

The Impact of Psychological Contract on Employees' Loyalty of Private Higher Education Institutions: A Case Study of the Arab Academy for science, Technology, and Maritime Transport (AASTMT)



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ABSTRACT:

Purpose – The purpose of this paper is to examine the relationship between psychological contract, employee's loyalty and organizational trust. Moreover, the study clarified the moderating effect of organizational culture on the relationship between psychological contract and employee's loyalty. Finally, the study shows the mediating effect of organizational trust on the relationship between psychological contract and employee's loyalty.

Design/methodology/approach – This study is based on questionnaire method distributed on employees working at a private education institution; which is Arab Academy for Science, Technology and Maritime Transport (AASTMT).

Findings – Results based on a structural equation modeling for data analysis indicated that psychological contract has significant effect on both employee's loyalty and organizational trust and there was a significant relationship between Organizational Trust and Employees Loyalty. Furthermore, the significant moderator role of organizational culture and organizational trust.

Practical implications – The findings are important to enable decision makers to Studying this topic will lead to necessary understanding of the root cause of psychological contract violation in the Egyptian environment, enable organizations to build and maintain the necessary mutual trust with employees. As well as open, the research field to others to study the variables and other aspects that contribute to maintaining the success of the organizations and institutions operating in Egypt.

Research limitations– The primary limitation of this study is the scope of its sample.

KEYWORDS: Psychological contract, employee loyalty, organizational culture, organizational trust

1. INTRODUCTION

Human capital has become one of the most important resources of organizations in the modern era, as business has shifted heavily toward the intangible assets, and hence the human resources become one of the most important strategic advantages for any organization (Zakaria, 2011). It is reported that individuals' performance is a function of both their abilities and their motivation, thus there is a great psychological impact on employees' performance, and that is why organizations seek to adapt the supportive policies and work environment to encourage their people and meet their needs and expectations (Restubog et al., 2010).

The concept of psychological contract was described and defined for the first time by Argyris at year 1960. Psychological contract is one of the most important issues affecting the relationships between employees and their employers (Li and Dai, 2015). Many studies investigated this topic around the world due to its great impact on satisfaction, loyalty, commitment, and performance. However, very few studies have investigated this important topic in the Arab region, and despite of the great importance of the psychological wellbeing for service organizations and all people intensive organizations, the researcher could not find any research study in Arabic service organizations, and especially the educational ones. Upon that, this study is going to investigate the impact of psychological contract on employees' loyalty of private higher education institutions in one of the most leading and developed Arabic educational organizations "the Arab Academy for Science, Technology and Maritime Transport", one of the Arab League specialized organizations (AASTMT).

2. LITERATURE REVIEW

This section represents the literature as it contains the previous literatures that had examined the relations related to the research topic. This section is divided into five main sub-sections.

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2.1 Relationship between Psychological Contracts and Employees Loyalty

The psychological state of organizational commitment (employees Loyalty) is characterized by a strong sense of belonging, acceptance, identification, loyalty, support, passion, and pride toward the institution. Furthermore, dedicated employees are less likely to leave and devote themselves to providing their best knowledge, skills, experience, talents, and effort for the success of their organization (Rageb et al., 2014).

This section examines the relationship between psychological contract and employee loyalty through some previous studies. Restubog et al. (2015) discussed the impact of psychological contract and employee's loyalty. To achieve this, 180 undergraduate and graduate students enrolled in Organizational Behavior and Human Resource Management courses in the Southern United States were asked to redirect an online survey link to 3 full-time employees who knew them. A sample of 265 employees from different cultures was surveyed. Results indicated a negative effect of psychological contract on employee's loyalty.

Zaidman and Elisha (2016) tested the effect of psychological contract on employee's loyalty. Exploratory studies were carried out in a study due to a lack of adequate information about a topic. The data analysis methods were also consistent with the qualitative explanatory tradition. It conducted 46 interviews with A-Tech employees, 31 of them with branch employees in India. Results indicated significant effect of psychological contract on employee's loyalty.

Tseng and Wu (2017) examine the relationship between psychological contract and employee's loyalty. A questionnaire was used in this research. The study targeted 16 financial holding companies in Taiwan, and 373 valid questionnaires were collected. The results proved the positive correlation between psychological contract and employee's loyalty.

Nnaji-Ihedinmah et al. (2020) investigated the influence of psychological contract on employees' loyalty and performance. A survey method was conducted through a self-structured questionnaire that targeted employees of the construction companies located in Nigeria. From 274 distributed questionnaires, only 220 valid responses were received. After analyzing the collected data, results assured a significant relationship between psychological contract and employee loyalty, while there was no significant relationship between psychological contract and employees' performance.

Mmamel et al. (2021) aimed to examine the effect of employer-employee relationship as one of psychological contract dimensions on employee loyalty. Primary data was collected through a questionnaire that targeted the working staff of a large financial institution located in Nigeria. The final sample consisted of 391 respondents. Results indicated that psychological contract had an indirect impact on employees' loyalty.

Based on the previous studies, the researcher can develop the first hypothesis, which is: ***H1: There is a significant relationship between psychological contract and Employees Loyalty.***

2.2 Relationship between Psychological Contracts and Organizational Trust

This section examines the relationship between psychological contract and organizational trust through some previous studies. Liu et al. (2013) investigated the impact of psychological contract on organizational trust and organizational citizenship behavior. A questionnaire survey was conducted, where the final sample consisted of 40 employees at two hotels. Findings proved that psychology contract breaches of employees had a negative effect on employees' organizational trust and organizational citizenship behavior.

