



CHAPTER 1

INTRODUCTION

1.1 Research Background

According to Rousseau (2011), “psychological contract symbolizes the employment relationship in terms of the individual beliefs of employees and employers”. A main matter in psychological contracts is the belief that some sort of promise is made and a reward is offered in exchange for it, binding the parties to some set of mutual obligations (Rousseau, 2011). Nevertheless, experiential work has presented that when recruits come into a company, they already have expectations about the job, the company and their employment relationship, which may play a role of the foundation of psychological contracts’ formulation . (Cassar.V. & Briner, R.B., 2011).

This study is restricted to only four variables to keep the task manageable. Earlier, numerous researches were made by Rousseau’s (2011) and Geringer, Colette and Milliman (the Human Resource Practices Scale (2002)) about relationship between psychological contract and particular human resource (HR) practices. HR practices promotes constructive psychological contract, which leads to positive attitudinal reactions with commitment to the company, work satisfaction and motivation, which therefore will increase organizational performance. (Giauque D. et al., 2010). It is debated that HR practices, such as employee recruitment and selection, training and development, reward, and performance appraisal, have impact on psychological contracts by determining employer and employee promises fulfilment (Kasekende et al., 2015). Precisely, employee recruitment, as the starting point of any employment relationship, conveys the employment terms and conditions of the company to the candidates (Middlemiss, 2011). The importance that company gives to employee training and development usually reflects the opinion that the business considers workers as being part of its permanent employment (McDowall, 2010). Each part of employees’ reward is positively affecting on psychological contract by creating the belief that company’s staff worth their long-term salaries (Cohen, 2012). Proper employee’s performance appraisal gives positive feelings to personnel who consequently keep their promises to organization (Erkutlu et al., 2013). Thus, appropriate use of HR practices will have a positive

impact on working environment that will influence the degree of promises fulfillment, which will lead to superior psychological contract.

According to Parzefall (2011), up to now there are only two problems that have resonance among researches, which are breach and contents. Researching any other topic besides breach and content would make a significant contribution. For example, the study about the nature of exchange, or discover what is exchanged for what, would increase the knowledge about psychological contract. The purpose of this research is to investigate how particular human resources practices can influence Psychological contract and how positive psychological contract with set of advanced Human resource management (HRM) practices impact on employees' well-being.

1.2 Problem Statement

Human resource practices, such as recruitment, performance appraisal, reward, training etc. have a huge impact on the psychological contract because they form part of the obligations of the company towards the worker, and personnel identify them as motivations (Sonnenberg, 2011). Nonetheless, from time to time some insufficiencies of HR practices are the main reasons for psychological contract breach (Dries & De Gieter, 2014). Numerous studies stated a relationship between the psychological contract and employee performance, which is positive for the fulfilment and negative for the breach of the psychological contract (Marescaux, 2013). Breach of the psychological contract indicates that either boss or worker did not keep his/her promises and obligations were not fulfilled. (Parzefall, 2011). Psychological contract breach leads to emotional reactions of employees and has a huge consequence on worker in compare with psychological contract fulfilment (Conway et al., 2011). This happens due to prospect theory, which states that people perceive a loss as more destructive than the feeling of a gain (Tversky & Kahneman, 2012). Such a big issue as a breach of the psychological contract might cause an unpleasant relationship between employer and employee as one of them could not meet expectations of other. Therefore, employee performance declines and it straightaway influences the performance of entire company.

1.3 Research Question

1.3.1 General question

What are the factors that would have impact on employees' well-being by using psychological contract?

1.3.2 Specific questions

- How does recruitment and selection affect psychological contract?
- How does training and development affect psychological contract?
- How does performance appraisal affect psychological contract?
- How does reward affect psychological contract?

1.4 Research Objectives

1.4.1 General objective

The main objective of this research is to determine factors that have impact on employees' wellbeing by using psychological contract.

1.4.2 Specific objectives

- To investigate the relationship that recruitment and selection have with psychological contract.
- To determine the relationship that training and development have with psychological contract.
- To evaluate the relationship that performance appraisal has with psychological contract.
- To distinguish the relationship that reward has with psychological contract.

1.5 Significance of Study

There are numerous researches focused on psychological contract in different countries like Switzerland (Knorr U. & Hilb M., 2012) and Greece (Katou A.A., 2013). The matter of psychological contract is wide-ranging and relationship between employer and workforce has already been studied inside out. However, the studies about the impact of HR practices on psychological contact are limited. Administrators and supervisors have to know how to apply HR

practices so that they can have a positive psychological contract with their personnel and make them happy. Such an unwritten type of contract as psychological contract can have a good impact on organizational performance and consequently improve business.

The goal of this research is to investigate which significant aspects can affect psychological contract in Multinational corporations (MNCs) in Klang Valley, Malaysia. The result of this study can improve the business of different MNCs in Malaysia and show them the advantages of using psychological contract. Furthermore, other countries' divisions of MNCs might observe positive results of these practices in Malaysia and implement them in their work as well. In addition, this study may also help HR managers of some local organizations to form a proper psychological contract with their employees, because the data collected for this research was among staff of MNCs in Malaysia.

1.6 Scope of Study

This research focuses only on applying psychological contract in multinational corporations. Use of psychological contract in educational industry, government organizations and private enterprises is not studied in this research. Such important HR practices, as recruitment and selection, training and development, performance appraisal and reward are investigated in particular research. The target respondents of this research will be the employees of multinational corporations. The respondents will be staff who work in Klang Valley as the survey is conducted in Klang Valley. The choice of area was made due to high concentration of MNCs in that region. This research will principally focus on Malaysian MNCs because of time constraints.

1.7 Dissertation Outline

Generally, this research is divided into five chapters. Chapter one describes the research background, problem statement, research question and objective, significance of study, scope of study and research framework.

Chapter two presents literature review, framework element and theoretical foundation in order to achieve research objectives. Four factors that have impact on psychological contract are described in this chapter as well.

Chapter three consists of research methodology that was applied in this study. Research methodology includes research hypotheses, research equation, measurement, operational definitions, data collection method and analysis.

Chapter four will be focused on the data collection and findings through the distribution of questionnaires. After collecting data from respondents, it will be interpreted by using SPSS software. The factors involved will be tested based on the reliability analysis, descriptive analysis, linearity, Pearson correlations analysis, and multiple linear regressions.

Chapter five consists overall of discussion of findings and the conclusion. The contribution of the study will be emphasised followed by the limitations and suggestions for future research.

1.8 Summary

To sum up, chapter one presents overview of the research's construction. This chapter is a guideline of the research and it helps readers to understand the study better, before they continue to the next chapter, which consists of main part of the research – literature review. The importance and necessity of this research was also briefly discussed in chapter one. In the end, it was summed up on the scope of the study and content of each chapter of this research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The main aim of this chapter is to present an outline of the literature regarding psychological contract and employees' well-being. This particular study is based on literature review of previous researches. The chapter explains each factor influencing psychological contract one by one. In addition, this chapter includes two theories, which can be useful to improve psychological contract.

Theoretical framework is illustrated in order to show a stronger picture of the importance of variables relationship.

2.2 Defining Topic

2.2.1 Psychological Contract

According to Yvon (2012), psychological contract is a system of beliefs that includes the actions that personnel believe is expected of them and what response they expect in return from their employer and, reciprocally, the actions employers believe are expected of them and what response they expect from their personnel. Scheel and Mohr (2013) stated that this type of contract is promised based, subjective, unwritten and often not discussed or negotiated; it goes beyond any formal employment contract.

Researchers have characterized psychological contracts into two forms: transactional and relational contracts (Tomprou et al., 2011). Relational psychological contracts include such terms as loyalty and stability. Employees with relational contracts usually willing to work overtime even if it is not paid, to assist coworkers on their task, and to be participative in organizational changes that their employer finds necessary to implement (Ellershaw et al., 2014). Transactional psychological contracts refer to specific, monetary exchanges over a limited period of time. Employees with transactional contracts commonly want to stick to its specific terms and to look for another job when conditions change or when employers fail to live up to their promises (Rodwell et al., 2015). Hybrid or balanced psychological contracts have been developed in recent years and combines both transactional and relational types of contracts. From relational contract it took the open-ended time frame and mutual concern, but from transactional - the performance demands and renegotiation. Balanced contracts combine commitments from employer side to develop employees, while expecting that the workers will be flexible and willing to adjust if economic situation changes.

