

Interpersonal trust at workplace, organizational commitment and its impact on psychological contract

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Abstract

Interpersonal trust and organizational commitment has been the topic of interest of many researchers, who belongs to domain of human resources. When interpersonal trust and organizational commitment combined in this study the results are found to be surprisingly different. Therefore this study was conducted to find out the impact of interpersonal trust and organizational commitment on psychological contract.

In this study both primary data was utilized. Standardized questionnaires of Harold Andrew Patrik (2008) and questionnaire of organizational commitment by Allen and Meyer, (1990) and interpersonal trust scale is of Rotter (1967) were utilized . The questionnaires were distributed to employees working in the banking sector of Gwalior region . Non-probability purposive sampling sampling method was applied for the data collection. In total 107 responses were collected from various respondents. The study fulfills all its objectives and identifies a significant relationship between the variables.

This study can be a useful contribution for the future researchers to assess the impact of interpersonal trust & organizational commitment on psychological contract. The study can be a useful for the organization so that they can concentrate on encouraging employees attention towards the organization, leading towards employees commitment.

Key words: Psychological contract, Interpersonal trust, organizational commitment, Banking sector, Employees commitment.

Introduction

We are living in the 21st century which is often called as the age of rapid transformation in almost everything. With such a dynamic and evolving environment and circumstances affecting and deciding the fortune of business organization, the only controllable factor which can be controlled or retain is the employees and workforce working in an organization.

In this regard, the concept of psychological contract has become a critical dimension in organizations. It can be considered as a deep and varied concept and is open to a wide range of interpretations and theoretical studies. Primarily, the Psychological Contract refers to the relationship between an employer and its employees and specifically concerns mutual expectations of inputs and outcomes. In simple terms, it can be defined as the mutual relationship lying between the employees and their employers embedding convergence, devotion and mutual satisfaction towards the organization. Rousseau in 1989 stated that psychological contract as an individual's beliefs about the terms of the exchange agreement between employee and employer.

It is often related to interpersonal trust which employees perceives in the workplace. Interpersonal trust is a willingness to accept vulnerability or risk based on expectations regarding another person's behaviour – is a vitally important concept for human behaviour, affecting our interactions both with adversaries and competitors as well as with allies and friends. Trust helps in building informal cooperation, and coordinate social interaction. Trust can also reduce a manager's need to monitor a peer's behavior, formalise procedures, or create specific contracts governing cross-functional relations (Williams, 2001).

According to Gallup 2002, employees become more involved in everyday activities when they start trusting their organizations. Trusting and dedicated employees share information and cooperate with each other in fulfilling their tasks, resulting in a 18% increase in performance effectiveness (Yale, 2000). Interpersonal trust can be a significant factor which increases an organization's effectiveness. (Stankeviciene, 2013).

When an employee develops the sense, and feeling of trust toward the organization, then it further results in the commitment towards the organization. Organizational commitment is the bond employees experience with their organization. Broadly speaking, employees who are committed to their organization generally feel a connection with their organization, feel that they fit in and, feel they understand the goals of the organization.

It is a force that binds an individual to a course of action of relevance to one or more targets Cohen (2003). Porter et al in 1974, further describes organizational commitment as "an attachment to the organization, characterized by an intention to remain in it; an identification with the values and goals of the organization; and a willingness to exert extra effort on its behalf". Organizations should be more focused and conscious in developing employee-centric policies and workplace culture so that their participation and involvement in the management increases. This can be done by proper implementation of the psychological contract within the organization, promoting and encouraging employee's commitment through a positive interpersonal trust towards the organization.

Literature Review

Brown (2006) found a significant relationship between organizational and interpersonal trust while analyzing its impact on demographic variables such as relationship status and working experience of employees. He concluded that single people have a higher level of both interpersonal and organizational trust as compared to divorced or married individuals. However, employees working at their current position for more than five years have lower levels of both interpersonal and organizational trust.

In this regard, Phuong in 2016 examined the moderating impacts of age and locus of control on organizational citizenship behaviors and interpersonal trust. The study concluded that trust decreases as age increases in employees. The relationship was stronger for younger employees. This is because of the fact that workplace expectations in

Undergraduate students is more strongly related to Emotional support received from parents and employed friends which result into higher job security and interpersonal trust (Fonner and Roloff, 2008).

