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The Effect of Social Accounts on Psychological Contract Violation

by

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Abstract

This research used a scenario study to investigate the effect of social accounts on participants' ($N = 195$) perceptions of psychological contract violation and intentions to retaliate following a psychological contract breach. Participants were randomly assigned to conditions in a two (ideological account: justification, no justification) by two (penitential account: apology, no apology) by two (contract breach severity: low vs. high) factorial design. Analysis of variance showed that both ideological and penitential accounts mitigated the negative effects of a perceived contract violation following a contract breach, but only when the breach was considered severe. Moreover, this study found that the effectiveness of the social accounts to reduce active retaliation responses was mediated by the perceived quality of the social account.

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The Effect of Social Accounts on Psychological Contract Violation

Psychological contracts are an employee's individual beliefs of what he or she owes the organization and what the organization owes him or her in return (Rousseau, 1989, 1995). The terms of the employment relationship are often altered unilaterally by the organization which can result in a breach of employees' psychological contract. For example, when a performance appraisal or salary review is not received as promised or expected, an employee can react with anger and resentment. When employees perceive the organization has not fulfilled its obligations in the exchange relationship, they may feel anger, resentment, and a sense of betrayal. This affective and emotional reaction to a breach has been termed psychological contract violation (Morrison & Robinson, 1997; Rousseau, 1989, 1995). This reaction can be associated with retaliation toward the organization (Skarlicki & Folger, 1997), theft (Greenberg, 1990), or aggressive behavior (Robinson & Bennett, 1995).

Contract violations occur frequently and in almost every area related to human resource management (Robinson & Rousseau, 1994; Rousseau & McLean Parks, 1993). Although extant research has focused on the potential negative consequences of a violated contract (cf. Robinson, 1996; Robinson & Morrison, 1995), limited research has focused on factors that can reduce a person's perceptions of contract violation and thus the negative outcomes associated with such violations.

Morrison and Robinson (1997) provide a model of psychological contract violation in which they identified variables that can contribute to the perception of contract violation. They proposed that a contract breach initiates an interpretation process in which an employee attempts to make sense of the negative event that has occurred. As part of the sense-making process, employees can be influenced by the severity of the contract breach and the treatment they receive from organizational agents. This process can lead to feelings of contract violation or resentment if the employee perceives that the organization or its agents have not only breached the contract, but have also acted inappropriately.

Referent cognitions theory (RCT) (Folger, 1987; 1993) proposes that when outcomes are not as they expected, employees engage in counterfactual thinking and imagine what might have happened (referent outcome) if only things were as they should have been. RCT also makes a distinction between high referent outcomes and low referent outcomes. A high referent outcome represents an imagined state that is more favourable than reality. A low referent outcome represents a state that is not as favourable as reality. A contract breach is likely to be perceived under conditions of a high referent outcome—particularly when an employee can easily think of being entitled to more favourable outcomes than the outcome received.

Counterfactual thinking, however, tends to be affected by the social accounts (i.e., justifications or apologies) offered by organizational agents. For

example, social accounts can communicate that the breach was not the organization's fault, thereby changing the employee's interpretation of the event (Bies, 1987) and making it difficult to imagine alternative outcomes. Social accounts can also minimize the severity of an outcome (Walster, 1966).

The objective of the present study was to test the model of psychological contract violation proposed by Morrison and Robinson (1997). Based on RCT, I examined the effect of ideological (i.e., justification) and penitential (i.e., apology) accounts on perceived contract violation and participants' intention to retaliate under conditions of both high and low contract breach severity. The following sections provide the definitions for psychological contract, psychological contract violation, social accounts, and the theoretical bases for the hypotheses proposed in this study.

Psychological Contract

The psychological contract has been defined as the unwritten expectations held by employers and employees regarding their exchange relationship (Levinson, Price, Munden, Mandl, & Solley, 1962; Schein, 1965). Rousseau (1989, 1995) further defined the psychological contract as employees' beliefs regarding the terms of a reciprocal exchange agreement between themselves and their organization. Because the psychological contract is based on beliefs and perceptions regarding promises and acceptance, it is highly subjective and resides in the 'eyes of the beholder'. Thus, parties to the contract may not always agree on what was promised and what is owed.

A second feature of psychological contracts is that they are based on perceived promises, where a promise is defined as any communication of future intent (Rousseau, 1995). Promises need not be made explicitly. Weick (1981) argued that implicit understandings, such as those made through inference and observation of past practices, can lead to a contract to continue these behaviors into the future. For example, a history of allowing shift workers to leave when their work is completed, whether or not the full shift has been worked, can lead to an implied contract to continue this practice. Central to the psychological contract, however, is that a perceived obligation must be accompanied by the belief that a promise has been given.

Finally, researchers have made an important distinction between transactional and relational psychological contracts. Transactional contracts are characterized by specific, short-term, and monetizable obligations with limited flexibility and personal involvement. Relational contracts, on the other hand, are characterized by broad, open-ended, and long-term obligations which are dynamic and subject to change during the life of the contract. Relational contracts are based on the exchange of not only monetizable elements (e.g., pay for service) but also socioemotional elements (e.g., loyalty and support). These two types of contracts can be thought of as being at two ends of a contractual continuum (Rousseau, 1995; Rousseau & McLean Parks, 1993).

Maintained contracts function to effectively reduce uncertainty and increase predictability by establishing the terms of the exchange relationship

(Rousseau & McLean Parks, 1993). Because the psychological contract is an important foundation of the employment relationship, perceived violations of the contract can have implications for the future of that relationship and effective organizational functioning. For instance, field research has found that perceived violations are negatively associated with trust toward their employer (Robinson, 1996), commitment to the organization (Robinson & Rousseau, 1994), job satisfaction (Robinson & Morrison, 1995), and organizational citizenship behavior (Robinson & Morrison, 1995). A laboratory study by Aquino, Tripp, and Reed (1997) found that violations can also negatively affect subordinate-boss negotiations. They found that violations resulted in more impasses, led to more contentious behavior on the part of the subordinate, and also reduced the integrativeness of the outcomes. Consistent with previous research (cf. Robinson & Rousseau, 1994), contract violations were found to negatively affect subordinates' perceived satisfaction with the negotiated outcomes and the perceived fairness of those outcomes.

A Model of Psychological Contract Violation

Morrison and Robinson (1997) made a distinction between a perceived psychological contract breach and a violation, and they identified the factors involved in the interceding interpretation process. A perceived breach represents the cognitive assessment of contract fulfillment. It is based on the employee's perceptions of what has been promised and what both parties have provided. A violation, in contrast, refers to the emotional and affective state that

may result when an employee feels the organization has not adequately fulfilled the psychological contract. Thus, a violation is the emotional experience associated with a perceived breach.

The process leading up to and following a perceived psychological contract breach is similar to the process of naming, blaming, and claiming that occurs when people identify and react to legal disputes (Felstiner, Abel, & Sarat, 1980). According to Felstiner et al. (1980), whether a dispute progresses to conflict (e.g., a lawsuit) depends on the parties' interpretation of the event. The transformation process involves a) naming—one party identifies a particular experience that has been harmful, b) blaming—the injured party assigns responsibility for the harm to another party, and c) claiming—the injured party responds in some way (e.g., retaliation). The primary implication of this perspective for psychological contract violation is that the nature of the breach is often less important than how it has been perceived and interpreted. Morrison and Robinson's (1997) model outlines the transformation process as it relates to a psychological contract violation.

Naming: Perceived Contract Breach. Although events may lead to a discrepancy between the employee's psychological contract and what the employee actually experiences, the employee has to recognize, or name, this gap before it results in the perception of a contract breach.

Morrison and Robinson (1997) identified two conditions that may result in a discrepancy: reneging and incongruence. Reneging occurs when an agent of

an organization knowingly breaks a promise to an employee. Reneging results from an organization either unable or unwilling to fulfill a promise. Incongruence occurs when an agent of the organization and an employee have different understandings of a promise. Incongruence may result from (a) divergent schemata due to an employee and an agent having different prior experiences, (b) complexity and ambiguity of obligations, such as promises that are not explicit or incomplete, and (c) communication, such as not providing clear information at time of recruitment. Both reneging and incongruence can create a discrepancy between what an employee perceives was promised and what was received. This in turn can lead the employee to review how well each of the parties has upheld its side of the contract.

Although reneging and incongruence can lead to a discrepancy between what was promised to the employee and what was received by the employee, for a breach to occur, the employee must identify the discrepancy as a breach. This identification process is affected by several factors. These factors include a) salience--does the event stand out from its context? and b) vigilance--does the employee monitor the performance of the organization in fulfilling the psychological contract?

The salience of a psychological contract breach is related to the size of the discrepancy and the importance of the promise to the employee. For example, an employee will be more likely to notice the discrepancy between a 5% bonus and no bonus than the discrepancy between a 5% bonus and a 4%

bonus. A breach also becomes more salient when the promise is vivid in the employee's mind because the promise was explicitly made or was made very recently.

Vigilance is in turn affected by the (a) uncertainty of the situation--employees will be more vigilant when uncertainty is high, (b) the nature of the relationship--employees will be more vigilant when the relationship is based on a transactional type exchange agreement, and (c) the perceived costs of discovering an unmet promise--employees will be less vigilant when the perceived psychological costs are perceived to outweigh the information value of discovering an unmet promise.

Both salience and vigilance are likely to increase the likelihood that an employee will perceive that a promise has not been met. However, before an unmet promise is deemed to be a contract breach, an employee will consider how both parties performed in maintaining the contract. That is, an employee will compare how well the organization has fulfilled its obligations with how well the employee has fulfilled his or her obligations. The more that the employee perceives that the organization has failed to fulfill its obligations (in relative terms), the more likely an employee will determine that a breach of contract has occurred.

Blaming: From Breach to Violation. It is possible that employees can perceive that a contract breach has occurred but not necessarily feel a sense of violation. Once a breach of contract has been determined, Morrison and

Robinson posit that an employee will attempt to make sense of the event(s) that have taken place using an interpretation process. This interpretation process moderates the relationship between the perceived breach and the violation of the psychological contract. The factors involved in the interpretation process include (a) an assessment of the outcomes, such that the intensity of the violation will be related to the perceived importance of the contract breach, (b) attributions--more negative emotions will be experienced if the employee does not accept the account offered by the organization for the contract breach, (c) fairness judgments, such as how fairly the employee was treated, and (d) the social contract, referring to the beliefs about exchange, reciprocity, and good faith that are present in the employment context.