Positive psychological contract may not always lead to greater performance, or to satisfied employees but poor psychological contract tends to act as de-motivator, which can be mirrored in lower levels of employee commitment, higher levels of absenteeism and turnover and poor performance (Beardwell et al., 2007). On the other hand, positive psychological contract creates

feelings of being valued, increases trust, leads to positive consequences for workers and the company.

2.2.2 Employees' Well-being

Employee well-being progressively becomes an important issue in organizations, because cases of stress related illness at work continue to rise (Cooper and Cartwright, 2012). Well-being is the balance between the physical, emotional, intellectual and spiritual characteristics of a human being (). Research shows a link between an employees' working environment and their condition of health both psychological and physical (Sutherland and Cooper, 2013). Employee's sense of well-being will raise if company will create a comfortable and supportive working environment. It is duty of management to promote employees' well-being because they implement high commitment and trust different HR practices (Sanjay T.M., 2012). Cunha and Cooper (2012) concluded that the results of a stressful environment can include physical ill-health symptoms (such as cardiovascular and gastro-intestinal problems), mental ill-health symptoms (such as tension, anxiety and depression) and low job satisfaction.

The two main aspects supporting employee well-being are perceived control and social support. Ensuring a worker is not overworked and is in control of their work is important to employee wellbeing and it helps to improve employee performance and organizational productivity. According to McGrath (2012): "the potential for stress exists when an environment situation is perceived as presenting demands which threatens to exceed the person's capabilities and resources for meeting it". Research has shown that perceived control leads to decreased stress levels and improved employee health (Heaney et al., 2013). Consequently, employee empowerment and participation can increase employees' sense of control and enhance employee health and well-being.

Support for employees at work can have a positive impact on employee well-being. Employee who feel supported in the workplace have been found to have higher levels of employee commitment (Wayne et al., 2010) and are more likely to have higher levels of performance (Eisenberger et al., 2010). Heaney et al. (2013) stated that organizational support for employees can promote employee well-being in three ways: first, it can help an employee adapt to a stressful situation; second, it can

help an employee develop a new perspective on a stressful situation and three, it can decrease the emotional upset associated with a problematic situation.

This particular research is focused on determining the impact of psychological contract on employees' well-being. It will be discussed about the ways in which employees can be fully satisfied, motivated and happy with their psychological contract with the organization. Research has shown that employees who perceive that their employer has fulfilled his/her promise may feel more committed to the organization and identify more closely with its values (Shapiro, 2010). Furthermore, if psychological contract was fulfilled, it can create feeling of being valued, increase trust, leads to positive outcomes for employee, which enhances overall employee well-being.

2.3 Elements of the Framework

2.3.1 Recruitment and Selection

Recruitment is one of the main functions of HRM and it helps managers to attract and select best applicants, which in turn leads to improved organization performance (Rehman, 2012). This practice can ensure that the right people, with the desirable skills and knowledge, are in the right place, so that they fit in the culture and the climate of the organization. Furthermore, indicating the right employees would reduce the cost of employees' education and development (Felicity A. et al., 2013). Bratton and Gold (2011) differentiate the two terms while establishing a clear link between them in the following way: 'Recruitment is the process of generating a pool of candidates to apply for employment to the company. Selection is the process by which managers and others use specific tools to choose from a pool of applicants a person or persons more likely to succeed in the job(s), given management goals and legal requirements.

The first step in the recruitment process is to decide that there is a vacancy to be filled. If, for example, the vacancy arises because an employee has left, managers may take the opportunity to review the work itself and consider whether it could be undertaken in an alternative way. For example, could the work be done on a part-time, job-share or flexi-time basis? Alternatively, could the job be automated? The next stage in the recruitment cycle is the attraction of candidates, as one important objective of a recruitment method is to produce an appropriate number of suitable candidates within reasonable cost constraints. Formal recruitment methods include newspaper

classified advertisements, network bulletins, posters and human resource banks, while informal methods include personal connections and introductions through other staffs (Chen and Cheng, 2012). One of the last stages in recruitment and selection is selection itself, which includes the choice of methods by which an employer reduces a short-listed group following the recruitment stage, leading to an employment decision. While recruitment can be perceived as a positive activity generating an optimum number of job-seekers, selection is inherently negative in that it will probably involve rejection of applicants. While it is almost inconceivable that employment would be offered or accepted without a face-to-face encounter, many organizations still rely almost exclusively on the outcome of interviews to make selection decisions. Interview is a mechanism that is capable of communicating information about the job and the organization to the candidate, with the aim of giving a realistic job preview, providing information about the process, and thus can minimize the risk of job offers being rejected.

As the psychological contract begins its formation during the hiring process, it is important that the organization does not oversell the job; thereby setting unrealistic expectations which when violated may result in dissatisfaction and lowered commitment (Makin, 2010). Once the new employee enters the organization, it is important that they do not misinterpret obligations and entitlements. Incongruence is one of the major contributors to psychological contract violation. Ambiguously worded passages in human resource manuals and policy documents may widen the interpretation of obligations and entitlements, creating greater potential for misunderstanding and perceived violation. Realistic job previews that contain a detailed description of relevant job aspects, including negative as well as positive features, will contribute to the formation of pragmatic psychological contract and reduce turnover (Knights et al., 2015)

2.3.2 Training and Development

Training and development refers to the process to obtain or transfer knowledge, skills and abilities (KSA) needed to carry out a specific activity or task; therefore, benefits of training and development both for employer and employees are strategic in nature and hence much broader. Training makes a very important contribution to the development of the organisation human resource and hence to the achievement of its aims and objectives. To achieve its purpose training needs to be effectively managed so that right training is given to the right people in the right form

at the right time and at the right cost (J. Swaminathan et al., 2011). Training and development like job security requires a certain degree of reciprocity: A company that systematically trains and develops its employees develops their market value more favourably. This increases employees' productivity, commitment, and lowers turnover (Felicity et al., 2013).

Training is any learning activity, which is directed towards the acquisition of specific knowledge and skills for the purposes of an occupation and task. Training programs are directed toward maintaining and improving current job performance. Some of the gains which training brings are greater productivity and quality, less scrap or spoiled work and fewer accidents. Training enhances employees' capabilities which is instrumental in improving overall organizational performance (Mackelprang et al., 2012; Millar and Stevens, 2012). Development is any learning activity which is directed towards future needs rather than present needs, and which is concerned more with career growth than immediate performance. Developmental programs seek to develop skills for future jobs. Practical differences between training and development emphasize how training is a focused and time-framed activity with clear organizational focus whilst development is open-ended and long-term; the role of managerial support being important for each activity (McDowall & N.K. Saunders, 2010).

By choosing the right type of training, company ensure that its employees possess the right skills for the business, and the same need to be continuously updated in the follow up of the best and new HR practices (Niazi, 2011).

To form a positive psychological contract, the organization should ensure that employees have the opportunity for on-going training and development. The provision of training and development sends a message to employees that the organization cares about them and supports them. In particular the quality of training shapes whether workers believe commitments have been made, and kept regarding career development. Any unmet promises in this area will reduce management credibility and lower the trust that the employees has in the organization (Knights, 2015).

2.3.3 Performance Appraisal

Performance appraisal is considered to be one of the major processes in the employment relationship because employees are aware that their work in the organisation will be evaluated and

accordingly rewarded (Katou, 2013). In fact, appraisal comprises an objective evaluation of an employee's performance combined with an outline of measures to be taken for improvement and counter-signed by both employee and manager (Osman et al., 2011b). PA will be effective if the appraisal process is clearly explained to, and agreed by the people involved (Anthony et al., 2010). However, ineffective appraisal practices can lead to many undesirable problems including low morale, decreased employee productivity and low enthusiasm to support organizations, hence decrease organizational performance (Osman et al., 2011b). Without adequate explanation or consultation, PA could turn counterproductive. In addition, staff motivation, attitude and behavior development, communicating and aligning individual and organizational aims, and fostering positive relationships between management and staff are essential for successful appraisal (Armstrong, 2013).

Appraisal is the judgment of an employee's performance in a job, based on considerations other than productivity alone (Graham et al., 2010). It aims to ascertain whether actual performance matches performance targets. One of its principal uses is to indicate training needs in areas of performance where improvements would occur if appropriate training could be given. An integrated and effective appraisal process can lead to increased organizational performance and employee motivation. It provides recognition for successful performance and provides guidance on what skills, competences and behavior are required to meet expectations (Beardwell et al., 2007).

