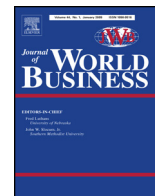




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How do Chinese employees react to psychological contract violation?

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ABSTRACT

Psychological contract violation (PCV) is employee negative emotions aroused by employers not delivering their promises. Past studies have used Social Exchange Theory to explain the effects of PCV on employee responses specified in the EVLN (i.e., Exit, Voice, Loyalty and Neglect) model. The present study argues that Activation Theory may also be applied to explain employee responses to PCV for Chinese employees due to the specific role of emotions in Chinese culture. Both theories receive some supports in a Chinese employee sample (n = 439). Results and implications are discussed.

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1. Introduction

Taiwan's Foxconn is the world's largest contract electronics manufacturer, employing over one million, and supplying products to many major firms such as Apple and Dell. Starting in 2010, Foxconn drew considerable unwanted media (and research) attention because of a series of "sudden" suicides by workers in their massive south China production facilities (Xu, 2010). One reason given for this tragic and difficult state of affairs was that front-line production workers expected that a large and famous organization like Foxconn would treat them very well, with the reality turning out to be a lot different. Worker stress in China was thought to be increasing with the slowing of the economy and reduced labor flexibility (Bruton, Ahlstrom, & Si, 2015; Piazza, 2014). And Foxconn proved to be a very demanding employer – much different from the state firms or rural enterprises that many of its employees were accustomed to (Bruton, Peng, Ahlstrom, Stan, & Xu, 2015; Southern Weekly, 2010). In academic terms, they may have believed their psychological contracts were not fulfilled and it is likely that some workers became depressed or overwhelmed by the difficult and demanding electronics manufacturing work coupled with Foxconn's unrelenting work rules and overtime requirements (Bloomberg News, 2012).

Psychological contracts are "individual beliefs shaped by the organization, regarding the terms of an exchange agreement

between individuals and their organization" (Rousseau, 1995; Rousseau, 1995: 9). When employees perceive that contracts are not fulfilled, psychological contract breach (PCB – a cognitive evaluation of the extent to which the employer does not fulfill its promises) occurs. Negative emotions such as anger are likely to follow which is in turn called psychological contract violation (PCV) (Morrison & Robinson, 1997), which can in turn be followed by other negative acts or impulsive acts such as those that happened at Foxconn (Parzefall & Coyle-Shapiro, 2011; Restubog, Zagenczyk, Bordia, Bordia, & Chapman, 2015). Thus, PCV is an emotional state that is mainly comprised of negative emotions such as anger, frustration and feelings of betrayal, which can lead to a number of negative behavioral and organizational outcomes (Porath & Erez, 2007; Restubog et al., 2015).

Several researchers (e.g. McFarlane & Tetrick, 1994; Rousseau, 1995) have applied the EVLN (i.e., Exit, Voice, Loyalty, and Neglect) model to show likely behavioral responses of employees to PCV in a more systematic way. This model predicts that people may respond to difficult conditions in several different ways such as exiting the situation, voicing disagreements in an effort to change conditions, remaining loyal, and avoiding or neglecting the situation altogether (e.g. Lee & Jablin, 1992; Rusbult, Zembrodt, & Gunn, 1982; Rusbult, Farrell, Rogers, & Mainous, 1988).

Social Exchange Theory (Blau, 1964) has also been widely applied to explain the PCV-EVLN relationships. It suggests employees may engage in less productive behaviors and more counterproductive ones (Kotter, 1973; Levinson, Price, Munden, Mandl, & Solley, 1962) because this maintains a balanced exchange with their organizations if they perceive that the psychological contract had been broken (Parks & Kidder, 1994; Robinson &

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Morrison, 1995, 2000; Robinson & Rousseau, 1994; Robinson, 1996). Thus, Social Exchange Theory suggests that PCV will have a linear relationship with EVLN; this relationship has also been observed in a number of empirical studies (e.g., Si, Wei, & Li, 2008; Turnley & Feldman, 1999).

In Foxconn's case, many employees likely had very strong and negative emotions towards their demanding employer (Southern Weekly, 2010) but they chose to not express this directly to their supervisors and coworkers (Xu, 2010). Therefore, the managers reported that they did not perceive their subordinates' negative emotions, and they took no action (e.g. China News, 2010; Viticci, 2010). However, studies concerning the emotions of Chinese employees indicate that they certainly do experience negative emotions, which can lead to undesirable job outcomes (Li & Ahlstrom, 2016; Li, Ahlstrom, & Ashkanasy, 2010; Wang, Peng, Wong, & Mao, 2015). If it is true that Chinese employees do experience the negative emotions but generally do not express them explicitly, how then will they react to negative emotions? This paper seeks to understand the phenomenon of severe worker dissatisfaction and distress at Foxconn (Doh, 2015) while utilizing psychological contracts, social exchange, and related theory.

According to the cultural theory of self (Markus & Kitayama, 1991), people in Eastern cultures emphasize emotional self-control, emotional restraint, and emotional suppression, due to their major focus of interpersonal harmony. Researchers have referred Chinese as an interdependent-based culture (Bagozzi, Wong, & Yi, 1999; Wong & Bagozzi, 2005). Confucian teaching such as the famous quote by an ancient Confucian philosopher Chuang Tzu, "Virtue is the establishing of perfect harmony" reflects the commonly shared norms among Chinese people (Bond, 1993). These ideals emphasize how individual behavior in the social context is meant to maintain social harmony. As a result, emotions in such a culture tend to be limited to responses to specific events or to influence individuals instead of taking drastic action toward others (Bagozzi et al., 1999; Wong & Bagozzi, 2005). In other words, in social settings, emotions will have relatively little effect on their actions towards other parties. At Foxconn a number of suffering employees killed themselves, while others were severely injured while attempting suicide (Xu, 2010). Under pressure with strong emotional arousal, employees failed to handle their emotions in an appropriate way while management proved unable to recognize potential problems.

In addition, the EVLN model was originally proposed in response to unsatisfactory relationships (Hirschman, 1970), which is more emotional rather than calculative-rational. As Social Exchange Theory is more about balanced exchanges based on calculative-rational judgments instead of responses to emotions, it may be less adequate in describing Chinese employees' PCV-EVLN relationship. We thus propose the **Arousal or Activation Theory** (Gardner, 1986; Scott, 1966) as one possible competing explanation as we argue that the emotional reactions of Chinese employees may be less conscientious, less rational, and with fewer calculative evaluations. According to Activation Theory, individuals' reactions are activated by the stimulus and the reactions are mostly not based on careful rational and calculative evaluation of emotions. Specifically, if this theory is valid for Chinese employees, the PCV-EVLN relationship is expected to follow an inverted-U curve instead of a linear function.

