



Journal of HUMAN RESOURCE MANAGEMENT

www.jhrm.eu • ISSN 2453-7683

The impact of psychological contract on organisational commitment: a study on public sector of Maldives

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ABSTRACT

The purpose of this study is to investigate the impact to psychological contract on the organisational commitment of public sector employees in Maldives. The research draws a sample of 100 respondents from Ministry of Youth and Sports, Maldives, using simple random probability sampling technique. A Likert-Scale with 1-5 rating was used to obtain. The Questionnaire distributed included five variables to measure the Psychological Contract construct. These are 'trust', 'mutual obligation', 'perceived fairness, and 'length of contract'. The dependent variable was organizational commitment (affective commitment), which is measured using 'sense of belonging to the organization', pride in organization membership, and meaning associated with the work'. The data collected was processed using the Statistical Package for Social Science (SPSS) version 22.0 for windows. The correlation analysis shows that the dimensions of psychological contract have positive correlation with affective commitment. The main results indicate that psychological contract dimension such as fulfillment of mutual obligations, perceived fairness and length of contract has a positive and significant impact on affective commitment. However this study found that psychological contract dimension, trust in employer has a positive correlation although it does not have a significant impact on affective commitment. Implications and suggestion for future researches are discussed

KEY WORDS

Psychological contract, organisational commitment, public sector, Maldives

JEL Code: O15

1 INTRODUCTION

The purpose of this study is to examine the impact of Psychological contract on employee commitment in public sector of Maldives. Psychological contract is the implied employment contract produced by the interaction between employer and employee, outlining one's perception of the obligations to and promises made by the other (Anderson & Schalk, 1998; Antonaki & Trivellas, 2014). The concept of psychological contract emerged in 1960's and caught popular attention in 1990's as it became a method of understanding employee behavior in the changing dynamics of employment, where job security has become a particular challenge (Freese & Schalk, 2008). Early pioneers of this field include Argyris, Schein and Levinson while Rousseau have been acknowledged as the most influential recent researcher of psychological contract whose conceptualization of differentiating psychological contract as an employee perception has taken root in researches (Anderson & Schalk, 1998).

Prior research on this topic has been exploratory and descriptive, focusing mainly on the formation of psychological breach and violation, outcomes and factors affecting psychological contract, although researchers have well establish the positive relationship between psychological commitment and organisational outcomes in terms of employee behavior such as commitment, job satisfaction, production quality and customer satisfaction. (Deepthi & Baral, 2013; Gupta, 2015; Jose, 2008; Pei-ling, Yi-shyuan & Tung-han, 2013;) Past researches have been conducted in public and private sector in an academic and organisational context. (Antonaki & Trivellas, 2014; Agarwal 2011; Calo, 2006; Cheng-Ping & Po-Chiun, 2009; Deepthi & Baral, 2013; Gupta, 2015; Pei-ling, Yi-shyuan & Tung-han, 2013).

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Psychological contract became particularly of interest to the Human Resource field, having found that the outcomes of well-established psychological contract lead to employee commitment and job satisfaction while poorly-established psychological contracts have a negative impact on employee behavior such as disengagement in work and high levels of retention, showing that a balanced psychological contract improves the organisational effectiveness (Calo, 2006). However, Psychological contract differs between individuals based on personal characteristic, generation, perception and the level of interaction between employer and employee (Deepthi & Baral, 2013). Therefore it is evolving in nature with the change in work dynamics such as relational contract being regarded as a tradition type of psychological contract compared to the transactional contract which has become more common since relational contract is established on the grounds of trust and mutual respect born out of long-term relationships whereas transactional contract is an economic exchange on short term agreements (Anderson & Schalk, 1998).

Research objectives

- ✓ To examine the impact of trust on affective commitment.
- ✓ To examine the impact of mutual obligation on affective commitment
- ✓ To examine the impact of perceived fairness on affective commitment
- ✓ To examine the impact of length of contract on affective commitment

2 LITERATURE REVIEW

In 1989, Denise Rousseau simplified psychological contract by defining it as “an individual’s belief regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party”, bringing into focus the subjective nature of it (Pei-ling, I-shyuan & Tung-han, 2013). This definition simplifies psychological contract into a unilateral view while including the concept of mutual exchange and reciprocal obligations (Coyle-Shapiro & Parsifal, 2008).

