

## Relationship Between Unethical Practices, Psychological Contract Violation and Supplier Performance

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### Abstract

*The purpose of this study is to critically examine the influence of unethical behaviors and contract violation in relation to its impact on supplier performance improvement from the perspective of higher education procurement activities. The magnitudes of independent variables; supplier behavior, deceitfulness, subtleness and spiritual liabilities are positively a significant influencer of contract violation and supplier performance. It is clear in this regard that contract violation is an integral platform in the exchange parties coupling behavior and to a larger extent determines the performance success and failure of supplier performance if not carefully managed. However, there are articulations in the literature of how little attention is given to business ethics and spirituality in the work place. Other factors may still explain the relationship in the model that were not yet explored, future research could take up the challenge of identifying other factors not accounted for in this study due to its limitation in scope and coverage. Future research could prolifically be built by extending this study in different context and philosophical perspectives.*

**Keywords:** *Supplier Behavior, Deceitful Practices, Subtleness, Spiritual Liabilities, Contract Violation, Supplier Performance*

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## 1. Introduction

The commonest way exchange parties manages their relationship is through contracts and contracts have classified into explicit and normative relationship (Ring and Van, 1994) with the later placing more emphasis on spelled out rules and regulations guiding the execution of channel relationship. However, in most cases explicit contracts is accompanied with conflicts and disagreement within the value chain channel (Ring and Van, 1994), is formally written and depends on principles of law (Lusch and Brown, 1996). While normative contract encourages shared values, norms, principles and beliefs (Rousseau, 1995), explicit contract is rigid and restrain autonomy (Anderson *et al.*, 2001). Psychological contract are exceedingly perceptual and idiosyncratic in nature (Rousseau, 1990; Morrison and Robinson, 1997).

Supplier evaluation and selection has received an extensive attention in supply chain management due to an increasing interest by both practitioners and academics. The swift expansion of the criteria for supplier evaluation and selection coupled with the differential performance measurement techniques makes it a difficult task for the purchasing managers and the organisation as a whole. Supplier evaluation and selection is a major problem in the context of higher education in developing economy. Identification and application of the specific relevant supplier evaluation and selection criteria will change the magnitude of detrimental consequences faced by the higher education sector. Nevertheless, issues of supplier selection and performance measurement for sustainable competitive advantage with respect to business ethics is still at its infancy level (Stead and Gilbert, 2001; Maury and Kleiner, 2002), within the higher education purchasing activities.

Anecdotal evidence advocate that various control mechanism have been explored in literature but little has been investigated on spirituality recognition in the work place and to judiciously implement utilising limited and scarce resources (Polley *et al.*, 2005). In addition, buying firms evaluate and select suppliers that consistently adhered to reasonable degree of ethical practices (Carter, 2000). Most attention is focused on buyer performance and neglect supplier performance which is supposed to be the core competence in buyer-supplier relationship (Kotabe *et al.*, 2002). Outsourcing has increasingly become an invisible necessary evil that either ensures a sustained competitive advantage and superior performance in the business environment or myriad of detrimental consequences. The success or failure of outsourcing largely depend on the probability of making the right sourcing decision and the ability to fine tune the selection of supplier that conform to requirement.

With the advent of the global transformation in SCM network coupled with conscious supplier evaluation and selection preferences by companies for competitive advantage, "today's consumers also demand cheaper, high quality products, on-time delivery and excellent after-sale services" (Sonmez, 2006). "There are three main steps in outsourcing; supplier evaluation and selection, supplier development and supplier management" (Aemer, 2005). Hence, because of the continuous and rigorous processes involved in supplier

evaluation and selection, cardinal and ordinal preferences of the decision makers comes into play when trading offs (Battachara *et al.*, 2010) so as to maximize value creation and minimize cost. Competitive approach and strategies are used by modern sophisticated companies globally, a review of the literature reveals the fact that there have been continuous efforts to evaluate suppliers by devising numerous methodologies (Battachara *et al.*, 2010) and over 50% of firms globally engaged in formal supplier evaluation process (Simpson *et al.*, 2006). Supplier evaluation practices undertaken by most firms is an effective mechanisms in improving buyer-supplier relationships performance (Prahinski and Benton, 2004) in which its success largely depends on how suppliers shows their level of commitment to the buying firm in sustaining a collaborative long term relationships (Porter, 1985) and Poor supplier performance affects the overall supply chain (Sarkar and Mohapatra, 2006).

