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Negative Word of Mouth and Online Shopping: Examining the Role of Psychological Contract Violation, Trust and Satisfaction

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Abstract
In a highly competitive e-retailing world, service provision fulfilling the customer’s expectations plays a crucial role in survival and sustainability of buyer-seller relationship. However, service failure could result in negative outcomes due to destruction of this relationship. From buyer-seller relationship perspective in online shopping context, the research regarding negative word of mouth (NWOM) resulting from psychological contract violation (PCV) is scarce and demands attention. Therefore, building on Stimulus-Organism-Response (S-O-R) model and PCV theory, this study examined the direct impact of PCV on NWOM through the mediating mechanism of trust and satisfaction. Data were collected using structured questionnaire and results were analyzed through structural equation modeling. The findings emphasized that PCV, due to unmet expectations of consumers in online shopping experience, positively influence NWOM directly and as well through satisfaction and trust. Both satisfaction and trust partially mediated the relationship between PCV and NWOM. These findings mainly contribute in the field of online retailing and suggest ways such as avoiding delivery delay of product, variation in quality of product, making it easy for customer to claim refund, non-delivery of product or out-of-stock items on online catalogs etc. Avoiding these can strengthen the buyer-seller relationship proactively via service provision in order to minimize the destructive negative outcomes.

Key words: psychological contract violation (PCV), negative word of mouth (NWOM), trust, satisfaction, stimulus-organism-response (S-O-R) model, online retailing.

1. Introduction
The central focus of all the marketing strategies and activities is on the consumer attitude and behavior in today’s highly competitive marketing environment. Therefore,
understanding the consumer’s purchasing as well as consumption decision about various products is crucial and marketing researchers have realized that product characteristics are important for the consumer while making a purchasing decision regarding perishable (Harcar & Karakaya, 2005; Tsiros & Heilman, 2005) as well as online products. Presently, technology on one hand has made convenient to convey message to the vast audience, but on the other hand, it has increased the chances of negative outcomes such as negative word of mouth. Even a small mistake by any online or offline business violating psychological contract of a consumer could offend him to such an extent that through a single click he can spread his negativity to a much larger audience. Nowadays, there is an increasing online business trend observed all over the world. E-retailers are now required to focus on designing the strategies that must address the issues of before and after service failures. Any service failure violating psychological contract may lead to broken trust and reduced satisfaction forcing consumers to utter negative word of mouth. Therefore, our study underscores the importance of negative word of mouth for the e-retailers in order to make crucial proactive and post active steps to avoid its deleterious effects on their e-retailing business.

While making online purchases from some well reputable websites, consumers naturally believe and perceive a psychological contract with the seller (Pavlou & Gefen, 2005) and develop trust and satisfaction. Psychological contract comprise of individual perception where individual cognition mainly possess importance. Psychological contract result from the assumption of mutual promises on the basis of shared commitments that in turn create beliefs (Rousseau, 1989). Such belief possessed by one party that other party is responsible for the execution of certain behavior results in a psychological contract (Rousseau, 1995) which is different on the basis of possessing a promissory character from the broader concept of expectation (Rousseau & Tijoriwala, 1998). It is believed that information can be directly attained from an individual about contract because of the perception of mutual commitment and obligations resulting in psychological contract (Rousseau & Tijoriwala, 1998). In buyer-seller relationship, buyer psychologically develops a perceptual belief termed as psychological contracts about the contractual duties and compulsions of a seller (Pavlou & Gefen, 2005). On the contrary, when people perceptually belief that they are not receiving what they expect or deserve on the basis of contractual agreement, then it results in psychological contract violation (Robinson & Morrison, 2000). The hidden nature of psychological contract violation had been studied in online market places in order to understand not only the buyer-seller relationships but also the overall behavior of buyer in online perspective through identifying the antecedents, consequences and moderating role of PCV (Pavlou & Gefen, 2005). Chopdar & Sivakumar (2018) have explored the relationship between the mobile phone shopping apps and PCV. In the past, PCV was examined not only in one-to-one relationships but also in one-to-many context that is relevant to especially current IT-enabled environment. At present, IT is used in different context such as reporting sites (e.g., BizRate, CNET), online auction marketplaces (e.g., eBay, Amazon Auctions), online travel agencies (e.g., Price line, Hotwire, Orbitz), price comparison portals (e.g., PriceScan, PriceGrabber) and online shopping portals (e.g., Yahoo! Shopping, Amazon zShops, Froogle). Hence, PCV study require deep understanding in various context due to its transforming nature from context of one-to-one into one-to-many ones. In online market places, it has been observed that buyers are less likely to transact or buy from a
seller with whom they have experienced PCV (Pavlou & Gefen, 2005). Therefore, this study examined the psychological contract violation from online shopping perspective. Moreover, legal and psychological are the two important components of a contract in buyer and seller relationship where psychological contract comprise of an agreement on the basis of mutual interchange. Due to the mutual obligations, it is expected that these obligations would be fulfilled by both parties individually when engaged in psychological contract and hence would increase the chances of trust, commitment and satisfaction. In addition, as a result of psychological contract, special subset of expectations arises that are related to the transmission of promise by one party to another. In case of violation of psychological contract, however, would provoke more forceful and expressively striking reactions due to the non-fulfillment of contract-based obligations. Likewise, an operation of the online website and information present on that website is considered reliable by the potential consumers if an online shop is trustworthy. Therefore, trust is one of the important factors of online behavior among other various factors.

It is believed that customers like to tell others about the product with which they have a pleasing experience and due to this satisfactory experience, their possibility to influence others regarding perception of a product or a brand is increased through communication. In market oriented management, customer satisfaction has gained central position due to its importance. In the past, many studies have been conducted on the antecedents of customer satisfaction and its behavioral outcomes. Customer satisfaction has been defined as “a pleasurable level of consumption-related fulfillment” (Oliver, 1997). According to Hanan & Karp (1989), the vital concern of any business is not to supply, serve or sell instead its main focus is to develop customer satisfaction that in turn provoke motivation in consumers to get engaged in their business. However on the contrary, there are number of variables involved in selection of an action which are aroused in response to some severe dissatisfaction by the consumer. Those variables might include the nature of the dissatisfaction, perceptions of blame for the dissatisfaction, and perceptions of retailer responsiveness. There is a good amount of studies on negative word of mouth as an outcome of consumer behavior however; limited number of studies is conducted to understand the influence of PCV on negative NWOM. Hence in order to fill this gap, present study addresses the PCV on NWOM through trust and satisfaction mediation from S-O-R model and psychological contract violation theory.

