



Semarak Advanced Research in Organizational Behaviour

Journal homepage:
<https://semarakilmu.com.my/journals/index.php/sarob/index>
ISSN: 3030-6264



Effects Of Perceived Organisational Support and Psychological Contract Fulfilment on Work Engagement

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ARTICLE INFO

Article history:

Received 4 February 2024

Received in revised form 20 March 2024

Accepted 22 March 2024

Available online 17 April 2024

Keywords:

Perceived organisational support;
Psychological contract fulfilment; Work engagement

ABSTRACT

The dynamic nature of the contemporary workplace significantly influences its employees' well-being, productivity, and collaboration. In the face of challenges posed by globalisation, international competition, and organisational change, workplaces have become arenas where employees encounter numerous obstacles. The evolving landscape is marked by insufficient regulation, precarious work relationships, uncertain career trajectories, and escalating job demands, among other consequences. These trends emphasise the pressing need to understand and address the multifaceted impacts on employee experiences within this dynamic context. Underpinned by Social Exchange Theory, this research explores the relationships among perceived organisational support, work engagement, and the mediating role of psychological contract fulfilment. Drawing on data from a purposive sample of 200 respondents through a standardised online survey and analysed with Smart-PLS, this research unravels critical insights into how perceived organisational support can act as a crucial factor in mitigating the challenges posed by the dynamic workplace. Confirming a positive association between POS and WE, the findings highlight the mediating influence of psychological contract fulfilment. Perceived organisational support fosters work engagement and plays a pivotal role in safeguarding the adverse effects of contemporary workplace dynamics. This research contributes to theoretical understanding and carries practical implications for organisational strategies, advocating for targeted interventions that reinforce organisational support. As organisations grapple with the intricate dynamics of the modern workplace, this research provides actionable insights into mechanisms that foster a positive and engaged workforce, ultimately contributing to developing strategies for cultivating thriving work environments amidst dynamic challenges.

1. Introduction

Workplaces can present employees with multiple challenges arising from globalisation, international competitiveness and organisational change. Globalisation, international competitiveness, and organisational change pose significant challenges in today's workplaces.

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Increased global competition often results in organisational restructuring and cost-cutting measures, which can impact health and safety standards [1]. These trends have wide-ranging impacts on workers, who experience inadequate regulation, insecure work relationships, unstable careers, and increased job demand [2]. One crucial aspect that can significantly influence how employees navigate and cope with these challenges is perceived organisational support. Perceived organisational support refers to employees' beliefs concerning the extent to which their organisation values their contributions and cares about their well-being [3]. Research has shown that perceived organisational support plays a vital role in mitigating the negative impacts of workplace challenges on employees. When employees feel supported by their organisation, they are more likely to experience higher levels of job satisfaction, organisational commitment, and overall well-being [3].

In the context of the challenges posed by globalisation, international competitiveness, and organisational change, perceived organisational support can act as a buffer against the stress and uncertainty that employees may face. For example, employees who perceive high levels of support from their organisation may feel more confident in navigating changes and adapting to new demands. Furthermore, perceived organisational support can also influence employees' perceptions of fairness and justice within the organisation. Employees who believe their organisation supports them are more likely to view organisational practices and decisions as fair and equitable, even when facing challenges such as insecure work relationships or unstable careers.

This research examines the relationship between work engagement as the dependent variable and perceived organisational support as the independent variable and whether perceived organisational support affects work engagement through psychological contract fulfilment. This research contributes to the body of knowledge by adding to the existing organisational behaviour literature with the development of theoretical understanding and offering some new empirical evidence in explaining the effects of perceived organisational support on employee behaviour. The new knowledge that emerges from this research can become the foundation for future research to explore further and uncover this subject matter. In terms of managerial contributions, perceived organisational support is proposed to be an important mechanism in motivating skilled employees, leading to better performance outcomes. The research's findings can also be used to increase employees' work engagement through perceived organisational support as a tool.

