

The Mediating Role of Trust Between Psychological Contract and Employee's Commitment: A Cb-Sem Analysis

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Abstract

The Corona virus situation and resulting downsizing lead to the psychological contract breach among the workforce of many industries/sectors. The retail sector in Pakistan also experienced similar problems and faced pressure to meet the needs of its staff. In the present study, this issue is investigated by testing the employee perceived psychological contract and its attitudinal outcomes among the retail sector staff. The objectives of the study include measuring the effects of psychological contract on three dimensions of organizational commitment and staff trust level. Additionally, the objective of the study include measuring the effects of trust on three dimensions of organizational commitment and testing the mediating role of trust between the relationship of psychological contract and three dimensions of organizational commitment. The methodology of the study is based on quantitative approach and survey method for data collection from the retail sector staff using the sampling method. The key findings of the study are that there are positive and significant effects of perceived psychological contract on three dimensions of commitment and employee trust. Another finding is that trust has positive and significant effects on three dimensions of commitment (affective, continuance, and normative). Additionally, trust is tested as a mediator between the relationship of perceived psychological contract and three dimensions of organizational commitment. Results of mediation analysis indicate that there is an absence of support for the mediating nature of trust. Overall, we conclude that psychological contract is important and needs greater attention from the management of the retail sector.

Keywords: commitment, psychological contract, trust, retail sector, Pakistan.

Introduction

The concept of psychological contract is described as individually held beliefs of an individual towards employer firm (Rousseau, 2000). The concept in general is the perceived quality of the relationship between both employment parties. If the psychological contract is healthy, so it may lead to favorable employee behavior and attitudinal outcomes (Griep & Vantilborgh, 2018; Van den Heuvel, Schal, & van Assen, 2015). However, if the psychological contract is perceived as broken so it will lead to negative behavior and attitude among the workforce (Griep, Bankins, Vander Elst, & De Witte, 2021). In present study, the concept of organizational commitment while predicted by psychological contract is

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investigated along with mediating role of trust. There are previous studies conducted on the topic of psychological contract and its behavioral and attitudinal outcomes (Lee & Chen, 2021; Bankins, 2019; Griep & Bankins, 2020; Soares & Mosquera, 2019; Ahmad & Zafar, 2018; Li, Wong, & Kim, 2016). However, what is missing in the literature is the intervening mechanism. Therefore, in present study, we utilized the trust as mediating variable to better understand the relationship of psychological contract and employee organizational commitment (Meng & Berger, 2019; Jiang, Gollan, & Brooks, 2017; Baird, Tung, & Yu, 2019). The study is focused towards the retail sector in Pakistan. The retail sector is investigated since this sector faced severe decrease in revenue and other challenges due to the Coronavirus crisis. Because of the weak revenue of the retail sector during the pandemic period, many retail sector organizations are forced to downsize or reduce the working hours and subsequent pay of the staff. This leads to the perceived psychological contract violation by staff. Thus, there is a need to investigate this issue from an employee perspective in order to get a better understanding of the psychological contract and its outcome during this difficult time for the retail sector. Therefore, utilizing this opportunity in time, in the current study, psychological contract and its attitudinal outcomes are investigated.

Significance of the Study

The study fills the literature gap by testing the psychological contract and its outcomes among the retail sector in Pakistan. It is a contribution since psychological contract related studies in the Pakistani retail context are relatively scant in the literature. The second contribution is that we strengthen the psychological contract theory by testing its outcomes in a different context. By testing it in the Pakistani retail sector, we add the generalization of the theory. The third contribution of the study is that we introduced trust as a mediator thus contributing to the understanding of the underlying process of how psychological contract leads to a variety of employee attitudinal outcomes. The management of the retail sector can benefit from the study finding by better understanding the psychological contract, its importance, and outcomes. The findings of the study are also helpful for other researchers and students who are interested in the topic.