Guo (2017) aimed to examine the extent in which psychological contract affected the organizational trust and employee voice. To test this relation, data were gathered by making a questionnaire. This questionnaire consisted of 232 employees working at 5 private corporations located in China. After analyzing the data, results proved that psychological contract had a significant effect on organizational trust and employee voice.

Abela and Debono (2019) purposed to identify the effect of psychological contract on employee attitude. Employee attitude was measured by three dimensions, which were: organizational trust, organizational citizenship behavior and intention to leave the job. Primary data was collected from 258 employees through questionnaires. The findings assured a negative effect of psychological contract on trust, while there was a positive effect on leaving intention.

Braganza et al. (2021) investigated the impact of psychological contract on job engagement and trust. An online survey was prepared and sent to individuals live in West London, where there are large companies. Moreover there are numerous small-and-medium-sized employers. The final sample consisted of 232 questionnaires. Finally, the findings proved that psychological contract had a positive significant effect on both of engagement and trust.

Based on the previous studies, the researcher can develop the second hypothesis, which is: ***H2: There is a significant relationship between Psychological contract and Organizational Trust.***

2.3 Relationship between Organizational Trust and Employees Loyalty

Organizational trust is considered the most important element that determines the success or failure of organizations. It is limited to mere mutual trust between employees and each other - leaders and subordinates - but also extends to trust in the organization's basic values, the common vision and trust in the system itself (Nguyen et al., 2020).

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This section examines the relationship between organizational trust and employee loyalty through some previous studies. Isik et al. (2015) aimed to investigate the relationship between teamwork and organizational trust on employee loyalty and commitment. The data was collected using survey of 250 workers in employed in call centers in Erzurum. The results found that there was a positive significant relationship between teamwork and organizational trust on employee loyalty and commitment.

Dursun (2015) investigated the relationship between organizational trust, organizational support and organizational commitment. Data was collected from administrators or teachers who were employed in secondary education schools in the provincial centre of Bolu, Turkey. A number of 601 usable surveys were gathered. The results found that organizational trust and support were the most substantial factors that affect the commitment. Thus, trust and support were found to significantly affect loyalty.

Al-Shalabi (2019) investigated the relation between organizational trust, organizational identification and employee loyalty in Jordan. The researcher targeted the context of private hospitals. Data was collected through a questionnaire, where a sample of 385 working auditors was selected. Results indicated that organizational trust and organizational identification had a significant influence on the loyalty of employees.

Farrukh et al. (2019) investigated the impact of satisfaction trust and leadership support on employee loyalty on hotel industry of Saudi Arabia. Data were collected through questionnaires. The results found that employee loyalty was influenced by the elements of job satisfaction. In addition, mutual trust had impact on employee loyalty, while, the second contribution was that leader support was significant to create employee loyalty. Employee loyalty was directly associated with these factors.

Based on the previous studies, the researcher can develop the third hypothesis, which is: ***H3: There is a significant relationship between Organizational Trust and Employees Loyalty.***

2.4 Moderating Role of Organizational Culture in the Relationship between Psychological Contract and Employee Loyalty

Organizational culture is an essential element in the general system of organizations, which leaders and managers of organizations should understand its dimensions and elements, as it is the environmental environment in which organizations live, which affects the type of behavior in which they interact with others or with their workers. Administrative organizations pay great attention to the work environment and the culture of the worker due to their firm conviction that the human being is the real wealth of the nation and the main determinant of production. and its productive efficiency, because culture plays an important role in shaping an individual's habits, values, attitudes and ways of dealing with people and things around him (El-Sayed, 2020).

The culture has acted as a moderating variable. Dubinsky et al. (1997) studied the relationship between personal values and job performance of US and Japanese salespersons in electronics industry. Most of the aforementioned studies concluded that there is a significant difference in cultural values of US and Japan, which has a bearing on organizational practice. However, to our surprise this study concluded that in spite of difference in cultural values, job performance of salespersons in both countries had similar relationship with personal values such as enjoyment, security, achievement, and self-direction.

Den Hartog et al. (1999) tried to establish relationship between culture and leadership. There is much evidence to prove that the type of leadership and attributes of a leader varies nation wise. However, in this study, contrary to popular belief, it is proved that attributes of charismatic or transformational leader are same across the globe i.e. universally endorsed. The authors studied 62 nations and 15,000 middle manager's appx to analyses the leadership attribute ranging from team oriented, humane, participative etc. In addition, certain attributes like non-cooperative, ruthless, irritable, dictatorial etc. were considered as universally negative.

Çokluk and Yılmaz (2010) examined the impact of leadership behavior on organizational commitment. To conduct this study, the authors surveyed 682 American salespersons and 181 Indian salespersons and examined their response on leadership behavior based on variables like initiation of structure, consideration, organizational commitment, Organizational Culture.