2. Methodology

Social exchange theory provides a foundational framework for understanding the complex interplay between perceived organisational support, workplace engagement, and psychological contract fulfilment. This theory suggests that individuals engage in reciprocal interactions within their organisational setting, leading to the formation of obligations and commitments [4]. Research indicates that perceived organisational support, reflecting employees' perceptions of how much their organisation values their contributions and well-being, significantly influences workplace engagement [5]. Employees who feel supported by their organisation are more likely to reciprocate through increased engagement in their work [5].

Additionally, psychological contract fulfilment, which signifies the degree to which organisations fulfil their commitments to employees, plays a crucial mediating role in the association between perceived organisational support and workplace engagement [6]. Studies have shown that when employees perceive high levels of organisational support, their psychological contract fulfilment increases, boosting their work engagement [6]. This mediation process highlights the significance of meeting employees' expectations and honouring the promises made by the organisation in creating a positive work environment and fostering engagement [6].

Furthermore, incorporating social exchange theory with the concept of psychological contract fulfilment provides a comprehensive understanding of how organisational support influences employee engagement. By acknowledging the reciprocal nature of social exchanges and fulfilling mutual obligations, organisations can nurture a supportive environment that enhances employee well-being, satisfaction, and engagement. Based on these premises, the conceptual research framework is formulated as illustrated in Figure 1.

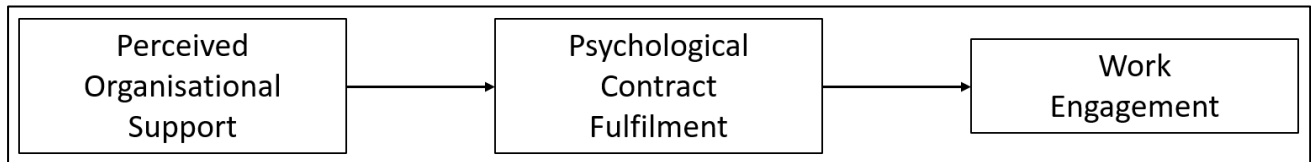


Fig. 1. Conceptual framework

This research is in the form of cross-sectional and survey-type research, trying to take a snapshot at one point in time using a survey strategy. A survey design explores the relationship between perceived organisational support and work engagement with psychological contract fulfilment as the mediating variable. The justification for using a quantitative and cross-sectional methodology in this research was to discover private sector employees’ perceptions of the organisational support within their organisation.

The data were collected from private sector employees around Klang Valley in Malaysia. The questionnaires were distributed via an online survey and collected using Google Form. The response rates show that, from 200 participants, 52% were male, and 48% were female. The majority of the respondents (78%) hold middle management, and most of them are in the age range between 36 to 46 years old.

The data were analysed using partial least squares structural equation modelling (PLS-SEM) with SmartPLS 4.0 [7]. A two-step approach, namely measurement and structural models, was carried out to perform the analysis [8]. The measurement models were analysed in the first stage to determine reliability and validity. In the second stage, the structural model was assessed to generate estimates that help in answering the hypotheses. The PLS predict procedure was also used to determine the predictive relevance of the proposed model [9, 10].

3. Result

3.1 Descriptive and Correlation Results

Table 1
 Mean, standard deviation and Pearson correlations

Variable	Mean	SD	1	2
1. Perceived Organisational Support	3.87	0.56		
2. Psychological Contract Fulfilment	4.11	0.52	.342	
3. Work Engagement	3.68	0.88.	.278	.563

Note: N = 200. All correlations were statistically significant at the .001 level

Table 1 shows the research variables’ mean, standard deviation, and Pearson correlations. All bivariate relationships among the research variables were statistically significant. The highest correlation was between psychological contract fulfilment and work engagement, $r = .563$, $p < .001$,

and the lowest correlation was between perceived organisational support and work engagement, $r = .278, p < .001$.

3.2 Model Assessment Results

3.2.1 Measurement model assessment

The internal consistency reliability of the measurement model was high, as shown in Table 2. The Cronbach’s alpha values were .961, .911, and .883 for perceived organisational support, psychological contract fulfilment, and work engagement, respectively. Similarly, the composite reliability values were high, with values ranging from .903 (psychological contract fulfilment) to .960 (perceived organisational support). As shown in Table 2, the average variance extracted (AVE) values for perceived organisational support, psychological contract fulfilment, and work engagement were above the .50 threshold, indicating that more than half of the respective indicators’ variance was explained by its latent variable. At the indicator level, the results showed that most of the loadings are above the .70 threshold value, suggesting that the indicators are reliable. However, three indicator loadings for work engagement fall below the threshold value.

