

## Navigating Work Dynamics: The Interplay of Psychological Contracts, Job Satisfaction, and Organizational Commitment

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### ABSTRACT

The study delves into the impact of Psychological Contract fulfillment on Job Satisfaction and Organizational Commitment among employees in the manufacturing sector. Results from a sample of 244 employees reveal that a higher perception of Psychological Contract fulfillment correlates positively with increased Job Satisfaction and Organizational Commitment. Employees expressing favorable Psychological Contract perceptions highlighted areas for improvement in rewards, recognition, and trust within the organization. The study emphasizes the pivotal role of effectively meeting Psychological Contract expectations to cultivate a contented and committed workforce. Recommendations include implementing a robust reward system and fostering transparent communication to enhance Psychological Contract fulfillment.

**Keywords:** *Psychological Contract, Job Satisfaction, Organizational Commitment, Manufacturing Sector*

The contemporary employment landscape has undergone significant changes due to globalization, mergers, and organizational restructuring, emphasizing the crucial role of the Psychological Contract. This contract serves as a framework for managing employee expectations and concerns during transitional phases, offering guidance amidst organizational changes (Chen & Francesco, 2003; Jiang et al., 2019). It encapsulates mutual expectations and responsibilities between employees and organizations, extending beyond mere financial transactions to encompass social and psychological needs (Bal et al., 2008; Rousseau, 2001).

The Psychological Contract comprises two primary dimensions: transactional and relational. The transactional dimension involves tangible aspects like remuneration and job stability, while the relational dimension includes socio-emotional factors like career growth and work environment quality (Chen et al., 2008; Guest & Conway, 2002). Job satisfaction is significantly influenced by the fulfillment of this contract, which relies on transparent communication, commitment fulfillment, and equitable treatment (Antonakia & Trivellas, 2014; Nishanthi & Mahalekamge, 2016).

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Organizations prioritizing the Psychological Contract witness increased job satisfaction, commitment, and motivation among employees, fostering a conducive work environment and improving organizational outcomes (Azim et al., 2015; Zubair et al., 2017). A well-managed Psychological Contract promotes fairness, integrity, and mutual obligations, leading to a valued and supported workforce, ultimately enhancing organizational culture (Hassan et al., 2017; Lingadkar, 2020).

The relationship between the Psychological Contract and Organizational Commitment is grounded in social exchange theory, where a well-managed contract fosters a sense of obligation and reciprocity among employees (Azim et al., 2015; Zubair et al., 2017). Organizations that uphold commitments and treat employees fairly develop strong emotional connections and higher levels of Organizational Commitment (Jam et al., 2011; Zhou et al., 2020). This highlights the significance of nurturing workplace cultures built on trust, fairness, and mutual promises to foster robust Organizational Commitment (Hassan et al., 2017; Lingadkar, 2020).

### **LITERATURE REVIEW**

The psychological Contract, an implicit agreement between employees and organizations, encompasses mutual expectations, obligations, and responsibilities. Fulfillment of this contract plays a significant role in shaping employee attitudes and organizational outcomes.

Numerous studies underline the critical link between Psychological Contract fulfillment and Job Satisfaction. Antonakia & Trivellas (2014) discovered that breaches in the Psychological Contract led to decreased Job Satisfaction. Conversely, Nishanthi & Mahalekamge (2016) revealed that a fulfilled Psychological Contract significantly correlates with heightened Job Satisfaction. Fulfillment serves as a foundation for meeting employee expectations, thereby fostering contentment and satisfaction in their roles.

Research consistently demonstrates the substantial impact of Psychological Contract fulfillment on Organizational Commitment. Azim et al. (2015) and Zubair et al. (2017) highlighted a positive association between fulfilled Psychological Contracts and heightened Organizational Commitment. When organizations fulfill promises and meet employee expectations, it strengthens employees' commitment and dedication to the organization.

Jam et al. (2011) and Zhou et al. (2020) emphasized the mediating role of Psychological Contract fulfillment. They found that when the Psychological Contract is adequately fulfilled, it positively influences both Job Satisfaction and Organizational Commitment. Fulfillment acts as a conduit through which positive attitudes towards work and the organization are developed.

Hassan et al. (2017) and Lingadkar (2020) highlighted the influence of cultural and sectorial variances on perceptions of Psychological Contract fulfillment. These studies underscored the need for context-specific approaches to understand its impact on Job Satisfaction and Organizational Commitment. Cultural nuances and sector-specific expectations significantly shape how employees perceive and respond to fulfilled Psychological Contracts.

