

Types of Labour Contract and its Importance on Commitment and Engagement – a Case Study from Portugal

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Abstract In this paper we present the results of a quantitative study done in a company located in Portugal. The focus of the analysis was the relation between Organizational Commitment and Work Engagement and the type of Labor Contract. According to the theory both the commitment and engagement are reinforced by long and permanent contracts; also in long contracts the psychological bond with the organization is stronger. The model is as simple as it is important because in a time of economic uncertainty organizations try decrease costs by hiring less permanent workers; this in turn may decrease organizational commitment and work engagement, through a lesser form of psychological contract and therefore be detrimental to the organization itself, in terms of returns; the question becomes even more important when the same organization may have workers with short and long term contracts side by side performing exactly the same tasks. The results of the study confirm our worst expectations – workers with short term contracts feel less committed and are less engaged; also, they feel less linked with the organization in affective terms and they mainly stay there by calculation. This finding is important and should be taken in consideration by managers and policy makers – in the long run, commitment and engagement are essential to the survival of organizations, the well-being of workers and the prosperity of societies, so in the long run, short term contracts are not at all the path to prosperity.

Keywords: Organizational Commitment, Work Engagement, Labor contract, Psychological contract, Portugal.

1 Introduction

It is well known that organizations seek to have workers that are engaged with their work and also committed to the organization they work with. However, it is a fact that in the 21st century economy short term contracts are increasingly used by organizations. The use of short term contracts finds justification in the need to reduce costs and give flexibility to the labor force and increase employment. However, the relation between the type of contract and the engagement with work and the commitment to the organization is a very important question. If it is found that short term contracts may lead to less engagement and less commitment, this may lead to bad consequences for the individual, the organization and the society. This situation is more acute in less developed societies, and particularly those suffering from higher levels of unemployment, as Portugal was, at least in the period 2011-2015, when figures rose to a record of 18%. In short, companies may seek to go for short term contracts as a way of reducing costs – but is this the whole story? What are the consequences of this strategic choice?

In this context, this investigation sought to respond if the existence of different types (long term or short term) of Labor Contract (LC), influence the Organizational Commitment (OC) (defined as affective, normative and calculative), and Work Engagement (WE) in an organization. Furthermore, we also investigate if this influence may or may not be explained by the Psychological Contract (PC), which can be Transactional Contract or a Relational Contract. Therefore, the study has one Research Question: Does the existence of different types of Labor Contracts have an influence on the Organizational Commitment and the Work Engagement of an organization and can this influence be explained by the type of Psychological Contract?

From that question, four hypotheses followed as defined in section 2.2. In order to answer the research question and test the hypothesis a quantitative study on the commercial department of Company A, in Portugal, was made using a questionnaire.

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The present paper describes the study that was done. Therefore, in section 2 we describe the theoretical base, including the concepts (2.1), the definition of the hypothesis (2.2) and the model we end up with (2.3). In section 3 we present the company (3.1), the methodology of data collection (3.2), the results (3.3) and their discussion (3.4). In section 4 we include our concluding comments, with conclusions (4.1) and ideas for further research (4.2).

2 Theoretical Base

2.1 Concepts

The research is based in the concepts of Labor Contract, Organizational Commitment, Work Engagement and Psychological contract.

Labor Contracts may be of short term, in this case usually less than one year and therefore at a very fixed term, or long term and in this case usually of more than one year and sometimes even without term.

From the various OC models, we select [1], which define a three-component model, namely the affective, calculative, and normative component of organizational commitment. In common in these three perspectives is the link between the employee and the organization in a logic of remaining in the institution, for different reasons. Employees with a strong affective commitment remain because they want to, with a strong calculative feeling because they need and with a strong normative commitment because they feel they should do so.

On Work Engagement, [2] reaffirm that the relationship that people have with the difficulties associated with their work has been a phenomenon that has been recognized by several researchers in the modern era. They speak of emotions in the workplace that lead to decreased motivation, identification with work and organizational commitment, reflected in the behavior of an individual at work.