Table 2
 Reflective measurement model results

Construct	Items	Outer Loading	Cronbach’s Alpha	Composite Reliability	Convergent Validity
Perceived Organisational Support	POS1	0.883	0.961	0.960	0.825
	POS2	0.912			
	POS3	0.894			
	POS4	0.932			
	POS5	0.910			
Psychological Contract Fulfilment	PCF1	0.885	0.911	0.903	0.771
	PCF2	0.859			
	PCF3	0.907			
Work Engagement	WE4	0.802	0.883	0.905	0.567
	WE5	0.830			
	WE6	0.865			
	WE7	0.857			
	WE8	0.767			
	WE9	0.714			

According to Hair *et al.*, [9], any indicator loading that falls below .70 should only be considered for removal if such removal increases the composite reliability and average variance extracted above its threshold value. In the analysis, however, the lower outer loadings did not affect composite reliability for all the constructs. The convergent validity for work engagement was found to be below the acceptable value of .50. Therefore, the problematic indicators were removed from work engagement one at a time so that its convergent validity would meet the threshold value. After three rounds of the removal process, we found that the convergent validity of work engagement had achieved a value of .567.

The last reflective measurement model assessment criterion is heterotrait-monotrait correlation or HTMT. HTMT criterion was used to assess discriminant validity. Table 3 reveals that the heterotrait-monotrait correlations were below the threshold value of 0.85. These results provide evidence of discriminant validity.

Table 3
 Heterotrait-monotrait (HTMT) ratio

	Perceived Organisational Support	Psychological Contract Fulfilment	Work Engagement
Perceived Organisational Support			
Psychological Contract Fulfilment	0.408		
Work Engagement	0.325	0.641	

3.2.2 Structural model assessment

Following a reliable and valid measurement model, the structural model was assessed. The coefficient of determination (R^2) results show that the research model explained a 13.1% variation in the psychological contract fulfilment construct and 35.0% in the work engagement construct. Therefore, the model moderately explained the endogenous latent variables [11-12].

Table 4 shows that the predictors' effect sizes (f^2) ranged from .010 to .410, indicating the presence of small to large effects [11-12]. Specifically, psychological contract fulfilment has a large effect ($f^2 = .410$) on work engagement. Perceived organisational support has a moderate effect on psychological contract fulfilment ($f^2 = .151$). However, it shows no effect on work engagement ($f^2 = .010$).

As shown in Table 4, the results of the bootstrapping procedure (cases = 200, resample = 5,000) for testing the significance of the path coefficients showed all direct and indirect paths were significant except for the path between perceived organisational support and work engagement, which was not significant.

Finally, PLS predict was used to examine the model's capability to predict. The values for both psychological contract fulfilment ($Q^2 = .061$) and work engagement ($Q^2 = .192$) were larger than zero, indicating that the structural model has predictive relevance.

Table 4
 Hypothesis testing results

Hypothesised Relationships	Path Coefficient	p-value	95% CI	Effect Size f^2
H1: Perceived Organisational Support → Work Engagement	0.088	0.211	[-0.044, 0.228]	0.010
H2: Perceived Organisational Support → Psychological Contract Fulfilment	0.362	0.000	[0.243, 0.517]	0.151
H3: Psychological Contract Fulfilment → Work Engagement	0.554	0.000	[0.445, 0.668]	0.410
H4: Perceived Organisational Support → Psychological Contract Fulfilment → Work Engagement	0.201	0.000	[0.133, 0.299]	N/A

