

Toxic Workplace Culture and Talent Drain: The Roles of Emotional Exhaustion and Psychological Contract Breach

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Article Details	Abstract
Received: 16 July 2023 Accepted: 22 Oct 2023 Published: 27 Dec 2023 ¹Dr. Amber Kareem ²Hajra Joher Copyright @Author Corresponding Author: *Dr. Amber Kareem	Organizations increasingly report difficulty retaining skilled employees, and recent practitioner research points to toxic workplace culture as a leading reason people leave. Yet the psychological processes through which toxic culture converts into talent drain remain under-specified. This paper develops a conceptual model in which toxic workplace culture drives turnover intention and actual turnover through two parallel mechanisms: emotional exhaustion, a resource-depletion pathway, and psychological contract breach, a relational-violation pathway. Drawing on conservation of resources theory, psychological contract theory, and turnover research, we propose that both mechanisms increase withdrawal, that the effects are stronger for high performers who have more alternatives, and that perceived organizational support, job embeddedness, and perceived employability condition the relationships. The paper presents a table of constructs, a typology of toxic culture attributes, a flowchart of the process, a research design, and managerial implications.

Keywords: toxic workplace culture, talent drain, emotional exhaustion, psychological contract breach, turnover, retention.

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1-INTRODUCTION:

When employees leave, organizations lose knowledge, relationships, and productivity, and they bear the cost of recruiting and training replacements. Voluntary turnover is especially damaging when it concentrates among the people the organization most wants to keep. Traditionally, retention has been framed as a matter of pay, benefits, and career opportunities. More recent analyses of large employee-review datasets suggest that culture, and in particular toxic culture, predicts attrition more strongly than compensation does (Sull, Sull, & Zweig, 2022).

Toxic culture is not a single behavior. It is a pattern of norms, leadership practices, and tolerated conduct that employees experience as disrespectful, exclusionary, unethical, cutthroat, or abusive. Such environments expose people to chronic strain and also signal that the organization is not honoring its side of the employment relationship. These two consequences are theoretically distinct. The first drains energy; the second erodes trust. Both may push employees to leave, but they imply different interventions.

This paper addresses three questions:

1. Through what mechanisms does toxic workplace culture lead to turnover and talent drain?
2. Why does toxic culture drive away high performers disproportionately?
3. Which factors help organizations retain employees despite adverse conditions?

2. Theoretical Background

2.1 Toxic workplace culture

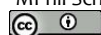
Workplace culture refers to the shared values, norms, and assumptions that guide behavior. A culture becomes toxic when its norms legitimize or tolerate behaviors that harm people, such as disrespect, bullying, favoritism, unethical conduct, and relentless internal competition. Analyses of employee-review data identify five recurring attributes: disrespectful, non-inclusive, unethical, cutthroat, and abusive (Sull, Sull, Cipolli, & Brighenti, 2022). Related research on abusive supervision shows that hostile leader behavior harms employee attitudes and well-being (Tepper, 2000), and incivility research shows that even low-intensity disrespect carries costs (Pearson & Porath, 2005). Toxic culture is a broader, collective condition that sustains such behaviors.

2.2 Emotional exhaustion: the resource pathway

Emotional exhaustion, the core dimension of burnout, is a state of feeling depleted of emotional and physical energy (Maslach, Schaufeli, & Leiter, 2001). Conservation of resources theory explains that people strive to obtain and protect valued resources and experience stress when they are threatened or lost (Hobfoll, 1989). Toxic environments continuously drain resources through conflict, fear, and moral discomfort, while offering few means of recovery. Exhaustion is a consistent predictor of voluntary turnover and lower performance (Wright & Cropanzano, 1998; Alarcon, 2011), and the job demands-resources model similarly

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shows that high demands without resources produce strain and withdrawal (Bakker & Demerouti, 2007).