As noted earlier, referent cognitions theory (RCT) (Folger, 1987) can be used to explain why a perceived breach of contract may result in perceptions of contract violation. RCT gets its name from the term referent outcomes which are alternatively imagined outcomes. When an employee compares an actual outcome to a more favourable outcome (i.e., if the company had fulfilled its obligations) the latter constitutes a high referent outcome. High referent outcomes may cause dissatisfaction with the actual outcomes. However, high referent outcomes alone do not lead to perceived contract violation.

Employees also look to process considerations as an important part of the procedure governing outcome allocations. Process considerations include, not only the decision-making procedure, but also the conduct of the supervisor. RCT

proposes that two factors will interact to predict an emotional response to mistreatment: an outcome factor (e.g., the contract breach) and a process factor (e.g., unacceptability of management procedures and conduct). RCT predicts that an employee can experience anger with the outcome (contract breach), particularly when it is combined with unfair procedures or other inappropriate conduct by the agent (e.g., absence of social accounts).

A key feature of RCT is counterfactual thinking which involves undoing an existing state of affairs in one's mind. In conducting counterfactual simulations, people cognitively undo some past event (e.g., a performance appraisal did take place as promised) and continue the simulation to imagine how the end results would have turned out (e.g., the promotion would have come through) if proper procedures had been applied.

A salient counterfactual, in which an employee imagines what would have happened if different procedures had been used, might easily simulate a high referent outcome for comparison (e.g., If only I had received my performance appraisal as promised, I would have received my promotion). However, RCT also posits that counterfactual thinking can be 'blocked' by the social accounts offered by a supervisor to explain events. For example, a supervisor's claim that mitigating circumstances prevented some form of action can tend to block counterfactual thinking because the supervisor has presented convincing evidence that he or she could not have behaved otherwise. This in turn makes it more difficult for the employee to think about what could have happened,

reducing the salience of high referent outcomes. Folger and Martin (1986) examined the effect of an excuse on perceptions of an account giver's accountability. They found that an experimenter was judged less harshly when he provided an excuse for his conduct. Folger, Rosenfield, and Robinson (1983) examined the effectiveness of a justification on participants' feelings of anger and resentment when their expectations were not met after a change in procedure. They found that feelings of anger and resentment were significantly higher when an insufficient justification was provided than when an adequate justification was provided. These studies show that both excuses and justifications can influence an explanation's acceptability and exonerate an allocator's conduct, or at least minimize vilification and corresponding hostility.

The influence of social accounts on perceptions of contract violation and intention to retaliate can be further explained by the concept of obligations (Folger, 1987; Folger & Bies, 1989). Social accounts, when deemed adequate, meet the moral obligation to rectify harm even when causal responsibility cannot be denied.

Folger, Konovsky, and Brockner (1990) examined the factors that would predict negative reactions, defined as participants' desire for regulation (i.e., more laws protecting rights of workers to keep their jobs) to layoffs. They found that participants' reactions varied as a function of outcome severity (i.e., amount of severance pay) and interactional justice (i.e., adequate explanations,

considerate treatment). Poor outcomes led to increased preferences for regulation only when interactional justice was relatively low.

In summary, both theory and empirical evidence suggest that when a contract breach results in potentially adverse reactions toward an employer, the employer's actions that trigger such employee reactions can affect the employee independent of the outcome. That is, employees are also concerned about whether management has met their moral obligations. Providing an adequate social account can fulfill some important moral obligation (not to add insult to injury) (Folger, 1993). Providing an inadequate or no social account implies that an individual is insignificant and unworthy of respect. When a supervisor does not fulfill the moral obligation of addressing a contract breach, employees can feel resentful towards the supervisor and seek ways to get even (Folger, 1993).

Claiming--Reactions to Perceived Violation. When employees perceive a psychological contract violation they can respond in a variety of ways (Morrison & Robinson, 1994) including engaging in destructive responses such as withdrawal (Rousseau, Robinson, & Kratz, 1992), reduced citizenship behaviour (Robinson & Morrison, 1994) and leaving the company (Robinson & Rousseau, 1994). In extreme cases, employees might engage in sabotage, theft, or aggressive behaviour (Fisher & Baron, 1982; Greenberg, 1990).

Research on trust violations provides insight into why contract breaches can result in retaliatory behaviours. Violations of trust are viewed as unmet expectations concerning another's behaviour. Bies and Tripp (1995) asked MBA

students to recount a specific instance “on the job” in which they wanted to “get even” or seek revenge and what factor(s) caused them to seek revenge. A content analysis of the data suggested that there were specific actions that violated a trust agreement such as a breach of a formal contract--reflecting a reciprocal exchange involving promises between parties. Some of the responses to trust violations identified included (a) revenge fantasies, (b) do nothing, (c) identity restoration--demand an apology, (d) social withdrawal--work less, (e) feuding--bad-mouthing employer, and (f) forgiveness--invoked by few people.

Bies and Tripp's (1995) analysis of the revenge episodes highlighted the importance of the cognitive appraisal of an event and the manifestation of revenge in response to the event. Some participants' judgements centered on whether or not the perpetrator acted responsibly. If a perpetrator provided a social account, no revenge was reported. However, the absence of a social account or an apology would make the revenge motive more salient.

Equity theory posits that employees will try to restore equity after they perceive that they have been wronged. Bies and Tripp's (1995) study on revenge motives, as well as studies on reactions to psychological contract violation, suggest that responses tend to go beyond restoring equity. Retributive justice, which focuses on employees' reactions to injustice, suggests that, in addition to restoring equity, employees might try to punish the harmdoer for breaking a rule (e.g., breaching a contract). The nature of the punishment is a

function of the type of rule that has been broken. Rules that regulate activities within social groups include: (a) rules that regulate personal material resources transactions, (b) rules that regulate personal status resource transactions, (c) rules that regulate the use of collective material resources, and (d) rules that support fundamental collective values. The type of retributive response can be determined by defining the relationship between the type of rule and the goal of the response. Research suggests that whereas compensation might satisfy transgressions regarding material resources (cf., Walster, Walster, & Berscheid, 1978), punishment (i.e., retaliation or revenge) is a more important goal for violations regarding personal status and collective values (Bies & Tripp, 1995; Miller & Vidmar, 1981). Punishment reactions can be attenuated, however, by the actions of the harmdoer.

The harmdoer can partially satisfy the goals of retributive justice by indicating some level of respect or acknowledgment of the principles of the broken rule (i.e., showing remorse). Schwartz, Kane, Joseph, and Tedeschi (1978) found that expressions of remorse resulted in lighter punishments assigned to the harmdoer. Sincere expressions of remorse can be perceived as a form of apology that (a) helps to restore equity to the victim and harmdoer's relationship (Darby & Schlenker, 1989), and (b) attenuates the retributive actions of victims (Ohbuchi, Kameda, & Agarie, 1989).

Social Accounts

A social account is an explanation provided by an organizational agent that attempts to influence a person's perception of (a) responsibility for an action, (b) motives for an action, or (c) the unfavourability of an action. Organizational justice theory suggests that managers can mitigate the perceptions of a psychological contract violation and potential negative reactions through the use of social accounts. Organizational justice refers to employees' perceptions of fairness regarding the (a) outcomes--distributive justice, (b) procedures--procedural justice, and (c) the manner in which they were treated--interactional justice. Specifically, interactional justice focuses on employees' perceptions of their interpersonal interaction with organizational agents (Bies & Moag, 1986).

Why are social accounts effective in reducing perceived violations of employees' psychological contract? Because organizational agents (i.e., supervisors) often come to represent the organization for many of their subordinates (Levinson, 1965), employees' response to a contract breach might be influenced by the treatment they receive from their supervisors after the breach has occurred. Interactional justice has been found to be affected by the social accounts given by managers to their employees (Bies, 1987; Folger, 1993; Schlenker, 1980). Accounts, when deemed adequate, can absolve an organizational agent of a moral obligation to rectify harm even when the organizational agent accepts responsibility (Folger, 1993). According to RCT (Folger, 1987), when employees perceive a psychological contract has been

breached, they still expect the supervisor to fulfill a moral obligation. By providing a social account, the supervisor fulfills that moral obligation and thereby reduces perceptions of violation and intentions to retaliate. Further, retributive justice suggests that social accounts (e.g., apology) can attenuate negative reactions to a contract breach (Tyler & Smith, 1997).

The effectiveness of social accounts to reduce perceptions of contract violation can also be explained by the relational model of procedural justice (Lind & Tyler, 1988; Tyler & Lind, 1992). According to this model, employees are highly attentive to their relationships with their organizations and to the symbols that inform them of their standing or worth within the organization. Research has found (e.g., Lind, et al., 1990; Tyler & Lind, 1992) that three aspects of interpersonal processes are particularly important to employees when they make justice judgments. These elements are (a) status recognition--being treated with dignity and respect, (b) trust in benevolence--the belief that the organizational agents are well intentioned and honest in their decision-making process, and (c) neutrality--the belief that decisions are being made on a factual, rather than a biased basis. A key element of the relational model of justice is the idea that most of the perceptions that determine whether a person will feel fairly or unfairly treated are based on social interaction. According to the relational model, dignified and respectful treatment is as important to employees as an outcome in itself.

Bies (1987) classified accounts based on the organizationally relevant schema elicited by the use of social accounts. Bies' typology of social accounts include (a) the causal account, or excuse--used to lessen the apparent responsibility of the harmdoer, (b) the ideological account, or justification--used to redefine the action or outcome so that the behaviour is legitimated, (c) the referential account--used to minimize the undesirability of the negative consequences by providing a more favourable referent standard to evaluate an outcome, and d) the penitential account, or apology--used to convince the victim that the "unjust" action is not representative of what the harmdoer is "really like" as a person.

Two of these accounts, the ideological and the penitential, will be examined in the present study. These accounts were chosen because research has shown that the ideological and penitential accounts can be more effective in mitigating negative reactions than the causal account (cf. Bobocel & Farrell, 1996; Gonzales & Manning, 1994). The following section discusses both forms of accounts and provides a theoretical basis for their roles in moderating the relationship between contract breach and contract violation.

Ideological Accounts. An ideological account refers to an explanation in which the predicament is justified by the organization or its agent. An organizational agent accepts responsibility for the predicament but attempts to reframe the action by placing it in a broader framework that will legitimate the action, often by appealing to superordinate goals (e.g., "the budget cuts are

necessary for the survival of the company"). The goal of providing a justification is to redefine the negative outcome and change how the employee thinks about the negative event.

