

## **The Relationship Between Psychological Contract Breach and Job Involvement Under Mergers and Acquisitions Circumstances: The Mediating Effect of Perceived Organizational Justice**

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### **Abstract**

The purpose of the study aims to investigate the relationships among psychological contract breach (independent variable), job involvement (dependent variable) and perceived organizational justice (mediating variable) in mergers and acquisitions (M&A) enterprises in Taiwan. To be more specific, this study has two main objectives. First, the authors explored the relationship between psychological contract breach and job involvement. Second, the authors tested the mediating effect of perceived organizational justice on psychological contract breach and job involvement. This study utilized the quantitative approach and the data was collected by paper-based and online questionnaires. The valid samples were 282 employees who have experienced M&A process and still continued to work in the remained companies. CFA was conducted to assess the model fit and the hypotheses were tested by hierarchical regression analysis. The results showed that psychological contract breach was significantly negative correlated to job involvement. The organizational justice had a mediating effect on the relationship between psychological contract breach and job involvement. Therefore, when companies face M&A situations, employees perceived organizational justice as an important factor, which have impact on their job involvement; even if they feel that the company violated the psychological contract with them.

**Keywords:** Psychological Contract Breach, Job Involvement, Perceived Organizational Justice, Mergers and Acquisitions.

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## 1. Introduction

Stigler (1989), a Nobel Prize winner, stated that large enterprises in America have grown by mergers and acquisitions rather than internal expansions. In the competitive and economic depression environment, enterprises decided to utilize Mergers and Acquisitions (M&A) as a strategy. The purpose is to make them survive as rival organizations, but also try to expand their magnitude (Aguilera & Dencker, 2004). Take more recent examples, the global financial crisis occurred in 2008. Either large or small-medium enterprises (SMEs) have faced budget deficit problems. Under this difficult dilemma, the strategy of M&A has become a solution for enterprises that are in the pain to grow stronger and sustain in the tough environment (Grave, Vardiabasis, & Yavas, 2012).

In order to face the challenge brought by financial crisis, many enterprises are forced to integrate or adjust their internal environment of the organization. The difficulty is the financial and personnel issues are for most business owners or CEO while implementing M&A strategy successfully on the fusion of two different or similar backgrounds of the organizations. Under the circumstances, human resource plays an important role on dealing with M&A process in the organizations (Antila, 2006). Some predictable conflicts and troubles regarding their positions and personal benefits continuously occurred between top management and employees it can probably cause not only dispute but also low performance in the workplace (Marks & Mirvis, 2011). Therefore, solving the organization's financial problems and protecting employee's rights are always an important to the organization and government.

Taiwan passed the law of mergers and acquisitions in 2002. Since then, M&A activities and the transaction amount rise sharply among enterprises. Based on the report from Commerce Industrial Services, Ministry of Economic Affairs, R. O. C. (2013), up to September, 2013, the total cases of M&A in Taiwan come to 2,028 and the total amount of the transaction is over 900 billion NT dollars. However, not all the companies suffering M&A process in Taiwan are so successful and smooth. The success of the M&A strategy is being widely discussed.

Under the unstable economic environment, people are difficult to adapt to the situations. Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R. O. C. (2012) reported that most recent five years, over 70% of working laborers in Taiwan intend to leave their job. This is because the organizations already break out the long-term employment relationship. Employees are aware that they should find their own way to survive. Facing the changes of the environment, working labors meet higher pressures (Yan & Zhu, 2013). Under this condition, organizations are expected to reach the expectations or there might be an unbalance labor relationship which can also cause a lot of problems.