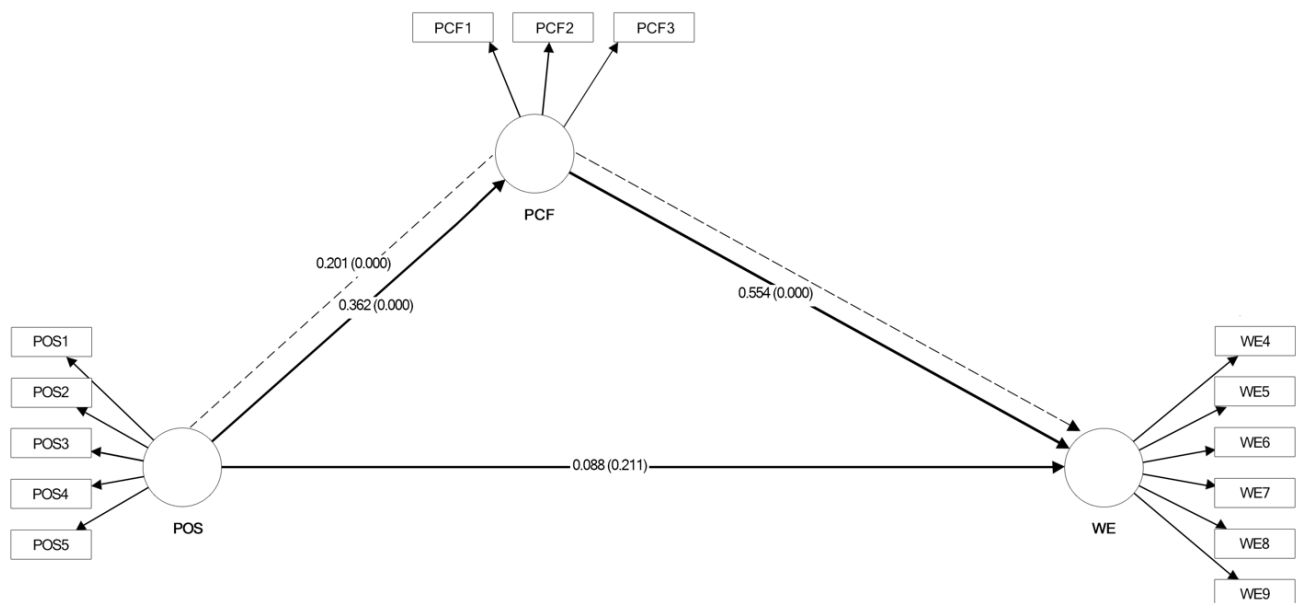
Note: N/A = Not available

3.3 Hypothesis Testing Results

Overall, the results of hypothesis testing showed that three of four paths were statistically significant at the .000 level, as shown in Figure 2. Specifically, the path coefficient was not statistically significant for the relationship between perceived organisational support and work engagement ($\beta = .088, p = .211$). Therefore, hypothesis 1 was not supported.

Hypothesis 2 and hypothesis 3 specify the direct effects among perceived organisational support, psychological contract fulfilment, and work engagement. Results from the PLS-SEM analysis support both hypothesised relationships. That is, there is a direct positive relationship between perceived organisational support and psychological contract fulfilment ($\beta = .362, p < .000$), and there is a direct positive relationship between psychological contract fulfilment and work engagement ($\beta = .554, p < .000$).

Finally, hypothesis 4 stated that psychological contract fulfilment will partially mediate the relationship between perceived organisational support and work engagement. Results showed that the specific indirect effect linking perceived organisational support to work engagement through psychological contract fulfilment was significant ($\beta = .201, p < .000$). Therefore, the mediation hypothesis was supported. The type of mediation was further identified by referring to Hair *et al.*, [9] mediation analysis procedure. Because the direct path between perceived organisational support and work engagement was not significant, and only the indirect path through psychological contract fulfilment was significant, we identified the type of mediation to be full mediation for the hypothesised relationship.



Note: The straight line represents the direct effect, and the dotted line represents the mediation effect. POS = perceived organisational support, PCF = psychological contract fulfilment, WE = work engagement.

Fig. 2. Structural Model Results

4. Conclusion

This research explored the relationship between employees' perceptions of their organisation's support and their work engagement and psychological contract fulfilment as the mediation of the relationship. Previous literature reports that a more comprehensive understanding is needed to

understand how an organisation can contribute to employees' positive job attitudes and behaviours [13]. Using social exchange theory, this research contributes to this endeavour by providing evidence that psychological contract fulfilment is a psychosocial mechanism that links workers' perception of organisational support to improved work engagement.