Seeing into the theoretical perspective, Adam’s (1965) equity theory is based on interpersonal exchange relationship which Huseman et al (1987) describe as individuals evaluation of their relationships based on outcome received against input exerted (Arnold, Cooper & Robertson, 1998). Perception of a deficit in outcome compared to input leads to inequality resulting in distress where the higher the perceived inequality, the higher is the distress (Arnold, Cooper & Robertson, 1998). Further, social cost theory was introduced by Blau (1964) differentiates social exchange theory as cooperation between two or more parties for mutual benefit, elaborating it as an exchange relationship where unspecified future obligations exist resulting in expectation of future return in exchange for a contribution made (Konovsky & Pugh, 1994). Adding another theoretical concept in the shelf is expectancy theory by Vroom (1964) who conceptualized that an individual’s actions are a product of their thoughts and beliefs, shaped in a way to enhance pleasure and reduce pain, through which Porter and Lawler (1984) proposed expectancy theory, illustrating the process of individuals exerting effort expecting their actions to generate outcomes where the magnitude of this effort is directly proportional to the value of the outcome (Isaac, Zerbe & Pitt, 2001). Lastly Iceberg Model is derived from Ernest Hemingway’s writing approach and its principles are incorporated in business context such as marketing and psychological contract (Darzikola, 2013). This model depicts that the seven-eighth of the iceberg hidden beneath the surface puts emphasis on the one-eighth of the iceberg that remains visible, making the hidden portion remarkably important in order to fully capitalize the visible portion (Darzikola, 2013).

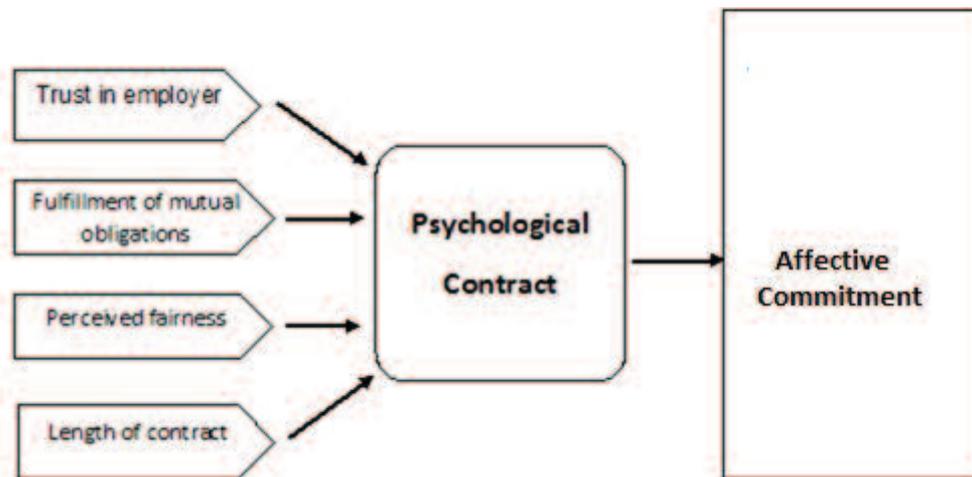
Guest (1998) developed a concept of psychological contract within the disciplinary boundaries of social psychological where the model shows psychological contract to be comprised of trust, fairness and delivery in deal. Organisational commitment is seen as an outcome of psychological contract. Therefore this aspect of the model is adopted for this research. Sels, Janssens and Brande (2004) researched psychological contract using a feature oriented approach where 6 dimensions of psychological contract were identified and empirically validated. Their framework states tangibility, stability, scope, time frame, exchange symmetry and contract level creates the outcome of affective commitment.