In order to decrease the unnecessary cost and enhance employee performance, psychological contract was widely applied in the company in the end of the 20th century (Rousseau, 1995). The management of psychological contract becomes the way to acquire the competitiveness human resources gradually. While the employees have the expectation on the psychological contract not shown clearly as the visible contract, the accomplishment of it can be important to them. Robinson and Rousseau (1994) found that fifty-five percent of their sample manager observed that their organizations had failed to accomplish one or more promised obligations in the first two years of the employment relationship. These perceptions have been found to reduce employees' attitude such as trust, job satisfaction, intentions to stay with the organization, sense of responsibility, and in-role and extra-role performance (Robinson, 1996; Robinson & Morrison, 1995). Since the environment changed severely under the M&A circumstances, enterprises are told to pay more attention to the usage of the psychological contract to avoid unnecessary problems.

Another issue in organization which has been widely discussed recently is organizational justice. Compared to the past, people in nowadays society are more willing to speak out for their own rights. In Career magazine, Hong and Tsai (2013) reported that employees feel respectful and be more involved to their work if the organization provides an equity working environment. Considering that people want to be treated equally, organizational justice can be regarded as the most important concern in the organization and can influence the employees' behavior toward work (Niehoff & Moorman, 1993).

According to the aspects addressed above, it is interesting to find out the relationship between psychological contract breach and job involvement, especially under the changing environment. On the other hand, the researchers aimed to find out whether the organizational justice can affect the relationship between psychological contract breach and job involvement under the unstable working environment.

The purpose of this study was to find out how the employees under M&A circumstances react when the psychological contract is violated. The researchers aim to analyze the relationship between breach of psychological contract and job involvement. Besides, researchers also want to find out the mediating effect of the organizational justice between psychological contract breach and the job involvement. The purpose of this study was to fulfill as follows:

1. To explore the impact of psychological contract breach on job involvement.
2. To examine the mediating effect of perceived organizational justice between psychological contract breach and job involvement.

## 2. Literature Review

### 2.1. Mergers and Acquisitions (M&A)

M&A started in the end of 20th century and has become a popular issue in world wide business. Researches were conducted to discuss about the financial issue and the executive strategy in the organizations (Smith, 1973; Fowler & Schmidt, 1989; Anand & Singh, 1997). However, few studies focus on discussing the employees' perspectives (Schweiger & DeNisi, 1991; Fried, Tiegs, Naughton, & Ashforth, 1996). McManus and Hergert (1988) stated that while many enterprises neglect the personnel side in the organization, it can be the key of success in M&A. Gap of management style and the lack of cultural awareness can cause the failure of M&A (Cartwright & Cooper, 1992).

On February 6th, 2002, Taiwan passed the law of mergers and acquisitions. Since then, Taiwan's M&A activities became popular and the transaction amounts raised. Until September, 2013, the total cases of M&A in Taiwan come to 2,028 and the total amount of the transaction was over 9 billion NT dollars. Since M&A is active in the society, entrepreneurs have to prevent the organization from being affected by the bad consequences such as increasing turnover rate and low working performance (McManus & Hergert, 1988). However, M&A is somehow complicated and difficult for the organizations. When processing the M&A strategy, cases such as BenQ and TSMC which cause the conflict between the employees in Acquiring Company and Target Company should be alerted in our mind.

### 2.2. Psychological Contract Breach and Job involvement

In a number of the previous studies, psychological contract breach was viewed as a factor to cause many unpleasant work-related consequences. For example, reduce the job satisfaction and intention to stay (Robinson & Rousseau, 1994; Davis & Newstrom, 1997).

Studies that show the impact of psychological contract breach to some job attitudes are easily to find. Zhao, Wayne, Glibkowski, & Bravo (2007) have previously observed how psychological contract breaches impact employee productivity. Griffin, Neal, and Parker (2007) indicated that beyond influencing productivity, psychological contract breaches may also impact how adaptable and proactive employees are at work. Ng, Feldman, and Lam (2010) made the research on the relationship of Psychological contract breach with Innovation-related behavior and affective commitment.