With the rapid pace of both online retail's expansion and customer's increasing expectations about online retail this study provides much needed research on customer's and hence provides practical advices for online retailers that are helpful to them in minimizing negative online repute. Elements as keeping inventory up-to-date, avoiding delayed deliveries, consistent quality of products are steps that would help them to retain more customers. Proposed framework of the study is given below and literature review is also discussed.
2. Conceptual Framework

S-O-R model has been used from the perspective of online research in various studies (Kim & Lennon, 2010; Kawaf & Tagg, 2012). Mehrabian & Russell (1974) proposed a stimulus-organism-response (S-O-R) model that has been widely used to understand and explain the decision making behavior of a consumer not only in retail settings (Jang & Namkung, 2009) but also in online retailing context (Richard & Chebat, 2016; Kim & Lennon, 2010; Kawaf & Tagg, 2012).

According to this S-O-R model, stimulus (S) is present in an environment on the basis of which, an individual’s (O) internal organismic state is influenced and it results in a response (R) either in the form of approach or avoidance behavior. Hence, this model explains the mediating role of intermediary states (cognitive and affective) in stimulus (S) and individual’s response (R) relationship. Environmental stimuli including atmospheric, website design and store environment represent the stimuli (S) in the S-O-R model that trigger the organismic state (O) of the individual (Vieira, 2013). Moreover, store atmosphere is an environmental input because stimuli are external to the person in stimulus-organism-response system for explaining the consumer behavior (Bagozzi, 1986). External stimuli also comprise of background patterns, music, animation, color, merchandise, fonts and icons. These are all part of online store atmosphere and therefore, emotions and responses of consumers are influenced by these components. Moreover, online atmospheric stimuli include sale/promotion signage, product display method, color presentation, music, color presentation (Ha et al., 2007). Hence, emotional states are also provoked by providing the entertaining shopping experience to the consumers. So, responses of consumer characterized as emotional, cognitive and behavioral were studied in order to understand the online shopping environment (Kim & Lennon, 2010). However, many researchers also apply intangible stimuli to S-O-R model in order to understand its influence on individual organismic state (O). In service setting, it is argued that customer evaluation of perceived quality cannot be completely recognized from the environmental stimuli which are just the subgroup of overall service stimuli (Jang & Namkung, 2009; Namkung & Jang, 2010) because there is the possibility of the existence of other service
stímulí that might play an important role in service setting context. In comparison to the consumers who do not purchase online, reduced amount of risk in online shopping and more amount of confidence while online purchasing has been observed in those consumers who are engaged in online shopping. Therefore, relationship between consequential and psychological risks and purchase intention was found to be insignificant (Kim & Lennon, 2010).

In the past, studies were conducted where intangible stimuli (S) such as customer perceptions of service quality (Jang & Namkung, 2009), perceived service fairness (Namkung & Jang, 2010), individual’s perceptions of injustice (Bagozzi et al., 1999) were incorporated in S-O-R model. Hence, from the psychological contract violation (PCV) perspective in e-retailing, the key stimulus (S) is the failure in the fulfillment of promised obligations that in turn have the potential to influence the customer internal organismic state (O) and results in the response (R) such as anger, lead to dissatisfaction and destroy trust in the relationship (Pavlou & Gefen, 2005).

Bagozzi, (1986) explained the “organism (O)” of S-O-R model as all those prime internal processes and structures involved in producing a responses, actions or reactions towards any stimuli which is external to the person and comprise of activities such as psychological, feeling, perceptual and thinking.

Additionally, as an alternative, trust and satisfaction has been integrated as psychological organismic states in S-O-R model and they influence behavioral intentions of customers by serving as mediators (Kim & Lennon, 2010). Later studies found the negative influence of PCV on trust and satisfaction from the psychological contract theory perspective (Bal et al., 2008; Zhao et al., 2007, Malhotra et al., 2017). Present study, therefore, also consider these two psychological states i.e. trust and satisfaction as organismic states that are negatively influenced by PCV stimulus.

In the S-O-R model of Mehrabian & Russell (1974), diverse nature of approach-avoidance behaviors are taken as an organism’s response including intention to stay or revisit. Kawaf & Tagg (2012) on the basis of S-O-R model narrated behavioral intentions to be the most renowned response (R) to online stimuli. Behavioral intentions involve the extent to which an individual is aware to behave in some specific manner (Jang & Namkung, 2009). Approach or avoidance behaviors are the two types of response in terms of outcome or final action that has been studied in various previous studies from the perspective of S-O-R model (Krieglmeyer et al., 2013) such as attitudes and behavioral reactions relevant to the psychological reactions (Bagozzi, 1986).

Thus on the basis of previous studies, it is confirmed that psychological states (O) are negatively affected by unfriendly event (S), and in turn directly affects the behavioral intensions (R) that results in service usage (Bagozzi et al., 1999). Since, the proxy measure of actual behavior is the behavioral intensions, therefore, in online context where buyer-seller relationship has been viewed under psychological contract violation theory (Pavlou & Gefen, 2005; Goles et al., 2009), trust and satisfaction mediates the relationship of PCV influence on buyer’s transaction or repurchase intentions (Malhotra et al., 2017). Moreover, impact of PCV can further be studied on other outcome variables such as word of mouth (Malhotra et al., 2017). However, the construct of PCV is seldom explored from the negative word of mouth perspective in online shopping context. Therefore, there is a need to explore the negative response of buyers in online shopping.
context. Hence, our study extended the framework of Malhotra et al., (2017) to investigate the impact of PCV on NWOM through the mediating role of trust and satisfaction.

