: The GLOBE study of 62 societies.* London: SAGE.

Hox, J.J. (2010). *Multilevel analysis. Techniques and applications*. Routledge.

James, L.R., Demaree, R.G. & Wolf, G. (1993). R_{wg}: An assessment of within-group inter-rater agreement. *Journal of Applied Psychology, 78*, 306-309.

Johnson, R. E., & Lord, R. G. (2010). Implicit effects of justice on self-identity. *Journal of Applied Psychology, 95*, 681-695.

Johnson, R. E., Selenta, C., & Lord, R. G. (2006). When organizational justice and self-concept meet: Consequences for the organization and its members. *Organizational Behavior and Human Decision Processes, 99,* 175-201.

Judge, T. A. & Hulin, C. L. (1993). Job satisfaction as a reflection of disposition: A multiple-

source causal analysis. *Organizational Behavior & Human Decision Processes, 56,* 388-421.

Judge, T.A., Scott, B.A. & Ilies, R. (2008). Hostility, job attitudes and workplace deviance: Test of a multilevel model. *Journal of Applied Psychology, 91*, 126-138.

Kapoutsis, I., Papalexandris, A., Nikolopoulos, A., Hochwarter, W. A., & Ferris, G. (2011). Politics perceptions as moderator of the political skill – job performance relationship: A two-study, cross-national, constructive replication. *Journal of Vocational Behavior, 78*, 123–135.

Kark, R., Shamir, B. & Chen, G. (2003). The two faces of transformational leadership: Empowerment and dependency. *Journal of Applied Psychology, 88*, 246-255.

Kenny, D.A., Kashy, D.A. & Bolger, N. (1998). Data analysis in social psychology. In D.T. Gilbert, S.T. Fiske & G. Lindzey (Eds), *The handbook of social psychology* (pp. 233-265). Boston: McGraw-Hill.

Kickul, J. & Lester, S. (2001). Broken promises: Equity sensitivity as a moderator between psychological contract breach and employee attitudes and behavior. *Journal of Business and Psychology, 16*, 191-216.

Kreiner, G.E. 2002. Operationalizing and testing the expanded model of identification. *Academy of Management Proceedings*, OB:H1-H6.

Kreiner, G.E. & Ashforth, B.E. (2004). Evidence toward an expanded model of organizational identification. *Journal of Organizational Behavior, 25*, 1-27.

Lane, V.R. & Scott, S. (2007). The neural network model of organizational identification. *Organizational Behavior and Human Decision Processes, 104,* 175-192.

LeBreton, J. M., & Senter, J. L. (2008). Answers to twenty questions about inter-rater reliability and inter-rater agreement. *Organizational Research Methods, 11*, 815-852.

Liden, R. C., Bauer, T. N. & Erdogan, B. (2002). The role of leader-member exchange in the

dynamic relationship between employer and employee: Implications for employee socialization, leaders and organization. In J. A. M. Coyle-Shapiro, L.M. Shore, M. S. Taylor & L.E. Tetrick (Eds), *The employment relationship: Examining psychological and contextual perspectives* (pp. 226-250). Oxford, England: Oxford University Press.

Mael, F.A. & Ashforth, B. (1995). Loyal from day one: Biodata, organizational identification, and turnover among newcomers. *Personnel Psychology, 48,* 309-333.

Mael, F.A. & Tetrick, L.E. (1992). Identifying organizational identification. *Educational & Psychological Measurement, 52*, 813-824.

Masterson, S. & Stamper, C.L. (2003). Perceived organizational membership: an aggregate framework representing the employee-organization relationship. *Journal of Organizational Behavior, 24*, 473-490.

McKimmie, B., Terry, D. Hogg, M., Manstead, A., Spears, R. & Doosje, B. (2003). I'm a hypocrite, but so is everyone else: Group support and the reduction of cognitive dissonance. *Group Dynamics: Theory, Research and Practice, 7*, 214-224.

MacKinnon, D. P., Lockwood, C. M., & Williams, J. (2004). Confidence limits for the indirect effect: Distribution of the product and resampling methods. *Multivariate Behavioral Research*, *39*, 99-128.