Notwithstanding alliances with the suppliers should not be frowned at but, rather meshed with consideration on how to maximize “coordination cost” in the knowledge transfer platform (Rebolledo and Nollet, 2011). Effective supplier selection ensures reduction in purchase cost and improves corporate competitiveness that will lead to best practices in overall supply chain performance (Choy *et al.*, 2002). Therefore, the most important issue in the process of supplier selection is integrating suitable criteria for choosing the best supplier (Chen *et al.*, 2006). Thus supplier selection must be handled systematically (Gencer, 2007). Rather, it is expected that an interplay of certain factors such as loyalty, commitment, education, site visits, problem solving among many adopted by the buyer may likely enhance supplier performance (Prahinski and Benton, 2004). Buyers’ preferences of suppliers’ contributory attributes constitute to a significant relevance for optimal and accurate evaluation process. Since investigation of the magnitude of potential areas of supplier target improvement is a worthwhile venture (Talluri and Narasimhan, 2003) and inevitable for supplier performance improvement. This ultimately should be done in accordance with the strategies and priorities of the businesses for the continuum of suppliers’ performance impacts on firms’ goals and value chain requirement (Ho *et al.*, 2010). Successfully planned and implemented methodology can enhance firms engineering, productivity, quality etc and reduce cost, process and product development time, innovative changes (Amin and Razmi, 2009).

Therefore, the objective of this study is to examine the relationship between the antecedent supplier selection factors in terms of supplier behavior, deceitfulness, subtleness practices and spiritual liabilities and psychological contract violation that can in turn results to improved supplier performance. Secondly, is to determine the mediating effect of psychological contract violation in the relationship between selection factors (supplier behavior, deceitfulness, subtleness practices and spiritual liabilities) and supplier performance.

The remainder of this paper is structured as follows. The next section, Section 2, provides brief overview of theoretical background, conceptual framework, literature review and

hypotheses development of the study. Followed by Section 3, is devoted to research methodology to be applied in this research and describes variables measurement of independent, mediating, dependent and control variables. Section 4 summarised potential contribution of the research in advancing supplier performance improvement knowledge.

## 2. Theoretical Background and Conceptual Framework

Figure 1 model guiding this research suggest that proper utilisation of critical supplier behavior; deceitful practices, subtle practices and spiritual liability perception of a buyer about supplier determine the level of perceived psychological contract violation and in turn offers the potential to improve supplier performance. Monitoring and supervision of supplier performance is a key for improving efficiency and effectiveness of supply chain practices (Gunasekaran, 2001). Nevertheless, supplier performance improvement is sustainable and solidified if psychological contract violation mitigation practices is encouraged. Thus performance measures benchmark relationship stability, particular social interaction and personal familiarity provide a conduit through which buyer firm and supplier firm can gain a better understanding of their common goals and differences. “thus a firm lacking strong supply chain socialisation mechanisms may not necessarily achieve improved performance, even though they have implemented ‘correct’ performance measures” (Cousins *et al.*, 2008); p.243).

Therefore, this study argues that deployment and effective management of psychological contract violation provide a mediating mechanism linking business ethics and supplier performance through a factor of connectivity and control determining the causal consequences. While the framework does not purport to identify and includes all the criteria that induce supplier performance improvement practice obtainable around the globe, it stresses a basic theoretical summation relative to basis for analysis and justification as a point of departure to a broader variables that influence supplier performance improvement within the value chain of buyer-supplier relationship.