2.1 Objectives

Hence, on the basis of S-O-R model and psychological contract violation theory literature, the present study is conducted to accomplish the following research objectives:

- To investigate the influence of PCV on negative word of mouth (NWOM) towards online shopping.
- To examine the impact of trust on NWOM towards online shopping.
- To explore the influence of satisfaction on NWOM towards online shopping.
- To examine the mediating role of trust in relationship between PCV and NWOM.
- To find out the mediating role of satisfaction in relationship between PCV and NWOM.

3. Research hypothesis

3.1. Psychological contracts (PC)

In any agreement involving an exchange relationship among parties, contracts serve as binding tool for the regulation and execution of activities (Farnsworth, 1962). In addition to the economic and legal aspects of contracts that have been studied extensively in the past, contracts also consist of psychological component (Macneil, 1980). As psychological contracts are broader and mutual in nature, they possess perceived, unwritten obligations and engaged in indirect terms which are their defining attributes (Argyris, 1960), in contrast to formal legal contracts. Psychological contracts are defined formally as the belief possessed by one party on other party for the execution of certain behavior (Rousseau, 1989). Therefore, while executing psychological contract, a person not only has the right to report his obligations on the basis of his beliefs but also the mutual outstanding obligations of the opposite person or party on the basis of similar beliefs (Rousseau & Tijoriwala, 1998). Moreover, Psychological contracts are mainly characterized into relational and transactional contracts because of their broad acceptance (Rousseau, 1995, Rousseau & Tijoriwala, 1998). Transactional contracts being explicit in nature as compare to relational contracts, in online shopping regarding buyer-seller relationship, this study focus on transactional nature of contract where buyer perceives a belief about the fulfillment of seller’s obligation in a reciprocal contract. Therefore, from the buyer’s point view, PCV is examined in this study.

3.2. Psychological Contract Violation (PCV)

Rousseau, (1995) proposed psychological contract theory in order to understand the employment relationship among employers and their employees in terms of psychological contract. However unavoidable violation in this nature of contracts was also reported where one party perceives that other party does not fulfill its promised obligations. One of the studies in the past on work-related outcomes conducted in order to understand the impact of psychological contract breach concluded that among the 8-work-related outcomes, actual turnover was the only one not related to breach. Additionally, attitude (job satisfaction, organizational commitment, and turnover intentions) and individual effectiveness (actual turnover, organizational citizenship
behavior, and in-role performance) were influenced by the breach through the mediation of an affect (violation and mistrust) under the affective events theory perspective. Moreover, among the type of breach measure (global vs. composite) and psychological contract breach (transactional vs. relational) both serving as a moderator, global measures and transactional content had larger effect for most of the outcomes respectively (Zhao et al., 2007). Further studies applied and examined PCV from the buyer-seller relationship perspective (Pavlou & Gefen, 2005).

The study in online marketplaces regarding the antecedents, consequences and moderating role from the PCV perspective was conducted by Pavlou & Gefen (2005). They explained that “Applied to buyer-seller relationships, PCV is defined as a buyer’s perception of having being treated wrongly regarding the terms of an exchange agreement with an individual seller”. Serving as an influential or formative first-order construct, PCV with individual sellers is determined by contract default, failure to follow product guarantees, misrepresentation of product, delay in delivery, fraud occurrence and payment policies. Therefore, in order to understand the consumer responses, PCV perceptions is proved to be and essential, fundamental and causal tool (Theotokis et al., 2012).

In online market places, the chances of PCV are more because of the lack of personal interaction between buyer and seller, having different perceptions about the fulfillment of their contractual obligations and also because of their interest in the accomplishment of unrelated goals. In online market places, psychological contract comply seller to meet four basic obligations including timely delivery of product through a proper promised method to the buyer, delivery of the similar item as shown and described in an advertisement, receive the payment from the buyer according to the accepted payment policy and obey or fulfill the promise in case of return or refund by the buyer (Pavlou & Gefen, 2005).

Negative outcomes are the aftermaths of PCV according to the literature in psychological contract theory. Furthermore, in the literature of organizational behavior, employee attitudes such as trust and job satisfaction are negatively affected by PCV (Zhao et al., 2007). As our study address PCV in online shopping perspective, therefore, following psychological contract violation theory it is believed that consumer behavior that is trust and satisfaction are likely to be affected by PCV negatively (Malhotra et al., 2017). Additionally, PCV is central to our study because behavior of the buyer is directed by his perception of psychological contracts relevant to buyer-seller relationship in online market places (Pavlou & Gefen, 2005). Also we have extended this notion to word of mouth (WOM) perspective and proposed that it is negatively influenced by PCV because behavior is directly influenced by psychological states (Bagozzi et al., 1999). The reason to extend our study to NWOM is its importance in e-retail environment from PCV perspective in order to understand the buyer-seller relationship. Moreover, literature also demands to understand the impact of PCV on outcome variables such as word of mouth (Malhotra et al., 2017).

3.3. **Negative Word of mouth (NWOM)**

- **H1**: Psychological contract violation (PCV) positively influences negative word of mouth (NWOM).
Word of mouth is described as “a dominant force in the marketplace” (Mangold et al., 1999). Likewise, in a relationship with the customer, it is also considered as an ultimate test. According to Harrison-Walker (2001), when people get engaged in communication informally as well as unofficially and exchange their views and experience about some particular product, service, brand or an organization, then this involves WOM. Word of mouth is either positive or negative. Therefore, one could state that positive word of mouth includes uttering positive recommendations about a company, product or service to others, giving positive views about his experience and admiring the quality and so on. Conversely, NWOM might be stated generally as making others aware about the bad experience that one had with some company, product, service or a person, making negative recommendations about the target entity to others and complaining about the quality and so on.

In online shopping perspective, when e-retailer provides a product or service according to the requirements and expectations of a customer then his trust is built, and it is expected from customer to utter positive word of mouth due to his favorable and satisfied service experience. Also, on the basis of buyer-seller relationship from PCV, when an e-retailer fails to provide the required product or service that might be due to some reasons including lack of personal interaction between buyer and seller, having different perceptions about the fulfillment of their contractual obligations and also because of their interest in the accomplishment of unrelated goals (Malhotra et al., 2017); then the chances of making NWOM by the buyer are increased due to the violation of his trust and dissatisfied service experience.