Research Question

The study is based on the following research question.
What are the effects of psychological contract on three dimensions of employee commitment?

What is the effects of psychological contract on employee trust in an organization?

What are the effects of trust on three dimensions of organizational commitment?

Does trust mediate the relationship between psychological contract and organizational commitment?

Research Objectives

The objectives of the study are;

- To measure the effects of PC on staff AC
- To measure the effects of PC on staff NC
- To measure the effects of PC on staff CC
- To measure the effects of PC on the staff trust level
- To measure the effects of trust on staff AC
- To measure the effects of trust on staff NC
- To measure the effects of trust on staff CC
- To test the mediating role of trust between the relationship of PC and staff AC
- To test the mediating role of trust between the relationship of PC and staff NC
- To test the mediating role of trust between the relationship of PC and staff CC

Literature Review

Psychological Contract

Rousseau (2000) describes the psychological contract as individually held beliefs related to the implicit terms of agreements between an individual and his/her organization. Similarly, Coyle-Shapiro and Conway (2005) view the psychological contract as the individual's belief about mutual obligations. In other words, a psychological contract spells out the expectations which both employment parties including employer and employees have for each other. Relational and transactional are two key classifications of the psychological contract. The transactional psychological contract is based on satisfaction from the employer as well as from the employee side and consists of tangible benefits. The relational aspect of psychological contract is about satisfaction from employer and employee perspective based on social affection. The psychological contract is about employees perception of how the employer is fulfilling their duties towards the employee. If employees perceive that the employer is fulfilling their duties adequately, so it will lead to a favorable perception of psychological contract leading to favorable outcomes such as

motivation and higher productivity (Sturges, Conway, Guest, & Liefvooghe, 2005). However, if employee perception is negative so it leads to negative outcomes such as a decrease in productivity and higher turnover. In this context, psychological contract breach is a relevant concept. It refers to a subjective experience of an individual worker that the employer has failed to fulfill its promises adequately (Robinson, 1996). Studies conducted in various contexts indicated that psychological contract breach as perceived by employees leads to several unfavorable outcomes. For example, a study by Chrobot-Mason (2003) reported that violation of psychological contract leads to organizational cynicism while trust plays the moderating role in this relationship. Robinson and Rousseau (1994) reported that psychological contract violation among the staff leads to negative outcomes including reduced satisfaction from work, reduced trust, and higher intentions to leave the organization. Deery, Iverson, and Walsh (2006) also investigated a similar issue and reported that psychological contract violation leads to decreased trust and increased absenteeism. Other studies also show that psychological contract if violated leads to unfavorable outcomes such as lack of commitment (Kaya & Karatepe, 2020; Sandhya & Sulphrey, 2020; Cassar, 2001; O'Donnell & Shields, 2002). Overall, the idea is that organization needs to fulfill their responsibilities towards staff in terms of salaries, working conditions, and other intangible aspects to develop a healthy psychological contract.

Organizational Commitment

Meyer and Allen (1991) consider organizational commitment as a perception based concept related to how individual feel about relationship with organization reflecting a worker's psychological status of loyalty towards organization. For any organization, enough number of its staff must possess suitable organizational commitment, otherwise, the organization will run into a variety of problems. Organizational commitment is one such factor that is found to be creating a link between employees and organization (Meyer & Herscovitch, 2001); and associated with organizational success and other favorable employee related outcomes (Fornes, Rocco, & Wollard, 2008; Aboramadan, Albashiti, Alharazin, & Dahleez, 2020; Loan, 2020). The study utilized the well-known model of organizational commitment by Meyer and Allen (1991). Accordingly, the affective commitment component is about the level of emotional attachment which an employee possesses for its organization. Thus, it can be said that affective commitment is the emotional aspect of organizational commitment. The second dimension is normative commitment which relates to employees feeling that they must continue

working with the same organization. This type of feeling is reciprocal in nature as employees feel that organization gave them favor in terms of hiring, providing training, and giving status. The third dimension is normative which is about employee calculation about the cost associated with leaving the organization. This could be due to many factors such as availability of alternative jobs in the market, cost of moving from one place to another, and so on. Overall, from the organizational point of view, all three dimensions of organizational commitment are important since all dimensions together lead to favorable employee and organizational outcomes.