2.3 Psychological contract breach: the relational pathway

A psychological contract is an employee's belief about the mutual obligations between themselves and the organization (Rousseau, 1989). Breach occurs when the employee perceives that the organization has failed to fulfill one or more of those obligations, and violation is the intense emotional reaction that may follow (Morrison & Robinson, 1997; Robinson & Morrison, 2000). Toxic culture creates breach in several ways: promises of respect, fairness, or development are contradicted by daily experience, and leaders who tolerate harmful behavior break implicit commitments to protect employees. Meta-analytic evidence shows that breach is associated with lower trust and satisfaction, higher turnover intentions, and weaker performance (Zhao, Wayne, Glibkowski, & Bravo, 2007).

2.4 From withdrawal to talent drain

Turnover research distinguishes the desire to leave from actual departure, which depends on alternatives and ties to the organization (Griffeth, Hom, & Gaertner, 2000; Hom, Lee, Shaw, & Hausknecht, 2017). Job embeddedness, the web of links, fit, and sacrifice that bind employees to their organizations, helps explain why some dissatisfied employees stay (Mitchell, Holtom, Lee, Sablinski, & Erez, 2001). Talent drain occurs when departures concentrate among high performers and employees with scarce skills. Because such employees tend to have more external options, they can act on dissatisfaction more readily than others.

3. Conceptual Model and Propositions

We propose that toxic workplace culture (the independent variable) increases emotional exhaustion and psychological contract breach. These two mediators increase turnover intention, which leads to actual turnover and, when departures concentrate among high performers, to talent drain. Perceived organizational support, job embeddedness, and perceived employability moderate the process. Figure 1 depicts the model and Table 1 defines the constructs.

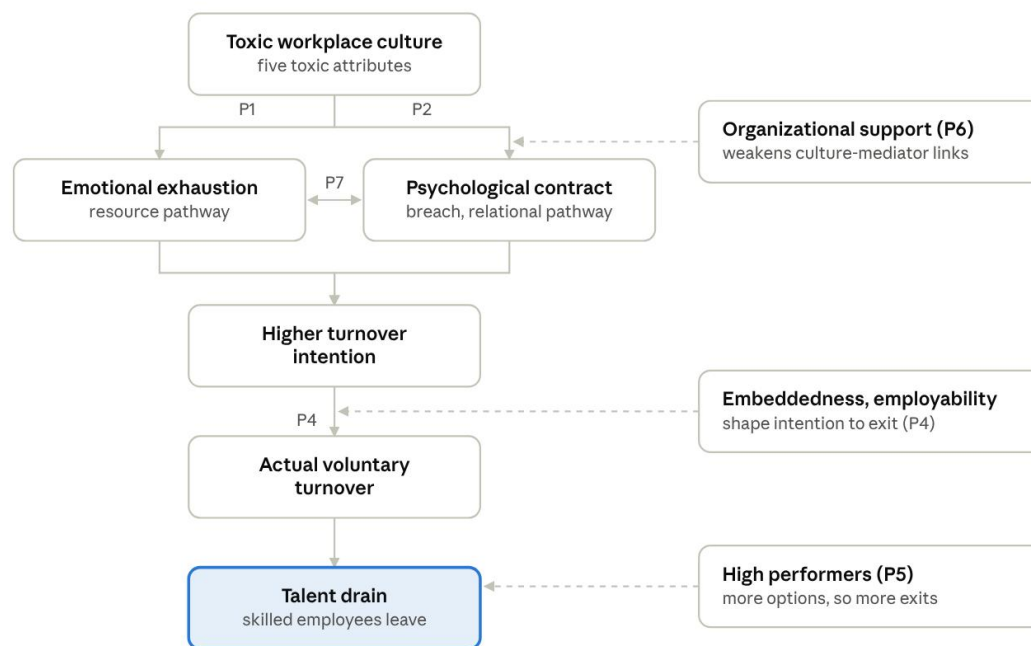
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Toxic culture drains energy and trust, so talent leaves



Dashed arrows show moderating conditions

toxic culture and talent drain model · 2 mediators, 3 moderators

Figure 1. Toxic culture increases emotional exhaustion and psychological contract breach, which raise turnover intention and actual turnover, producing talent drain; support, embeddedness, employability, and performance level moderate the process.