Past studies although examined the importance, antecedents and consequences of word of mouth in various context however negative word of mouth role resulting from the online shopping and e-retailing context is under study and demands attention. Negative word of mouth using social networking sites is the result of various factors involving face-concern, tie strength, firm image, use intensity, feeling of injustice, reappraisal and firm attribution (Balaji et al., 2016). Attribution theory has been used in the previous studies to understand the significances of NWOM because it is a behavior that affects the consumer choice and decision. In social psychology perspective, classical attribution theory explains that stimulus, person, circumstances or their combination are the three types of causal attribution categories generated by the people in reaction of some information. Nevertheless, depending on the method of transportation of information, individuals generate specific type of attributions (Kelley, 1973). Consumer response to NWOM is an important matter to be observed and evaluated. From the perspective of attribution theory, it was found that evaluation of brand decreased when brand was associated to the negativity of word of mouth communication as attributed by the receivers. Conversely, the evaluation of brand was found to be increased in case negativity was attributed to the communicator by the receivers (Laczniak et al., 2001).

As word of mouth plays a crucial role in evaluation and decision making process of a consumer hence it must be critically addressed. In the past various studies on repurchase, spread positive word of mouth loyalty and intent to repurchase have been conducted as they are included in behavioral intention which is a well-known responsive behavior(Koo & Ju, 2010; Kim & Lennon, 2010). Moreover, as behavioral intentions also comprise of switching and complaining behavior (Kawaf & Tagg, 2012) hence, the influence of PCV on word of mouth might be determined (Malhotra et al., 2017). Malhotra et al., (2017)
conducted research on PCV and customer intention to reuse online retailers: exploring mediating and moderating mechanism. Their research mainly contributed in the field of online retailing. They concluded their article by calling for the exploration of PCV and its influence on other outcome variables such as customer rage or word of mouth. Hence, in present study, we have proposed that NWOM is positively influenced by PCV from the online shopping perspective because behavior is directly influenced by psychological states (Bagozzi et al., 1999).

3.4. Psychological Contract Violation (PCV) and Trust

- **H2**: Psychological contract violation (PCV) negatively influences trust.

Literature shows that in online marketplaces, sellers are considered potentially opportunistic agents by those buyers who suffered PCV experience, therefore, perceived risk possess central position in their decision making. On the other hand, sellers are viewed as social exchange partners by those buyers who did not endured PCV and thus trust serves as a base of their decision making. Similarly, Luo et al. (2018) also found out that trust gives rise to positive word of mouth and increase the likelihood of purchase intentions among the consumers. According to Rousseau et al. (1998) trust is a psychological state that aims to expect and acknowledge some positive behavior from others. In order to manage risk, trust therefore serves as a tool. Psychological contract and trust relationship has been studied in organizational research. Trust is negatively influenced by the breach of psychological contract (Zhao et al., 2007; Lovblad et al., 2012). In B2B relationships, an important factor is the fulfillment of psychological contract in order to build credibility trust. In online perspective, trust plays as a vital role because it makes exchange relationship smooth and simplify. Uncertainty, interdependence, vulnerability and fear of opportunism are some features of any exchange relationship in online market context (Pavlou & Gefen, 2004). Kim et al. (2009) from the online buyer-seller relationship perspective stated that vendor will fulfill and complete his promise in a transactional process due to the awareness of a buyer is a belief refers as trust (Kim et al., 2009). However, in case vendor does not complete his obligations according to the expectations of a buyer then it will result in negative influence of PCV on trust (Kingshott & Pecotich, 2007; Pavlou & Gefen, 2005; Malhotra et al., 2017; Goles et al., 2009). In online buyer-seller relationship, PCV might play a destructive role result in eroding trust because of the seller’s negligence or inability to fulfill his promise. Hence, in this way, buyer’s belief or perception about the sellers or online retailer actions is destroyed.

3.5. Psychological Contract Violation (PCV) and Satisfaction

- **H3**: Psychological contract violation (PCV) negatively influences satisfaction.

In service relationships, the direction of the causal relationship between quality and satisfaction has been discussed. When two parties interact, the favorable outcome depending upon the quality of interaction is termed as satisfaction. When applying to psychological contract context, if the difference between individual’s expectations and outcome of his/her interaction is less then it will result in satisfaction of an individual (Lovblad et al., 2012). According to Oliver, (1981) customer satisfaction involves psychological state that is achieved when his consumption experience meets his prior feelings of uncertain expectations. The focus of this definition is on psychological or affective state that is related to cognitive appraisal which in turn is the results from the
difference between performance and expectation (Oliver, 1981). In other words, when outcomes fail to meet the promise of psychological contract then this violation of contract will result in dissatisfaction of a buyer (Lovblad et al., 2012; Zhao et al., 2007) and likely to produce negative effects (Pavlou & Gefen, 2005). Therefore, negative word of mouth is likely to be one of the important responsive behaviors in online shopping. In e-retail context, overall satisfaction of customer influenced by PCV is scarce and needs to be further explored (Malhotra et al., 2017). Hence, present study is conducted from the perspective, in case; psychological contract is violated by the seller in buyer-seller relationship as a result of online shopping because there is a scarcity in research to understand the PCV impact on overall satisfaction in e-retail environment (Malhotra et al., 2017) and demands attention.

3.6. Trust and Negative Word of Mouth (NWOM)

➢ H4: Trust negatively influences negative word of mouth.