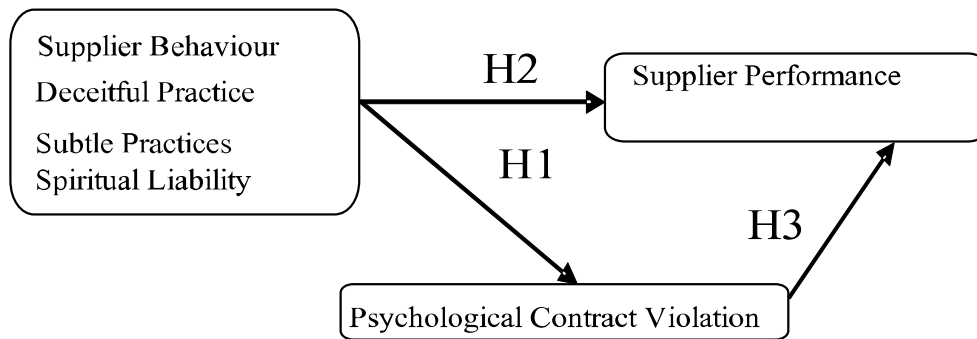


Figure: 1 **Conceptual Framework**

## **2.1 Literature Review and Hypothesis Development**

### **2.1.1 Ethics and Psychological Contract Violation**

#### **2.1.2 Supplier Behavior and Contract Violation**

Supplier behavior is a boundary-spanning course of action facilitating purposeful behavioral outcome motivation or negating successful buyer-supplier relationship management. Both buyer-suppliers needed configured formal programmes that may redirect compliance to shared ethical values (Hill *et al.*, 2009b). Desirable behavior of an employees and supervisors in ethically questionable situations is to a larger extent determined via the ethical dispositions of top management (Turner *et al.*, 1994; Laczniak *et al.*, 1995). Unethical behavior is encouraged or discourage significantly in accordance with the coworkers attitudes and actions (Duerden, 1995); wood, 1995)(Wood, 1995). Failure of the organisation to equitably execute its obligation leads to negative consequential breach of psychological contract (Morrison and Robinson, 1997). Nevertheless, others posit inter organisational contracts and fairness aid in shaping channel behavior (Brown *et al.*, 2006). Breached of contract attracts cost of follow up, compensation and damages against the inflicted injury (Walker, 2005).

Strengthening the connection between individual/organisation behavior and contract violation, prior empirical results documented that psychological contract influences organisational healthy behaviors through customer-employee contact (Blancero *et al.*, 1996). Unfair organisational behavior occurs as a result of negative word of mouth referral, burglary or theft (Blancero *et al.*, 1996). Therefore, a successful psychological contract execution and positive organisational justice perceptions is as a result of how the exchange parties were able to equitably, fairly and mutually perceives the transactional relationship (Blancero *et al.*, 1996). In particular, psychological contract shape mutual behavior in relation to shared contractual expectations (Herriot *et al.*, 1997). However, there has been tremendous documentation that exchange parties experiences contract violation in the event of failure to have a shared expectations (Robinson, 1996).

#### **2.1.3 Deceitfulness and Contract Violation**

“Deception involves the intention of creating or adding support to a false belief in another party” (Cramton and Dees, 1993), in contrast it was term to be “a false communication that tends to the communicator (Mitchell, 1986). Deceit can be a verbal and non verbal signals support or a false impression or utterances that are untrue (Carson, 1993). Opportunistic behavior was found to have influence greater engagement in determining the positivity or negativity of strategic alliances most especially in the event of exchange parties’ goal incongruence (Das and Narasimhan, 2006). Some authors proposed re-examination of the behaviors of a lump sum of the entire workers of an organisation is a true reflection of whether such an organisation supports or disapproves unethical behavior (Duerden, 1995). Building on this, it is expected that each firm should clearly outline what behavioral outcome

is legitimate or not allowed (Lui and Ngo, 2004). So also was the significance of relational norms on safeguarding against buyer-supplier opportunism, and that relativism is weak in explaining individuals unethical deeds (Al-Khatib *et al.*, 2006) and consistent with the prior findings other scholars are of the view that even though sharing information is of paramount importance, firms must protect the extent of knowledge spill over due to exposure to some opportunistic behavior (Jordan and Lowe, 2004). Relative recognition of monitoring supplier excesses in a collaborative relationship determines the excellent performance outcome indicators. Simply because, simultaneously it has been established that opportunistic behavior has the strongest negative weight on inter organisational trust and knowledge sharing (Cheng *et al.*, 2008). Proper monitoring of behavior minimising cost and ensures all volatile areas of the agreement are sealed (Reuer and Arino, 2002).