P1 (Exhaustion pathway). Toxic workplace culture is positively related to emotional exhaustion, which is positively related to turnover intention.

P2 (Breach pathway). Toxic workplace culture is positively related to psychological contract breach, which is positively related to turnover intention.

P3 (Parallel mediation). Emotional exhaustion and psychological contract breach each partially mediate the relationship between toxic culture and turnover intention, with exhaustion more strongly linked to reduced performance and breach more strongly linked to loss of commitment and trust.

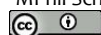
P4 (Intention and behavior). Turnover intention is positively related to actual turnover, and this link is stronger when perceived employability is high and job embeddedness is low.

P5 (Talent drain). Because high performers have higher perceived employability, toxic culture is more strongly associated with turnover among high performers than among average performers, increasing the organization's average talent loss.

P6 (Perceived organizational support). Perceived organizational support weakens the relationship between toxic culture and both mediators, because it signals that the organization values employees and restores a sense of reciprocity.

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P7 (Mutual reinforcement). Exhaustion and breach reinforce each other over time: exhausted employees are more likely to perceive unmet obligations, and breach increases emotional strain.

4. Constructs and Their Roles

Construct	Role in the model	Definition	Key source
Toxic workplace culture	Independent variable	Shared norms that tolerate disrespect, exclusion, unethical conduct, cutthroat competition, or abuse	Sull et al. (2022)
Emotional exhaustion	Mediator 1	Depletion of emotional and physical energy	Maslach et al. (2001)
Psychological contract breach	Mediator 2	Perception that the organization failed to fulfill its obligations	Robinson & Morrison (2000)
Turnover intention	Mediator 3	Conscious desire to leave the organization	Griffeth et al. (2000)
Actual turnover and talent drain	Dependent variable	Voluntary exit, especially among high performers and critical-skill employees	Hom et al. (2017)
Perceived organizational support	Moderator	Belief that the organization values contributions and cares about wellbeing	Rousseau (1989)
Job embeddedness	Moderator	Links, fit, and sacrifice that bind an employee to the organization	Mitchell et al. (2001)
Perceived employability	Moderator	Belief in the ability to obtain alternative employment	Hom et al. (2017)

Table 1. Constructs in the toxic culture and talent drain model.

5. Attributes of Toxic Culture and Their Likely Mechanisms

Not all toxic attributes are likely to work through the same mechanism. Table 2 maps each attribute to the pathway it most plausibly activates, as a basis for empirical comparison.

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Toxic attribute	Typical manifestation	Likely dominant mechanism	Typical withdrawal response
Disrespectful	Belittling, ignoring, interrupting	Emotional exhaustion	Reduced effort and eventual exit
Non-inclusive	Favoritism, exclusion from opportunities	Psychological contract breach	Loss of commitment and search for alternatives
Unethical	Tolerated rule-breaking, dishonest practices	Psychological contract breach	Moral disengagement and exit
Cutthroat	Zero-sum internal competition, sabotage	Emotional exhaustion	Burnout and departure
Abusive	Intimidation, public humiliation	Both pathways	Rapid withdrawal and exit

Table 2. Toxic culture attributes mapped to mechanisms. The mappings are theoretical expectations, not established findings.

6. Proposed Research Design

Sample and design. A three-wave panel of employees across multiple organizations, with waves separated by about three to six months. Toxic culture is measured at both the individual and unit levels, with unit-level aggregation reducing single-source bias. Actual turnover and performance ratings are obtained from HR records over the following twelve months.