Wang & Huff (2007) studied the violation of trust by seller and its impact on response of a buyer. It was found that out of four negative outcomes, only integrity-based attribution had an impact on one of the four negative variables i.e. decline in trust. Moreover, magnitude of violation taken as an explanatory variable had no significant influence. However, rest of the negative responses including decline in trust, negative WOM and repurchase intentions were influenced by two of the explanatory variables referring to stage of trust and perceived likelihood of repeated violation. The responsiveness of buyers to negative outcomes is more in the early stages of trust development. Similarly, as compared to outcome failures, buyers more respond to process failure. Within the hotel context, study regarding perception of trust and consumer choice influenced by different factors was conducted. When there is negativity in overall set of reviews on internet, then early negative information has greater impact on consumers while making choices. Regarding interpersonal service, positive framing of reviews leads to higher level trust (Sparks & Browning, 2011). Number of researches has emphasized the critical value of trust in e-commerce due to the absence of seller’s physical presence that makes the transaction vulnerable. Moreover, trust influence the online consumer reviews (OCRs) more in online shopping malls (Lee et al., 2011). In contrast to these studies, the negative impact on trust has also been studied (Malhotra et al., 2017). In case of trust violation, possible reactions that consumer might express are the cognitive, emotional or behavioral reactions. Cognitive reaction that needs to be restored would be the decrease in trust. Furthermore, previously it was argued that trustworthiness of trust-destroying news or source of bad news perceived by the people is more than source of good news (Kramer, 1999), therefore, the intensity and severity of negative word of mouth affecting retailer is higher. Similarly, in contrast to cognition-based trust, it was found that repurchase intentions as well as intentions to engage in NWOM communication were effected more by affect-based trust (Goles et al., 2009). Furthermore, fear, anger, frustration or hurt are the emotional reactions that a buyer likely to experience (Lewicki, &Bunker, 1996). As a result, buyer’s intentions and behaviors such as intent to repurchase or spreading NWOM (Brown & Beltramini, 1989) are influenced by these altering beliefs and emotions relevant to trust (Perugini & Bagozzi, 2001). Therefore, we argue negative influence of trust on actual behavior of consumer in terms of NWOM.
3.7. Satisfaction and Negative Word of Mouth (NWOM)

- **H₃**: Satisfaction negatively influences negative word of mouth.

Literature suggests strong support of the relationship between customer satisfaction and word of mouth (Anderson, 1998; Westbrook, 1987). The profitability of any service enterprise is influenced by key outcomes such as consumer satisfaction and word of mouth. Many studies have revealed that higher customer satisfaction leads towards positive word of mouth (Sundaram et al., 1998; Westbrook 1987). Moreover, Ranaweera & Prabhu (2003) discussed in their study that customer retention and word of mouth are affected mutually by customer satisfaction and trust. They argued in their study that there is just a mild difference between the effect of trust and satisfaction in influencing word of mouth in a positive manner apart from the customer retention being more strongly influenced by satisfaction than that of trust. Additionally, the cost to attract new customers may also be minimized through the positive and favorable word of mouth generated by the satisfied customers due to which the overall reputation of the firm is improved and enhanced, but opposite is the case with the non-satisfied customers (Anderson, 1996). Within service context, it was revealed that both satisfaction and word of mouth were increased with increased hedonic value and utilitarian value. Likewise, without experiencing satisfaction through exchange of some service or product, it’s seldom to utter positive things about the retailer (Brown et al., 2005) from online shopping perspective. Moreover, in reference to WOM communication, willingness of a customer to get involved depends upon the individual differences (Cheema & Kaikati, 2010; Cheung & Lee, 2012). In contrast, literature regarding negative word of mouth and its antecedents in either traditional or online channels is scarce and limited studies have been conducted so far (Cheung, & Thadani, 2012). Moreover, it is also generally observed that potential to involve in NWOM by the consumer are increased when problem related to dissatisfaction is intensive. Likewise, chances to engage in NWOM also rise when instead of putting blame for dissatisfaction on the consumer; it is placed on institution related to market. Moreover, two dimensions of retailer responsiveness are related to the NWOM in response to a dissatisfaction, including willingness of a retailer to provide a solution of a problem in reaction to a dissatisfaction should a complaint be made and the degree to which availability of complaint handling process by the retailer is offered.

3.8. Psychological Contract Violation (PCV) and Negative Word of Mouth (NWOM) Relationship via Trust and Satisfaction

- **H₄**: Trust mediates the positive relationship between PCV and NWOM.
- **H₅**: Satisfaction mediates the positive relationship between PCV and NWOM.

In the past, attitudes, emotions and behaviors have been studied from the perspective of understanding the role of psychological contract breach (Zhao et al., 2007). However, violation which is an emotional reaction is different from the breach (perceived discrepancy) in a sense that it is a direct and instant result of breach. In relation to the fulfillment of obligation and promise in social exchange relationship context, trust is mandatory and inevitable by one party to the other. Therefore, in the case of violation, mistrust is the direct and immediate response that would in turn leads towards negative attitudes and behaviors (Zhao et al., 2007). Trust and mistrust being emotional and subjective in nature, are expressed on the happening and experience of a negative event. Nam et al. (2018) argue that rational consumers seek eWOM from online review websites that they perceive to be trustworthy. Therefore, normal deliberations in decision making and cognitive processes are overshadowed by the affective component of mistrust.
on the happening of some negative event (Cohen, 2005). As mistrust being an emotion different from the anger and sadness, is the result of some negative event which in this study is the psychological contract violation, hence it would provoke the feelings of disloyalty, betrayal and unfaithfulness that in turn could provoke for revenge, negative attitude or behavior i.e. NWOM.

In case of satisfaction versus dissatisfaction, literature also provides evidence regarding B2C and e-retailing sector. Electronic-brokerage (e-brokerage) which is B2C sector constantly receive the complaints from customers about the rise in margin requirements, late fulfillment of order and also server outages that depicts the dissatisfaction of customers (Selwyn, 1999). Correspondingly, consumers faces the disappointment in the form of phantom purchases, online catalogs showing the items that are out of stock and also late deliveries by the e-retailers in e-retailing sector. Malhotra et al. (2017) investigated regarding online retailer websites and concluded that customer intention to reuse online retailer websites is influenced by PCV where trust and satisfaction mediate their relationship. Moreover, perceived structural assurance (SA) also moderated in this network of relationship. Also, the impact of PCV can further be studied on other outcome variables such as word of mouth (Malhotra et al., 2017) hence, on this base; our study extended his framework to investigate the impact of PCV on NWOM through the mediating role of trust and satisfaction. Accordingly following is hypothesized:

4. Methodology

4.1. Context and Sample

This empirical study was conducted through random sampling technique among the respondents who had online shopping experience in Pakistan. First, we conducted pilot study with 28 respondents who had an online shopping experience to find out that whether the questionnaire was easily understandable or not. After successful pilot study, regular study was executed. A total of 200 respondents participated. The respondents were asked to recall the online website they had purchased the items from and had experienced some form of psychological contract violation (PCV). Overall, from the 200 questionnaires distributed, 172 responses (47.1% of males & 52.9% of females) were complete enough to be considered for further analysis and to test the hypothesis.