Yu's (2022) study delved into the pandemic's impact on Psychological Contract fulfillment and its correlation with work attitudes. This emerging area of research suggests potential alterations in the dynamics between Psychological Contract fulfillment, Job Satisfaction, and

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Organizational Commitment during crises. The pandemic may have reshaped employee expectations, thereby altering the significance of fulfillment in fostering positive work attitudes.

The literature reviews encompass a wide range of research studies exploring the relationship between the Psychological Contract and various aspects of employee attitudes and behaviors, such as Job Satisfaction, Organizational Commitment, turnover intention, and more. The literature collectively highlights the significant influence of the Psychological Contract on employee attitudes and behaviors in various organizational contexts across different countries. It underscores the importance of understanding and managing the Psychological Contract as it relates to employee engagement, commitment, satisfaction, and retention. The literature review underscores the need for more diverse, longitudinal, and culturally sensitive research to address existing gaps and provide comprehensive insights into this complex employment relationship. In this view this research is conducted to understand in manufacturing sector of diverse employees.

### **CONCEPTUAL BACKGROUND**

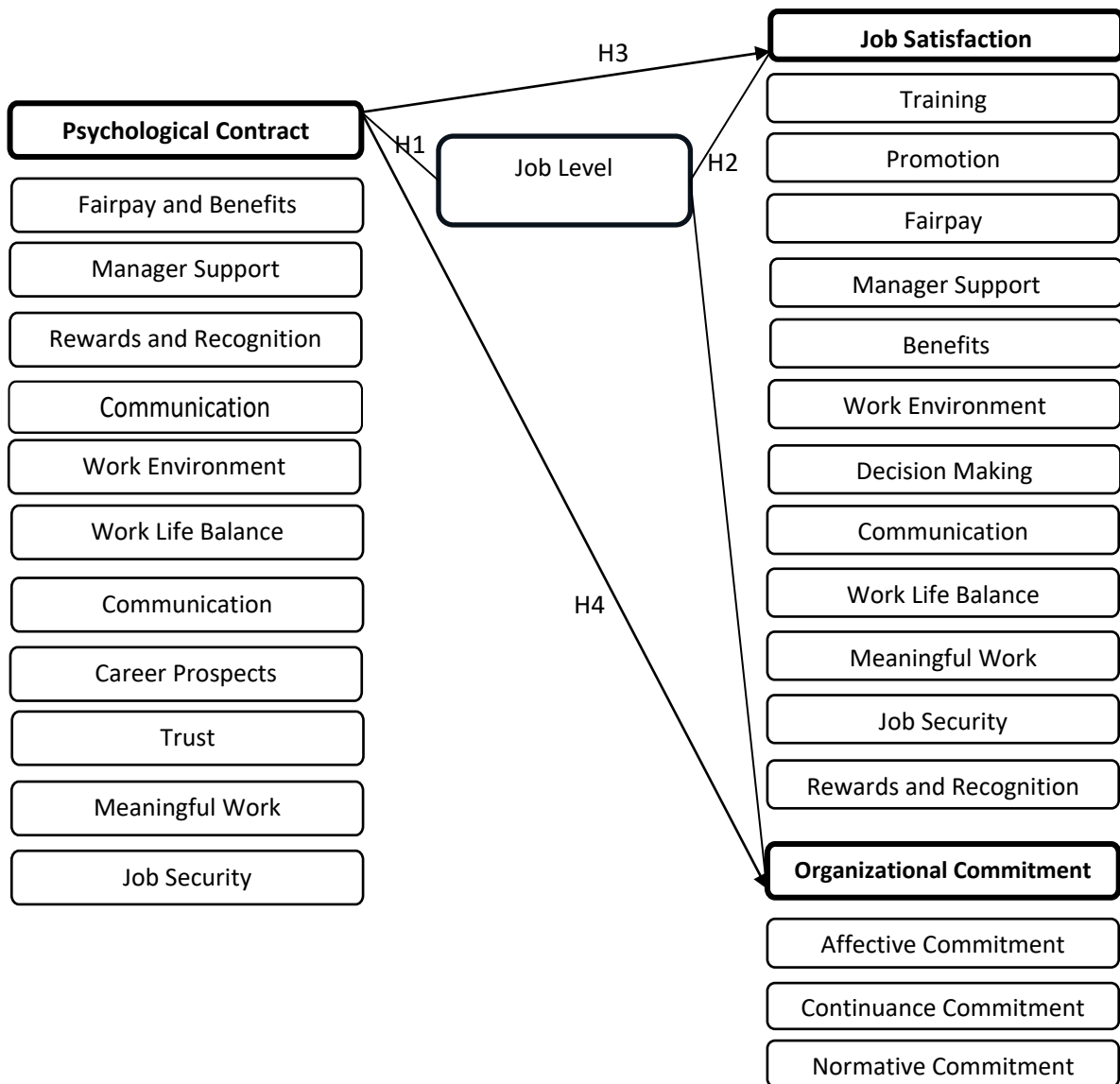
**The Psychological Contract** is a concept that represents the unspoken expectations, convictions, and responsibilities shared between employees and their organization. It is rooted in social exchange theory and organizational behavior literature, suggesting that individuals engage in social interactions guided by their evaluation of a balance between costs and rewards. In the context of the employment relationship, employees provide their skills, time, and exertion in exchange for various incentives and advantages offered by the organization.

