UNRAVELING THE NEXUS BETWEEN JOB SATISFACTION PSYCHOLOGICAL CONTRACT BREACH AND EMPLOYEE PERFORMANCE

By

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**NATIONAL UNIVERSITY OF MODERN LANGUAGES
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THESIS/DISSERTATION AND DEFENSE APPROVAL FORM

The undersigned certify that they have read the following thesis, examined the defense, are satisfied with the overall exam performance, and recommend the thesis to the Faculty of Management Sciences

Thesis/ Dissertation Title: <u>Unraveling the nexus between Job Satisfaction Psychological Contract Breach and Employee Performance</u>

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do hereby declare that the thesis (Title) Unraveling the nexus between Job

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Abstract

Thesis Title: Unraveling the nexus between Job Satisfaction, Psychological Contract Breach and Employee Performance

Employee performance plays a critical role in the overall success of textile sector in Pakistan. However, several factors such as psychological and organizational affects the employee performance, warranting for deeper investigation. The purpose of this study is to examine the casual relationship between four key variables: psychological contract breach, perceived supervisor support, job satisfaction and employee performance. The study investigates the direct impact of psychological contract breach and mediating effect of job satisfaction on employee performance while additionally considering the moderating factor of perceived supervisor support in textile sector of Pakistan. Grounded in Social exchange theory, this research proposes five hypotheses. The data was collected from 394 respondents comprising of two stratums; the strata 1 representing senior level and strata 2 representing staff level employees working in the textile of sector of Pakistan. The data is analyzed by using SPSS and Smart PLS 4. Findings of the study suggested that psychological contract behavior has significant negative impact on job satisfaction and employee performance whereas the perceived supervisor support moderate the relationship of psychological contract breach and job satisfaction. The study found that due to the moderation the negative impact of psychological contract breach on job satisfaction mitigates. Hence establishing a significant positive impact of job satisfaction on employee performance. This study enhances the literature by empirically evidencing the psychological contract breach and job satisfaction impact on employee performance in textile sector of Pakistan. This study will help the Textile's human resource practitioner to reshape policies to encourage job satisfaction among employees to boost the employee performance.

Keywords *– Job Satisfaction, Psychological Contract breach, Perceived Supervisor Support, Employees Performance, Textile Sector, Pakistan*

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CHAPTER 1

Introduction

1.1 Introduction

In today's global landscape, it is imperative for every organization to achieve a high level of effectiveness and efficiency, as these attributes serve as crucial advantages for flourishing amidst the intensifying competitive environment. In the competitive realm of business, it is the organizations who can deliver superior products and services that gain access to the international share. Due to such challenge, the establishment of a highly competitive organization necessitates the fulfillment of various criteria to effectively adapt to the swiftly evolving external landscape characteristic of the contemporary globalization era (Andreas, 2022).

There are numerous studies on the managing human resources which argues that workforce is established as the backbone of the organization's operations, workforce is an important resources that businesses and organizations need to preserve (Paais & Pattiruhu, 2020). In an organization the human resource department is crucial, as the success of an organization is considerably reliant on the contributions of its personnel. In this context, Human Resources refers to individuals who exhibit exceptional performance, engage proactively in their responsibilities, and successfully attain the objectives established by the organization (Andreas, 2022). High-performing human resources are valuable assets for organizations, since they significantly enhance organizational quality, particularly in private entities that emphasize product and service delivery (Kuswati, 2020).

Employees are extremely important and each one of them has a crucial role to play and holds a significantly important position in the organization (Hassan et. al. 2020). Employees play a crucial part in the organization, ultimately being able to generate the work performance. An individual is

given an objective or job to fulfil it while using time limits and resources that are constrained (Altangerel et al., 2015). Employee performance mainly consists of the successes and achievements produced at work by employees. Employee performance refers to the financial and non-financial achievements made by an employee which have significant impact on the organization success (Anitha, 2014). Employee performance includes quantity of the work done while considering the quality of the work which is derived by employee's presence at workplace, obliging attitude and meeting deadlines at work (Shahzadi et al., 2014). It includes all the elements and activities that directly or indirectly impact on employee's work.

Over many years, research on employee performance has been conducted in a variety of disciplines and cultures with the purpose of understanding the attitudes, ideas, and means that support performance (Astuti et al., 2020). Executing assigned tasks, meeting deadlines, demonstrating one's competence, being effective, efficient and remain available at the workplace during the working hours are all examples of employee performance (Iqbal et al., 2015).

Employees who are performing as per expectation and set standards of performance are crucial for the success of the organization, such employees play key role in achieving the objectives of the organization. Similarly, employees who are performing below the performance standards may negatively impact the organization in achieving its objective. Maximizing employees performance is one of the organization's top priorities in order to accomplish its goals and objectives (Darmawan et al., 2020). Employee performance is the outcome of the efforts made by workforce to carry out the tasks assigned by the organization in a manner that best matches their abilities and skills (Rivaldo & Nabella, 2023). Performance is the outcome or overall degree of success of an individual employee over a certain period in executing the tasks, evaluated against numerous benchmarks, such as work standards, objectives, or predefined benchmark that has been mutually

established within the organization (Ridwan et al., 2020). To do so, organizations need not only employees with high satisfaction levels but psychologically strongly balanced employees to boost the productivity of the organization. Performance of the organization and the accomplishment of its objectives depends heavily on its human resource. Employees that perform well can boost the organization's competitive edge are therefore necessary to meet organizational goals (Riyanto et al., 2021). Enhancing employee performance can be achieved through the augmentation of many factors. A multitude of studies have empirically demonstrated that motivational factors significantly enhance employee performance (Ghaffari & Shah; Ghaffari et al., 2017).

In developing countries like Pakistan, human resource practitioners consider psychological contract breach, job satisfaction and employee performance as important issues in employees management (Azeem et al., 2020; Dugguh & Dennis, 2014). As it have direct effects on the productivity, employees' job satisfaction and the achievement of strategic goals, employee performance is a crucial component of organizational success. Employee performance is influenced by multiple factors, including job satisfaction, salary and benefit structures, incentive programmes, promotions, a positive work environment, growth opportunities, and succession planning (Brhane & Zewdie, 2018). Similarly there are several factors which adversely affect employee performance. Employee performance can be enhanced by increasing employee quantity, quality, efficiency, effectiveness, and loyalty in doing the essential tasks and activities that call for the maximum level of proficient job performance (Agusti & Pertiwi, 2013).

The aspect of job satisfaction with the work itself, as well as supportive work environment, frequently helps the organization's capacity to enhance employee performance (Rachman, 2021). A major factor in accomplishing an organization's performance is the employees performance, which is a highly vital issue (Wang et al., 2015). Employee performance enhances the overall

productivity and efficiency of organizational activities (Ahmad et al., 2015). Employee performance has a significant contribution in the success of the organization to accomplish its objective. An important component that has a big impact on an organization's success and competitiveness is employee performance (Siddiqui, 2014). Performance in execution the duties or tasks is not independent; rather, it is always correlated with employee's job satisfaction and the amount of rewards offered, and it is impacted by personal qualities, talents, and abilities (Razak et al., 2018). When employees experience higher level of job satisfaction, it leads to their loyalty to the organization will strengthen, subsequently leading to enhanced or better employee performance (Rosmaini & Tanjung, 2019).

Employees are an organization's most valuable asset, it is critical to research and recognize the elements that might inspire and increase job satisfaction among employees (Riyanto et al., 2021). Employees who are subjected to fair treatment at workplace has positive impact on their performance and often feel satisfied (Aslam et al., 2016). Employee performance is also significantly impacted by unfair promotion practices, unfavorable recognition policies, the hiring of unproductive workers, the availability of few career development possibilities, and poor interpersonal interactions (Bilal et al., 2017). Employees who experience unjust treatment may be more dissatisfied with their jobs (Aslam et al., 2016; Sulu et al., 2010). Matsson and Dahlqvist (2013) assert that there exists a relationship between employee job satisfaction and employee performance. The organizational system implemented within the company ought to prioritize job satisfaction, ensuring that employees experience fulfillment in their roles, which in turn can enhance overall performance within the organization (Hidayat, 2021). Rivaldo and Ratnasari (2020) argued that job satisfaction is an individual's positive and negative perception of their employment.

In recent years, the psychological contract has developed into a comprehensive theoretical framework that discusses complexities and evolving employment relationships While there is no definitive consensus on its definition, the majority of authors indicate that a psychological contract centers on the commitments exchanged by the employer and employee during its foundational phases, necessitating a subsequent balance to assess the arrangement between promises made and those fulfilled (Topa et al., 2022). The elements of psychological contracts encompass several aspects, including financial compensation, career advancement, job stability, and work-life balance. Psychological contract refers to an employee's perception of the circumstances of a contract establishing a reciprocal exchange between the worker and the employer. The employee's belief is based on their perspective of the support they feel required to give to the employer and the incentives they feel the firm must offer in exchange. The psychological contract outlines what employees have believed that the organization has promised to do for them and what they must do in return (Azim et al., 2020; Rousseau, 1995; Rousseau, 1989). The majority of psychological contract research focuses on the performance, breach, or violation of the contract (Coyle-Shapiro et al., 2019). These variables have a major influence on a variety of employee attitudes and behaviors, including job satisfaction, turnover intentions, organizational commitment and employee performance (Rousseau et al., 2011). Employees have broad opinions about their worth to the company, just as they do about how much their managers acknowledge their contributions and are concerned about their well-being. When managers show their subordinates support, it benefits both the individual and the company since there is less stress at work and better employee performance (van Woerkom & Kroon, 2020).

Perceived Supervisor support is an important social resource at work settings because of its contribution to a number of beneficial organizational outcomes, including enhancing

organizational commitment, role clarity, better job satisfaction, employee performance, decreasing work-family conflict, and controlling turnover intentions (Demerdash & Said, 2018). Supervisor highly desires the interrelation of performance and job satisfaction as key objectives. Employees who feel their supervisors encourage them are more likely to feel committed to the organization, achieving both organizational and supervisory goals (Arici, 2018). Perceived supervisor support is the term used to describe how much an employee believes their superiors value their efforts and care about their welfare. (Casper et al., 2011). Achieving or sustaining optimal employee performance is challenging, supervisor must comprehend the situation and recognize employees engagement in their tasks, since poor participation might impact their performance (Riyanto et al., 2021). It is essential for every supervisor to anticipate the efforts required to cultivate managerial skills and the capacity to inspire their subordinates through supportive efforts. It is necessary upon supervisor to guide and shape the actions of their subordinates, ensuring that they are equipped to perform their responsibilities with both effectiveness and efficiency (Harahap & Tirtayasa, 2020). Consequently, the effectiveness of supervisors in inspiring their subordinates is contingent upon their awareness of the underlying motivations of their employees. In this scenario, the organization anticipates that employees will not only possess competence and expertise but, more crucially, demonstrate a strong commitment to diligence and the pursuit of optimal employee performance outcomes and when it comes to initiatives to increase employee performance, motivation is a highly essential aspect among many others (Rivaldo & Ratnasari, 2020).

1.2 Gap Analysis and Problem identification

The performance of textile sector organizations hinges significantly upon the effectiveness and efficiency demonstrated by their employees. A paramount contention is that the employee performance is deemed optimal when the workforce exhibits proficiency and effectiveness in their

designated roles. Employee performance is influenced by job satisfaction (Matsson & Dahlqvist, 2013). Employees performance suffers as a result of unfair treatment, workers may feel that their psychological contract is breached (Aslam et al., 2016). Hence, job satisfaction directly effects the employee performance. Job satisfaction with one's employment has a detrimental influence on employee performance (Haleem et al. 2019). As we come to the understanding that the employee performance is impacted by job satisfaction, there are notable challenges affecting employee performance (Ashraf, 2017).

1.2.1 Research Gap

There is a lack of research, particularly in Pakistan's textile sector, that thoroughly explores the combined impact of psychological contract breach, job satisfaction and perceived supervisor support on employee performance (Gulzar et al., 2022). Previous studies have separately studied the relationships between job satisfaction and employee performance as well as the relationships between psychological contract breach and employee performance (Purwanto, 2020). Furthermore, little is known about the possible moderating effect that perceived supervisor support may have on job satisfaction and employee performance. Darden et al. (2025) advised that the future studies on the psychological contract perspective are warranted.

Hameed (2024) advised that moderating and mediating aspects which impacts employee performance should also be included in future research as well. This study intends to address the gap in literature by studying the moderating role of perceived supervisor support that how supportive or unsupportive supervisors may affect the link between psychological contract breach, job satisfaction (mediator) and employee performance (dependent variable). Gaining insight into the dynamics of the variables is essential for discerning the processes that contribute to or undermine employee performance within the textile sector. Furthermore, because of the distinctive

characteristics and difficulties experienced by employees in this sector, undertaking this study specifically in the context of Pakistan's textile sector is vital.

Islam et al. (2020) argued that future researchers can take into account both Positive (commitment, empowerment) and negative (workplace violence) consequences (psychological contract breach, withdrawal behavior, deviant behavior, etc.). Further Azeem et al. (2020) suggested that the future study might apply our research methodology while additionally distinguishing between satisfied and dissatisfied employees. Future study might add to our findings by looking into additional negative behavioral and attitude consequences associated with psychological contract breach, particularly in underdeveloped countries.

This study intends to advance the understanding of the relationship between employee performance, psychological contract breach, perceived supervisor support, and job satisfaction. This study will help practitioners and policymakers in the Pakistan's textile sector to better understand how to improve perceived employee performance by addressing psychological contract violations and job dissatisfaction issues while fostering a positive supervisor-employee relationship.

1.2.2 Problem statement

Employee performance is a complex issue that can be influenced by many factors such as psychological contract breach impacting job satisfaction. The textile industry has allegedly fallen short of expectations and performed well below its actual capability (Memon et al., 2020). The textile sector of Pakistan is experiencing an uniform downturn (Awan et al., 2021). The majority of the textile sector of Pakistan has not achieved its full potential due to poor employee performance and its productivity has been reduced as compared to other textile producing countries (Baig et al., 2021). Employee performance in the textile sector of Pakistan is a critical concern

that demands thorough investigation and which needs to be addressed. This study does importantly aim to identify and then improve the key factors influencing employee performance in the Pakistan's textile sector.

1.3 Research Question

The textile sector of Pakistan has significant importance in Pakistan and to keep pace with the time, it is necessary requirement to enhance the employee's performance. With this in mind, the following research questions serves as the basis for this research study:

- Does psychological contract breach impact employee performance in textile sector of Pakistan?

- Does psychological contract breach impact job satisfaction in textile sector of Pakistan?

- Does job satisfaction impact employee performance in textile sector of Pakistan?

- Does job satisfaction mediate the relationship between psychological contract breach and employee performance in textile sector of Pakistan?

- Does perceived supervisor support moderate the relationship between psychological contract breach and job satisfaction in textile sector of Pakistan?

1.4 Research Objective

The objective of this study is to test the moderation effect of perceived supervisor support between the independent variable; psychological contract breach & mediator; job satisfaction whereas the dependent variable is employee performance and the population is Pakistan textile sector. The research model of the study illustrates the anticipated link between the independent, dependent, moderating, and mediating variables. Specific objective of the study are as follows:

- To examine the relationship between psychological contract breach and employee performance in textile sector of Pakistan.

- To examine the relationship between psychological contract breach and job satisfaction in textile sector of Pakistan.

- To examine the relationship between job satisfaction and employee performance in textile sector of Pakistan.

- To investigate the mediation role of job satisfaction between psychological contract breach and employee performance in textile sector of Pakistan.

- To investigate the moderation role of perceived supervisor support between psychological contract breach and job satisfaction in textile sector of Pakistan.

1.5 Significance of the study

This study examines the relationship between psychological contract breach, and job satisfaction and employee performance in the textile sector of Pakistan which will have numerous important ramifications. The investigation of the relationship between psychological contract breach, job satisfaction, and employee performance in Pakistan's textile sector holds theoretical significance by applying established organizational theories to a context that is frequently under-researched. Theoretically, examining the relationship between these variables within the textile sector enhances the human resource literature by emphasizing the significance of managing implicit expectations and equity in the workplace. Comprehending these dynamics may assist researchers in formulating literature that will mitigate psychological contract breach, thereby promoting job satisfaction and employee performance. This study's theoretical contributions enhance and elaborate on existing theories concerning psychological contract breach, job satisfaction, and employee performance. This research helps to enhance understanding of how informal agreements

influence employee attitudes and behaviors in employee intensive industries within developing economies. The contributions offer academic insights and practical implications for enhancing employee relations, minimizing psychological contract breach, and improving employee performance in the textile sector

In the context of the Pakistani textile sector, this research is significant for adding to the body of knowledge about psychological contract breach, employee satisfaction, perceived supervisor support and employee performance. The results may be used to direct organizational policies, procedures, promote worker satisfaction, and ultimately produce better performance results. In the context of the Pakistani textile sector, this research is highly significant as it contributes valuable insights to the existing body of knowledge surrounding psychological contract breach, employee satisfaction, perceived supervisor support and employee performance. Given the unique economic, cultural, and organizational dynamics of the textile industry in Pakistan, understanding the intricacies of these relationships is crucial for both academic and practical applications. The findings from this study not only deepen theoretical understanding but also provide actionable recommendations that can influence real-world organizational practices, leading to improved outcomes for both employees and organizations. These actionable recommendations offer organizations the tools they need to cultivate a high-performing, resilient workforce that contributes to sustainable organizational success. By prioritizing employee engagement and well-being, organizations can not only reduce the negative impact of contract breaches but also create a culture of trust and mutual respect that drives long-term success.

