

Employee Engagement as a Mediator Between Psychological Contract Fulfilment and Employee Retention: An Empirical Study of Indian Employees

Devanshi Rahulkumar Patel
Ph.D. Research Scholar
Department of Human Resource Development
Email ID: pdevanshi9889@gmail.com



Abstract:

Employees these days are facing issues at workplace because of constantly changing working environment. Psychological contract is perceived as set of promises by employer to employee which impacts how an employee behaves or reacts in workplace. The current study aims to know the association between psychological contract fulfilment, employee engagement and retention amongst employees working in Indian firms. The study also tries to see if employee engagement mediates psychological contract fulfilment and employee retention relationship.

Primary data was gathered for this study by asking participants to answer structured questions in a Google Form. 61 Responses were received from employees who are working in different organizations. Questions were framed in a way to measure different aspects of psychological contract, employee engagement and continuance commitment on a Likert scale of 5. Descriptive statistics and correlation was performed to see the association between different variables.

Results indicate that there is positive relationship between psychological contract fulfilment and employee engagement, psychological contract fulfilment and continuance commitment, and employee engagement and continuance commitment. Results suggest that if employees feel that organization is meeting their promised obligations then they will likely to be more engaged and have stronger continuance commitment towards organization. As the study was small and cannot be taken as any inferential study, it still provides the idea that positive psychological contract can help improve employee engagement and retention.

The most significant turning point in the country's regulatory structure in India is the enactment of four critical labor laws designed to simplify and modernize the complex web of existing labor laws. This article provides a detailed analysis of the recently introduced Wage, Social Security, Occupational Safety, Health and Working Conditions, and Industrial Relations Code. After careful analysis, the article reveals the consequences of these codes for workers' wages, social benefits, working conditions, and labor relations.

1. Introduction:

Organizations today are full of talented employees that they must devote resources to and retain. As increased competition continues to grow among companies, employee turnover has become a huge concern. When talent decides to leave, it takes money, knowledge, productivity, and headaches from your day-to-day operations. Therefore, there has been a recent interest in understanding what factors may influence employee attitudes, engagement, and retention.

Psychological contract has become a highly popular topic among researchers studying organizational behaviour. A psychological contract is described as “employees’ beliefs concerning the terms of an exchange agreement with their employer.” (Rhoades & Eisenberger, 2002). Psychological contracts involve unspoken obligations and expectations that an employee thinks their employer provides them and what they provide back. These obligations are formed throughout one’s time at the organization and are developed by what they experience and participate in. They can consist of factors such as company policies, how a manager treats their employees, and what is expected of the employee. Examples of psychological contracts can be opportunities for growth, recognition, organizational support, fair treatment from superiors, job security, and training.

Employees will notice if they think the organization is meeting those expectations. If an employee feels that your organization is matching their efforts to your promises and obligations, they will begin to develop a positive attitude towards their job and employer. Feeling this sense of fulfillment can enhance trust in the company, job satisfaction, and commitment to the organization. However, if these obligations are not met, employees can feel betrayed and lose trust in their job which can lead to little motivation to work and wanting to leave (increase turnover).

Employee engagement is another topic that has been on many scholars’ and human resources professionals’ radars. Employee engagement can be defined as the physical, cognitive, and emotional efforts that an employee chooses to put into their job. Employees who are engaged will come to work with energy and enthusiasm. They will also most likely not be afraid to exceed expectations when it comes to their work. Another characteristic of engaged employees is that they often align themselves with their organization’s goals and values. Studies have found that when employees are more engaged, positive organizational outcomes occur. These outcomes can be job performance, creativity, customer satisfaction, and organizational effectiveness.

Along with employee engagement, employee retention is another valuable asset to many companies. By retaining your employees, you avoid losing human capital and experience. Not only will you save time by not having to train new employees but you will also save money. Employee mobility has increased over the years with more employment opportunities becoming available. Because of this, organizations are trying to find new ways to keep their employees and lower turnover. Studies have found employees who have a positive relationship with their employer are likely to be retained longer.