4.2. Measures

PCV was measured with four items on 5-point scale ranging from 1) Never in my experience to 5) on most occasions, adopted from Malhotra et al. (2017). The reliability of the scale was 0.82. Three items” adopted from Blodgett et al. (1993) were used to measure Negative Word of Mouth (NWOM) on 5-likert scale ranging from 1) Extremely unlikely to Extremely likely 5). The Cronbach’s alpha of the scale was 0.75. Malhotra et al. (2017) adapted a 5 item scale of trust from Harris& Goode (2004) and we have used this adapted version for the current study having five items measured on 5-likert scale ranging from 1) strongly disagree to 5) strongly agree. The reliability of the scale was 0.86. Additionally, satisfaction was measured encompassing 3-items adopted from Jin, Park, & Kim(2008)on 5-likert scale ranging from 1) strongly disagree to 5) strongly agree with alpha value 0.85. The items used in this study are listed in Appendix.

5. Results

Table 1 shows results of confirmatory factor analysis. It was done using AMOS 21. The model showed an excellent fit when items with factor loadings lower than 0.60 were
removed. All the standardized path loadings from the latent constructs were significant and fell between range of 0.6 -0.8.

Table 1: Results of Confirmatory Factor Analysis

<table>
<thead>
<tr>
<th></th>
<th>χ²(df)</th>
<th>χ²/df</th>
<th>P Value</th>
<th>CFI</th>
<th>GFI</th>
<th>NFI</th>
<th>SRMR</th>
<th>RMSEA</th>
<th>Model Fit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>77.859</td>
<td>1.622</td>
<td>.004</td>
<td>.966</td>
<td>.932</td>
<td>.919</td>
<td>.052</td>
<td>.060</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

Table 2 shows the mean, standard deviation, average variance extracted (AVE), composite reliability (CR) and the correlations of all the study variables. Both the Cronbach alpha and composite reliability were used to establish internal consistency, reliability and validity of the constructs and values of both were greater than 0.70 indicating a good reliability. In addition to this, the convergent validity of variables (Hair, Anderson, Babin & Black, 2010) was established as all the AVE values and CR values were greater than 0.50 and 0.70 respectively. To establish discriminant validity, a more conservative criterion was used i.e. Fornell-Larcker which compares the square root of AVE against inter-construct correlations. As reported in Table 2 the Square root of AVE for all the measures was larger than their correlation with all the other constructs, thus establishing their discriminant validity (Hair et al. 2010).

Table 2: Correlations of All the Study Variables

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>S. D</th>
<th>CR</th>
<th>AVE</th>
<th>PCV</th>
<th>NWOM</th>
<th>SAT</th>
<th>TRUST</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>1.33</td>
<td>0.640</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td>1.40</td>
<td>0.784</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>4.05</td>
<td>0.836</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PCV</td>
<td>2.319</td>
<td>0.878</td>
<td>0.826</td>
<td>0.612</td>
<td></td>
<td></td>
<td></td>
<td>(0.78)</td>
<td></td>
</tr>
<tr>
<td>NWOM</td>
<td>3.141</td>
<td>0.955</td>
<td>0.757</td>
<td>0.505</td>
<td>0.319**</td>
<td></td>
<td></td>
<td>(0.71)</td>
<td></td>
</tr>
<tr>
<td>SAT</td>
<td>2.858</td>
<td>1.020</td>
<td>0.852</td>
<td>0.661</td>
<td>-0.178*</td>
<td>-0.341**</td>
<td></td>
<td>(0.81)</td>
<td></td>
</tr>
<tr>
<td>TRUST</td>
<td>2.843</td>
<td>1.019</td>
<td>0.866</td>
<td>0.679</td>
<td>-0.155*</td>
<td>-0.363**</td>
<td>0.512**</td>
<td>(0.82)</td>
<td></td>
</tr>
</tbody>
</table>

Note: n=172. *p < .05, **p < .01, ***p <.00. CR=Composite Reliability; AVE=Average Variance Extracted. Diagonal represents the square root of AVE; while below the diagonal the estimated correlations are represented.

After the validation of measurement model, we tested our hypothesis by using structural equation modeling. The model was run by entering PCV as IV and NWOM as DV. The direct pathway from PCV to NWOM was significant (β = .319, p < .01) leading to the acceptance of H₁ i.e. PCV positively influences NWOM. Then the model 1 was run with satisfaction and trust as mediators along with age, occupation and education as control variables. Table 3 shows that the structural model showed a poor fit, i.e. X² (57.392) / DF (7) = 8.199 p = 0.00; CFI = 0.814, GFI=0.924, AGFI=0.695, NFI=0.803, TLI = 0.442, SRMR=0.101 and RMSEA = 0.205. The hypothesized model did not fit the data well. Control variables did not confound with the relationships of model (Occupation β= .062, p = 0.590, Age β= -.067 p = 0.558, education β= -.071 p = 0.311).
Then the model 2 as shown in Table 3 was run by entering PCV as IV, NWOM as DV, age, occupation and education as control variables with only trust as mediator. The model showed an excellent fit, i.e., $\chi^2 (3.149) / DF (3) = 1.050$; $p = .37$; CFI = .999, GFI = .994, AGFI = .958, NFI = .986, TLI = .996, SRMR = 0.024 and RMSEA = 0.017. Result showed a significant positive relationship of PCV with NWOM ($\beta = .274$, $p = .000$) allowing us to accept $H_1$ as shown in Table 4. PCV also significantly related with Trust ($\beta = -.155$, $p = .040$) and trust showed a negative relationship with NWOM ($\beta = -.322$, $p = .000$) leading us to the acceptance of $H_2$ and $H_4$, respectively as shown in Table 4.