This study can contribute to an understanding of psychological contract violation and its difficult effects on employee relations in several ways. First, we examine the same phenomenon employing both Social Exchange and Activation Theory to determine which theory is more applicable among Chinese PCV-EVLN relationship. Second, we can develop more insights about the forms of Chinese employees' reactions when they experience strong and negative emotions. This also contributes to the emerging literature on

emotions and decision making in Asia (Li, 2011; Li, Ashkanasy, & Ahlstrom, 2014). Indeed, in the increasingly turbulent business environment, understanding and managing emotions are important as organizations struggle with stressful events and seek to make intelligent and well-considered decisions (Li et al., 2014). Such understanding can also provide managers with more insights concerning how to deal with Chinese employees' emotions at the workplace so that the tragic events at Foxconn will not be repeated. We organize the rest of the paper as follows. We first review the literature of PCB, PCV and the EVLN model in more details. Based on Social Exchange and Activation Theories, competing hypotheses about the impact of PCV on Chinese employee EVLN are derived from the two theories. An empirical study using a sample of 439 Chinese school teachers in Macau is reported and implications for research and management are discussed.

2. Understanding psychological contracts

The legal foundation of an employment relationship is a binding contract that specifies the obligations and rights of both the employer and the employee. And in most countries, this contract is generally in written form. However, researchers have pointed out that both parties, especially employees, will believe that some other obligations and rights are valid although they are not spelled out in the written contract. Thus, employees will form a psychological contract that would include both written and perceived and assumed terms of an exchange agreement between individuals and their organizations.

Early research on psychological contracts focused on the formation of contracts (e.g., Rousseau & Greller, 1994; Rousseau & Parks, 1992) and the consequences when employees believe that the contract was not fulfilled. Morrison and Robinson (1997) pointed out that there should be two distinct concepts that emerge when the psychological contract is not fulfilled. The first concept is the perception that one's organization has failed to fulfill one or more obligations composing one's psychological contract, which is cognitive in nature, reflecting a mental calculation of what one has received relative to what one was promised, that is, PCB. The second concept is the emotional and affective state as "feelings of betrayal and deeper psychological distress . . . the victim experiences anger, resentment, a sense of injustice and wrongful harm" (Rousseau, 1989: 129), that is, PCV. In other words, PCV is an emotional state that is comprised of strong and negative emotions such as anger and frustration (Restubog et al., 2015). Some studies have confirmed that PCV is the more immediate antecedent of job outcomes in the way that it would mediate the effect of PCB on employee reactions (Cassar & Briner, 2011; Morrison & Robinson, 1997; Raja, Johns, & Ntalinais, 2004; Suazo, 2009; Suazo, Turnley, & Mai-Dalton, 2005).

3. The EVLN model

Proposed by Hirschman (1970), the EVLN model predicts what individuals do when they feel unsatisfied with organizations and government. If dissatisfied, members may either leave the job and the firm (Farrell, 1983) or seek a transfer within the same organization (Todor, 1980). The "painful decision to withdraw or switch" (Hirschman, 1970: 81) requires considerable effort by an employee and usually means that they have given up hope of any improvement. Voice is defined as any attempt to express concerns verbally for change, rather than simply leaving the field. It is a legitimate recuperative mechanism emphasizing the repair of deteriorating conditions while it is also an expression of negative emotions. Loyalty is another option of dissatisfied employees. They stick with the firm for a period of time painfully, rather than exiting or giving voice to concerns. They "suffer in silence, confident that

things will soon get better” (Hirschman, 1970: 38). Finally, neglect describes lax and disregardful behavior among workers in organizations, which can be shown as temporary abandonment and psychological inattention (e.g., lack of caring and staying away) (Rusbult, Farrell, Rogers, & Mainous, 1988).

The EVLN model has been employed in both PCB and PCV studies. McFarlane and Tetrick (1994) suggested that facing PCV, employees may respond through voice, silence, retreat, or exit. Later on, Rousseau (1995) also used the EVLN model to discuss possible employee reactions to perceived psychological contract violation, in which she used the term “silence” instead of “loyalty.” Turnley and Feldman (1999) empirically investigated the relationship between PCV and EVLN responses. They proposed that employees respond to PCV by increased exit, voice, and neglect, while decreased loyalty. However, Turnley and Feldman (1999) modified the definitions of Loyalty and Neglect as engaging in more extra efforts and less in-role performance respectively, which is different from the original definitions and operationalization of the EVLN model. Using a Chinese sample, Si et al. (2008) also found the expected relationships between PCV and EVLN. Although few recent studies have investigated the impact of PCV on all the outcomes of the EVLN model, evidence can be found for the impact of PCV on outcomes such as turnover intention (e.g., Arshad, 2016), voluntary turnover (e.g., Karagonlar, Eisenberger, & Aselage, 2016), work engagement (e.g., Rayton & Yalabik, 2014), and work place deviance (e.g., Restubog et al., 2015). In the next section, we will stick to the original definitions of EVLN model and develop hypotheses concerning the PCV-EVLN relationships under the two theories for Chinese employees.

4. Competing hypotheses from social exchange theory and activation theory

Social Exchange Theory (Blau, 1964) has been the most widely and frequently applied theory in understanding the effects of PCB or PCV on employee reactions. The drive to maintain some balance or reciprocity in the social exchange relationship (Gouldner, 1960) between employee and employer is the main justification (Levinson et al., 1962; Parks & Kidder, 1994). As the psychological contract is about the agreed exchanges of promises or obligations between the employer and the employee, it is evident that when the employer does not fulfill its promises, it will induce employees to withdraw their promises as well (Rousseau, 1995). Creating a balance in the exchange between the two parties involves some form of calculative judgment concerning how much the employee has to reduce the exchanges to maintain some equity in the relationship. Thus, it is logical to deduce from Social Exchange Theory a positive linear impact of PCV on employee reactions as specified by the EVLN model.

Since the EVLN model was proposed, researchers have gradually conceptualized four types of reactions along two primary dimensions: constructiveness versus destructiveness, and activity versus passivity (Farrell & Rusbult, 1985; Farrell, 1983; Rusbult et al., 1982; Rusbult et al., 1988). Voice and loyalty are constructive actions because the purpose of both of them is to make positive contribution to the organization in the hope of improving the employee-employer relationship. However, voice is active because the employees are initiating actions to let the employer know what they want. Loyalty is passive because employees do not initiate action to make change but remain loyal and continue to contribute according to their job role. Although this is relatively passive as they wait for the situation to improve, they do not withdraw their contributions. In contrast, exit and neglect are more destructive to the employment relationship, but exit is active whereas neglect is passive. Both exit and neglect mean the employees are

withdrawing their contribution or attachment to the employer. Previous work has found evidence that PCV is positively related to exit, neglect and voice, and negatively related to loyalty (e.g., Si et al., 2008; Turnley & Feldman, 1999).