Substantial attention was given to how individuals or organisations use in appropriate information gathering employing mechanisms such bribery to have access to vital information about co-competitor (Lewicki and Robinson, 1998) and that women are more ethically conscious than the male counterpart in the business community and susceptible to avoidance of deception. Conversely deception and questionable character was found to be connected with negotiations (Murnighan *et al.*, 1999). Even though deception is regarded as unethical and illegal in negotiations some individuals justified its application for 'avoiding hurting others feelings, save face, self defence or avoidance of loss (Malhotra, 2004).

Recent work in the study of relationship dissolution, trust is found to reduce the effect of unfairness in the relationship management performance (Yang *et al.*, 2012). However, from the perspective of Affect Control Theory (ACT), it was established that customer justice perception is associated with affect via service recovery performance (Chebat and Slusarczyk, 2005). Following an examination of a reminder letter from tax office and its counter effect on informational and interpersonal fairness, reveals that in communicating to receivers those letters that show respect, empathy or humility tends to be well received and acknowledge positively (Wenzel, 2006). Similarly, mandated transactional safeguards are put in place to protect specific transactions and checkmate opportunistic behavior (Carson *et al.*, 2006).

#### **2.1.4 Subtle Practices and Contract Violation**

Breached of psychological contract influences job dissatisfaction, turnover intention and negative behaviors (Tekleab *et al.*, 2005). Contract accomplishment has an impact on the way and manner organisational commitment is managed (Sturges *et al.*, 2005). Increase evidence indicates that relational distress, affective commitment induces negative extra-role behavior (Kim *et al.*, 2011). Customer requirement and ethical procedural compliance and market competitive knowledge are acquired as a result of two way information communication in the buyer-supplier relationship performance (Liu *et al.*, 2012). Nevertheless, absence of fair interaction with employees and procedural compliance towards customer problem solving does not trigger negative actions rather it may lead to failure satisfaction of both (Rio-Lanza

*et al.*, 2009). However, compelling evidences indicated that contract violation do impact on workers belief and causes changes in attitudes and behavior (Robinson, 1996). Long term orientation is achievable as a result of the partners' reassurance and fair perceptions of each other (Griffith *et al.*, 2006).

### **2.1.5 Spiritual Liabilities and Contract Violation**

From the practical stand point of organisational behavior, spirituality was seen as to give charity, have integrity, possess brother love, concern for interpersonal interactions and consciousness for meanings of happenings (Bruce and Novinson, 1999). Spirituality "is simply the search for super ordinate goals, acceptance of diverse view points and a search for work with higher intrinsic value than we are simply retracing old paths" (Polley *et al.*, 2005). Thus recommended that for spirituality to be effective in a work place effort must be made towards; (a) making work more valuable to employees and to be an expression of ones self, (b) emphasising of acceptance of diversity, fair and openness to employee views, recognition of individuals' values and decisions in work place. Changing work environment influences more emphasis on perceptions of employees' faith, belief, norms, and values of work place. However, study of reinforcement elements such as 'employee inner life, meaningful work and community is connected with spirituality in a work place (Ashmos and Duchon, 2000). Therefore, firms must set a motivational ground that would allow for employees at all levels to freely discuss spiritual facet of life and group brainstorming for meanings of unanswered issues if left alone (Ashforth and Vaidyanath, 2002). Adequate management of spiritual capital is beneficial to favourable ethical climate and potential future drawbacks (Polley *et al.*, 2005).

Since buyer-supplier operate within a complex system of relationship, spirituality need to be handled carefully as a valuable resource otherwise it may turn out to be value destruction within the channel. Spiritually should not be misused (Polley *et al.*, 2005) because is a key to workers recognition of organisations intentions. Failure to adjust equitably to spiritual work environment exposes one to potential manipulative control (Brown, 2003). Even though some anecdotal evidences has it that stronghold of spirituality movement triggers sacrilegious attitudes towards work ethics (Ashforth and Vaidyanath, 2002). Thus emphasis should be geared towards spiritual disadvantages prompted by the emergent of inter subgroup community that may at time be detrimental to organisations mission and vision.

H<sub>a1</sub>: There is a significant effect between supplier behavior and contract violation.

H<sub>a2</sub>: There is a significant effect between deceitfulness and contract violation.

H<sub>a3</sub>: There is a significant effect between subtleness and and contract violation.