According to Moye & Henkin (2005), Employees who feel empowered in their work environment tend to have higher levels of interpersonal level trust in their managers. Authentic leadership is negatively correlated with organizational deviance which help in produce important desired outcomes at organizational level (Erkutlu & Chafra, 2013).

In 2012, Guinot, Chiva and Puig concluded that interpersonal trust has a significant positive effect on job satisfaction. Whereas, it has a negative relation with job stress.

However, Psychological contract violation may be a mediating variable in the relations between Psychological contract breach and workplace attitudes and behaviors. Specifically, PCB can lead to PCV which is negatively related to workplace outcomes such as job satisfaction, organizational commitment and citizenship behaviors like loyalty, service delivery and participation etc (Suazo, 2008). According to Croon (2009) perceived organizational obligations is negatively affected by organizational change.

In 2015 Doleh and Hammou concluded that when employees found their employers have broken their promises then they tend to decrease their performance and enthusiasm towards the company which ultimately leads towards decrease in job satisfaction and affects organizational commitment. Psychological contract violation had strong negative correlation with job satisfaction, organizational commitment (Boes, 2006).

In year 2014, Steane, Williams and Dufour conducted a research on healthcare sector (clinicians) to examine the relationship between psychological contract breach, organizational justice and negative affectivity. The result showed that psychological contract obligation and negative affectivity was related to organizational commitment.

This is further supported by the research conducted by Rodwell, Flower and Demir in 2015 according to which psychological contract obligations and fulfillment were associated with lower and higher job commitment respectively among medical staff. Although, among administration staff negative affectivity was associated with lower job satisfaction and higher distress and psychological contract fulfillment was associated with

commitment and job satisfaction. Organizational changes have differential effects on the different aspects of psychological contract (De Vos et al., 2005).

However, the organizational culture also plays an important role in the level of job satisfaction and organizational commitment (Silverthorne, 2004). Jha in 2011 carried out a study on Indian IT industry to analyze the psychological empowerment on affective, normative and continuance commitment and found that Affective and normative commitment is positively influenced by psychological empowerment.

Jacqueline A.M. Coyle Shapiro (2011) find the result that support the contention of the psychological contract is distinctive from other social exchange constructs that focus exclusively on the inducement received in the exchange relationship.

U. Deepthi & Rupashree Baral (2013) explained that employees belonging to different generational cohorts perceive their state of PC and its resulting effect on their attitudes and behaviors. Surendra Kumar, Gopa Bhardwaj, Bharat Chandra Sahoo (2013) they found that, both female and reserved category employees differ significantly from other group employees upon the different dimensions of psychological contract. Perhaps they feel that, other colleagues don't perceive them as competent enough and it is the reservation policy or some leniency, which has helped them to get the job

Jie Shen (2010) found that the elements of the academic psychological contract to a certain extent differ from that of the contracts of other professions. Also, the academic psychological contract is more transactional than relational in character.

Findings of Mary Bambacas (2008), Margaret Patrickson proposed the affective commitment may develop from messages from managers who can be clear and consistent in what they say. Being truthful, open and honest is also a skill that engenders trust and encourages followers to accept the leader's vision committing themselves to the goals of the organization. P.NA kanchana, DR. Panchanathan (2012) prove that organizational commitment is important to organizations and the higher level of organizational commitment will be attained when the employees have more clarity about their role and higher level of job satisfaction.

ErianBakiev (2002) found this study helps to better understand the role of police leadership and to provide a more trusted atmosphere within the

organization.. In order to increase commitment in KNP manager should create more trusted relationship with their performance.

Marie-E`ve Lapalme, Gilles Simard, Michel Tremblay (2011), results suggested that contract breach by the agency and the client was negatively related to temporary worker's affective commitment toward the respective party. This relation was mediated by workers' trust in each organization. The results also indicated that only commitment toward the client organization influenced the adoption of discretionary behaviors

Jianwu , Michel , Lili , Prosper (2014) studied Psychological Contract, Organizational Commitment, Job Satisfaction .They were found to have a significant positive correlation with organizational commitment and work satisfaction.

