

## **The Effect of Psychological Contract on Employee Engagement**

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## The Effect of Psychological Contract on Employee Engagement

### Abstract:

This study examines the importance of a psychological contract and how it positively affects employee engagement and performance in a sample of 384 employees in the commercial field. This research's purpose is to examine the effect of psychological contracts on employee engagement from the perspective of the commercial sector. "The psychological contract" mentions the unwritten expectations and agreements that employees and organizations have of each other. "Employee engagement", on the other hand, refers to the degree of dedication, absorption, and vigor that workers have towards their effort and the corporate. The research employs a quantitative research design, using a survey questionnaire to collect data from the commercial sector. The questionnaire methods the rank of psychological contract contentment and violation, as well as employee engagement. Statistics are examined using descriptive statistics and regression analysis.

The findings of the study discovered a substantial positive correlation between psychological contract accomplishment and employee engagement. In contrast, psychological contract breach is found to have a negative impact on employee engagement. The findings suggest that organizations should care about satisfying the psychological contract with their workforce to improve employee engagement, which will in turn be an advantage for improved employee performance. In the end, this research pays attention to the awareness of the profound correlation between the psychological contract and employee engagement and supports perceptions of the organizational need to develop employee engagement levels.

### literature Review:

A psychological contract is an unwritten contract between both the company and the employee (P.22). Schalk and Rose (2007), Levinson et al. (1962) and Schein (1965) expand the concept of psychological contact with the addition that psychological contact may have both tangible and mental expectations by resources.

It is also a contract between the employee and the organization about what each will give and receive. Kotter (1973).

Rousseans (1989) defined the psychological contract as the expectation to owe which means that each party agreed that the working relationship is based on supporting each other. Which may be

understood wrongly by anyone of the two parties “the company or the employee” with different expectations and different promises.

So, how does the psychological contract work well and match the parties’ expectations and promises? Here is the main question. When both expectations and promises meet the employee, and the corporate both will feel that their psychological contract is fulfilled (Rousseau, 1989; Kickul & Lester, 2001). On the other hand, Rousseau, (1989) uses the opposite definition of the psychological contract as the psychological violation which indicates the disappointment of one of the parties from the failure to get the expectation from the other party. Which lead to disappointment that further led to a different attitude and behavior (Kickul & Lester, 2001).

### **Employee Engagement**

Employee engagement is the point that connects employees and employees and corporate. It can be described by the vibes, energy, and involvement in the workplace that led to better recruitment and retention.

According to Devi (2009, p.3), employee engagement by one of the main reasons for better organizational development for a better performance process. Khan (1990, p. 694) defines employee engagement as the main harmony that more employee engagement in all dimensions will lead to an overall personal engagement.

Employees positively affect the connection between managers and co-workers. So, when an employee feels that their ideas and suggestions count, and their heads are happy with their development that reflects positively on the manager and employee relationship.

Schaufelli (2002), as mentioned by Parzefall and Hakanen (2010, p. 6), defines conceptualized engagement as containing three elements, namely vigor, dedication, and absorption.

### **These are explained below:**

- **Vigor** indicates a high level of positive energy at work, flexibility, and readiness to provide one’s efforts even on the side of obstacles.
- **Dedication** refers to being strongly involved in one’s work and includes feelings of inspiration, a sense of significance, and enthusiasm about one’s work.
- **Absorption** is distinguished by being completely focused and happily engaged in one’s work, whereby time goes immediately, and it comes to be difficult to disconnect from work (p. 6)

**Research Objectives:**

**RO1:** To define the different concepts of the psychological contract.

**RO2:** To determine the consequences of psychological contact.

**RO3:** To explain the different concepts of observation.

**RO4:** To express the different definitions of dedication.

**RO5:** To define the concept of group vigor to examine the effect of psychological contract observation to test the effect of psychological contract on dedication.

**RO6:** To measure the effect of psychological contracts on vigor.

**Data Collection:**

The researcher has collected primary data by administrating questionnaires through an electronic database while the secondary data needed to construct their theoretical part is collected through books, journals, and websites which is the letter that already exists.

