Employee Deviance as By-product of Psychological Contract: The Moderating Effects of Power Distance among Employees in Insurance Companies in Nigeria

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ABSTRACT

Employees have expectations from their organizations; whether they are written, contractual, or not, these expectations have an equally employee outcome such as employee deviance. Indices indicate that employee deviance is on the increase especially in the organized private sector; thus, this study evaluated employee deviance as by-product of psychological contract and power distance among a sample of employees (289) from insurance organizations in Nigeria with an average age of 34.50 years and standard deviation of 3.50. The study sought to ascertain the relationship between psychological contract and employee deviance and whether perceptions of power distance moderated this relationship. Psychological contract inventory (PCI), Power distance scale adapted from CVSCALE Five-dimensional scale of individual cultural values and Workplace deviant behaviour scale were utilized for data collection. The result of data analysis indicated that the adjusted R² for step 1 is .24 at F(42.06) p < .01. In the second model, the
1. INTRODUCTION

Organizations especially private sector organizations such as the insurance companies need employees to remain relevant and effective in their industry. This is because; the employees are the fulcrum of organizational activities [1]. The employees of insurance companies have enamours task especially in developing countries such as Nigeria where the majority of the masses are not educated and therefore are not abreast with insurance benefits. The employees other than doing just their works, also serve to educate the masses on the gains of insuring the lives, health, properties or third party. To bridge this gap, insurance companies, like other organizations enter into a formal employment contract which on one part, highlights the responsibilities of employers and expectations of the employees and on the part, the responsibilities of the employees and expectations of the employers [2].

Despite the norm of formalizing these roles and expectations between employers and their employees, both the employers and employees have other personal beliefs which may not have be written in the employment contract but constitute a source of internal motivation on the job [3]. This form of expectation other than the one in the contractual agreement entered and signed by owners and their employees is what Rousseau [4] referred to as the psychological contract.

The psychological contract is an individual's beliefs regarding the actual terms of employment exchange entered in agreement between the employee and the employer [4]. It concerns the individual's feelings regarding their employment exchange. This form of exchange is more of expectations than contractual exchanges. Psychological contracts are sets of 'promises' or 'expectations' that are exchanged between the parties in an employment relationship [3]. These parties include employers, managers, individual employees and their work colleagues. Unlike formal contracts of employment, they are often tacit or implicit. For instance, an employee may be looking to improve on his or her skills, improve his member-to-member interaction skills or get quality training with his new employment. These expectations may influence his or her feelings towards his or her organization and may further energize his or her motivation towards engagement in the work [5,6] and job performance [7]. Depending on whether they are actualized or not, these expectations (of employee vs employers) have many employee outcomes such as: negative outcomes - employee deviance, employee turnover, or positive outcomes - commitment and dedication to work. This work is focused on employee deviance.

Employee deviance is deliberate (or intentional) act by an employee of an organization which causes harm to his or her organization more specifically to the workplace, the members and/or the job processes [8]. Employee deviance typically violates institutionalized norms of the organization and sometimes that of the State in which the organization is domiciled and in so doing, threatens the well-being of the organization and the entire society [9]. There are many reasons why employees engage in workplace deviant behaviours in the organizations; which may include: factors associated with work climate (Joe-Akunne, Ogbeide, Davies & Etodike, [10] such as organizational deficiencies, management ineffectiveness, power distance, poor job design, and poor reward system or those factors related to human interaction in the organization Etodike,
Ezeh & Chukwura, [11] such as abusive supervision, leader-member exchange among a host of other factors. The authors in their opinion contend that employee deviance is a malicious behaviour executed by an employee for selfish reasons of the employee which is affects the organization adversely. Given the fact that certain deviance behaviours of employees may be retaliatory, the authors anticipate that the relationship between psychological contract and employee deviance may be moderated by the impacts of power distance among the organizational members which may reduce feelings of retaliatory behaviors Rafiei & Pourreza [12].