RESEARCH METHODOLOGY

The study tried to establish cause and effect relationship between the variables hence the study is causal in nature and Survey method was used to gather the data from the individual employee out of population of employees of banking sector .There was no list of all the banking sector employees available so no sampling frame was not used and Non probability purposive of sampling technique was used for identifying the respondent of the study .The total size of the sample from which data was collected was 107 respondents.

Standardized questionnaires on a scale of 1 to 5 used, where 1 stands for minimum agreement and 5 stands for maximum agreements was used to collect data of interpersonal trust, psychological contract and organizational commitment.

The collected data was analyzed using, **Reliability test**, to check the reliability of the constructs used for measuring the variables. As the study was causal hence **Regression test** was used to evaluate impact of interpersonal trust, psychological contract on organizational commitment of banking sector employees.

For the purpose of data collection, standardized questionnaires were utilized. To measure psychological contract questionnaire of Harold Andrew Patrik (2008), interpersonal trust scale was of Rotter (1967) and questionnaire of organizational commitment by Allen and Meyer, (1990) was used. The measure was Likert-type and possessed a sensitivity of 5,

where the extreme values namely 1 and 5 represented strongly disagree and strongly agree respectively.

For the analysis of collected data various tools were applied like Reliability test was applied to check whether data items in the questionnaire were reliable or not. Regression analysis was used for evaluating the relationship among interpersonal trust, organizational commitment and psychological contract

Results and findings

Reliability Measure

Cronbach's alpha is calculated to check the reliability of all the items in the questionnaire. The entire items in the questionnaires were based on 'Interpersonal trust, organizational commitment and psychological contract. The value cronbach's alpha value of the measures is given below in the table 1

Table 1: Reliability Value

S. No	Variable name	Cronbach's alpha value	No of items
Given 1	Organization commitment	.804	8
2	Psychological contract	.770	17
3	Interpersonal trust	.633	5

It is considered that the Cronbach's alpha value more than 0.7 is good and it can be seen that in case of two variables the Cronbach's alpha value is more than 0.7 and in the third variable the Cronbach's alpha value is 0.633

which was also in acceptable limit, so we can use the data that is collected through these three questionnaires can be used for further analysis.

Regression Analysis

The regression analysis was calculated by taking the total of Organizational commitment, psychological contract and interpersonal trust by using SPSS software. In this the interpersonal trust and organization commitment was independent Variable and psychological contract was the dependent variable.

Table 2: Regression Analysis

Regression analysis	Values	Significant Level
Correlation coefficient	0.797	
Adjusted R square	0.626	
F	67.089	0.000
Beta(commitment)	0.658	
Beta (trust)	0.420	
T value(commitment)	9.558	.000
T value (trust)	6.100	.000

The correlation coefficient among the three variable i.e. psychological contract, interpersonal trust and organizational commitment is 0.797, which shows strong correlation among the variables. The r square value 0.626 in model summary describes that 62.6% variance in psychological

contract can be explained with the help of interpersonal trust and organizational commitment.

The F value 67.089 is significant at 0.000 level of significance, which says that the model between organization commitment, interpersonal trust and psychological contract having a good fit.

The result of coefficient table indicted the contribution of independent variable on dependent variable through the beta value which is 0.420. t value was found to be 6.100 which was found to be significant at 0.000 level of significance. Hence, the null hypothesis that there is no impact of interpersonal trust and organizational commitment on psychological contract, which was developed in the current study is not accepted, indicating that there is significant cause and effect relationship among organization commitment, interpersonal trust and psychological contract.

Conclusion

The study fulfills its objective to measure the impact of interpersonal trust & organizational commitment on psychological contract. The study concluded that interpersonal trust and organizational commitment has 62.6% variance in psychological contract which means that strong psychological contact leads towards a mutual interpersonal trust among the workers and employers which ultimately leads towards the organizational commitment.

The limitation of the present study is that the study was conducted just by taking few variables i.e. interpersonal trust and psychological contract to analyses commitment towards the organizations. However, there may be many other variables which might have a significant impact on organizational commitment.

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