**Research Problem:**

Corporations expect the new employee during the hiring process to have the best performance and the best outcomes. Not only Corporate but also the employees themselves expect the best reward for this high performance.

Here we found that the problem in the psychological contract between both employees and corporates leads to lower performance and dissatisfaction from the two parties. While on the other hand, both can have a clear psychological contract that limits that disappointment and improves corporate performance and employee satisfaction.

**Research Population:**

The research population is within the commercial Sector. Number of employees 384 employees in different companies in the commercial sector that contain all the hierarchy levels with different job titles with a different hierarchy level and from different gender females and males. With an age range from 22 to 65 years old. And from different educational backgrounds and different social levels; and live in different countries inside Egypt.

**Hypotheses:**

**H1:** The effect of psychological contract on employee engagement.

**H1a:** The effect of psychological contract on absorption.

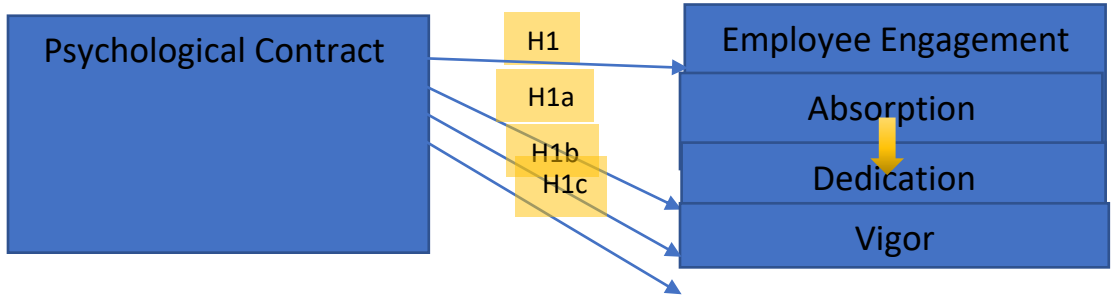
**H1b:** The effect of psychological contract on dedication.

**H1c:** The effect of psychological contract on vigor.

**Research Model:**

**Independent Variable**  
**Variable**

**Dependent**



**(Psychological Contract)**

**What is a Phycological Contract?**

The psychological contract states the unwritten group of expectancies and requirements which occur between the employee and the employer. It contains the unspoken promises given by the employer concerning work safety, job opportunities, and management of the workforce, in addition to the unspoken promises made by the worker about their performance, faithfulness, and obligation to the organization. (Rousseau, D. M. 1995). The psychological contract is based on the perceptions and interpretations of both parties and can have a significant impact on employee attitudes and behaviors. (Robinson, S. L., & Morrison, E. W. 2000).

The theory of the psychological contract was earliest introduced by organizational (scholars Denise Rousseau and René Schalk in the 1990s) and has from the time when been extensively studied in the arenas of human resource management psychology, and organizational behavior.

It refers to an individual's expectations, beliefs, and obligations as perceived by an employee. This means that the way employees think about the organization from their point of view and internal mind with unspoken words is always defined as a phycological contract as it is the unspoken contract between the organization and the employee. (Rousseau, D. M., 1989). So here for the new employee, there are two contracts: The first one is the written one. The second is the unspoken or unwritten contract. The written one has all the obligations and expectations of the two parties. While the unspoken nor written contract may find a gap on one side without the awareness of the other

party. So, to fulfill the needs between the two parties that have been established in their psychological contract, organizations must be aware of what employees need and employees aware of the organizational needs to fulfill each of them.

It is an articulation of the exchange relationship between the employer and the company. There are two types of psychological contract: The translational psychological contract is part of the translational psychological contract the employee expectations of the employee or more economic and extinct in nature.

### **The Importance of Psychological Contract**

A psychological contract is a contract that was built between an employee and an organization in non-documented or spoken words. And it is about the expectations of two parties. The first one is the employee and the second is the organization itself. That contract contains the employee's sense of purpose and value at work.