Power distance usually refers to the way in which power is distributed and the extent to which the less powerful accept that power is distributed unequally [13]. Simply put, people in some cultures accept a higher degree of unequally distributed power than do people in other cultures. Power distance refers to the relationship between those in power and their subordinates in an enclosed society or organization. According to Richard, Boncoeur, Chen and Ford [14], in the workplace, power distance refers to organizational influence in relation to hierarchy and degree of authority which an employee enjoys in relation to decision making and his or her responsibility in the organization. In most organizations, lower ranking individuals depend on the high ranking individuals for their authority. Power distance may be appreciated using Hofstede’s [15] power distance index that evaluates differences in degrees of authority within a system or an organization. This index helps in establishing degrees of authority and its factors which are dependent upon such relationships such as job (effectiveness) and employee outcomes (deviance behaviours).

1.1 Statement of the Problem

There are obvious signs that due to high rate of unemployment, private sector organizations in Nigeria exploit their employees and thus breach the expected psychological contract of the employees. In these instances, employees of insurance companies are victims as they subjected to near inhuman marketing targets against their expectations and contract agreements (as some of them were employed originally as customer relationship officers and were later redeployed to marketing unit). Some of these instances have led to employees’ retaliation with vices with their adverse effects on organizational efficiency. For example, there is increasing supervision abuse of subordinates in the insurance companies which often leads to negative employee outcomes. Although, these may have been captured in literature for instance Ezeh, Etodike, and Chukwura [16] and Etodike, Ezeh and Chukwura [11]; however, there are gaps as such breaches of psychological contracts were not captured in the light of factors which could reduce their effects as suggested by the designs of the current study. This moderating impact gap could also be noticed in the study by Richard, Boncoeur, Chen and Ford [14] which evaluated Supervisor abuse effects on subordinate’s turnover intentions and subsequent interpersonal aggression and the role of power-distance orientation and perceived human resource support climate. Although, Richards et al’s study moderated the effects of a type of psychological contract breach using power distance the relationship was on a job outcome (turnover intention) with employee outcome as interpersonal aggression; however, from their study, it became obvious that the impacts of psychological contract on job and employee outcomes as supported by Guo and Zhu’s [5] study which confirmed the relationship among psychological capital psychological contract and work engagement in nurses are real and could be found in all sectors of work.

Also, the differences in culture and location of these studies [14] and Guo et al. [5] created gaps which required the similar design with the Nigerian sample in order to establish it as a consistent workplace attitude across cultures. Consider also that Iqbal and Rasheed [17] which attempted this design on Abusive supervision and workplace deviance and moderating role of power distance was equally done outside Nigeria.

Against the backdrop of these gaps in literature, the following pertinent research questions arise:

I. Will the psychological contract between employees and the employers correlate employees’ deviance among insurance company workers?

II. Will the power distance between employees correlate employees’ deviance among insurance company workers?

III. Will the power distance moderate the relationship between psychological contract and employees’ deviance among insurance company workers?
1.2 Psychological Contract and Employee Deviance

Every work organization with employees has both psychological and implied contracts which catalyze organizational behaviours and modify certain behavioural outcomes thereto [4]. Psychological contract is a form of social capital between employees and employers which have positive job and employee outcomes for instance; Ike, Ezeh and Etodike [18] contended that employee participation in decision making which is a form of social capital and psychological expectation positively predicted employee citizenship behaviour with negative correlations with counterproductive workplace behaviour. Also, Gupta, Agarwal and Khatri [19] found that psychological contract breach influenced organizational citizenship behaviour and affective commitment, and work engagement. In other words, psychological contract could possibly have negative outcomes as well as explored in the current study. For instance, Guo and Zhu [5] investigated the potential associations between psychological contract, psychological capital, and work engagement and confirmed that psychological contract positively associated with work engagement and psychological capital positively associated with work engagement.

Many authors have consistently linked psychological contract to job involvement for instance, Nadim, Fatima, Aroos and Hafeez [3] and Joe-Akunne, Ogbeide and Etodike [10] as per the roles of expectation and involvement and their outcomes in the organization. Also, Malik and Khalid [20] established the impacts of psychological contract breach on work engagement and turnover intention as it reduced employees’ motivation for engagement while fuelling turnover thoughts. Organizational outcomes such as performance could also be hampered by poor psychological contract. In this vein, consider that Rahman, Rehman, Imran and Aslam’s [7] study revealed that work engagement and relational psychological contract have positive relationships with employees’ contextual performance and job satisfaction.