Job involvement, regarded as one of the job attitudes (Hollon & Chesser, 1976; Janasz, Forret, Haack, & Jonsen, 2013), can also be influenced by psychological contract breach. Psychological contract breach was defined as a feeling of anger, injustice, discomfort and

mistrust that caused by failing to complete the promise to employees (Rousseau, 1989). Thus, low job satisfaction and commitment and the intention to leave the organization cause the employees low involvement toward their job.

In organizational behavior or psychological field, we found rare study that explains the direct relationship between psychological contract breach and job involvement in the organization. According to some empirical studies, perceived psychological contract breach and feeling of violation can have negative relationship with job attitudes (Schmit, Amel & Ryan, 1993; Robinson, 1996). From some other studies, we can see the relationship of job involvement and the mentioned job attitudes (Loadhl & Kejne, 1965; Kanungo, 1982). Thus, based on the limited studies, the author made up the hypothesis:

*Hypothesis 1: Psychological contract breach is negatively correlated with job involvement.*

### 2.3. Psychological Contract Breach and Perceived Organizational Justice

When individual finds the violation of their psychological contract, the inequity thought can grow in their mind (Rousseau, 1995). Although there is rare study mainly focusing on the relationship between psychological contract breach and perceived organizational justice, we can still find some papers describing the psychological contract breach that can mediate the relationship between procedural justice and interactional justice. Epitropaki (2013) stated that PCB can mediate the relationship between leadership behaviors and procedural justice climate. Meanwhile, the PCB is negatively associated with procedural justice. In addition, Kickul and Lester (2002) found out that justice intervention can make difference to PCB. Both intrinsic and extrinsic psychological contract breach are negatively associated with the procedural justice and interactional justice.

*Hypothesis 2: Psychological contract breach is negatively correlated with perceived organizational justice.*

### 2.4. Perceived Organizational Justice and Job Involvement

Hutchison, Sowa, Eisenberger, and Huntington (1986) stated that according to the organization support theory, organizational support is highly positive related to job involvement. Meanwhile, the organizational justice is the most significant in organizational support. Lawler and Hall (1970) stated that when people perceived that they can strive good performance through their effort (concept of equity theory), they are willing to form job involvement. In addition, some research argued that when individual perceived inequity in the organization, they will reduce their job involvement (e. g., Adams 1965; Greenberg, 1987). Through these literatures, we can find the positive relationship between organizational justice and job

involvement.

*Hypothesis 3: Perceived organizational justice is positively correlated with job involvement.*

## 2.5. Mediating Effect of Perceived Organizational Justice

Organizational justice has been widely discussed in recent years. People are more willing to speak out for their own rights and put more efforts on pursuing a more justice environment. Under the circumstances, Organizational justice became a factor that can moderate or mediate the relationship of some organizational behavior or managerial issue. For instance, Cole, Carter and Zhang (2013), found the procedural justice climate mediate the power distance values and team effectiveness. Organizational justice was also found to have the mediating role between nurses' sleeping problem and performance in the hospital (Hietapakka, et al.). It shows the importance of fair organizations. Kwon, Kim, M. S., Kang and Kim, M. U. (2008) found the three dimension of justice can mediate the relationship between gainsharing and intention to leave.

From the literature above, we can find that perceived organizational justice can make the individual dissent the negative influence to the outcome behavior and turns it to the positive relationship between the justice and the behaviors. We can logically hypothesize the mediating effect for psychological contract breach and job involvement.

*Hypothesis 4: Perceived organizational justice mediates the relationships between psychological contract breach and job involvement.*

## 3. Research Methods

### 3.1. Samples and Data Collection

This study utilized the quantitative approach and the data were collected by paper-based and online questionnaires to the employees who have experienced M&A process and still stayed in the remained companies in Taiwan.

The researcher approached to the employees or the managerial level of those companies which have been through the M&A process and delivered the paper based questionnaire. Also, researchers designed the on-line questionnaire and spread by the social networking website and board bulletin system to do the snowball sampling strategy.