So, towards organization get employee right with their experience and give priority to employee relation with both engagement and performance. Work engagement is an independent, persistent, and pervasive motivational psychological state that 'accompanies the behavioral investment of personal energy' (Schaufeli and Bakker 2010, p. 22). So, the cooperation will generate a higher profit. Why? because once the employee is satisfied and the corporate fulfills his psychological contract, then the employee will have a better performance level and a better engagement with coworkers and heads. So, increasing your organizational profit just increases your employee satisfaction and engagement level. Employee engagement is a growing academic research area with resonance for practitioners and governments (e.g., MacLeod and Clarke 2009; Rayton, Dodge, and D'Analeze 2012).

### **What is Organizational Psychological Contract?**

Organizational psychological contract from an organization's point of view. It is the unspoken contract that the organization expects from the employees and managers together. It is the performance, outcomes, and the culture of the organization.

A psychological contract is the first key to organizational culture. Organizations also have the psychological contract that they expect from the employee. Organizations expect that employees will support the organizational process and support its vision and mission if the organization fulfills employee psychological contracts.

When the employees feel that the organization has failed to accomplish its promises, psychological contract violation will be generated (Rousseau, 1989) once an organization recognizes any violation in the psychological contract, it directly minimizes the support to employees such as by reducing the bonus or decreased the annual employee benefits. Though, according to the opinion of negative interchange, once workers observe that they are preserved undesirably by the corporate (which indicates that the organization does not meet its promises), employees will rework and respond with negative shared behavior, like reducing belief, loyalty and faithfulness (Yannick and Tim, 2018) If the employee needs the psychological contract to be involved within the workplace, organizations also need the psychological contract to be considered in the work process. Because a psychological contract always saves both the rights of the employee and the organization.

### **(Employee Engagement)**

#### **Importance of Organizational Employee Engagement**

One of the reasons for employee disorder or illness in employee mental health is poor communication and management practices in organizations. That simply leads to a lack of staff support, and unclear orders or tasks and organizational objectives. employee engagement in an organization is not only important for employees, but also so important for the organization as it affects employee productivity level, and engagement with other employees in all hierarchy levels needs clear messages and a clear vision and mission that leads to short-term reach the organizational goals.

Rousseau and Tijoriwala (1998) definite the term “psychological contract” as the observations of employees that concerns responsibilities and the mutual obligations that exist between the organization and themselves, emphasizing a two-sided exchange relationship (Karani et al., 2021, Jiawei Yu,2022).3Leaders are always responsible for employee support for more engagements that could be by more awareness from leaders to their employees about the importance of employee engagement and how it will affect their mental health. Subsequently, corresponding to the job supplies and resource theory, job conditions in which employees are absent or beyond their capacities will cause a loss of resources and energy, and affect performance due to job burnout (Maslach et al., 2012). Leaders could



also support the right resources in the workplace to encourage and support open conversation between each employee and the other.

### **How Do Organizations Build Teams?**

In this way, handling employee emotions and caring about them through building the organizational goals. Organizations can have a good and strong internal and external team as they change the workplace environment and teach their employees new cultures.

So, to improve these teams' organizations have many keys to building strong and effective teamwork, such as having a clear message and a clear definition of the organizational goals. Locate another way, when an individual recognizes unfavorable treatment, she or he may respond with terrible treatment or awful behavior (Huang et al., 2016). Achievement of these goals is a success for the whole team, and it is a group success, not an individual success, the whole team knows the organization's expectations of them and how to achieve these expectations or goals with the needed resources. Monitoring and reviewing the team communication and the clarity of the goal message usually through the process, finally celebrating and rewarding the whole team for the hard work and good collaboration, not only the individuals. This team-building team technique will build strong teamwork with better performance levels.

### **The Power of Organization Communication Building**

That not only improves the self-realization awareness of the new hiring generation of employees (Huang et al., 2015) but also stimulates their commitment to work (Timothy et al., 2021). By supporting the team with communication building and giving them authority in decision making employees will have better performance and better outcomes building organizational communication will support the organization to improve its teamwork in the workplace that's by building trust with teams and supporting clear rules and duties for each team member.

support teams to communicate and have group decision-making that will lead to a team dynamic and will open to the organizational learning opportunities that lead to employee development which leads to a better performance level. Organizational communication building is not only important for employees but also important for the organization itself and it always leads to higher performance and more qualified employees. Communication building also leads to short-term

organizational goals achievement with a lower cost and highest performance.