H<sub>a4</sub>: There is a significant effect between spiritual liabilities and and contract violation.

## **2.2 Ethics and Supplier Performance**

### **2.2.1 Supplier Behavior and Supplier Performance**

It has been clearly established that ethics programmes can impact on firm performance (Donaldson and Preston, 1995; Quinn and Jones, 1995). Therefore, mutually perceived justice behavior determines the perception of buyer-supplier ties which results into acceptable level of relationship performance (Liu *et al.*, 2012). Thus signifying the fact that actions and behaviors of trading partners may affect their relationship, positively or negatively depending on their perceptual dispositions and the extent to which justice fairness is assumed. At both the organizational and individual stand point, perception of fair treatment encourages high positive behavioral outcomes (Duffy *et al.*, 2013). In that both the buying firm and the supplying firm must treat each other as a valuable asset, reciprocate exchanges of monetary and non monetary incentives such as fairness in undertaken business engagement (Smals and Smits, 2012). They also established the fact that there was indeed a significant impact between how fairly suppliers perceived they were treated and their readiness for a long term relationships performance.

### **2.2.2 Deceitfulness and Supplier Performance**

Compelling evidences further demonstrate that lack of trust determines the future outcome of a relationship positively or negatively (Moe and Smite, 2007). A survey results shows that, poor socialization, lack of face-to-face meetings and poor socio-cultural fit, language skills, and geographic location were accumulated adverse effect on relationship performance improvement. Unjust treatment of a partner may lead to deterioration of future return on investment, negative media publicity, firm image or payment of fines (Watson *et al.*, 1996; Carpenter and Sanders, 2002; Wade *et al.*, 2006). Two ways communication is in effect proven to be associated with trust and mutual commitment in the study international joint venture partnership via the social exchange context (Kwon, 2008). It has also been buttressed further that destructive and devastating impact of opportunism on performance (Gassenheimer *et al.*, 1996).

Social bonds geographic location of supplier is relevant in maintaining supplier relationship (Kim and Boo, 2010). Thus physical flow of socialization is hampered by geographic location of the supplier or buyer indicating that location is of paramount when designing a social network that is fair, free and facilitate transfer of norms, beliefs and attitudes of goal congruence. Therefore geographical location has an impact on the way and manner subsidiaries are managed.

### **2.2.3 Subtleness and Supplier Performance**

Contract violation enhances organisational cynicism and decreases commitment towards organisational vision (Dean *et al.*, 1998). Fair perception of relationship performance



outcomes whether at the individual or organizational context influences favourable disposition of behavioral outcomes (Duffy *et al.*, 2013). Thus, commitment of a buying firm to sustainable long term relationship management plays a great role in supplier performance improvement (Sorenson, 2003). Unfair buying practices affects excessive overtime, low pay, poor working condition, reward honesty, realistic lead times are among many factors that should be proper handled with fairness to support and shape supplier behavior (Jiang, 2009).

#### ***2.2.4 Spiritual Liabilities and Supplier Performance***

In recent years intellectual capital has become a major source of firm competitive advantage (Holland, 2003). In spite of this, some researchers believe that this picture of intellectual capital may be too “optimistic”, since recognition of IC as an asset has both negative and positive influence (Caddy, 2000). The argument was that the tendency of IC to create value and competitive advantage, depends on the ideas of obligations, wealth destruction and intellectual risks (Harvey and Lusch, 1999; Garcia-Parra, 2009). Extant literature defines this obligations as “negative value consequences” (Cuganesan, 2005), “negative goodwill” (Brännström, 2009) “negative IC” (Brännström and Giuliani, 2009), “intangible liabilities” (Caddy, 2000; Abeysekera, 2003; Ahonen, 2009; Garcia-Parra, 2009)) and “intellectual capital risks” (Kupi, 2008; Brunold and Durst, 2012). According to this review, literature distinguishes two main concepts of intellectual liability: (1) it is considered as a depreciation of the value of IC (Abeysekera, 2003); Caddy, 2000; Ahonen, 2009); and (2) it is risks or non-monetary obligations (Harvey and Lusch, 1999; Garcia-Parra, 2009)).