In view of the authors, workplace deviance may arise from the worker’s perception that their organization has mistreated him or her in some manner, and then resort to misbehaving (or acting out) as a means of avenging his or her grievances on organization for the perceived wrongdoing. Workplace deviance may be viewed as a form of negative reciprocity. A negative reciprocity orientation is the tendency for an individual to return negative treatment for negative treatment. In other words, the maxim “an eye for an eye” is a concept that some employees strongly feel is a suitable approach to their problem. However, what is critical in understanding employee deviance is that the employee perceives being wronged, whether or not mistreatment actually occurred.

1.3 Power Distance and Employee Deviance

Considering these relationships impacts, the authors also contend that the relationship of psychological contract in view of job and employee outcomes e.g. employee deviance may be moderated by the presence of certain factors in the organization such as power distance. Power distance according to Hofstede [15], revolve around organizational cultures and climate which determine the interrelationships among members and the consequent distribution of power. This distribution of power enhances employee perception and may moderate job outcomes in relation to other organizational factors Rafiei & Pourreza, [12]. According to Wei, Sun, Liu, Zhou and Xue [21], employees' preference for likable managers may be enhanced by higher premium on employee power distance just as Hussain and Sia [22] linked the ability of power distance to moderate the effects of abusive supervision on workplace deviance.

Essentially, power distribution and consequent power distance is a leadership factor [13] which may orchestrate abuse of the subordinate by the superior Richard, Boncoeur, Chen & Ford,[14] leading to inter-personal aggression and conflict with negative effects to organizational productivity [7]. For example, Iqbal and Rasheed [17] using structural equation modeling (SEM) technique found that mistreated employees involved in negative reactions and these reactions does not only contained deviating behavior, it also influences them emotionally. Emotional abuses such as: frustration induced abuse [23], abuse and personal control leading to counterproductive work behaviour [8] and abuse leading to loafing behaviours [16] which generally lead to a planned deviance as underpinned by Ajzen’s [24] theory of planned behaviour are detrimental to organizational wellbeing. These antecedents may be by-products of psychological contract breach if not moderated in the organization.
Power distance as a product of leadership equally creates imbalance due to superior’s interational injustice [8]. For instance Klumper et al found that victims of rudeness are viewed by leaders as deviant, and that leaders are less likely to perceive rude employees as deviant when these perpetrators are seen as having high levels of leader–member exchange (LMX) or performance. Wei, Sun, Liu, Zhou and Xue [21] opined that high power distance enhances employees’ preference for likable managers in a resource dependency perspective using deviance as retaliatory behaviour.

1.4 Theoretical Framework

The expected relationships among the factors were anchored on Ajzen’s [24] Theory of Planned Behaviour. Ajzen propounded that behavioural intentions are derived from perceptions of desirability, feasibility, and a propensity to act upon opportunities. Perceived desirability holds the attractiveness of initiating behaviour, whereas perceived feasibility holds the degree to which an individual feels capable to do so, and propensity to act as the personal disposition to act on one’s decisions these are summarized as: the behavioural intention, subjective norms and attitudes. These patterns are also seen in the workplace especially in relation to psychological contract. For instance; the fulfillment of psychological expectations of employees by employers makes behaviours which enhance organizational productivity more desirable whereas, workers may become deviant in retaliation when these obligations of the employers are not fulfilled and psychological contract breached. The stronger the positive attitudes toward behaviour are, and the stronger the social norms toward behaviour are, then the stronger the behavioural intention is. If the intention is high, the individual is likely to perform the specified behaviour. The theory underpins that psychological contract breaches may make employee deviance a desirable behaviour consequential to the prevailing organizational climate.

In view of the existing gaps in literature and the support of the framework of the study, the following hypotheses guided the study:

I. Psychological contract will significantly predict employees’ deviance among insurance company workers
II. Power distance among employees’ will significantly predict employee deviance among insurance company workers.

III. Power distance will moderate the relationship between psychological contract and employee deviance among insurance company workers.