Measures. Toxic culture: a scale reflecting the five attributes. Emotional exhaustion: the exhaustion subscale of a standard burnout inventory. Psychological contract breach: Robinson and Morrison's global breach measure. Turnover intention: a short validated scale. Moderators: perceived organizational support, job embeddedness, and perceived employability scales. High performance is defined from supervisor ratings or objective performance records.

Analysis. Multilevel structural equation modeling for parallel mediation (P1-P3); survival analysis (Cox regression) for actual turnover with time-varying predictors (P4-P5); moderated mediation with bootstrapped confidence intervals (P6); cross-lagged panel models for reciprocal effects (P7). Researchers should control for pay, tenure, job level, and labor market conditions.

Complementary designs. Exit-interview and qualitative studies can reveal which toxic attributes departing employees themselves cite, and organizational case studies can examine culture change efforts.

Proposition	Relationship tested	Method	Expected result
P1	Culture to exhaustion to turnover intention	Multilevel SEM	Positive indirect effect
P2	Culture to breach to turnover intention	Multilevel SEM	Positive indirect effect
P3	Relative strength of	Parallel mediation,	Both significant,

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Proposition	Relationship tested	Method	Expected result
	the two mediators	bootstrapped CIs	with differing outcome profiles
P4	Intention to turnover, moderated by embeddedness and employability	Survival analysis	Stronger link at high employability and low embeddedness
P5	Performance level by culture interaction on turnover	Cox regression with interaction	Higher hazard among high performers
P6	Perceived organizational support as buffer	Moderated mediation	Weaker culture-mediator links
P7	Reciprocal exhaustion and breach	Cross-lagged panel model	Significant cross-lagged paths

Table 3. Testing plan for the propositions.

7. Discussion

7.1 Theoretical contributions

First, the model integrates two theories that are usually applied separately, showing that toxic culture harms retention through both energy depletion and trust erosion. Second, it explains why toxic culture produces talent drain rather than uniform attrition, by bringing in perceived employability. Third, it identifies boundary conditions, helping explain why some employees stay in poor environments.

7.2 Practical implications

- **Measure culture directly.** Track respect, inclusion, integrity, and collaboration in regular surveys and exit interviews, and act on unit-level hotspots.
- **Hold leaders accountable.** Include conduct and team climate in leader evaluations and promotion decisions, and address abusive behavior swiftly regardless of performance.
- **Protect energy.** Manage workload, provide recovery time, and offer access to support to reduce exhaustion.
- **Keep promises visible.** Be explicit about what the organization commits to, and communicate honestly when commitments cannot be met, to reduce perceived breach.
- **Watch high performers.** Monitor engagement and retention risk among valuable employees, who are the most likely to act on dissatisfaction.

Warning sign	Recommended action	Proposition addressed
Exit interviews cite disrespect or unfair	Investigate the unit, coach or replace leaders, and	P1, P2

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Warning sign	Recommended action	Proposition addressed
treatment	publish corrective steps	
Rising fatigue, sick leave, or disengagement	Review workload and strengthen recovery and support	P1
Employees say promises about growth or fairness were not kept	Reset expectations and deliver on a small number of clear commitments	P2
Top performers resign in clusters	Run stay interviews and address the cultural causes	P5
Weak support perceptions despite policies	Strengthen visible manager support and recognition	P6

Table 4. From warning signs to managerial actions.

7.3 Limitations and future research

This paper is conceptual and the propositions require empirical testing. Future research should test the attribute-to-mechanism mappings, examine how toxic culture and labor market tightness interact, study collective turnover and its contagion effects, and investigate the role of remote and hybrid work in either masking or amplifying toxic dynamics. Longitudinal work should also examine whether culture repair efforts reduce exhaustion and breach, and how long recovery takes.

8. Conclusion

Toxic workplace culture damages organizations by exhausting their people and by breaking the trust that holds the employment relationship together. Both processes push employees toward the exit, and those with the best alternatives are the quickest to go. Organizations that want to retain their talent must therefore treat culture as a core performance system, addressing conduct, workload, and the credibility of their promises together.

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