### 3.2. Measurement

#### 3.2.1. Psychological contract breach

This study adopted the psychological contract breach and violation scale which was done by Robinson and Morrison (2000). The Cronbach alpha for the origin scale was .92. Seven-point likert scale (ranging from 1= 'strongly disagree' to 7= 'strongly agree') was used in this study to measure how well one's contract has been fulfilled by one's employer and the level of feeling violated. The sample item of perceived contract breach is as follow: 'I have not received everything promised to me in exchange for my contributions.' 'I feel betrayed by my organization'. A higher score will be regarded as higher level of psychological contract breach. The Cronbach alpha of psychological contract breach in this study was .94.

### *3.2.2. Perceived organizational justice*

This study adopted the scale based on Moorman (1991). Twenty items with three dimensions are in this scale, including the distributive justice, formal procedures justice, and interactional justice. The reported reliabilities were all above .93. The respondents answered by the 5-point likert scale, which measure the extent of how they agree or disagree. (e.g., 'My work schedule is fair'). The higher score is regarded as higher perceived organizational justice. The Cronbach alpha in this study was .98.

### *3.2.3. Job involvement*

This research adopted the Job Involvement Questionnaire (JIQ) which was done by Kanungo (1982). The Cronbach alpha was .87 on the JIQ. The respondents answered the 5-point likert scale to measure the extent of how they agree or disagree to 10 questions. (e.g., 'The most important things that happen to me involve my present job'). A higher score was regarded as higher level of job involvement. The Cronbach alpha in this study was .90.

### *3.2.4. Control variables*

Looking through the previous literatures, many researchers specified some demographic variables that can influence job involvement. Therefore, the demographic variables were gathered through the personal information part of the questionnaire. Table 1 shows the demographics being used in previous studies. In this study, according to the previous studies, we adopted the following demographics and chose company type (organization), job position, and salary as the control variables. In this research, the authors also considered the time that participants' experienced M&A process to be the control variable. The longer of the time has passed, the recalled memories can have some influenced on the result.

## **3.3. CFA**

Before testing the hypotheses, a confirmatory factor analysis was conducted (CFA) to evaluate the distinctiveness of the measures used in the present study by using IBM SPSS

AMOS 22. Since the chi-square ( $\chi^2$ ) test is sensitive to sample size, the overall model fit was also examined by various fit indices including root-mean-square error of approximation (RMSEA), Tucker–Lewis non-normed index (TLI), incremental fit index (IFI), and the comparative fit index (CFI). A good model fit was shown when RMSEA was below .08 (Browne & Cudeck, 1993) and TLI, IFI and CFI scores were above .90 (Byrne, 1998). In our analysis, the results of CFA for each variable were shown in Table 2. The perceived organizational justice presented good fit indexes while some of the fit indexes, especially in  $\chi^2/df$  and RMSEA, in psychological contract breach and job involvement are not successfully to reach the standard purposed by Byrne (1998).

Table 1: Demographic used in previous study

| Demographic  | Brief   | Reference  |
|--------------|---|--|
| Age          | Higher age will have greater job involvement.                 | Lodahl and Kejner (1965);<br>Rabinowitz, Hall, & Goodale (1977);<br>Brown (1996);<br>Ruh & Seigal (1973) |
| Education    | Higher educational level will have greater job involvement.   |  |
| Tenure       | Higher tenure will have higher identification toward company. | Hall, Schneider, & Nygen (1970)<br>Brown (1996)  |
| Position     | Higher position (manager) will have higher job involvement.   | Mckelvey & Sekaram (1977)  |
| Gender       | Gender is related to job involvement                          | Ruh et al., (1975)   |
| Salary       | Higher salary will have higher job involvement.               | Ruh et al., (1975)   |
| organization | Private or public organization will affect job involvement.   | Brown (1996)   |