While looking into empirical evidence, Coyle-Shapiro and Kessler (2003) focused their research “The Employment Relationship in the U.K. Public Sector: A Psychological Contract Perspective”, on understanding how public servants differ in orientation and motives The findings of this research shows fulfillment of psychological contract to be positively linked with organizational commitment, concluding that psychological contract is a platform can be a platform for understanding UK’s public sector perception of employment relationship. Further, Sels, Janssens and Brande (2004) developed a feature-oriented study of psychological contract to theoretically identify and empirically investigate the dimensions of psychological contract. Agarwal (2011) conducted the research to study the relationship between psychological contract and organisational commitment in the Indian Information Technology sector. The findings of the research show that Psychological contract of employees in Indian IT industry is positively and significantly correlated to their organizational commitment. Behery, Paton and Hussain (2012)

conducted their research “Psychological contract and organizational commitment; the mediating effect of transformational leadership” on service industries of United Arab Emirates (UAE). Their research generated the results that relational contract has an impact on organizational commitment whereas no meaningful relationship exists between transactional psychological contract and organizational commitment. Moreover, McDermott, Heffernan and Beynon (2013) contributed to establish the relationship between psychological contracts, organizational commitment and employment characteristics in their research, Findings of this result indicates that level of perceived obligation in psychological contract impacts differently on 3 sub-dimensions of organisational commitment. Lastly, Jabeen, Behery and Elanian (2015) conducted their research, “aiming to find the impact of psychological contract on organizational commitment, considering transactional leadership as a mediator. The results of the research shows that both relational and transactional psychological contract is positively and significantly related to transactional leadership and organizational commitment with a conclusion that fair psychological contract induces higher levels of organisational commitment.

Figure 1: Conceptual Framework

CONCEPTUAL FRAMEWORK



Source: Rousseau et al (1998); Agarwal (2014); Rosen et al (2009); Sels, Janssens and Brande (2004)

In psychological contract, trust is perceived as a social occurrence, based on concepts of equity and social exchange theory where one fulfills their own obligatory tasks on the expectation that the other will not fall short in fulfilling theirs, heavily depending on one party's trust in the other. (Konovsky & Pugh, 1994) Empirical research shows evidence that trust is associated with elimination of psychological barriers that hinders the enhancement of the quality of relationship due to which trust and psychological contract breach is inversely related generating results of lower organisational commitment, showing that trust is positively related to psychological contract where the stronger the trust in the relationship, the stronger is the psychological contract. (Konovsky & Pugh, 1994).

H1: Trust in management has a positive and significant impact on affective commitment

Mutual obligations are considered as the core of psychological contract which establishes the relationship between employer and employee as it is defined as a belief of an employee or employer that they are indebted to each other through a course of action related to the respective party (Agarwal, 2014). Likewise employers have the expectations from their employees in terms of loyalty, engagement and willingness to work (Pei-ling, Yi-shyuan & Tung-han, 2013). In psychological contract these obligations are mostly implicit where both parties believe their expectations will be met (Pei-ling, Yi-shyuan & Tung-han, 2013).

H2: Fulfillment of mutual obligations has a positive and significant impact on affective commitment

Perceived fairness or procedural justice is the individual's perception of fairness of rules and procedure which in turn determines the outcomes (Rosen et al, 2009). Being fair in decision making procedures, distribution of power and other processes enables to eliminate uncertainty and biasness, making the outcomes of it beneficial in the long-term, since not only the fairness of the outcome is considered but it is of equal importance the fairness of the process through which the outcome was produced (Rosen et al, 2009).

H3: Employee perception of fairness has a positive and significant impact on affective commitment

Duration of employment is conceptualized to affect how individuals perceive the bond with their employer (Sels, Janssens & Brande, 2004). Neil and Rousseau in their research of conceptualizing 5 dimensions of psychological contract stated that psychological contract is subjected to change as the employees advance in their employment status, based on how they perceive their relationship with the employer and the organization (Sels, Janssens & Brande, 2004).

H4: Length of employment contract has a positive and significant impact on organizational commitment.

3 RESEARCH DESIGN AND METHODOLOGY

This research is both descriptive and explanatory as it aims to establish the relationship between independent and dependent variable, describing how they exist with each other while analyzing the impact of individual variables on the dependent variable, making it fall under the category of explanatory research (Sekaran & Bougie, 2009; Agarwal 2011; Deepthi and Baral, 2013). Among the two research methods, quantitative method is adopted for this research as the hypotheses generated for this research is tested using instruments such reliability tests in order to generalize the results. Qualitative method is not feasible for this study as this research is not based on the detailed exploration of the topic by understanding the individual participant's perception.

