

## **The Effect of Psychological Contract Fulfillment on Employees' Outcomes: Employee Commitment and Job Satisfaction in Education sector**

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### **Abstract**

This work aims to study the effect of psychological contract fulfillment on an employee outcome of satisfaction and commitment in the Education sector. The universities that put additional effort in maintaining and achieving upper level of fulfillment of psychological contract between employer, employees, and universities have satisfied and committed employees. The study had been conducted in Private Universities of National Capital Region. Descriptive research had been conducted to study the effect of psychological contract fulfillment on employee outcomes of employee commitment and job satisfaction. This quantitative study based upon data collection through questionnaire. The data was collected from 50 employees involved in teaching in Private Universities of National Capital Region. The study proves that there is a positive and significant relationship between psychological contract and employee outcomes of commitment and satisfaction after analysis of data. Hence, psychological contract fulfillment has a significant effect on employee outcomes of commitment and satisfaction.

**Keywords:** Psychological Contract fulfillment, Satisfaction, Commitment

### **1. Introduction**

Psychological contract can be defined as unspoken set of employment relationship expectations which are different from the official and well-defined employment terms and condition. Psychological contract plays a significant role to understand to relationship of employee- employer. Though this concept is not purely originated from the HRM domain, but it plays a major role as analytical tool in understanding and elaborating HRM. Stakeholders are having keen interest to study the relationship of employee commitment and motivation with psychological contract.

Turnley & Feldman (2000) conceptualized psychological contract as the relationship of employees with their employers. Rousseau & Tijoriwal (1998) defined psychological contract as the "implicit and explicit promises of two parties, makes to each other". Collins, Ericksen & Allen (2005) emphasized that effective HR policies and practices lead to significant employee outcomes as higher level of

commitment, involvement, trust, satisfaction, positive efforts and lower down the spirit to quit the organization.

Satisfaction at jobs helps employee to develop the feeling of happiness and enthusiasm and this helps them to get recognition, promotion, income and goals' achievement that develop a sense of satisfaction (Kaliski, 2007).

Breach of psychological contract affect to employees' performance and employees' commitment and satisfaction adversely Ballou, (2013). Yalabik (2014) has concluded that psychological contract affects employee outcome such as commitment and satisfaction. He also contributed that Breach of psychological contract effects on commitment, satisfaction, job performance etc adversely.

Therefore, this study focuses on investigate the effect of psychological contract fulfillment on commitment and satisfaction in Private Universities of National Capital Region.

Bolino, Lesterand, Turnley and Bloodgood (2003) emphasized that break of Psychological contract affects job satisfaction negatively. Employees may be encouraged and involved in unrestricted activities, containing enlarged determination and organization belongingness when the firm completes its assured responsibilities towards employee (Coyle- Shapiro, 2002). Rousseau and Robinson (1994) stated that breach of psychological contract affects to employees whose has high levels of commitment or faith towards the organization.

According to Lambert, Edwards & Cable (2003) satisfaction towards job is a prominent end result of psychological contract fulfillment.

It has linkage with other attitudinal and behavioral end results which includes commitment and performance. The research problem is identified i.e., ***“Is the psychological contract fulfillment affects employee outcomes of job satisfaction and employee commitment?”***

The objective is to examine the effect of a psychological contract fulfilment on employee outcomes of employee commitment and job satisfaction in Private Universities of National Capital Region. Following are the well-defined objectives of this study-

1. Studying the effect of psychological contract fulfillment on employee commitment in Private Universities of National Capital Region
2. Studying the effect of psychological contract fulfillment on Job satisfaction in Private Universities of National Capital Region

## 2. Review of Literature

### ***2.1 Psychological Contract***

Coyle –Shapiro & Kessler (2000) emphasized over the idea of psychological contract and prominent role in the understanding and attitude and behavior of people in the contemporary time.

Psychological contract denotes to unwritten expectation among the employer and employee (Aggarwal and Bhargava, 2009) According to Rousseau (1989) Psychological Contract has four categories of the classification- Transactional, Balance, Transitional and Relational contracts.

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## **2.2 Employee Commitment**

Organization commitment showed the psychological status of employees with employers Allen and Meyer (1996). Then level of commitment determines the degree of being with the organization since long. It has three dimension-

1. Affective commitment (readiness of employees to be in the company as their warmth to company)
2. Normative commitment (readiness of employees to be in the company as per their commitments, obligation and sense of responsibility)
3. Continuance commitment (readiness of employees to be in the company as based on utilitarian consideration)

Organization commitment is the psychological opinion about employee towards organizations and it shows level of been loyal towards the organization (Meyers and Allen, 1996).