2. METHODOLOGY

Design – The design for this study which was correlation design helped to evaluate the predictive influence of psychological contract on employee deviance and how the perception of power distance may help to reduce the effect of psychological breaches on employee deviance.

Participants - The sample of the study was 289 employees (107 males and 182 females) from insurance companies (Axa Mansaard, African Alliance, Cornerstone, Alico Insurance Plc. Lead Way Assurance, Custodian and Allied Insurance, Goldlink Insurance Plc. And Continental Insurance, all domiciled and operating in Anambra State, Nigeria) whose ages ranged from 25 to 47 years with an average age of 34.50 years and standard deviation of 3.50 selected from the three major cities distributed across the three senatorial zones of Anambra State namely: Onitsha, Nnewi and Awka. The sample of the study was determined from a population of 1038 insurance workers in Anambra State using Yamane’s N/1+N(α)² sample deduction formula which placed the sample at 288.3 whereas the participants were selected using multi-stage sampling technique (purposive, cluster, and simple randomization). Purposive or judgmental sampling was used to select participants’ zones in the state using the 3 Senatorial districts; cluster sampling was used to select insurance offices in the major cities in each senatorial zone while simple random sampling was used to select each of the participants from the selected insurance offices in the selected city clusters.

Instruments – Psychological contract inventory (PCI) was adapted from Rousseau [25], it is a 17-item measure on employer obligations towards the employee. It is a subscale of PCI pertaining employee expectations. Rousseau reported internal consistence range of .49 to .77 for the dimension with likert-5 response format. Sample item in the inventory include: “Concern for my personal welfare”, “Support me to attain higher levels” etc. Power distance scale was 5-likert scale adapted from Yoo, Donthu, and Lenartowicz [26] CVSSCALE which is a 5-item subscale from the original 26-Item Five-Dimensional Scale of Individual Cultural Values with Power distance as subscale. Yoo et al.
reported an internal consistence of .69 for the Power distance dimension. Sample item in power distance scale include: “people in higher positions should make most decisions without consulting people in lower positions”. Employee deviance was adopted from Bennett and Robinson’s (2000) 24-item Workplace deviant behaviour scale with a Cronbach’s Alpha of .89; sample items include: “I take property from work without permission” and “discuss confidential company profile with an unauthorized person”. Pilot test were carried out to ascertain the reliability of the scales among the Nigerian sample (details at the statistical appendix). Data from the main study revealed that 320 copies of questionnaire were distributed with validity rate of 90.3% (289).

Statistics - The statistics adopted is moderated regression analysis. All statistical analyses were managed using Statistical Package for Social Sciences.

3. RESULT

Data in Table 1. is indicative that there is a significant negative relationship between employee deviant behaviour and psychological contract at r = -.53, p < .05 (n = 289) and between employee deviant behaviour and power distance at r = .40, p < .05 (n = 289). Also, positive and significant correlation was established between psychological contract and power distance at r = .30, p < .05 (n = 289). The findings indicate an inverse relationship in the case of expected employer obligations and employee deviance. There is also indication that psychological contract influenced power distance positively.

Table 2 shows that the adjusted $R^2$ for step 1 is .24 at F(42,06) p < .01. In the second model, the adjusted $R^2$ is .26 and R change is .002. This R change was significant at F (33.76), df = 285 p < .01. The Beta coefficient for model 2 shows that psychological contract significantly and negatively predicted employee deviant behaviours at Beta value, thus, the first hypothesis was confirmed at $\beta = -.68$, p < .01. Similarly, power distance significantly and positively predicted employee deviant behaviour at $\beta$ coefficient value of .34, p < .01, thus, the second hypothesis was also confirmed. Also, the third hypothesis where power distance moderated the relationship between psychological contract and employee deviant behaviour was confirmed at $\beta = .27$, p < .01.