The present research's results highlight the positive association between perceived organisational support and employees' work engagement through psychological contract fulfilment. This is consistent with the underlying principle of social exchange theory [14]. The findings favour the postulation that by providing support on the part of the organisation is positively perceived by the employees, which, in turn, encourages them to reciprocate the same through a display of positive work-related attitudes.

The result was in agreement with past research, which highlighted that employees' belief in the discretionary nature of organisational actions, feelings of obligation towards the organisation, fulfilment of socioemotional needs, and performance-reward expectancies are key components influencing the relationship between perceived organisational support and employees' behaviour [15]. The mediating role of work engagement from previous research has been explored in various contexts, such as between high-involvement HRM practices and employee engagement [16] and between job demands and resources in connecting empowerment-focused HRM and labour productivity to work engagement [17]. However, this research took the suggestion from Pimenta *et al.*, [13] by introducing psychological contract fulfilment as the mediator in the relationship between perceived organisational support and work engagement.

Perceived organisational support was found to be directly related to psychological contract fulfilment. This is in line with previous research [18-19] that demonstrates a positive association between psychological contract fulfilment and perceived organisational support. Elsouk *et al.*, [20] also highlight the mediating role of psychological contract fulfilment in connecting organisational support to employee performance, indicating that organisational support enhances employees' perception of fulfilling the psychological contract, ultimately leading to improved performance. Thus, when the organisation is perceived as supporting their employees, the employees will feel motivated and more engaged in doing their tasks within their specific job scope as they are emotionally attached to the organisation and want to perform better for the benefit of the organisation as a whole.

Psychological contract fulfilment was also found to be directly related to work engagement. Perceived organisational support will make employees feel supported by their organisation and need to return the favour to the organisation by engaging with their work. This conclusion is in line with other researchers' findings in the literature [e.g. 21]. It proves that psychological contract fulfilment predicts work engagement, consistent with Blau's line of thinking.

Nevertheless, the present research did not replicate the same findings on the relationship between perceived organisational support and work engagement as the previous researchers [22-23]. This research did not support the positive direct relationship between perceived organisational support and work engagement. This shows that, even when the organisation is perceived as supportive towards the employees, the employees will not be engaged in doing their job. Employees will only engage with their job scope when they believe the organisation has met their expectations and obligations.

In terms of theoretical contributions, this research contributes to the existing psychology and organisational behaviour literature by developing a theoretical understanding and offering new empirical evidence in explaining the effects of perceived organisational support on employees' behaviour. This research fills a literature gap by explaining the effects of perceived organisational support on work engagement through the mediating role of psychological contract fulfilment. The

findings demonstrated that perceived organisational support sends positive messages to employees and builds a stronger working attitude and behaviour.

This research also extends social exchange theory by introducing psychological contract fulfilment as an important mediating element that can change employees' behaviours. This research emphasised the important role of psychological contract fulfilment as it may invoke a psychological process, particularly regarding feeling and cognition, when the organisation is being perceived as supporting the employees. Consequently, this will lead employees to perform and engage with their formal roles.

For practical implication, the results of this research propose feasible ideas to be pursued by the management and human resource practitioners. In the competitive environment between organisations in Malaysia, it is highly important for them to practice organisational support. This research has proven that being a supportive organisation, such as enhancing employees' working conditions, providing extra payment, and providing training and development [24], promotes psychological contract fulfilment among employees. Subsequently, this engages the employees with their specific job scope. This is important as having as many employees as possible engaging with their work will help the organisation perform better and achieve its stated goals.

Second, management needs to emphasise providing support to their employees. This can be done by adopting and inculcating a family-like culture to ensure the employees see the support and relate to the organisation with a sense of belongingness. This will make them attached to the organisation and reduce employee turnover intention.

Acknowledgement

This research was not funded by any grant. However, the author would like to express sincere gratitude to everyone who contributed to this research, whose invaluable insights and assistance significantly elevated the quality and impact of this research.

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