Accordingly, Caddy (2003) pointed out that “in terms of intellectual asset impairment this can be summed up as: what was originally thought to be a good idea has now become a bad one” (p. 133). Therefore, intellectual capital can be seen an asset which has a future benefit for the company, whereas intellectual liability diminished the value of the firm (Abeysekera, 2003). Despite the relevancy of intellectual liability to intellectual capital, disclosing of intellectual liability has been ignored in literature.

Giuliani (2013) examined the influence of intellectual capital and intellectual liability on value creation and destruction processes, respectively. The findings of the study were based on the nine interviews from nine listed Italian companies. In fact, to achieve the aim of the study, the author identified two main objectives: (1) examine the interrelationships between intellectual capital, intellectual liability and financial capital; and (2) investigate the specifically analyse of intellectual liability “in action”. The results of the study documented that there is interrelationship between intellectual capital, intellectual liability and financial capital. With respect to specifically analysis of intellectual liability “in action, the result shows that the role of intellectual capital in value creation is different with the role of intellectual liability in value destruction.

(Stam, 2009) proposed a framework based on intellectual capital and Gibbon's study for measuring intangible liability. The author pointed out that internal and external liability is two parts of intellectual liability. He mentioned that "internal liabilities refer to the causes of deterioration that arise from the sources of value creation within the organization and external liabilities refer to the causes of deterioration that come from outside and are beyond the control of the organization" (p.99). Garcia-Parra *et al.* (2009) documented that firms can improve their models of intellectual capital measurement through taking into account of both intangible asset and intangible liabilities. Thus, it can be achieved through the recognition of the influence non-monetary obligations (salary, degree of responsibility, pleasant work environment, professional prestige, knowledge acquisition, job security, recognition, training and promotion opportunities) between an organization and its employees.

Stemming from above the literature, it has proven that employees' norms, belief, faith and commitment to organisation determine the spiritual capital or liability attachment of the worker to his/her place of work. Therefore, this study posits the following hypotheses:

H<sub>b1</sub>: There is a significant effect between supplier behavior and supplier performance.

H<sub>b2</sub>: There is a significant effect between Deceitfulness and supplier performance.

H<sub>b3</sub>: There is a significant effect between subtleness and supplier performance.

H<sub>b4</sub>: There is a significant effect between spiritual liabilities and supplier performance.

### ***2.3 Psychological Contract Violation and Supplier Performance***

Monitoring supplier performance is not an end in itself but, a process of socializing the buyer-supplier towards optimum performance success (Cousins, 2007). Socialisation mechanisms have a direct effect on business performance measurable by market share, time to market and lead time reduction (Cousins *et al.*, 2008). For suppliers ability to share and invest its technical capabilities resources with the buyer ensued some embedded social and psychological commitment. Ultimately such an investment by the supplier it surely improves supplier performance in the areas of product quality, delivery time and cost control (Carr *et al.*, 2008).

It is worth mentioning that High level of socialization enhances learning and creation of "new novel knowledge" (Lawson *et al.*, 2009a) and (Cousins *et al.*, 2008) suggested that establishing supplier operational measures such as cost reduction, delivery and reliability influenced the application of stable positive buyer-supplier socialisation mechanisms for improved performance outcomes. Performance measurement activity is a necessary rigorous assessment that managers should not be wary of because, it forestall emerging markets risk and unnecessary environmental uncertainty. Despite its safety and efficacy in ensuring

organizational sustainability, it also helps managers in planning, controlling, directing and forecasting future activities (Anthony and Govindarajan, 1995). Identify deviations from the established standards, taking corrective actions and prone to consistent competitive strategy orientation (Simons, 2000).

Relational embeddedness and its dimensions (very strategic, moderately strategic and not strategic) categorization of suppliers to outsource have been extensively studied by different researchers from divers' perspectives to observe its influential effect between buyer-supplier performances in relational management (Wagner and Johnson, 2004). An investigation in to the impact of performance management systems involving both financial and non financial measures (cost, finance, quality, time, performance specifications) was reported to have a positive relationship to social mechanism (Mahama, 2006). Supplier evaluation and selection of the right metrics is for the benefit of firm's cultural control, pursuance of common goals and (Nonaka and Takeuchi, 1995).