1.6 Practical significance
This study have a great deal of application for Pakistan's textile sector. Organizations may proactively identify particular areas that require change in the working environment by

determining the adverse impact that psychological contract breach has on employee performance in work settings. With this knowledge, specific interventions or policies can be executed that can address the underlying reasons of job dissatisfaction, such as changing policies, improving working conditions, or allocating more resources.

This body of knowledge may be used by organizational leaders and policymakers in the Pakistan's textile sector to design such policies and practices that meets employee expectations and build loyalty and trust. It becomes essential to implement genuine and open occupational practices in order to foster a favorable working environment.

This investigation of the moderating influence of perceived supervisor support in the study highlights the importance of investing in supportive supervision in the textile sector. Organizations should prioritize on training and development of supervisors, stressing the value of motivation, and recognition to their employees. This improves productivity at workplace while also increasing individual job satisfaction in the organization. The study's conclusions provide policymakers with a useful framework for developing policies and directives. Policymakers in textile sector can create efforts to draw a supportive work environment by identifying the factors that have a substantial influence on employee performance, such as job satisfaction, psychological contract breach, and perceived supervisor support. These measures might include rules that place high priority on a psychological contract, professional development opportunities for supervisors, and staff engagement programmes.

Essentially, this study's practical implications go beyond theoretical considerations and offer useful insights to both organizations and policymakers. A more contented, driven, and productive textile sector in Pakistan can be achieved through the application of focused interventions, the

development of supportive supervision techniques, and the formulation of policies based on the variables studied.

This study's practical implications extend far beyond theoretical frameworks and offer valuable insights for both organizations and policymakers in the textile sector of Pakistan. By understanding and applying the findings of this research, organizations can design and implement targeted interventions that directly address key factors influencing worker satisfaction, motivation, and productivity. These interventions can focus on improving employee well-being, enhancing workplace conditions, and fostering a more positive organizational culture.

Moreover, the study emphasizes the importance of developing effective supervision techniques. Supportive and empowering leadership can assist in establishing a work atmosphere where employee feel appreciated and inspired to provide their best efforts. Training supervisors to be more attuned to the needs of their teams and encouraging a more collaborative, feedback-driven management style can have significant benefits for employee engagement and overall performance.

Policymakers, on the other hand, are encouraged to consider the variables identified in this research when formulating policies aimed at strengthening the textile sector. By aligning policy initiatives with the findings of this study, they can create a conducive environment for growth and innovation. Policies that address labor rights, fair wages, skill development, and access to healthcare can contribute to a more sustainable and productive workforce.

In sum, the study offers a roadmap for achieving a more contented, driven, and productive workforce in Pakistan's textile industry. Through the application of focused interventions, the development of supportive supervision techniques, and the formulation of policies grounded in the

variables studied, both organizations and policymakers can foster an ecosystem where the sector

can thrive, benefiting not just the industry, but the economy and society at large.

CHAPTER 2

Literature Review

2.1 Theoretical underpinning – Social Exchange Theory

As outlined by Settoon et al. (1996), Social Exchange Theory emphasizes mutual exchange and reciprocity through a variety of actions. Cook et al. (2013) described social exchange relationships as voluntary actions initiated by individuals in anticipation of benefits they can expect. A significant amount of effort has been devoted over the years by exchange theorists to emphasize the function of social structures in shaping exchange relationships. Theorists such as Cropanzano et al. (2017) have also highlighted the importance of understanding the role of power dynamics, status, and legitimacy in exchange relationships. They argue that these relationships are based on the exchange of resources and power, and that individuals make decisions based on the expectations of their peers, family, or society as a whole.

The theoretical underpinnings essential for understanding the complexities of interactions between employees and their managerial counterparts in the workplace are rooted in the framework of Social Exchange Theory. According to Blau (2017), the social exchange theory postulates that people participate in social exchanges with the hope of gaining something in return. Employees build social relationships with their managers in the setting of this search, anticipating assistance and resources in return. A healthy work environment is fostered and job satisfaction is boosted when employees think that their organizations engage in fair and equal transactions which ultimately contributes in enhance employee performance (Blau, 2017). The literature on social exchange theory explains how it affects employee performance; fair exchanges at workplace are linked to increased dedication and discretionary effort as well as perceived supervisor support serve as a tool that enhances employee performance (Eisenberger et al., 1986).

Social Exchange Theory (SET) underpins the theoretical framework of psychological contract breach by explaining how perceived reciprocity in the employer-employee relationship affects job satisfaction and employee performance, with perceived supervisor support serving as a moderating factor. SET posits that employees participate in a reciprocal exchange with their employer, anticipating certain incentives (fair treatment, support, recognition) in return for their efforts. When a breach of the psychological contract occurs, it indicates that employees believe that the employer has not honored their efforts and it disturbs the balance of reciprocity, resulting in adverse effects such as lower job satisfaction and employee performance (Morrison & Robinson, 1997). Breach can prompt perceptions of inequity, disappointment, and distrust, all of which lowers job satisfaction and employee performance effort (Robinson & Wolfe Morrison, 2000).

Social exchange theory suggest that perceived supervisor support can influence and moderate the relationship between psychological contract breach and job satisfaction. Social exchange theory indicates that the quality of social exchanges with a supervisor, such as fairness, support, and recognition, can impact how organizational breaches affect employees. High supervisor support leads employees to feel that their efforts and contributions are valued, thereby mitigating the adverse effects of a psychological contract breach. Supportive supervisors facilitate the restoration of reciprocity, thereby alleviating the negative impacts on job satisfaction and employee performance that may arise following a breach (Eisenberger et al., 2001).

2.2 Psychological contract breach

"Psychological contracts breach" refer to unspoken agreements between managers and their staff that lay out the goals and objectives of both parties. This notion was expanded upon by Solinger et al. (2016) who suggested these anticipations may even be unconscious and may not even be detectable by the individuals concerned according to Dhanpat and Parumasur (2014) the

psychological contract is "a set of unwritten reciprocal expectations between an individual employee and the organization." This definition provided us with a better understanding of what the psychological contract is. He emphasized that positive results can only be achieved when the expectations of the employer and employee are aligned (Tekleab et al., 2020). Denise Rousseau significantly advanced the psychological contract concept by examining it from an individual's perspective. Essentially, it refers to an individual's belief concerning reciprocal exchange between a focal person and a second party, usually between an employer and an employee (Tomprou et al., 2015). She clarified that agreement on contract content is not necessary by describing it as a belief about reciprocal obligations (Griep et al., 2019).

The idea of psychological contracts was first developed by the organizational theorist Chris Argyris in the early 1960s but it evolved and was fine tuned by scholars like Rousseau (1989) and Robinson and Rousseau (1994). Rousseau defined psychological contract as the "estimations held by the individual regarding promises in an exchange relationship between the individual and the organization." Such beliefs may cruise in relation to job security, job promotion, pay, status, working conditions and many Qualitative Variables.

Psychological contract breach therefore happens when employees' view their employer as not fulfilling these expectations or obligations. In cyber security, breach can be actual or perceived, and the latter is more profound as it significantly affects the behavior and performance of the employee most especially when he or she perceives the company to have been breached (Collins & Beauregard, 2020b). Again, even if an employer has not breached the contract in a rudimentary way possible feeling an employee accumulates are betrayal, frustration and distrust.

2.2.1 Theoretical Perspectives on Psychological Contract Breach

Psychological contract violation entails the believed violation of the terms within the employer–employee psychological contract. Using the lens of different theoretical lenses makes it possible to understand how psychological contract breach affects employees and organizations. According to SET, by Blau, people's interactions are built on a system of exchanges; this applies to work place relationships as well. People provide effort, time and energy to work in an organization with an appraisal that they will be compensated adequately, be appreciated and be assured of their job in the organization. It may also be pointed out that when employees realize that the psychological contract has been violated, the balance created is disturbed, and there are negative feelings such as anger or frustration results (Li et al., 2022). From an SET perspective, these emotional responses are likely to lead to less motivation, effort or performance because the employee may not feel it is necessary to respond with a reciprocate high level of commitment or performance.

Equity theory proposed by Adams explains that employee's perception of inequities within the organizational relationship. This theory posits that the employees work comparing the input, which may be effort, skill and time put in to the output that they are given, which might include remuneration, promotion, and security among others. If the employees have a perception that the organization has had a breach with the expectations, the end result is inequity hence dissatisfaction. This perceived inequity can result in low morale, decreased productivity because the employee will reduce their output as they try to balance inequity. Affective Events Theory (AET) was developed by Weiss and Cropanzano, and considers emotions as the key aspect of working environment. Events may include a Psychological Contract breach, which causes the AET to propose that experiences elicit emotions that in turn affect job attitudes and behavior (Opoku Mensah & Koomson, 2021). When employees are threatened by a breach; they develop negative

feelings, which leads to reduced job performance, intent to turnover, and withdrawal. Altogether these theories assist to explain the behavioral and the emotional impact of the violation of the psychological contract on the level of performance.

2.2.2 Mitigating the Negative Impact of Psychological Contract Breach

It is, therefore, of importance to manage and minimize detrimental effects of psychological contract breach in the organization. Whenever the expectations are unmet, the feelings that employees have are those of betrayal, frustration, and withdrawal. Such reactions can result in reduced satisfaction at-work, low performance, and increased inclination to quit. But there are several approaches which the organization can take to manage and minimize the impact of psychological contract breach and enhance the organizational climate and the impact on worker performance. Another factor in psychological contract breach is the absence of may be communication which can be managed using openness (Koomson, 2024). Employer/employee relationships that are productive involve the exchange of correct expectations to avoid disappointments. Since employees gain information about the organization, its goals and potential changes in the organization's environment, they will not consider breaches as an act of betrayal. Communications that are timely and assertive, for instance daily tone emails and direct, truthful talk about how an organizational decision will affect the employee or that changes have occurred in policies or practices that will be best for the employee to know can assist him/her avoid betrayal.

Also, when breaches occur the best approach is to demonstrate that organizations are aware of the break and must work to reverse the effects of the breach in the long run. Employers should counter any perceived breaches directly by accepting the employee's concerns politely and explain the situation. Often simple words like sorry for the mistake or failure to deliver needs to be said with

good intentions of making amends can do a lot in terms of trust repair. S appears when employees have a belief that the organization appreciates their efforts and bends forward to deal with the breaches in a manner that is fair and reasonable (Riyanto et al., 2021). The other important tactic is maintaining the aspect of fairness and equity within decisions made. To a certain extent, a decision made by an organization's top management is likely to be perceived as fair by the employees if they have a strong belief that decisions made in the organization are fair. Managers should also ensure that whoever decides on rewards, recognition, promotion or outcome procedures should be fair in their implementation. Equal channels, distribution of resources, opportunities, and other organizational benefits also give a importance role in the aspects of trust and commitment. People don't keep working and innovating when they are not seeing their efforts being valued and rewarded appropriately.

Another way of reducing the negative effects is by supporting employees during, what has been perceived as, a breach. Holding out a helping hand for support may include giving out and or coming up with a number of presumed benefits that may include; Counseling services Mentorship opportunities Career development Supplements Providing the training to gain new skills in respective positions can also make the employees feel more powerful and less puzzled about their expectations. Through valuing employee health and development, the organizations are also showing their care even if the events that follow may result in a breach of the psychological contract (Paais & Pattiruhu, 2020). In the second, efforts to enhance the positive organizational culture and climates where psychological contract can be created, maintained, understood and expected will assist in reducing the probability of psychological contract violations. Workers who believe that their organization is fair and supportive are more likely to have reasonable expectations and, therefore, will give appropriate reactions to change or tumult. Creating respect,

transparency, and inclusiveness that embrace all persons can assist the organizations to adopt constructive reaction to breaches without causing inconveniences to the employees' morale.

Finally, organizations can begin to address the issue of psychological contract violation through early management of expectation. It was found that well-defined organizational procedures for onboarding, accurate portrayal of the actual task enforcement, adequate explanation to and agreement with the employer about the roles and expected compensation play key roles in the formation of psychological contract (Dang & Do, 2024). If employees know what is going to happen to them when they conform to the norms that organizations specify, then they are not likely to perceive breaches further on. It can be advisable to make sure that from the onset all the parties especially employers and employees have similar perceptions of what is to be expected of them to avoid falling prey of security weakness that may lead to a breach.

2.3 Job satisfaction

An employee's perception of job satisfaction (JS) depends on how much they perceive their job needs being met (Iqbal et al., 2012). Bakan et al. (2014) defines it as a positive or negative evaluative judgment about one's job or job situation. As such, job satisfaction refers to an evaluation of a state of emotion rather than being an emotional state. As employees react cognitively and affectively to their jobs JS develops (Saifi & Shahzad, 2017; Usikalu et al., 2015). An employee's JS is a combination of his or her feelings relating to his or her job and his or her thinking relating to the various aspects of that job. JS is subjective and depends on individual factors such as expectations, goals, values, and personality (Bowling et al., 2018). Job satisfaction is also affected by external factors such as remuneration, job security, working conditions, and social support.

In the current business world, knowledge and appreciation of factors influencing employees' performance is central in striving for organizational success. Of all the factors affecting performance, job satisfaction and breach of psychological contract have a uniquely severe effect on the employees' state of mind. The purpose of this literature review is to understand the complex relationship between job satisfaction and psychological contract breach on the one hand and employee performance on the other and to develop a conclusive vision with specific research areas being proposed for future studies. Organizational behavior is a relatively well explored field that brings into discussion job satisfaction; this can be defined as how content and satisfied employees are with their jobs. The numerous works have determined that work satisfaction is positively linked to productivity, commitment, and lower turnover (Budhwar et al., 2023). On the other hand, psychological contract breach is another type of contract violation which is defined as employees' view of their organizations as not meeting the promised expectations and rewarded obligations, which in turn might cause negative emotional or behavioral outcomes impairing performance.

Nevertheless, it is significant to shed light on how these two f actors modulate the performance of the employees and this useful knowledge for scholars and practitioners. This paper aims at reviewing the combined impact of job satisfaction and psychological contract breach on performance. In doing so, it seek to offer ideas of how organizations can promote a positive working climate and minimize the negative consequences of psychological contract violations that leads to improved performance. In the sections that follow, we shall consider definitions, theory and research evidence on job satisfaction, psychological contract breach, and employee performance. We shall then take a closer review of these two concepts, systematically exploring the nature of their compatibility in line with existing theoretical frameworks that have been put forward in the literature as well as findings of empirical work (Aju & Beddewela, 2020). Last, we

will consider the possible implications of the results obtained in the present study for theorizing and research practice, as well as future investigations.

2.3.1 Theories of Job Satisfaction

Job satisfaction analysis requires looking at numerous theories that determine contentment and attitudes to work among employees. This theory of human motivation states that an individual need ought to be met one after the other, starting with the most primitive need to the highly complex need. Based on Herzberg's Two-Factor Theory, hygiene factors are the factors that help to avoid dissatisfactory whereas motivator are factors that tend to create satisfaction. The thesis of the Job Characteristics Model reveals that core dimensions including: skill variety, task identity, task significance, autonomy, feedback determine psychological states that may affect work outcomes. Equity Theory holds that perceived organizational justice affects organizational satisfaction with perceived injustice resulting in perceived organizational dissatisfaction (Eze et al., 2021). According to Discrepancy Theory, satisfaction depends on the difference between field references and job experiences. According to Social Information Processing theory social cues and interactions play a central role in determining job attitudes. Affective Events Theory rightly postulates that an event occurring in the workplace evokes emotions that determine satisfaction. These theories when integrated assist organizations in framing strategies to improve employee satisfaction at the workplace.

2.3.2 Maslow's Hierarchy of Needs

The communication motivation theory for a language is the Maslow's Hierarchy of Needs, which was developed by Abraham Maslow in 1943. It states that there are range of needs in human beings that is often illustrated by a pyramid. This concerns the domination of lower-level, subsistence

requirements of man at the lower tier and advanced requisites at the superior tier (Dang & Do, 2024). At the base of the pyramid are physiological tier needs these are some of the most basic human needs being; food, water and shelter among others. After these wants are satisfied, there is a pursuit of the need for safety which encompasses physical, financial and health safety. The fourth level of need is social, where people look forward to affection, companionship and acceptance by the society, or their group.