Although there have been studies conducted that have looked at the relationship between psychological contract fulfilment and employee engagement, and psychological contract fulfilment and employee retention. There have been few studies that look at the process that psychological contract fulfilment leads to employee retention. More specifically, there is not much evidence that supports employee engagement as a mediator of psychological contract and employee retention. In India. This is important because employees all over the world can value different things and have different perceptions about their job depending on their country's culture, economy, and differences in organizations.

Therefore, the purpose of this study is to look at psychological contract fulfilment and employee retention. We will also be investigating if employee engagement mediates the relationship between psychological contract fulfilment and employee retention. By conducting this study on individuals that work in Indian organizations, we can understand how fostering positive relationships between employers and employees can encourage workers to want to stay at their organization.

By completing this study, we can contribute to the numerous studies that have been done on psychological contracts. We can also help HR managers and organizations better understand how to create policies and an environment that allow their workers to feel engaged and want to stay at their organization.

1.1 Research Questions

2. How is psychological contract fulfilment associated with employee engagement amongst employees?
3. How does employee engagement affect employee retention?
4. How does psychological contract fulfilment affect employee retention?
5. Does employee engagement mediate the relationship between psychological contract fulfilment and employee retention?

1.2 Research Hypotheses

H1: Psychological contract fulfilment is positively related to employee engagement.

H2: Employee engagement is positively related to employee retention.

H3: Psychological contract fulfilment is positively related to employee retention.

H4: Employee engagement mediates psychological contract fulfilment and employee retention.

2. Literature Review

2.1 Psychological Contract

Psychological contract is widely studied and acknowledged topic in organizational behaviour and human resource management research areas. Different than official employee

handbook or signed employment contract outlining legal obligations between employees and employer, psychological contract refers to beliefs, expectations and perceived obligations associated with the employment relationship. According to Rousseau (1995) psychological contract is defined as “individual’s belief about terms of the exchange agreement with his or her organization”. Various sources, including recruitment practices, organizational policies, managerial communication and daily work experiences influence employee’s beliefs about psychological contract.

Psychological contract shapes employee perceptions of organisational justice, trust, commitment, and organisational support. Employees are continually evaluating if their employers are fulfilling the promises and obligations (expressed or implied) made to employees when they were hired. If the organisation is meeting expectations, employees are likely to feel positive attitudes and behaviour. When employee’s expectations are not met, unpleasant feelings occur. Individuals who feel that their psychological contract has been violated will experience lower motivation and disengagement. Today’s workplaces are constantly changing. With fluctuating organisational structures and technology, as well as shifting employee expectations it is increasingly important for organisations to be mindful of their employees’ psychological contracts. When the psychological contract is strong, employees are likely to exhibit higher levels of commitment, engagement, and remain with the organisation longer.

2.2 Dimensions of the Psychological Contract

Researchers have conceptualised a number of dimensions of the psychological contract. The most commonly discussed dimensions in the organisational behaviour literature are transactional and relational psychological contracts. The two dimensions contrast in duration, focus, and employee and organisational expectations of each other.

2.2.1 Transactional Psychological Contract

Transactional contracts are primarily concerned with economical and materialistic exchanges between an employee and employer. Transactional psychological contracts are viewed as short-term in nature, consisting of clearly defined expectations between employees and employers. Normally, transactional contracts are most concerned with physical rewards such as salary, incentives, benefits and job security. When entering into a transactional agreement, employees view the employment relationship simply as an exchange of completing certain job tasks for a promised set of rewards.

Millward and Hopkins (1998) describe transactional psychological contracts as having defined expectations and low employee attachment to the organization. In

transactional agreements, employees perceive the quality of the employment relationship by how well the organization provides for the promised wages and benefits. If employees feel that the employer has met their obligations to them, they will continue to have a positive attitude towards work. If not, employees may feel a sense of dissatisfaction and decline in both trust and organizational commitment.