It might be expected that PCB will lead to PCV, though the two concepts are distinct (Morrison & Robinson, 1997). In the psychological contract literature, it is generally accepted that PCV is more salient or direct than PCB as a predictor for employee outcomes (Morrison & Robinson, 1997) in the way that PCV will mediate the impact of PCB on job outcomes. Empirically, both individual studies (e.g., Robinson & Morrison, 2000; Suazo, 2009) and a meta-analysis (Zhao, Wayne, Glibkowski, & Bravo, 2007) found support that employees’ emotions represented by PCV would mediate the PCB-job outcome relationships. Some recent research also proposes reactions of employees who stay with the organization after PCV (e.g., Tomprou, Rousseau, & Hansen, 2015), which go beyond the EVLN model. However, the basic premise is still similar to Social Exchange Theory in the way that employees would evaluate the effectiveness and consequences of their responses such as voice and neglect. Based on the evaluation, employees will adjust their subsequent psychological contract in different ways (Tomprou et al., 2015).

In short, according to Social Exchange Theory, exit and neglect represent withdrawals of employee contribution. Thus, PCV will be positively related to them. Loyalty represents employee contribution and hence PCV will be negatively related to it. As for voice, it represents employee attempts to push the organization to fulfill the psychological contract. On top of considering the balanced exchanges in the short run, employees will also consider whether the employer will recognize their original promises and deliver on them in the long run. Voice is certainly a means by which to remind the employer about their promises and so it is positively related to PCV. Thus, the following hypotheses can be presented:

Hypothesis 1a. After controlling for PCB, PCV is positively related to Exit.

Hypothesis 2a. After controlling for PCB, PCV is positively related to Voice.

Hypothesis 3a. After controlling for PCB, PCV is negatively related to Loyalty.

Hypothesis 4a. After controlling for PCB, PCV is positively related to Neglect.

Many scholars have pointed out that a science of behavior dominated by the study of cognition while neglecting emotions would be incomplete (e.g., Ashkanasy & Humphrey, 2011; Hilgard, 1980; Mayer, Salovey, & Caruso, 2000). It is increasingly accepted that emotions significantly influence behaviors because they have significant roles in the motivational and decision processes (Anderson, 1989; Harris, 1989; Izard, 1992; Lazarus, Kanner, & Folkman, 1980; Li et al., 2014) which may not involve cognition (Izard, 1993). That is, individuals respond to emotions, and the response process is quite different from reactions induced by cognitive evaluations (Berkowitz, 1990; Izard, Hembree & Huebner, 1987). Interestingly, the literature on emotions further supports the likely link between PCV and EVLN. Anger, which is an emotion often associated with PCV (Buyukyilmaz & Cakmak, 2013; Henderson & O’Leary-Kelly, 2012; Morrison & Robinson, 1997; Robinson & Morrison, 2000; Rousseau, 1989) such as arousal from being betrayed, implies non-acceptance of the event as necessary or inevitable and implies that it may be changeable (De Rivera, 1977; Frijda, 1986). It is the anger evoked by perceived hurt or betrayal, which directs destructive behavior toward the true (or

perceived) attacker (Frijda, 1986). Therefore, PCV instigates a readiness for action that could potentially result in the employee doing something against the organization or its agents, which is especially likely when the primary emotion felt is anger (Bordia, Restubog, & Tang, 2008; Henderson & O'Leary-Kelly, 2012). Moreover, among the six basic emotions (Ekman & Friesen, 1971), anger is the least likely to involve cognition (Harris, 1989). In another words, employees may automatically react to anger, a major emotional components of PCV, with little cognitive evaluation.

This possibility has often been downplayed or ignored in past studies usually conducted in North America, probably because of cultural traditions that emotions represent a well-functioning mechanism for creating and managing social relationships, including employment ones (Bagozzi et al., 1999; Heelas, 1996; Markus & Kitayama, 1991) and the traditional assumption that emotions may be dysfunctional in the workplace (e.g., Coyle-Shapiro & Kessler, 2000; Lepak & Snell, 2002; Simon, 1951). North American culture is often referred to as "independent" because people view the self as an independent autonomous entity characterized by a "heightened awareness of one's inner attributes, and the tendency to organize one's reactions and actions according to these attributes" (Kitayama, Markus, & Kurokawa, 1994: 4). That is, emotions become objects for reflection, analysis, and rational assessment (e.g. Bagozzi et al., 1999; Markus & Kitayama, 1991). Emotions are functional in the North American society as a medium for self-focus and expression and as a mechanism for creating and managing social relationships (e.g. Bagozzi et al., 1999; Heelas, 1996; Markus & Kitayama, 1991).

More traditional Anglo-American research assumptions on emotions may not be valid for Chinese culture because Chinese employees may be emphasizing harmony and are less calculative in responding to emotional stimulus. Chinese culture is referred as "interdependent-based" because people view the self as a social interdependent entity where one's own thoughts and feelings are formed in reference to those of important others such as family members, with an emphasis on fitting into the shared network of social relationships (Shweder & Bourne, 1984). Chinese philosophy focuses on how people should live and act in everyday life (Bockover, 1995). Specifically, *dao* refers to a set of instructions of how to behave in particular situations, where stress was placed on ritual-like behavior (i.e. right conduct) (Hansen, 1992). In such an interdependent culture, as is common among several East Asian countries, social norms emphasize the behavioral harmony and cohesion within a certain social context while emotions experienced by individuals are minor and would be neglected or suppressed. As a result, emotions in such cultures tend to be limited to responses to events and influence individuals themselves instead of in social actions (Bagozzi et al., 1999; Wong & Bagozzi, 2005). In social settings, emotions are suppressed and will not affect their actions towards other parties. It is very likely that Chinese will react to emotions less conscientiously and with little rational analysis and calculative evaluation of their exchange relationship with the organization.