Therefore, mutually perceived justice behavior determines the perception of buyer-supplier ties which results into acceptable level of relationship performance (Liu *et al.*, 2012). Thus signifying the fact that actions and behaviors of trading partners may affect their relationship, positively or negatively depending on their perceptual dispositions and the extent to which fairness is assumed. At both the organizational and individual stand point, a perception of fair treatment encourages high positive behavioral outcomes (Duffy *et al.*, 2013). In that both the buying firm and the supplying firm must treat each other as a valuable asset, reciprocate exchanges of monetary and non monetary incentives such as fairness in undertaken business engagement (Smals and Smits, 2012). They also established the fact that there was indeed a significant impact between how fairly suppliers perceived they were treated and their readiness for a long term relationships performance. According to (Pan *et al.*, 2012), perceive fairness has a positive effect on customer loyalty. This draws our attention to distinctively provide in-depth assessment of interpersonal and informational justice and its relevance to contemporary dominant times within the buyer-supplier dyads in facilitating and promoting superior supplier performance

- **H2:** There is a significant effect between contract violation and supplier's performance.
- **H3:** There's a mediation effect of psychological contract in the relationship between Supplier business ethics and supplier's performance.

### 3. Method

The data collection will take about 4 months to complete collation of responses back and conduct interviews as an effective procedure for sequential mixed method research. The targeted population is higher educational institutions procurement executives from 11

universities and 8 polytechnics from the North-Eastern region of Nigeria will form the population of the study. However, the targeted sample size of the study is eighty six (86) from a population of one hundred and ten respondents (110). Returned responses will be manually entered into Microsoft Excel software by the researcher. After data collection we would run for demographic frequency to confirm for missing values which will be adequately sorted out and corrected. The study intends to employ a five likert scales measuring the statements in the questionnaire.

Questionnaire will be use for data collection based on the prior established related scales identified from the critical review of literature. Normality test of the data will be check using the skewness and kurtosis, histogram and P-P plots test to determine if there is any deviation from normality distribution between  $\pm 1.0$ . Face validity will be employed and reliability of the survey instrument will check via Cronbach's alpha coefficient to estimate the internal consistency of. Principal component factor matrix with varimax rotation method with Kaiser Normalisation will be employed to determine the suitable factors with an eigenvalue of greater than 1 and adequacy of sample size.

This study will ensure that each factor loading is equal to or greater than 0.4 with an approximate difference of items loadings between factors of greater than 0.4 for convergent and divergent validity (Hair *et al.*, 2006) to be established. Inherently, reliability analysis demands that the item to total correlation must be greater than 0.5 with a Cronbach alpha ( $\alpha$ ) of greater than 0.6 respectively (Hair *et al.*, 2006). Cronbach alpha should have a value above 0.7 (Nunnally, 1978). It can serve as a check for internal consistency of the items used in the scales by examining how well the individual items in the scales represents the common underlying constructs (Spector, 1992). Therefore items will be subjected to varimax rotation to check how well the items were loaded on the factors and the characteristics root (Eigenvalue)  $\geq 1$  will be adopted in order to determine the number of factor to retain (Hair *et al.*, 1995; Sharma, 1996)

There after the study will conduct verification of dimensionality and reliability of the survey, critical purification of the data, factor analysis, correlation analysis, and regression analysis will be conducted to have a feel and examine relationship between IV, MV and DV. The key informant approach will be adopted by collecting data from an expert or knowledgeable individuals from each institution that has an in-depth understanding about the research problem through semi structured interview process. Snowball sampling strategy and sample size will be employed in qualitative aspect. Thus, it is appropriate where the research focused on small and specialised population (Malhotra *et al.*, 2002) and flexible in achieving rich and varied information (Lincoln and Guba, 1985). There after both quantitative results and qualitative results will be merged (triangulate) advance understanding of the concept under investigation.

### 3.1 Measurement

Supplier Behavior. We adopted the four item scale of (Carter, 2000) and modified to suit the present purpose using 5 point likert scale in assessing how: Increases prices of materials when there is a shortage, Uses back door selling techniques and knowingly goes into escalation of resources, Ask sensitive information about competitors, Offers gift in excess of normal ethical appreciation.