### **How Employee Engagement Save Employees from Quite Quitting**

Employees may observe PCB more effectively than ever due to managerial changes like adjusting, downsizing, and unemployment (Saleem et al., 2021). Due to the result of hard work with no breaks and no external life balances another case of the burnout stage is when the employee gives all his effort to the work and corporate but in return, the employee found that the organization can't appreciate his effort or give it the value as it should be.

So, suddenly the employee recognizes that all these efforts are useless and with no return. Not only that but also the employee will start to compare his effort and all the life opportunities, friends, family, health, fun, self-development, and end relationships for word only here is the stage that the employee starts the burnout switch giving the corporate the lowest production rate but this time without his intention to do so unlike the quite quitting stage. Consequently, this time due to his mental health and psychological health the employee cannot give anything other than that.

### **How Employee Engagement Control Quite Quitting**

Employee engagement is one of the empowering sources that organizations can use to save their employees from quitting behavior. In short, lower levels of innovative behaviors are engendered by breached views in the psychological contract with deterioration in the innovative performance (Kim et al., 2018). Most of the quiet quitters do that due to the lack of communication between the managers and employees. Not only a lack of communication but also unexpected evaluation can lead to low employee engagement and ends up with quite quitting.

Employees try to get a higher evaluation and to feel appreciated for this effort, so once they feel that they are not appreciated they automatically turn on the quiet quitting mood to save energy if they are not appreciated, so quite Quitting directly led to low employee engagement and sometimes leads to a violation in teams due to the wrong evaluation.

### **(Methodology)**

#### **Study Approach (Methodology)**

The descriptive approach has been defined, which depends on the study of the phenomenon as it exists, and is concerned with its accurate

description, and expresses it qualitatively or quantitatively. The qualitative expression describes the phenomenon and shows its characteristics, while the quantitative expression gives us a numerical description of the amount or size of the phenomenon. Moreover, this approach is not limited to data collection and tabulation but rather goes beyond that because it includes some interpretation of these data.

#### **Study Community (Population):**

The study population consisted of all the commercial sector employees in Egypt during the second semester of the academic year 2022/2023.

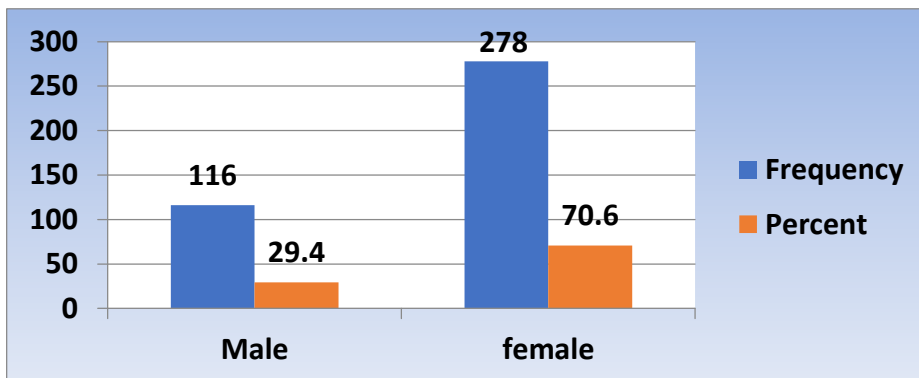
#### **The Study Sample:**

The application was first applied to an exploratory sample that consisted of (30) employees, and the purpose of the exploratory sample is to ascertain the psychometric properties of the study tool (validity and reliability). later (validity and reliability) will be discussed in detail.

After ensuring validity and reliability in the study tool, it applies to the basic sample of the study, which amounted to (394) customers, it is an appropriate and sufficient sample according to Morgan's equation to calculate the sample size. The study sample was selected as an available sample. The following is a description of the study sample according to the Personal Information (Gender - Age - Education Level - Service Duration).