Activation Theory may further predict Chinese employees' reactions to their emotional stimulus at work because this theory does not assume the need to a balanced exchange with rational and calculative evaluations. Instead, it only assumes that people will react to the stimulus according to their own mental arousal (Gardner, 1986; Janssen, 2001; Scott, 1966). This arousal and response process is relatively less conscientious in nature instead of being rational and calculative. Activation theory has developed

from extensive investigations of the reticular formation,¹ which is diffuse nonspecific projection system to make mental arousal happen (Gardner, 1986; Samuel, 1959; Scott, 1966). As a result, mental arousal at reticular formation is necessary for employees to perform (Scott, 1966; Yerkes & Dodson, 1908). The Activation Theory prescribes that when the arousal begins to increase, employees will have awareness of the stimulus and being automatically motivated to have more reactions. However, up to a certain level of arousal that employees can no longer cope with, further increase in the stimulus level may lead to inhibition of the reactions. Specifically, employees will begin to ignore the stimulus with less or no reaction. Thus, an inverted-U, instead of a linear, relationship between stimulus and instant responses is expected (Gardner, 1986; Janssen, 2001; Scott, 1966). According to Activation theory, emotions can provide a potent stimulus (Eimer, Holmes, & McGlone, 2003). Given PCV is comprised of negative emotions of anger and frustration, it will naturally activate employee reaction in order to release the induced uncomfortable experiences from such strong negative emotion (Berkowitz, 1983). Berkowitz (1990) further added that the mechanism for the activation of anger was the stimulus-elicited negative affect. Thus, PCV is quite likely to act as stimulus and an individual will be mentally aroused and responded automatically according to the description of the Activation Theory.

Therefore, we argue that Chinese employees may be more likely to respond to their emotion of anger and frustration towards employer according to Activation theory. In such interdependent culture, emotions tend to be limited to responses to events (Bagozzi et al., 1999; Wong & Bagozzi, 2005). That is, Chinese do experience emotions but they do not actively reflect, analyze, and rationally assess the emotions to determine how to react to the related party in the social setting or event. Some indigenous research of China supports this possibility. For examples, the indigenous concept of interpersonal relationship, *guanxi*, is mostly related to mutual obligations (Brunner, Chen, Sun, & Zhou, 1990) instead of emotions. Mao, Peng, and Wong (2012) pointed out that Chinese would fulfill their obligations to the other party according to the closeness of relationship with the other party even though they may dislike the other party. Other researchers found that Chinese usually would avoid expressing their emotions explicitly in order to maintain a harmonious relationship, at least superficially, with the other party (e.g., Friedman, Chi, & Liu, 2006; Kam & Bond, 2008). Taken as a whole, Chinese people put more emphasis on collective harmony and individual obligation, but are less accustomed to actively deal with emotions. Thus, the Activation Theory, which does not assume an active and calculative way to deal with stimulus may be valid in describing the Chinese employees' PCV-EVLN relationship. As the reactions will not be based on the calculation of making more contribution or withdrawal of contribution, exit, voice, loyalty and neglect are basically activated naturally. Thus, more EVLN will be observed when PCV increases but up to a particular level of PCV, EVLN will decrease. In other words, an inverted-U relationship is expected between PCV and EVLN.

While we argue that Activation Theory may provide accurate prediction if employees response to their emotions not based on rational and calculative judgment, we cannot rule out the possibility that some of the responses may be calculative and attempts to maintain a balanced relationship. Thus, following the literature of psychological contract, we will build this relationship on controlling PCB as it is an important antecedent of PCV (e.g. Morrison & Robinson, 1997; Robinson & Morrison,

¹ The neurons of the reticular formation in the brain all play a crucial role in maintaining behavioral arousal.

2000; Suazo, 2009; Zhao et. al., 2007) and representing the calculative and rational choice of responses. That is, by ruling out the calculative and rational component, employee reactions to PCV may be more of emotional based that are more likely to be predicted by Activation Theory. Another important justification for the prediction by Activation Theory is that moderate level of arousal by emotions is usually optimal for human functioning such as in the mechanisms of attention and memory (e.g., Brosch, Scherer, Grandjean, & Sander, 2013; Mills, 2005). PCV represent important emotional stimuli that may not involve calculation and judgment.

In short, we believe Activation Theory may be an alternative perspective to predict the PCV-EVLN relationship because (1) the emotional component of PCV may not induce rational and calculative responses, (2) Chinese are less explicit in responding to emotions and thus there is a reasonable chance that they will not be totally rational and calculative in responding to emotions at the workplace, and (3) for non-rational and calculative responses to stimulus, a moderate level of stimulus that trigger highest level of response has been observed in other stimulus-response relationships. Thus, the following hypotheses can be proposed in describing Chinese employees' PCV-EVLN relationship according to Activation Theory:

Hypothesis 1b. After controlling for PCB, PCV will have an inverted-U relationship with Exit for Chinese employees.

Hypothesis 2b. After controlling for PCB, PCV will have an inverted-U relationship with Voice for Chinese employees.

Hypothesis 3b. After controlling for PCB, PCV will have an inverted-U relationship with Loyalty for Chinese employees.

Hypothesis 4b. After controlling for PCB, PCV will have an inverted-U relationship with Neglect for Chinese employees.

5. Methods

5.1. Sample and sampling procedure

Four hundred and ninety seven primary and secondary school teachers in China's Special Administrative Region of Macau participated in this study. We first contacted school principals and asked them to invite language and math teachers who were willing to complete our questionnaires. We invited only language and math teachers because these are major subjects and the teaching positions are generally of a permanent nature. After getting the number of teachers who are willing to participate, principals distributed the questionnaires with stamped reply envelopes. Teachers mailed their completed questionnaires directly to the researchers. Since only teachers who had promised to participate would receive the questionnaire from their principals, all 497 completed questionnaires were received back by the researchers. However, only 439 proved useable to test the hypotheses because there were large amounts of missing data in 58 of the questionnaires.

5.2. Measures

5.2.1. PCB

The 5-item scale with the 5-point response format (1 = strongly disagree; 5 = strongly agree) from Robinson and Morrison (2000) is adopted. One example item is, "I have not received everything promised to me in exchange for my contributions." The internal consistency reliability (coefficient alpha) is 0.83 for this sample.

5.2.2. PCV

The 4-item scale with the 5-point Likert-type response format (1 = strongly disagree; 5 = strongly agree) from Robinson and Morrison (2000) was adopted. One example item is, "I feel betrayed by my school." The internal consistency reliability (coefficient alpha) is 0.95 for this sample.

5.2.3. Exit

The 5-item scale with the 5-point Likert-type response format (1 = disagree strongly; 5 = agree strongly) from Rusbult et al. (1988) was adopted. An example item is, "When working conditions here decline I think a lot about quitting." The internal consistency reliability (coefficient alpha) is 0.88 for this sample.

5.2.4. Voice

The 5-item scale with the 5-point Likert-type response format (1 = disagree strongly; 5 = agree strongly) from Rusbult et al. (1988) was adopted. An example item is, "I sometimes discuss problems at work with my superiors". The internal consistency reliability (coefficient alpha) is 0.68 for this sample.