In order above social needs is the needs for esteem, which refers to the need for recognition and appreciation of an individual. They want recognition from other people and try to avoid unhealthy feeling of rejection. The highest stage of this hierarchy is the highest level of human quality, or self-actualization – the achievement of one's potential and the attainment of one's psychological needs for personal growth as well as ultimate needs for esteem and respect. This stage reflects people's eagerness to be the best they can ever be. Maslow's theory states that since a need is insistent, people are pursuing it, and, everyone importantly tends toward achieve the highest needs, if the lower ones are fulfilled (Perrotta, 2024). Over the years, the model has been applied in most disciplines such as psychology, education, and business to assess human motivation.

2.3.3 Herzberg's Two-Factor Theory

The Herzberg's Two Factor Theory or The Motivation-Hygiene Theory was developed by Frederick Herzberg in 1959. The theory proposes that job satisfaction and dissatisfaction arise from two distinct sets of factors: rewards and punishments and working conditions. According to Herzberg, these factors have different impact on motivation and therefore both need to be met to achieve good results among workers. A motivator, also known as a satisfier, refers to elements

which are intrinsic and linked to work content. They are achievement, recognition, the task, responsibility, and prospects for promotion and development. According to Herzberg, if these factors are provided, then they motivate the employee, increase their working rate and boost satisfaction levels. Reward power plays a role in increasing incentives and performance by nurturing the need of growth and fulfillment among the Motivators.

Hygiene factors, or dissatisfiers, are extrinsic in nature which are pertaining to the context of work environment. These are; remuneration package, organizational policies, working environment, employment security, co-workers and management. These factors themselves do not tend to lead to motivation or job satisfaction, but the lacking of these factors can lead to dissatisfaction (Paais & Pattiruhu, 2020). According to Herzberg's muscular tissues, bettering the hygiene factors can avoid dissatisfaction; however, they cannot make an employee more motivated or perform his/her job better. Herzberg's Two-Factor Theory postulates that increasing motivation involves enhancing motivators and that assuring that hygiene factors are satisfactorily addressed would eliminate job dissatisfaction. That means employers need to pay more attention to the promotion of intrinsic work motivators to foster positive attitude and behavior, while be very careful to make sure hygiene factors are not a concern and can cause business lose if ignored. It has been put to use, specifically in management and organizational behavior, to increase employee motivation and performance.

2.3.4 Others theories and perspectives:

Besides the main theories explaining job satisfaction, other theories also play a major role in explaining the phenomenon. Adams' Equity Theory holds that organizational commitment is dependent on workers' fair appreciation of work in workplace . In this Resource Exchange Theory,

employees compare their input-output rates with those of the other and wish to attain balance. Although this theory focuses on outcomes, perceived inequities can produce dissatisfaction, which will reduce motivation as well as performance. Fair distribution of work, salary, and incentives that makes the employees balance their side of view with the company. The next theoretical framework is Discrepancy Theory; according to this theory, job satisfaction depends with the perceived discrepancy between their expectations for the job and the actual experience. In general, the analysis of the correlation between the set expectations and actual work results show a direct relation between low job satisfaction and the difference between the two variables. Lack of control-This theory raises the argument that in order to control employee expectations organizations require to ensure proper communication combined with proper job descriptions (Diamantidis & Chatzoglou, 2018). In this way, organizations may minimize dissatisfaction levels and increase job satisfaction aspects by matching or even going beyond job description and organization's guarantees for performers and clients.

Other theory that we need to look at is the Social Information Processing Theory developed by Salancik and Pfeffer which supports the view that it is the social information within the work context that influences the employees' attitudes to the job and their satisfaction. Basically according to this theory satisfaction levels are worked out on the base of operation context as well as social interactions which takes place in the organization premises. Good relationships, appreciated colleagues and employer's feedback improve employees' satisfaction with their job. This perspective emphasizes on the role of positive organizational culture and interpersonal relation to organizational commitment and job satisfaction. Finally, the Affective Events Theory postulates that affective responses are caused by events at the workplace affecting the satisfaction level and productivity (Riyanto et al., 2021). This means that events that are likely to enhance

satisfaction include for example, recognition, and accomplishment, whereas events like squabbles, and failures negate satisfaction. It is suggested that by recognizing positive and negative emotional events within the workplace and applying them to job satisfaction is important. Thus, by accustoming these additional theories, organizations will get the understanding of job satisfaction on different levels, both, emotional and rational, and thereby develop strategies that will correspondingly regulate attitudes and behaviors of the employees.

2.3.5 The Integration of the Theories to boost up the Job Satisfaction

The synthesis of multiple theories of job satisfaction offers an understanding of how organizations can enhance their employee's satisfaction and productivity at the workplace. Hence, based on the understanding of the Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory and Job Characteristics Model, is proposed that organizations can put into use a four-pronged strategy to build job satisfaction. To start, basic needs of the employees being physiological and safety needs might be adequately fulfilled by the organization. This include pay package, job satisfaction and security including compensation along with job satisfaction and physical security. Satisfaction of these basic psychological requirements averts dissatisfaction, thus enabling employees to concentrate on the other, more sophisticated, requirements (Hajiali et al., 2022). After the necessities for survival are fulfilled, employee care must include community. It could be done through teaming activities, cohesion in the working projects and favorable organizational climate. Promotion of social relations and social contacts in a workplace means that people can find friends at work which also helps increase job satisfaction.

As for esteem needs, an organization should appreciate the results of its subordinates' work. Rewarding people, speaking kindly and offering promotions all come under the category of ways

of making people feel valued and appreciated. Esteem identity needs are important for the employees' self-images and their performance motivation. Last but not the least; for self-actualization needs to be met organizational needs should be organized in a way that the personnel gets the chance to develop personally as well as professionally. This can range from management's flow training and development policies, freedom in creating and new ideas, and providing interesting and demanding tasks. If the employees think they are capable of doing more than what they are already doing, satisfaction is boosted by a great margin. Hygiene factors, satisfying 12 basic workers' needs, must be adjusted by Motivators to improve the quality of working life intending by Herzberg. If hygiene factors like pay, polices of the organization, and physical working environment are not well addressed, they will lead to dissatisfaction (Nurdiansyah et al., 2020). It is found that meeting these factors should be enough to ensure that the employees are minimally satisfied with their job. But as to create actual improvement in the job satisfaction organizations must aim at the sources of motivation. Some of them include: Achievement, Recognition, Responsibility, Personal Development. Promoting the challenging work, acknowledging such, and the provision of personnel to perform tasks pretty much independently can result to increase job satisfaction.

The Job Characteristics Model offers an array of advice on how best to redesign jobs to increase satisfaction with current job positions. This is the reason why, when the five JDs which are required for a job to be intrinsically satisfying have been achieved, people tend to be motivated within that organization. All jobs should involve several call types and tasks to avoid repetitiveness and to capture the workers' interest. When people switch from one role to another or make it possible to gain different skills in performing various tasks at work, then there is a chance to enrich the choice of skills. It must be possible for an employee to attend to a given job from beginning to end, thus

have the initial feeling of mastering a job. Organizing projects in a way that this is possible increases job satisfaction. Noting that one's work is valuable to others may help increase the meaningfulness of work for employees and by extension increase productivity (Roberts & David, 2020). People within organizations should demonstrate how personal responsibilities are linked to organizational objectives. According to the results, giving the power of decision making to the employees, more precisely – decision making of the processes that are related to their jobs, will increase the level of job satisfaction among the employees. Thus, adopting a more open and fluid technique on how employees are allowed to complete their work always grows the level of trust felt. Employees are also privileged to have constructive criticisms which make them know how they are performing and where they need to improve. The use of strong feedback approaches can feasible enhance development and satisfaction.

2.3.6 Job Characteristics Model

Hackman and Oldham created the Job Characteristics Model that explains the relationship between jobs and motivation and satisfaction of the employee. This model postulates five common job characteristics that impact on important psychological states, that in turn impacts on results such as satisfaction, motivation and performance. The five components of the job are skill variety, task identity, task non-routine, freedom, and communication. This is defined as the extent of functional dispersion in a job, that is, how dissimilar the activities of a job are and how different the abilities needed to perform it are from those needed for other jobs. Situations where people are hired for different roles mean that they are not bored hence active all the time. Task identity is defined as the degree to which a job consists of getting a specific and identifiable amount of work accomplished (Mira et al., 2019). Self-controlling works show that if an employee gets to work through to the full cycle of a project, he or she will have more identification with the project. The

third dimension define task significance as how important the job affects the lives of others at the workplace and outside the workplace. The notion suggests that the jobs satisfying the notion of impact actually boost employee motivation as well as job satisfaction. Autonomy is defined as the amount of independence, decision making power and discretion of an employee regarding scheduling of work and procedures.

High autonomy makes the employees understand more responsibility and choice, which consequently promotes high job satisfaction. Last but not least, feedback refers to how far employees are provided with clear details of their performance. When people work, they like to know whether they are performing to standard or if they need to step it up and this can only be provided by Constructive feedback (Yu et al., 2022). These five dimensions influence three critical psychological states: Skill acquisition, perceived autonomy, perceived relatedness, perceived control, satisfaction with choice, daily interest, hope, perceived competence, challenge, experienced meaningfulness, experienced responsibility for outcomes, and knowledge of results. When any of these states are positive, the employee is more motivated and produces high performance as well as having high job satisfaction. Through creating jobs that improve these core dimensions, management is in a position to have a motivated, satisfied and resultant higher performing workforce.

2.3.7 Factors Influencing Job Satisfaction

Job satisfaction involves number of key areas that shape employee's perception towards the job environment. Main work factors can be referred to as intrinsic and extrinsic, which are at times as well referred to as internal and external antecedents, and these are critical in determining how an individual approaches their work and the result they achieve. The type of work to be done is among the major intrinsic factors which show the nature of the work. It is established that workers have

enhanced job satisfaction if the assignments they are required to make are interesting, relevant and call for application of their skills. Similarly, promotion and personal development and advancement are also sources of job satisfaction as these elements also give a feeling of accomplishment and advancement (Ampofo, 2021).

They wrote that work relationships are another issue of significant importance. Interactions with co-workers, seniors or managers are the determining factors that can affect positively job satisfaction. Lastly, support at workplace, proper communication and most importantly having interactions and cooperation in a team provide opportunities for employees to feel that they are valued and can easily interact with others without necessarily getting stressed. Extra-organizational variables such as pay and remuneration, employee benefits, and job security, therefore, also strongly determine organization's job satisfaction (Bravo et al., 2019). Better employee wages, compensation packages including medical cover, pension schemes, and vacation pay increases an employee's financial position hence satisfaction. Employment security and tenure can also be said to give workers a sense of security since they are not frequently laid-off or face financial instability.

Another predictor of job satisfaction is the work-life balance of an employee. Those employees who have the ability to balance between working and personal responsibilities are more likely to express more satisfaction. Freedom within working hours, ability to work from home and a good leave policy make employees feel they have control over their lives both at the workplace and personally. In totality, the level of job satisfaction depends on several factors which include organizational requirements for job, colleagues, remuneration and staffing balance of work and family. Those organizations which try to respond to these factors are likely to have a motivated and effective workforce.

2.4 Employee performance

Organizations rely heavily on employee performance. When an employee performs a task or job, it refers to their behavior. It is something or an outcome produced by the employees within the organization. Performance refers to an employee's achievement in accordance with the organization's rules, standards, and expectations (Manzoor, 2012). Employee performance is influenced by a variety of factors, including ability, effort, and perception. A competent employee can perform their tasks effectively. The level of performance is also affected by their commitment and dedication. Employee performance is strongly influenced by how they perceive the task (Shahzadi et al., 2014). It's more likely that employees will achieve better results when they perceive their assigned tasks as meaningful and challenging. Employees' motivation and dedication may be diminished if their tasks seem mundane or irrelevant (Diamantidis & Chatzoglou, 2018). Organizational productivity and efficiency are directly linked to employee performance. Employees' consistently high-quality work influences organizational success. High-performing employees drive innovative and continuous improvement (Shields et al., 2015). The morale and energy of employees are heavily influenced by employee performance. In order to achieve excellence, individuals strive to emulate their peers' behavior. Employee engagement and satisfaction increase within a positive work environment (Pradhan & Jena, 2017).

Organizations communicate with their employees to reflect their performance. An organization's employees are more productive and efficient with effective communication. Clear instructions, access to necessary resources, and knowledge about goals and objectives improve employee performance. An employee's performance encompasses their behavior during the performance of their jobs and tasks (Brhane & Zewdie, 2018). Employees produce it and it varies according to factors such as ability, effort, and perception of the task. Increasing employee performance leads

to increased productivity and efficiency in the workplace. The morale and energy of employees are also improved.

Employee performance is the ability of an employee to produce some results in his/her capacity as a working person in terms of quality, quantity and efficiency in doing a given task. It is a vital controller of organizational performance, in that systems that deliver optimal results tend to be more effective, produce superior results, and thus, be more profitable. People performance factors include motivation, satisfaction, organizational culture and working environment with in an organization. As a concept, employee performance can be defined as the extent to which an employee works towards achieving organizational goals or fulfils tasks expected of him. This can encompass both the sell points, for instance the percentage of sales or the extent of compliance to set timelines to complete a task and the quality aspects such as the quality of work, innovativeness and effectiveness of problem solving (Aju & Beddewela, 2020). High performers are productive to organizations because they help the organization to achieve its objectives and in the process they display extra-role behaviors.

The elements of motivation are crucial to explaining the level of performance of employees in an organization. Motivated employees drag their feet less, look for better ways of practicing, and are more dedicated. There is internal motivation, for example, self-interest or passion to learn; it is usually related to high performance. Another type of motivation that refers to motivation arising from outside and is linked with incentives, rewards, promotions or publicity has also a strong impact on performance particularly in settings where performance measurement is important. Another importance area which affects the performance of employees in organizations is job satisfaction. Engagement levels seem to be brought about by levels of satisfaction; employees are likely to be engaged in work, and demonstrate commitment and enthusiasm. At the same time,

negative attitudes toward aspects such as pay, timetable flexibility, or cooperation with co-workers erode commitment, truancy, and productivity (Eze et al., 2021). Beside, work environment and culture also influences the performance of the employees. Organization culture that embraces team work, regular communication and employees training tend to experience high performance levels. On the other hand, the toxic or disengaged work environment acts as de-motivators and reduces job satisfaction hence inhibiting high performance.

Last but not the lest, personality characteristics and skills are responsible for performance. Thus, those employees who have technical competence, emotional intelligence, and problem-solving outlooks are more likely to do the job properly. However, other attributes which affect performances include job content or fit, managers as well as prospects to advance their careers in the organization (Budhwar et al., 2023). In conclusion, performance can be seen as an employee concept consisting of many factors including motivation, satisfaction, the organizational culture and employee ability or talent. Knowledge of these factors and their integration with the goals of an organization would help to optimize employee performance as well as improve organizational performance.

2.5 Perceived supervisor support

A key factor in employee retention is perceived supervisor support. It is important for employees to develop strong relationships with their supervisors in order to enhance their loyalty and attachment to the organization (Dysvik & Kuvaas, 2013). It is common for employees to develop a favorable image of their supervisors if they perceive them as supportive and positive. Based on report Škerlavaj et al. (2014), this perception motivates employees to achieve their goals and improve performance in the workplace. A different dynamic can be observed, however, in some sectors, such as textiles. Instead of being friendly, supervisors here frequently adopt a controlling

attitude. The management style can cause employees to be hesitant to communicate, resulting in many unresolved issues and prompt them to consider leaving the company (Kalidass & Bahron, 2015). Employee engagement and involvement in tasks are enhanced by positive and open communication with managers, according to Zhang et al. (2014).

Alkhateri et al. (2018) investigated the relationship between supervisor leadership style and employee burnout decisions. Employee burnout can be significantly reduced by positive leadership, resulting in greater job satisfaction and retention. According to Kalliath et al. (2020), a close relationship between bosses and subordinates can enhance employees' skills and competencies. Reducing turnover rates and fostering a more stable work environment improves performance and encourages employees to remain with the company for longer periods.

2.6 Psychological contract breach and employee performance

The core of work relationships is psychological contracts, which are made up of employees' views and beliefs about the reciprocal commitments and obligations they have with their employer or organization (Rousseau, 1989; Schein, 1965). Performance is significantly affected by psychological contract breaches, in which employees perceive their organization as failing to fulfill its commitments. There is a particular problem with this for the new generation of employees, who have greater psychological expectations from their employers (Conway & Coyle-Shapiro, 2012). Negative attitudes and retaliatory behaviors result from not meeting these expectations, negatively affecting job performance. Various theoretical lenses can be used to understand these impacts (Gupta et al., 2016). Employees are thought to exchange their skills and efforts with their organization in a reciprocal relationship, according to social exchange theory.