Based on the previous studies, the fourth hypothesis could be developed, which is: ***H4: Organizational Culture significantly moderates the relationship between Psychological Contract and Employees Loyalty.***

2.5 Mediating Role of Organizational Trust between Psychological Contract and Employee Loyalty

The trust literature provides further insight into how a psychological contract breach is translated into BI perceptions. Whereas the majority of researchers have operationalized trust as the general willingness to be vulnerable based on expected behaviors and intentions of the other (Mayer et al., 1995; Mayer and Davis, 1999), some scholars have further distinguished socio-relational and cognitive-attribution roles of trust (McAllister, 1995). Relationship-based trust is synonymous with affective trust and reflects social and emotional bonds between individuals, often predicated upon displays of genuine care and concern for the welfare of the other person (Dirks and Ferrin, 2002). Relationship-based trust relates to a willingness to be vulnerable based on features of the relationship, and is theoretically aligned with social-based explanations and theories, such as social exchange theory (Colquitt et al., 2014).

Cognitive trust refers to choosing whom to trust, in what respect, and under what circumstances (McAllister, 1995). This aspect of trust aligns with what some scholars call deterrence-based or calculus-based trust, and is tied to "good reasons" to trust and consistency of behavior (Lewicki and Bunker 1996). Dirks and Ferrin (2002) refer to this as character-based trust. This aspect of

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trust is commonly aligned with risk decisions (Colquitt et al., 2007) and attributional theories of trust (Tomlinson and Mayer, 2009). Cognitive trust relies on calculated reasoning and judgments that evolve as information and experiences accumulate.

Conceptually, it has been proposed that leader behaviors that encourage employees' involvement and participation in the decision-making process and promote sharing of information are also likely to enhance employees' trust (Dirks and Ferrin, 2001). In particular, highly authentic leader value realistic and truthful relationships with followers (Gardner et al., 2005; Ilies et al., 2005). They solicit views about important work-related matters and openly share information fairly and transparently. Empirically it has been found that the leader's level of transparency and psychological capital which can be defined as a positive state of development characterized by self-efficacy, hope, resiliency and optimism (Luthans et al., 2007), affects the followers' perceived psychological contract violation 831 trust in the leader (Norman et al., 2010).

Based on the previous studies, the fifth hypothesis could be developed, which is: **H5: Organizational Trust significantly mediates the relationship between Psychological Contract and Employees Loyalty.**

3. RESEARCH METHODOLOGY

This section introduces the research variables, framework and the research hypothesis. The main objective of the research is to provide a framework for improving employees' loyalty by recognizing the concept of psychological contract with employees and gaining organizational trust and better organizational culture. Therefore, study variables are shown as following:

Independent variable: Psychological Contract (Relational/Transactional Contract, Employer Commitment/Obligation to Employee, Employee commitment/obligation to employer, Employer relationship with Employee, Employee Relationship with Employer).

Dependent variable: Employees' Loyalty.

Mediator: Organizational Trust.

Moderator: Organizational Culture.

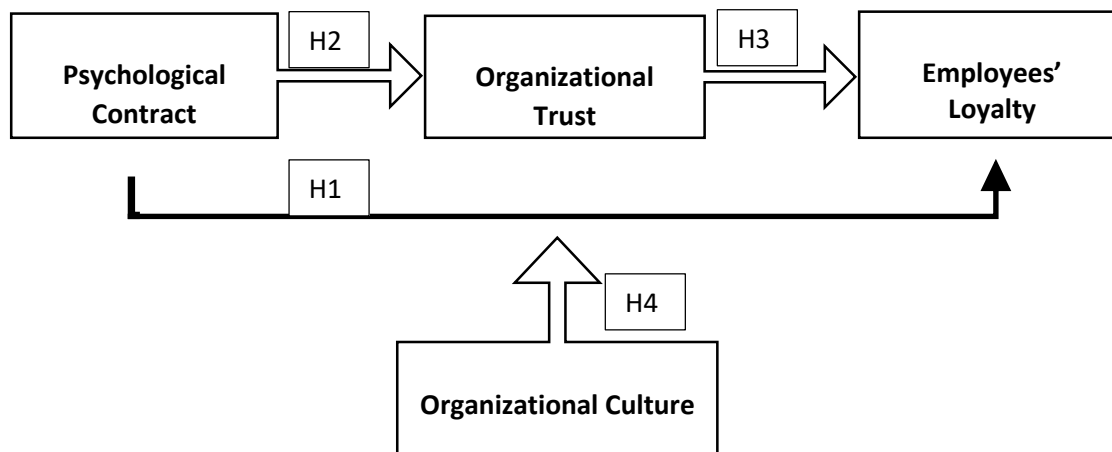


Figure 1: Research Framework

From the above framework, the research hypotheses can be developed as following:

- H1: There is a significant relationship between psychological contract and Employees Loyalty.
- H2: There is a significant relationship between psychological contract and Organizational Trust.
- H3: There is a significant relationship between Organizational Trust and Employees Loyalty.
- H4: Organizational Culture significantly moderates the relationship between Psychological Contract and Employees Loyalty.
- H5: Organizational Trust significantly mediates the relationship between Psychological Contract and Employees Loyalty.

4. RESULTS AND FINDINGS

In this section, the hypotheses under study are tested using the correlation and the path analysis of the structural equation modeling. The Pearson correlation is used as the data under study are shown to be normally distributed. The SEM testing is used as it is a neutral test and it does not require the normality distribution of the data under study.