5.2.5. Loyalty

The 5-item scale with the five-point Likert-type response format (1 = disagree strongly; 5 = agree strongly) from Rusbult et al. (1988) was adopted. One item was dropped because most of the respondents indicate that it was not applicable. That item is "I sometimes wear clothing (hat, jacket, pin, etc.) that bears the school's symbol or insignia." An example item adopted is, "I have found that patience is virtue at my school – time seems to solve most problems at work." The internal consistency reliability (coefficient alpha) is 0.68 for this sample.

5.2.6. Neglect

The 3-item scale with the 5-point Likert-type response format (1 = disagree strongly; 5 = agree strongly) from Withey and Cooper (1989) was adopted. An example item is "Coming in late to avoid problems." The internal consistency reliability (coefficient alpha) is 0.70 for this sample.

5.3. Control variables

Job dissatisfaction has impact on EVLN (Turnley & Feldman, 1999). To show the unique impact of PCV, it is important to control job dissatisfaction. Positive affectivity is also controlled because of two reasons. First, as PCV is an emotional and affective state induced by the organization's failure to fulfill its promises, individual differences in affectivity need to be controlled. Second, as the data are cross-sectional in nature and both PCV and EVLN are reported by the employees, controlling for positive affectivity may minimize the effect of common method variances when we examine the effects of PCV on EVLN. Additionally, we measured two demographic variables (gender and school tenure) because they may be related to our dependent variables for this school teacher sample. All the control variables are included in the hierarchical regression analysis.

5.3.1. Job dissatisfaction

The 5-items scale with the 5-point Likert-type response format (1 = strongly agree; 5 = strongly disagree) from Hackman and Oldham (1975) was adopted. An example item is "Generally speaking, I am very satisfied with this job." The internal consistency reliability (coefficient alpha) is 0.73 for this sample.

5.3.2. Positive affectivity

The 3-item scale with the 5-point Likert-type response format (1 = disagree strongly; 5 = agree strongly) from Iverson, Olekalns,

Table 1
Descriptive statistics and correlations.

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Gender	0.18	0.39										
2. School Tenure	8.55	7.67	−0.02									
3. Positive Affectivity	3.83	0.66	−0.02	0.02	(0.76)							
4. Job Dissatisfaction	2.71	0.56	−0.10*	−0.13**	−0.31**	(0.73)						
5. PCB	2.85	0.62	−0.11*	0.01	−0.29**	0.51**	(0.83)					
6. PCV	2.26	0.86	−0.04	−0.01	−0.28**	0.59**	0.67**	(.96)				
7. Exit	2.68	1.19	−0.04	−0.29**	−0.21**	0.69**	0.40**	.53**	(.88)			
8. Voice	3.05	0.71	0.14**	0.11*	0.04	−0.08	−0.01	0.08	−0.04	(.68)		
9. Loyalty	3.59	0.73	0.07	0.08	0.21**	−0.33**	−0.27**	−0.31**	−0.24**	.33**	(.68)	
10. Neglect	2.08	0.78	0.14**	−0.10*	−0.19**	0.27**	0.23**	.35**	.40**	.22**	−0.00	(.70)

Notes: N=ranges from 434 to 439, † p < 0.10, * p < 0.05, ** p < 0.01.

and Erwin (1998) was adopted. An example item is “I usually find ways to liven up my day.” The internal consistency reliability (coefficient alpha) is 0.76 for this sample.

5.4. Analytical strategies

Two sets of analyses were conducted. First, we used Harman’s single-factor method (Podsakoff, Mackenzie, Lee, & Podsakoff, 2003) to test the common method bias for the seven variables as reported by the teachers in the questionnaire. Confirmatory factor analysis (CFA) was then conducted to compare the fitness of the one-factor model with that of the eight-factor model. Construct reliabilities are estimated by Jöreskog’s rho (Fornell & Larcker, 1981). These analyses also helped to determine the appropriateness of the measures used in the study. Second, the correlation coefficients were calculated and tests of the proposed linear and nonlinear relationships were conducted using the common procedures of hierarchical regression analyses. As the nonlinear relationship is supported when the higher order term of independent variable is significant, the square term of PCV is used to test whether nonlinear relationship exists.

6. Results

CFA results indicate that the fit of the eight-factor measurement model (PCB, PCV, Exit, Voice, Loyalty, Neglect, job dissatisfaction, and positive affectivity) is reasonable ($\chi^2 = 2674.55$, d.f. = 467; RMSEA = 0.080; NNFI = 0.93; IFI = 0.94; and CFI = 0.94), whereas the one-factor model is not acceptable ($\chi^2 = 7594.45$, d.f. = 495; RMSEA = 0.15; NNFI = 0.79; IFI = 0.80; and CFI = 0.80). We also analyze a four factor model with the PCB and PCV items as one factor, EVLN items as one factor, and job dissatisfaction and positive affectivity. The fit is not acceptable as well ($\chi^2 = 4980.07$, d. f. = 489; RMSEA = 0.120; NNFI = 0.86; IFI = 0.87; and CFI = 0.87). The reliability indicator, Jöreskog’s rho coefficient for PCB, PCV, Exit, Voice, Loyalty, Neglect, job dissatisfaction and positive affectivity are 0.71, 0.91, 0.98, 0.77, 0.72, 0.71, 0.61 and 0.63, respectively. The

results provide evidence supporting the independence and appropriateness of the measured variables.

The means, standard deviations, reliabilities (coefficient alphas), and correlations among the variables are presented in Table 1. As expected, PCB and PCV are moderately correlated ($r = 0.67$, $p < 0.01$), and both are significantly related to job dissatisfaction ($r = 0.51$ and 0.59 , $p < 0.01$, respectively for PCB and PCV) and the four dependent variables except Voice ($r = -0.01$ and 0.08 , n.s., respectively for PCB and PCV).