**Table (1): Description of the study sample by gender**

<b>GENDER</b>	<b>Frequency</b>	<b>Percent</b>
Male	116	29.4
female	278	70.6
Total	394	100

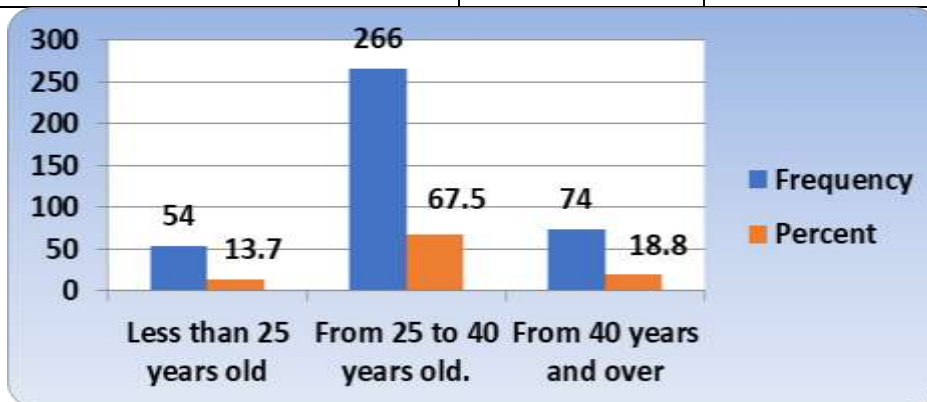


**Figure (1): a graph showing the study sample by gender.**

The number of sample studies from males (116), with a ratio of (29.4%), and from females (278), with a ratio of (70.6%).

**Table (2): Description of sample study by age**

Age	Frequency	Percent
Less than 25 years old	54	13.7
From 25 to 40 years old.	266	67.5
From 40 years and over	74	18.8
Total	394	100

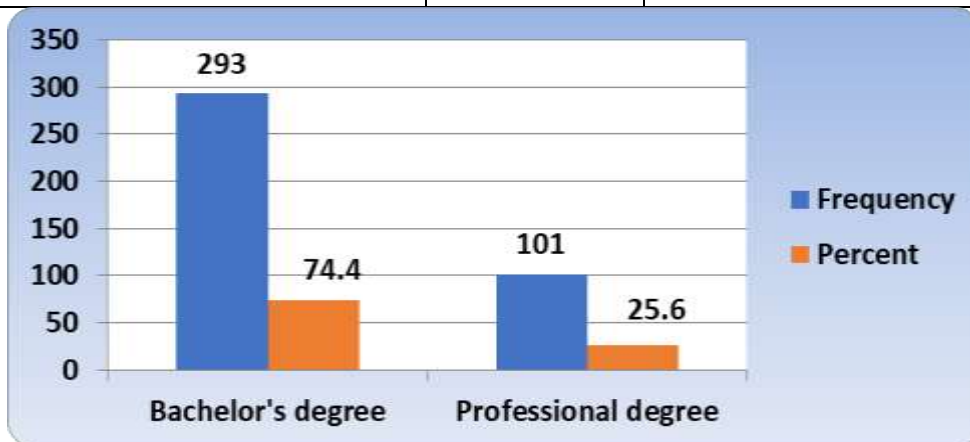


**Figure (2): a graph showing the study sample by age.**

The number of sample studies less than 25 years old are (54), with a ratio of (13.7%), and from 25 to 40 years old are (266), with a ratio of (67.5%). and from 40 years and over are (74), with a ratio of (18.8%).