The appraisal process has been categorized into: (1) Establishing job criteria and appraisal standards; (2) Timing of appraisal; (3) Selection of appraisers and (4) Providing feedback (Scullen et al., 2013). Early PA processes were fairly simple, and involved ranking and comparing individuals with other people (Milkovich & Boudreau 2010). However, these early person-based appraisal systems were fraught with problems. As a result, a transition to job-related performance assessments continues to occur. Thus, PA is being modified from being person-focused to behavior-oriented, with emphasis on those tasks or behaviors associated with the performance of a particular job (Wellbourne et al., 2011). Effective managers recognize PAS as a tool for managing, rather than a tool for measuring subordinates. Such managers use PA to motivate, direct and develop subordinates, and to maximize access to important resources in the organization to improve productivity.

Performance reviews are important as they offer an opportunity for the employee to receive accurate feedback on their performance and may help dispel any false beliefs, of either party, that they have fulfilled their part of the psychological contract (Rousseau, 2011). Unrealistic self assessment by the employee will impact on the comparison process because, without accurate feedback, there is the potential for the employee to misperceive the balance between fulfillment of their obligations against those of the organization (Shapiro, 2010). In addition, the performance reviews offers an opportunity for the organization and employee to review and agree upon future opportunities for responsibility and challenge, and any prospective involvement in the management of change. Reviewing and renegotiating such aspects of the psychological contract on regular basis will reduce psychological contract violations that are caused by incongruence or misunderstanding between both parties (Rousseau, 2011).

2.3.4 Reward

Rewards / compensation matches efforts in an equitable and just manner and organizations must reward short as well as long-term achievements; bearing in mind that business must perform in the present to succeed in the future.

According to Cole (2014), “total reward combines two major categories of reward: transactional and relational.” Transactional rewards are tangible rewards arising from the transactions between the employer and the employees concerning pay and benefits such as base pay, contingent pay, shares, pensions and holidays. Relational rewards are those intangible rewards concerned with learning and development and the work experience, like training, career development, performance management, employee voice and recognition. Workers need both types of rewards in order to feel satisfied with their jobs (Karin A., Lawter, Brockerhoff, J. Rutigliano, 2014). Total rewards are all of the employers’ available tools that may be used to attract, retain, motivate and satisfy employees. It can help create a work experience that meets the needs of employees even unwritten needs and encourages them to contribute extra effort.

Empirical evidence suggest that effective performance management and reward structures in organizations must attend to the quality of the relationships employees experience while at work

which are an integral aspect of the psychological contract. Improved performance is affected by more than money.

2.4 Underpinning Theories

The following two theories: social exchange theory and equity theory can contribute to better understanding of psychological contract. In subsections 2.4.1 and 2.4.2, theories will be discussed in details.

2.4.1 Social Exchange Theory

The theoretical basis for employees comparing employer and employee perceived obligations is grounded in social exchange theory and the norm of reciprocity (Coyle-Shapiro & Conway, 2010). According to social exchange theory (Chang et al., 2015), individuals will reciprocate to those who benefit them. That is, when employees perceive that a mutual obligation exists between themselves and their employer, they are likely to uphold behaviors that serve as a form of payback directed towards the employer, especially if the employer has engaged in behaviors perceived to benefit them. Here, the employees feel obligated to return the gesture as a form of repayment or as an attempt to even out or balance the scales (Tyrie, 2013). Using the tenants of social exchange theory, human resource practices are able to signal to employees that the organization is committed to them, which would be reciprocated by employees through positive attitudes and high commitment work behaviors (Karin et al., 2014). This perspective of social exchange theory is aligned with a norm of reciprocity expectation (Jiang et al., 2015), which indicates that employees should return the help and support that has been extended to them by the organization. If this form of exchange holds, then this type of relationship and exchange behavior is deemed to continue throughout the working relationship, thereby “creating a strong social exchange resulting from a high degree of mutual obligations.” (Chang 2015) argued that balance in exchange relationships is preferred. Correspondingly, imbalanced relationships are likely to be temporary (Gospel, 2016). Therefore, according to social exchange theory, most relationships are likely to be balanced or to become balanced over time.

2.4.2 Equity Theory

Equity theory provides additional insight for examining these relationships. According to equity theory, employees naturally make comparisons between the ratio of their own perceived inputs and the outcomes they receive to the ratio of the perceived inputs and perceived outcomes of a referent other (Abdelghafour et al., 2012). Through this comparison of ratios, employees evaluate their situation is equitable, under-rewarded, or over-rewarded. “The underlying assumption is employees will pursue a balance between their own ratio of their inputs and outcomes and the ratio of the perceived inputs and outcomes of their referent other” (Adams, 2015). The referent in equity theory can be classified as other, self, and/or a system (Goodman, 2014; Summers & DeNisi, 2010). Drawing from Goodman (2014), a system referent could be an employing organization or employer. ‘In an organizational setting, equity refers to an implied or psychological contract between an organization and an employee dealing with expected inputs and outcomes from both parties’ (Hopkins & Weathington, 2016), with the employee attempting to keep the ‘give and take’ in the relationship equal (Adams, 2015).

2.5 Proposed Framework

The relationship between four factors and psychological contract is shown in Figure 1 below.

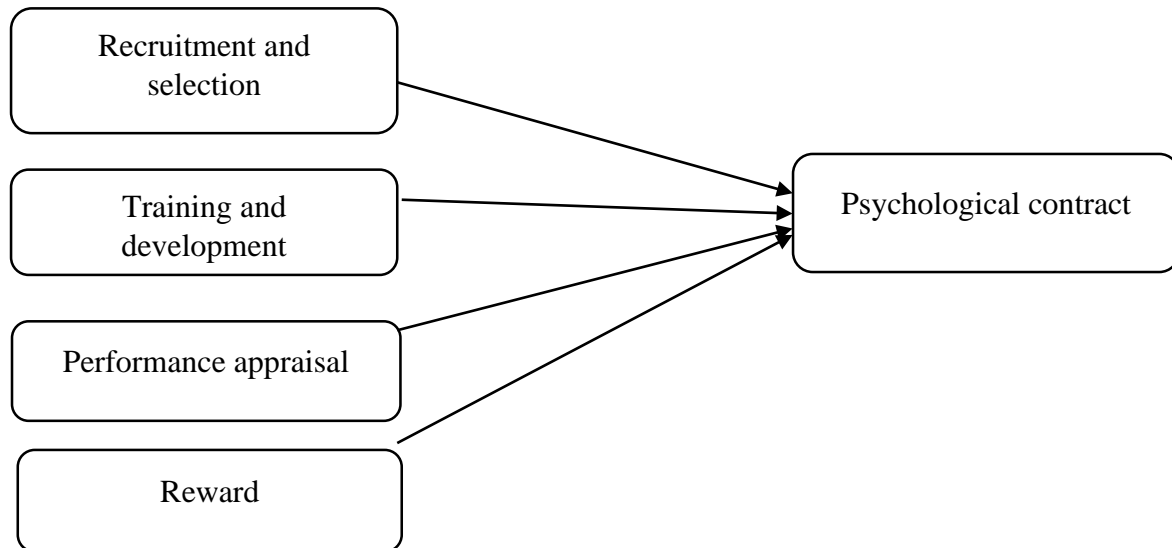


Figure 1: Conceptual Framework

The proposed conceptual framework above demonstrates independent and dependent variables of this research. Psychological contract, in this case, is dependent variable, whereas recruitment and selection, training and development, performance appraisal and reward are independent variables. These four independent variables- factors cause a change to the psychological contract, as it is dependent variable.

2.6 Summary

This chapter provides theoretical information on the issue to be investigated in this study. It was also discussed about terms such as psychological contract, employees' well-being, training and development, recruitment and selection, performance appraisal and reward. This chapter include two theories used in particular research, which are social exchange theory and equity theory. Conceptual framework was also illustrated and briefly discussed in chapter two.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the investigation conceptual framework. It also includes hypotheses, followed by research equation. Chapter 3 discusses about measurement, data collection method and data analysis in details.

3.2 Research Hypotheses

Based on previous researches related to psychological contract and its impact on employees' wellbeing, following hypotheses are proposed:

H1: There is a significant relationship that recruitment and selection have with psychological contract.

H2: There is a significant relationship that training and development have with psychological contract.

H3: There is a significant relationship that performance appraisal has with psychological contract.

H4: There is a significant relationship that reward has with psychological contract.

3.3 Research Equation

The equation derived based on psychological contract's impact on employees' well-being:

$$PC = c + \beta RS + \beta TD + \beta PA + \beta R + e$$

Where,

PC = Psychological contract

C = constant

RS = Recruitment and selection

TD = Training and development

PA = Performance appraisal

R = Reward

E = error

3.4 Operational Definition

The following subsection defines independent and dependent variables, which helps to make questions for the study.