Data Collection

Primary data is collected for this research as it enables to understand the employment relationship between employer and employee directly, without the interference of a third party where as secondary data opting secondary data will lose the essence of this research as it may not be produced for the sole purpose of understanding the employee perception and there is a high risk of gaining outdated information (Sekaran & Bougie, 2009). A survey Instrument is being developed based on the selected readings. The instrument has 3 sections.

Section A: This section has four variables such as gender, age, educational background, length of service.

Section B: This section has four which includes trust, mutual obligation, perceived fairness, length of contract where each part has five questions. The five items used to measure trust is adopted from Cook and Wall (1980) where the overall reliability score for these 5 items are 0.866, which exceeds the cut off value of 0.7 (Hair et al , 2009). The fulfilment of mutual obligation was adopted from Dabos and Rousseau (2004) has a reliability score of 0.761 for the five items. The five items included to measure perceived fairness was adopted from Sels, Janssens and Brande, (2004) has a reliability score of 0.766, the overall reliability score of the five items included to measure length of contract is adopted from Sels, Janssens and Brande (2004) has reliability score of 0.780.

Section C: This section has covered only one aspect of affective commitment comprises of five questions. The seven items used to measure affective commitment is adopted from Cook and Wall (1980). Affective commitment has a reliability score of 0.875 for the five items used.

The overall reliability score of the whole scale is 0.933 indicating the scale used to measure items are internally consistent and reliable to measure the intended dimension of psychological contract as all the dimensions has reliability value which are higher than 0.7 (Hair et al, 2009).

Population and Sampling

The scope of this research is the public sector of Maldives, the target population for this research is the employees of Ministry of youth and sports, Maldives, employing 350 people. Therefore the sample size for this research was chosen as approximately 1/3 of the target population, distributing 130 questionnaires. However 100 questionnaires were returned fully completed. This research adopts simple random sampling technique as all elements of the population have an equal chance of being selected which allows higher generalizability of the results (Tongco, 2010).

Data Accessibility, Ethics and Limitations

Mail questionnaires enables to ensure the a collection of successfully completed questionnaires in a short period of time, the downfall remains that some participants may ignore the questionnaire resulting in low response rate and biasness of the results will be difficult to trace (Sekaran & Bougie, 2009). The data collected for this research will be

addressed in an ethical manner such as taking the responsibility of the privacy of respondent as a high priority while ensuring the confidentiality of the information provided by the respondent, along with no violation of self-esteem and self-respect of the involved participants (Sekaran & Bougie, 2009).

Data Analysis

Descriptive statistics, correlation and multiple regression analysis is used to analyze the data for this research by using the statistical software SPSS. Descriptive analysis enables the data to be presented in a summarized and significant form (Jaggi, 2012). A correlation coefficient shows the strength and direction of the relationship between independent and dependent variable. Regression analysis is used to analyze quantitative data to evaluate the model parameters and make forecasts. In this research multiple regression analysis is used to measure the statistical association among variables.

4 DATA ANALYSIS AND FINDING

Demographic Analysis

Table 1: Gender Profile

Gender	Frequency	Percentage
Male	39	39%
Female	61	61%

Source: own research

Table 1 illustrates the results for gender which shows among the 100 respondents, 39% were male and 61% were female. The majority of the respondents being female could be an indication that majority of the employees in Ministry of youth and sports are women.

Table 2: Age Profile

Age	Frequency	Percentage
18 to 28 years	76	76%
29 to 39 years	16	16%
40 to 50 years	7	7%
51 to 61 years	1	1%

Source: own research

Table 2 illustrates the classification of respondents according to age categories, showing that 76% of the respondents were between 18 to 28 years of age, 16% of the respondents were between 29 to 39 years of age while 7% of the respondents were between 40 to 50 years and only 1% of them were between 51 to 61 years of age. Majority of the respondents being 18 to 28 years of age indicates that the workforce in Ministry of youth and sports is young.