4.1 Testing the First Hypothesis

This section investigates the relationship between Psychological Contract dimension; Relational/Transactional Contract, Employer Commitment/Obligation to Employee, Employee commitment/obligation to employer, Employer relationship with Employee, Employee Relationship with Employer, and Employees' loyalty. As the formal and informal tests shows that data under study are

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not normally distributed, Spearman's correlation coefficient is used. Table 1 shows the SEM analysis for the impact of the Psychological Contract and Employees' loyalty. It could be observed that:

There is a significant impact of Relational/Transactional Contract on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). Also, there is a positive impact of Relational/Transactional Contract on Employees' loyalty, as the corresponding estimate is greater than zero (Estimate = 0.215).

There is a significant impact of Employer Commitment/Obligation to Employee on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). Also, there is a positive impact of Employer Commitment/Obligation to Employee on Employees' loyalty, as the corresponding estimate is greater than zero (Estimate = 0.297).

There is an insignificant impact of Employee commitment/obligation to employer on Employees' loyalty, as the corresponding P-value is more than 0.05 (P-value = 0.063).

There is a significant impact of Employer relationship with Employee on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.007). Also, there is a positive impact of Employer relationship with Employee on Employees' loyalty, as the corresponding estimate is greater than zero (Estimate = 0.149).

There is an insignificant impact of Employee Relationship with Employer on Employees' loyalty, as the corresponding P-value is more than 0.05 (P-value = 0.071).

Furthermore, the R square is 0.430, which means 43% of the variation in the Employees' loyalty can be explained by the model.

Table 1: SEM Analysis of Psychological Contract on Employees' loyalty

| Dependent Variable | | Independent Variables | Estimate | P | R2 |
|--------------------|------|--|----------|------|------|
| Employees' loyalty | <--- | Relational/Transactional Contract | .215 | *** | .430 |
| Employees' loyalty | <--- | Employer Commitment/Obligation to Employee | .297 | *** | |
| Employees' loyalty | <--- | Employee commitment/obligation to employer | .102 | .063 | |
| Employees' loyalty | <--- | Employer relationship with Employee | .149 | .007 | |
| Employees' loyalty | <--- | Employee Relationship with Employer | .109 | .071 | |

The model fit indices; CMIN/DF = 1.171, GFI = 0.940, CFI = 0.994, AGFI= 0.927, and RMSEA = 0.021 are all within their acceptable levels. The SEM model conducted for the effect of the Psychological Contract on Employees' loyalty is illustrated in Figure 2.

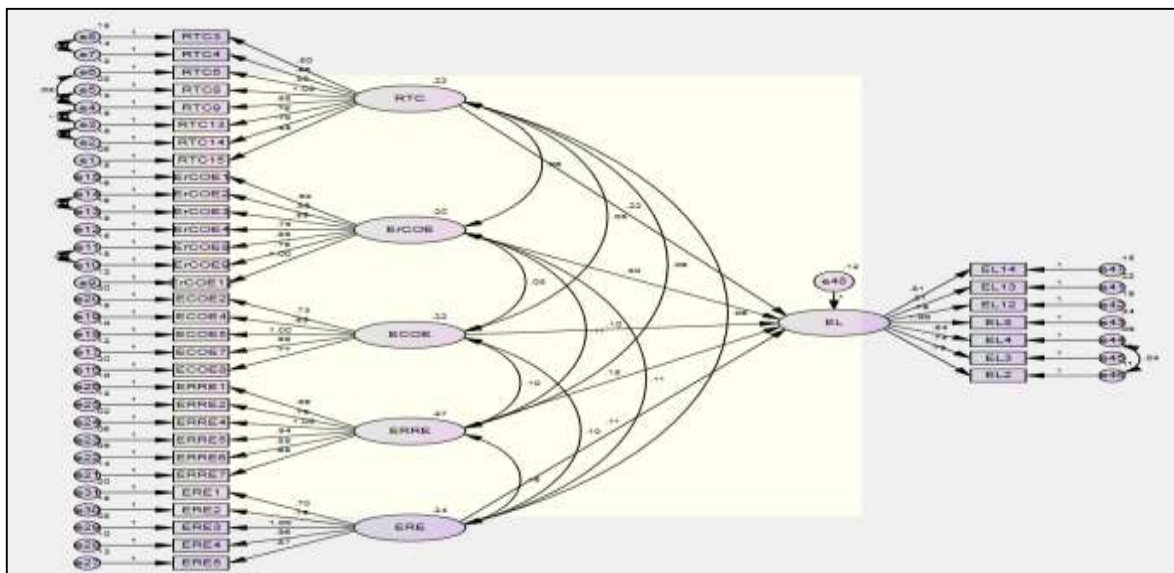


Figure 2: SEM for the effect of Psychological Contract on Employees' loyalty

Therefore, based on the previous results H1: "There is a significant relationship between Psychological contract and Employees Loyalty" is partially supported.

4.2 Testing the Second Hypothesis

This section investigates the relationship between Psychological Contract dimension; Relational/Transactional Contract, Employer Commitment/Obligation to Employee, Employee commitment/obligation to employer, Employer relationship with Employee, Employee Relationship with Employer, and Organizational Trust. As the formal and informal tests shows that data under study are

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not normally distributed, Spearman's correlation coefficient is used. Table 2 shows the SEM analysis for the impact of the Psychological Contract and Organizational Trust. It could be observed that:

There is a significant impact of Relational/Transactional Contract on Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.000). Also, there is a positive impact of Relational/Transactional Contract on Organizational Trust, as the corresponding estimate is greater than zero (Estimate = 0.209).