3.4.1 Psychological Contract

The concept of psychological contract concerns an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that person and another party (Rousseau, 2011). Changes in employee attitudes and behavior are explained through the process of reciprocation: employees weigh their "employment deals" and respond to employer contributions by adjusting their attitudes and behaviors (Conway et al., 2011).

3.4.2 Recruitment and Selection

The recruitment and selection process is concerned with identifying, attracting and choosing suitable people to meet an organization's HR requirements (Felicity A. et al., 2013). The basis of recruitment and selection are the human resource requirements that the organization strategies require. It matches available HR to jobs.

3.4.3 Training and Development

Training and development describes the formal, ongoing efforts that are made within organizations to improve the performance and self-fulfillment of their employees through a variety of educational methods and programs. In the modern workplace, these efforts have taken on a broad range of applications—from instruction in highly specific job skills to long-term professional development (J. Swaminathan et al., 2011).

3.4.4 Performance Appraisal

The performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization (Katou, 2013).

3.4.5 Reward

In the context of human resource management, the reward system is considered as one of the most important part to manage employees. However, reward is more complex, it links to another department in the organization such as finance, strategies business. In the book of Cole (2014), reward system is the foundation of employment relationships. It refers to all types of monetary, non-monetary and psychological reward that the organization can provide its for employee performance.

3.5 Measurement

The sample items are based on the previous researches. Some changements have been made based on the origins.

3.5.1 Independent Variable

Variable	Items	Source
Recruitment and selection	<ol style="list-style-type: none">1. I received a large amount of information about my job before being employed during the recruitment process2. All of the information I received at interviews about my job before being employed was relevant3. I was told about all positive and negative aspects of the job at interviews before being employed4. Valid and standardized tests are used when required in the selection process.5. Selection system in our organization selects those having the desired knowledge, skills and attitudes.	Abeysekera R.(2007) Marwat Z.A., et al. (2014)
Training and development	<ol style="list-style-type: none">1. I am happy the way T&D Program is conducted/concluded in my organization.2. There is Counseling/couching program so that employees have someone to go to for help3. I can get competitive advantage through T&D program when comparing the same in competitive environment	Niazi A.S. (2011)

	4. I think the training program designed based on the requirements of the job or employee deficiency of ability for the job 5. The training lead me to be satisfied with my job	Asfaw A.M., et al. (2015)
Performance appraisal	1. My supervisor provides me feedback with necessary guidelines to improve the performance 2. The performance appraisal method is visible and standard. 3. Appraisal system in our organization is growth and development oriented. 4. The appraisal data is used for making decisions like job rotation, training and compensation. 5. I am allowed to formally communicate with supervisor regarding the appraisal results.	Karim M.M., et al. (2015) Marwat Z.A., et al. (2014)
Reward	1. The rewards match my work effort. 2. I am satisfied with the quality/quantity of the rewards. 3. If I do good work I can count on making more money (incentives for performance, achieving targets) 4. In our organization, salary and other benefits are comparable to the market. 5. The rewards motivate me to perform well in my job.	Mikander C.(2010) Marwat Z.A., et al. (2014)

3.5.2 Dependent Variable

Variable	Items	Source
Psychological contract	1. In thinking about the commitments I have made to the organization; I have kept these commitments. 2. In general, I live up to the promises I make to the organization. 3. Most times I keep the obligations I have made to the organization	Moore T.N.(2014)

	<p>4. In thinking about the commitments the organization has made to me; the organization has kept these commitments.</p> <p>5. In general, the organization lives up to the promises it makes to me.</p>	
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3.6 Data Collection

This section discusses about target population of this research as well as sampling and questionnaire administration.

3.6.1 Target population

The target population is “the entire aggregation of respondents that meet the designated set of criteria”. The target population of this study is employees and managers, who work in multinational corporations (MNCs) in Malaysia. In every MNC, there are employees from different cultures. Any larger the geographical domain of the organization, any more variety of the cultures will be present. These employees will have different expectations from their employers, based on their culture, religion and experience backgrounds. Different backgrounds result in different decision-making based on interpreting things observed in the light of things believed (Leavitt H. J 2010). This mix, conflicting and co-evolution of cultures is interesting and at the same time very important and challenging for the multinational corporations.

3.6.2 Sampling

Sampling involves a process of selecting a sub-section of a population that represents the entire population in order to obtain information regarding the phenomenon of interest. A sample is a subsection of the population, which is selected to participate in a study. There are two methods of sampling, one yields probability samples in which the probability of selection of each respondent is assured. “The other yields non-probability samples in which the probability of selection is unknown “ (Polit & Hungler, 2015). For this particular research, it uses purposive sampling under the non-probability sampling. Purposive sampling is used when the researcher intends to collect information from a specific group of people. The survey is drawn out from employees of

multinational corporations in Klang Valley, Malaysia. A total of 300 questionnaires are distributed to the respondents. The questionnaire is distributed to the respondents by hand.

3.6.3 Research Instrument – Questionnaire Administration

The present study examines on the issues linked to psychological contract in Malaysia. This research uses a quantitative methodology through questionnaire survey in view of the subsequent purpose. For the research of psychological contract matters, a questionnaire is an effective tool to seek views on individuals (Ghauri & Gronhaug, 2010). Questionnaire is also favored within the large sample size thus; it helps to facilitate hypotheses testing. The survey questionnaire is chosen as it is simple, quicker and easier to understand as it uses the rating scales in numerical form, which requires the most five to ten minutes of respondents time. Therefore, the use of quantitative method is more effective and the use of questionnaire permits the study to be administered in large quantities with a cheaper cost. The questionnaire will be conducted in the Klang Valley area.

3.7 Data Analysis

Data analysis is “the systematic organisation and synthesis of the research data and the testing of research hypotheses, using those data” (Polit & Hungler, 2015). It also 36 entails “categorizing, ordering, manipulating and summarizing the data and describing them in meaningful terms” (Brink, 2010). The data composed is entered into the database and examined using Statistical Package for the Social Sciences (SPSS) version 22. This system was chosen in order to analyze questionnaire, means, frequency and data reliability.

3.7.1 Data Screening

After the data was entered into SPSS version 22, the quality must be checked first, before starting analysis. In order to reduce the risk of missing data, errors and outliers, such a significant process as data cleaning must be done. There is high risk of erroneous and wrong conclusion, if proper screening is not done.

3.7.1.1 Missing Data

A missing data is not usual and normal when conducting a research. Researches do encounter missing data for different purposes. For example, the respondent might refuse to answer personal

questions related to his/her income level or having lack of motivation to respond. A missing data takes place in two cases, if data is randomly missing or if there is a pattern of the data point missing. Researcher can have various ways how to deal with missing data. One of the well-known ways is Listwise Deletion, which is by deleting all cases that have missing data. That particular questionnaire will be excluded from statistical analysis even if the case is missing value on a single variable (Allison, 2012).

3.7.1.2 Response Bias

Response bias is a general term that refers to conditions or factors that take place during the process of responding to surveys, affecting the way responses are provided. Such circumstances lead to a nonrandom deviation of the answers from their true value. Because this deviation takes on average the same direction among respondents, it creates a systematic error of the measure, or bias. The effect is analogous to that of collecting height data with a ruler that consistently adds (or subtracts) an inch to the observed units. The final outcome is an overestimation (or underestimation) of the true population parameter.

3.7.1.3 Outliers Identification

Outlier detection is an important branch in data mining, which is the discovery of data that deviate a lot from other data patterns. D.Hawkin, gives definition to outlier as: An outlier is an observation that deviates so much from other observations as to arouse suspicion that it was generated by a different mechanism.

3.7.2 Data Testing

Data testing helps in meeting multivariate assumptions before the multiple regressions could be tested. Here are four forms of data testing assumptions, which consist of normality, linearity, homogeneity and multicollinearity.

3.7.2.1 Linearity

To validate the assumption of linearity, partial regression plot was used to examine the relationship of a single independent variable to the dependent variable (Hair et al., 2008). The randomized pattern of the scatter plot indicated the linearity assumption was met (Hair et al., 2008).