Table 2 shows the results of the hierarchical regressions on the four dependent variables. Before considering PCV and after controlling for gender, tenure and positive affectivity, PCB and job dissatisfaction are significantly related to Exit ($\beta = 0.09$, $p < 0.05$ and 0.63 , $p < 0.01$), Loyalty ($\beta = -0.12$, $p < 0.05$ and -0.18 , $p < 0.01$) and Neglect ($\beta = 0.12$, $p < 0.05$ and 0.18 , $p < 0.01$). However, after PCV is considered, the beta coefficients of PCB were no longer significant, but PCV are significantly related to all the four dependent variables ($\beta = 0.23$, $p < 0.01$, 0.21 , $p < 0.01$, -0.14 , $p < 0.05$ and 0.31 , $p < 0.01$, respectively for Exit, Voice, Loyalty and Neglect). This result showing the mediating role of PCV on the PCB-EVLN relationships is consistent with results reported in the literature (e.g., Turnley & Feldman, 1999; Zhao et al., 2007). Finally, the square term of PCV is significant for Voice, Loyalty, and Neglect. Thus, Hypothesis 1a (a linear relationship between PCB-Exit) was supported while Hypothesis 2a, Hypothesis 3a and Hypothesis 4a were not. To further examine the form of the nonlinear relationships, we plotted the effect of PCV on Voice, Loyalty and Neglect according to the procedure suggested by Aiken and West (1991). Results are shown in Fig. 1–3. Although the forms are not symmetrical in the way of showing complete inverted-U curves, clear inflection points were observed when PCV reaches a particular level. Thus, the results supported Hypothesis 2b, Hypothesis 3b and Hypothesis 4b while Hypothesis 1b did not receive support. Interestingly, the turning point of Voice and Neglect is similar at about one standard deviation above the PCV mean while the turning point of Loyalty occurred much earlier at one standard deviation below PCV’s mean. This may indicate that it

Table 2
Results of Hierarchical Regression Analyses.

	Exit			Voice			Loyalty			Neglect		
	M1a	M1b	M1c	M2a	M2b	M2c	M3a	M3b	M3c	M4a	M4b	M4c
Gender	0.02	0.01	0.01	0.14**	0.13**	0.13**	0.04	0.04	0.04	0.16**	0.15**	0.16**
School Tenure	−0.21**	−0.22**	−0.22**	0.10*	0.09†	0.09†	0.05	0.05	0.05	−0.07	−0.08†	−0.09*
Positive Affectivity	0.02	0.03	0.03	0.03	0.03	0.05	0.10*	0.10*	0.11*	−0.10*	−0.09†	−0.06
Job Dissatisfaction	0.63**	0.55**	0.55**	−0.08	−0.15*	−0.14*	−0.22**	−0.18**	−0.17**	0.18**	0.08	0.09
PCB	0.09*	−0.02	−0.02	0.06	−0.04	−0.03	−0.12*	−0.05	−0.04	0.12*	−0.03	−0.01
PCV		0.23**	0.23**		0.21**	0.18*		−0.14*	−0.16*		0.31**	0.25**
PCV-square			0.02			−0.10*			−0.09*			−0.18**
△R-square		0.025**	0.001		0.020**	0.009*		0.009*	0.007*		0.044**	0.030**
R-square	0.527**	0.552**	0.553**	0.037**	0.057**	0.066**	0.133**	0.142**	0.148**	0.125**	0.168**	.198**

Note: N=ranges from 434 to 439. †p < 0.10 *p < 0.05**p < 0.01.

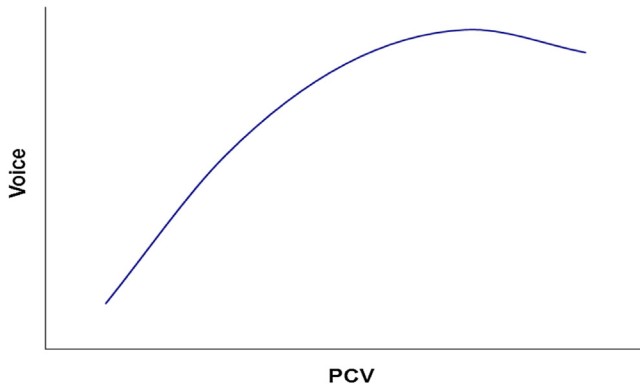


Fig. 1. The Nonlinear Relationship between PCV and Voice.

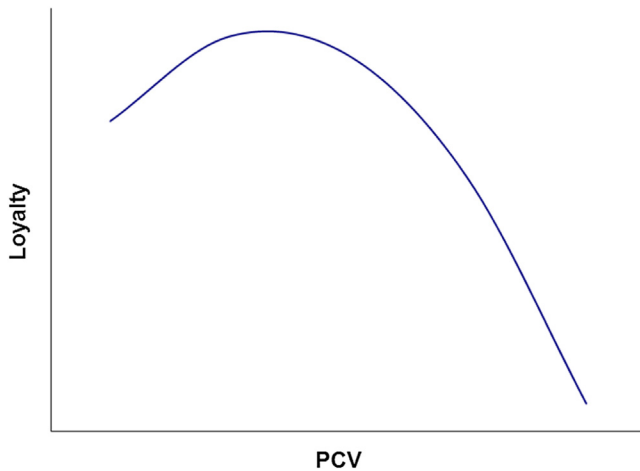


Fig. 2. The Nonlinear Relationship between PCV and Loyalty.

is much easier for employees to withdraw their loyalty due to PCV than with the decrease of Voice and Neglect.

To test whether the significance of the square term of PCV is due to chance, we also enter the square term of PCB to the four regression equations. None of them show significant effect while the PCV square term remained significant. Thus, we are more confident that the PCV-VLN relationships are nonlinear while the PCB-EVLN relationships are not.

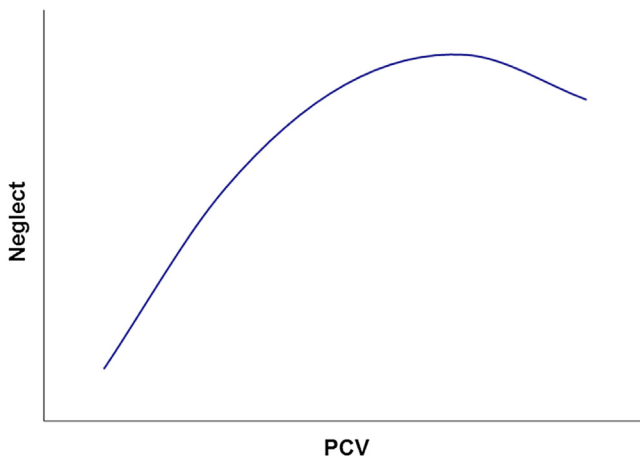


Fig. 3. The Nonlinear Relationship between PCV and Neglect.

7. Discussion

Recognizing the differences between the nature of evaluating whether the employers have kept their promises and the resulting negative emotions, this study contends that Chinese employee reactions to the resulting negative emotions may be different from those studied (often in Anglo-American settings) as explained and predicted by the Social Exchange Theory. We propose that the relationships between negative emotions due to employers not keeping their promises (i.e., psychological contract violation; PCV) and employee reactions (i.e., Exit, Voice, Loyalty, and Neglect; EVLN) may also be better explained by the Activation Theory in Chinese contexts. This proposal is largely supported by the present results from ethnic Chinese contexts.