Other important authors have been defining what the psychological contract is: “a set of unwritten reciprocal expectations between the individual employee and the organization” [3] an implicit contract between an individual and his or her specific organization about what each expects to give and receive in their relationship” [4] and “the belief of an individual in relation to the terms and conditions of an agreement of reciprocal exchange between the person and the company; A psychological contract arises when a party believes that a promise of future return was made, a contribution was given, and therefore an obligation was created to provide future benefits [5].

2.2 Definition of Hypothesis

We defined four hypothesis that relate the four constructs just exposed. Namely:

- a) H1: The type of Labor Contracts influences the existence of a Psychological Contract and its types. H1 is based on the conclusions of [6], according to which the temporary short-term contract is associated to the Transactional Contract. Also [7] found that the Transactional Contract is strongly linked to temporary workers and the Relational contract to permanent workers
- b) H2: The Psychological Contract influences the Work Engagement and the Organizational Commitments and its different types. H2 is established through the findings [6] when they describe that the Transactional Contract is linked to the temporary contract and neither loyalty nor Organizational Commitment is expected here. [8] demonstrate that the Transactional Contract is related to a reduced Work Engagement.
- c) H3: Labor contracts influence the perception of the Organizational Commitment and the Work Engagement. H3 is delineated through the research conducted by [9] comparing temporary workers versus permanent workers, aiming at the impact of human resource management in Work Engagement and Organizational Commitment; they conclude that there is a direct positive effect of HR practices on Affective Commitment and an indirect effect of HR practices on Work Engagement and from this to Affective Commitment.
- d) H4: The relation between Labor contracts and Organizational Commitment and Work Engagement is mediated by the Psychological Contract. Hypothesis (H4) is based on our own understanding of the relationship between the different types of Labor Contract and the impact generated in the Organizational Commitment and Work Engagement and can be explained by the Psychological Contract (Transactional and Relational). H4 is innovative part of the study.

2.3 Theoretical Model

The four hypothesis we just defined are summarized in figure 1, below:

- H1 Labor Contracts -----) Psychological contract**
- H2 Psychological Contract -----) Work Engagement**
Organizational Commitment
- H3 Labor Contract -----) Organizational Commitment**
-----) Work Engagement
- H Labor Contract ---) Psychological Contract- ---) Work Engagement**
. -----) Organizational Commitment

3 Empirical Studies

3.1 Organization Studied

Company A is a multinational that operates in the health area. The company's business model is based on manufacturing, contract manufacturing of pharmaceutical products and development of galenic forms for third parties to market, in a B2B business.

Company A has around 200 customers throughout Europe, the USA and Japan. Its vision is to be recognized as the best solution in the world for manufacturing and developing products for the pharmaceutical industry. Its declared mission is to improve health through manufacturing excellence, with high quality standards and environmental commitment. The values announced by the company are put in practice through tenacity, reliability, professionalism and entrepreneurship. Company A has developed a policy of acquiring other plants in a market development strategy, acquisitions aimed at acquiring new manufacturing technologies, diversifying factories and products, building a broad network of customers and new geographic markets. With this strategy of growth the company managed to be listed on the stock exchange.

In the future, the group aims to continue to focus on highly specialized technology for the sector, integrated products and services, ethics and business transparency, in order to optimize resources and maximize productivity.

Company A embraces social responsibility by investing in environmentally friendly factories, having a strong concern with health and safety and local job creation. Accordingly, Company A has won the ISO 14001 environmental quality certificate and the OHAS 18001 management system health and safety for employees, and crucially these two certificates make the company more credible and ethical, responding to fundamental requirements to gain competitive advantage over its competitors.

In Portugal Company A, produces about 150 products, in three business units; it employs around 300 workers and has a turnover of around € 55,000,000.