3.7.2.2 Homoscedasticity

The assumption for homoscedasticity is the computable dependent variable having equal levels of variability across the independent variables (Hair, Anderson, Tatham, & Black, 1998)

3.7.2.3 Multicollinearity

A number of independent variables in multiple regression models are closely interrelated to another. Multicollinearity problems occurred when the tolerance is less than 0.2 and its variance inflation factor is higher than 4.0 (Garson, 2008)

3.7.3 Goodness of measure

3.7.3.1 Reliability

“Reliability relates to the precision and accuracy of the instrument. If used on a similar group of respondents in a similar context, the instrument should yield similar results” (Cohen et al., 2010). Accurate and careful phrasing of each question to avoid ambiguity and leading respondents to a particular answer ensured reliability of the tool. The respondents were informed of the purpose of the interview and of the need to respond truthfully.

3.7.3.2 Validity

According to Polit and Hungler (2015), validity refers to “the degree to which the instrument measures what it is supposed to be measuring”. The researcher mostly focused on content validity, which refers to the accuracy with which an instrument measures the factors under study. Therefore content validity was concerned with how accurately the questions asked tended to elicit the information sought. The research instrument was tested for content validity by giving the questionnaire to the supervisors, and to clinical staff experienced in the treatment of TB.

3.7.4 Descriptive Statistics

A set of brief descriptive coefficients that summarizes a given data set, which can either be a representation of the entire population or a sample. The measures used to describe the data set are measures of central tendency and measures of variability or dispersion.

Measures of central tendency include the mean, median and mode, while measures of variability include the standard deviation (or variance), the minimum and maximum variables, kurtosis and skewness. Descriptive statistics provide a useful summary of security returns when performing empirical and analytical analysis, as they provide a historical account of return behavior. Although past information is useful in any analysis, one should always consider the expectations of future events.

3.7.5 Demographic Information

The term demographics refers to particular characteristics of a population. The word is derived from the Greek words for people (demos) and picture (graphy). Examples of demographic characteristics include age, race, gender, ethnicity, religion, income, education, home ownership, sexual orientation, marital status, family size, health and disability status, and psychiatric diagnosis.

3.7.6 Regression Analysis

Regression assumes all variables have a normal distribution. Distribution of variables that are not normal (highly skewed or kurtosis variables or variables with substantial outliers) can affect relationships and significant test. Correlation coefficient r shows strength between two variables, but it can't explain the difference in the dependent variable when the dependent variable has been theorized to influence it at the same time (Sekaran, 2003). When the variables jointly regressed on the dependent variable for the purpose of explaining the differences among the individual correlation would fall to the multiple correlation. Multiple regression analysis was used to assess significant relationship between the independent variables and the dependent variable.

3.8 Summary

This chapter discusses about the flow of method analysis from the beginning in terms of research hypotheses, research equation, operational definition, measurement, data collection method, sampling, to the methods of data analysis.

CHAPTER 4 DATA ANALYSIS 4.1 Introduction

In this chapter, the result of the research from the 300 respondents will be displayed. The data collected by hand distribution and online surveys among employees of multinational corporations in Klang Valley, Malaysia. The analysis and findings data generated by IBM software SPSS. The results include descriptive analysis, reliability test, normality test, linearity test, correlation analysis, and multiple regression analysis.

4.2 Pilot Test

The results of the reliability analysis show in the table below:

Pilot Study

Table 1: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.909	.907	25

Based on the results of pilot test, the Cronbach's Alpha value is 0.909 which indicates the results are reliable. Since the Cronbach's Alpha value is more than 0.7, the survey of this study is accepted. Hence, the researcher can proceed with the distribution of questionnaires to 300 targeted respondents. The full reliability test will be done once the data is collected and further information will be discussed.

4.3 Descriptive Analysis

4.3.1 Gender

Table 4.2 describes the characteristics of the respondent's profile. Of the 300 participants, 50.0% are males and 50.0% are females.

Table 2: Participants' gender

	Frequency	Percent	Valid Percent
Male	150	50.0	50.0
Female	150	50.0	50.0
Total	300	100.0	100.0

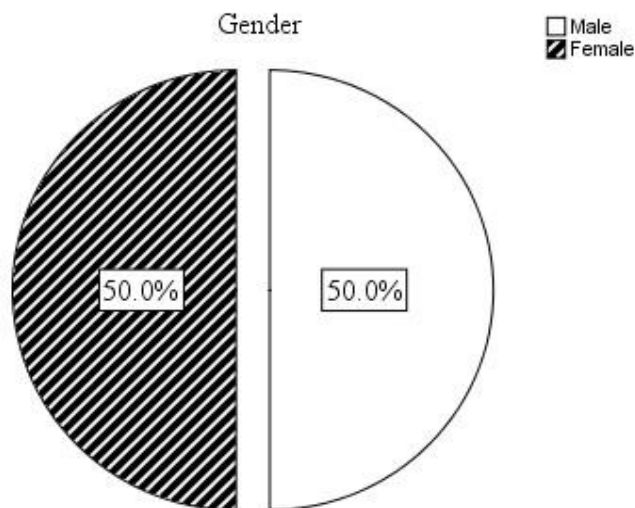


Figure 2: Participants' gender

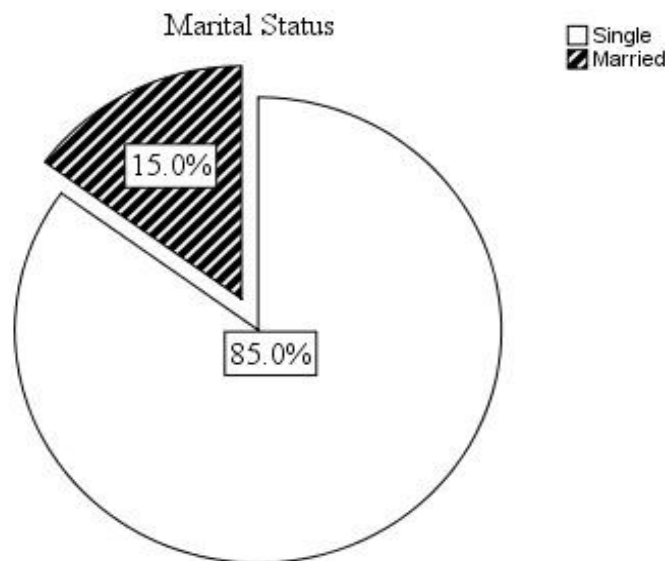
In this research, the questionnaires have been contributed to the two party which is male and female. Based on the table 4.2, it shows the number of male respondents is equal to female respondents. There are 150 male respondents and 150 female respondents. The percentages of the males are 50% and females are 50% respectively.

4.3.2 Marital status

Table 4.3 describes the status of the respondents. Of the 300 participants, 85.0% are singles and 15.0% married.

Table 3: Marital status of the participants

	Frequency	Percent	Valid Percent
Single	185	85.0	85.0
Married	115	15.0	15.0
Total	300	100.0	100.0

**Figure 3: Participants Marital Status**

In this research, the questionnaires have been contributed to the two party which is single and married. According to table 4.3, it shows the number of single respondents are more than married respondents. There are 185 single respondents and 115 married respondents. The percentages of the single respondents are 85 % and married respondents are 15 %.

4.3.3 Age

Table 4: Age of the participants

	Frequency	Percent	Valid Percent	Cumulative Percent
<20 Yrs.	111	11.0	11.0	11.0
21-30 Yrs.	178	78.0	78.0	89.0

31-40 Yrs.	9	9.0	9.0	98.0
>50 Yrs.	2	2.0	2.0	100.0
Total	300	100.0	100.0	

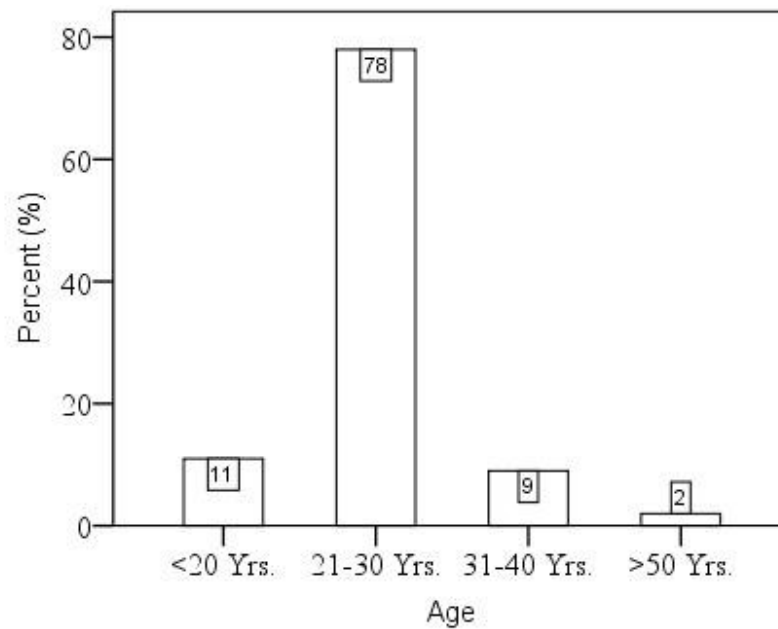


Figure 4: Age of the participants

Figure 4.3 shows the distribution of the respondents across various age groups. Most of the participants (78.0%) are young adults, age group 21 to 30 years. The second largest group of 11.0% belong to the age group of 20 years and below, and 11.0% of the respondents belongs to the age group of 31 years and above.