Table 3: Educational Background

Education level	Frequency	Percentage
High school	25	25%
Diploma	35	35%
Undergraduate	30	30%
Postgraduate and above	10	10%

Source: own research

Table 3 illustrates the highest educational qualification attained by the respondents which shows that 25% of the respondents have completed high school and 35% of the respondents have completed diploma level. Furthermore 30% of the respondents have undergraduate qualification while 10% of them has educational qualification of postgraduate level and above. This trend in educational background points towards the fact that employees of Ministry of youth and sports have employed a workforce where majority of them have diploma and undergraduate qualifications.

Table 4: Tenure

Tenure	Frequency	Percentage
Less than 1 year	29	29%
1 to 2 years	34	34%
3 to 4 years	20	20%
5 years and counting	17	17%

Source: own research

Table 4 illustrates the length of service to the company which shows that 29% of the respondents have served the company less than 1 year while 34% of the respondents have served the company for 1 to 2 years. 20% of the respondents have served the company for 3 to 4 years where as 17% of the respondents have been with the company for 5 years and are still continuing to work for the company.

Table 5: Descriptive Statistics

	N	Mean	Std. Deviation	Skewness	Kurtosis
Trust	100	3.3480	.86765	-.351	-.599
Obligation	100	3.5540	.73077	-.432	-.298
Fairness	100	3.8000	.71124	-.777	1.179
Contract	100	3.9520	.67756	-.494	.382
Commitment	100	3.8700	.74745	-.416	-.317

Source: own research

As seen from Table 5, Length of contract has the highest mean value corresponding to 3.952 and standard deviation value of 0.677 indicating that among the four components used to measure psychological contract, employees perceive their length of contract to be closely connected with organisational commitment. Likewise, perceived fairness scores the second highest mean with a value of 3.800 and standard deviation of 0.711 showing that employees perceive fairness to be connected to their organisational commitment. Fulfillment of mutual obligations and Trust in management, according to this study, are the components of psychological contract that has the least connection to organisational commitment with mean values of 3.554, 3.348 and standard deviation of 0.730, 0.867 respectively.

Correlation

Table 6: Correlation

		Trust	Obligation	Fairness	Contract	Commitment
Trust	Pearson Correlation	1				
Obligation	Pearson Correlation	.644**	1			
Fairness	Pearson Correlation	.594**	.501**	1		
Contract	Pearson Correlation	.356**	.322**	.547**	1	
Commitment	Pearson Correlation	.603**	.686**	.682**	.589**	1

** Correlation is significant at the 0.01 level (2-tailed).

Source: own research

Interpretation of table 6 indicates that trust in employer variable is positively significantly correlated to affective commitment with a strong Pearson’s correlation value of 0.603 and a significant value of 0.000 which is lower than 0.01. Likewise variable fulfillment of mutual obligations is positively significantly correlated with the Pearson’s correlation value is 0.686 and a significant value of 0.000 which is lower than 0.01. Perceived fairness shows a positive significant correlation with affective commitment with a Pearson’s correlation value of 0.682 and a significant value of 0.000 which is lower than 0.01. Lastly, Length of contract is seen to be positively significantly correlated with affective commitment with a moderate relationship with a Pearson’s correlation value of 0.589 and a value of 0.000 which is lower than 0.01.

Regression Analysis

Table 7: Model Summary-Determinant of Organizational Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.825 ^a	.680	.667	.43150	.680	50.514	4	95	.000	2.279

a. Predictors: (Constant), Contract, Obligation, Fairness, Trust
 b. Dependent Variable: Commitment
 Source: own research

Table 7 Summarizes R square value as 0.680, showing that 68% of the variables are relatively associated with affective commitment. Therefore the remaining 32% that is not associated with affective commitment will not be included in this study. Table 10 shows adjusted R square value to be of 0.667 from which it is understood that LC, FMO, PF and T predicts the variance of affective commitment by 66.7%. Further, as seen in table 10, the Durbin-Watson value corresponding to the data set of this research is 2.279, which falls within the acceptable range, showing that no autocorrelation is present in the variables. Moreover the F test conducted on the data shows a result of 50.58, which is within the acceptable range showing the regression model is significant with the value of 0.000