2.2.2 Relational Psychological Contract

Psychological contracts that are based on relational contract with employee are contracts that are meant to last longer than a few months and consist of socio-emotional exchanges. Relational contracts are based upon ideas such as trust, loyalty, growth in your career field, organization supporting their employees and caring about employee welfare. All of these ideas contrast from the transactional contracts described in other posts.

Guest and Conway (2002) looked at relational contracts and commitment. Results from this study showed that if there is a relational contract present, employees will have more commitment and identification with that organization.

2.3 Psychological Contract Fulfilment and Violation

Psychological contract fulfilment refers to the beliefs held by employees when they perceive that their organization has lived up to the promises and obligations, they said they would deliver. These promises can include financial rewards, advancement opportunities, support, respect, job security, favourable working conditions and more. If employees feel that the organization has fulfilled these promises and obligations, then they are more likely to have positive feelings about the organization as a whole. Psychological contract fulfilment has been linked in past literature with positive effects such as increased job satisfaction, organizational trust, commitment and performance.

Psychological contract violation occurs when an employee feels as if their organization has not lived up to the promises they made. Morrison and Robinson (1997) state that psychological contract violation is based from emotion and affects. When someone feels that their organization has not lived up to what they said they would give, then the individual may feel disappointed, frustrated, betrayed, and less trusting of the organization.

Past research on psychological contract violation has found that if employees feel there has been a breach of contract, then they are less committed to the organization and have higher rates of turnover intentions. Employees who feel that their psychological contract has been violated tend to distance themselves from the organization. These employees are also less likely to put effort into their work and start searching for new jobs. For these reasons, it

is important to keep employees feeling that their psychological contract has been fulfilled in order to maintain positive employee–organization relationships.

2.4 Employee Engagement

Employee engagement became quite significant area of interest for organizational researchers due to its impact on personal effectiveness as well as organizational functioning. Engagement refers to physical, mental and emotional resources employees invest in their work roles. An engaged employee not only wants to complete the task he was assigned but also cares about what he does and desires to go beyond set of responsibilities for the betterment of the organization.

Engaged employees tend to demonstrate commitment, persistence and loyalty to their work and workplace. They put a lot of effort and positive attitude towards what they are doing even if the job demands a lot from them. Employees that lack engagement, on contrary, show poor motivation, weak commitment and little involvement in the organizational processes. According to Kahn (1990), who introduced engagement as a term use in studying employees' behaviours, employees will be engaged when they will be able to physically, cognitively and emotionally present themselves at work. Thus, employee will be able to establish connection to the organization through displaying their personal selves.

In recent years, organizations and researchers were intrigued by employee engagement due to numerous benefits it showed. Studies proved that employee engagement leads to higher productivity, better quality of services, good relations at workplaces and job satisfaction. Other benefits that were recognized are creativity, learning capacity, personal development and higher organizational commitment. That is why nowadays employers put more attention on strategies which promote employee involvement, participation in decision making processes and creating healthy environment for both employees and organization.

Employee engagement is likely to become important asset as it will allow companies to maintain satisfied and dedicated workers.

2.5 Employee Retention

Employee retention can be defined as an organization's capability to keep its employees for longer durations and minimize voluntary turnovers. It measures the willingness of employees to stay associated with the organization and their intent to stay longer even when there are other attractive job opportunities elsewhere. Employee retention has increasingly become an organizational priority over the years due to high turnovers resulting in increased costs of hiring and training new employees, decreased organizational memory, workflow disruptions and overall productivity levels.

Factors that affect employee retention include job satisfaction, organisational commitment, remuneration packages, career development opportunities, leadership and organisational culture. Specifically, researchers studying organisational behaviour have shown interest in how the employee–employer relationship affects turnover rates. For instance, psychological contract fulfilment has been shown to impact employees' intention to stay in organisations. Fulfilment of employees' expected promises has been positively associated with increased trust, organisational commitment, and retention intention.