There is a significant impact of Employer Commitment/Obligation to Employee on Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.000). Also, there is a positive impact of Employer Commitment/Obligation to Employee on Organizational Trust, as the corresponding estimate is greater than zero (Estimate = 0.315).

There is an insignificant impact of Employee commitment/obligation to employer on Organizational Trust, as the corresponding P-value is more than 0.05 (P-value = 0.062).

There is a significant impact of Employer relationship with Employee on Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.004). Also, there is a positive impact of Employer relationship with Employee on Organizational Trust, as the corresponding estimate is greater than zero (Estimate = 0.169).

There is a significant impact of Employee Relationship with Employer on Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.000). Also, there is a positive impact of Employee Relationship with Employer on Organizational Trust, as the corresponding estimate is greater than zero (Estimate = 0.216).

Furthermore, the R square is 0.447, which means 44.7% of the variation in the Organizational Trust can be explained by the model.

Table 2: SEM Analysis of Psychological Contract on Organizational Trust

| | | | Estimate | P | R2 |
|----------------------|------|--|----------|------|------|
| Organizational Trust | <--- | Relational/Transactional Contract | .209 | *** | .447 |
| Organizational Trust | <--- | Employer Commitment/Obligation to Employee | .315 | *** | |
| Organizational Trust | <--- | Employee commitment/obligation to employer | .110 | .062 | |
| Organizational Trust | <--- | Employer relationship with Employee | .169 | .004 | |
| Organizational Trust | <--- | Employee Relationship with Employer | .216 | *** | |

The model fit indices; CMIN/DF = 1.519, GFI = 0.887, CFI = 0.966, AGFI= 0.870, and RMSEA = 0.035 are all within their acceptable levels. The SEM model conducted for the effect of the Psychological Contract on Organizational Trust is illustrated in Figure 3.

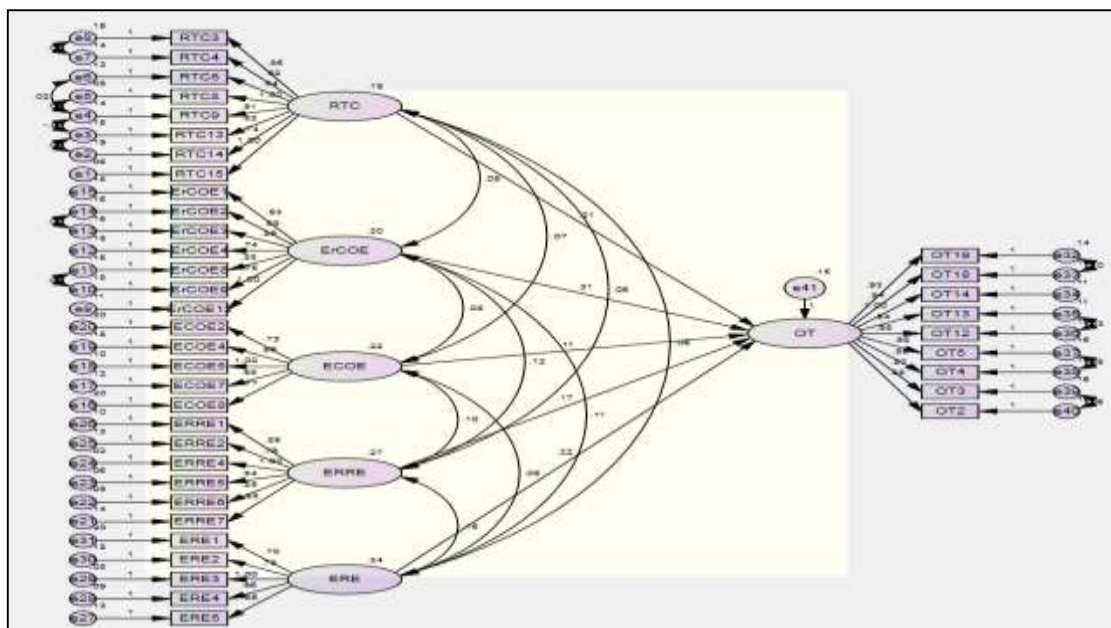


Figure 3: SEM for the effect of Psychological Contract on Organizational Trust

Therefore, based on the previous results H2: “There is a significant relationship between Psychological contract and Organization Trust” is partially supported.

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4.3 Testing the Third hypothesis

This section investigates the relationship between Organizational Trust and Employees' Loyalty. Table 3 shows the SEM analysis of the relationship between Organizational Trust and Employees' Loyalty. It could be observed that there is a significant impact of Organizational Trust on Employees Loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000).

Table 3: SEM Analysis for the mediation role of Organizational Trust between Psychological Contract and Employees Loyalty

| | | | Estimate | P | R2 |
|--------------------|------|----------------------|----------|-----|----|
| Employees' loyalty | <--- | Organizational Trust | .236 | *** | |

Therefore, based on the previous results H3: "There is a significant relationship between Organizational Trust and Employees Loyalty" is supported.