Table 2: Results of confirmatory factor analysis (N=282)

|            | $\chi^2$ | df  | $\chi^2/df$ | RMSEA | CFI  | NFI  | IFI  | TLI  | GFI  |
|------------|----------|-----|-------------|-------|------|------|------|------|------|
| <b>PCB</b> | 147.062  | 25  | 5.882       | .132  | .950 | .941 | .950 | .928 | .905 |
| <b>POJ</b> | 404.768  | 167 | 2.424       | .071  | .965 | .943 | .965 | .961 | .869 |
| <b>JI</b>  | 172.595  | 33  | 5.230       | .123  | .910 | .892 | .911 | .877 | .881 |

*Notes.* RMSEA = Root Mean Square Error of Approximation; CFI = Comparative Fit Index; NFI = Normed Fit Index; IFI = Incremental Fit Index; TLI = Tucker–Lewis Index, GFI = Goodness of Fit Index. PCB represents psychological contract breach, POJ represents perceived organizational justice, and JI represents Job Involvement

Since all measures used in the current study were completed by single participant and used a similar response format, Harman's one-factor test (Podsakoff et al., 2003) was conducted to detect potential bias caused by common method variance (CMV). If a single factor emerges or one general factor explains most of the covariance in the independent and dependent variables, it is reasonable to conclude that a significant CMV is present (Podsakoff et al., 2003). We



entered all scale items into a principal components analysis and examined the unrotated factor solution. Six factors possessing an eigenvalue greater than 1.0 emerged, which accounted for 76.11% of variance. The first factor accounted for 47.26% of variance, which showed that the items did not load on a general single factor. As it mentioned from Podsakoff et al. (2003), the first factor's variance is not greater than 50%, which shows no serious CMV problems.

### 3.4. Demographic Information

We acquired 511 responses anonymously, 282 of which are samples that fit to our research. For the 282 respondents, there are 144 (51.1%) of female and 138 (48.9%) of male respondents aged from 21 to 71. Most of them are general employees (56.7%) and their highest education level is from college and university (64.9%). We do not enforce them to reveal their industry and company, we only can know that 58.7% of respondents are from local companies and 41.3% are from foreign companies. Through our own records, over 70% of the respondents are from financial and insurance industry.

## 4. Result and Findings

### 4.1. Correlations

Pearson's correlations analysis was conducted for the three main variables which are psychological contract breach, Perceived Organizational Justice and Job involvement. Plus four demographics as control variables, they are experienced time, company type, Job position and salary. The correlations are shown in Table 3. As stated in H1, psychological contract breach has a significantly negative correlated to job involvement ( $r = -.37, p < 0.05$ ). The same with H2 and H3, psychological contract breach has a significantly positive correlated to perceived organizational justice ( $r = .58, p < 0.05$ ) and perceived organizational justice has a significantly positive correlated to job involvement ( $r = .57, p < 0.05$ ).

All control variables (experienced time, company type, job position, and salary) were significant related to job involvement ( $p < 0.05$ ) as anticipated.

### 4.2. Test of the hypotheses

Hierarchical regression was used in this research for statistical analysis. Demographic factors such as experienced time, company type, job position and salary were included as control variables. Six regression equations were constructed in order to test the proposed hypotheses and the result is shown in Table 4.

Table 3 Mean, standard deviations, correlations, and reliability (N=282)

|                                     | Mean | SD   | 1       | 2       | 3       | 4      | 5       | 6      | 7     |
|-------------------------------------|------|------|---------|---------|---------|--------|---------|--------|-------|
| 1. Experienced time                 | 2.99 | 1.22 |         |         |         |        |         |        |       |
| 2. Company type                     | 1.41 | 0.49 | -.054   |         |         |        |         |        |       |
| 3. Job position                     | 1.62 | 0.84 | -.072   | .22***  |         |        |         |        |       |
| 4. Salary                           | 2.43 | 1.40 | -.079   | .18**   | .48***  |        |         |        |       |
| 5. Psychological Contract Breach    | 3.33 | 1.14 | .18**   | -.26*** | -.23*** | -.11   | (.94)   |        |       |
| 6. Perceived Organizational Justice | 3.37 | 0.74 | -.34*** | .23***  | .23***  | .08    | -.58*** | (.98)  |       |
| 7. Job Involvement                  | 3.61 | 0.62 | -.27*** | .22***  | .30***  | .28*** | -.37*** | .57*** | (.90) |