The ability to retain employees can allow organisations to experience higher retention rates, maintain organisational knowledge, higher morale, increase stability, and experience lower costs when it comes to employee replacement and recruitment. As a result, researchers continue to study factors that can enhance employee retention.

2.6 Psychological Contract and Employee Engagement

Research has already established a relationship between psychological contract fulfilment and employee engagement. Social Exchange Theory helps us understand why these two concepts are related. Social Exchange Theory is grounded in the principle of reciprocity. When people are treated well by others (i.e., employers keep their promises and are perceived as fair), they tend to react by behaving in a positive manner towards those who treated them well (i.e., employees will be more involved with their work and will be more likely to go above and beyond their job requirements).

When our psychological contracts are fulfilled, we tend to grow to trust the organization. We tend to become more committed, and we tend to have a better relationship with our employer. If we believe our organization has met its end of the deal, we will more than likely be engaged at work. We will show up with energy, focus, and enthusiasm to do our job. However, if we feel as if our employer has broken promises to us we may lose trust. Our commitment could decrease, and our engagement will likely suffer as well.

The results from these studies support the studies conducted with call centre employees. When we feel that our employer is fair to us, supportive, and follows through on what it says it will do, we tend to be more engaged at work.

2.7 Psychological Contract and Employee Retention

The relationship between psychological contracts and employee retention has received a lot of attention lately. Employees who feel that their employer has fulfilled their promises are more likely to exhibit organizational loyalty. Employees remain with organizations when their psychological contracts are met. Employees have greater commitment and trust when their psychological contracts are fulfilled, and this has a positive

impact on their desire to remain with the organization. Employees who feel that their psychological contract has been violated become more dissatisfied with their jobs and are more likely to quit. Employees who feel as if they've been let down by their employers will look for another job. Studies have found that when organizations meet their employees' expectations and follow through on what they say they will do, employee retention rates go up.

2.8 Research Gap

Most studies reviewed separately examined psychological contracts against employee's engagement or employee's retention. Few studies have talked about all of them. Employee engagement was not considered as mediator between psychological contract fulfilment and intention to stay.

Also prior research mostly have focused on larger samples and specific industry, we lack exploratory information about diversified(heterogeneous) group of workers belonging to India.

This study aims to fill the gap by providing exploratory data about the workers of Indian organization.

3. Research Methodology

3.1 Research Design

The quantitative research methodology applied exploratory study design. The purpose of this study was to identify psychological contract fulfilment and to examine relationship between psychological contract fulfilment, employee engagement and employee retention. As exploratory research approach was selected due to small sample size and desire to learn some initial insights about relationship between study variables. Cross-sectional study design was used as data were collected at one point in time.

3.2 Population and Sample

The population covered in this study was the employees working under different companies in India. The data for samples were collected using convenience sampling method because of convenience and less time. From several organizations in India, 61 valid questionnaires were distributed and the responses were received for conducting the study. Convenient sampling technique is applied. Here we have used a convenience sample and it's a small size was taken but is reasonable for a study of this nature. (exploratory study).

3.3 Data Collection Method

Primary Data is gathered via structured questionnaires using Google Forms. This type of online data collection mechanism provides the opportunity for employees from various organizations located at various geographic locations to access and respond to the

questionnaires. Participation in the survey was voluntary in nature, and respondents were assured that the research was undertaken for academic purposes, and that all responses will be kept anonymous and confidential.

3.4 Research Instrument

The Questionnaire consists of five sections as follows:

Section A (Demographic profile): This section enquires on the gender, age, educational qualification, years of working experience, and the nature of the employment of the respondents.

Section B (Psychological Contract): The psychological contract is measured through four facets as below:

- Transactional Psychological Contract (6 items)
- Relational Psychological Contract (6 items)
- Psychological Contract Fulfilment (5 items)
- Psychological Contract Violation (5 items)

These items include employee's perception about the organization promises, support, trust, rewards, career progression and the fulfilling of each part's obligation.

Section C (Employee engagement): This is measured through the 10 items reflecting the degree to which an employee enthusiastically participates and the emotional connection of a person towards an organization which is being perceived by employees including interest and desire in doing this organization.