4.4 Testing the Fourth Hypothesis

This section investigates the moderation role of Organizational Culture in the relationship between Psychological Contract and Employees Loyalty. To test the moderation role, the interaction effect is computed by multiplying the centralized values of the independent variable with that of the moderator. The moderation role is then tested by investigating the significant effect of the computed interaction variable. Table 4 shows the regression analysis of the moderation role of Organizational Culture between Relational/Transactional Contract and Employees' loyalty. It could be observed that:

There is a significant negative effect of the interaction variable between Organizational Culture between Relational/Transactional Contract and Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.003). Therefore, there is a significant moderation role of Organizational Culture in the relationship between Relational/Transactional Contract and Employees' loyalty.

Table 4: Regression Analysis for the Moderation role of Organizational Culture between Relational/Transactional Contract and Employees' loyalty

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | R2 |
|-----------------------------------|-----------------------------|------------|---------------------------|--------|------|------|
| | B | Std. Error | Beta | | | |
| (Constant) | 2.677 | .185 | | 14.492 | .000 | .188 |
| Relational/Transactional Contract | .443 | .049 | .524 | 9.055 | .000 | |
| Organizational Culture | .063 | .038 | .103 | 1.675 | .095 | |
| RTC*OC | -.034 | .011 | -.217 | -3.007 | .003 | |

a. Dependent Variable: Employees' loyalty

Table 5 shows the regression analysis of the moderation role of Organizational Culture between Employer Commitment/Obligation to Employee and Employees' loyalty. It could be observed that:

There is a significant negative effect of the interaction variable between Organizational Culture between Employer Commitment/Obligation to Employee and Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.002). Therefore, there is a significant moderation role of Organizational Culture in the relationship between Employer Commitment/Obligation to Employee and Employees' loyalty.

Table 5: Regression Analysis for the Moderation role of Organizational Culture in the relationship between Employer Commitment/Obligation to Employee and Employees' loyalty

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | R2 |
|--|-----------------------------|------------|---------------------------|--------|------|------|
| | B | Std. Error | Beta | | | |
| (Constant) | 2.444 | .171 | | 14.269 | .000 | .276 |
| Employer Commitment/Obligation to Employee | .497 | .045 | .634 | 11.033 | .000 | |
| Organizational Culture | .089 | .036 | .146 | 2.507 | .013 | |
| ErCOE*OC | -.034 | .011 | -.217 | -3.173 | .002 | |

a. Dependent Variable: Employees' loyalty

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Table 6 shows the regression analysis of the moderation role of Organizational Culture between Employee commitment/obligation to employer and Employees' loyalty. It could be observed that:

There is a significant negative effect of the interaction variable between Organizational Culture between Employee commitment/obligation to employer and Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.001). Therefore, there is a significant moderation role of Organizational Culture in the relationship between Employee commitment/obligation to employer and Employees' loyalty.

Table 6: Regression Analysis for the Moderation role of Organizational Culture between Employee commitment/obligation to employer and Employees' loyalty

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | R2 |
|--|-----------------------------|------------|---------------------------|--------|------|------|
| | B | Std. Error | Beta | | | |
| (Constant) | 2.630 | .190 | | 13.830 | .000 | .184 |
| Employee commitment/obligation to employer | .441 | .049 | .529 | 9.017 | .000 | |
| Organizational Culture | .080 | .038 | .130 | 2.111 | .035 | |
| ECOE*OC | -.036 | .011 | -.235 | -3.265 | .001 | |
| a. Dependent Variable: Employees' loyalty | | | | | | |

Table 7 shows the regression analysis of the moderation role of Organizational Culture between Employer relationship with Employee and Employees' loyalty. It could be observed that:

There is a significant negative effect of the interaction variable between Organizational Culture between Employer relationship with Employee and Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.002). Therefore, there is a significant moderation role of Organizational Culture in the relationship between Employer relationship with Employee and Employees' loyalty.

Table 7: Regression Analysis for the Moderation role of Organizational Culture between Employer relationship with Employee and Employees' loyalty

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | R2 |
|---|-----------------------------|------------|---------------------------|--------|------|------|
| | B | Std. Error | Beta | | | |
| (Constant) | 2.453 | .181 | | 13.566 | .000 | .244 |
| Employer relationship with Employee | .485 | .047 | .594 | 10.367 | .000 | |
| Organizational Culture | .092 | .037 | .150 | 2.507 | .013 | |
| ERRE*OC | -.033 | .011 | -.211 | -3.066 | .002 | |
| a. Dependent Variable: Employees' loyalty | | | | | | |

Table 8 shows the regression analysis of the moderation role of Organizational Culture between Employee Relationship with Employer and Employees' loyalty. It could be observed that:

There is a significant negative effect of the interaction variable between Organizational Culture between Employee Relationship with Employer and Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.001). Therefore, there is a significant moderation role of Organizational Culture in the relationship between Employee Relationship with Employer and Employees' loyalty.

Table 8: Regression Analysis for the Moderation role of Organizational Culture between Employee Relationship with Employer and Employees' loyalty

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | R2 |
|-------------------------------------|-----------------------------|------------|---------------------------|--------|------|------|
| | B | Std. Error | Beta | | | |
| (Constant) | 2.489 | .179 | | 13.897 | .000 | .243 |
| Employee Relationship with Employer | .470 | .046 | .606 | 10.322 | .000 | |
| Organizational Culture | .089 | .036 | .145 | 2.440 | .015 | |

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| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. | R2 |
|---|-----------------------------|------------|---------------------------|--------|------|----|
| | B | Std. Error | Beta | | | |
| ERE*OC | -.035 | .011 | -.236 | -3.348 | .001 | |
| a. Dependent Variable: Employees' loyalty | | | | | | |

Therefore, based on the previous results H4: “Organizational Culture significantly moderates the relationship between Psychological Contract and Employees Loyalty” is fully supported.