Empirical evidence shows that the justification influences participants' evaluations of their offenders. Hale (1987) asked participants to read and evaluate accounts focusing on why a person was unable to meet a deadline. Participants who were given justifications evaluated the person and the event more positively than did participants who were given other accounts. Bobocel and Farrell (1996) compared the relative effectiveness of a causal account (excuse) with an ideological account (justification) on White male observers' perceptions of interactional fairness. Participants were randomly assigned to one of three conditions: causal account, ideological account, or control condition and they read a fictitious court case. The case depicted a situation in which a male was suing an organization for unfairly promoting a woman over him. In the causal account condition, the decision-maker denied responsibility claiming the decision was made by higher ranking officials. In the ideological account condition, the decision-maker claimed responsibility but provided justification (i.e., "as members of a fair society, we have a social and moral obligation to attempt to reduce the underrepresentation of qualified women in the police force"). The control condition received no explanation.

The researchers found that the ratings of interactional fairness were significantly greater in the ideological account than in the control condition.

Consistent with past research (e.g., Bies, Shapiro, & Cummings, 1988) these findings suggest that, to be effective, accounts must be perceived as adequate. The researchers also found that participants rated the ideological account as significantly more adequate in explaining the reasons for the decision than the causal account.

Although most research has focused on the influence of social accounts on perceptions of fairness, theory suggests that social accounts would have a similar effect on perceptions of contract violation and intention to retaliate. According to RCT, when employees consider how 'things ought to have been done', their level of resentment will vary as a function of whether or not there was a good reason or a bad reason for the way things were done. For example, an employee who does not receive an expected transfer to a desired location may feel more resentful if not given any explanation than if the supervisor explained that the plant at the transfer location was in the process of being sold. Folger and Martin (1986) manipulated referent outcomes in terms of previously held expectations. Results supported the RCT prediction that participants' resentment was maximized when their expected outcomes were high and the justification for actual outcomes was low.

Penitential Accounts. A penitential account (i.e., an apology) is defined as an admission of blameworthiness and regret for a negative event (Schlenker, 1980; Schlenker & Weigold, 1992). Schlenker (1980) proposed that a successful apology would convince the employee that the actions of the agent "should not

be considered a fair representation of what the actor is 'really like' as a person" (p. 154) and allow them to "leave the undesirable event behind" (p. 157).

Apologies are effective because (a) they signal that the transgressor recognizes a basic rule has been violated and the transgressor values that rule (Darby & Schlenker, 1982; Miller & Vidmar, 1981), (b) the transgressor admits responsibility for the negative event, thereby restoring the victim's self-esteem and social identity, (c) the behavior is less likely to be perceived as corresponding to an underlying dispositional attribute of the person (Weiner, Graham, Peter, & Zmuidinas, 1991), and (d) an expression of remorse helps to restore perceptions of interpersonal justice.

Ohbuchi, Kameda, and Agarie (1989) found that apologies led to reductions in negative impressions of the perpetrator, negative affect, and verbal aggression. Although these findings were obtained from Japanese participants, earlier research in western cultures also indicates an apology can inhibit aggression (Darby & Schlenker, 1982; Schwartz, Kane, Joseph, & Tedeschi, 1978).

Gonzales and Manning (1994) examined the effects of accounts on the content and evaluative tone of victims' responses. Two hundred and thirty-five students read hypothetical scenarios of transgressions by a friend. The participants evaluated the transgressors more positively when an apology was given than when it was not.

Based on research that has shown the apology encourages forgiveness (Darby & Schlenker, 1982; Davidson & Jurkovic, 1993; Weiner et al., 1991) and effectively alleviates anger (Kremer & Stephens, 1983; Schlenker, 1980; Tedeschi & Riess, 1981), it is reasonable to assume that the apology can reduce perceptions of psychological contract violation and intention to retaliate following a contract breach. Bies and Tripp's (1996) study found that the absence of an apology or explanation strengthened revenge motives.

In summary, theory and research suggest that providing an adequate justification or an apology for a contract breach will reduce perceptions of contract violation. Retributive justice theory and research on trust violations suggest that intentions to retaliate can also be reduced by providing an adequate justification or an apology.

Interaction of breach severity and social accounts. Theory and empirical research suggest that it is relevant to focus on the interaction of contract breach severity and the provision of social accounts as predictors of both perceived contract violation and intentions to retaliate. RCT (Folger, 1987) states that people's feelings of resentment will be an interactive function of unfavourable outcomes and unfair procedures or conduct of a supervisor. Folger and Martin (1986) found that participants' feelings of resentment were highest when their outcome was unfavourable and the justification was low. Similarly, Brockner, DeWitt, Grover, and Reed (1990) examined the factors that affected the relationship between managers' explanations of a layoff and survivors' reaction

to the layoff. They found that explanations had significantly more influence when survivors attached greater rather than lesser importance to the resource allocation decisions. Thus, research suggests that employees' resentment and reactions will be maximized when the outcomes are unfavourable and accounts are not provided or are deemed to be inadequate.

This line of reasoning can be extended into the area of psychological contracts. When employees perceive that the discrepancy between what they feel they have been promised (i.e., what they are entitled) and what they actually receive is large then the presence of an account such as an explanation reduces their subsequent perceptions of contract violation more so than when no account is given. However, when employees perceive the discrepancy between what they were promised and what they get is small, there should be little difference in perceptions of contract violation when an account is provided or when no account is provided. Thus it was expected that perceptions of contract violation and intentions to retaliate be influenced by an interaction between the contract breach severity and the provision of a social account. Based on the foregoing discussion of the relationships among social accounts (i.e., justification and apology), contract breach severity, psychological contract violations and intentions to retaliate, the following hypotheses were proposed.

H1a: The perceived severity of the breach moderates the relationship between justification and perceived contract violation.

The relationship between social accounts and psychological contract

violation is greater under conditions of high versus low breach.

H1b: The perceived severity of the breach moderates the relationship between justification and intentions to retaliate. The relationship between social accounts and intentions to retaliate is greater under conditions of high versus low breach.

H2a: The perceived severity of the breach moderates the relationship between apology and perceived contract violation. The relationship between social accounts and psychological contract violation is greater under conditions of high versus low breach.

H2b: The perceived severity of the breach moderates the relationship between apology and intentions to retaliate. The relationship between social accounts and intentions to retaliate is greater under conditions of high versus low breach.

Account Adequacy. An important factor influencing the effectiveness of social accounts and subsequent perceptions of contract violation is the perceived adequacy of the social account (Bies, 1987; Folger, 1987). Social account adequacy refers to the specificity of the account as well as personal characteristics of the account giver, such as honesty and sincerity. Shapiro, Buttner, and Barry (1994) examined the quality of explanations on students' adequacy judgements of a professor's explanation for a failing grade. The researchers manipulated the specificity of the explanation provided and the

sincerity of the account giver. The researchers found that both specificity and sincerity boosted participants' judgment of account adequacy.

In their study examining the effectiveness of an ideological account on perceptions of interactional justice, Bobocel and Farrell (1996) found that fairness judgements were mediated by the perceived adequacy of the account. Similarly, Bies and Shapiro (1988) found that the perceived adequacy of a causal account was an important factor in lessening feelings of moral outrage. The perceived adequacy of an explanation has also been shown to mediate the effects of an explanation on negative reactions to deceit, such as unfairness, retaliation, and theft (Greenberg, 1990; Shapiro, 1991). Based on this research, the following predictions were made:

H3a: The quality of the social account mediates the relationship between the account (i.e., justification and apology) and perceived contract violation.

H3b: The quality of the social account mediates the relationship between the account (i.e., justification and apology) and intentions to retaliate.

Exploring the Additive Effect of Accounts. Past research has examined the effectiveness of one type of social account on mitigating the negative effects following an unfavourable outcome or compared the relative effectiveness of social accounts (cf. Bies & Shapiro, 1988, Bobocel & Farrell, 1996). Little

research has been conducted on the additive effect of providing more than one social account yet researchers have observed that individuals often offer more than one account to explain outcomes (Sitkin , Sutcliffe, & Reed, 1993). The quantity of social accounting could be linearly related contract breach severity. As severity increases, more social accounting should reduce perceptions of contract violation and intentions to retaliate. However, providing more than one account can also produce a reactance effect (Brehm, 1966) wherein the contract breach becomes more salient to employees leading to increased perceptions of contract violation and intentions to retaliate.

Laboratory studies (e.g., Abelson, Leddo, & Gross, 1987; Leddo, Abelson, & Gross, 1984) found that individuals favor multiple accounts to explain outcomes. For example, Leddo et al. (1984) asked participants to rate the reasons why an actor made an important personal decision. Participants rated a conjoint account (i.e., more than one reason for the action taken) as more probable than a single explanation. Thus, it is plausible that multiple accounts (i.e., both a justification and an apology) are more effective in reducing psychological contract violation and the associated responses than a single account. Due to the lack of theory and the limited research regarding the additive effect of social accounts, the following exploratory hypotheses are proposed:

H4a: Perceptions of contract violation are significantly less when both a justification and an apology are given than when either

a justification or an apology is given alone.

H4b: Intentions to retaliate are significantly less when both a justification and an apology are given than when either a justification or an apology is given alone.

Methods

Participants

One hundred ninety five students were recruited from three Western Canadian universities.¹ Participants ranged in age from 18 to 51 years of age ($M=30.05$, $SD=7.06$) and 55.4 percent of the participants were male. Participants had an average of 8.99 ($SD=6.83$) years of work experience.

Procedure

Development of stimulus material. A written vignette was used in the study (see Appendix A) that described a situation in which a contract breach had occurred. The vignette was developed in three stages. In the first stage, five subject matter experts (SMEs) who were job incumbents were asked to generate critical incidents (Flanagan, 1954) that identified instances in which they perceived a psychological contract had been breached. The SMEs were employed in the following occupations: engineering, telecommunications,

1. Analysis of variance (ANOVA) was conducted to test for differences between participants from the different universities. Results showed that there were no significant differences between the universities on the dependent variables, thus, the data were combined.

electrician, and police service. Five critical incidents were generated. These incidents focused on the areas of promotion, performance appraisal, layoffs, job responsibilities, and work location.

The incidents were given to a separate group of SMEs ($n=12$) consisting of faculty and graduate students of an industrial/organizational psychology program. These SMEs rated the critical incidents on a Likert-type scale, indicating the extent to which they believed the scenario was a good versus a poor example of a psychological contract breach. The critical incident that (a) indicated a psychological contract has been breached and (b) obtained the highest level of agreement among the raters was used for the vignette in the present study.