3.2 Data Collection

We used three validated Likert scales: a first one regarding Organizational Commitment with 19 items and 7 points [10], a second one regarding Work Engagement with 15 items and 7 points [11] and the third one on the Psychological Contract linked to with 32 questions and answers and 6 points [12]. The questionnaire was administrated in Portuguese, made in Microsoft Word and later exported to a Google Docs online platform.

It was difficult to obtain the data. The first contact, describing the research project, the instruments to be used and the request for authorization for the data collection was made in a face to face meeting with the Director of Human Resources, who later forwarded the documents for approval by the administration. After the approval was given, meetings were held between the student, and the director of human resources with the workers' direct supervisors. Finally, each direct manager emailed the google address of the questionnaire to the employees and a maximum limit of 10 working days was established for completing the questionnaire.

For the codification of the respective variables and later statistical analysis we used SPSS Statistics 24 for Windows. For the analysis of the metric qualities of the instruments, the Confirmatory Factor Analysis was used to test the validity of the scales, and the software used was AMOS (Analysis of Moments Structures) Graphics 24 program. The reliability of

the scale and the sensitivity of the scales and their dimensions were tested by the SPSS statistics program 24, as well as the association between the variables and their descriptive statistics. Trajectory Analysis or Path Analysis was used to study the relations between the manifested variables. Path Analysis is a particular application of Structural Equation Analysis to infer causality and is particularly appropriate for testing hypotheses of mediation and moderation [13].

3.3 Results

3.3.1 Characterization of the Sample

All the 60 members of the sample worked in the commercial area of company A. With regard to the employment relationship, 29 participants, corresponding to 48.3% are temporary and 31 participants are permanent, effective workers, corresponding to 51.7%, and ensuring a balance between the relevant types of labour contract. With regard to seniority we found that 27 participants, (45%), have been working for the company for less than 0-5 years, 18 participants, (30%), between 6-11 years, 8 participants, (13.3%), for more than 24 years, 5 participants, (8.3%), between 12-17 years and finally 2 participants, (3.3%), had worked for the company between 18-23 years. Therefore 55% of the participants had more than 5 years of experience in the company, and so we can conclude that the team is experienced and has good knowledge of the company. In socio-demographic terms, the sample consisted of 33 male participants, (55%) and 27 female participants, (45%), and therefore the gender participation was balanced. In terms of age, the 42-49 age group with 46.7% of the participants, that is, 28 total had the higher incidence; in the 50-57 age bracket we had 26.7% of the participants, corresponding to 16, in the 34-41 we had 15% of the sample with 9 participants, in the 58-65 bracket we had 6.7% with 4 participants and in the age group 26-33 we had 5% of the sample with 3 participants. We conclude that 80.1% of the participants are 42 years old, or older and this means once again that we have a team with much experience. Finally, at the level of academic / academic qualifications, 46.7% of the participants, that is, 28, have an academic degree, 45% have secondary studies 12th year of schooling, which corresponds to 27 participants, 3 participants, 5%, have masters degrees, only 3.3% of the participants have nine years of schooling representing a educated population by Portuguese standards.

3.3.2 Descriptive Statistics of the Variables Studied

A descriptive statistical analysis of the scales under study was carried out, which allowed us to understand the distribution of responses given by the 60 participants in the various constructs studied (see Table 1, below). WE and OC were measured in 7 points Likert Scale and PC with a 5 points Likert scale.

WE (MD = 6.02) has an average far above the central point (4), which indicates that the participants in this study have high levels of Work Engagement. Quite interestingly the lower value for WE in a question was slightly below the central point (3.59).

OC (MD = 4.73), had a much smaller average value, and Affective Organizational Commitment (MD = 5.07), had slightly higher value than Calculative Organizational Commitment (MD = 4.56) and Normative Organizational Commitment (MD = 4.47) Participants with Short Term Contract revealed higher levels of Organizational Commitment, Affective Commitment and Normative Commitment than the participants with Fixed Term contract. Regarding the Calculative Commitment the results were reversed and participants with fixed term contract showed higher levels.