The literature shows that there is extensive research conducted on the topic of organizational commitment over time. The favorable influence of organizational commitment on a range of employee behavior and attitude is well documented. For example, job satisfaction is found to be predicted by commitment (Ruiz-Palomo, León-Gómez, & García-Lopera, 2020; Chughtai & Zafar, 2006); absenteeism (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002); intention to stay (Chew & Chan, 2008); and job performance (Loan, 2020; Chen, Silverthorne, & Hung, 2006; Yousef, 2000). Besides the outcome, research suggests that various individual-specific and work-related factors influence an individual's level of organizational commitment. The first such set of factors related to individual and include demographic factors (Zhou, Li, & Gao, 2020; Meyer, et al., 2002; Cho & Mor Barak, 2008; Aydin, et al., 2011). The second set of factors is work-related factors such as organizational culture, workload, and leadership style which also found to be influencing staff organizational commitment (Yiing & Ahmad, 2009; Lok & Crawford, 2004; Dale & Fox, 2008). Overall, we can conclude that organizational commitment is influenced by individual and work-related factors and influences several employee-related outcomes.

Trust on Organization

The concept of trust is about how expect about organization's benevolence, reliability, and competence (Mayer, Davis, & Schoorman, 1995). In an organizational context, trust is important since an organization cannot function properly in the absence of trust. Research studies suggest that trust plays an important role and leads to several favorable outcomes (Gustafsson, Gillespie, Searle, & Hailey, & Dietz, 2020; Durukan, Akyürek, & Coşkun, 2010). Trust has increasingly become popular as the nature of work is changing. For effective organizations, the presence of trust is mandatory (Sadq, Ahmad, Saeed, Othman, & Mohammed, 2020). It is a multiple-level phenomenon as it

occurs at the individual, team, department, and organizational levels. Individual workers experience trust based on their characteristics. Previous studies show that trust is important in the organizational context and if present bring out favorable outcomes such as teamwork and higher productivity (Su, Chen, Cui, Yang, & Ma, 2020; Hameed, Arain, & Farooq, 2013); reduced turnover intentions (Zeffane & Melhem, 2018); better employee retention (Hansen, Dunford, Boss, Boss, & Angermeier, 2011); and employee organizational citizenship behavior (Chen, Hwang, & Liu, 2012). Based on the favorable outcomes of trust, it can be concluded that trust is necessary for the smooth functioning of an organization.

The Effects of Perceived Psychological Contract on Employee's Organizational Commitment

The studies investigating the effects of the perceived psychological contract show that it leads to several outcomes such as satisfaction from work. For example, a study reported that perceived psychological contract by employees influences their work engagement in the Portuguese military context (Soares & Mosquera, 2019). Another study by Ahmad and Zafar (2018) showed that organizational citizenship behavior (OCB) is predicted by psychological contract while perceived organizational support (POS) plays a mediating role in this relationship. A study by Li, et al., (2016) showed that breach of psychological contract negatively influences employee's behavior and attitudes such as organizational identification and affective commitment. A study by Eslami and Gharakhani (2012) showed that employee organizational commitment is predicted by perceived psychological contract. Similarly, a study by Gumusluoglu, Karakitapoğlu-Aygün, and Hirst (2013) showed that employee organizational commitment dimensions including continuance, normative, and affective commitment are influenced by the perception of psychological contract by employees. Maia and Bastos (2015) longitudinal study showed that employee organizational commitment is predicted by psychological contract perception. A study in the UAE context by Jabeen, Behery, and Elanain (2015) showed that psychological contract influence staff organizational commitment while transactional leadership plays a partial mediating role in this relationship. Overall, results from previous studies indicate that psychological contract if perceived positively by employees leads to favorable outcomes such as organizational commitment. On the other hand, if an employee perceives that psychological contract is violated so it leads to negative outcomes such as job stress and turnover intentions. Based on the findings of

previous studies, in the current study, we propose that psychological contract perception influences staff organizational commitment. Our specific hypotheses are as follows;