4.5 Testing the Fifth Hypothesis

This section investigates the mediation role of Organizational Trust in the relationship between Psychological Contract and Employees Loyalty. The mediation role is proved if the direct relations had been found between the independent and dependent variables, as well as between the mediators and the dependent variables. Then, the relationship between the independent and the dependent variables is tested in the presence of the mediator. If there is still a significant impact of the independent variable on the dependent variable, then the mediator is considered as a partial mediator. However, if the relationship between the independent and the dependent variable becomes insignificant, then the mediator is a partial mediator.

Table 9 shows the SEM analysis of the mediation role of Organizational Trust between Psychological Contract and Employees Loyalty. It could be observed that:

From Table 1, there was a significant impact of Relational/Transactional Contract on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). In addition, Table 9 shows that there is a significant impact of Organizational Trust on Employees Loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). Moreover, Table 9 shows that the impact of Relational/Transactional Contract on Employees' loyalty is still significant in the presence of Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.000). Therefore, it could be claimed that Organizational Trust plays a partial mediation role between Relational/Transactional Contract and Employees' loyalty.

From Table 1, there was a significant impact of Employer Commitment/Obligation to Employee on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). In addition, Table 9 shows that there is a significant impact of Organizational Trust on Employees Loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). Moreover, Table 9 shows that the impact of Employer Commitment/Obligation to Employee on Employees' loyalty is still significant in the presence of Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.000). Therefore, it could be claimed that Organizational Trust plays a partial mediation role between Employer Commitment/Obligation to Employee and Employees' loyalty.

From Table 1, there was a significant impact of Employee commitment/obligation to employer on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). In addition, Table 4-18 shows that there is a significant impact of Organizational Trust on Employees Loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). Moreover, Table 9 shows that the impact of Employee commitment/obligation to employer on Employees' loyalty is still significant in the presence of Organizational Trust, as the corresponding P-value is less than 0.05 (P-value = 0.000). Therefore, it could be claimed that Organizational Trust plays a partial mediation role between Employee commitment/obligation to employer and Employees' loyalty.

From Table 1, there was an insignificant impact of Employee commitment/obligation to employer on Employees' loyalty, as the corresponding P-value is more than 0.05 (P-value = 0.063). Therefore, Organizational Trust could not be considered as a mediator, as the relationship between Employee commitment/obligation to employer on Employees' loyalty had not been found.

From Table 1, there was a significant impact of Employer relationship with Employee on Employees' loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.007). In addition, Table 9 shows that there is a significant impact of Organizational Trust on Employees Loyalty, as the corresponding P-value is less than 0.05 (P-value = 0.000). Moreover, Table 9 shows that the impact of Employer relationship with Employee on Employees' loyalty turned to be insignificant in the presence of Organizational Trust, as the corresponding P-value is more than 0.05 (P-value = 0.056). Therefore, it could be claimed that Organizational Trust plays a fully mediation role between Employer relationship with Employee and Employees' loyalty.

From Table 1, there was an insignificant impact of Employee Relationship with Employer on Employees' loyalty, as the corresponding P-value is more than 0.05 (P-value = 0.071). Therefore, Organizational Trust could not be considered as a mediator, as the relationship between Employee Relationship with Employer on Employees' loyalty had not been found.

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Table 4- 1: SEM Analysis for the mediation role of Organizational Trust between Psychological Contract and Employees Loyalty

| | | | Estimate | P | R2 |
|----------------------|------|--|----------|------|------|
| Organizational Trust | <--- | Relational/Transactional Contract | .201 | *** | .446 |
| Organizational Trust | <--- | Employer Commitment/Obligation to Employee | .294 | *** | |
| Organizational Trust | <--- | Employee commitment/obligation to employer | .133 | .062 | |
| Organizational Trust | <--- | Employer relationship with Employee | .231 | .005 | |
| Organizational Trust | <--- | Employee Relationship with Employer | .232 | *** | |
| Employees' loyalty | <--- | Relational/Transactional Contract | .150 | *** | .484 |
| Employees' loyalty | <--- | Employer Commitment/Obligation to Employee | .170 | *** | |
| Employees' loyalty | <--- | Employee commitment/obligation to employer | .074 | .181 | |
| Employees' loyalty | <--- | Employer relationship with Employee | .122 | .056 | |
| Employees' loyalty | <--- | Employee Relationship with Employer | .047 | .398 | |
| Employees' loyalty | <--- | Organizational Trust | .236 | *** | |

The model fit indices; CMIN/DF = 1.419, GFI = 0.876, CFI = 0.967, AGFI= 0.860, and RMSEA = 0.032 are all within their acceptable levels. The SEM model conducted for the mediation role of Organizational Trust between Psychological Contract and Employees Loyalty is illustrated in Figure 4.