Section D (Employee retention intentions): The measure was designed through 5 items about an employee's intention of continuing his current relationship with the organization including intention to stay, loyalty, intention to work long-term and job search intentions.

Section E (Open ended questions): Two open-ended questions asked to supplement data on employee engagement and fulfilment of expectations to organization.

3.5 Measurement Scale

A five-point Likert scale was used to measure all items related to psychological contract, employee engagement, and retention intentions.

The response categories were:

Scale	Interpretation
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

The Likert scale was adopted owing to its user friendliness, reliability and general acceptance in organizational behaviour.

3.6 Variables of the Study

❖ Independent Variable

Psychological Contract Fulfilment

Psychological contract fulfilment refers to employees' perceptions regarding the extent to which their employer has fulfilled promised obligations and expectations.

❖ Mediating Variable

Employee Engagement

Employee engagement refers to employees' emotional, cognitive, and behavioural involvement in their work and organization.

❖ Dependent Variable

Employee Retention

Employee retention refers to employees' intention to continue working with their current organization and their commitment to remain employed over time.

3.7 Research Hypotheses

The hypotheses that guided this study were:

H1: Psychological contract fulfilment positively affects employee engagement.

H2: Employee engagement has a positive effect on employee retention.

H3: Psychological contract fulfilment has a positive effect on employee retention.

H4: Employee engagement mediates the relationship between psychological contract fulfilment and employee retention.

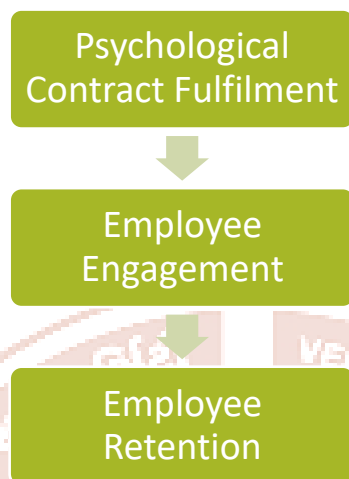
3.8 Data Analysis Techniques

In order to conduct the exploratory research analysis, these statistical tests were performed:

1. Descriptive analysis – to report the characteristics of the respondents and distribution of variables.
2. Reliability analysis – to report the internal consistency of the scales (items).
3. Correlation analysis – to establish possible correlations among psychological contract fulfilment, employee engagement and employee retention.
4. Exploratory analysis of the results – to test the presented hypothesis and finally conclude regarding psychological contract fulfilment impact on employee engagement and employee retention.

3.9 Conceptual Framework

In conclusion, the hypothesis would be psychological contract fulfilment will positively effect employee engagement and then have an effect on employee retention. Psychological contract fulfilment will also have a direct effect on retention.



4. Data Analysis and Interpretation

4.1 Introduction

Findings: Test of Hypothesis

The findings will comprise of Data Analysis, Explanation and Implication. This section analyses the information gathered from 61 employees using an organized questionnaire that will test our hypothesis on the relationship between psychological contract fulfilment and employee engagement. It will discuss the methods used for our data analyses, which will include descriptive statistical analyses, reliability analyses, and correlation analyses that will be performed on the data.

4.2 Demographic Profile of Respondents

A total of 61 employees participated in the study. The demographic characteristics of the respondents are presented below.

Table 4.1 Gender of Respondents

Gender	Frequency	Percentage (%)
Male	34	55.74
Female	27	44.26
Total	61	100.00

Interpretation: Male respondents made up the majority of the sample; 55.74%, while female respondents comprised 44.26%.

Table 4.2 Age Distribution of Respondents

Age Group	Frequency	Percentage (%)
Under 25	18	29.51

Age Group	Frequency	Percentage (%)
25–34	37	60.66
35–44	5	8.20
45–54	1	1.64
Total	61	100.00

Interpretation: Majority of the respondents (60.66%) were between the age of 25–34 years indicating that the workforce here is largely young.