The final vignette ($M = 4.44$, $SD = .53$) depicted a situation in which the employee's psychological contract had been breached by the employer (the supervisor failed to provide an annual performance appraisal as promised). The vignette description was based on theory and contained those factors that were identified in Morrison and Robinson's (1997) model of a contract breach: (a) reneging—the organization had reneged on a promise, (b) salience—the event stood out from its context, (c) vigilance—the employee was aware of discrepancy and the perceived costs associated with the unmet promise, and (d) the employee had clearly fulfilled his or her obligations to the organization. The vignette was presented to participants in the form of an edited newspaper article. This format was used to increase face validity. It was reasoned that the more

that participants perceived that the event was genuine, the more that participants could put themselves in the place of the employee in the vignette.

Study Design. The study consisted of a two (ideological account: justification, no justification) by two (penitential account: apology, no apology) by two (contract breach severity: low severity, high severity) factorial design with participants randomly assigned to conditions. In the ideological account condition, the organizational agent either claimed responsibility for the contract breach and provided a justification for legitimizing the outcome or did not do so. In the penitential account condition, the organizational agent either took responsibility for the contract breach and provided an apology to the employee or did not do so. Researchers (cf. Schlenker & Darby, 1981; Tedeschi & Riordan, 1981) have pointed out that apologies can consist of a number of different components, such as saying “I’m sorry”, accepting responsibility, expressing remorse, and a promise of more desirable conduct in the future. Although expressing remorse may imply a promise of more desirable conduct in the future, to explicitly state this dimension would confound a penitential account with a referential account (Bies, 1987). Therefore, the penitential account used in this study did not contain a promise of more desirable conduct in the future. Contract breach severity was manipulated as whether the missed performance appraisal did or did not affect the employee’s reward system. In the low severity condition, the performance appraisal was used for feedback purposes only. In the high severity condition, the performance appraisal was used for administrative

decisions and the employee was due for a promotion. All other aspects of the vignette were held constant across conditions. The vignettes are provided in Appendix A.

Participants read the vignette and were asked to put themselves in the position of the employee in the vignette. After reading the vignette, participants completed a questionnaire (see Appendix B) containing the manipulation checks, the measures of the variables under study, and demographic information.

Measures

Manipulation check items. To assess the effectiveness of the manipulation of the contract breach severity, participants responded to the statement "Not receiving the performance review has serious consequences for me." Participants responded on a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). To assess the effectiveness of the manipulation of the social accounts, participants responded either yes or no to both the statements: "The supervisor offered me an apology" and "The supervisor offered me an explanation."

Quantity of social account was operationalized as whether or not participants perceived they received both an apology and an explanation. It was assessed and measured by summing two items "The supervisor offered me an apology" and "The supervisor offered me an explanation." Participants responded either yes (coded 1) or no (coded 0) to both statements.

Items on the following measures consisted of a 5-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). Items were summed to provide a measure for each scale. Greater values signify a larger amount of the variable.

Perceived contract violation was operationalized as whether participants indicated negative emotional reactions to the contract breach. This definition corresponds to Morrison and Robinson's (1997) conceptualization of the violation as an affective response to a perceived contract breach. It was assessed using a seven-item scale developed for this study based on the emotional reactions to a contract breach reported by participants in previous studies (cf. Robinson & Rousseau, 1994). Examples of items included "I would feel betrayed by my supervisor." and "I would be upset with the company."

Intentions to retaliate were assessed using a six-item scale adapted from Skarlicki and Folger (1998). Examples included "I would consider somehow getting even with the company for not fulfilling its promise" and "I would take on extra work if asked by my supervisor" (reverse scored).

Quality of social account was operationalized as whether participants perceived the account as adequate and sincere. It was assessed with six items adapted from previous research (Bobocel & Farrell, 1996). Examples included "The response given by the supervisor was adequate." and "I believe that the response was sincere."

Results

Principle components analysis, with a varimax rotation, was conducted on the responses to the items on each of the three interval scales to determine whether there was more than one construct underlying each measure. Tables 1, 2, and 3 list the factor loadings for the items in each scale.

Results of the principle components analysis of the perceived contract violation measure showed that a one-factor solution best explained the factor structure (see Table 1). It accounted for 62.18% of the variance (eigenvalue = 4.35).

Principle components analysis of the intentions to retaliate measure suggested that a two-factor solution best described the measure (see Table 2). The first factor produced an eigenvalue of 3.29 and accounted for 54.9% of the variance in the measure. The items that loaded on this factor represented “active” retaliation such as striking back at the company and thus the factor was termed ‘active retaliation’. The second factor produced an eigenvalue of 1.06 and accounted for 17.7% of the variance in the measure. The items that loaded on this factor represented “passive” retaliation such as not taking on extra work and therefore were termed ‘passive retaliation’. The terms “active” and “passive” are based on Buss’ (1961) framework used to explain human aggression. According to this framework, active forms of retaliation inflict harm by engaging in some behaviour (e.g., striking back at the company) whereas passive forms of

retaliation inflict harm by the withholding of some behaviour (e.g., not taking on extra work).

Results of the principle components analysis of the quality of social account measure showed that a one-factor solution best explained the factor structure (see Table 3). It accounted for 63.66% of the variance (eigenvalue = 3.18).

Cronbach's coefficient alpha was used to assess the internal consistency reliability of the scales. Table 2 displays the means, standard deviations, zero-order correlation coefficients, and reliability estimates for the study's variables.

Table 1. Factor Loadings for Perceived Violation Scale

Item	Loading
1. I would feel outrage towards the company.	.72
2. I would feel resentment toward the company.	.75
3. I would feel anger towards the company.	.79
4. I would feel offended by my supervisor.	.81
5. I would feel bitter toward my supervisor.	.80
6. I would have hard feelings toward my supervisor.	.85
7. I would feel betrayed by my supervisor	.79

Table 2. Factor Loadings for Intention to Retaliate Scale

Item	Factor 1 Loading	Factor 2 Loading
<u>Active Retaliation:</u>		
1. I would like to get revenge on the company for not fulfilling its promise.	<u>.89</u>	.19
2. I would consider striking back at the company.	<u>.89</u>	.20
3. I would consider somehow getting even with the supervisor for not fulfilling his promise.	<u>.76</u>	.24
<u>Passive Retaliation:</u>		
1. I would likely criticize the company to my friends and colleagues.	.46	<u>.53</u>
2. I would take on extra work if asked by my supervisor. (R)	.16	<u>.87</u>
3. I would not engage in tasks outside my job description for my supervisor.	.20	<u>.87</u>

Table 3. Factor Loadings for Quality of Social Account Scale

Item	Loading
1. The supervisor treated me with dignity and respect.	.77
2. The response given by the supervisor was adequate.	.80
3. The response given by the supervisor was appropriate.	.80
4. I believe that the supervisor's response was sincere.	.79
5. I believe that the supervisor was honest in his response.	.82

Table 4

Correlation Matrix

Variable	M	SD	1	2	3	4	5	6	7	8
1. Apology	.50	.50	-							
2. Justification	.50	.50	-.090							
3. Breach	.50	.50	.069	-.069						
4. Quantity of Social Accounts	1.00	.68	.675**	.675**	.000					
5. Quality of Social Accounts	13.50	4.23	.156*	.238**	-.177*	.292**	(.85)			
6. Perceived Contract Violation	20.28	6.00	-.019	-.124	.185*	-.106	-.600**	(.89)		
7. Active Retaliation	5.15	2.41	-.147*	-.122	.019	-.199*	-.390**	.526**	(.84)	
8. Passive Retaliation	8.51	2.67	-.110	-.088	.060	-.147*	-.506**	.694**	.528**	(.74)

Note. N=195. ** $p < .01$ * $p < .05$. Apology is coded 1 for apology, 0 for no apology. Justification is coded 1 for justification, 0 for no justification. Breach is coded 1 for high breach severity, 0 for low breach severity. Quantity of social accounts is coded 2 for both accounts, 1 for one account, and 0 for no accounts. Reliability estimates are provided in parentheses along the diagonal.

The manipulation checks were significant for the apology, $F(1, 184) = 618.35, p < .001$, the justification, $F(1, 187) = 32.32, p < .001$, and severity of contract breach $F(1, 187) = 16.19, p < .001$ manipulations and were in the intended direction.

Perceptions of Contract Violation. Hypotheses 1a and 2a were tested with an analysis of variance (ANOVA) with justification, apology, and breach severity as predictors of perceptions of contract violation. As shown in Table 5, the two-way interaction between apology and breach was not significant, $F(1, 186) = .77, ns$. The two-way interaction between justification and breach was significant, $F(1, 186) = 4.41, p < .05$, suggesting that justification affects perceived violation differently at different levels of breach severity. However, the three-way interaction between apology, justification, and breach severity was also significant, $F(1, 186) = 5.15, p < .05$. As shown in Figures 1 and 2, social accounts affected perceptions of contract violation differently at different levels of contract breach. Table 6 provides the means and standard deviations of perceptions of contract violation in each of the conditions.

To probe the three-way interaction, an ANOVA was conducted to investigate the simple two-way interaction of apology and justification at each level of contract breach (high and low). Family-wise error rate of .05 was protected by a Bonferroni adjustment (.05/2, critical $p = .025$). In the low breach condition, neither the main effects nor the two-way interaction were significant. As shown in Table 7, however, in the high breach condition, the main effect of

Table 5
Analysis of Variance for Perceived Contract Violation

Source	SS	df	MS	F
Main Effects				
Apology	14.07	1	14.07	.42
Justification	121.47	1	121.47	3.63
Breach	280.92	1	280.92	8.40**
2-way interactions				
Apology x Justification	66.05	1	66.05	1.98
Apology x Breach	25.58	1	25.58	.77
Justification x Breach	147.59	1	147.59	4.41*
3-way interaction				
Apology x Justification x Breach	138.56	1	138.56	4.14*
Residual	6221.57	186	33.45	
Total	6992.44	193		

Note: * $p < .05$

** $p < .01$

Table 6
Means and Standard Deviations for Perceived Contract Violation.