The Psychological Contract can shift over time, responsive to factors such as organizational culture, leadership demeanor, communication, and individual encounters. Violation or breach of the Psychological Contract can result in adverse consequences, such as eroded trust, diminished job contentment, and increased intentions to leave. On the other hand, fulfillment of the Psychological Contract can lead to favorable outcomes, such as increased employee engagement, higher Job Satisfaction, increased allegiance to the organization, and improved performance.

**Job satisfaction** is an individual's personal and cognitive assessment of their job and work experiences, with significant implications for personal performance, organizational outcomes, and employee retention. It is shaped by the perceived connection between exertion, performance, and rewards. Organizations can enhance Job Satisfaction by offering purposeful tasks, fostering growth opportunities, endorsing work-life equilibrium, acknowledging and rewarding employee contributions, and nurturing an organizational culture that values employee well-being.

**Organizational commitment** is an individual's emotional allegiance and dedication to an organization's values and objectives. The Three-Component Model, formulated by Allen and Meyer, posits commitment as a composite of affective commitment (AC), continuance commitment (CC), and normative commitment (NC).

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**Figure 1**

### *Rationale*

In today's competitive work environment, organizations must understand the factors that influence employee outcomes like job satisfaction and organizational commitment. The Psychological Contract, a key component in organizational psychology, encapsulates mutual expectations and commitments between employees and organizations. By identifying the key components of the Psychological Contract that influence job satisfaction and organizational commitment, organizations can develop effective strategies to enhance employee well-being and organizational loyalty. This study aims to explore the role of Psychological Contract fulfillment in relation to job satisfaction and organizational commitment.

## RESEARCH METHODOLOGY

### *Objectives*

- To examine the level of the Psychological Contract perceived by employees within the organization.

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- To study the degree of Job Satisfaction and Organizational Commitment among employees.
- To investigate the relationship between employees' Psychological Contract and their Job Satisfaction
- To study the link between employees' Psychological Contract and their Organizational Commitment

### ***Hypothesis***

- **H1:** The perceived level of the Psychological Contract will not vary among level of employees within the organization
- **H2:** There will be no significant variation in levels of job satisfaction and organizational commitment among different levels of employees
- **H3:** There will be no relationship between the fulfillment of the psychological contract and job satisfaction among employees.
- **H4:** The fulfillment of the Psychological Contract is not associated with Organizational Commitment among employees.

The research is primarily descriptive, with a sample size of 244 employees from a manufacturing unit using Simple Random Sampling technique. The sample size serves as a representative cross-section for the study, allowing insights to be applied to a larger population. Demographic information, such as age, designation, gender, and qualification, is collected, while factors measuring Psychological Contract, Job Satisfaction, and Organizational Commitment are defined.

## **RESULTS AND DISCUSSION**

### **1. Demographic Factors:**

- Age: The majority of respondents (34.4%) were between 25-35 years and more than 48 years of age, followed by 31-46 years old (9.8%).
- Gender: The sample consisted of 85.2% male and 14.8% female respondents.
- Education: Most respondents (24.6%) had ITI, followed by a postgraduate degree (21.3%).
- Job Position: The highest percentage of respondents (49.2%) belong to middle-level of jobs, followed by lower-level (37.7%) and top-level (13.1%) positions.