Table 4.3 Educational Qualification

Qualification	Frequency	Percentage (%)
Undergraduate	23	37.70
Postgraduate	33	54.10
Diploma/Certificate	3	4.92
M.Phil./Ph.D.	1	1.64
Other	1	1.64
Total	61	100.00

Interpretation: Slightly more than half of the respondents (54.10%) had completed their Post graduation studies.

Table 4.4 Years of Experience

Experience	Frequency	Percentage (%)
Less than 1 Year	7	11.48
1–3 Years	24	39.34
4–6 Years	21	34.43
7–10 Years	7	11.48
More than 10 Years	2	3.28
Total	61	100.00

Interpretation: Majority of the respondents had an organizational experience ranging from one to six years.

Table 4.5 Employment Type

Employment Type	Frequency	Percentage (%)
Full-time	50	81.97
Part-time	4	6.56
Contractual	6	9.84
Temporary	1	1.64
Total	61	100.00

Interpretation: Majority of the respondents (81.97%) were full-time employees.

4.3 Reliability Analysis

Reliability Analysis was done with the help of Cronbach's Alpha.

Table 4.6 Reliability Statistics

Construct	Cronbach's Alpha
Psychological Contract	0.874
Employee Engagement	0.969
Employee Retention	0.708

Interpretation: As per Nunnally (1978), the accepted value for Cronbach's Alpha value is >0.70 . The above values signify that all the constructs used in the study have good to excellent reliability. Employee Engagement showed excellent reliability value ($\alpha = 0.969$), whereas Psychological Contract ($\alpha = 0.874$) and Employee Retention ($\alpha = 0.708$) were found to have acceptable reliability values.

4.4 Descriptive Statistics

Descriptive statistics were applied to analyse the respondents' perception towards psychological contract fulfilment, employee engagement and employee retention.

Table 4.7 Descriptive Statistics

Variable	Mean	Standard Deviation
Psychological Contract	3.21	0.779
Employee Engagement	3.40	1.096
Employee Retention	3.07	0.952

Interpretation: The mean score for Employee Engagement (3.40) was higher than both of the other constructs followed by Psychological Contract (3.21) and Employee Retention (3.07). The mean score for Employee Engagement showed that respondents were moderately engaged with their organisation. Psychological Contract's mean score indicates that employees felt their organisations moderately fulfilled promises and obligations. The mean score for Employee Retention showed that employees moderately intended to stay with their organisation.

4.5 Correlation Analysis

Pearson Correlation analyses were completed.

Table 4.8 Correlation Matrix

Variables	Psychological Contract	Employee Engagement	Employee Retention
Psychological Contract	1.000	0.584	0.727
Employee Engagement	0.584	1.000	0.667
Employee Retention	0.727	0.667	1.000

4.6 Hypothesis Testing

H1: Psychological Contract Fulfilment leads to Employee Engagement

Coefficient between Psychological Contract and Employee Engagement was $r = .584$ which showed a moderate positive relationship.

H1 Supported.

H2: Employee Engagement Leads to Employee Retention

Positive strong relationship was found between Employee Engagement and Employee Retention with a correlation coefficient of $r = .667$.

Decision: H2: Support

H3: Psychological Contract Fulfilment leads to Employee Retention

The correlation Coefficient between Psychological Contract and Employee Retention was $r = .727$ which showed a strong positive relationship.

Decision: Support H3.

H4: Employee Engagement Mediates the relationship Between Psychological Contract Fulfilment and Employee Retention

Psychological Contract was found to have a positive relationship with Employee Engagement and Employee Engagement has a positive relationship with Employee Retention. These results offer initial support that Employee Engagement may play a mediating role in the relationship between Psychological Contract Fulfilment and Employee Retention.

Without conducting a formal mediation analysis, we cannot make any formal decisions so we can only conclude that these results suggest this may be happening.

H4 Inconclusive (Partial Support).