H1: Staff affective commitment is positively and significantly predicted by psychological contract

H2: Staff continuance commitment is positively and significantly predicted by psychological contract

H3: Staff normative commitment is positively and significantly predicted by psychological contract

The Effects of Perceived Psychological Contract on Trust

Previous studies indicate that perceived psychological contracts influence staff trust levels. If the psychological contract is healthy, so it will lead to the development of favorable trust towards the employer. Whereas, if the perceived psychological contract is weak, so it will lead to negative trust towards the organization. Previous studies indicate that perceived psychological contracts influence staff attitude and work performance (e.g. Li et al., 2016; Griep & Vantilborgh, 2018; Van den Heuvel, Schalk, & van Assen, 2015). Studies also show that psychological contract influence staff trust levels (e.g., Danilwan, Isnaini, & Pratama, 2020; Van den Heuvel, Schalk, Freese, & Timmerman, 2016). Based on these results, we expect that trust which is a type of attitude will be influenced by the perceived psychological contract. Our specific hypothesis is as follows;

H4: Staff perceived trust is significantly and positively predicted by psychological contract

Trust as Mediator between Psychological Contract and Organizational Commitment

Previous studies show that trust is an important predictor of several HR outcomes such as work performance (Meng & Berger, 2019). Literature indicates that trust predicts organizational commitment among staff (e.g. Jiang, et al., 2017; Sadq et al., 2020). For example, a study by Baird, et al., (2019) shows that organizational trust leads to employee organizational commitment. Similarly, a study by Jain, Duggal, & Ansari, (2019) also stated that organizational commitment is predicted by trust level of staff. Studies also report a positive relationship between perceived psychological contract and organizational trust (e.g. Paillé, & Raineri, 2016). Because trust functions as a predictor of organizational commitment and are also influenced by psychological contract so it may function as a mediator in this relationship which we propose and test in the

present study. Its role as a mediator is justified since the psychological contract is based on several factors which if violated will lead to the lack of trust in an organization. On contrary, if there is a healthy psychological contract, so it lead to the development of favorable trust towards the organization. Thus, the role of trust as a mediator is justified. Our specific hypotheses are as follows;

H5: Staff affective commitment is positively and significantly predicted by trust

H6: Staff continuance commitment is positively and significantly predicted by trust

H7: Staff normative commitment is positively and significantly predicted by trust

H8: Trust significantly mediate the relationship between psychological contract and staff affective commitment

H9: Trust significantly mediate the relationship between psychological contract and staff normative commitment

H10: Trust significantly mediate the relationship between psychological contract and staff continuance commitment

Theoretical Basis of the Study

Our hypothesized relationship is also supported by social exchange theory (Blau, 1964) which states that in social settings such as employment, relationships are reciprocal in nature. It means that if one party (i.e. employer) performs their obligation, so other parties (employee) will think to reciprocate by similar means. In the organizational context, it means that if organization fulfill their duties towards employees adequately, so employees will develop positive feelings towards the organization. Another theory which we used for developing our theoretical model is the Thus, based on previous literature and social exchange theory, our proposed relationship is justified. The other theory we used in developing the model and relevant hypotheses is AMO or ability, motivation, and opportunity theory (Applebaum, Bailey, Berg, Kalleberg, & Bailey, 2000). According to this theory, individual performance is a function of ability, motivation, and opportunities to perform. Accordingly, if an organization focuses on developing good abilities, provide suitable incentives, and work opportunities, it will lead to a positive perception of psychological contract and leads to favorable outcomes. Thus, the social exchange theory and AMO theory provide the theoretical basis for our study.