	<u>Justification</u>		<u>No Justification</u>	
	<u>High Breach</u>	<u>Low Breach</u>	<u>High Breach</u>	<u>Low Breach</u>
<u>Apology</u>	20.73 (5.59)	19.09 (6.96)	21.20 (5.04)	19.45 (6.43)
<u>No Apology</u>	19.13 (5.94)	19.43 (5.71)	25.35 (4.71)	18.74 (5.90)

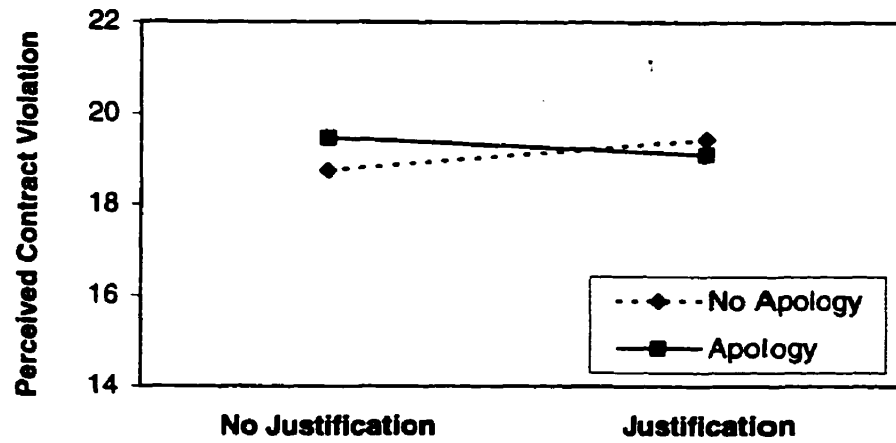


Figure 1. Effect of justification and apology on perceived contract violation in low breach condition.

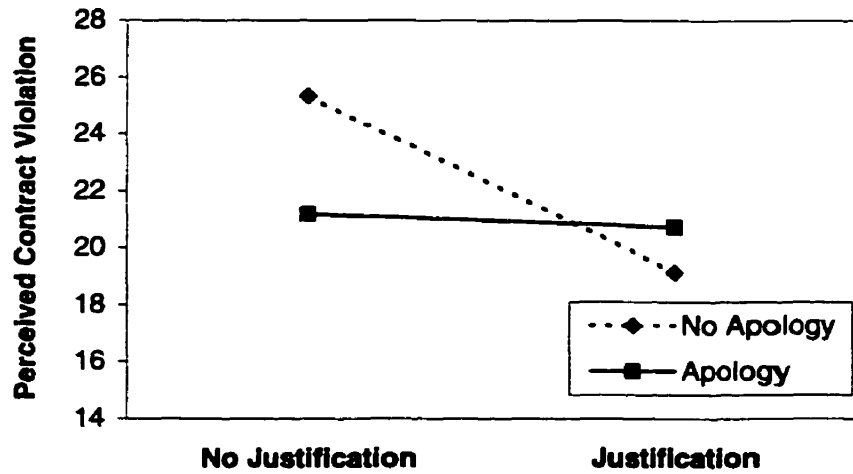


Figure 2. Effect of justification and apology on perceived contract violation in high breach condition.

justification was significant, $F(1, 95) = 9.65, p < .01$, but the main effect of apology was not significant, $F(1, 95) = 1.40, ns$. The simple two-way interaction between apology and justification was significant, $F(1, 95) = 7.12, p < .01$. An ANOVA was conducted to further probe the simple two-way interaction and test for simple effects. Error rate was again adjusted with the Bonferroni adjustment ($.025/2$, critical $p = .0125$). The results of the analysis showed that when no justification was present, the apology had a significant effect on perceived contract violation, $F(1, 51) = 9.33, p < .01$. Specifically, participants' perceptions of contract violation were greater when no apology was given ($M = 25.34, SD = 4.71$) than when an apology was provided ($M = 21.2, SD = 5.04$). When a justification was provided, however, an apology did not have a significant effect on perceived contract violation, $F(1, 44) = .88, ns$.

In summary, in the high breach condition, psychological contract violation was lower when either an apology or a justification was provided than when no account was given. In the low breach condition, the apology or the justification had no effect on perceptions of psychological contract violation. Thus, Hypothesis 1a and 2a were supported.

Table 7

Analysis of Variance for Perceived Contract Violation—High Breach Condition

Source	SS	df	MS	F
Main Effects				
Apology	39.53	1	39.53	1.40
Justification	273.47	1	273.47	9.65**
2-way interaction				
Apology x Justification	201.69	1	201.69	7.12**
Residual	2691.01	95	28.33	
Total	3182.44	98		

Note: ** $p < .01$

When testing Hypotheses 1b and 2b separate analyses of variance (ANOVAs) were conducted with justification, apology, and contract breach severity as predictors of active retaliation and passive retaliation respectively.

Active Retaliation. As shown in Table 8, the two-way interaction between apology and breach severity was not significant, $F(1, 186) = .14$, *ns*. The two-way interaction between justification and breach severity was significant, $F(1, 186) = 7.98$, $p < .01$, suggesting that justification affects active retaliation intentions differently at different levels of breach severity. However, the three-way interaction between apology, justification, and breach severity was also significant, $F(1, 186) = 7.77$, $p < .01$. As shown in Figures 3 and 4, social

accounts affected active retaliation intentions differently at different levels of contract breach.

Table 8
Analysis of Variance for Active Retaliation.

Source	SS	df	MS	F
Main Effects				
Apology	20.05	1	20.05	3.79
Justification	17.25	1	17.25	3.26
Breach	2.49	1	2.49	.47
2-way interactions				
Apology x Justification	14.10	1	14.10	2.67
Apology x Breach	.75	1	.75	.14
Justification x Breach	42.18	1	42.18	7.98**
3-way interaction				
Apology x Justification x Breach	41.10	1	41.10	7.77**
Residual	983.30	186	5.29	
Total	1118.04	194		

Note: ** $p < .01$.

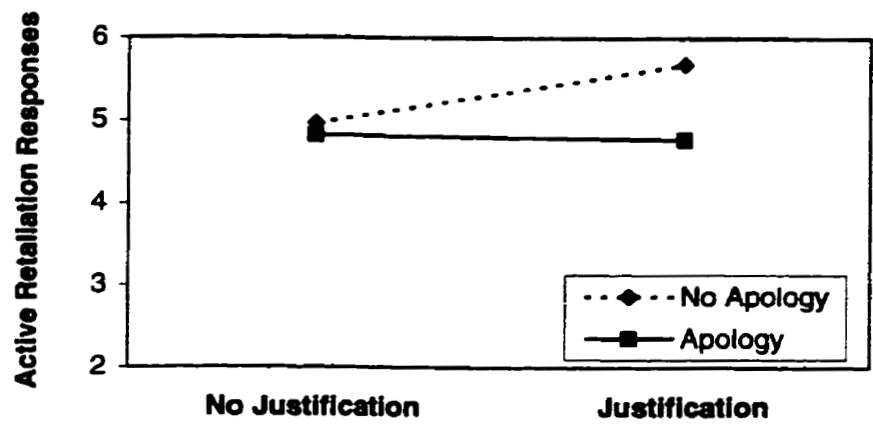


Figure 3. Effect of justification and apology on active retaliation responses in low breach condition.

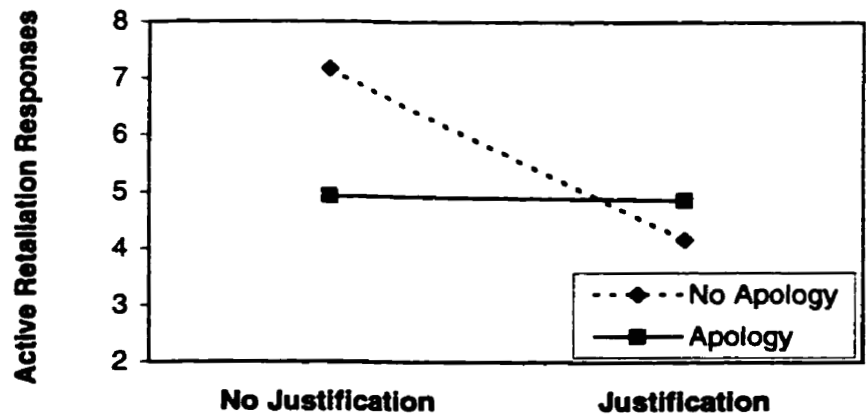


Figure 4. Effect of justification and apology on active retaliation responses in high breach condition.

Table 9

Means and Standard Deviations for Active Retaliation.

	<u>Justification</u>		<u>No Justification</u>	
	<u>High Breach</u>	<u>Low Breach</u>	<u>High Breach</u>	<u>Low Breach</u>
<u>Apology</u>	4.86 (2.15)	4.77 (2.62)	4.93 (2.02)	4.82 (2.26)
<u>No Apology</u>	4.17 (1.47)	5.68 (2.41)	7.17 (2.81)	4.96 (2.51)

To probe the three-way interaction, an ANOVA was conducted to investigate the simple two-way interaction of apology and justification at each level of contract breach severity (high and low). Family-wise error rate of .05 was protected by a Bonferroni adjustment (.05/2, critical $p = .025$). In the low breach condition, neither the main effects nor the two-way interaction were significant. As shown in Table 10, however, in the high breach condition, the main effect of justification was significant, $F(1, 95) = 12.56, p < .01$, but the main effect of apology was not significant, $F(1, 95) = 3.16, ns$. The simple two-way interaction between apology and justification was also significant, $F(1, 95) = 11.44, p < .01$.

An ANOVA was conducted to further probe the simple two-way interaction and test for simple effects. Error rate was again adjusted with the Bonferroni adjustment (.025/2, critical $p = .0125$). The results of the analysis showed that when no justification was present, the apology had a significant effect on active

retaliation, $F(1, 51) = 11.45, p < .01$. Specifically, participants' active retaliation intentions were greater when no apology was given ($M = 7.17, SD = 2.81$) than when an apology was provided ($M = 4.93, SD = 2.02$). When a justification was provided, however, an apology did not have a significant effect on active retaliation intentions, $F(1, 44) = 1.68, ns$.

In summary, in the high breach condition, active retaliation intentions were lower when either an apology or a justification was provided than when no account was given. In the low breach condition, the apology or the justification had no effect on active retaliation intentions. Thus, Hypothesis 1b and 2b were supported for active retaliation intentions.

Table 10

Analysis of Variance for Active Retaliation—High Breach Condition

Source	SS	df	MS	F
Main Effects				
Apology	14.54	1	14.54	3.16
Justification	57.75	1	57.75	12.56
2-way interaction				
Apology x Justification	52.64	1	52.64	11.44**
Residual	437.10	95	4.60	
Total	556.69	98		

Note: ** $p < .01$.

Passive Retaliation. An analysis of variance (ANOVA) was also conducted with passive retaliation as the dependent variable and justification, apology, and contract breach severity as the independent variables. As shown in Table 11, the two-way interaction between apology and breach severity predicting passive retaliation intentions was not significant, $F(1, 184) = .003$, *ns*. The two-way interaction between justification and breach severity was significant, $F(1, 184) = 6.73$, $p < .05$. However, the three-way interaction between apology, justification, and breach severity was also significant, $F(1, 184) = 6.07$, $p < .05$. As shown in Figures 5 and 6, social accounts affected passive retaliation intentions differently at different levels of contract breach.