In the broad perspective psychological contract breach is defined as a situation in which employees feel their employer has not met certain expectations or obligations they agreed on. This perception can have really deleterious effects on performance of employees in an organization (Hajiali et al., 2022). When employees feel the employer has not met the terms of the psychological contract they clearly have negative reactions such as feeling betrayed, angry and frustrated. Such emotional reactions then results in low motivation and demotivation towards their work among those employees. These employees become unmotivated and so they do not work their best, that is, they work below par and do not commit themselves to doing more than covering the basics at the workplace which were also the causes of low performance. Further, psychological contract breach has an impact in job satisfaction since it leads to employees becoming disappointed in the organization. Organizations demonstrate that the levels of job satisfaction determine the levels of performance once the employees are dissatisfied with the environment in which they are placed. It also incurs a cost of stress that is likely to affect the emotional well-being of the affected employee further worsening the quality of work produced.

Besides, perception of infringement may lead to decrease in level of organizational commitment. Nurdiansyah et al. (2020) Worker who believe that the organization betrayed their trust to them are likely to detach themselves from the workplace. A reduction in organization commitment can translate to increased turnover intentions that then result in increased rates of absenteeism and decreased participation in organization activities and hence, poor performance. Sometimes, employees can do things to sabotage the organization's success, something referred to as counterproductive work behavior including shirking . Summing up, it is possible to claim that psychological contract breach negatively impacts organizational outcomes by demotivating and

decreasing job satisfaction, organizational commitment and productivity. Failure of organizations to align to the expectations of aimed employee results in a demotivated workforce. Organizations that do not honor their commitments affect employee engagement, loyalty, and trust, adversely affecting job performance. Individuals exploit psychological resources to protect them, according to the conservation of resources theory (Li et al., 2016). To conserve these resources, new generation employees minimize their work engagement when they perceive a breach in their psychological contract (Liu et al., 2020). In addition, equity theory suggests that employees gauge the fairness of the rewards they receive with their efforts. Their performance and commitment can be diminished if they perceive this exchange as unfair.

Employee performance is significantly impacted by the perceived breach in the psychological contract, especially in developing countries like Pakistan where job security, leadership style, and organizational justice have a major impact on employee behavior. PCB has the potential to seriously weaken employee performance, confidence, and productivity in Pakistan's textile industry, one of the country's most intensively and economically significant sectors.

According to research by Shafique and Nadeem (2018)at textile companies in Faisalabad, PCB dramatically lowers employee engagement and raises turnover intention, indicating a clear correlation with reduced performance. The similar studies across the sectors suggest that the correlation is valid, despite the paucity of empirical studies directly imparting PCB and performance in Pakistan's textile industry. Therefore on the basis of previous studies the hypothesis derived is:

H1: Psychological contract breach has negative impact on employee Performance

2.7 Psychological contract breach and job satisfaction

Feelings, attitudes, and perceptions of employees about their jobs define job satisfaction. The assessment of each aspect of one's job influences the emotional response to it (Asiedu-Appiah et al., 2016). Omar et al. (2021) divides job satisfaction into intrinsic and extrinsic factors. The job tasks themselves provide intrinsic satisfaction, while the rewards and work environment contribute extrinsic satisfaction (Hirschfield, 2000). It has been noted by Rayton and Yalabik (2014) that intrinsic and extrinsic motivating factors such as rewards, career advancement, supervision quality, and social relationships at work have a significant impact on job satisfaction. Employees aim to achieve specific goals and feel satisfied upon achieving them. The practices of employers can motivate employees and influence attitudes and behaviors (Abdullah, 2017). It has been shown that job satisfaction and burnout have a negative correlation, suggesting that a lower level of job satisfaction can result in a higher level of burnout and vice versa (Megheirkouni, 2022).

The core of work relationships is psychological contracts, which are made up of employees' views and beliefs about the reciprocal commitments and obligations they have with their employer or organization (Rousseau, 1989; Schein, 1965). When the commitments that make up the psychological contract are complicated and vague, perceived contract violation via incongruence is more likely. Employee attitudes and behavior may be influenced by Psychological contract breach (Suazo, M. M. 2009).

Psychological contract breach is a perceived violation by the employee of expectations or promises upon which the psychological contract is based (Roberts & David, 2020). This can have a negative influence of job satisfaction to an extent that is of considerable magnitude. This makes them frustrated, disappointed and even feel betrayed whenever they think that their employer has failed to reciprocate the trust to meet some promises. These feelings lead to a low job satisfaction on

total job performance of the employees in the organization. The psychological contract is comprised of beliefs about a number of aspects of working including security, rewards, promotion and flexibility. When expectations not realized in the expected manner the employees feel that organization does not value or appreciate them hence developing a negative perception about both the job and the organization . Studies prove that in the psychological contract violation, the job satisfaction is highly likely to be affected in the negative way because the employees concerned expect that the organization is not meeting its obligations (Ramli, 2018).

In addition, a breach can cause perceived injustice and organizations decrease job satisfaction as a result. An employee may have doubts about the mutual reciprocity balance between him and the organization, and therefore he becomes disinterested in his work. With decreased job satisfaction also follows less employee motivation and more inclination to act counterproductive, meaning, they will be absent or work less which will have a negative impact on performance and more organizational consequences.

Psychological contract breach is strongly negative related to job satisfaction (Estreder et al., 2020). Job satisfaction is also largely influenced by psychological contracts (Milanović et al., 2018). Relational contracts are based on socio-emotional exchanges and high commitment, while transactional contracts focus on economic exchanges and balanced reciprocity. Balanced and transitional psychological contracts are additional variants affecting job conditions and turnover rates (Megheirkouni, 2022). Numerous studies have investigated psychological contract breach as a crucial cause in determining job satisfaction. Breaching of psychological contracts can result in very abrupt drops in job satisfaction in Pakistan, where there is a hierarchical work culture and relational expectations from employers. For instance, Khan and Khalid (2020) discovered a substantial and negative correlation between PCB and job satisfaction among workers in the banking industry in Pakistan. When the violation

involves socio-emotional responsibilities, such unjust treatment or lack of appreciation, this negative relationship was more distinct.

Additionally, a study conducted in Pakistan's manufacturing sector by Abbas and Nawaz (2019) found that workers who witnessed PCB reported lower job satisfaction, mainly because they felt more unfairly treated by their employers and had less trust. These findings are in line with social exchange theory, which holds that workers who feel deceived by their employers are likely to decrease positive reciprocal behaviors like engagement and loyalty, which results in lower job satisfaction (Cropanzano & Mitchell, 2005). Therefore, it is hypothesized that:

H2: Psychological contract breach has negative impact on job satisfaction

2.8 Job satisfaction and employee performance

Job satisfaction (or dissatisfaction) is an emotional state of an employee towards job. He feel satisfied if his employment values are believed to be met; he feel dissatisfied if they are perceived to be thwarted. The degree of these emotional responses will be determined by the importance of the values whose fulfilment is aided or hampered by the job experience (Locke et. al., 1976). In terms of people's feelings (likes or dislikes) in the job, job satisfaction can be defined as a measure of the positive emotions or enjoyment they feel at work (Thamrin, 2012). An individual's emotions affect their productivity, creative ability, and commitment to their job. As well as relating to work itself, employee satisfaction can also refer to work-related satisfaction. . Job satisfaction has long been thought to have a significant effect on employee performance (Vangel, K. 2011). In order to motivate employees, it is important that they are satisfied with their work. Employee motivation can be influenced by hygiene factors as well as motivator factors, according to Khan et al. (2012) there is a correlation between motivational factors and job satisfaction, and a correlation between hygiene factors and dissatisfaction at work. Performance

and employee satisfaction have been studied in several studies. Several studies have demonstrated a positive relationship between job satisfaction, organizational commitment, and performance; when employees encounter these motivators and discover intrinsic drive in their work, it results in greater job satisfaction and improved performance.

The relationship between job satisfaction and performance was confirmed by Inuwa (2016). In their report, Siengthai and Pila-Ngarm (2016) propose that worker satisfaction contributes to four dimensions of work (general happiness with the job, employee relationships, remuneration, benefits, and organizational culture, and employee loyalty). The growth of the company is therefore positively affected by this impact. Badrianto and Ekhsan (2020) and Riyanto et al. (2021) analyze job satisfaction in relation to job performance using structural equation modeling (SEM).

The level of job satisfaction significantly affects the results obtained by employees. Satisfied employee means they will be motivated in doing their work and contribute to accomplishing the goal of the company. Satisfaction on the other hand creates positive attitude toward working thus increasing the rate of commitment. Self-motivated staff is always likely to perform more than the expectation of the employer, take risks and go the extra mile. This extra motivation is attained to be fully effective for the productivity of the work thus helps to achieve the organizational goals . First of all, job satisfaction helps increase motivation and, therefore, engagement. If workers have a positive attitude towards their work performance they commit themselves towards the organizational goals. Motivated employees are less likely to be truant or resign, and this means improved staff retention and a better staff pool. This commitment tends to guarantee a constant quality of performance and contribute towards sustained high productivity (Dang & Do, 2024).

Job satisfaction also results in high levels of creativity and innovation in one's place of work. Employee satisfaction ensures employees are comfortable or more secure to give their best effort and side with the organization by giving new solutions. This results in enhanced application of problem solving and innovation, organizational learning and improvement and an innovation culture. In addition, viewed through the prism of job satisfaction, people work better in a team and coordinate their efforts (Diamantidis & Chatzoglou, 2018). Satisfied employees having good relations with the organizational members usually have a positive attitude towards their co-workers. Teamwork promotes proper communication, synchronization and cooperation between members hence raising the standard of the corporate world. Therefore, it can conclusively be asserted that job satisfaction has a direct and significant relationship with the performance of the employee by raising motivation, engagement creativity and effective teamwork. Those organizations which give importance to job satisfaction can lead to better performance and hence can deliver permanent success for the organization along with productivity of the workforce.

In several previous studies, job satisfaction has long been acknowledged as a critical factor in determining employee performance. Workers who are happy in their positions are more likely to be motivated, dedicated, and productive, all of which improve performance on an individual and organizational level (Judge et al., 2001). The "happy-productive worker hypothesis," which contends that workers satisfied with their job are more inclined to participate in task-related and discretionary (extra-role) actions, explains the positive correlation between job happiness and employee performance (Wright & Cropanzano, 2000). According to Khan et al. (2021), work environment and supervisory support were important mediators between job satisfaction and employee performance among manufacturing sectors. In sectors like textiles, where turnover rates and production quality are directly impacted by employee satisfaction, this connection between

job satisfaction and employee performance becomes even more crucial. Thus Job satisfaction is significantly correlated with performance, the study found that:

H3: Job satisfaction has positive impact on employee performance

2.9 Mediation effect of Job Satisfaction

It is through the job satisfaction of employees that the relationship between psychological contract breach and the performance of the employees is mediated. If employees perceive that their psychological contract with the organization has been breached, the perception is likely to have a negative impact on their satisfaction with their jobs (Collins & Beauregard, 2020a). The decrease in employee satisfaction, in turn, has an impact on the overall performance of the employee at their job (Ampofo, 2021). The level of job satisfaction experienced by employees is one of the key indicators of whether their psychological contracts have been breached and whether their subsequent performance has been affected.

The mediating effect of job satisfaction in the psychological contract breach and employee performance relationship has been the subject of recent research. In addition to being an outcome variable, job satisfaction is frequently thought of as a mediator that clarifies the connection between workplace variables such as leadership, organizational support, & psychological contract breach and employee outcomes such as performance, intention to leave, & organizational citizenship behavior. Employees increased job satisfaction leads to improved employee performance and a decrease in negative behaviors among employees when employees sense justice, respect, or organizational support (Judge et al., 2001). A psychological contract breach (PCB), on the other hand, results in a reduction in job satisfaction, which in turn mediates the drop in employee performance (Turnley & Feldman, 1999). Job satisfaction has been found by Blau

and Lunz (2019) to partially mediate the detrimental effects of psychological contract breach on employee performance. This implies that improving job satisfaction may act as a protective barrier against the negative effects of psychological contract breach. These findings are in also line with the social exchange theory, which contends that when workers are satisfied and believe their needs and expectations are being met, they will increase their performance and exhibit more positive behaviors in return (Cropanzano & Mitchell, 2005). In order to translate the effects of several organizational antecedents (such as PCB or leadership style) into performance outcomes, job satisfaction serves a crucial mediating function. Hence the hypothesis is:

H4: Job satisfaction mediates the relationship between psychological contract breach and employee performance

2.10 Moderation effect of perceived supervisor support

Employees have broad opinions on how much their bosses regard their efforts and care about their well-being (Kottke and Sharafinski, 1988). Perceived Supervisor Support is a source on individual level, and it act as a key component in linking employees to the resources and supporters they require, both in general and specifically for the execution of innovative ideas at workplace (Demerouti et al. 2001; Rhoades & Eisenberger, 2002). Research in the social and organizational support literature shows that treating subordinates with respect results in positive effects for both the individual and the company, such as reduced job stress and improved performance (Shanock, and Eisenberger 2006). Psychological contract breach (PCB) and job satisfaction have a well-established negative relationship: employees are less satisfied with their jobs when they believe their employers have not fulfilled their promises (Robinson & Rousseau, 1994). Supervisor Support plays an important role in creating the work settings that enhances the job satisfaction in

subordinates, perceived supervisor support is considered as representative of an organization to provide the use full information about the goals of the organization to the subordinates (Gok et al.2015). It is common for employees to feel mistrust or unmet expectations when their psychological contract is breached. Psychological contract breaches may mitigate employees' job satisfaction if their supervisors demonstrate high levels of support (Abdelmoteleb, 2019).

It is noteworthy that moderating factors are involved in any association between psychological contract breach, job satisfaction and employee performance. Such factors determine whether and how breaches are reacted to and can either exacerbate or lessen the impact. In essence, the following are some of the main moderating variables: Individual differences, organizational support, job characteristics and social factor. Regarding the criteria that determine the effectiveness of human resource management, there is one moderator which stands out from the rest: Individual Differences. Workers who have higher emotional quotient or positive personality components including optimism and emotional stability are usually in a position to deal with perceived violation of the psychological contract (Mira et al., 2019). Interestingly, such employees are not as easily discouraged from high job satisfaction or performance declines even when they involve breaches. On the other hand, those who have predisposition to negative emotions or no coping skills, are likely to be more negatively impacted when they perceive a breach this reduces job satisfaction and performance.

Organizational Support also has a moderation function. A breach of psychological contract occurs when employees feel let down by their employers so when an employee feels that his or her organization values his or her contribution and supports him or her during the try moments, he or she is sure to bounce back in the event of a breach of psychological contract. This study shows that if the employers respond to the breaches, provide explanations, and show a willingness to

mitigate the cases, the job satisfaction of the employees would not reduce much (Yu et al., 2022). Finally, there is evidence that contract breaches might be buffered by types of organizational support that have to do with the career development, recognition, and feedback received from the organization. Two aspects from Job Characteristics are role clarity and autonomy as well as task variety play a role in how the employees react on breaches. Studies have further shown that those occupations that offer the workers autonomy, and allow for engagement, do not result in job dissatisfaction upon being breached. Support from colleagues or supervisors can also act as a mediator, as the crucial factor of being supportive and close, makes ones more resistant to the violations of their contracts. The identified factors can support the stable performance of individuals even in case of negative experiences.

An employee assistance program can prevent dissatisfaction caused by unmet organizational promises and expectations by offering emotional and professional support. The degree to which psychological contract breach negatively impacts job satisfaction is expected to be less severe in situations where perceived supervisor support is high than in situations where it is low (Azeem et al., 2020). Perceived supervisor support can also provide a sense of purpose and meaning to employees, helping to reduce the impact of psychological contract breach on job satisfaction. Additionally, perceived supervisor support can help to create a more positive and supportive work environment, which can help to further reduce the impact of psychological contract breach. According to Liaqat et al. (2021), PSS considerably influenced the association between PCB and job satisfaction among banking workers in Pakistan. In contrast to individuals with inadequate support, their study found that workers with PCB who reported good supervisor support were able to retain rather steady levels of job satisfaction. In a similar vein, Khan and Rasheed (2020) found that supervisors who actively participated in supportive communication helped lessen the

emotional impact of perceived organizational failures, hence mitigating the reduction in satisfaction levels in a sample of the textile sector.