7.1. Theory contributions

This study enriches our theoretical perspective in several ways. First, on top of the dominant perspective of the Social Exchange Theory in psychological contract research, our study shows that in explaining the impact of PCV on EVLN, Activation Theory may be able to make more precise predictions for Chinese employees. This indicates that Chinese employee reactions towards bad employers may not be rational and calculative regarding the balance of exchanges between the two parties. Employer actions are also important stimulus that arouse employee feelings and emotions and employees' behavioral responses may be guided by their specific feelings and emotions aroused. Specifically, results show that a linear relationship only exists between PCV and Exit and Activation Theory does not have additional predictive power. However, the impact of PCV on Voice, Loyalty and Neglect shows non-linear relationships as prescribed by the Activation Theory. Therefore, it shows that Social Exchange Theory may not be the only mechanism governing employee responses to PCV because it assumes employees are trying to achieve a balanced exchange relationship, which is primarily based on cognitive evaluations or calculations. Instead, the emotions of PCV will serve as a stimulus for employees to respond naturally and hence Activation Theory may be a more accurate prescription of employee responses.

Second, our study has provided insights in understanding the EVLN model. Previous studies have regarded EVLN as possible options of employees in reacting to a dissatisfied employer-employee relationship with little discussion concerning the specific pattern of these possible reactions. In the current study, we take cultural differences into consideration in exploring the potential non-linear pattern of PCV-EVLN relationship. By applying Activation Theory, we can better understand the patterned reactions of Voice, Loyalty and Neglect induced by the emotional state towards employer among Chinese employees. This expands our understanding on how EVLN induced by emotions in certain social context.

Third, the results in the present study show the incremental predictive power of PCV on employee outcomes, especially for EVLN after controlling for job dissatisfaction and PCB at work. We argue that as PCV involves emotions aroused by perceived betrayal, employee reactions to PCV are related but distinct to the responses merely to job dissatisfaction and PCB. If PCV's effects on employee outcomes can be fully accounted by job dissatisfaction, the conceptual importance of psychological contract will be seriously limited. Taken to an extreme, PCV may not be a meaningful construct if it does not have incremental predictive power on employee outcomes after controlling for job dissatisfaction. Similarly, if PCV does not have incremental predictive power on employee outcomes after controlling for PCB, the uniqueness of PCV will also be questioned. That is, there is no need to study PCV. Simply by studying job dissatisfaction and PCB is already sufficient

in predicting job outcomes. Consistent with the psychological contract literature, our results support that not only PCV is a more immediate predictor of employee reactions than PCB, it also have incremental predictive power on employee outcomes. Thus, our results contribute to both the literatures of PCV and EVLN model.

Fourth, exit does not follow the predictions of Activation Theory. One possible explanation is that leaving the organization is not an easy decision to make as will be constrained by many factors (e.g. Mitchell, Holtom, Lee, Sablinski, & Erez, 2001), especially in a short period of time. According to the turnover model proposed by Lee and Mitchell (1994), exit is based on a series of deliberations. The experiences of various events would be evaluated systematically against preexisting plan of action, personal values and goals, and job satisfaction and fulfillment. Extant literature has reported empirical support for this model (e.g., Holt, Reh, Lin, & Miller, 2007; Lee, Mitchell, Wise, & Fireman, 1996). In other words, employees need to think carefully and evaluate all related factors and during this process, they need to calm down even in anger. Thus, cognition will be dominant when employees consider using exit as a response and so Social Exchange Theory will be the mechanism by which the decision is made, even for Chinese employees. The salience of cognition is also supported by the linear relationships found between PCB and EVLN as PCB is mostly about cognitive evaluation. Thus, as exit is an uneasy decision dominated by cognition, the Social Exchange Theory provides more accurate prediction than Activation Theory.

7.2. Empirical contributions

Our study also contributes empirically through its findings on employees in China. First, as mentioned previously, there has been relatively little empirical evidence showing the incremental predictive power of PCV on employee outcomes after controlling for job dissatisfaction (Turnley & Feldman, 1999). Our study provides further and strong evidence in this regard. Second, one important observation from Figs. 1–3 is that the form of PCV-Voice and PCV-Neglect relationships are quite similar, but both of them are also differ from the PCV-Loyalty relationship. They have very different turning points. For PCV-Voice and PCV-Neglect, the initial positive relationship appears to be much stronger than the later negative relationship. On the contrary, the initial positive relationship between PCV and Loyalty is relatively weak while the later negative relationship is much stronger. This is probably due to the specific nature of Loyalty. Loyalty itself is a passive but constructive reaction to keeping silent and doing nothing. However, PCV involves a relatively strong emotional state and thus it is not surprising to see that employees will decrease in this reaction sooner than voicing out or being inattentive. Furthermore, voice and inattentive behaviors can also be used as a means to express frustration and dissatisfaction (Tangirala & Ramanujam, 2008) while silence is probably not as effective in this regard. Facing strong and negative emotions such as PCV, employees will tend to use more effective means to release their emotions. While our results indicate that Activation Theory can be applied to predict the PCV-VLN relationship, future research may further investigate the differences among each outcome to further explore the exact impact of PCV on individual employee reactions.

7.3. Managerial implications

This study also contributes to management, especially in China. First, as anyone who has worked in China well knows, Chinese employees are generally less explicit in expressing their emotions at workplace. Regarding the tradition of Chinese culture, emotions are less carefully dealt with based on reflections or reasoning. Employees in China and likely in several countries in East Asia,

react to their emotions at workplace in a more subconscious way and this may lead to stress and poor communication in the long run. In Chinese context, when there is only little to moderate level of Voice, Loyalty, or Neglect behaviors, it may not mean that employees negative emotions are not strong. As shown in our study, extreme high PCV may also link to moderate levels of the behavior, which is also different from what we have observed in many western studies. Leaders have a key role to play in this regard (Li, Chun, Ashkanasy, & Ahlstrom, 2012). Managers in China should be sensitive to potential problems with respect to signals from employees about unvoiced concerns. That is, managers should go beyond observing the direct statements of Chinese employees about how they are doing and how their work is to observing signals and behaviors that can suggest problems they are having. They need to be proactive in asking questions about problems and giving behavioral feedback about how employee actions are impacting the team (Latham, 2011).

Since Chinese people are more likely to communicate problems in an indirect manner, this can be challenging for managers – even ethnic Chinese managers – who have had their professional upbringing in an environment where a more direct communication style and a more open discussion climate for problems (both personal and professional) is the norm (McCall, 1998). One method to discover key unvoiced emotional issues is to chat more with the employees in a relaxed atmosphere outside of a work setting, and one in which the employee feels safe in expressing problems or concerns. This suggests that a specific policy in the company is needed to create a forum for employees to make suggestions, and issue complaints without fear of formal sanction. The establishment of formal programs whereby management trainees can be mentored and senior employees can help junior employees can also be helpful (Latham, 2011). Firms often have little incentive for such mentorship or assistance of junior employees but these are especially needed by the large organizations in China. Foreign invested enterprises in China should not neglect establishing such programs in their Chinese subsidiaries, or helping their alliance partners there to do so. Further, employers should provide some training program or workshop for the Chinese employees to equip them with more knowledge and skills on how to understand their emotions actively and how specifically to voice out key questions or concerns (Ashkanasy & Humphrey, 2011), something with which they may not be accustomed to doing (Ahlstrom & Bruton, 2009).