Markus, H. & Oysermen, D. (1988). Gender and thought: The role of the self-concept. In M. Crawford and M. Hamilton (Eds), *Gender and thought*, pp. 100-127. NY: Springer-Verlag.

Morrison, E.W. & Robinson, S.L. (1997). When employees feel betrayed: A model of how psychological contract violation develops. *Academy of Management Review, 22*, 226-256.

Mossholder, K.W., Bennett, N., & Martin, C.L. (1998). Relationships between procedural

justice and affective work reactions: A multilevel analysis. *Journal of Organizational Behavior, 19,* 131-141.

Muller, D., Judd, C., & Yzerbyt, V. (2005). When moderation is mediated and mediation is moderated. *Journal of Personality and Social Psychology, 89*, 852-863.

Naumann, S.E. & Bennett,N. (2000). A case for procedural justice climate: Development and test of a multilevel model. *Academy of Management Journal, 43*: 881-889.

Ng, K., Ang, S. & Chan, K. (2008). Personality and Leader Effectiveness: A Moderated Mediation Model of Leadership Self-Efficacy, Job Demands, and Job Autonomy. *Journal of Applied Psychology, 97*, 733-743.

Norton, M., Monin, B., Cooper, J. & Hogg, M. (2003). Vicarious dissonance: Attitude change from the inconsistency of others. *Journal of Personality and Social Psychology, 85,* 47-62.

Nunnally, J.D. (1978). *Psychometric theory*. NY: McGraw-Hill.

Olkkonen, M. & Lipponen, J. (2006) Relationships between organizational justice, identification with the organization and the work-unit, and group-related outcomes. *Organizational Behavior and Human Decision Processes, 100*, 202- 215.

Pituch, K., Whittaker, T. A., & Stapleton, L. M. (2005). A comparison of methods to test for mediation in multisite experiments. *Multivariate Behavioral Research, 40*, 1-23.

Podsakoff, P.M., MacKenzie, S.B., Lee, J. & Podsakoff, N. (2003). Common method biases in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology, 88,* 879-903.

Podsakoff, P. & Organ, S. (1986). Self-reports in organizational research: Problems and prospects. *Journal of Management, 12*, 531-544.

Pratt, M.G. (1998). To be or not to be: Central questions in organizational identification. In D.A. Whetten & P.C. Godfrey (Eds.) *Identity in organizations: Building theory through conversations*. CA: SAGE.

Preacher, K. J., Rucker, D. D., & Hayes, A. F. (2007). Addressing moderated mediation hypotheses: Theory, methods, and prescriptions. *Multivariate Behavioral Research*, *42*, 185-227.

Raudenbush, S., Bryk, A. Cheong, Y.F., Congdon, R. & DuToit, M. (2004). *HLM6: Hierarchical linear & nonlinear modeling.* SSI: Scientific Software International.

Raja, U., Johns, G. & Ntalianis, F. (2004). The impact of personality on psychological contracts. *Academy of Management Journal, 47,* 350-367.

Restubog, S. L. D., Hornsey, M.J., Bordia, P. & Esposo, S. R. (2008). Effects of psychological contract breach on organizational citizenship behavior: Insights from the group value model. *Journal of Management Studies, 45*, 1377-1398.

Roberson, Q. M., & Colquitt, J. A. (2005). Shared and configural justice: A social network model of justice in teams. *Academy of Management Review*, *30*, 595-607.

Robinson, S.L. (1996). Trust and breach of the psychological contract. *Administrative Science Quarterly, 41*, 574-599

Robinson, S.L. & Morrison, E. W. (2000). The development of psychological contract breach and violation: A longitudinal study. *Journal of Organizational Behavior, 21,* 525-546.

Robinson, S.L. & Rousseau, D.M. (1994). Violating the psychological contract: Not the exception but the norm. *Journal of Organizational Behavior, 15,* 245-259.

Rousseau, D.M. (1995). *Psychological Contracts in Organizations: Understanding written and unwritten agreements*. SAGE.

Rousseau, D. M. (1998). The 'problem' of the psychological contract considered. *Journal of Organizational Behavior, 19*, 665-671.