H5: Perceived supervisor support moderates the relationship between psychological contract breach and job satisfaction, such that higher support weakens this relationship

2.11 Theoretical Model of the Study

In order to investigate the moderating function of perceived supervisor support and the mediating role of job satisfaction in relation to psychological contract breach and employee performance in Pakistani textile sector, the following is a conceptual framework that has been developed for the study:
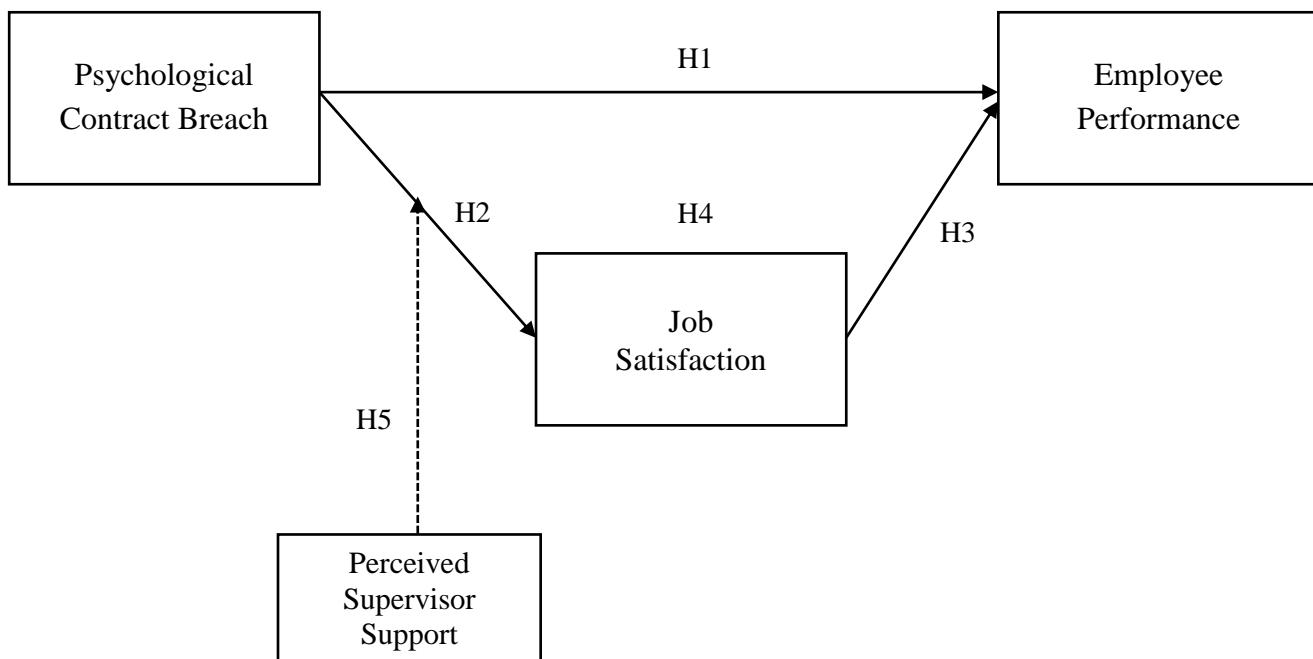
Figure 2.11: Theoretical Framework of Study

CHAPTER 3
Research Methodology

Research methodology is the noteworthy part of a research to conclude the objective of that research study (Rehman et al., 2019). Therefore, this research study applied the quantitative research method using deductive approach as theoretically this study is based on existing body of knowledge to analyze the research data.

3.1 Population

The population in this study is the employees of textile sector of Pakistan. Hence the population in this study is the managerial employees of the textile industry which is operating inside Pakistan. These employee include senior level employees (directors, general managers, managers, assistant managers and other officers) and staff level employees (HR assistants, marketing assistants, finance assistants, coordinators, clerks, quality control assistants, IT support staff and other staff level employees). This study is conducted to identify the factors which hinder or influence employees of textile sector to work efficiently and effectively boosting their performance. The reason behind selection of Pakistan textile sector as population of the study is that the textile sector plays an important and crucial role in operations and development of the country. Understanding employee performance in textile is essential because it has a direct impact on development of the country. As per Pakistan economic survey (2023) the textile sector of Pakistan is one of the largest sector and contributes 8.5% in gross domestic product (GDP) and it employees 40% of the workforce. The effectiveness, accessibility, and quality of product and services offered to customers are directly impacted by employee performance in the textile sector. Employee performance must be delivered promptly, in a way that meets the demands of the organization, and in a way that enhances textile sector as a whole. Increased customer satisfaction, greater service

delivery, and overall organizational effectiveness can all result from improved employee performance. The low employee performance of textile sector because of psychological contract breach and job satisfaction issues among employees; therefore, the population in this study is employees working in textile sector of Pakistan.

3.2 Sample

A population of research is defined as a collection of people or things that have certain traits. The proposed sample for the study is the employees of the textile sector of Pakistan working in different organization / companies inside the Pakistan specifically in Islamabad and Rawalpindi. The number of employees working in textile companies or organization is unknown as there is no valid reference available. The responses are taken from senior level employees (directors, general managers, managers, assistant managers and other officers) and staff level employees (HR assistants, marketing assistants, finance assistants, coordinators, clerks, quality control assistants, IT support staff and other staff level employees) employees who are working in in different textile companies / organizations in Islamabad and Rawalpindi. This study focuses exclusively on managerial employees (staff-level and senior-level administrative or managerial personnel) in the textile sector of Pakistan. The decision is based on the nature of the constructs examined—psychological contract breach, perceived supervisor support, job satisfaction, and employee performance—which require respondents to have clear job expectations, formal employment structures, and decision-making roles. Managerial employees are more likely to engage meaningfully with these constructs and provide reliable responses to standardized survey tools. Moreover, restricting the sample to this group ensures conceptual consistency and internal validity. Most of the studies on these variables have been conduct using liker scale which requires ability to read and basic literacy of the concept, managerial employees being educated are more

convenient to engage in quantitative research format (Shafique et al., 2018) (Sajjad Ahmad et al., 2023). Saunder (2009) suggested that the minimum 370 sample size is the representation of the population ranging from 5001 to 10,000 with 95 percent confidence interval.

Krejcie and Morgan (1970) has developed the illustration for the sample size estimation which state that the minimum required sample size at a 95% confidence interval for the generalizability of the results is 337. Further, according to Hair et al. (2019) a sample size of 200–300 is often adequate for reliable statistical analysis, particularly in structural equation modeling (SEM) and other multivariate research.

3.3 Sampling Technique and Data Collection

To ensure that the sample accurately represented the population of interest, this study employed a proportionate stratified sampling technique. The stratified sampling technique is used for equal representation of staff level employees and officer / executive level employees to remove the impact of any biasness. The population was divided into two strata based on job level. Stratum 1 (Staff-level employees): this included HR assistants, marketing assistants, finance assistants, coordinators, clerks, quality control assistants, IT support staff, and other support staff. Stratum 2 (Senior-level employees): this included directors, general managers, managers, assistant managers, and other officer-level personnel.

Employees at the staff and senior levels have very different working roles, levels of responsibility, and decision-making power. Because these variables can affect how people perceive a breach of the psychological contract and how satisfied they are with their jobs, stratification is required to correctly capture these differences. Biased estimates might result from the sample being dominated by one category (for example, staff-level) due to their greater numbers if stratification is not used. Stratification ensures proportionate representation, which improves the findings' applicability at

all levels. The sample strategy takes these differences into consideration and reduces bias by establishing distinct strata for staff-level and senior-level individuals, improving the findings' representativeness and accuracy.

To minimize sampling bias and ensure equal opportunity of selection within each stratum, a simple random sampling method was applied within each stratum. Employee lists were obtained from HR departments of participating textile organizations, and random selection was conducted using Microsoft Excel's random number generator. This ensured every individual in each stratum had an equal chance of being selected. A structured, self-administered questionnaire was used to collect quantitative data on the four study variables. Prior to distribution, the purpose of the study was explained to respondents, and confidentiality of their demographic and response data was assured.

A total of 450 questionnaires were distributed (297 to staff-level and 153 to senior-level employees), maintaining the proportionate representation of each stratum in the sample. However, due to reluctance or non-responsiveness from some employees, the final number of valid responses used for analysis was 394 (262 from staff-level and 132 from senior-level employees), as shown in Table 3.4.

Table 3.4: Selection of sample using proportionate stratified sampling

| | Strata | Survey floated | Percentage | Filled questionnaire received back | |
				count	Percentage
1	Staff level employees	297	66%	262	66.5%
2	Senior level employees	153	34%	132	33.5%
	Total	450	100%	394	100%

3.4 Operationalization and Scale Description of Variables

The variables used in this study are measured using questioners on five point Likert scale from strongly disagree, disagree, neutral, agree and strongly agree.

3.4.1 Psychological Contract Breach

The operational definition of psychological contract breach is the perceived breach of the implicit or explicit expectations, commitments, and promises that exist between employees and their employer (Robinson & Rousseau, 1994). The independent variable psychological contract breach is measured by using four item scale of (Priesemuth & Taylor, 2016; Robinson & Wolfe Morrison, 2000).Sample item PSB includes "I feel that my organization has violated the contract between us".

3.4.2 Employee Performance

Operationally speaking, employee performance refers to the measurable behaviors, activities, and results displayed by workers in connection to their job assignments, tasks, and responsibilities (Campbell, 1990; Pulakos et al., 2002). The operational definition of employee performance frequently includes many dimensions or criteria, which may include subjective supervisor assessments, objective performance measures (such as sales income or production output), or both (Cascio & Aguinis, 2008; Pulakos et al., 2015). The dependent variable employee performance is measured using 6 items scale developed by Rodwell et al. (1998). Sample Item of EP includes "I try to be at work as often as I can".

3.4.3 Job Satisfaction

Job satisfaction is operationally defined as the favorable emotional and cognitive experiences, feelings, and attitudes that employees perceive as being associated with their jobs are operationally characterized as job satisfaction. Typically, it is measured using self-report methods utilizing

standardized questionnaires created to capture many aspects of satisfaction, such as working conditions, pay, career advancement, supervision, and colleague relationships (Judge et al., 2001; Spector, 1997). The mediating variable job satisfaction is measured using is measured using scale of Agho et al. (1992) containing 6 items. Sample item of JS includes "I feel fairly well satisfied with my job".

3.4.4 Perceived Supervisor Support

The operational definition of perceived supervisor support is an employee's subjective assessment of the degree to which their supervisor is encouraging, compassionate, and shows a sincere interest in their performance at work (Eisenberger et al., 1990). The moderating variable perceived supervisor support was measured using 4 items scale of Eisenberger et al. (1986). Sample item of PSS includes "My work supervisor really cares about my well-being".

3.5 Instrumentation:

Table 3.7: Instrumentation

Type of Variable	Name of Variable	Reference	No of items
Independent	Psychological Contract Breach	(Priesemuth & Taylor, 2016; Robinson & Wolfe Morrison, 2000	4
Dependent	Employee Performance	Rodwell et al. (1998)	6
Mediator	Job Satisfaction	Agho et al. (1992)	6
Moderator	Perceived Supervisor Support	Eisenberger et al. (1986)	4

3.6 Analysis

The present study is causal research, as it examines the cause-and-effect relationship between the independent and dependent variables. It also assesses the causal and consequential roles of moderators and mediators in the investigation. As this study is quantitative in nature SPSS

(Statistical Package for the Social Sciences) is used to analyze the demographic and descriptive statistics of the data. Descriptive statistics such as means, standard deviations, and frequencies were used to summarize demographic and variable data. Additionally to test the outer factor loadings, measurement model (reliability and validity of the construct), discriminant validity and structural model (direct & indirect effects) Smart PLS is utilized to analyze the causal relationships between the variables.

CHAPTER 4

RESULTS

The results section presents the quantitative findings from this study, focusing on the relationships between psychological contract breach, job satisfaction, and employee performance in the textile sector of Pakistan. The statistical analyses provide insight into how psychological contract breaches influence job satisfaction and employee performance. Additionally, the moderating role of perceived supervisor support is examined, demonstrating how supportive supervisors can mitigate some negative impacts of contract breaches. Each hypothesis is tested, and the outcomes reveal significant relationships, highlighting the intricate dynamics between organisational promises, employee expectations, and the resulting performance outcomes within this industry context.

4.1 Demographic Analysis

Table 4.1: Demographic Analysis of Respondents

Variable	Subcategory	No. of Respondents (N)	Percentage
Gender	Female	49	12.4%
	Male	345	87.6%
Age	18-25	53	13.5%
	26-35	171	43.4%
	36-45	137	34.8%
	46-60	33	8.4%
Level	Senior Level (strata-2)	132	33.5%
	Staff Level (strata-1)	262	66.5%
Work Experience	Less than 01 year	49	12.4%
	01 - 05 years	129	32.7%
	06 - 10 years	86	21.8%
	11 - 15 years	68	17.3%
	More than 15 years	62	15.7%

In the demographic analysis section, the study examines the background characteristics of the participants to provide context for understanding the relationships between psychological contract breach, job satisfaction, and employee performance in the textile sector of Pakistan. The demographic variables typically include age, gender, education level, years of experience, job position, and employment type, among others. These factors can offer valuable insights into the diversity of the sample and the potential influences of different demographic factors on the study's outcomes.

The sample is predominantly male, with 87.6% male participants compared to 12.4% female, indicating a significant gender imbalance in the workforce. Most respondents are aged 26-35 (43.4%), followed by 36-45 (34.8%). Younger employees aged 18-25 make up 13.5%, while 8.4% are in the 46-60 age group, suggesting a focus on mid-career professionals. Most respondents (66.5%) work at the staff level, with only 33.5% holding senior positions, indicating a more operational workforce. Employees with 1-5 years of experience form the largest group (32.7%), followed by those 6-10 years (21.8%). New hires with less than 1 year make up 12.4%, while 17.3% have 11-15 years, and 15.7% have over 15 years of experience, reflecting a mix of fresh talent and seasoned staff.
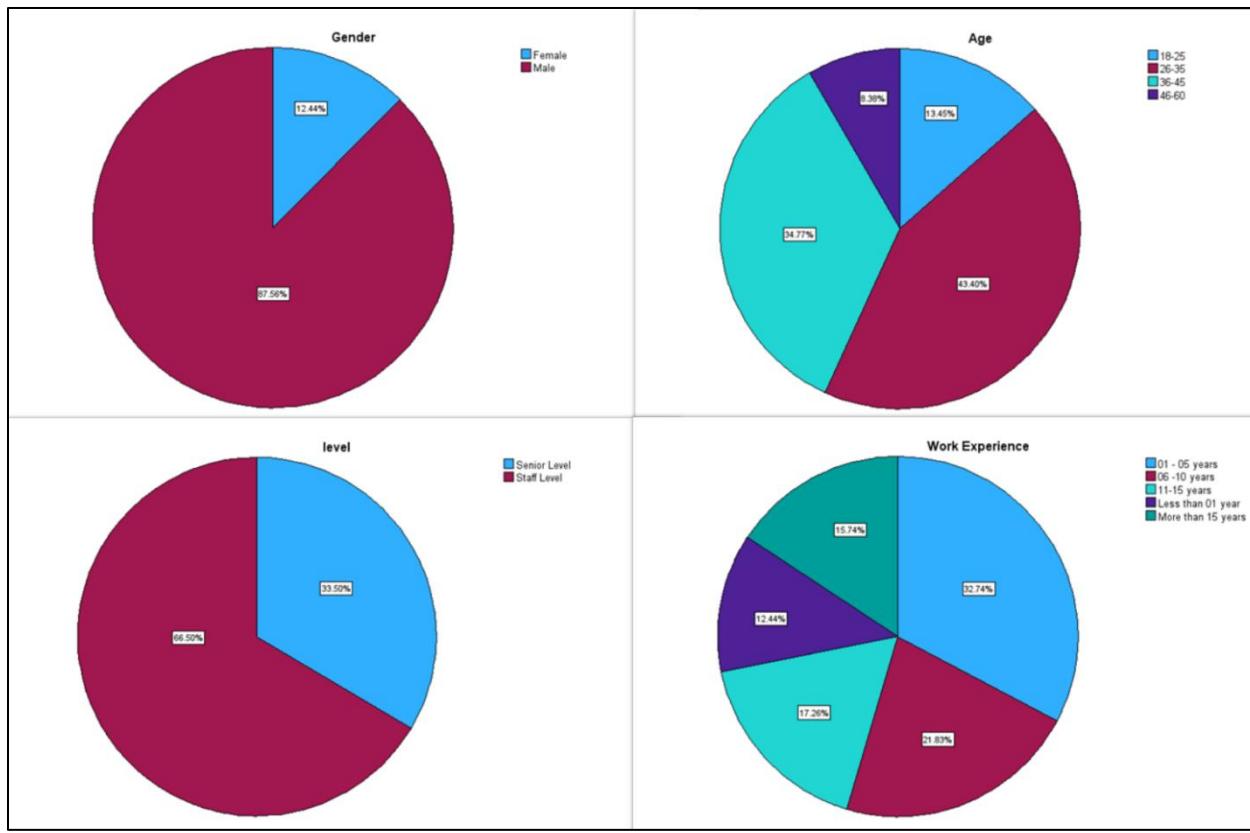
Figure 4.1: Demographic Analysis of Respondents