Research Methodology

Research Design

The study is based on a survey-based cross-sectional research design and quantitative approach. The cross-sectional quantitative design means data is collected only once from the survey participants (Sekaran & Bougie, 2016; Bell, Bryman, & Harley, 2018).

Population and Sampling

The retail sector in Pakistan is dynamic and plays important role in the economy. In the present study, our focus was the retail sector staff which makes the population of the study. We used random sampling for data collection. Random sampling means data is collected randomly and all members in population have equal chance of being selected (Sekaran & Bougie, 2016; Babin & Zikmund, 2015). The unit of analysis is individual employees who are working in retail sector and do not belong to the managerial cadre. Geographically, the sample is collected from the city of Peshawar, Islamabad, and Lahore. We used the Cochran formula for calculating the sample size.

The Cochran formula is:

$$n_o = Z^2 pq / e^2$$

Where:

e is the desired level of precision (i.e. the margin of error),

p is the (estimated) proportion of the population which has the attribute in question,

q is 1 – p.

Accordingly based on 95% confidence and relevant Z value of 1.96, 50% population proportion, and 90% confidence interval, our required sample size is as follows;

$$n_o = ((1.96)^2 (0.5) (0.5)) / (0.10)^2 = 96$$

Data Collection Measure

The data collection in our study is based on the survey method. We employed an online survey method using the Google form for data collection. The survey is designed from the adapted measure. The measure of psychological contract is adapted from Rousseau (2000) and consist of 4 items. The measure for commitment is based on Meyer and Allen (1991) scale. The measure consists of 8 items for each dimension. The measure for trust is adapted from Robinson and Rousseau (1994) and consists of 7 items.

Data Analysis

The data is analyzed using the SPSS version 22 and AMOS version 18. We used Structural Equation Modelling for the analysis of data. Accordingly, analysis consisted of two stages. At the first stage, we performed the Confirmatory Factor Analysis (Arbuckle, 2009) for assessing the reliability and validity (convergent validity and discriminant validity). In the second stage, we used the Path analysis for hypotheses testing.

Results**Table 1 Reliability and Convergent Validity**

Construct	Items	Standardized Factor Loadings	Cronbach Alpha	Composite Reliability	AVE
Psychological Contract	PC1	0.772	.828	.829	.551
	PC2	0.607			
	PC3	0.844			
	PC4	0.725			
Trust	TR1	0.705	.921	.922	.633
	TR2	0.887			
	TR3	0.616			
	TR4	0.899			
	TR5	0.825			
	TR6	0.772			
	TR7	0.825			
Affective Commitment	AC1	0.712	.895	.897	.525
	AC2	0.653			
	AC3	0.786			
	AC4	0.868			
	AC5	0.697			
	AC6	0.712			
	AC7	0.621			
	AC8	0.718			
Continuance Commitment	CC1	0.737	.893	.894	.518
	CC2	0.772			
	CC3	0.795			
	CC4	0.629			
	CC5	0.701			
	CC6	0.789			
	CC7	0.753			
	CC8	0.542			
Normative Commitment	NC1	0.795	.874	.877	.574
	NC2	0.623			
	NC3	0.674			
	NC4	0.693			

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NC5	0.715	
NC6	0.563	
NC7	0.701	
NC8	0.721	
Model Fitness: $\chi^2=1270.52$, $df=424$, $\chi^2/df= 2.99$, RMSEA=.078, RMR=.048, GFI=.901, CFI=.903		

We performed CFA using the AMOS version 18 for establishing the reliability and validity of the variables. The result as provided in the above table indicate that our model achieved good fitness ($\chi^2/df=2.99$, RMSEA of 0.078, RMR of 0.048, GFI of .901, and CFI of .903). The Cronbach alpha and Composite Reliability (CR) is also above 0.70 for all constructs so it indicates satisfactory reliability. The standardized factor loadings are above 0.50 and the overall Average Variance Extracted is above 0.50 for all constructs so it indicates that our measure has good convergent validity (Hair, Sarstedt, Ringle & Gudergan, 2017).