Deceitfulness. Items were adopted from (Carter, 2000; Hill *et al.*, 2009a), “Firms exaggerate the seriousness of problem to gain competitive advantage, Firms purposely misleads salespersons, Firms uses obscure contract terms and Firms invents or make up a second source to gain competitive advantage.

Subtle Practices. Is a three measure item scale adopted and modified from (Carter, 2000; Hill *et al.*, 2009a) Our company top management gives preference to some suppliers, Our company allows suppliers management personality to impact on decisions and Our company writes specifications that favour a particular supplier.

Spiritual Liabilities. Were adopted and modified from (Youndt, 1998; Bontis, 1999; Ismail, 2005) Our suppliers employees are not committed, sincere, honest in carrying out their duties due to lack of motivation, Employees capabilities are weak due to negative perception of believe and practice, Our company did not provide adequate working environment that encourage shared ideas and practice creativity, Our company lack committed and competent and loss of key employees, Our employees feel happy when going to work in the morning and working intensely

Psychological Contract Violation. Were measured using four item scale based on In comparison with my firms contribution to supplier and what we receive in turn I feel Angry with my supplier, I feel cheated by my supplier, I feel pleased with my supplier, I feel disillusioned by my supplier and I feel frustrated by my suppliers attitudes (Hill *et al.*, 2009b).

Supplier Performance. Four items scales were used to assessed supplier performance; significant improvement in supplier product quality, supplier delivery time improves, schedule flexibility without cost or time penalty and improvement in cost control (Narasimhan *et al.*, 2004; Carr *et al.*, 2008).

Control. We control for several plausible constructs such as firm size, asset investment, % of buyer purchase requirement, (Cousins *et al.*, 2008; Pauraj *et al.*, 2008; Ye *et al.*, 2013a; Ye *et al.*, 2013b).

### 4. Conclusion

The study will test the effect of both supplier behavior, deceitfulness, subtle practices and spiritual liability on psychological contract violation and in turn its corresponding impacts on

supplier performance improvement. Answering calls such as how can coordinated and integrated workplace spirituality be introduced and deploying required resources to curtail its consequences and enforce implementation (Polley *et al.*, 2005). Appropriate skills and techniques of clarity and effective communication of business ethics code are confirmed to have impacted on reducing unethical behavior (Vitell *et al.*, 1993). Anecdotal evidence suggests that psychological contract is indeed an influencing factor in employees' perceptions of politics and fairness (Rosen *et al.*, 2009) in better understanding of attitudes.

Nevertheless, how do market characteristics influence exchange parties' behavioral outcome was proposed to have been achieved by properly positioning and information sharing (Handfield, 2002). The evidence presented suggests possibility of involving suppliers towards problem solving and free interaction may be a helpful opportunity motivating responsiveness. This further suggests to some extent the viability of the buying firm equitably responding to market forces and effective utilisation of resources (Kannan and Tan, 2002). Thus, work place spirituality is seen as a form of managerial control (Bell and Taylor, 2003)

From the practical standpoint, "a spirituality that seeks equality, social justice and plurality is beneficial to business and society" (Boje, 2008); p. 183). Similarly, contract and trust tends to be higher and positively related to innovation performance (Wang *et al.*, 2011). Therefore, nurturing trust is believed to have curb opportunism in the buyer-supplier relation (Cavusgil and Deligonul, 2004). Conversely, alliances the supplier enable the firm to succeed in sustainable competitive advantage and provides the ability to achieve waste elimination and optimal value chain efficiency (Tan, 2002). Despite the aforementioned, extant literature revealed that knowledge stock is associated with performance relationship in smaller firms. It is worth mentioning that buyer-supplier paradigm is a multidimensional nested relationship that ought to be treated with caution, skills and expertise by the managers and researchers relative to glaring outcomes. Therefore this paper contributes to the body of knowledge by virtue of providing conceptual theoretical framework of the extended sensitivity of supplier unethical factors on Psychological contract violation in determining supplier superior performance..

Nevertheless, further conceptualisation is needed in linking consequential impact of bribery on psychological contract violation from the context of tertiary education procurement practices deserves more attention. Other factor may still explain the relationship in the model that were not yet explored, future research could take up the challenge of identifying other factors not accounted for in this study due to its limitation in scope and coverage. Future research could prolifically be built by extending this study in different context and philosophical perspectives.

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