4.2 Descriptive Statistics

Table 4.2: Descriptive Statistics

Variable		N	Minimum	Maximum	Mean	Std. Deviation
Psychological Contract Breach	PCB1	394	1	5	2.22	1.111
	PCB2	394	1	5	2.34	1.200
	PCB3	394	1	5	2.31	1.239
	PCB4	394	1	5	2.38	1.269
Job Satisfaction	JS1	394	1	5	3.26	1.266
	JS2	394	1	5	3.41	1.280
	JS3	394	1	5	3.09	1.245
	JS4	394	1	5	3.27	1.271
	JS5	394	1	5	3.47	1.268
	JS6	394	1	5	3.42	1.227
	PSS1	394	1	5	3.53	1.196

Perceived Supervisor Support	PSS2	394	1	5	3.72	1.184
	PSS3	394	1	5	3.81	1.154
	PSS4	394	1	5	3.75	1.153
Employee Performance	EP1	394	1	5	3.97	1.036
	EP2	394	1	5	4.06	1.008
	EP3	394	1	5	3.95	1.015
	EP4	394	1	5	4.02	.986
	EP5	394	1	5	3.99	1.024
	EP6	394	1	5	3.70	1.081

The descriptive stats give insights into four key areas: psychological contract breach (PCB), job satisfaction (JS), perceived supervisor support (PSS), and employee performance (EP). The mean scores of PCB (ranging from 2.22 to 2.38) suggest moderate levels of unmet expectations perceived by employees. These values indicate a slightly positive inclination towards agreement with the concept of breaches, although responses remain close to neutral. This pattern shows that while some employees perceive contract breaches, the responses do not show a strong negative reaction, suggesting a balanced perception with slight recognition of breaches. JS scores (3.09–3.47) indicate that employees are generally satisfied. The standard deviations (~1.2) show some variation in satisfaction levels across respondents. PSS scores (3.53–3.81) reveal that employees feel moderately supported by their supervisors, likely contributing to positive outcomes in the workplace. EP scores (3.70–4.06) are the highest, suggesting strong performance. The low variability indicates consistent performance across the sample. The data suggest moderate PCB, good JS, solid PSS, and strong EP, indicating positive workplace dynamics despite some challenges with unmet expectations.

4.3 Normality of Data

Table 4.3: Normality of Data

		N	Skewness		Kurtosis	
		Statistic	Statistic	Std. Error	Statistic	Std. Error
PCB	PCB1	394	.955	.123	.357	.245
	PCB2	394	.746	.123	-.431	.245
	PCB3	394	.789	.123	-.418	.245
	PCB4	394	.755	.123	-.477	.245
JS	JS1	394	-.320	.123	-1.030	.245
	JS2	394	-.590	.123	-.827	.245
	JS3	394	-.156	.123	-1.150	.245
	JS4	394	-.264	.123	-1.076	.245
	JS5	394	-.584	.123	-.796	.245
	JS6	394	-.603	.123	-.682	.245
PSS	PSS1	394	-.518	.123	-.655	.245
	PSS2	394	-.828	.123	-.142	.245
	PSS3	394	-.891	.123	-.041	.245
	PSS4	394	-.820	.123	-.075	.245
EP	EP1	394	-1.292	.123	1.375	.245
	EP2	394	-1.464	.123	2.078	.245
	EP3	394	-1.330	.123	1.706	.245
	EP4	394	-1.403	.123	1.979	.245
	EP5	394	-1.352	.123	1.672	.245
	EP6	394	-.840	.123	.166	.245

The skewness and kurtosis values provide insights into the distribution of data across the dimensions of psychological contract breach (PCB), job satisfaction (JS), perceived supervisor support (PSS), and employee performance (EP). PCB items have positive skewness (0.75–0.96), indicating slight right-skewed distributions, meaning more responses are below the mean. JS and PSS items show slight negative skewness (ranging from -0.15 to -0.89), suggesting a left-skew, where more responses are above the mean. EP items display stronger negative skewness (from -0.84 to -1.46), indicating that performance is perceived higher by most respondents. PCB items have kurtosis close to zero, indicating normal-like distributions. JS and PSS items show negative kurtosis, meaning distributions are flatter than normal. EP items have positive kurtosis (1.37–2.08), suggesting a slightly peaked distribution, meaning many responses are clustered near the mean.

4.4 Measurement Model
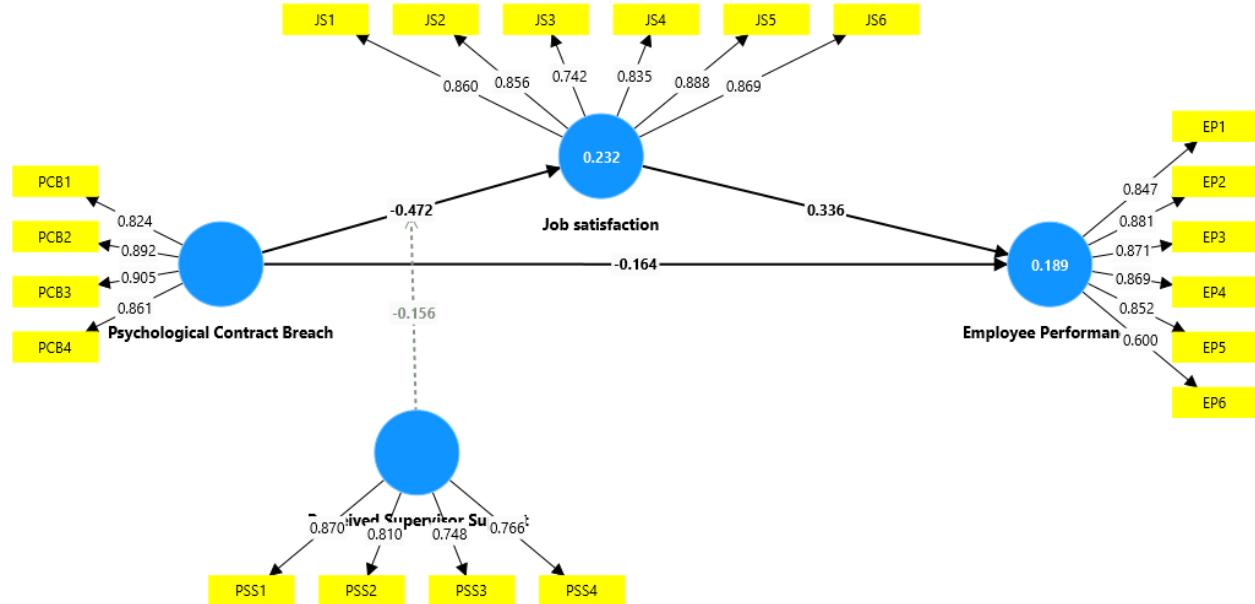
Figure 4.4: Measurement Model

The measurement model shows key PCB, JS, PSS, and EP relationships. PCB negatively impacts JS (-0.472) and EP (-0.164). PCB indicators (PCB1-4) load well (0.824–0.905). JS positively affects EP (0.336), with strong indicator loadings (0.742–0.888). PSS moderates the

PCB-JS relationship (-0.156), reducing PCB's negative effect. PSS indicators (PSS1-4) load between 0.748 and 0.870. EP is measured reliably (EP1-6, 0.600–0.881), showing that higher JS improves performance.

4.5 Outer Loading Matrix

Table 4.5: Outer Loading Matrix

	Employee Performance	Job satisfaction	Perceived Supervisor Support	Psychological Contract Breach
EP1	0.847			
EP2	0.881			
EP3	0.871			
EP4	0.869			
EP5	0.852			
EP6	0.600			
JS1		0.860		
JS2		0.856		
JS3		0.742		
JS4		0.835		
JS5		0.888		
JS6		0.869		
PCB1				0.824
PCB2				0.892
PCB3				0.905
PCB4				0.861
PSS1			0.870	
PSS2			0.810	
PSS3			0.748	
PSS4			0.766	

The outer loadings matrix demonstrates how effectively each indicator reflects its corresponding latent variable, with loadings above 0.7 generally considered strong. For the Employee Performance (EP1–EP6) construct, loadings range from 0.600 to 0.881. Indicators EP2 (0.881) and EP3 (0.871) exhibit the strongest associations with the construct, confirming their reliability. In contrast, EP6 shows a lower loading of 0.600, indicating a weaker contribution, which may warrant further review or potential exclusion to improve model fit. The Job Satisfaction (JS1–JS6) indicators all show high loadings between 0.742 and 0.888, suggesting that each item strongly contributes to the construct and that the scale demonstrates good reliability. Similarly, Perceived Supervisor Support (PSS1–PSS4) items show strong loadings ranging from 0.748 to 0.870, with PSS1 standing out as the most influential indicator (0.870), highlighting its central role in how employees perceive supervisor support. For Psychological Contract Breach (PCB1–PCB4), the loadings are particularly strong, with PCB3 (0.905) and PCB2 (0.892) indicating a robust representation of perceived breaches. While the interaction term between Perceived Supervisor Support and Psychological Contract Breach is not detailed in the loadings table, its inclusion is essential for assessing moderation effects. This interaction term is key in evaluating how perceived supervisor support influences the relationship between psychological contract breach and outcomes like job satisfaction, thus enriching the structural model's explanatory power. While the provided table does not specify loadings for this interaction term, such interaction terms are typically included to assess moderation effects in the study. The model examines how perceived supervisor support might influence the relationship between psychological contract breach and other variables like job satisfaction.

4.6 Construct Reliability and Validity

Table 4.6: Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
EP	0.904	0.922	0.927	0.682
JS	0.918	0.921	0.936	0.711
PSS	0.829	0.933	0.876	0.640
PCB	0.894	0.906	0.926	0.759

EP=Employee performance, JS=Job Satisfaction, PSS=Perceived Supervisor Support PSB=Psychological Contract breach

The constructs exhibit strong reliability and validity. Employee Performance has a Cronbach's alpha of 0.904, composite reliability (CR) of 0.927, and average variance extracted (AVE) of 0.682. Job Satisfaction shows similar strength with an alpha of 0.918, CR of 0.936, and AVE of 0.711. Perceived Supervisor Support records an alpha of 0.829, CR of 0.876, and AVE of 0.640. Psychological Contract Breach also performs well, with an alpha of 0.894, CR of 0.926, and AVE of 0.759. All constructs exceed the recommended thresholds for reliability and convergent validity.

4.7 Discriminant Validity

Table 4.7: Heterotrait-monotrait ratio (HTMT) - Matrix

Variables	EP	JS	PSS	PSB
EP	1			
JS	0.445	1		
PSS	0.202	0.172	1	
PCB	0.338	0.489	0.427	1
PSS x PCB	0.091	0.068	0.265	0.239

EP=Employee performance, JS=Job Satisfaction, PSS=Perceived Supervisor Support PSB=Psychological Contract breach

The Heterotrait-Monotrait (HTMT) ratio confirms discriminant validity, as all values are well below the recommended threshold of 0.85. Employee Performance and Job Satisfaction show a ratio of 0.445, while Perceived Supervisor Support exhibits low correlations with both (0.202 and 0.172, respectively). Psychological Contract Breach has moderate correlations, with the highest being 0.489 with Job Satisfaction. The interaction term (PSS × PCB) maintains low values across the matrix, further validating the distinctiveness of the constructs.

4.8 Fornell-Larker

Table 4.8: Fornell-Larker Criterion

Variables	EP	JS	PSS	PSB	AVE
EP	0.826				0.682
JS	0.410	0.843			0.711
PSS	0.168	0.181	0.800		0.640
PCB	-0.315	-0.449	-0.375	0.871	0.759

EP=Employee performance, JS=Job Satisfaction, PSS=Perceived Supervisor Support PSB=Psychological Contract breach

The Fornell-Larcker criterion confirms discriminant validity by showing that each construct is more strongly related to itself than to other constructs. Employee Performance has a self-correlation of 0.826, higher than its correlation with Job Satisfaction (0.410), Perceived Supervisor Support (0.168), and Psychological Contract Breach (-0.315). Similarly, Job Satisfaction's self-correlation is 0.843, exceeding its correlations with other constructs. Perceived Supervisor Support shows a self-correlation of 0.800, higher than its correlations with Employee Performance, Job Satisfaction, and Psychological Contract Breach. Lastly, Psychological Contract Breach has a self-correlation of 0.871, confirming it is distinct from other constructs. These results validate that each construct is unique and does not overlapping with others in the model.

4.9 Cross Loadings

Table 4.9: Cross-Loadings

Variables		Employee Performance	Job satisfaction	Perceived Supervisor Support	Psychological Contract Breach
EP	EP1	**0.847**	0.369	0.196	-0.270
	EP2	**0.881**	0.382	0.138	-0.326
	EP3	**0.871**	0.358	0.137	-0.269
	EP4	**0.869**	0.339	0.098	-0.261
	EP5	**0.852**	0.327	0.124	-0.258
	EP6	**0.600**	0.229	0.151	-0.138
JS	JS1	0.356	**0.860**	0.156	-0.378
	JS2	0.400	**0.856**	0.147	-0.355
	JS3	0.295	**0.742**	0.144	-0.351
	JS4	0.319	**0.835**	0.138	-0.359
	JS5	0.377	**0.888**	0.173	-0.398
	JS6	0.318	**0.869**	0.157	-0.430
PCB	PCB1	-0.242	-0.329	-0.370	**0.824**
	PCB2	-0.248	-0.368	-0.326	**0.892**
	PCB3	-0.260	-0.394	-0.318	**0.905**
	PCB4	-0.331	-0.454	-0.302	**0.861**
PSS	PSS1	0.150	0.204	**0.870**	-0.328
	PSS2	0.118	0.096	**0.810**	-0.284
	PSS3	0.167	0.051	**0.748**	-0.271
	PSS4	0.121	0.138	**0.766**	-0.301

The cross-loadings analysis confirms that all measurement items load more strongly on their respective constructs than on any other, supporting the model's construct validity. For Employee Performance (EP1–EP6), the loadings range from 0.600 to 0.881 on the intended construct, with notably lower loadings on other variables, indicating that these items reliably

measure employee performance. Similarly, Job Satisfaction (JS1–JS6) shows strong and exclusive loadings between 0.742 and 0.888, reinforcing the precision with which these items represent the job satisfaction construct. In the case of Psychological Contract Breach (PCB1–PCB4), the loadings are highest on the PCB construct, ranging from 0.824 to 0.905, and demonstrate low or even negative cross-loadings on unrelated constructs, further validating discriminant reliability. Perceived Supervisor Support (PSS1–PSS4) also shows robust factor loadings between 0.748 and 0.870, with minimal overlap across other constructs, indicating that these items clearly capture the intended concept. Overall, the cross-loading patterns support the structural integrity and discriminant validity of the measurement model.

4.10 Collinearity statistics (VIF)

Table 4.10: Collinearity statistics (VIF) – Outer Model List

Variable	Items	VIF
EP	EP1	2.584
	EP2	3.113
	EP3	2.837
	EP4	3.030
	EP5	2.829
	EP6	1.398
JS	JS1	2.878
	JS2	2.850
	JS3	1.763
	JS4	2.677
	JS5	3.537
	JS6	2.933
PCB	PCB1	2.050
	PCB2	3.381
	PCB3	3.628

	PCB4	2.038
	PSS1	1.649
	PSS2	2.209
PSS	PSS3	2.028
	PSS4	1.539

The collinearity statistics, measured through Variance Inflation Factor (VIF) values, indicate that multicollinearity is not a concern within the model, as all values fall well below the commonly accepted threshold of 5. For Employee Performance (EP1–EP6), VIF values range from 1.398 to 3.113, suggesting acceptable independence among indicators. Job Satisfaction (JS1–JS6) shows VIF values between 1.763 and 3.537, also within the safe range. Similarly, Psychological Contract Breach (PCB1–PCB4) reports VIF values from 2.038 to 3.628, and Perceived Supervisor Support (PSS1–PSS4) shows values ranging from 1.539 to 2.209. These results collectively confirm that multicollinearity does not distort the model estimates, ensuring the robustness of the structural analysis.