### **2. Psychological Contract (Psychological Contract):**

<b>Sl No</b>	<b>Variable</b>	<b>Mean Score</b>	<b>Std Deviation</b>
1	Career Prospects	3.77	0.761
2	Fair pay and Benefits	3.46	0.867
3	Rewards and Recognition	3.11	1.050
4	Manager Support	3.84	0.688
5	Work Environment	3.85	0.813
6	Communication	3.84	0.800
7	Work-Life Balance	3.93	0.727
8	Trust	3.54	0.828
9	Meaningful Work	3.87	0.885
10	Job Security	3.85	0.910

***Table 1: Psychological Contract Level***

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In summary, the calculated mean indicates a predominantly positive outlook among employees across various domains, including career prospects, work environment, communication, work-life balance, and meaningful work. Nonetheless, there remains room for enhancement in certain aspects, such as fair pay and benefits, rewards and recognition, and trust. These findings offer valuable direction to the organization in pinpointing precise domains needing focus, and in exploring viable strategies to amplify the fulfillment of the psychological contract.

### 3. Job Satisfaction (Job Satisfaction):

SI No	Variable	Mean Score	Std Deviation
1	Training	3.79	0.859
2	Promotion	3.64	0.932
3	Fair pay	3.62	0.986
4	Benefits	3.77	0.920
5	Rewards and Recognition	3.28	1.019
6	Manager Support	3.85	0.679
7	Work Environment	4.20	0.511
8	Communication	4.00	0.753
9	Work Life Balance	4.05	0.717
10	Meaningful Work	4.16	0.553
11	Job Security	3.90	0.810
12	Decision Making	3.72	0.756

*Table 2: Job Satisfaction Level*

The combined mean scores reveal that employees generally perceive multiple aspects of job satisfaction (Job Satisfaction) as fulfilling. Notably, a significant proportion of the mean scores exceed 3.5, indicating a favorable employee attitude towards their roles and substantial satisfaction with their positions. Nonetheless, a potential avenue for improvement lies within the domain of rewards and recognition provided by the company. The average mean score of 3.28 suggests a relatively neutral viewpoint from employees regarding this particular facet of Job Satisfaction.

### 4. Organizational Commitment (Organizational Commitment):

SI No	Variable	Mean Score	Std Deviation
1	Affective Commitment	3.84	0.711
2	Continuance Commitment	3.54	0.765
3	Normative Commitment	3.38	0.840

*Table 3: Organizational Commitment*

Employees exhibit a greater degree of AC (affective commitment) in comparison to both continuance and normative commitment. This indicates that employees potentially possess a more profound emotional affinity and association with the organization, rather than being primarily obligated by external circumstances or societal expectations. The organization could strategically concentrate on nurturing and fortifying affective commitment, all the while devising approaches to amplify continuance and normative commitment. By doing so, the organization can effectively cultivate comprehensive employee commitment and engagement.

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**5. Hypothesis**

- **H1:** The perceived level of the Psychological Contract will not vary among the level of employees within the organization

<b>ANOVA</b>					
Psychological Contract (Total)					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.524	2	3.762	8.831	.000
Within Groups	24.706	58	.426		
Total	32.230	60			

**Table 4: Psychological contract and level of employees**

F-value: The F-value of 8.831 indicates that there is a significant difference between the means of the groups. The larger the F-value, the more likely there is a significant difference.

Sig.: The p-value associated with the F-value is reported as .000 (which is less than the conventional threshold of .05). This indicates that the observed differences between the groups' means are statistically significant.

Since sig = 0.000 < 0.05 the null hypothesis (H1) is rejected and alternate hypothesis is accepted. Therefore, the perceived level of the Psychological Contract will vary among level of employees within the organization.

- **H2:** There will be no significant variation in levels of job satisfaction and organizational commitment among different level of employees.

<b>ANOVA</b>						
		Sum of Squares	df	Mean Square	F	Sig.
Job Satisfaction (JS)	Between Groups	7.323	2	3.661	8.265	.001
	Within Groups	25.694	58	.443		
	Total	33.016	60			
Organizational Commitment (OC)	Between Groups	7.882	2	3.941	10.303	.000
	Within Groups	22.184	58	.382		
	Total	30.066	60			

**Table 5: Job Satisfaction and Organizational Commitment**

• **Job Satisfaction-**

F-value: The F-value of 8.265 indicates that there is a significant difference between the means of the groups. The larger the F-value, the more likely there is a significant difference.