Note. Numbers in the brackets represent the Cronbach's Alpha values of the variables.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

To test the first hypothesis, the result is shown in Model 3 and 5 in Table 4. Make “Job involvement” as the dependent variable along with the four control variables and “psychological contract breach” as the independent variable. Model 3 shows that every control variables has significant effect (Experienced time,  $\beta = .26$ ,  $p < 0.05$ ; company type,  $\beta = .15$ ,  $p < 0.05$ ; job position,  $\beta = .17$ ,  $p < 0.05$ ; salary,  $\beta = .15$ ,  $p < 0.05$ ) on job involvement while the model has 19.4% ( $R^2 = .19$ ) of explanatory power. With psychological contract breach added in Model 5, significant negatively impact on job involvement was shown ( $\beta = -.28$ ,  $p < 0.05$ ) while the  $R^2$  rose to .26 with 25.7% explanatory power. Hypothesis 1, “psychological contract breach is negatively correlated to job involvement” is supported.

The test of the second hypothesis, the result is shown in Model 1 and 2 in Table 4. With “perceived organizational justice” as the dependent variable along with the four control variables and “psychological contract breach” as the independent variable. Model 1 shows that only salary shows no significant effect on perceived organizational justice while others control variables have significant effect on it (Experienced time,  $\beta = -.34$ ,  $p < 0.05$ ; company type,  $\beta = .19$ ,  $p < 0.05$ ; job position,  $\beta = .20$ ,  $p < 0.05$ ) with psychological contract breach added in Model 2, significant impact on perceived organizational justice was shown ( $\beta = -.53$ ,  $p < 0.05$ ) while the  $R^2$  rose to .44 with 43.5% explanatory power. Hypothesis 2, “psychological contract breach is negatively correlated to perceived organizational justice”. was supported.

Table 4 Results of Regression Analysis for Hypothesis

| Variables                    | Perceived Organizational Justice (Me) |           | Job Involvement (Y) |          |                  |          |
|------------------------------|---------------------------------------|-----------|---------------------|----------|------------------|----------|
|                              | Model 1                               | Model 2   | Model 3             | Model 4  | Model 5          | Model 6  |
|                              | $\beta$                               | $\beta$   | $\beta$             | $\beta$  | $\beta$          | $\beta$  |
| <b>Step 1 :Controls</b>      |                                       |           |                     |          |                  |          |
| Experienced time             | -.34***                               | -.25      | -.25***             | -.08     | -.20***          | -.08     |
| Company type                 | .19**                                 | .06       | .15*                | .05      | .08              | .05      |
| Job position                 | .20**                                 | .09       | .17**               | .07      | .11 <sup>+</sup> | .07      |
| Salary                       | -.07                                  | -.05      | .15*                | .19**    | .16**            | .19**    |
| <b>Step 2: IV</b>            |                                       |           |                     |          |                  |          |
| <b>Independent Variables</b> |                                       |           |                     |          |                  |          |
| PCB (X)                      |                                       | -.53***   |                     |          | -.28***          | -.01     |
| POJ (Me)                     |                                       |           |                     | .507***  |                  | .50***   |
| <b>R<sup>2</sup></b>         | .20                                   | .44       | .19                 | .40      | .26              | .40      |
| <b>Adjust R<sup>2</sup></b>  | .20                                   | .43       | .18                 | .39      | .24              | .39      |
| <b>F</b>                     | 16.81***                              | 40.84***  | 16.00***            | 35.26*** | 18.38***         | 29.28*** |
| <b>IR<sup>2</sup></b>        | 0.20                                  | 0.23      | .19                 | .21      | .06              | .14      |
| <b>IF</b>                    | 16.81***                              | 109.52*** | 16.00***            | 90.69*** | 22.67***         | 62.47*** |

Note. Standardized regression coefficients are shown.