Table 4.10.1: Collinearity statistics (VIF) – Inner Model List

	VIF
Job satisfaction -> Employee Performance	1.253
Perceived Supervisor Support -> Job satisfaction	1.196
Psychological Contract Breach -> Employee Performance	1.253
Psychological Contract Breach -> Job satisfaction	1.190
Perceived Supervisor Support x Psychological Contract Breach -> Job satisfaction	1.081

The VIF values for the inner model confirm that multi collinearity is not a concern, as all values are well below the threshold of 5. job satisfaction influencing employee performance has a

vif of 1.253, and perceived supervisor support affecting job satisfaction shows a VIF of 1.196. Psychological contract breach impacts employee performance and job satisfaction with VIF values of 1.253 and 1.190, respectively. The interaction term (perceived supervisor support × psychological contract breach) influencing job satisfaction has the lowest VIF at 1.081. These results ensure that the predictors are independent, allowing for stable and reliable path estimates.

4.11 Model Fit

Table 4.11: Model Fit - Fit Summary

	Saturated model	**Estimated model**
SRMR	0.055	0.056
d_ULS	0.624	0.652
d_G	0.361	0.362
Chi-square	844.067	842.904
NFI	0.844	0.844

The model fit indicators suggest a good fit for the data. The SRMR values for both the saturated (0.055) and estimated models (0.056) are below the recommended threshold of 0.08, indicating a well-fitting model. The chi-square values (844.067 for the saturated model and 842.904 for the estimated model) show minimal difference, supporting model consistency. The NFI (0.844) is close to the acceptable threshold of 0.9, suggesting the model fits reasonably well. The d_ULS and d_G values (0.624/0.652 and 0.361/0.362, respectively) further confirm the stability and adequacy of the model fit.

4.12 Structural Model
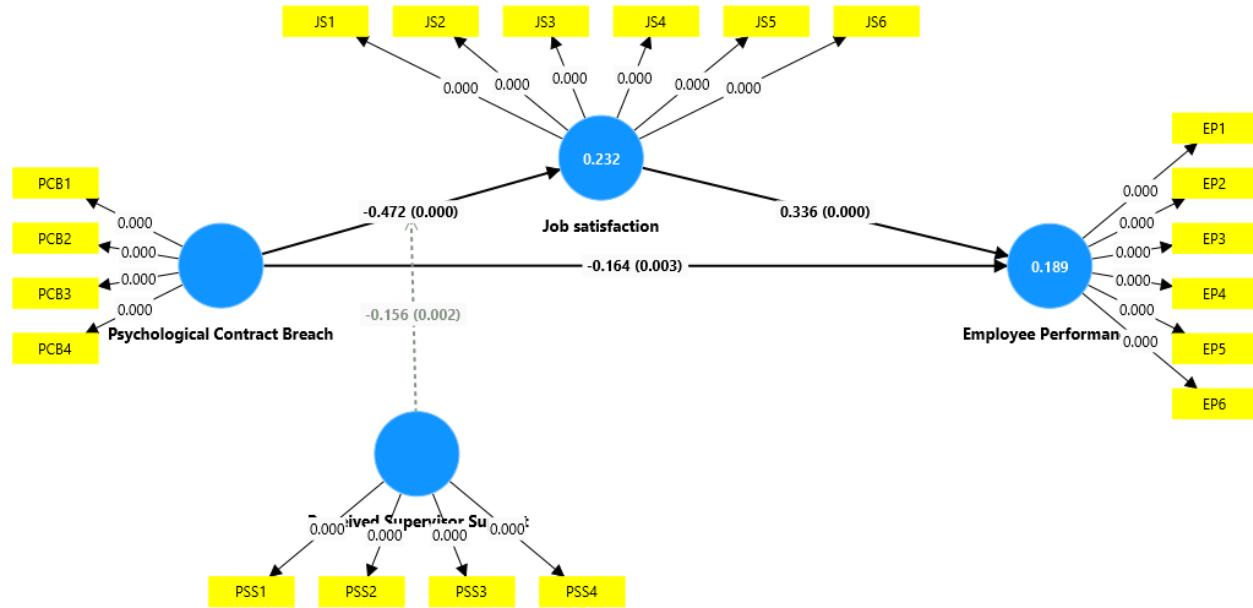
Figure 4.12: Structural Model

The structural equation model (SEM) illustrates the hypothesized relationships among the key constructs and reveals significant findings. The path from Psychological Contract Breach to Job Satisfaction shows a strong and significant negative relationship (β = -0.472, p = 0.000), indicating that breaches in psychological contracts considerably reduce employees' job satisfaction. In turn, Job Satisfaction positively influences Employee Performance (β = 0.336, p = 0.000), confirming that satisfied employees are more likely to perform better. Additionally, Psychological Contract Breach has a direct negative effect on Employee Performance (β = -0.164, p = 0.003), suggesting that unmet expectations can hinder overall work outcomes even beyond satisfaction levels. Finally, the moderating effect of Perceived Supervisor Support on the relationship between Psychological Contract Breach and Job Satisfaction is statistically significant and negative (β = -0.156, p = 0.002), indicating that supportive supervision helps buffer the harmful impact of contract breaches on employee satisfaction. These results collectively validate

the proposed model and highlight the complex interplay between workplace perceptions, satisfaction, and performance.

4.13 Path Analysis

Table 4.13: Path Coefficients – Direct effect

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Psychological Contract Breach -> Employee Performance	-0.164	-0.164	0.056	2.932	0.003
Psychological Contract Breach -> Job satisfaction	-0.472	-0.467	0.049	9.545	0.000
Job satisfaction -> Employee Performance	0.336	0.337	0.057	5.897	0.000
Perceived Supervisor Support -> Job satisfaction	0.046	0.060	0.044	1.042	0.297

The path coefficient results from the structural model reveal crucial insights into the dynamics among psychological contract breach, job satisfaction, perceived supervisor support, and employee performance. The analysis confirms that psychological contract breach has a significant negative effect on employee performance, indicating that when employees perceive unmet promises or obligations, their motivation and work outcomes deteriorate. Similarly, psychological contract breach significantly reduces job satisfaction, emphasizing the critical role of managing and fulfilling organizational commitments to maintain employee morale. Conversely, job satisfaction shows a strong positive influence on employee performance, reinforcing the idea that satisfied employees are more productive and committed to their roles. Interestingly, perceived supervisor support does not have a significant direct effect on job satisfaction, suggesting that while supervisor support is valuable, it may not independently drive satisfaction unless

accompanied by fulfilled organizational expectations. However, the interaction effect between perceived supervisor support and psychological contract breach on job satisfaction is significant, indicating that while support from supervisors can buffer some negative outcomes, it is not sufficient to fully counteract the dissatisfaction caused by breaches. These findings collectively highlight the importance of honoring psychological contracts and fostering job satisfaction, while also recognizing the limitations of supervisory support in isolation.

4.14 Mediation Analysis

Table 4.14: Mediation Analysis – Specific Indirect Effects

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Psychological Contract Breach -> Job satisfaction -> Employee Performance	-0.159	-0.158	0.033	4.766	0.000

The mediation analysis shows a significant indirect effect of psychological contract breach on employee performance through job satisfaction.

The negative indirect effect indicates that breaches in psychological contracts reduce job satisfaction, which, in turn, lowers employee performance. The T-statistic (4.766) exceeds the critical threshold of 1.96, and the P-value (0.000) confirms statistical significance. This suggests that job satisfaction acts as a mediator, meaning that the negative impact of psychological contract breaches on performance is partly explained by the decline in satisfaction.

4.15 Moderation Analysis

Table 4.15: Moderation Analysis

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
Perceived Supervisor Support x Psychological Contract Breach -> Job satisfaction	-0.156	-0.158	0.050	3.103	0.002

The moderation analysis examines the effect of perceived supervisor support on the relationship between psychological contract breach and job satisfaction.

The negative coefficient (-0.156) suggests that psychological contract breaches still reduce job satisfaction even with supervisor support. The significant T-statistic (3.103) and P-value (0.002) indicate that the interaction effect is statistically significant. This result implies that while supervisor support is beneficial, it does not fully mitigate the negative impact of psychological contract breaches, highlighting the limited protective role of support in such situations.
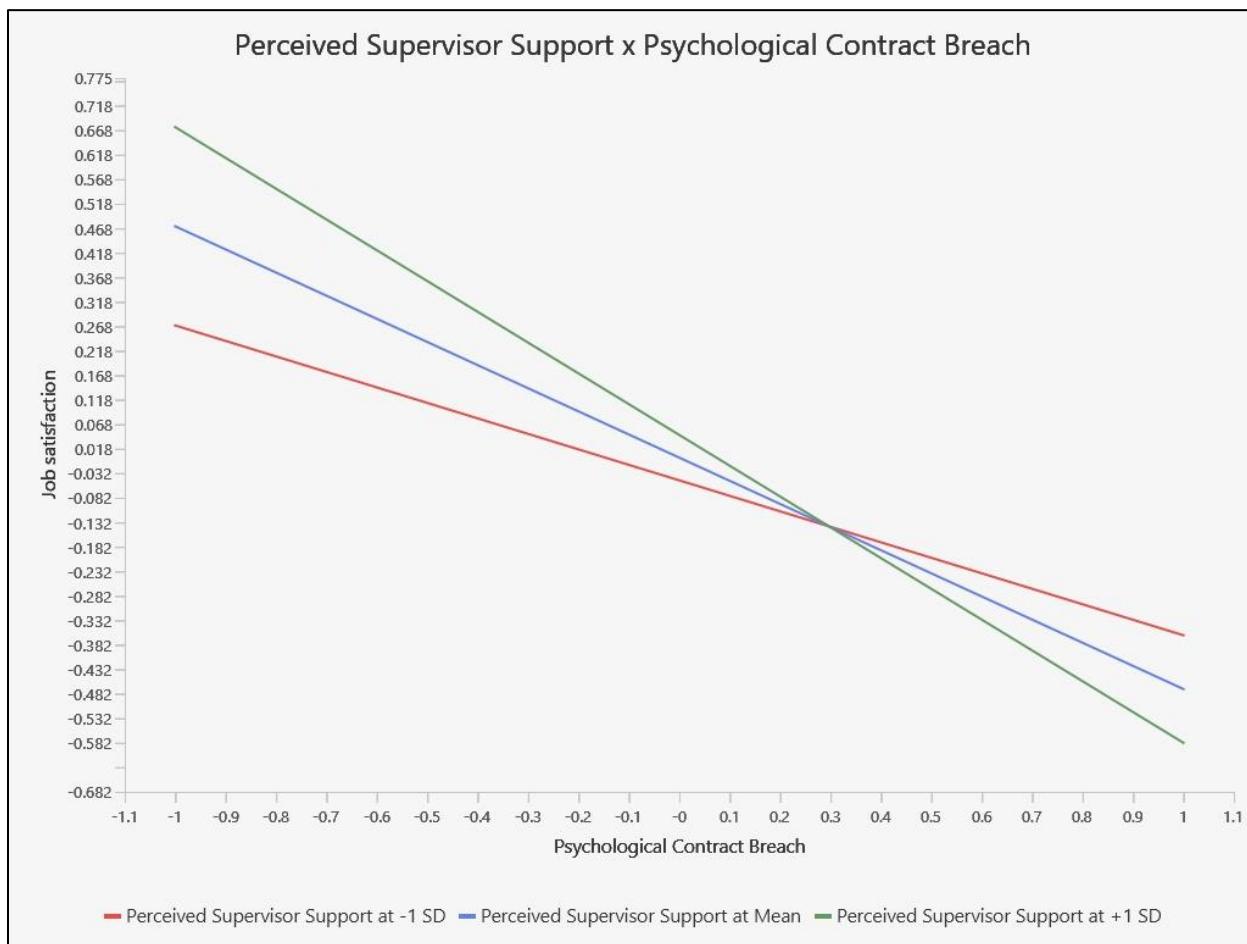
Figure 4.15: Moderation Effect of Perceived Supervisor Support on the Relationship Between Psychological Contract Breach and Job Satisfaction

This interaction plot shows that perceived supervisor support significantly moderates the negative relationship between psychological contract breach and job satisfaction. Higher supervisor support (green line) weakens the negative impact of contract breach compared to lower support (red line).

4.16 Summary of Results

Table 4.16: Hypothesis Summary

Sr. No.	Hypothesis	Accept/ Reject
1	Psychological contract breach has negative impact on employee performance	Accepted
2	Psychological contract breach has negative impact on job satisfaction	Accepted
3	Job satisfaction has positive impact on employee performance	Accepted
4	Job satisfaction mediates the relationship between psychological contract breach and employee performance	Accepted
5	Perceived supervisor support moderates the relationship between psychological contract breach and job satisfaction, such that higher support weakens this relationship	Accepted

CHAPTER 5

DISCUSSION

The discussion section interprets the findings considering established theories and prior research, offering a deeper understanding of the results. This section explores how perceived fairness and reciprocity in the workplace shape employee attitudes and behaviours by situating the study's findings within frameworks such as Social Exchange Theory. The analysis reveals that psychological contract breaches can significantly undermine job satisfaction and performance but also identifies that the perceived supervisory support as a moderator being a valuable buffer against these negative effects derived by the psychological contract breach. Comparisons with prior studies underscore the unique challenges and responses observed in Pakistan's textile sector, suggesting practical strategies for organisations to strengthen employee relations and improve performance. This discussion offers implications for theory and practice, providing guidance for future research and organisational practices to foster resilient, high-performing work environments in Pakistan's textile sector.

5.1 Discussion

The results show that PCB has an absolute and null hypothesis negative effect on EA. This is a common argument in social exchange theory, which also states that perceived fairness discourages organisational citizenship among employees because they get a negative impression of their employer's willingness to reciprocate (Cropanzano et al., 2017). The literature shows that employees who experience PCB do not feel motivated to go the extra mile and perform dismally (Dugguh & Dennis, 2014). A perception of inequity causes employees to mentally check out of work, resulting in poor quality work delivered as they are not motivated anymore. Similarly, the Conservation of Resources Theory also substantiates this view: to protect one's resources,

employees withdraw their efforts when expectations are unmet (Liu et al., 2020). Equity Theory Adams (1965) added to this learning by proposing that perceived inequality emanating from breaches decreases commitment among employees. Such a feeling of inequity demots and reduces employee engagement, leading to poor performance (Abdelmoteleb, 2019). Azeem et al. (2020) reveal that PCB has a negative consequence indicated by performance, as employees give lower ratings of motivation and commitment after perceiving violation of their psychological contracts. Therefore, organisations need to ensure that the psychological contracts are well managed regarding perceived breaches to enhance the high levels of employee performance and engagement in the organization to gain increased employee performance. Besides, there is a need for the management to quickly identify signals of dissatisfaction to prevent performance deterioration and cultivate such attitudes conducive to commitment to the organisation.

Carrying out the study also supports the fact that PCB significantly negatively impacts job satisfaction. This significant level of negative relationship shows that people who hold a psychological contract gap are dissatisfied at the workplace, especially if they perceive that their employers have failed to reciprocate equivalent value (Rousseau, 1995). Employees build up their expectations from past interactions, organisational culture, and personal perception; therefore, failure to meet those expectations fosters perceptions of betrayal-calculation (Davis & Kauffman, 2019). Psychological contract theory states that if employees perceive a specific violation in their organisation, they are likely to develop psychological and emotional responses to the perceived violations (Suazo, 2009). Employ and Veya have found out that when employees find that their expectations are not met, they experience some form of betrayal and thus are not very happy in their places of work (Abdelmoteleb, 2019). For instance, Agho et al. (1992) observed increased dissatisfaction across several industrial sectors when the workers regarded their inputs as neither

commended nor compensated appropriately. This leads to demotivation and high intended turnover as other organisations offer an opportunity to meet their needs. This is well supported by the Conservation of Resources Theory (Hobfoll, 1989), which adds that people will always seek to guard their psychological resources. Breach situations can make the employees disinterested or demotivated to save their resources, hence less joy in their jobs (Li et al., 2016). Research evidence shows that turnover intentions and engagement are lower due to dissatisfaction associated with PCB (Awan et al., 2021). Following the text of Abdallah (2017), it is stated that positive psychological contracts greatly determine employee retention, as psychological contract violations result in a deep level of dissatisfaction and negative emotional responses to employees and organisations. Therefore, organisations must purposely maintain psychological contracts to maintain employee satisfaction and engagement.