Finally, the model 3 was run by entering PCV as IV, NWOM as DV, age, occupation and education as control variables with only satisfaction as mediator. Table 3 shows that the structural model showed an excellent fit, i.e., $\chi^2 (3.897) / DF (3) = 1.299$, $p = .273$; CFI = .996, GFI = .993, AGFI = .948, NFI = .983, TLI = .979, SRMR = 0.032 and RMSEA = 0.042. Result showed a significant negative relationship of PCV with satisfaction ($\beta = -.178$, $p = .018$) and satisfaction showed a negative relationship with NWOM ($\beta = -.284$, $p = .000$) leading us to the acceptance of $H_3$ and $H_5$, respectively as shown in Table 4.
Table 5: Analyses of Direct, Indirect and Total effect

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Mediator</th>
<th>Dependent Variable</th>
<th>Direct effect ((P_{XY}))</th>
<th>P value</th>
<th>Indirect effect ((P_{YM}P_{MX}))</th>
<th>Confidence interval</th>
<th>Total effect ((P_{XY} + P_{YM}P_{MX}))</th>
<th>P value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCV</td>
<td>Trust</td>
<td>NWOM</td>
<td>-.16</td>
<td>&lt; .05</td>
<td>-.32</td>
<td>-.05, -.16</td>
<td>0.325</td>
<td>&lt; .001</td>
<td>H6</td>
</tr>
<tr>
<td>PCV</td>
<td>SAT</td>
<td>NWOM</td>
<td>-.18</td>
<td>&lt; .05</td>
<td>-.28</td>
<td>-.08, -.09</td>
<td>0.324</td>
<td>&lt; .001</td>
<td>H7</td>
</tr>
</tbody>
</table>

When using the bootstrapped confidence interval procedure, mediation was indicated by the exclusion of zero from the confidence interval. In Model 3, Trust significantly mediated \((\beta = 0.051, 95\% \text{ CI} [.003, .116])\) the relationship between PCV and NWOM. Since the direct effect remained significant \((\beta = 0.274, p = .0001)\) so there was partial mediation. This allowed us to accept H6 as shown in table 5. Similarly in Model 4, direct effect remained significant \((\beta = 0.274, p = .0002)\), so satisfaction partially mediated \((\beta = 0.050, 95\% \text{ CI} [.013, .121])\) the relationship between PCV and NWOM. Thus, we failed to reject H7 as shown in table 5.
The associations between Psychological contract violation and negative word of mouth through Trust and satisfaction. Note: All pathways are standardized, n = 172, *p <.05, **p <.01, ***p <.001.

6. Theoretical Contribution

From the previous studies, it has been realized that psychological contract violation happens when there is breach of psychological contract by the seller as a consequence of some service failure. Hence, one might conclude that psychological contract breach leads to PCV due to the non-interesting, non-serious and uncaring behavior of the seller towards resolving the issue of the service failure. Therefore, negative emotional responses in addition to the sense of unfaithfulness as well as disloyalty are the results of service failure due to the unwillingness to compensate the service failure effects by the seller (Goles et al., 2009).

This article contributes in the body of theoretical knowledge by addressing the impact of PCV on consumer NWOM in online shopping context, which has not been explored yet. Although, in one of the prior studies, consumer negative behavior i.e. intention to engage in NWOM as well as intention to repurchase was found to be influenced by affect-based trust that in turn was affected by PCV (Goles et al., 2009). However, consistent with the S-O-R framework, present study has been extended to understand the outcome consumer behavior i.e. negative word of mouth (NWOM) influenced by PCV via trust as well as satisfaction because impact of PCV on word of mouth as an outcome variable require attention (Malhotra et al., 2017). Hence with the acceptance of H1, it is stated that these findings are consistent with the previous research (Goles et al., 2009) and demonstrate that PCV positively influences consumer negative behavior i.e. NWOM in online shopping context.

Moreover, it is crucial not only to attain but also to maintain the trust of buyer in buyer-seller relationship (Goles et al., 2009) in online shopping context. Because with respect to online apparel shopping, the most crucial fear for the consumers is the product quality and transaction related risk while making a purchasing decision (Forsythe & Shi, 2003). In one of the previous studies, trust was differentiated in to cognition-based and affect-based trust (McAllister, 1995) that was extended into post-violation affect-based trust and cognition based trust, it was found that both of them were significantly influenced by PCV (Goles et al., 2009). Moreover, literature also confirms that trust is negatively influenced by PCV (Goles et al., 2009; Pavlou, & Gefen, 2005; Malhotra et al., 2017).
another study, the distributor’s level of trust was found to be reduced by the perceived violation of the contract (Kingshott & Pecotich, 2007). Hence, with the acceptance of $H_2$, it is stated that our finding are consistent with the previous results (Malhotra et al., 2017) and suggests that PCV negatively influences trust.

Moreover, as $H_3$ was accepted hence it showed that satisfaction of buyers is also very crucial in online shopping context. One of our findings was that PCV negatively influences satisfaction. Therefore, these results are also consistent with the previous studies where significant relationship between PCV and satisfaction has been observed (Lovblad et al., 2012; Zhao et al., 2007; Malhotra et al., 2017).

Due to the rich competition among online e-retailers regarding online shopping over the past era, there is a need to deeply understand the buyer-seller relationship. Negative outcome in the form of negative word of mouth could strongly bring deleterious effects on any e-retailing business. Because internet has become very vast, advanced information can be communicated rapidly over larger scale within no time (Goles et al., 2009). Trust is declined as a result of service failure by the service provider (Lewicki & Bunker, 1996) and leads towards the greater negative responses (Folkes, 1984) such as negative word of mouth. Hence, $H_4$ is also accepted in this study, and shows that trust negatively influences negative word of mouth.