PCB represents psychological contract breach and POJ represents perceived organizational justice

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

The test of third hypothesis, the result is shown in Model 3 and 4 in Table 4. With “job involvement” as the dependent variable along with the four control variables and “perceived organizational justice” as the independent variable. As mentioned before, every control variables shows significant effect on job involvement in Model 3. With perceived organizational justice added in Model 4, significant impact on perceived organizational justice was shown ( $\beta = .51$ ,  $p < 0.05$ ) and has 39.9% of explanatory power ( $R^2 = .40$ ). Hypothesis 3, “perceived organizational justice is positively correlated to job involvement.” is supported.

Finally, to test the fourth hypothesis, the result is shown in Model 5 and 6. In these two models, “job involvement” is the dependent variable while “psychological contract breach” and “perceived organizational support” are independent variables. We can see that in Model 5, psychological contract breach has significant impact on job involvement was shown ( $\beta = -.28$ ,

$p < 0.05$ ) with 25.7% explanatory power ( $R^2 = .26$ ). With perceived organizational justice added in Model 6, the beta value dropped to  $-.011$  with no significance, this proves that perceived organizational justice has a complete mediating effect on psychological contract breach and job involvement. Hypothesis 4, “perceived organizational justice mediates the relationships between psychological contract breach and job involvement.” is supported.

## **5. Conclusions and Discussion**

The objective of this research was to explore the impact of perceived organizational justice on the relationship between psychological contract breach and job involvement under merger and acquisition circumstances. Evidences supporting the relationship between variables from the previous literature review were proven in this research. Result of this research shows that psychological contract breach has negative effect on job involvement, psychological contract breach has negative effect on perceived organizational justice, and perceived organizational justice has positive effect on job involvement and the complete mediating effect on the relationship between psychological contract breach and job involvement as well.

From this research, we can indicate that under M&A circumstances, people who survived through this process care more about the equity feelings than being violated of their psychological contracts. That is, the employees know that there will be some breaches between the employer and themselves under the M&A process, and they are likely to “accept” it. We can find out in this study that they care about whether it is fair in distributing, processing, and interaction or not. The justice in their mind can be the factor to influence their job involvement.

Through this study, the researchers suggest the importance of psychological contract breach and the organizational justice in the workplace. Under the M&A circumstances, some promises might break and influence the employees’ involvement to their job. However, the employer can provide a comparatively fair working environment for the employees, which can positively affect the job involvement.

## **6. Limitations and suggestions for future research**

Several limitations were in this study. First, the questionnaires were answered by the respondents only. The self-report may cause the common method variance (CMV) problems and the risk that the participants misrepresent themselves. By not explaining the variables in the questionnaire, adopting different point of likert scale and reverse items to prevent participants from filling the answer randomly, we can decrease the problem of CMV. However, some model fit indexes such as  $\chi^2/df$  and RMSEA did not reach the standard of the requirement from Byrne (1998).

For this research, data collection is the most difficult stage. Lots of enterprises regarded mergers and acquisitions as a confidential event. We are not allowed to deliver the questionnaire to those companies. Furthermore, lots of employees who had been through mergers and acquisitions process are no longer staying in the remained company which causes more difficulties for the researchers. In the end, the researchers only adopted the data from the participants that remain in the merged companies. The researchers got most of the responses from people in financial and insurance industry in which the employees are more enthusiastic in helping the researcher to fill up the questionnaires. On the other hand, some questionnaires are delivered by the managerial level. Employees might alert about the questionnaires even if the researchers had claimed to make it anonymous.

For the Future research, researchers can focus on how to approach a wider sample size and more response from various. Moreover, researchers can focus on the mediating effect of different dimensions of the organizational justice and point out more specific justice that can have impact on the relationship between psychological contract breach and job involvement.

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