Among the 199 respondents, about 52.2% have graduate level, 21.0% have a post-graduate level, 12.0% have a high school and diploma level, respectively. Finally, only 3.0% of the participants pursue other levels of education (see Table 4.5 or Figure 4.4).

4.3.4 Education level

Table 5: Participants' level of education

	Frequency	Percent	Valid Percent	Cumulative Percent
High School	12	12.0	12.0	12.0
Diploma	12	12.0	12.0	24.0
Graduate	152	52.0	52.0	76.0

Post-graduate	121	21.0	21.0	97.0
Others	3	3.0	3.0	100.0
Total	300	100.0	100.0	

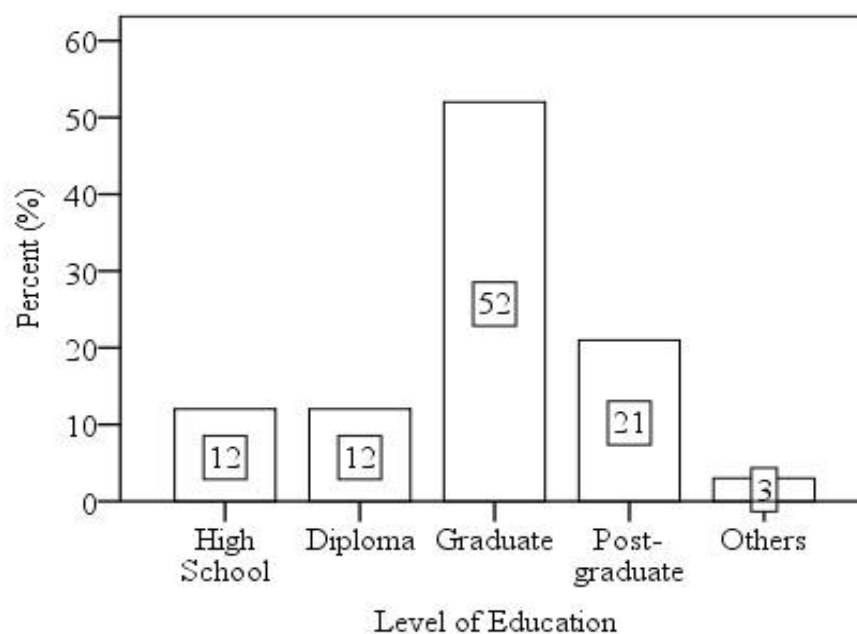


Figure 5: Level of education of the participants

Among the 300 respondents, about 52.2% have graduate level, 21.0% have a post-graduate level, 12.0% have a high school and diploma level, respectively. Finally, only 3.0% of the participants pursue other levels of education (see Table 4.5 or Figure 4.4).

4.3.5 Occupation

Table 6: Participants' occupation

	Frequency	Percent	Valid Percent	Cumulative Percent
Employed	134	34.0	34.0	34.0
Self-employed	11	11.0	11.0	45.0
Unemployed	125	25.0	25.0	70.0
Part-time working	15	15.0	15.0	85.0
Others	15	15.0	15.0	100.0
Total	300	100.0	100.0	

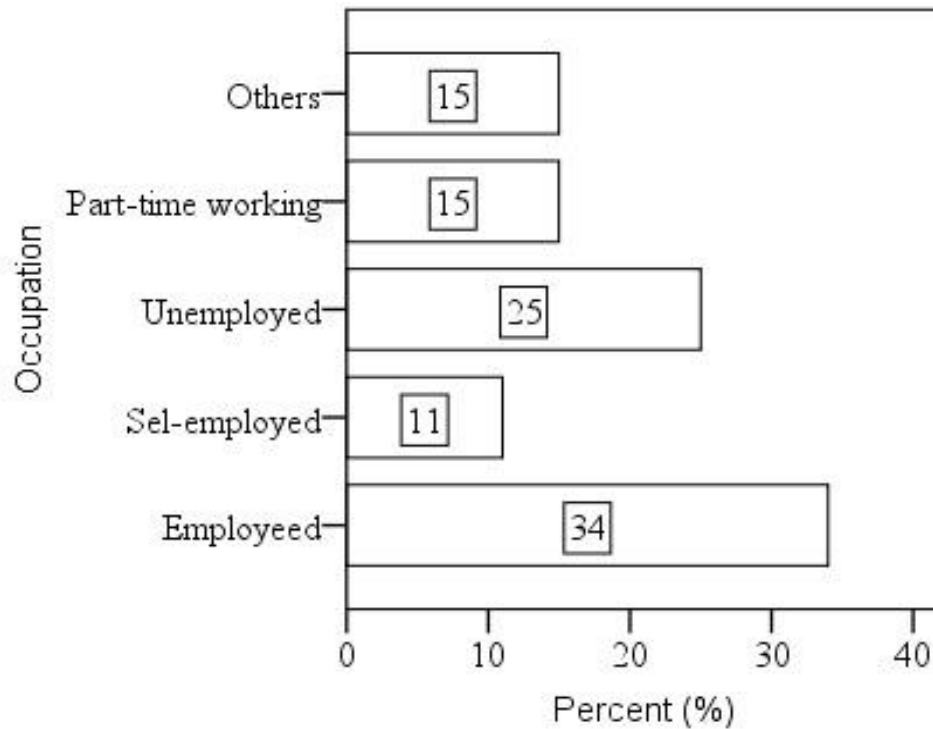


Figure 6: Occupation of the participants

Table 4.6 shows the distribution of occupation of the participants. Among the 300 participants, more than half have are employed. The second largest group 25.0% are unemployed, 15.0% working as part-time and other services, respectively, and 11.0% are self-employed.

4.4 Reliability Analysis Table 7: Reliability and Validity Analysis

	Factor					Cronbach's Alpha
	P.	T.	Rewards	R.	P. Contract	
	<u>Appraisal</u>	Development		Selection		
Q12	.955					0.826
Q13	.673					
Q14	.604					
Q11	.589					
Q15	.523					

Q10	.925			
Q9	.764			
Q8	.757			0.868
Q6	.624			
Q7	.428			
Q17		.914		
Q16		.816		
Q19		.504		0.767
Q18		.404		
Q1			.838	
Q2			.736	
Q3			.464	0.714
Q5			.347	
Q22				.642
Q24				.606
Q25				.582
Q23				.501
Q21				.453

KMO = 0.841; $p < 0.05$

The responses to the 25 items concerning recruitment and selection, career development and training, performance appraisal, rewards and recognition on psychological contract were factor analyzed to determine the underlying factors. The factor analysis yielded four factors with eigenvalues exceeding 1.0, providing reasonable support for four dimensions (see Table 4.7). Principal Axis Factoring and oblique rotation yielded the most interpretable solution. Moreover, before testing the model, measures of reliability and validity were established. Reliability analysis was conducted for items comprising each of the five factors and the Cronbach's Alpha was: the lowest 0.714 (recruitment and selection) and the highest 0.868 (career training and development),

indicating that the measures of the constructs were reliable (see Table 4.7). Most of the instruments used to measure the constructs in this study are adapted from previous studies in order to ensure content validity.

4.5 Pearson Correlations Analysis Correlation Analysis Table 8: Pearson Correlation Analysis

	Psychological	(1)	(2)	(3)
Selection (1)	.358**			
Training (2)	.463**	.531**		
Performance (3)	.349**	.505**	.557**	
Reward (4)	.430**	.354**	.525**	.448**

** $p < 0.01$, * $p < 0.05$

The Pearson Correlation Analysis shown in Table 4.8 indicates that all the coefficients are statistically significant at $p < 0.05$ level. The results suggest significant and positive associations among the constructs under study.

4.6 Regression Analysis Assumptions of Multiple Regression

Multiple regression analysis tested the effect of recruitment and selection, career development and training, performance appraisal, rewards and recognition on psychological contract.