4. DISCUSSION

Employee deviance comes at a huge cost to the organization and in some cases, without palliative may threaten the life of any organization [22]. This study focused on the predictive effects of psychological contract on employee deviance. The result of the analysis confirmed that beyond physical employment contract what employees expect from their employees also trigger deviant behaviour among the employees which is also in line with Guo and Zhu’s [5] finding on the relationship among psychological capital psychological contract and work engagement in nurses. Guo and Zhu found that psychological contract influenced the way employees are engaged in the work and this engagement may have negative dimension such as employee deviance. This explains that expectations are part of internal motivation even when it is not binding, and it could lead to negative antecedents in the organization when those expectations are not met. For instance, many employees expect to be treated well by their superior but unfortunately some are abused by the supervisors [9] which often trigger retaliatory behaviours of the employees in form of counterproductive workplace behaviour which is a type of employee deviance. In the same vein, Etodike, Ezeh, and Chukwura [11] found that employees can exhibit certain behaviours such as being cynical of their organization or management as a byproduct of abusive supervision. Consider also that Rai and Agarwal [6] found that bullying behaviours are offshoots of psychological contract breaches. However, these retaliatory feelings may reduce in the presence of organizational support as contended by Gupta, Agarwal and Khatri [19].

Also, the study established a relationship between employee deviant behaviour and power distance which relies on the social capital appreciation in the workplace and may be expressed as power distance structures in the workplace. The importance may be traced to Rafiei and Pourreza’s [12] study which found that power distance moderated the relationship between employee participation which is a form of psychological contract and outcome variables such as organizational commitment and readiness to take responsibilities among others. There is therefore an expected relationship first between the concept of psychological contract and power distance and second between employee deviance and power distance. Hussain and Sia [22] confirmed the later and contended the power distance orientation dilutes
the effect of abusive supervision on workplace deviance.

Furthermore, the study also found statistical evidence that power distance moderated the relationship between psychological contract and employee deviance. This is may be taken in view of Wei, Sun, Liu, Zhou and Xue, [21] that in resource dependency perspective, high power distance enhances employees' preference for likable managers. This may be extended to the organization considering that power distance moderated the relationship between employee participation (a form of psychological contract) and outcome variables [12]. Some of the outcome variables which can be moderated thus is employee deviant behaviour both to follow employees and those directed toward the organization.

5. IMPLICATIONS OF THE FINDINGS

Insurance workers like other employees have expectations (psychological contract) for the work they do; it could be in form of general career expectations (training and enhancement), goodwill of the organization (appreciating hard work, role limitations or increase in reward package) or personalized expectations. Whether or not these expectations are met by the management and owners of the organization has consequences called job and employee outcome. The outcome tends to be positive if the perceived psychological contract is not violated and negative if it is breached. Employee deviance as such is a negative outcome usually retaliatory in nature on the heels of psychological contract breaches in the organization. However, there is evidence that worker’s perception of power structures in the organization as per power distance (if they are so promoted in the organization) actually moderates the propensity of employee deviance in the face of psychological contract violations.

6. LIMITATIONS OF THE STUDY

Perception of leadership and power distance is socio-cultural factors which vary across human society. There are certain underpinnings associated with organizational climate which establish the perception of power in the organization; these factors converge at leadership structure and inherent nature of the organizational objectives. These factors are relative to establish common acceptable boundaries for power distribution in the organization depending on the diverse cultural background of the employees. The authors therefore made effort to rely upon the employees' perception and understanding of leadership and power structure in the organization to analyze their responses regarding power distance.

7. CONCLUSION

Many studies as evident in literature have studied varying dimensions to the problem of
deviance as both job and employee outcome with probably least attention in the employees’ expectation from their employers outside the physical job contracts. The situation therefore created gaps to further studies which sought to evaluate if psychological contract would predict employee deviant behaviour. The study also sought to evaluate whether the relationship between psychological contract and employee deviant behaviour would be moderated by power distance. The result of data analyzed confirmed that as much psychological contract predicted employee deviance, perception of power distance in the organization moderated this relationship. Therefore, it follows that there is need for employers to respect and honour employees’ feelings and expectations from them in order to reduce the incidence of employee deviance and thus increase organizational effectiveness while maintaining fair distribution of power within the organization.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

REFERENCES

14. Richard OC, Boncoeur OD, Chen H, Ford DL. Supervisor abuse effects on


APPENDIX

Pilot Test
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