Table 11

Analysis of Variance for Passive Retaliation.

Source	SS	df	MS	F
Main Effects				
Apology	17.66	1	17.66	2.64
Justification	12.82	1	12.82	1.91
Breach	8.82	1	8.82	1.32
2-way interactions				
Apology x Justification	7.38	1	7.38	.01
Apology x Breach	1.70	1	1.70	.00
Justification x Breach	45.08	1	45.08	6.73*
3-way interaction				
Apology x Justification x Breach	40.65	1	40.65	6.07*
Residual	1231.84	184	6.70	
Total	1355.81	191		

Note: ** $p < .01$.

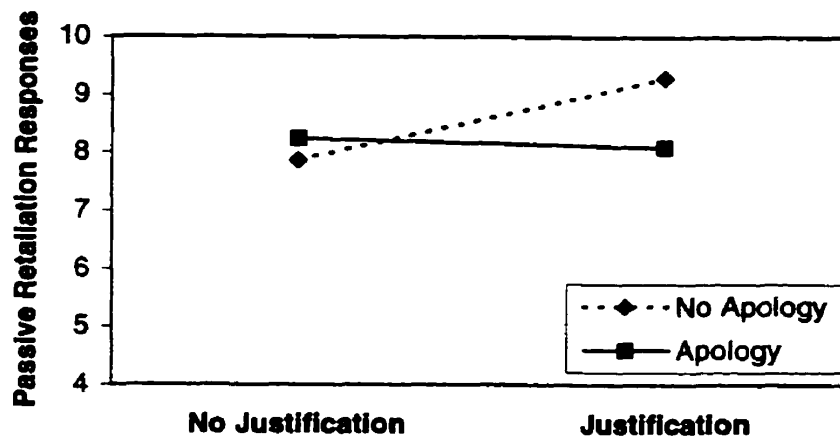


Figure 5. Effect of justification and apology on passive retaliation responses in low breach condition.

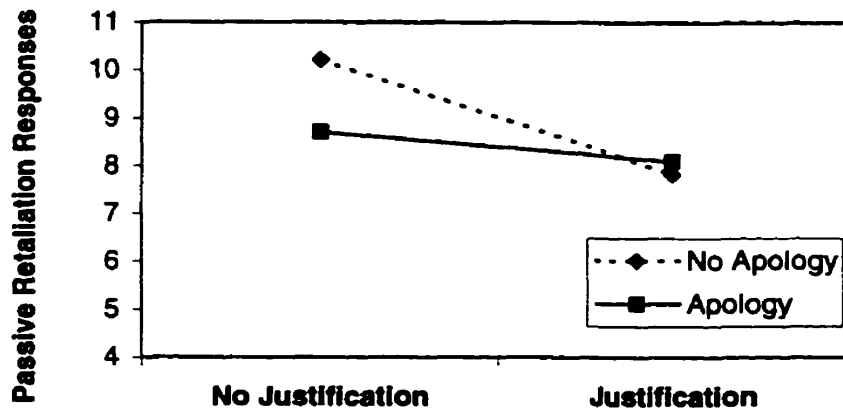


Figure 6. Effect of justification and apology on passive retaliation responses in high breach condition.

Table 12

Means and Standard Deviations for Passive Retaliation.

	<u>Justification</u>		<u>No Justification</u>	
	<u>High Breach</u>	<u>Low Breach</u>	<u>High Breach</u>	<u>Low Breach</u>
<u>Apology</u>	8.09 (2.11)	7.73 (3.21)	8.70 (2.54)	8.24 (2.66)
<u>No Apology</u>	7.83 (2.53)	9.29 (2.80)	10.22 (1.78)	7.86 (2.80)

To probe the three-way interaction, an ANOVA was conducted to investigate simple two-way interactions of apology and justification at each level of contract breach (high and low). Family wise error rate of .05 was protected by a Bonferroni adjustment (.05/2, critical $p = .025$). No significant interaction was observed in the low contract breach condition, $F(1, 89) = 2.60$, ns, or the high contract breach condition, $F(1, 95) = 3.67$, ns. The main effect of apology was also not significant in either the high or the low contract breach conditions. However, the main effect of justification was significant in the high breach condition, $F(1, 95) = 10.44$, $p < .01$. That is, participants' passive retaliation intentions were significantly greater when no justification was provided ($M = 10.22$, $SD = 1.78$) than when a justification was provided ($M = 7.83$, $SD = 2.53$).

In summary, in the high breach condition, passive retaliation intentions were lower when a justification was provided than when no account was given. In the low breach condition, the justification had no effect on passive retaliation

intentions. Thus, Hypothesis 1b was supported for passive retaliation intentions. The apology did not affect passive retaliation intentions significantly differently at the different levels of contract breach severity, thus, Hypothesis 2b was not supported for passive retaliation intentions.

Table 13

Analysis of Variance for Passive Retaliation—High Breach Condition

Source	SS	df	MS	F
Main Effects				
Apology	9.68	1	9.68	.17
Justification	54.65	1	54.65	10.44*
2-way interaction				
Apology x Justification	19.22	1	19.22	3.67
Residual	497.37	95	5.24	
Total	576.51	98		

Note: * $p < .01$.

Hypothesis 3a predicted that the quality of the social account mediates the relationship between social accounts and perceived contract violation. As noted earlier, social accounts affected perceptions of contract violation only in the high breach condition. Thus, Hypothesis 3a was not supported in the low breach condition, and was tested in the high breach condition only. Baron and Kenny (1986) proposed that in order to demonstrate mediation, the following

conditions must be met: (a) the regression of account quality on social accounts must be significant, (b) the regression of perceived contract violation on social accounts must be significant, (c) the regression of perceived contract violation on account quality must be significant, and (d) social accounts should become nonsignificant and quality of accounts should remain significant when perceived contract violation is regressed simultaneously on both social accounts and account quality. The mediation effect of the quality of the social accounts was not significant for perceptions of contract violation ($p > .05$).

Hypothesis 3b predicted that the quality of the social account would mediate the relationship between social accounts and intentions to retaliate. Because the social accounts affected intentions to retaliate only in the high breach condition, mediation was not supported in the low breach severity condition. Thus, Hypothesis 3b was tested in the high breach severity condition only. Separate mediation analyses were conducted on active and passive retaliation respectively. As shown in Table 14, in Model 1, social accounts were significantly related to quality of accounts, $t(93) = 5.24$, $p < .001$. In Model 2, social accounts were significantly related to active retaliation intentions, $t(93) = -2.91$, $p < .01$. In Model 3, quality of accounts was significantly related to perceived contract violation, $t(93) = -4.81$, $p < .01$. Moreover, social accounts were not significant when active retaliation intentions were regressed simultaneously on both social accounts and quality of accounts, $t(93) = -1.17$, ns. Thus, Hypothesis 3b was supported for active retaliation intentions. The

mediation effect of the quality of the social accounts was not significant for passive retaliation intentions ($p > .05$).

Table 14

Mediator Analysis.

Independent variables	<i>B</i>	SE	<i>t</i>	R^2	<i>F</i>
Model 1: Dependent variable: Quality of Social Accounts					
Social Accounts	5.42	.82	5.24***		
Constant	9.48	.72	13.23	.23	27.48
Model 2: Dependent variable: Active Retaliation Response					
Social Accounts	-1.16	.40	-2.91**		
Constant	6.07	.35	17.42	.04	8.46
Model 3: Dependent variable: Active Retaliation Response					
Social Accounts	-.49	.42	-1.17		
Quality of Social Accounts	-.20	.04	-4.82***		
Constant	8.23	.55	14.95	.16	16.98

Note: ** $p < .01$

*** $p < .001$

Hypothesis 4a proposed that the lowest level of perceptions of contract violation would occur when both a justification and an apology were provided. An examination of the means in Table 6 and a visual inspection of Figures 1 and

2 shows that, in the low breach condition, providing both accounts did not significantly reduce perceptions of contract violation. In the high breach condition, perceptions of contract violation were lowest when a justification alone was provided. Thus, Hypothesis 4a was not supported.

Hypothesis 4b proposed that intentions to retaliate would be lowest when both a justification and an apology were provided. An examination of the means in Table 9 and a visual inspection of Figures 3 and 4 shows that, in the low breach condition, providing both social accounts did not significantly reduce active retaliation intentions. In the high breach condition, active retaliation intentions were lowest when a justification alone was provided. Thus, Hypothesis 4b was not supported for active retaliation intentions.

An examination of the means in Table 12 and a visual inspection of Figures 5 and 6 shows that, in the low breach condition, providing both social account did not reduce passive retaliation intentions. In the high breach condition, passive retaliation intentions were lowest when a justification alone was provided. Thus, Hypothesis 4b was not supported for passive retaliation intentions.

Summary of Findings

<u>Hypotheses</u>	<u>Results</u>
1a. Perceived severity of the breach moderates the relationship between justification and perceived contract violation.	Supported
1b. Perceived severity of the breach moderates the relationship between justification and intentions to retaliate.	Supported
2a. Perceived severity of the breach moderates the relationship between apology and perceived contract violation.	Supported
2b. Perceived severity of the breach moderates the relationship between apology and intentions to retaliate.	Partially Supported for Active Retaliation, but not Supported for Passive Retaliation
3a. The quality of the social account mediates the relationship between the account and perceived contract violation.	Not Supported
3b. The quality of the social account mediates the relationship between the account and intentions to retaliate.	Partially Supported for Active Retaliation, but not Supported for Passive Retaliation
4a. Perceptions of contract violation are significantly less when both an apology and a justification are given than when either an apology or a justification is given alone.	Not Supported
4b. Intentions to retaliate are significantly less when both an apology and a justification are given than when either an apology or a justification is given alone.	Not Supported

Discussion

Theory and empirical research suggests that the psychological contract breach is related to psychological contract violation and retaliation. Given that breaches occur frequently (Robinson & Rousseau, 1994), an important question for both theory and practice is "What can managers do to mitigate the negative effects of a contract breach?"

Morrison and Robinson (1997) proposed that social accounts can moderate the effect of a contract breach on an employee's sense of violation and associated intentions. One objective of this study was to investigate whether two social accounts, namely, justification and apology, can reduce perceptions of psychological contract violation and intentions to retaliate following a contract breach. Morrison and Robinson (1997) also proposed that the effectiveness of social accounts is a function of the severity of the contract breach. That is, social accounts will have a greater effect on contract violation and retaliation when the breach is severe than when it is not severe. A second objective of this study was to test the effectiveness of social accounts under conditions of high and low contract breach.