4.7 Discussion of Findings

Something that I learned from this study is that psychological contract fulfilment does have an effect on how employees will engage and behave while at work. When they feel as if their organization is fulfilling their part of the deal they have, they will become more engaged and want to remain with that organization.

This positive correlation backs up what Social Exchange Theory means. When employees feel as if they are being treated well by their organization, they will often engage more and be more motivated when doing their work.

What I found interesting from this study is that there is a strong correlation between psychological contract fulfilment and employee retention. If employees feel there is fairness, trust, and support from an organization and they feel their psychological contract is being fulfilled, they will want to continue work for that specific organization and look elsewhere to meet their needs.

Based on the strong correlation between employee engagement and employee retention, we can assume that if employees are engaged, they care about the organization and its success and will want to stay longer.

In conclusion, I learned that we need to keep a strong psychological contract with employees, help engage them while at work and implement supportive HR practices.

5. Findings

1. Psychological contract and employee engagement

The study reveals a positive correlation between Psychological Contract Fulfilment and Employee Engagement ($r=0.584$). Employees who believe that their organization honours its commitments are more likely to be motivated, excited, and committed to their job.

2. Employee engagement and employee retention

Employee Engagement was found to be positively related to Employee Retention ($r = 0.667$). Engaged employees are more likely to remain with their company.

3. Psychological contract and employee retention

Psychological Contract Fulfilment and Employee Retention were found to have a strong positive correlation ($r = 0.727$). Employees who believe that their employer fulfils its obligations are likely to be loyal to the company.

4. Employee engagement as a mediator

Employee Engagement acts as a mediating variable in the relationship between Psychological Contract Fulfilment and Employee Retention. When companies fulfil their obligations, employees become engaged, which in turn increases their willingness to stay with the company.

5. Reliability of the research instrument

The research instrument was reliable, as evidenced by all Cronbach's Alpha values being above 0.70.

6. Respondents' perceptions

The respondents reported moderate levels of Psychological Contract Fulfilment, Employee Engagement, and Employee Retention, which means there are no very high or very low levels of the phenomena being researched.

6. Recommendations

1. Make good on your promises – Ensure the fulfilment of any promises made during recruitment and employment to ensure that the psychological contract is fulfilled.

2. Promote transparency – Make sure to set the right expectations to foster trust and avoid misunderstandings.
3. Encourage employee engagement – Encourage employees to participate actively by involving them in development programs.
4. Facilitate career growth – Help the employees grow their careers with mentoring and skill development opportunities.
5. Create an engaging work environment – Create an environment where the employees feel valued and committed.
6. Measure employee engagement and commitment.

7. Limitations of The Study

This research also has its limitations, and they are as follow:

- 1) Sample size is small as it only included 61 respondents.
- 2) Convenience sampling was used during data collection.
- 3) It is cross-sectional research.
- 4) Findings are based on respondent's perception at one point in time.
- 5) Self-reported findings can be affected by bias.
- 6) This study only focused on psychological contract fulfilment, engagement and retention only. Other variables such as organisational commitment, job satisfaction, leadership style and organisational culture were not considered.

8. Scope for Future Research

Areas of future research may include:

- 1) Replication of this study using larger and more diverse sample sizes to increase generalizability.
- 2) The exploration of psychological contract fulfillment and discrepancies across different sectors in relation to employee engagement and attrition.
- 3) Other mediating and moderating variables such as job satisfaction, commitment to the organization, organizational culture, and leadership efficacy.
- 4) Longitudinal studies that assess fluctuations in psychological contracts and employee sentiment.
- 5) The use of Structural Equation Modelling (SEM) and mediation to further analyze the relationships between study variables.
- 6) Comparative studies between sectors, regions, and sizes of organizations.

9. Conclusion

In conclusion, the study suggests that fulfilling the psychological contract is essential for increasing employee engagement and retaining talent. Organizations that understand and meet employee expectations, offer support, and establish trust-based relationships can foster a committed and engaged workforce. By prioritizing psychological contract management, organizations can enhance employee satisfaction, retention, and ultimately drive long-term success.

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