## **2.3 Job Satisfaction**

According to Oshagbemi (2003) Job satisfaction is a prominent trait which companies want to spread among their people. Further extended by Shiau, Chen, Wang and Yang (2006) job dissatisfaction leads to absenteeism and turnover while job satisfaction enhance employees' performance, their productivity and commitment towards the organization. Job satisfaction refers the inner of employees related to its work or workplace (Rizwan Khan, Tariq, Ghaffar, 2012). Bodur (2002) marked that nature of work, age group, gender, level of educational, psychological contract, environment also take a prominent part in setting up the bar for job satisfaction. Brikend (2011) identified impact of work characteristics, wages/salary, work advancement, condition and group of work and psychological contract over job condition. **2.4 Effect of psychological contract fulfilment on employee commitment**

According to Casser & Briner (2011) Psychological contract shows the employee belief of mutual responsibility between employee and organization. It involves two way relationship that shows employees' believes towards responsibilities. Psychological contract has a prominent effect on employee commitment towards organization (Lou and Yo, 2013). Employees may feel more hurt by the breach of psychological contract, those are connected with their workplace sensitively (Robinson & Rousseau, 1994).

H<sub>1</sub>: There is a positive effect of the "Psychological Contract" fulfilment over "Commitment"

## **2.5 Effects of psychological contract fulfilment on job satisfaction**

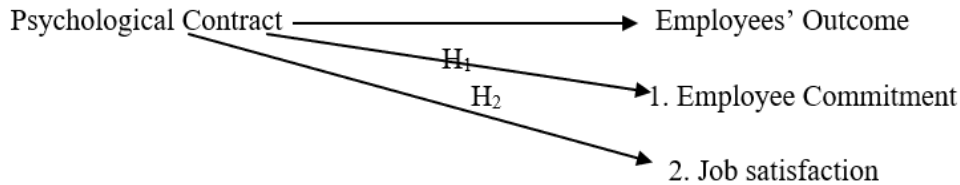
Job satisfaction reflects the outlook and psychological contract employee have towards their work. Armstrong (2006) job satisfaction shows affirmative and favorable approaches concerning the job while job dissatisfaction shows adverse or negative attitudes towards job. Job satisfaction showed a robust association between a worker psychological status (psychological contract).

According to Anderson & Schalk (1998) break of the contractual obligations – benefits, pay and upgrades of the psychological contract leads job dissatisfaction.

H<sub>2</sub>: There is a positive effect of the “Psychological Contract” fulfilment over “Job satisfaction”

**3. Framework and Hypotheses for study**

After doing literature review, it has been identified that psychology contract can be measured as independent variable, and employees’ outcomes of commitment and job satisfaction can be considered as dependent variable. **Framework**



**4. Methodology of Research**

**4.1 Sample Size and method**

The study is based on simple random sampling technique as a sampling method. Random sampling technique is based upon the principle of having equally chances of being selected in the sample. Size kept for this study was of 50 that has been drawn from Assistant Professor, Associate Professor and Professors of Private University of NCR.

4.2 Instrument for data collection

This study is based upon primary data collection. The structured questionnaire has been used for the data collection. The instrument used for this research; questionnaire contains of 48 close ended questions. To measure the strength of psychological contract, an questionnaire was used which was developed by Harold Andrew Patrick (Patrick, 2008). To measure the job satisfaction, an instrument was used which was developed by Paul E. Specter (Specter, 1994, as cited in Amburgey, 2005). To measure employee commitment, the 10-item Employee commitment Questionnaire (OCQ) was used (Porter et al., 1974, as cited in Luthan, 1998). Responses were recorded through the questionnaire having Five – point Likert scale.

**5. Data Analysis and interpretation**

In this research, mean, median, mode, standard deviation, correlation coefficient is used as statistical tools.

Effect of psychological contract on organization commitment and job satisfaction had been studies with the help of regression analysis and association among dependent and independent variables will be studied through correlation analysis.

Basis	Categories	Number of respondent	Percentage
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Gender	Female	26	52.0%
	Male	24	48.0%
Age	30-47	44	88.0%
Education	Higher qualifications	45	90.0%
Experience	7-22 years	46	92.0%
Designation	Assistant Professor	22	44.0%
	Associate Professor	22	44.0%
	Professor	6	2%

**Table-1. Showing Demographics of Sample**

Table-1 depicting that 52% females and 48% have responded as respondent. 88% respondents belongs to the age category of 30-47. 90% of the respondents are highly qualified and 92% from the sample hold working experience between 7-22 years. 44% respondents are Assistant Professor and 44% respondents are Associate Professor and 6% are 44% respondents are Professors of the different Private universities.