Dissatisfaction of customers depends upon the issue’s seriousness as it in turn enhances the possibility of informing others about it by the consumers (Bearden & Oliver, 1985). Previously, it was argued that the story of displeasure, unhappiness and frustration moves ahead due to the expression of such feelings among 9 and 20 other people by the unhappy customers (Desatnick, 1987). Hence, our findings are consistent with the previous research and therefore $H_5$ is accepted i.e. satisfaction negatively influences negative word of mouth.

It was also argued previously that buyer’s possibility to involve in negative word of mouth due to the violation of trust still exist irrespective of their utilization of the similar internet retailer or not (Goles et al., 2009). Without trust, buyer-seller relationship cannot be established. However, when it breaks due to any violation, it might enhance the chances of negative consumer behavior (Zhao et al., 2007). When some event occurs that is against the expectations of a person, it would destroy trustworthiness and in turn might influence the normal decision making process of a party or a consumer (Cohen, 2005). Moreover, brand reputation due to the trust on brand also plays a vital role in producing word of mouth. From the previous studies, it is revealed that customers having familiarity with the brand are likely to produce positive word of mouth (PWOM) rather than NWOM. Similarly Kim, Wang, Maslowska, & Malthouse (2016) established that if a company apologizes, it affects the viewer of those negative comments, rather than the poster. But by doing so, company can mend their relationship with the future consumers. Both PWOM and NWOM are used in terms of advice-giving behavior and influence the probability of brand purchase against each other (East, Hammond, & Lomax, 2008). Thus, we argue that there are chances that consumers might switch from one e-retailer to other e-retailer due to the distrust result from the online shopping offerings. In current study it was anticipated that trust mediates the PCV and NWOM relationship. Hence, with the acceptance of hypothesis $H_6$ it is found that these results are consistent with the previous literature where trust mediated the relationship between PCV and consumer behavior i.e. intention to reuse (Malhotra et al., 2017).
In comparison with the positive word of mouth, decisions by the buyers are more influenced by negative word of mouth (Arndt, 1967). Various studies have concluded that dissatisfaction occurs when there is a difference between what was expected and what was actually received (Malhotra et al., 2017; Zhao et al., 2007; Lovblad et al., 2012). The negative experience such as PCV, due to the violation of initial beliefs resulting in dissatisfaction would increase the possibility of change in buyer’s mindset towards negative affect (Pavlou & Gefen, 2005). Similarly, NWOM communication depends upon the dissatisfaction of customer whose intensity in turn depends upon the severity of a problem (Bearden & Oliver, 1985). In online buyer-seller relationship, future transactions by the buyer depend upon the quality, efficiency and effectiveness of service or product provided by the seller. In case of failure, chances of future transactions by the buyer are lowered as a result of PCV. Because unmet expectations of consumer increase the likelihood of negative outcome such as NWOM, therefore, $H_7$ is accepted and shows that satisfaction partially mediates PCV and NWOM relationship. These results from the current study are significant empirical contributions.

7. Managerial Implications

Due to the internet where information can be communicated very fast on larger scale, it has become crucial for the internet retailers to take precautionary measures so that they can secure their business and its image from the damaging effects of negative outcomes such as NWOM. Managers or businesses dealing in online retail may find real interactions with customers very rare as opposed to those of a brick-and-mortar store, hence, they must know that while unhappy customers may not be able to share their thoughts in person they are likely to go for online WOM. Satisfied customers leave a positive rating for others to follow but those who have any complain would unleash it by NWOM. Although, in current era, after sale services are being offered by number of e-retailers, but still there is a need to design the strong proactive strategies by the e-retailers to protect the buyer-seller relationship and also to make buyers loyal to them. Due to the negative experience shared on online sites via internet, WOM communication has been exaggerated immensely through internet in modern times (Goles et al., 2009). There might be different reasons of PCV in e-retailing context, such as delivery delay of product, variation in quality of product, difficulty in claiming refund, unwillingness to compensate by the seller, phantom purchases, non-delivery of product or out-of-stock items on online catalogs etc. Hence current study also suggests e-retailers to take important steps not only to resolve issues after the transaction but also before the occurrence of transaction to maintain and sustain long-term buyer-seller relationship. Various critical elements are important for them to look for to ensure that each and every touch point in a service context is looked at. This may include method of ordering, software/apps smoothness and user friendliness but a lot more important is the availability of the product that is mentioned online as its absence quickly frustrates a customer in this era when 'instant' availability and access to everything is taken for granted. Managers should also focus in making sure that the exact specifications and color of the product available are shown and delivered to the customer. Thirdly Consistent product quality is very crucial. If all of these factors are merged with a timely delivery of the product/service, this will result in an enhanced relationship and online retailer can reap benefits of these efforts in the form of financial and non-financial gains.
8. Limitations and Future Directions

Although this article offers major contributions in the existing literature, however it also has some limitations that need to be address in future. Due to the time and monetary constraint, cross-sectional research design applying simple random sampling methodology was used in this study that not only limits its generalizability, but also its external validity. Even though, appropriate theory testing could be done by applying random sampling technique in terms of convenience samples (Richard & Chebat, 2016; Smith et al., 2013), however, future studies could also be conducted via longitudinal research design using other sampling techniques in order to make the study framework more generalizable and valid in different context. Moreover, this study was limited to the Pakistani online culture; however it could be conducted in other cultures for the relative comparison such as individualism vs. collectivism society. Present study is conducted with reference to online shopping context however; further studies could be conducted by applying the same framework in other context such as mobile commerce due to its growing importance over the last few years (Chong, 2013). Furthermore, this study is understands the overall online shopping experience of buyers. Future research should be done by specifying a particular online shopping website and also comparison between online shopping websites can be performed. Present study is conducted from the buyer’s perspective but further studies are possible to perform from the seller’s perspective because PCV is a construct reciprocal in nature and its relevant issues require deep understanding. Trust and satisfaction were used as mediators in this study. In future, some more mediators such as perceived risk could be added in this framework to determine the relevant effect. Moreover, no moderator has been used in this study so future studies could be done by applying some moderators such as personality traits or technology readiness.

REFERENCES


Negative Word of Mouth and Online Shopping