Empirical research suggests that the perceived quality of the social account can influence its effectiveness in reducing perceptions of contract violation and intentions to retaliate (Shapiro, Buttner, & Barry, 1994). That is, social accounts will be effective in mitigating negative effects of a contract breach only if participants see that the social account is sincere and honest.

Thus, a fourth objective of this study was to examine whether sincerity mediates the relationship between social accounts and both contract violation and intentions to retaliate.

Empirical research also suggests that the quantity of social accounts might be an important factor in reducing negative reactions. That is, people might prefer more than one social account to explain outcomes. Thus, a third objective was to explore whether both accounts function better than one alone in reducing perceptions of contract violations and intentions to retaliate.

This study makes several significant contributions to the research on psychological contracts. First, this study provides evidence that social accounts can mitigate perceptions of contract violation following a contract breach. Further, the effectiveness of social accounts to mitigate psychological contract violation and intentions to retaliate depend on the severity of the breach. In the low breach condition, the justification and the apology did not have a significant effect on contract violation. In the high breach condition, however, the provision of a justification or an apology significantly reduced perceptions of contract violation and active retaliation intentions. Thus, when a contract breach is perceived as severe, social accounts can be an effective means of mitigating the negative effects associated with the breach. The results are consistent with referent cognitions theory (RCT) (Folger, 1993) that posits that resentment (i.e., psychological contract violation) is maximized when unfavourable outcomes are

combined with inappropriate conduct on the part of the harmdoer (i.e., no social account provided when a person perceives they are entitled to an account).

Second, the presence of social accounts was also associated with lower intentions to retaliate. This is consistent with previous research (e.g., Bies & Tripp, 1996) but has never been tested in a psychological contract context.

Third, the perceived quality of the social account can be important to its effectiveness. The results of the mediation analysis suggest that the perceived adequacy of the account mediates the effectiveness of a social account in reducing active retaliation intentions. These findings further support earlier studies (e.g., Bobeckel & Farrell, 1996; Bies & Tripp, 1988) that found the perceived quality of the social account influences how willing people are to accept the account provided.

It is noteworthy that passive forms of retaliation were not affected by the quality of the account for at least two reasons. First, this finding provides evidence of the divergent validity of the two forms of retaliation. This finding suggests that researchers investigating people's response to psychological contract violation may need to specify the type of retaliation under study.

Second, a visual inspection of the means suggests that participants were more likely to engage in passive than active retaliation in response to a contract breach. This was true for conditions of low and high contract breach severity. Perhaps, because of the less overt nature of the passive retaliation intentions, participants felt more comfortable indicating that they would engage in this type

of response. It is also plausible that the degree of response is an indication that employees engage in passive retaliation intentions more readily than active retaliation intentions. This finding supports earlier research (e.g., Baron & Neuman, 1996) that found employees reported engaging in passive forms of aggression more frequently than active forms of aggression.

Fourth, this study showed that providing more than one account might not always have an effect on perceptions of contract violation or intentions to retaliate over and above the effect of a single account. An interesting finding was that, in some instances, providing one or more accounts resulted in slightly higher (although not significantly so) perceptions of contract violation and intentions to retaliate. This finding is consistent with Brehm's (1966) notion of a reactance effect. That is, social accounts can tend to increase the salience of the contract breach and result in the employee becoming more upset by the perceived breach than if no account had been provided. This finding is also consistent with predictions made by the theory of cognitive dissonance (Festinger, 1957). Participants are provided information (i.e., one or more social accounts) that conflicts with their prior belief that the breach was not excessively severe. In an effort to reduce the aversive state produced by this conflict participants subsequently perceive that the breach is more severe than originally believed and they become more upset. This response could be manifested in participants' ratings of perceived contract violation and intentions to retaliate.

Theoretical Implications

The theoretical implications of this study are fourfold. First, this study suggests that the effectiveness of social accounts depends on the severity of the breach. These findings support Morrison and Robinson's (1997) assertion that social accounts and the perceived severity of the contract breach interact to influence perceptions of contract violation. To date, this proposition has not been empirically tested.

Second, this study extends the relevance of RCT (Folger, 1993) to the realm of psychological contracts. Not only were participants concerned about the outcome of the contract breach (i.e., perceived severity), but they also appeared to be concerned with the conduct of the supervisor.

Third, those variables that predict psychological contract violation also appear to predict intention to retaliate. Moreover, intentions to retaliate were significantly related to perceptions of psychological contract violation. These findings extend the research in organizational retaliatory behaviours (ORBs) by providing potential factors, such as perceptions of contract violation and social accounts, that can influence the tendency to engage in ORBs. These findings also show that passive retaliation has different correlates than active retaliation.

Fourth, the quantity of social accounts provided might have unintended effects. The results regarding an increased reaction to the contract breach when one or more accounts were offered, although not significant, have interesting theoretical implications.

Practical Implications

Psychological contracts are based on beliefs and perceptions regarding promises and are highly subjective; they are “in the eyes of the beholder”. Managers and employees, therefore, might not have the same perceptions regarding the psychological contract. Managers, however, need to be sensitive to how employees might interpret exchanges that take place between themselves and the manager.

The psychological contract has been shown to have important implications for the employment relationship (Rousseau, 1995). Managers need to be aware of the effect contract breaches can have on employees' perceptions of psychological contract violations and intentions to retaliate. This study identified that social accounts can reduce the negative effects of contract breaches and thus work toward restoring the employment relationship.

This study also suggests that managers should assess the severity of the contract breach before deciding whether, or how much, of an account is required. For example, when the contract breach is not perceived as severe, providing an account can have the effect of increasing the salience of the contract breach, which in turn can increase perceptions of violation and associated intentions. This study also showed that, in some contexts, either a justification or an apology is equally effective in mitigating the negative effects of contract breaches. Further, more is not always better. Providing more than one

account might also increase the salience of the breach resulting in increased perceptions of contract violation.

The findings also suggest that people care about the quality of the social account. Managers need to place importance on providing honest and sincere accounts for contract breaches. Employees detecting insincerity could retaliate by striking back at the company or, as the present study suggests, find more covert means of getting even with the company. In either case, the employment relationship will be further damaged and the organization's effectiveness will be reduced.

Future Research

The present study found that an apology and a justification can both be effective in reducing perceptions of contract violation and intentions to retaliate. These results, however, are likely to be a function of the context in which the contract breach occurred in the vignette. Participants reported that they felt that one account was sufficient given the nature of the contract breach. There may be other instances in which an explanation is not enough (e.g., when a personal versus an organizational trust has been violated). For instance, Bennett and Earwaker (1993) found that participants were more likely to seek further justification when outcome severity was high (i.e., personal injury) than when it was low (i.e., no injury). Thus, future research should investigate the relative effectiveness, as well as the cumulative effectiveness, of social accounts within different contexts of perceived psychological contract breach.

The finding that an apology and a justification might be equally effective in reducing perceptions of contract violation and intentions to retaliate might also be due to a common component, namely, the acceptance of responsibility, present in these social accounts. In the social accounts investigated in this study, the supervisor accepted responsibility for the contract breach. This might be a critical factor in reducing participants' perceptions of contract violation and intentions to retaliate. Future research is required to separate the components (e.g., acceptance of responsibility, show of remorse) of a social account that people might pay attention to when making decisions based on the social account and those components of the social account that explain the greatest variance in the dependent variables.

Further, the method of delivery (e.g., face-to-face versus interoffice memo) might also differentially influence the effectiveness of a social account as well as the effectiveness of its specific components. For example, showing remorse is more easily conveyed in a face-to-face interaction and might therefore be more effective in that type of interaction than a written memo. Therefore, future research is needed to investigate the influence that the method of delivery has on the effectiveness of social accounts.

Future research also needs to examine the relative effectiveness of social accounts across cultures. Although, the present study found that an apology and a justification were equally effective in reducing perceptions of contract violation and active intentions to retaliate, the reported means show that, in the

high breach condition, participants may have favoured the justification over the apology. This might reflect the context in which the contract breach occurred or a cultural preference for explanations over apologies. Itoi, Ohbuchi, and Fukuno (1996) conducted a cross-cultural study of preference of accounts. They found that Japanese participants preferred apologies to justifications. The inverse was true for American participants. When the harm was perceived as more severe, however, participants from both cultures favoured apologies over justifications. This warrants further study to more fully understand the cultural influences on providing and accepting social accounts.

Limitations of the Study

In the present study, participants were asked to put themselves in the place of the employee in the vignette. The use of 'paper people' can raise concerns regarding external validity and generalizability. There is also the concern that vignette studies are not able to arouse empathetic affect in participants. Previous studies, however, have shown that empathic affect can be aroused through language and role taking. For example, Harris and Siebel (1975) were able to produce affect by having participants imagine themselves in relevant situations. Stotland (1969) showed people can imagine themselves in similar circumstances to another person and empathic affect can be generated as a result. It is noteworthy that the scenario study was effective in testing (and finding support for) the hypotheses. This can be attributed to the care taken in developing content valid stimuli material. Other methodologies (e.g., laboratory

or field) need to further investigate whether these results are stable across study designs.

Another limitation to the present study was the manner in which the factor analysis and the analysis of variance were conducted on the same sample. Using the same data to develop the scales used in the study and determining differences on those scales has the potential for the results to capitalize on chance. Future research employing these same scales will address this possible limitation.

A further limitation to the present study was that only one form of contract breach was provided to participants. Contract breaches can occur in many different contexts (e.g., recruitment, training, and layoffs). Furthermore, within the organizational environment, variables such as organizational culture, interpersonal dynamics, and group norms will influence how people react to the contract breach and the social accounts provided. The strength of a laboratory study is the ability to control for extraneous variables and isolate the influence of social accounts on perceptions of contract violation and intentions to retaliate. However, in an organization, employees will be more personally involved in their employment relationship than participants in a laboratory setting. Therefore, it is worth noting that the effects found in the laboratory study might be a conservative estimate of the effects one might expect to find in an organizational setting. The increase in internal validity provided by a laboratory study can result in a decrease in external validity. Therefore, before concluding that these results generalize, field research is needed.

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Appendix A: VignettesCondition: Low Severity—No Account

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review can be used, for example, to make decisions regarding career development, promotion, and compensation. Failing to provide performance reviews can damage the relationship between the company and its employees.

Company officials said that the review process is a key part of the company's management system.

Westel's employees are given a performance review every year. This review is a key part of the company's management system. It is used to summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review can be used, for example, to make decisions regarding career development, promotion, and compensation. Failing to provide performance reviews can damage the relationship between the company and its employees.

For example, Westel uses its performance reviews primarily for making training and career development decisions, and not for compensation and promotion decisions.