<b>Dependent/Independent variable</b>	<b>Cronbach Alpha</b>	<b>No of Items</b>
Psychological Contract	.754	23
Organizational Commitment	.750	07
Job Satisfaction	.711	18
Overall Questionnaire	.834	48

**Table -2. Showing Reliability of Questionnaire**

The value of Cronbach Alpha is 0.8 for overall questionnaire which shows data is reliable to study.

<b>Value</b>	<b>Psychological Contract</b>	<b>Organization Commitment</b>	<b>Job Satisfaction</b>
Value of Mean	3.71	3.28	3.03
Value of Median	3.62	3.35	3.71
Value of Mode	2.19	3.01	3.71
Value of SD	0.34	0.45	0.35
Value of Skewness	-0.55	-0.47	-0.81
Value of	-0.35	-0.47	1.48

Kurtosis			
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**Table -3. Showing a Descriptive Statistics**

Table -3 depicts that Psychological Contract has mean value of 3.71 which shows “High” strength of psychological contract fulfillment. As per the table3, Job satisfaction has mean value of 3.03 and Std. Deviation is 0.35 which reflect the “High” level of satisfaction and 3.28 is the mean value of commitment. As per the above table it can be observed that the values of kurtosis and skewness are between +2 and -0.81. The value of kurtosis and skewness from +2 to -2, shows the data is normally distributed on the 0.05 level (Kline, 2005). Hence, Data is normally distributed for this study.

**Regression Analysis**

Regression Analysis is done to study the impact of one variable to other.

Therefore, Regression Analysis is also used to study the how Psychological Contract fulfillment effects organization commitment and job satisfaction separately.

Values of Variable	“Psychological Contract” and “Job Satisfaction”
Value of R <sup>2</sup>	.862
Value of Adjusted R <sup>2</sup>	.859
Value of F	316.38
Significance level	0.000
Value of B- Constant	.854
Value of Standardize Beta	.924

**Table 4. Effect of Psychological Contract fulfillment on organization commitment**

As shown in table 4, with R square value 0.862 shows a significant and positive influence of “Psychological Contract” on “Commitment” resulting in 86 percent variance. Therefore, H1 is accepted.

Variable	“Psychological Job Satisfaction Contract” and
Value of R <sup>2</sup>	.744
Value of Adjusted R <sup>2</sup>	.739
Value of F	142.47
Significance level	0.000
Value of B- Constant	.318
Value of Standardize Beta	.867

**Table- 5. Effect of Psychological Contract fulfillment on job satisfaction**

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Above table shows the value of R square is 0.744 at a significant level of 0.0 which depicts the significant influence of psychological contract on job satisfaction. Hence, H<sub>2</sub> is proved because of 74% variance (R square) in satisfaction is explained by the independent variable psychological contract.

### Correlation Analysis

Correlation analysis is done to study the association between or among the variables. Following table represents the data showing the relationship between Psychological contract fulfilment and employee outcomes of job satisfaction and organization commitment:

	<b>“Psychological Contract”</b>	<b>Employee Commitment</b>	<b>Job Satisfaction</b>
<b>Psychological Contract</b>	1	.934**	.857**
<b>Organizational Commitment</b>	.934**	1	.837**
<b>Job Satisfaction</b>	.857**	.837**	1

**Table 6: Correlations among Variables**

The value ( $r = .857, p < 0.05$ ) shows that a positive and significant association between job satisfaction and Psychological contract fulfilment. This value ( $r = .934, p < 0.05$ ) shows that there is positive and significant relationship between organizational commitment and psychological contract.

### 6. Findings

The research work was done to examine the effect of “Psychological Contract” fulfillment on “Employee Outcomes” – Job satisfaction and Employee commitment. To obtain this objective data was collected from employee involved in teaching in Private Institutes or Universities. Data analysis of regression shows that “Psychological Contract” fulfillment has influence on job satisfaction and commitment with the level of 76% and 87% respectively. The correlation analysis shows a positive and significant relationship between “Psychological Contract” fulfillment and Employees’ outcomes of job satisfaction and commitment. Organizations must have effective psychological contract fulfillment to attain maximum performance of employees in terms of attitudinal and behavioral changes which leads towards satisfaction, a sense of belongingness and commitment.

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