Table 8: Regression Beta Coefficient- Organizational Commitment

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	-.162	.298		-.543	.588		
	Trust	.063	.072	.074	.885	.378	.487	2.054
	Obligation	.417	.079	.407	5.262	.000	.562	1.780
	Fairness	.297	.086	.283	3.469	.001	.507	1.974
	Contract	.306	.077	.277	3.995	.000	.698	1.433

a. Dependent Variable: Commitment
 Source: own research

Table 8 shows results of VIF value to be below the acceptable range of 10, predicting Multicollinearity is not present between variables. Moreover the Tolerance test shows all the values to be exceeding 0.10 predicting the variables are strongly significant. Table 11 shows that fulfillment of mutual obligations has the highest standardized beta coefficient value of 0.407 with a significance level of 0.000 whereas the second highest standardized beta coefficient value 0.283 corresponds to perceived fairness with a significance level of 0.001. Likewise length of contract has the third highest standardized beta coefficient value of 0.277 with a significance level of 0.000 while trust in management is seen to have the lowest standardized beta coefficient value of 0.074 with a significance level of 0.378.

Further, The independent variable trust in employer is found to be insignificant with the dependent variable affective commitment as the significance level of the variable is higher than 0.05 at 0.378. This finding was supported

with the findings of Kraatz (2008) which shows that trust does not impact on organizational citizenship behavior, therefore the hypothesis Trust in employer has a positive and significant impact on affective commitment is rejected.

The independent variable fulfillment of mutual obligation is found to be significantly related to the dependent variable affective commitment with the significance level of 0.000, lower than 0.05 confirming the results of the research as fulfillment of mutual obligations has a positive and significant impact on affective commitment. This finding corresponds with Pei-ling, Yi-shyuan and Tung-han, (2013). Based on these findings hypothesis 2 is accepted. The independent variable perceived fairness is found to be significantly related to the dependent variable affective commitment with the significance level of 0.001, lower than 0.05. Perceived fairness has a positive and significant impact on affective commitment which corresponds with the Sels, Jansenns and Brande, (2004). Therefore the hypothesis is accepted. The independent variable length of contract is found to be significantly related to the dependent variable affective commitment with the significance level of 0.000, lower than 0.05. Similar results were found by Sels, Jansenns and Brande, (2004). Therefore the hypothesis is accepted.

Table 9: Hypothesis Acceptance and Rejection

Hypotheses	Relationship	Significance (p<0.05)	Result	Explanation
H1: Trust in employer has a positive and significant impact on affective commitment.	Positive	Not Significant (0.378)	Rejected	The p value is 0.378 which is more than 0.05, showing that trust in employer is not significant with affective commitment.
H2: Fulfillment of mutual obligation has a positive and significant impact on affective commitment.	Positive	Significant (0.000)	Accepted	The p value is 0.000 which is less than 0.05, showing that fulfillment of mutual obligation is significant with affective commitment.
H3: Perceived fairness has a positive and significant impact on affective commitment.	Positive	Significant (0.001)	Accepted	The p value is 0.001 which is less than 0.05, showing that perceived fairness is significant with affective commitment.
H4: Length of contract has a positive and significant impact on affective commitment.	Positive	Significant (0.000)	Accepted	The p value is 0.000 which is less than 0.05, showing that length of contract is significant with affective commitment.

Source: own research

5 DISCUSSION

According to the findings by Kraatz (2008) trust does not have an impact on organisational commitment neither does it mediate the relationship. Likewise the correlation results for this research shows that trust in employer is positively and significantly related to affective commitment. However, the regression analysis depicts that trust in employer has a positive but insignificant impact on affective commitment. Therefore a psychological contract consisting of high levels of trust in employer does not necessarily prove that employees will be willing to stay with the organisation. This finding was supported with the findings of Kraatz (2008) which shows that trust does not impact on organisational citizenship behavior, neither does it act as mediator between psychological contract and organisational commitment.