**Table (3): Description of sample study by education level**

Education Level	Frequency	Percent
Bachelor's degree	293	74.4
Professional degree	101	25.6
Total	394	100

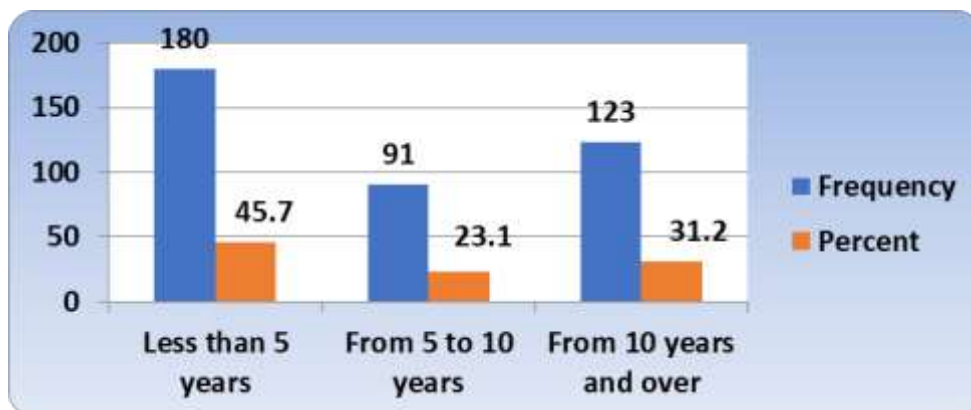


**Figure (3): a graph showing the study sample by education level.**

The number of sample studies with educational level bachelor's degree are (293), with a ratio of (74.4%) and Professional degree are (101), with a ratio of (25.6%).

**Table (4): Description of sample study by service duration**

Service Duration	Frequency	Percent
Less than 5 years	180	45.7
From 5 to 10 years	91	23.1
From 10 years and over	123	31.2
Total	404	100



**Figure (4): a graph showing the study sample by service duration.**

The number of sample study less than five years (180), with a ratio of (45.7%), From five years to ten years are (91), with a ratio of (23.1%). and from ten years and over are (123), with a ratio of (31.2%).

#### **Study Tool**

The questionnaire was used in the current study. Considering the objectives of the study, databases, specialized scientific journals, research, and previous studies related to the problem of the current study were searched, and a number of specialists in this field were contacted and interviewed to benefit from their experiences in building the current study tool in its initial form, and the validity and reliability of the study were confirmed as follows :

The validity of the study tool was confirmed in two ways (Judge validity (Face validity) - Internal consistency validity) as follows:

#### **Judge validity (Face validity)**

The study tool was presented in its initial form to a group of specialized and experienced judges from the faculty members of the commercial sector in Egypt and a letter was sent to them explaining the problem, objectives, and questions of the study, The number of judges reached 2 judges, Appendix No. (...). Based on the judges observations, in terms of the appropriateness of the items (Statement) to what it measures, clarity, soundness of language, and appropriateness of response classes (Strongly Agree - Agree - Neutral - Disagree - Strongly Disagree), the wording of some items was modified linguistically, so that the number of items in the questionnaire was (6) items concerned to the psychological contract, distributed on (3) dimensions, and (6) items concerned to the employee engagement, distributed on (3) dimensions. Descriptions of dimensions and items

will be shown later. Thus, it can be said that the study tool has the Judge validity (Face validity).

### Internal Consistency Validity

The validity of the internal consistency of the study tool was confirmed by calculating the Pearson correlation coefficient between the degree of each item with the total degree of the dimension to which the item belongs, through the application of an exploratory sample consisting of (30) employees, and the following was obtained:

**Table (5): Internal consistency validity for the psychological contract**

1 <sup>st</sup> dimension Emotional Exhaustion		2 <sup>nd</sup> dimension Turnover Intention		3 <sup>rd</sup> dimension Task Performance	
item	Corr.	item	Corr.	item	Corr.
1	0.64	3	0.66	5	0.68
2	0.69	4	0.70	6	0.67

The values of the correlation coefficients ranged from (0.64) to (0.70), all the values of the correlation coefficients are positive, and statistically significant at the (0.05) level and indicate the internal consistency between the degree of each item and the degree of the dimension to which it belongs in the questionnaire. Thus, it can be said that the study tool has Internal consistency validity.