Second, it is preferable for Chinese managers and employees to have open communication with employees, proactively encourage feedback, and take substantive actions to deal with the problems emerging from PCV (Wang, Ahlstrom, Nair, & Hang, 2008). The good news for managers is that Chinese employees' will attempt to voice out when they are angry about employer so far as PCV is not at an extremely high level. Managers should be sensitive and try to cultivate an open-minded approach so as to minimize potential employee destructive reactions and to improve positive and proactive employee behavior. Companies such as Microsoft have brought this to their operations in China and other parts of Asia. One of these programs is called "precision question, precision answer" (Ahlstrom & Bruton, 2009). This encourages employees to ask specific questions or raise specific problems that have an answer, rather than voicing out vague concerns that are difficult or impossible for a supervisor or the firm to address. Employees report that this seemingly simple activity requires some training and practice, much like related training about teaching employees to understand the difference between vague aspirations and strategy (Maxwell, 2014; Rumelt, 2011). But this training by several firms in China is seen by employees as establishing an official policy that makes employees more comfortable with speaking out or expressing negative emotions or other concerns as they have

some official sanction to do so. This research further serves as a reminder of the importance of emotion and its role in key organizational functions such as leadership, groups, employee morale, and the encouragement of innovation (Ahlstrom & Bruton, 2006; Ahlstrom, 2010; Ashkanasy & Humphrey, 2011; Li et al., 2012). This is particularly important for Chinese employees who are less likely to act proactively and express their emotions explicitly (Ashton-James & Ashkanasy, 2005; Li, 2011).

7.4. Limitations and future research

Our study carries certain limitations. First, the cross-sectional nature of our study may preclude causal inferences. However, it appears clear that PCV will induce employee outcomes. While we cannot rule out the possibility that employee outcomes may also affect PCV, it is conceptually sound to assume that PCV will affect employee outcomes. Thus, while future research may adopt experimental or longitudinal design to provide stronger evidence on the direction of causality, we believe our results will not be invalidated because of this limitation. Longitudinal designs are suggested for future studies to provide more solid causal relationships (Abrahamson, 2008). Second, the internal consistency reliability of voice and loyalty are 0.68, which is lower than the usually acceptable level of 0.70. A possible reason for a relatively low internal consistency reliability coefficient of these two constructs is the wide range of alternatives of voice and loyalty behavior. We believe this should not be a big problem as 0.70 is not a rigid indicator and 0.68 is just a little bit lower. Also, the two scales have been used widely in past studies and there are a lot of evidence showing their reliability and validity. With a different assumption concerning the errors of individual measurement items in estimating the reliability (Esposito Vince, Trinchera, & Amato, 2010), the Jöreskog's rho are 0.77 and 0.72 for voice and loyalty, respectively. These figures are higher than the commonly acceptable level of 0.70. Finally, a low reliability should have attenuated the relationships among variables. In our study, most of the relationships are significant as expected. Thus, we believe that the slightly smaller coefficient alpha for voice and loyalty should not have invalidated our results.

Third, the EVLN behaviors are all self-reported in the present design. The major reason for this design is that EVLN may be best recognized by the employees themselves. This occurs, for example, when employees voiced concerns to higher level leaders, their direct supervisor or peers may not have chance to know. Similarly, when employees write to someone taking charge of an issue, other people including their direct supervisor or peers may have no knowledge about their actions. Given this situation, different methods were tried to check for the impact of common method variance in this study. The results suggested common method variance was present for the self-reported measures. We also controlled for job dissatisfaction and positive affectivity in all regression analyses. Dissatisfaction is a very important predictor in EVLN model, while positive affectivity is a common controlling variable for common method variance. Our major findings include significant squared terms at the final step of regression analyses. Podsakoff, MacKenzie, and Podsakoff (2012) have provided clear evidence that quadratic relationships are not influenced by common method bias. Thus, our results are very unlikely to be artifacts of common method variance and we are confident that common method variance has not invalidated our results. Future research can attempt to measure EVLN by methods such as other ratings or objective measure of employee behavior such as voice and neglect to cross-validate our conclusions.

Fourth, we did not measure anger, which is assumed to be the most important emotion associated with PCV. However, emotions are situational and generally change quickly. It is not realistic to

examine the lasting impact of anger at a certain time point on attitudes and behavior as the emotion may expire quite soon. As we have controlled for positive affectivity concerning the constant tendency in emotions and our focus is on the PCV-EVLN relationships, we believe this should not invalidate our results. Future studies may consider measuring specific emotions associated with PCV.

8. Conclusion

This study has tested the PCV-EVLN relationships from the competing perspectives of the Social Exchange Theory and the Activation Theory among Chinese employees. Results indicate that Activation Theory provides more accurate prediction on Voice, Loyalty and Neglect in Chinese culture. This provides important theoretical, empirical, and practical contributions in understanding Chinese employee reactions when they feel anger towards the employer, which has helped to further improve theory on emotion and its effects in the Chinese workplace (Ahlstrom, 2015; Wong & Peng, 2012). Putting in effort as suggested in the above practical implication section (i.e., sensitive training for managers about Chinese employees' emotions and more open communication with employees as well as training and validation for employees to speak up and speak out), perhaps it is possible to minimize the most serious problems faced at Foxconn. This can benefit not only Chinese employees but also organizations operating in China that recognize the importance of managing employee emotions and addressing related problems. It also suggests further research is needed on managing problems of individual employees and team conflicts in similar cultural environments in Asia (Arndt & Ashkanasy, 2015; Lee, Koopman, Hollenbeck, Wang, & Lanaj, 2015; Tjosvold, Yu, & Wu, 2009). A deeper understanding of the emotion mechanism helps the organizations to manage responsibly in China by protecting employees who may be facing difficult emotional issues with work pressures in a slowing economic environment, particularly when they are working far from their home provinces. These employees may lack proactive coping strategies of emotional expression and communication. Thus organizations need to help their employees express those workplace emotions and voice out their questions and concerns. This can help to reduce the difficult problems such as occurred at Foxconn of employees hiding painful emotions and suffering stress and even serious breakdowns and the subsequent difficulties that ensue for the organization.

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