Table 2 Heterotrait-Monotrait (HTMT) Ratio

	Normative Commitment	Continuance Commitment	Affective Commitment	Trust	Psychological Contract
Psychological Contract	.681	.646	.747	.854	
Trust	.638	.783	.832		
Affective Commitment	.698	.721			
Continuance Commitment	.559				
Normative Commitment					

For establishing the discriminant validity, we used the heterotrait-monotrait ratio of correlations (HTMT) as suggested by Henseler, Ringle, & Sarstedt (2015). The requirement is that if HTMT value is less than 1 between any two constructs so it shows that there is adequate discriminant validity between the two constructs (Henseler et al., 2015). The result as provided in the above table shows that all htmt-ratio values within the required limit so it shows a good discriminant validity.

Hypotheses Testing

For testing the hypotheses, we performed the data imputation from CFA results and conducted hypotheses testing using the Path analysis on imputed data using the AMOS software. The results are provided in the following table;

Table 3 Regression Weights

H. No.	Paths	Estimate	S.E.	C.R.	P	Remarks
H1	Psychological Contract > Affective Commitment	.506	.052	9.730	***	Supported
H2	Psychological Contract > Continuance Commitment	.650	.042	15.343	***	Supported
H3	Psychological Contract > Normative Commitment	.710	.052	13.638	***	Supported
H4	Psychological Contract > Trust	.157	.062	2.546	.011	Supported
H5	Trust > Affective Commitment	.133	.068	1.949	.049	Supported
H6	Trust > Continuance Commitment	.218	.056	3.921	***	Supported
H7	Trust > Normative Commitment	.201	.068	2.940	.003	Supported
Model Fitness: $\chi^2=29.69$, $df=1$, $\chi^2/df= 29.69$, $RMSEA=.281$, $RMR=.027$, $GFI=.970$, $CFI=.93$						

***<.001, **<.01, *<.05

The result shows that psychological contract positively relates with dimensions of organizational commitment including affective ($\beta=.506$, $P<.05$); continuance ($\beta=.650$, $P<.05$); normative ($\beta=.710$, $P<.05$); as well as trust ($\beta=.157$, $P<.05$). Furthermore, trust positively relates with affective commitment ($\beta=.133$, $P<.05$); continuance commitment ($\beta=.218$, $P<.05$); and normative commitment ($\beta=.201$, $P<.05$).

Mediation Testing

We performed the mediation analysis by using trust as a mediator between the relationship of psychological contract and dimensions of commitment. For mediation analysis, we analyzed the direct and indirect effects based on the guideline by Baron and Kenny's (1986) classical approach Bootstrap procedures (500 samples) and bias-corrected bootstrap confidence interval (90%) is used for testing the mediation using the AMOS. The results are provided in the following table.

Table 4 Mediation Analysis

H. No.	Path	Total Effects	Direct Effects	Indirect Effects	L (BC)	U (BC)	Remarks
H8	PS>T>AC	.526**	.506**	.021	.004	.072	No support for mediation
H9	PS>T>NC	.741**	.710**	.032*	.004	.021	Support for mediation
H10	PS>T>CC	.685**	.650**	.034	-.001	.059	No support for mediation

*<.05, **<.01, ***<.001

The indirect effects as shown in the above table are turned out to be insignificant so it indicates that there is no support for mediation. However, the indirect effects turned out to be significant providing support for mediation. Overall, from these results, we found partial or weak support for mediating nature of trust.