**Table (6): Internal consistency validity for the employee engagement**

1 <sup>st</sup> dimension Absorption		2 <sup>nd</sup> dimension Dedication		3 <sup>rd</sup> dimension Vigor	
item	Corr.	item	Corr.	item	Corr.
1	0.68	3	0.69	5	0.66
2	0.62	4	0.65	6	0.67

The values of the correlation coefficients ranged from (0.62) to (0.69), all the values of the correlation coefficients are positive, and statistically significant at the (0.05) level and indicate the internal consistency, between the degree of each item and the degree of the dimension to which it belongs in the questionnaire. Thus, it can be said that the study tool has Internal consistency validity.

### Study Tool Reliability

The reliability of the study tool was confirmed by the Alpha Cronbach coefficient, and Split-Half Reliability Method through the

same exploratory sample, which consisted of (employees; and the following were customers:

**Table (7): Alpha Cronbach reliability**

Variables	Dimensions	Alpha Cronbach
psychological contract	Emotional Exhaustion	0.89
	Turnover Intention	0.88
	Task Performance	0.89
	Total	0.91
and employee engagement	Absorption	0.87
	Dedication	0.89
	Vigor	0.90
	Total	0.92

The values of Cronbach's alpha coefficients ranged from (0.87) to (0.92), these values are high and indicate that the study tool has a high degree of stability.

#### **Split-Half Reliability Method**

The items for each scale were divided into two parts, the first part included odd items and the second part even items, and the correlation coefficient between the scores on both parts was calculated using Spearman-Brown and Guttman's split-half methods, and the results were as follows:

**Table (8): Split-half reliability**

Variables	Dimensions	Items	odd	even	Guttman	Spearman-Brown
psychological contract	Total	6	3	3	0.68	0.69
and employee engagement	Total	6	3	3	0.66	0.69

The values of the Split-half reliability ranged from (0.66) to (0.69), and these values are high and indicate that the study tool has a high degree of reliability.

#### **The Study Tool in Its Final Form**

After confirming the availability of validity and reliability of the study tool, the researcher made sure that it can be applied to the basic sample members, and the tool became as shown in the appendix (). It included:



**Part one: Personal Information**

- Gender
- Age
- Education level
- Service Duration

**Part Two: Psychological Contract:**

- Dimension (1): Emotional Exhaustion, Consists of (2) items from (1-2).
- Dimension (2): Turnover Intention, Consists of (2) items from (3-4).
- Dimension (3): Ethical responsibility, Consists of (2) items from (5-6).

**Part Three: Employee Engagement:**

- Dimension (1): Absorption, Consists of (2) items from (1-2).
- Dimension (2): Dedication, Consists of (2) items from (3-4).
- Dimension (3): Vigor, Consists of (2) items from (5-6).
- 

**Correcting The Responses of The Study Sample**

The respondents were asked to rate their level of agreement on each item, by using five Likert scale: (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly Agree. According to the five-point Likert scale, the following criterion was used to judge the degree of response to the Items:

Response range = highest score – lowest score = 5 – 1 = 4

Category length = Response range / Number of response categories  
= 4/5 = 0.80, So

If the average value ranged from 1 - 1.80, the response would strongly disagree.

If the average value ranged from 1.81 – 2.60, the response would disagree.

If the average value ranged from 2.61 – 3.40, the response would be Neutral.

If the average value ranged from 3.41 – 4.20, the response would agree.

If the average value ranged from 4.21 - 5, the response would strongly agree.

**Statistical Methods**

To answer the study questions and verify the hypotheses, the following statistical methods were used:

1. Frequencies & percentages for the description of the study sample according to personal information.
2. The mean (average), in order to calculate the value given by the study sample to each item or group of items (dimension).
3. The standard deviation, in order to calculate the variance (dispersion) given by the study sample to each item or group of items (dimension).
4. Pearson correlation coefficient to calculate the correlation - between the psychological contract and employee engagement.
5. Simple/Multiple regression to find out the effect of psychological contract on employee engagement
6. The internal consistency for the validity of the study tool.
7. Cronbach's alpha and split-half methods of the reliability of the study instrument

**The results are summarized in four parts as follows:**

**Part One: How strong is the psychological contract?**

The responses of the study sample about the total psychological contract, ranged between (1 – 5), with a general average of (2.87). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (Neutral).