Linearity

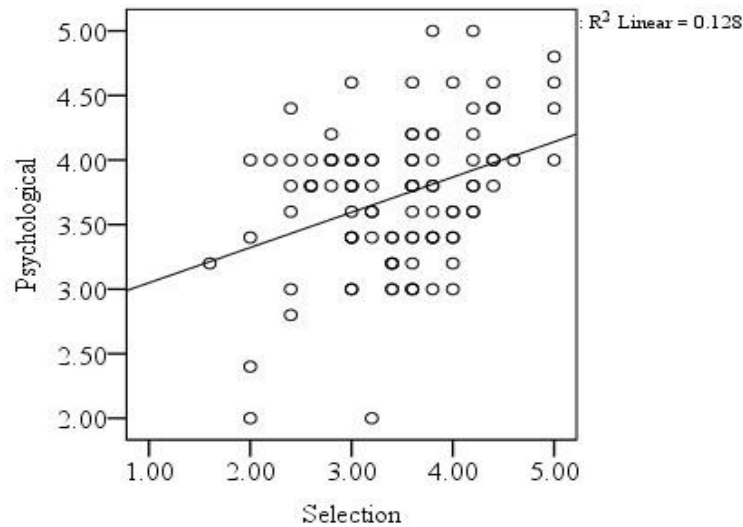


Figure 7: Relationship between recruitment and selection and psychological contract

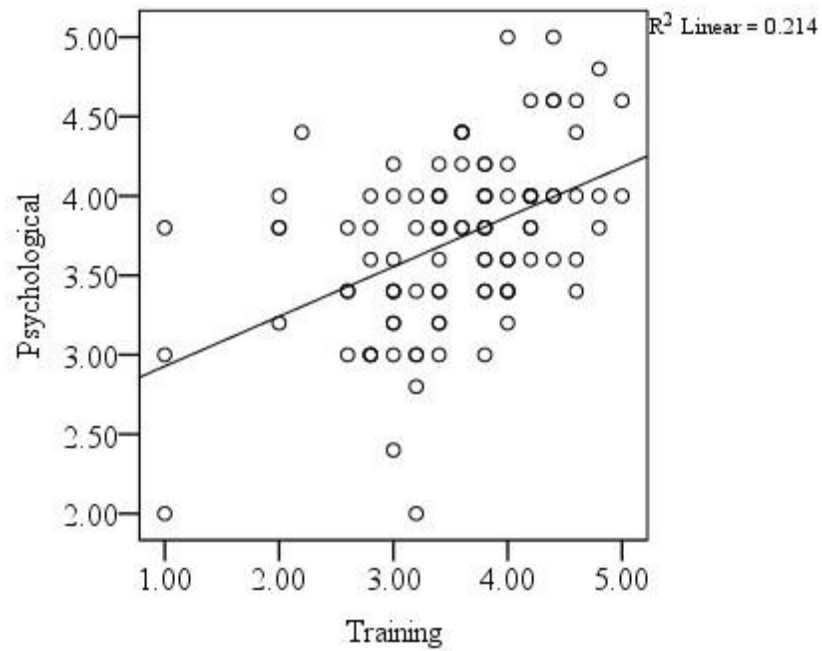


Figure 8: Relationship between training and development and psychological contract

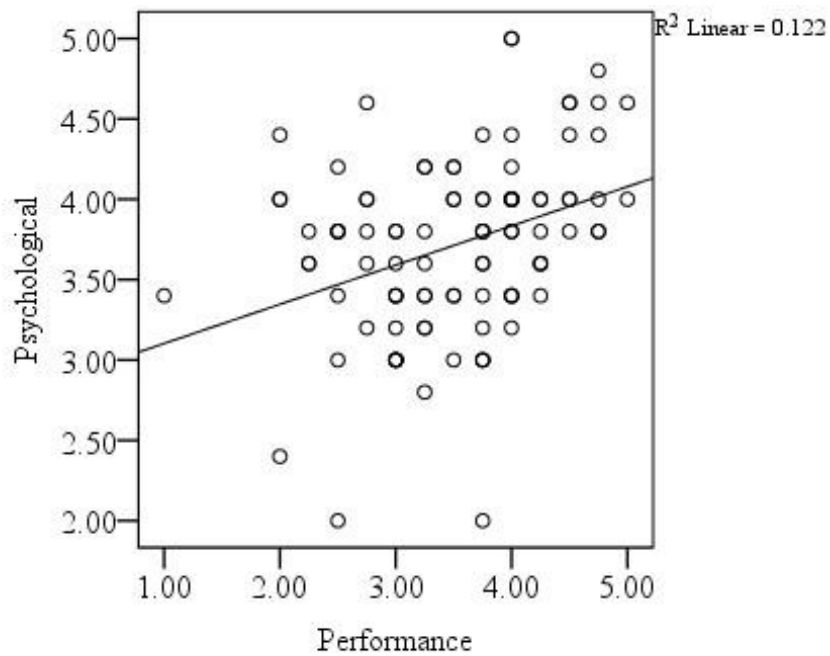


Figure 9: Relationship between performance appraisal and psychological contract

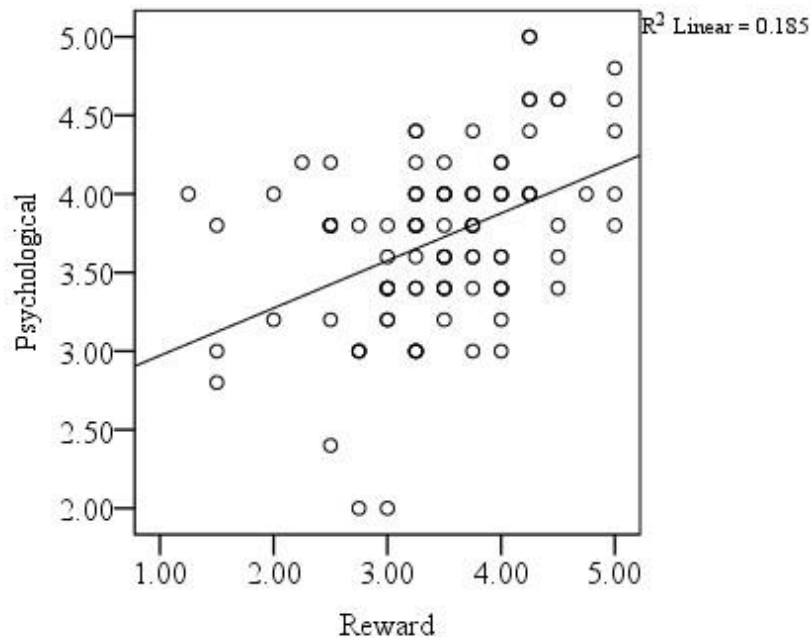


Figure 10: Relationship between rewards and psychological contract

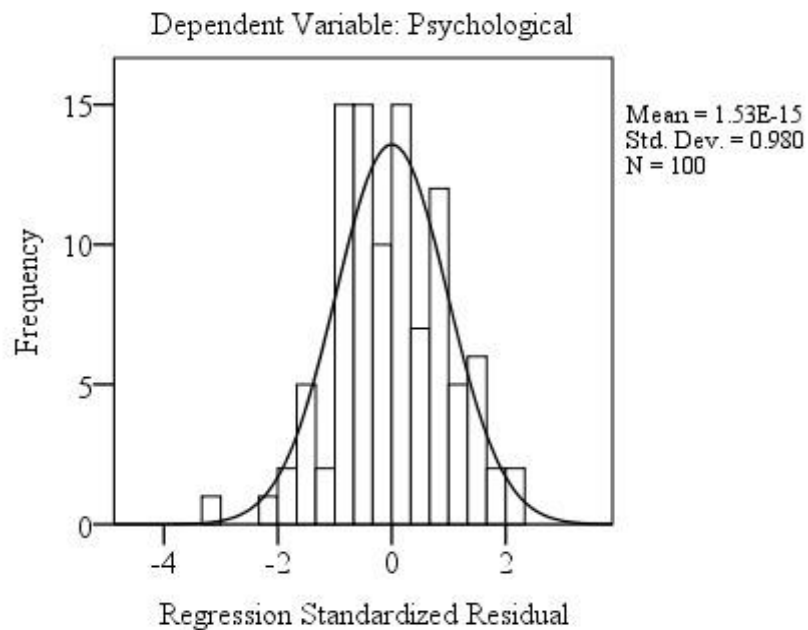


Figure 11: Normality test of the residual

The assumptions of normally distributed residual error is examined by the histogram of the standardized residuals. A visual check of Figure 4.11 can be see that the residuals are normally distributed. Thus, can be concluded that the data are normally distributed.