Sapienza, H.J., Korsgaard, M.A. & Schweiger, D.M. (1997). Procedural justice and changes in psychological contracts: A longitudinal study of reengineering planning. *Academy of Management Proceedings,* 354-358.

Shamir, B., House, R.J. & Arthur, M.B. (1993). The Motivational Effects of Charismatic Leadership: A Self-Concept Based Theory. *Organization Science, 4*, 577-594.

Shore, L.M. & Tetrck, L.E. (1994). The psychological contract as an explanatory framework in the employment relationship. In C.L. Cooper & D.M. Rousseau (Eds), *Trends in organizational behavior* (pp.91-109). Chichester: Wiley.

Sluss, D. M. & Ashforth, B. E. (2008). How relational and organizational identification converge: Processes and conditions. *Organization Science, 19*, 807-823.

Smidts, A., Pruyn, A. & Riel, C.B.M. (2001). The impact of employee communication and perceived external prestige on organizational identification. *Academy of Management Journal, 49*, 1051-1062.

Sobel, M.E. (1982). Asymptotic confidence intervals for indirect effects in structural equation models. In Leinhart, S. (Ed), *Sociological methodology* (pp. 290-312). San Francisco: Jossey-Bass.

Selig, J. P., & Preacher, K. J. (2008, June). Monte Carlo method for assessing mediation: An interactive tool for creating confidence intervals for indirect effects [Computer software]. Available from http://quantpsy.org/.

Stamper, C.L., Masterson, S. & Knapp, J. (2009). A typology of organizational membership: Understanding different membership relationships through the lens of social exchange. *Management and Organization Review, 5*, 303-328.

Tajfel, H. & Turner, J.C. (1985). The social identity theory of intergroup behavior. In S.Worchel & W.G.Austin (Eds.), *Psychology of intergroup relations* (pp.7-24). Chicago: Nelson-Hall.

Tekleab, A.G. & Taylor, M. S. (2003). Aren't two parties in an employment relationship? Antecedents and consequences of organization-employee agreement on contract obligations and violations. *Journal of Organizational Behavior, 24*, 585-608.

Tekleab, A.G., Takeuchi, R. & Taylor, M.S. (2005). Extending the chain of relationships among organizational justice, social exchange and employee reactions: The role of contract violations. *Academy of Management Journal, 48*, 146-157.

Tomprou, M., Nikolaou, I. & Vakola, M. (2012).Experiencing organizational change in Greece: The framework of psychological contract. *International Journal of Human Resource Management, 23*, 385-405.

Triandis, H. (1989). The self and social behavior in differing cultural contexts. *Psychological Review, 96*, 506-520.

Turner, J. C., Hogg, M. A., Oakes, P. J., Reicher, S. D. & Wetherell, M. S. (1987). *Rediscovering the Social Group: A Self Categorization Theory*. Oxford: Blackwell.

Tyler, T. R. & Blader, S. L. (2003). The group engagement model: Procedural justice, social identity and cooperative behaviour. *Personality and Social Psychology Review, 7,* 349-361.

Tyler, T.R.. & Lind. E.A. (1992). A relational model of authority in groups. In M. Zanna (Ed.). Advances in experimental social psychology (Vol. 25, pp.115-191). New York: Academic Press.

Van Knippenberg, D. & Van Shie, E. C. M. (2000). Foci and correlates of organizational identification. *Journal of Occupational and Organizational Psychology, 73,* 137-147.

Wang, C.L. (2000). Right appeals for the "right self": Connectedness-separateness self-schema and cross-cultural persuasion. *Journal of Marketing Communications, 6*, 205-217.

Wang, C.L. & Mowen, J.C. (1997). The separateness-connectedness self-schema: Scale development and application to message construction. *Psychology and Marketing, 14*, 185-207.

Weick, K. E. (1995). *Sensemaking in Organizations*. Sage.

Walumbwa, F., Hartnell, C. & Oke, A. (2010). Servant leadership, procedural justice climate, service climate, employee attitudes, and organizational citizenship behaviour: A cross-level investigation. *Journal of Applied Psychology, 95*, 517-529.

Zhao, H., Wayne, S.J., Glibkowski, B.C. & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology, 60*, 647-680.