Many researchers have found that fulfillment has a positive and significant impact on the organisational commitment of the employees. Supporting this theory, the correlation results for this research shows that fulfillment of mutual obligations is positively and significantly related to affective commitment. Likewise the regression results show positive and significant value indicating that having a psychological contract where the expectation of employees are fulfilled enables them to be loyal and committed to the organisation. The findings of this study corresponds with Pei-ling, Yi-shyuan and Tung-han, (2013)'s results as it shows general reciprocity of psychological contract is positively and significantly related to organisational commitment. However, Jose (2008) found that significant differences remain in the perceived mutual obligations of temporary and permanent employees indicating that psychological contract impacts on organisational commitment differently

Sels, Janssens and Brande (2004) identified that acceptance of unequal relationship between employer and employee is related to affective commitment and connected to organisational commitment. As such, this research refers to unequal exchange symmetry as perceived fairness where the results of correlation analysis shows that perceived fairness has a positive and significant relation with affective commitment. Moreover the results of regression analysis shows that perceived fairness has a positive and significant impact on affective commitment. Therefore this research concludes that psychological contract consisting of perceived fairness impacts on organisational commitment. Perceived fairness has a positive and significant impact on affective commitment which corresponds with the Sels, Janssens and Brande, (2004) where the results shows that perceived fairness in psychological contract impacts on organisational commitment. Similar results were achieved by Sels, Janssens and Brande, (2004), who stated that length of psychological contract impacts positively on organisational commitment.

Sels, Janssens and Brande (2004) identified time frame as a dimension of psychological contract and it is related to affective commitment. This research relates to time frame as length of contract where the correlation analysis shows positive and significant relation between length of contract and affective commitment. Furthermore the regression analysis yielded a result where length of contract has a positive and significant impact on affective commitment. Hence, this research concludes that the length of psychological contract has a positive and significant impact on psychological contract, indicating that employees who have served for the company for a long time is associated more with the organisation where they feel a sense of belonging and ownership.

6 CONCLUSION AND RECOMMENDATIONS

The study concludes psychological contract consisting of high levels of trust in employer does not necessarily prove that employees will be willing to stay with the organisation. Further it highlights that having a psychological contract where the expectation of employees are fulfilled enables them to be loyal and committed to the organisation. Therefore this research concludes that psychological contract consisting of perceived fairness impacts on organisational commitment. Hence, this research concludes that the length of contract has a positive and significant impact on psychological contract, indicating that employees who with long term contracts tends to feel sense of belonging and ownership.

This research summarizes that a psychological contract consisting of fulfilled mutual obligations and perceived fairness enables the employees to be committed to the organisation and engaged in their work. Moreover, it shows that employees with a longer tenure ship with the organisation shows loyalty to the organisation and has a sense of belonging to the organisation. This research also contributes the findings that an employee's loyalty and commitment to the organisation does not depend on their trust in employer.

Recommendation

Future researchers of this topic are recommended to examine the impact of psychological contract with the help of the dimensions of psychological contract that was no focused on in this research such as scope and stability. As psychological contract has not been researched in a Maldivian context, it is recommended to analyze whether there are external factors influencing psychological contract and extend the outcomes of psychological contract to

relate with other employee behaviors and organisational factors. Government institutions such as Ministry of sports and other related organizations must ensure the obligations are fulfilled to improve employee relations through positive psychological contract. Also public sector or government organizations must emphasis on improving perceived fairness to develop positive psychological contract. Lastly government or public sector organizations must ensure or offers long-term contracts to its employees to create positive psychological contract.

Future research direction

The scope of future researches can be extended to the private sector of Maldives which will help to analyze whether there remains any differences or similarities among how psychological contract impacts on organisational commitment. Moreover, the research can be constructed longitudinally to examine the change of results and understand the subjective nature of psychological contract better.

Research Limitation

This study exhibits certain limitations such as the small sample size adopted in this research as a result of time constriction. Secondly, this research has obtained data from one organisation in the public sector of Maldives as a result of organisation restriction their approval of conducting such an investigation based on their organisation. Third limitation is that it would be very difficult to generalize the findings due to the limited sample size and sample is derived from one organisation.

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