Discussion

Our result shows that affective commitment is positively influenced by psychological contract. Earlier studies finding such as Gumusluoglu, et al., (2013); Maia and Bastos (2015); Li, et al., (2016) also support the same notion. The second hypothesis was about the effects of psychological contracts on continuance commitment and our result confirm a positive relationship. Earlier studies including Jabeen, et al., (2015); Eslami & Gharakhani (2012) also report the same. The third hypothesis was about the effects of psychological contract on normative commitment. Our result shows that there are positive significant effects of psychological contract on normative commitment. Previous studies including Eslami and Gharakhani (2012); and Gumusluoglu, et al., (2013) also stated the same. Our fourth hypothesis was about the effects of psychological contracts on staff trust and result shows a positive relationship. Previous studies including Li, et al., (2016); Griep and Vantilborgh (2018); and Van den Heuvel, et al., (2015) also reported the same.

Our fifth hypothesis was about the effects of trust on affective commitment. Our result shows that there are positive significant effects of trust on affective commitment. The findings are consistent with the findings of previous studies including Jiang, et al., (2017); and Sadq, et

al., (2020). Our sixth hypothesis was about the effects of trust on continuance commitment. Our result shows that there are positive significant effects of trust on continuance commitment. The findings are consistent with the findings of earlier studies including Baird, et al., (2019); and Jain, et al., (2019). Our seventh hypothesis was about the effects of trust on normative commitment. Our result shows that there are positive significant effects of trust on normative commitment. The findings are similar to the findings of earlier studies including Jain, et al., (2019); Sadq, et al., (2020); and Baird, et al., (2019).

The last three hypotheses were the mediating nature of trust between psychological contract and dimensions of organizational commitment. Our result did not find support for the mediating nature of trust. These findings are contradictory to the literature as previously trust is found to be predicted by psychological contract (Paillé, & Raineri, 2016); and subsequently, trust was leading to the organizational commitment (Baird, et al., 2019). One reason for the lack of statistical support for trust as a mediator in our study could be that in the retail context, staff often change jobs from one employer to another. Therefore, trust is not developed strong enough and hence do not found to be functioning as a mediator. The second reason could be that trust is an attitude and organizational commitment is also an attitude so it is possible that trust could be an outcome variable just like organizational commitment instead of the mediator. Thus, it requires further investigation from future studies. Overall, except for the mediating hypotheses, our findings are consistent with the findings of earlier studies and established literature of psychological contract, organizational commitment, and trust.

Conclusion

The prime aim of the study was to test the effects of psychological contract on employee organizational commitment and trust and testing the mediating nature of trust in this relationship. Our findings indicate that psychological contract is highly important in the retail sector and has a positive and significant influence on three dimensions of organizational commitment (affective, normative, continuance) and trust level. Furthermore, we did not find enough statistical support for the mediating nature of trust in the relationship of psychological contract and organizational commitment. Based on these findings, we can conclude that psychological contract plays important role in shaping employees' attitude in the retail sector in Pakistan. Therefore, there is a need that organizations to actively develop a positive relationship with staff in order to form a favorable perceived psychological contract among staff.

Recommendations

The retail sector needs to give importance to its human resource needs and developing a positive psychological contract among the staff. The HR practices including recruitment & selection, training and development can be offered along with suitable appraisal method in order to improve the perceived psychological contract.

The retail sector needs to offer good working conditions to the staff in terms of pay, incentives, and working hours to repair the broken psychological contract caused by the Coronavirus situation. Good supervisory behavior, development opportunities for staff, flexible working arrangements, and suitable career development assistance need to be provided to improve the relationship between workers and management in the retail sector.

Limitations and Directions for Future Research

The limitations of the study include a focus on a small sample, a single sector, and single-level data. A future researcher can better explore the psychological contract issue by investigating from different perspectives such as from an organizational perspective. A future researcher may also use the diverse method of data collection and analysis which can also provide a better picture of reality. Finally, since psychological contract varies from individual to individual so demographic factors also influence the relationship between psychological contract and its attitudinal and behavioral outcomes. Therefore, there is a need to investigate the demographic factors and influence on staff psychological contract.

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