It was observed that job satisfaction positively impacts employee performance. The model's goodness of fit is high and using the estimate in the document correlates job satisfaction with the improvement in employee performance. This conclusion supports the study by Siengthai and Pila-Ngarm (2016), who observed that job satisfaction was positively related to performance and supported organisational development. When the strategies are structured to ensure that employees feel appreciated and are sure that the roles they are assigned represent personal and professional self-interest, there is a high motivational pull and high commitment (Anitha, 2014). Another approach used is structural equation modelling (SEM), where the results show a positive relationship between job satisfaction and performance (Iqbal et al., 2012). For example, Judge et al., (2001) surveyed the existing meta-analytic samples to derive a quantitative measure of the job satisfaction-performance relationship and argue that while selecting a job, employees aim for higher job satisfaction, which in turn influences the achievement of better job performance. His

studies show that customers-yielded contented employees are more likely to achieve challenging targets, display innovative behaviour, and enhance teamwork contributions that improve organisational performance. However, there is more substantiation for the assertion that Ahmad et al., (2015) posits that job satisfaction enhances performance. When employees are happy with their assigned jobs, they try to improve organisational performance since such behaviours are associated with proactivity. This goes a long way in supporting the development of a friendly work environment with a strong focus on the needs of the employees as a possible method of improving the general performance as a whole. However, according to Raza et al., (2020), the study shows that job satisfaction should also reduce absenteeism since employees who enjoy their jobs are always committed to performing their duties, enhancing organisational productivity.

A mediated moderation analysis shows a direct moderation effect of PCB on employee performance through the mediator job satisfaction. This goes a long way in showing that PCB has a negative relationship with performance in terms of satisfaction. According to Collins and Beauregard (2020), job satisfaction buffered the deleterious impact of PCB on performance. The authors further suggested that satisfaction should be positively increased as it may moderate the detrimental roles of PCB on performance. In this study, it was found that by enhancing the degree of job satisfaction, organisations can positively influence the motivation and productivity of employees despite the violation. Further evidence for the contingent role of job satisfaction is provided by Ampofo (2021), the author also claims one should agree that dissatisfaction arising from PCB means lower motivation and engagement, which translates breaches into performance differences. High expectations in the workplace make employees unsatisfied with their expectations; hence, changing their positive attitude towards their roles and thus negative effects on performance outcomes will be realised (Astuti et al., 2020). Also, Abdullah (2017) pointed out

that pursuing work satisfaction creates conditions to retain employees and enhance high organisational performance despite violating the psychological contract. This has brought to light the need to target employee satisfaction management as a critical management issue to ensure that organisations effectively moderate the impact of PCB and maintain employee productivity. If adequately implemented through creating open lines of communication, giving feedback and recognising employee input, it can go a long way in raising job satisfaction standards. Such practices can cause a more robust and more tolerant workforce that will be able to overcome such a challenge.

As the moderation analysis showed, it seems that perceived supervisory support helps moderate the negative effect of PCB on job satisfaction. Supervisory support offers employees essential emotional and professional support; however, it fails to erase the impact of failed expectations. Azeem et al. also found in their study that PCB may mitigate satisfaction, but unfulfilled promises remain sickened. This highlights the fact that there is a close connection between the expectations employees have about the kind of treatment and interactions they are to receive from supervisors and the kind of behaviour that they get from them; there is no one formula for managing employees. Eisenberger et al., (1990) observed that while PCB puts employees at a disadvantage regarding negative organisational outcomes, perceived organisational support, including supervisory support, boosts the employee's ability to withstand the negative consequences of PCB. However, this support is not enough to completely erase the dissatisfaction evoked by breaches. The implications of the study reemphasise the importance of proper supervisory support for creating a proactive organisational climate that may help to mitigate the adverse effects of PCB while at the same time recognising that complete eradication may not be possible. Furthermore, research done by Kalidass and Bahron (2015) suggests a positive

relationship between supervisory support and job satisfaction, meaning that superficial supportive working relationships play a vital role in overriding the negative effects of PCB on the morale of product development employees. A supervisor who supports employees can be considered a moderator because it helps employees address the emotional cropping stemming from psychological contract breaches. Hence, organisations should consider training and development activities that seek to work on supervisory support to promote job contentment and productivity among their employees. The fact is that establishing a corporate culture in which supervisors can identify the problematic state of the subordinate and give him help is one of the significant ways of decreasing turnover rates and increasing employee satisfaction levels.

5.2 Theoretical Implications

This study contributes to the development of the existing theories by understanding and validating the complex relationship between perceived supervisory support, psychological contract breach, job satisfaction, and employee performance. This research also significantly builds on SET by identifying that employees' perceptions of OV breaches within the organisational setting negatively affect their job satisfaction and performance while presenting a key aspect of reciprocity and perceived fairness by employees. In turn, social exchange theory argues that motivation and organisational commitment are promoted by such positive social exchanges as supportive supervision. However, when the organisational expectation is not met, it negates the psychological contract and reduces positive reciprocity and engagement (Eisenberger et al., 1986; Blau, 2017). It is also consistent with the Conservation of Resources (COR) theory regarding employees' attempts to preserve resources when they detect psychological violations, of which a result in poor performance is a common outcome (Li et al., 2016; Liu et al., 2020).

Moreover, the research supports equity theory because organisational rewards and punishments should establish a fair balance in the employer-employee relationship. The present empirical evidence suggests that perceptions of supervisory support might mediate the relationship between psychological contract breach and job satisfaction, which indicates that fair support might diminish dissatisfaction but not stress it entirely (Adams, 1965). This makes a theoretical contribution by situating supervisory support as a partial buffer of psychological contracts, given what breach can cause dissatisfaction.

5.3 Practical Implications

This study offers valuable practical implications for the textile sector of Pakistan, particularly in improving human resource practices by addressing psychological contract breach, enhancing job satisfaction, and leveraging perceived supervisor support. Organizations can use these insights to develop strategic interventions that address key workplace dynamics directly affecting employee performance. First, the findings highlight that psychological contract breach significantly undermines job satisfaction and employee performance (Li et al., 2022; Rousseau, 1989). Managers and HR professionals must take proactive steps to clearly communicate mutual expectations and consistently meet employee commitments. Establishing transparent communication channels and setting realistic expectations during recruitment and onboarding phases can mitigate perceptions of breach (Koomson, 2024). Second, enhancing job satisfaction is crucial for sustaining high employee performance. Factors such as fair recognition, career advancement opportunities, and healthy work-life balance significantly influence satisfaction levels (Budhwar et al., 2023; Herzberg, 1959). Organizations should invest in motivational drivers, such as skill development, performance-based rewards, and participative leadership, that foster intrinsic job satisfaction and commitment (Hackman & Oldham, 1980). Third, the study

underscores the moderating role of perceived supervisor support in mitigating the negative effects of psychological contract breach (Abdelmoteleb, 2019; Eisenberger et al., 2001). This suggests the importance of training supervisors to be empathetic leaders who can provide emotional and professional support to their teams. Supervisors should be equipped with skills to recognize signs of dissatisfaction and address grievances before they impact performance. Moreover, organizations can develop performance management systems that not only assess outcomes but also consider the quality of employee experience. By aligning managerial practices with employee expectations, fostering a supportive environment, and institutionalizing feedback mechanisms, textile firms can cultivate a culture of trust, equity, and high performance.

5.4 Limitations

However, some limitations may affect the parsing of results and their generalization in this study. Firstly, it is a cross-sectional study based on the textile industry of Pakistan only to some extent, which may not generalize to the experience of employees in other fields or cultures. The cultural and operational features of textile production in Pakistan may limit the applicability of the results to other sectors and industries with different relationships with their employees. Therefore, one should use these insights with caution. Another limitation is that the data is based on self-reported scales on variables like job satisfaction, perceived supervisory support and perceived psychological contract breaches. Self-report data is always potentially questionable due to such limitations as socially desirable responses and retrospective bias when respondents adjust their answers to their current emotional state.

This work's cross-sectional nature and the fact that the data were collected at one time only adds other kinds of bias to the research and dramatically reduces the quality of the findings. This is because a longitudinal study design is needed to eliminate the suspicion of reverse causality, establish causality or even track the dynamic nature of the interrelation between the psychological contract breach, job satisfaction, and employee performance. Of particular concern is that the measure of an employee's satisfaction and performance may not be constant over time due to changes in organizational success or personal factors resulting from contract breaches, among other things. The study also minimizes perceived supervisory support as the primary moderating variable in the analysis. Of course, other factors that may affect organizational and personal environment, including work-life balance, job security, remuneration package, and career advancement, should also be considered while discussing the factors that affect employee satisfaction and performance. In this sense, what this study failed to do is thoroughly examine other potential variables that could influence the consequences of psychological contract breaches. While the research focused on certain key factors, it did not explore the full range of contextual, individual, and organizational elements or factors that might also play a role in shaping how breaches of psychological contracts are perceived and addressed. For instance, variables such as organizational culture, leadership style, employee resilience, or even external economic factors could significantly impact how employees react to broken promises or unmet expectations.

Employers have control over the level of negative impact psychological contract breach will cause on their employees, by openly communication and making sure that both parties' expectations are realistically set from the start(Ampofo et al 2020). The importance of clear communication of expected roles and responsibilities as well as changes that affect the organization can be understood. Employers should accept the lapses, tender an apology and facilitate remedial action

as a way of putting things right and correcting the weaknesses. Constant support tools like career development, Employee rewards and a healthy organizational culture would also lead citizens to better performance. Thirdly, enhancing leaders' increased commitment and employee engagement increases fairly and consistently the psychological contract while reducing breaches' negative effect on job satisfaction and job performance (Bravo et al 2019).

In conclusion, while this study provides valuable insights into the psychological contract and its consequences, it leaves scope for further investigation into other variables that could deepen our understanding of how and why psychological contract breaches affect employees in diverse ways. Future research could explore these additional factors to provide a more comprehensive view of the dynamics at play in psychological contract breaches.

5.5 Future Research

Given these limitations, future research could adopt a longitudinal design to track how relationships between psychological contract breach, job satisfaction, and performance evolve, providing insights into causation rather than correlation. This approach would also clarify the long-term impacts of contract breaches, potentially revealing delayed effects on job satisfaction and performance.

Broadening the study's scope to include diverse industries and regions would improve the generalizability of findings. Comparative studies across sectors, such as services, manufacturing, and technology, could reveal if the impact of psychological contract breaches varies by industry and work environment. Cross-cultural studies could further explore how cultural factors shape employee expectations, contract breach experiences, and the effectiveness of supervisory support as a moderating factor.

Future research could examine other moderating variables that might interact with psychological contract breaches, affecting job satisfaction and performance. Future research could further explore conditions that buffer the negative impact of psychological contract breach on job satisfaction. For instance, examining different forms or levels of perceived supervisor support could provide deeper insights into how support mitigates dissatisfaction arising from contract breaches. Additionally, longitudinal studies could investigate whether the moderating effect of supervisor support remains consistent over time or varies across organizational contexts, offering a more comprehensive understanding of its role.

5.6 Conclusion

This study set out to investigate the impact of psychological contract breach on employee performance within the textile sector of Pakistan, with job satisfaction as a mediating variable and perceived supervisor support as a moderating factor. Drawing upon Social Exchange Theory, the research provides a comprehensive understanding of how employees' perceptions of fairness, support, and fulfillment of expectations significantly shape their workplace attitudes and behaviors. The key finding of the study is that psychological contract breach has a significant negative impact on both job satisfaction and employee performance. Employees who perceive that their employer has failed to meet implicit or explicit obligations tend to experience dissatisfaction, lowered motivation, and reduced performance. This underscores the importance of maintaining psychological agreements and aligning organizational promises with employee expectations. Another major contribution of the study is the positive relationship identified between job satisfaction and employee performance. Employees who are content with their roles, feel valued, and believe their efforts are recognized are more likely to exhibit higher levels of productivity, commitment, and workplace engagement. Furthermore, the research confirms the mediating role

of job satisfaction between psychological contract breach and employee performance. This highlights job satisfaction not just as an outcome but as a mechanism through which breaches in the psychological contract affect work outcomes. Crucially, the study also established the moderating role of perceived supervisor support in the relationship between psychological contract breach and job satisfaction. Employees who perceive their supervisors as supportive, empathetic, and communicative are less likely to be adversely affected by contract breaches. This finding has significant implications for managerial practices, suggesting that supportive leadership can serve as a buffer that maintains morale and job satisfaction even in the face of organizational shortfalls. These findings have direct practical implications for textile sector organizations and human resource managers. Organizations must invest in building transparent and trust-based relationships with employees from the outset, ensuring that job roles, expectations, and performance standards are clearly communicated. Psychological contracts should be managed carefully through open communication, consistent feedback, and fairness in decision-making processes. Timely acknowledgment of breaches, when they do occur, along with corrective action can restore trust and reduce negative emotional responses.

In terms of managerial interventions, enhancing perceived supervisor support emerges as a key priority. Supervisors should be trained not only in operational management but also in interpersonal communication, emotional intelligence, and conflict resolution. A culture of recognition, empathy, and mutual respect should be fostered to create a psychologically safe work environment. Supervisors who demonstrate care for employee well-being can help maintain high levels of job satisfaction even during periods of organizational stress or change. Job enrichment strategies also play a vital role in sustaining employee satisfaction and performance. Organizations should design work that provides variety, autonomy, and opportunities for personal and

professional growth. Recognition programs, performance-based rewards, and inclusive decision-making can contribute significantly to employee motivation and retention. These strategies will not only improve individual performance but also enhance organizational productivity and competitiveness in the broader market. Beyond its practical relevance, this study makes several theoretical contributions. It adds to the growing body of research on psychological contract theory in non-Western contexts, specifically within a developing country's labor-intensive industry. By empirically validating the roles of job satisfaction and perceived supervisor support, the study deepens our understanding of how social exchange mechanisms operate in professional environments where formal contracts are often supplemented by informal, psychological understandings. However, the research also acknowledges certain limitations. The study is context-specific, focusing solely on the textile sector in Islamabad and Rawalpindi, which may limit the generalizability of the findings to other regions or industries. The cross-sectional design captures employee perceptions at a single point in time and may not fully account for how these relationships evolve over time. Furthermore, the reliance on self-reported data introduces potential bias, particularly in measuring sensitive constructs like breach perception and satisfaction. These limitations offer several directions for future research. Longitudinal studies could better capture the dynamic nature of psychological contracts and how they impact long-term employee performance. Comparative studies across different sectors or geographic regions within Pakistan would help determine whether the identified relationships hold across varied organizational cultures and operational contexts. Additionally, future research could explore other mediating or moderating variables such as organizational justice, leadership style, emotional intelligence, or employee resilience to build a more comprehensive model of employee behavior.

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Annexure

1) Research Survey Questionnaire

Dear Respondent,

As a MS Research Scholar at National University of Modern Languages Rawalpindi campus, I am collecting data for my Research Thesis. Title: "Investigating the Moderating Effect of Perceived Supervisor Support between Impact of Job Dissatisfaction and Psychological Contract Violation on Employee Performance in textile Sector of Pakistan". It will take your 15-20 minutes to answer the questions by providing the valuable information. I assure you that data will be kept confidential and will only be used for academic purposes. To ensure anonymity, you are not supposed to write your name or name of organization anywhere in the questionnaire. Thankyou for your valuable time and input.

Regards

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Part-A

Demographics
Name:
Age: (18-25) (26-35) (36-45) (46-60)
Gender: Male / Female
Designation
Basic Pay Scale (BPS)/ Employee level: 1- Staff level — Strata 1
2- Senior Level — Strata 2
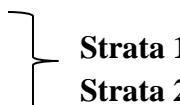
Tenure / Length of Service with Organization (in years)?
Less than 01 year
01 - 05 years
06 - 10 years
11 - 15 years
More than 15 years

Part-B
How much do you agree with each statement?

1 _____2_____3_____4_____5_____

Strongly Disagree   Disagree   Neutral   Agree   Strongly Agree

a) Psychological Contract Breach

1.	I feel a great deal of anger towards my organization	1	2	3	4	5
2.	I feel betrayed by my organization	1	2	3	4	5
3.	I feel that my organization has violated the contract between us	1	2	3	4	5
4.	I feel extremely frustrated by how I have been treated by my organization	1	2	3	4	5

b) Perceived Supervisor Support

1.	My supervisor cares about my opinions	1	2	3	4	5
2.	My work supervisor really cares about my well-being	1	2	3	4	5
3.	My supervisor strongly considers my goals and values	1	2	3	4	5
4.	My supervisor shows concern for me	1	2	3	4	5

c) Job satisfaction

1.	I find real enjoyment in my job	1	2	3	4	5
2.	I like my job better than the average person	1	2	3	4	5
3.	I am seldom bored with my job	1	2	3	4	5
4.	I would not consider taking another kind of job	1	2	3	4	5
5.	Most days I am enthusiastic about my job	1	2	3	4	5
6.	I feel fairly well satisfied with my job	1	2	3	4	5

d) Employee Performance

1.	I am currently working at my best performance level	1	2	3	4	5
2.	I try to be at work as often as I can	1	2	3	4	5
3.	I am one of the best at the work I do	1	2	3	4	5
4.	I set very high standards for my work	1	2	3	4	5
5.	My work is always of high quality	1	2	3	4	5
6.	I am proud of my work performance	1	2	3	4	5