During the review process, Pat's manager and Pat discuss the employee's performance and set goals for the next year. This year

however, Pat Westel has not received the annual performance review as promised.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts," Pat explains. "Instead, I feel the company has not lived up to its end of the deal".

(SEE PERFORMANCE REVIEWS B3)

'PERFORMANCE REVIEWS' from B 1

Pat's manager at Westel came to see Pat shortly after the time the performance review was due to occur. "He just wanted to talk about

a project that I was working on for him. He did not explain why the performance review was not taking place as promised."

Pat's manager said that the review process is a key part of the company's management system. It is used to summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review can be used, for example, to make decisions regarding career development, promotion, and compensation. Failing to provide performance reviews can damage the relationship between the company and its employees.

Condition: Low Severity—Apology

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review can be used, for example, to make decisions regarding career development, promotion, and compensation. Failing to provide performance reviews can damage the relationship between the company and its employees.

_____ provided performance reviews

For example, _____ uses its performance reviews primarily for making training and career development decisions, and **not** for compensation and promotion decisions.

_____ j _____
_____ This year

however, Pat _____ has not received the annual performance review as promised.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts," Pat explains. "Instead, I feel the company has not lived up to its end of the deal".

(SEE PERFORMANCE
REVIEWS B3)

PERFORMANCE REVIEWS' from B 1

_____ the _____
occurs. "It _____
taking _____

Pat's manager came to see Pat shortly after the time the performance review was due to occur. "He said he was sorry the review was not taking place as

planned. He told me that it was entirely his fault for not providing the review as promised. He assured me that it was unintentional.

_____ did _____

Condition: Low Severity—Justification

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review can be used, for example, to make decisions regarding career development, promotion, and compensation. Failing to provide performance reviews can damage the relationship between the company and its employees.

_____ however, Pat _____ has not received the annual performance review as promised.

_____ "I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts."

Pat explains. "Instead, I feel the company has not lived up to its end of the deal".

For example, _____ uses its performance reviews primarily for making training and career development decisions, and not for compensation and promotion decisions.

(SEE PERFORMANCE
REVIEWS B3)

_____ This year

_____ This year

'PERFORMANCE REVIEWS' from B 1

_____ Pat's manager at _____ came to see Pat shortly after the time the performance review was due to occur. "He explained that it was his decision to not have the performance review as planned. Because many of the positions had changed in the past year, he said it was important for all the

employees and the company that the appropriate performance standards be in place for each position. This was going to take time to put in place and communicate to all the employees."

Condition: Low Severity—Both Accounts

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review can be used, for example, to make decisions regarding career development, promotion, and compensation. Failing to provide performance reviews can damage the relationship between the company and its employees.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

For example, [REDACTED] uses its performance reviews primarily for making training and career development decisions, and not for compensation and promotion decisions.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] This year

however, Pat [REDACTED] has not received the annual performance review as promised.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts." Pat explains. "Instead, I feel the company has not lived up to its end of the deal".

(SEE PERFORMANCE
REVIEWS B3)

'PERFORMANCE REVIEWS' from B 1

[REDACTED]
[REDACTED]
[REDACTED]
Pat's manager at [REDACTED] came to see Pat shortly after the time the performance review was due to occur. "He said he was sorry the review was not taking place as planned. He told me that it was entirely his fault for not providing the review as promised. He assured me that it was

unintentional. He also explained that because many of the positions had changed in the past year, it was important for all the employees and the company that the appropriate performance standards be in place for each position. This was going to take time to put in place and communicate to all the employees."

[REDACTED]
[REDACTED]

Condition: High Severity—No Account

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review is often used to make decisions regarding career development, promotion, and compensation. Failing to provide promised performance reviews may damage the relationship the company has with its employees.

[REDACTED]

For example, [REDACTED] uses its performance reviews, not only for making training and career development decisions, but also for compensation and promotion decisions.

[REDACTED] This year Pat [REDACTED] was up for an important

promotion and was looking forward to the annual performance review. As yet, however, Pat has not received the annual performance review as promised and has not received the promotion.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts," Pat explains. "Instead, I feel the company has not lived up to their end of the deal".

(SEE PERFORMANCE REVIEWS B3)

'PERFORMANCE REVIEWS' from B 1

[REDACTED]

[REDACTED]

[REDACTED]

Pat's manager at [REDACTED] came to see Pat shortly after the time the performance review was

due to occur. "He just wanted to talk about a project that I was working on for him. He did not explain why the performance review was not taking place as promised."

[REDACTED]

[REDACTED]

Condition: High Severity—Apology

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review is often used to make decisions regarding career development, promotion, and compensation. Failing to provide promised performance reviews may damage the relationship the company has with its employees.

[REDACTED]

For example, [REDACTED] uses its performance reviews, not only for making training and career development decisions, but also for compensation and promotion decisions.

[REDACTED] This year Pat [REDACTED] was up for an important promotion and was looking forward to the annual

performance review. As yet, however, Pat has not received the annual performance review as promised and has not received the promotion.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts," Pat explains. "Instead, I feel the company has not lived up to their end of the deal".

(SEE PERFORMANCE REVIEWS B3)

PERFORMANCE REVIEWS' from B 1

[REDACTED]

Pat's manager came to see Pat shortly after the time the performance review was due to occur. "He said he was sorry the review was not taking place as

planned. He told me that it was entirely his fault for not providing the review as promised. He assured me that it was unintentional.

[REDACTED]

Condition: High Severity—Justification

The following contains excerpts from an article appearing in a daily newspaper in May, 1998. Some details have been omitted or changed to protect the company and the people involved.

Workplace

Performance reviews important to employees

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review is often used to make decisions regarding career development, promotion, and compensation. Failing to provide promised performance reviews may damage the relationship the company has with its employees.

[REDACTED]

For example, [REDACTED] uses its performance reviews, not only for making training and career development decisions, but also for compensation and promotion decisions.

[REDACTED]

This year Pat [REDACTED] was up for an important promotion and was looking forward to the annual

performance review. As yet, however, Pat has not received the annual performance review as promised and has not received the promotion.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts," Pat explains. "Instead, I feel the company has not lived up to their end of the deal".

(SEE PERFORMANCE REVIEWS B3)

'PERFORMANCE REVIEWS' from B 1

[REDACTED]

Pat's manager at [REDACTED] came to see Pat shortly after the time the performance review was due to occur. "He explained that it was his decision to not have the performance review as planned. Because many of the positions had

changed in the past year, he said it was important for all the employees and the company that the appropriate performance standards be in place for each position. This was going to take time to put in place and communicate to all the employees."

[REDACTED]

Workplace

Performance reviews are an important source of feedback for employees and when conducted properly summarize the employee's performance to date and give direction for coaching and counseling to bring about effective functioning. The review is often used to make decisions regarding career development, promotion, and compensation. Failing to provide promised performance reviews may damage the relationship the company has with its employees.

For example, [REDACTED] uses its performance reviews, not only for making training and career development decisions, but also for compensation and promotion decisions.

promotion and was looking forward to the annual performance review. As yet, however, Pat has not received the annual performance review as promised and has not received the promotion.

"I feel that I performed extremely well for the company. In return I was promised and expected a performance review which would reflect my efforts," Pat explains. "Instead, I feel the company has not lived up to their end of the deal".

(SEE PERFORMANCE
REVIEWS B3)

██████████ This year Pat
██████████ was up for an important

'PERFORMANCE REVIEWS' from B 1

Pat's manager at [REDACTED] came to see Pat shortly after the time the performance review was due to occur. "He said he was sorry the review was not taking place as planned. He told me that it was entirely his fault for not providing the

review as promised. He assured me that it was unintentional.. He also explained that because many of the positions had changed in the past year, it was important for all the employees and the company that the appropriate performance standards be in place for each position. This was going to take time to put in place and communicate to all the employees."

Appendix B: Questionnaire

Occupation: _____
 Age: _____

Years of Work Experience: ____
 Sex: M _____ F _____

IMAGINE THAT YOU ARE THE EMPLOYEE IN THE ARTICLE. Please base your response on the information given. In responding to my predicament,

- | | | |
|----------------------------------------------|-----|----|
| 1. the supervisor offered me an apology. | Yes | No |
| 2. the supervisor offered me an explanation. | Yes | No |

Please circle the number that applies to how you would respond to the following statements IF YOU WERE THE EMPLOYEE IN THE ARTICLE.

	Strongly Disagree			Strongly Agree		
1. Not receiving the performance review has serious consequences for me.	1	2	3	4	5	
2. The company did not live up to its end of the deal.	1	2	3	4	5	
3. The supervisor treated me with dignity and respect.	1	2	3	4	5	
4. I would feel outrage toward the company.	1	2	3	4	5	
5. I would consider somehow getting even with the supervisor for not fulfilling his promise.	1	2	3	4	5	
6. The company has failed to fulfill its obligation to me.	1	2	3	4	5	
7. I would take on extra work if asked by my supervisor.	1	2	3	4	5	
8. I would feel resentment toward the company.	1	2	3	4	5	
9. The response given by my supervisor was adequate	1	2	3	4	5	
10. I would feel anger toward the company.	1	2	3	4	5	
11. I feel as though the supervisor has broken his promise to me.	1	2	3	4	5	
12. I would feel offended by my supervisor.	1	2	3	4	5	

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	Strongly Disagree			Strongly Agree		
13. The supervisor did not live up to his end of the deal.	1	2	3	4	5	
14. The response given by the supervisor was appropriate.	1	2	3	4	5	
15. All things considered, I believe that the company has fulfilled its obligations to me.	1	2	3	4	5	
16. I would likely criticize the company to my friends and colleagues.	1	2	3	4	5	
17. I would feel bitter toward my supervisor.	1	2	3	4	5	
18. I would like to get revenge on the company for not fulfilling its promise.	1	2	3	4	5	
19. I believe that the supervisor's response was sincere.	1	2	3	4	5	
20. I would have hard feelings toward my supervisor.	1	2	3	4	5	
21. I feel that the implied agreement between me and my supervisor was broken.	1	2	3	4	5	
22. I would not engage in tasks outside my job description for my supervisor.	1	2	3	4	5	
23. I believe that the supervisor was honest in his response.	1	2	3	4	5	
24. I would feel betrayed by my supervisor.	1	2	3	4	5	
25. I would consider striking back at the company.	1	2	3	4	5	
26. I would continue doing my job.	1	2	3	4	5	

	Seldom			Frequently		
27. Has there been instances when your past or present employer failed to fulfill obligations to you?	1	2	3	4	5	

Please provide a brief description.