The dimensions (Task Performance) came in the first rank, with averages ranging between (1 – 5), with a general average (2.99). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (agree somewhat).

The dimension (emotional exhaustion) came in the second rank, with averages ranging between (1 – 5), with a general average (2.86). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (agree somewhat).

the dimension (turnover intention) came in the third rank, with averages ranging between (1 – 5), with a general average (2.75). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (agree somewhat).

**Part Two: How strong is employee engagement?**

The responses of the study sample about the total employee engagement ranged between (1 – 5), with a general average (3.27). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (agree somewhat).

The dimension (Vigor) came in the first rank, with averages ranging between (1 – 5), with a general average (3.34). These averages

fall within the response categories (strongly disagree - strongly agree) with the general average (agree somewhat).

The dimension (absorption) came in the second rank, with averages ranging between (1 – 5), with a general average (3.27). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (Neutral).

The dimension (Dedication) came in the third rank, with averages ranging between (1 – 5), with a general average (3.19). These averages fall within the response categories (strongly disagree - strongly agree) with the general average (agree somewhat).

### **Part three: The relationship between the psychological contract and employee engagement.**

The Pearson correlation coefficient between psychological contract and employee engagement ranged from (0.603) to (0.754). All these values are highly positive and significant at ( $\alpha \leq 0.05$ ).

### **Part four: The effect of psychological contracts on employee engagement.**

The regression model illustrated a significant effect for the independent variables (emotional exhaustion, turnover intention, and task performance) on the dependent variable (employee engagement). Therefore, the hypothesis " There is a positive significant effect at ( $\alpha=0.05$ ) of psychological contract on employee engagement " is accepted.

The value of ( $R^2$ ), measures the size effect or the relative contribution of the independent variables (emotional exhaustion, turnover intention, and task performance) on the dependent variable (employee engagement), on other words, R-squared is a statistical measure that represents the proportion of the variance for a dependent variable that's explained by an independent variable or variables in a regression model.

According to the analysis illustrated in Table (12), the  $R^2$  value is (0.654) tells us that the regression model explains 65.4% of the total variance in the dependent variable (employee engagement). This means that the independent variable contributes to 65.4% of the dependent variable and the remaining percentage is predicted by other factors other than (emotional exhaustion, turnover intention, and task performance) which were used in this study.

**Conclusion:**

In ending, this thesis has gone into the relationship between psychological contracts and employee engagement. A thoroughgoing review of the literature progressed a conceptual framework to bring to light the psychological contract's key components and its effect on employee engagement. The empirical study conducted in this thesis provided further evidence of the importance of the psychological contract in shaping employee engagement and improving employee performance.

The conclusions of this study suggest that when employees perceive that their organization is fulfilling its obligations and promises, they are more likely to be engaged in their work and committed to the organization. In opposition, when employees perceive a violation of the psychological contract, it can lead to negative outcomes such as decreased job satisfaction and a growing intention to leave.

This research has various consequences for organizations and managers. First, it shows up the importance of sustaining a positive psychological contract with employees by fulfilling obligations and promises. This can be achieved through transparency, fairness, and effective communication in employment practices. Second, it highlights the need for managers to distinguish and recognize potential breaches in the psychological contract before they lead to negative outcomes.

Completely, this Thesis has various limitations that should be acknowledged. Future research should aim to replicate these findings in larger and more diverse samples. Furthermore, future research could investigate the effect of the psychological contract on other important outcomes such as organizational citizenship behavior and job performance.

In the end, this thesis has promoted our understanding of the psychological contract and its effect on employee engagement. By putting light on the value of the psychological contract, this research has realistic implications for managers and organizations obtaining to improve employee engagement and enhance organizational outcomes. It is yearned that this study will encourage further research in this area and participate in the improvement of effective management methods that boost positive employee-employer relationships.

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Work engagement is an independent, persistent and pervasive motivational psychological state that ‘accompanies the behavioral investment of personal energy’ (Schaufeli and Bakker 2010, p. 22).

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