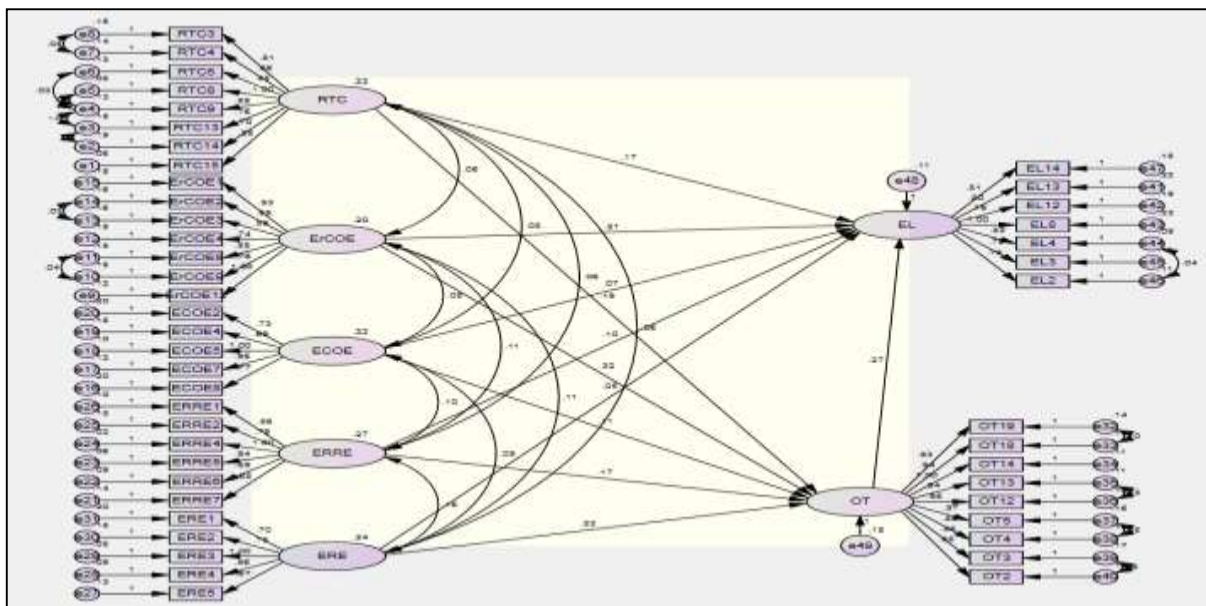


Figure 4: SEM for mediation role of Organizational Trust between Psychological Contract and Employees Loyalty

Therefore, based on the previous results H5: “Organizational Trust mediates the relationship between Psychological Contract and Employees Loyalty” is partially supported.

5. DISCUSSION AND CONCLUSION

This section explains the research hypothesis and to what extent these hypotheses support prior studies and literature reviewed. Regarding the first hypothesis (H1: There is a significant relationship between psychological contract and Employees Loyalty), the SEM analysis shows that there is a positive significant impact of Relational/Transactional Contract on Employees' loyalty. Moreover, there is an insignificant impact of Employee commitment/obligation to employer on Employees' loyalty. Furthermore, there is a positive significant impact of Employer relationship with Employee on Employees' loyalty. Finally, there is an insignificant impact of Employee Relationship with Employer on Employees' loyalty. Based on that the first hypothesis is partially supported. Regarding the second hypothesis (H2: There is a significant relationship between psychological contract and Organizational Trust), the SEM analysis shows that there is a positive significant impact of Relational/Transactional Contract on Organizational Trust. Also, there is a positive significant impact of Employer Commitment/Obligation to Employee on Organizational Trust. Moreover,

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there is an insignificant impact of Employee commitment/obligation to employer on Organizational Trust. Furthermore, there is a positive significant impact of Employer relationship with Employee on Organizational Trust. Finally, there is a positive significant impact of Employee Relationship with Employer on Organizational Trust. Based on that the second hypothesis is partially supported. Regarding the third hypothesis (H3: There is a significant relationship between Organizational Trust and Employees Loyalty), the SEM analysis proved that there was a significant impact of Organizational Trust on Employees Loyalty. Based on that the third hypothesis is fully supported.

Regarding the fourth hypothesis (H4: There is a significant moderate impact of Organizational Culture on the relationship between Psychological Contract and Employees Loyalty), the regression analysis proved that the fourth hypothesis is fully supported.

Regarding the fifth hypothesis (H5: There is a significant mediation impact of Organizational Trust between Psychological Contract and Employees Loyalty), the SEM analysis of the mediation role of Organizational Trust between Psychological Contract and Employees Loyalty is partially supported.

6. RECOMMENDATIONS, LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

This research has several limitations, one of which is the sampling technique used in the data collection, where a convenient sampling technique had been used. This technique is a non-random technique, which affects the generalization of the output to the AAST. Another limitation is that this research is limited to studying the effect of psychological contracts on employees' loyalty in the private educational sector in Egypt. Moreover, this research was limited to study the effect of psychological contracts on employees' loyalty and ignore other variables that may affect employees' loyalty, yet, this was the scope of the current research.

Recommendations for the current research are that decision makers and responsible for education should consider psychological contract, organizational trust and organizational culture as factors that influence employee's loyalty. Additionally, researches should focus on other factors that may affect employee's loyalty in order to enhance the employee's loyalty and hence the organization as a whole.

This research has several recommendations that could be useful for future research. First, a longitudinal study would be recommended for better results, as time was one of the barriers in this study. Future research could also consider other cities and other sectors to examine the relation between psychological contract, organizational trust, organizational culture and employees' loyalty. In addition, larger number of sample size would make more précised results but that could be costly. Future research would be able to have better time frame to be able to collect larger sample as well as following a random sampling technique.

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