Sig.: The p-value associated with the F-value is reported as .001 (which is less than the conventional threshold of .05). This indicates that the observed differences between the groups' means are statistically significant.

• **Organizational Commitment-**

F-value: The F-value of 10.303 indicates that there is a significant difference between the means of the groups. The larger the F-value, the more likely there is a significant difference.

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Sig.: The p-value associated with the F-value is reported as .000 (which is less than the conventional threshold of .05). This indicates that the observed differences between the groups' means are statistically significant.

Since sig = 0.001 and  $0.000 < 0.05$  the null hypothesis (H2) is rejected and alternate hypothesis is accepted. Therefore, there will be significant variation in levels of job satisfaction and organizational commitment among different level of employees.

- **H3:** There will be a no relationship between the fulfillment of the psychological contract and job satisfaction among employees

Correlations				
			Psychological Contract	Job Satisfaction
Spearman's rho	Psychological Contract	Correlation Coefficient	1.000	.591**
		Sig. (2-tailed)	.	.000
		N	61	61
	Job Satisfaction	Correlation Coefficient	.591**	1.000
		Sig. (2-tailed)	.000	.
		N	61	61

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

**Table 6: Psychological Contract and Job Satisfaction**

The Spearman's rho correlation coefficient between "Psychological Contract (Psychological Contract)" and "Job Satisfaction (Job Satisfaction)" is 0.591. This positive correlation suggests a moderate positive relationship between the two variables.

Since the p-value associated with the correlation coefficient is 0.000, which is less than the conventional significance level of 0.05, null hypothesis (H3) is rejected and alternate hypothesis is accepted. Therefore, there will be a relationship between the fulfillment of the psychological contract and job satisfaction among employees.

- **H4:** The fulfillment of the Psychological Contract is not associated with Organizational Commitment among employees

Correlations				
			Psychological Contract	Organizational Commitment
Spearman's rho	Psychological Contract	Correlation Coefficient	1.000	.279*
		Sig. (2-tailed)	.	.029
		N	61	61
	Organizational Commitment	Correlation Coefficient	.279*	1.000
		Sig. (2-tailed)	.029	.
		N	61	61

\*. Correlation is significant at the 0.05 level (2-tailed).

**Table 7: Psychological Contract and Organizational Commitment**



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The Spearman's rho correlation coefficient between "Psychological Contract (Total)" and "Organizational Commitment (Organizational Commitment)" is 0.279. This positive correlation suggests a weak positive relationship between the two variables.

Since the p-value associated with the correlation coefficient is 0.029, which is less than the conventional significance level of 0.05, null hypothesis (H<sub>4</sub>) is rejected and alternate hypothesis is accepted. Therefore, the fulfillment of the Psychological Contract is associated with Organizational Commitment among employees.

### ***Limitations***

Since the research relies on primary data collected through a pre-designed questionnaire, it is subject to inherent limitations, such as the potential divergence between recorded responses and actual truth, regardless of the meticulous design and thorough field investigation. Respondents might encounter challenges in accurately expressing their genuine opinions due to potential biases. The research focuses on only some aspects of employee outcomes like Job Satisfaction and Organizational Commitment.

### ***Scope for Future Research***

Future research on Psychological Contract fulfillment, Job Satisfaction, and Organizational Commitment could provide insights into sustainability and evolution. Cross-sector comparative analyses beyond the manufacturing sector could reveal sector-specific challenges and strategies for enhancing fulfillment and satisfaction. Qualitative investigations could uncover employee perceptions and contextual factors, while leadership styles, managerial practices, and cultural variations could enrich our understanding. The rise of remote work and technological advancements could influence Psychological Contract dynamics and satisfaction. Interventions to improve fulfillment could enhance employee well-being and organizational success.

## **CONCLUSION**

The study explores the impact of psychological contracts (PCs) on job satisfaction and organizational commitment. It found that employees who perceived higher PC fulfillment reported higher job satisfaction and organizational commitment. This suggests that effectively fulfilling responsibilities leads to increased contentment and loyalty. Positive sentiments were observed across various dimensions, including training, promotion, compensation, benefits, and job security. Organizations prioritizing higher PC fulfillment also demonstrated higher levels of affective, continuance, and normative commitment.

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### ***Conflict of Interest***

The author(s) declared no conflict of interest.

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