Results of Multiple Regression

Table 4.9 show the results of the model fit. For this model, the F value is 9.060, which is significant ($p < 0.05$). Thus the results suggest adequate model fit between the research model and the empirical data.

Table 9: Analysis of Variance (ANOVA)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	8.443	4	2.111	9.060	.000 ^b
Residual	22.131	95	.233		
Total	30.574	99			

a. Dependent Variable: Psych

b. Predictors: (Constant), Reward, Selection, Performance, Training

The regression results suggest that rewards and recognition, recruitment and selection, performance appraisal, and career development training influence psychological contract. The adjusted R-square of 0.246 indicates that 24.6% of the variance in psychological contract can be predicted by rewards and recognition, recruitment and selection, performance appraisal, and career development training (see Table 4.9).

Table 10: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
	.525 ^a	.276	.246	.48266	2.073

a. Predictors: (Constant), Reward, Selection, Performance, Training

b. Dependent Variable: Psych

To test the significance of each hypothesis path in research model, Table 4.11 reports standardized coefficients for all specified paths, as well as the p -values. Among the factors shown in Table 4.11, career development and training is the most significant predictor of psychological contract followed by rewards and recognition. Recruitment and selection as well as performance appraisal was found to be insignificant.

Table 11: Regression Coefficients

Coefficients	Unstandardized Statistics		Standardized Beta	Collinearity Model		Coefficients	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	2.124	.283		7.500	.000		
Selection	.091	.082	.120	1.110	.270	.654	1.529
Training	.170	.081	.252	2.112	.037*	.536	1.864
Performance	.029	.079	.042	.373	.710	.604	1.657
Reward	.166	.074	.237	<u>2.253</u>	<u>.027*</u>	<u>.688</u>	<u>1.453</u>

a. Dependent Variable: Psychological

Multicollinearity is also analyzed through tolerance and variance inflation factor (VIF). As a rule of thumb, if tolerance is less than 0.20 a problem with multicollinearity is indicated (Garson, 2010). Likewise, a problem of multicollinearity is indicated if VIF is more than five in a regression model. Tolerance values range from 0.536 to 0.688 and VIF values range from 1.453 to 1.864, and therefore, multicollinearity is not found in the analysis (see Table 4.11). Additionally, the DurbinWatson statistic tests for autocorrelation. As a rule of thumb, the value vary between 1.5 and 2.5 to indicate independence of observations (Garson, 2010). The value of the test is 2.073 which indicates independence of observations. The regression analysis model is formed using enter method. The following equation is based on table 4.11:

$$PC = 2.124 + 0.091RS + 0.170TD + 0.029PA + 0.166R + e$$

4.7 Hypotheses result Table 12: Results of the hypothesis testing

Hypothesis	Statements	β	p	Remarks
H1	Recruitment and selection have a significant and positive effect on psychological contract	0.120	0.270	Rejected
H2	Career development and training have a significant and positive effect on psychological contract	0.252	0.037*	Supported
H3	Performance appraisal have a significant and positive effect on psychological contract	0.042	0.710	Rejected

H4	Rewards and recognition have a significant and positive effect on psychological contract	0.237	0.027*	Supported
----	--	-------	--------	------------------

** $p < 0.05$; β = standardized coefficients; p = significance level*

Tables 4.12 summarizes the findings of the results of the hypothesis testing. The findings show that career development and training, and rewards and recognition have a significant and positive effect on psychological contract. Conversely, recruitment and selection, and performance appraisal was found to be insignificant predictor of psychological contract.

4.8 Summary

In the chapter 4, it has shown the result of the descriptive analysis, reliability test, normality test, linearity test, correlation analysis, and multiple regression analysis. The data collected from the survey questionnaires and it was summarized by using the IBM software SPSS. The relationship between the dependent variable and independent variables was highlighted. The results can be determined whether the relationship between the dependent variables and independents variable was supported or rejected.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter, the results of chapter four will be concluded. This chapter will also consist of summary of the findings after data analysis and overall conclusion based on results collected. Furthermore, limitations of this study will be discussed in this chapter. Chapter five will provide suggestions for further research, then overall conclusion of this study will be stated.

5.2 Overall findings based on the research objectives

The main purpose of this study is to identify how psychological contract affects employees' wellbeing in multinational corporations in Klang Valley, Malaysia. Several factors were identified

which may effect on the dependent variables which are psychological contract and employees' well-being and the factors that consist all independent variables which are recruitment and selection, training and development, performance appraisal and reward. These independent variables were tested against the dependent variable.

From the summary of Hypothesis Test, it shows that training and development has a significant and positive effect on psychological contract and employees' well-being overall. As it was discussed in chapter two, the provision of proper training and development programs for employees, makes them feel that company cares about them and supports them in improving their knowledge, skills and abilities. Besides, the quality of the training has also a huge effect on employee's attitude, because if quality is good then worker believe that commitments have been made, so he/she will try to meet employer's expectations as well.

Moreover, rewards also have a significant impact on fulfilment of the psychological contract. Both intrinsic and extrinsic rewards are being great motivators for employees to perform better and stay loyal to the organization. When employer gives a proper reward whether monetary or nonmonetary, employee is willing to put as much effort as he/she can to reach the target. Rewards make workers stay motivated and engaged with job they are doing. If employer will follow all rewards, he/she promised to employee, worker in return will perform at his level best.

However, from the Hypothesis Test, it can be seen that few independent variables were not supported, such as recruitment and selection and performance appraisal. Recruitment and selection is the process where psychological contract formation starts. Agarwal P., (2014) also proved that recruitment and selection has no significant relation with psychological contract and employees' well-being. Moreover, it can even lead to breach of the psychological contract. As psychological contract forms at recruitment and selection stage, employers can give some false promises, just to attract the applicant and later fails to keep them. Sara J. Nadin and Colin C. Williams (2012) also stated in their research that recruitment and selection do not have relation to positive psychological contract and employees well-being because in that stage most of misunderstandings and miscommunications happen. For example, the promise of rapid promotion during the recruitment stage could be interpreted by the newcomer as promotion within six months, but based on their socialization experience (and more accurate information), they may revise their interpretation as meaning promotion after two years contingent upon an excellent performance rating at the annual

performance review. This type of misunderstanding may demotivate employee and cause a poor performance from him, which is also destructive for positive psychological contract and has no influence on employees' well-being.

Another independent variable, which was rejected, is performance appraisal. It is a process of evaluation of employees' performance. If the manager will give inaccurate feedback or will fail to guide employee, performance appraisal will not bring any good result to psychological contract (Dahalan N. et al., 2014). Bal, M.P. and P. Smit. (2012) in their research have mentioned that performance appraisal most of the time has negative effect on psychological contract. They stated that evaluation usually points out on mistakes of employees, and workers take negative feedbacks too close to their heart, which makes them less engaged and motivated to work. Consequently, employees will not try to fulfill obligations given to employers.

5.3 Implication of the study

This study was conducted to examine the relationship between the factors that may have affect to psychological contract and employees' well-being in multinational corporations in Klang Valley, Malaysia. Based on the results collected and generated, only two independent variables have a positive relationship with psychological contract. Therefore, the result of this study can improve the business of MNCs and help them to understand the advantages of psychological contract better. Besides, divisions of MNCs in other countries might observe positive effect of these practices in Malaysia and try to implement them at their work as well. This research might also help HR managers of local companies to form a positive PC with their staff, because the data was collected and analysed base on Malaysian employees.

5.4 Limitation of the study

There are a few limitations when conduct this study. The first limitation is the restricted amount of respondents for the surveys questionnaires. The survey is being distributed to only 300 targeted respondents. Due to limited respondents participated in this surveys, the results will be lower than

if it would be conducted from larger number of people. The second limitation would be time given to complete this research. Time frame given to complete the research is 3 months which is not enough to investigate such a broad topic as psychological contract.

5.5 Recommendation for future research

There are three recommendations or suggestions for the future researcher. The first recommendation would be to increase the target respondents. The larger group of respondent can make the result more accurate and reliable. Second recommendation in this research is to expand the territory of research. MNCs are not located only in Klang Valley, but in many other areas. The respondents from other areas could help to study effect of psychological contract in MNCs better. Last recommendation is longer time to conduct the research. More time needed to make sure that research done on a right way and to improve the quality of the research. If researcher will have more time, he/she can target on more respondents and get accurate result.

5.6 Conclusion

In chapter five it has been discussed the overall findings and results. In addition, the relationship between dependent and independent variables were deliberated. Implication and limitations of the study was stated. Finally, current chapter included some recommendations for future research.