The perception of Psychological Contract (MD = 2.41), is below the central point being even less in Relational Psychological Contract (MD = 2.37) than in Transactional Psychological Contract (MD = 2.47). This indicates that the participants of this study have a low perception of Psychological Contract. Participants with a short contract revealed higher levels of Psychological Contract and Transactional Psychological Contract than participants with a fixed-term contract. In relation to the Relational Psychological Contract the results were reversed and the participants with a long term contract showed higher values for this construct.

Table 1: Descriptive Statistics of the Variables.

	Mínimal	Maximum	Average	Square Deviation
Work Engagement	3,59	7,00	6,02	0,79
Organizational Commitment	2,33	7,00	4,73	1,13
Affective Commitment	2,67	7,00	5,07	1,20
Calculative Commitment	1,00	7,00	4,56	1,55
Normative Commitment	1,50	7,00	4,47	1,32

Psychological Contract	0,53	4,06	2,41	0,79
Relational Psychological Contract	0,36	4,45	2,37	1,02
Transitional Psychological Contract	0,00	4,33	2,47	0,87

3.3.3 Association between Variables Studied

In order to study the direction and intensity of the relationships between the variables [14], the Pearson's correlation was used (Table 2). It was found that WE was positively and significantly associated with OC ($r = 0.55, p < 0.001$), Affective Organizational Commitment ($r = 0.45, p < 0.001$), Organizational Calculative Commitment ($r = 0.52, p < 0.001$) and Normative Organizational Commitment ($r = 0.47, p < 0.001$), meaning that the higher the Organizational Commitment, the higher the levels of Work Engagement. It should be pointed out that among the dimensions of Organizational Commitment that one that has a stronger relationship with Work Engagement is Calculative Commitment.

The Psychological Contract has a significant and positive association with Organizational Commitment ($r = 0.49, p < 0.001$), with Affective Organizational Commitment ($r = 0.49, p < 0.001$) 0.26, $p < 0.05$) and Normative Organizational Commitment ($r = 0.45, p < 0.001$). The Relational Psychological Contract was significantly and positively correlated with Organizational Commitment ($r = 0.54, p < 0.001$), with Affective Organizational Commitment ($r = 0.52, p < 0.001$), with Calculative Organizational Commitment ($r = 0.32, p < 0.05$) and with Normative Organizational Commitment ($r = 0.49, p < 0.001$). The higher the perception of Psychological Contract and Relational Psychological Contract the greater the commitment of the participants to the organization. It should be noted that among the dimensions of Organizational Commitment, the one with the stronger association with Psychological Contract and with the Relational Psychological Contract was Affective Commitment.

Table 2 : Association between the Variables in study.

	1	2	2.1	2.2	2.3	3	3.1	3.2
1. Engagement	1							
2. Organizational Commitment	0,55***	1						
2.1. Affective Commitment	0,45***	0,85***	1					
2.2. Calculative Commitment	0,52***	0,81***	0,55***	1				
2.3. Normative Commitment	0,47***	0,89***	0,59***	0,66***	1			
3. Psychological Contract	0,02	0,49***	0,49***	0,26*	0,45***	1		
3.1. Relational Contract	0,08	0,54***	0,52***	0,32*	0,49***	0,93***	1	
3.2. Transactional Contract	-0,12	0,12	0,15	-0,01	0,13	0,60***	0,25	1

Nota. * $p < 0,05$; ** $p < 0,01$; *** $p < 0,001$

3.3.4. Validation of the Model

For the Engagement Scale a three-Factor Model was tested with confirmatory factor analysis, The factors were the following Vigour (composed of items 1, 4, 8, 12 and 15); Absorption (composed of items 3, 6, 11, 14 and 16); Dedication (composed of items 2, 5, 7, 10 and 13). Three confirmatory factor analyses were performed: three factors (M1), three factors with second order factor (M2) and one factor (M3). In the M1 and M2 models, only one of the adjustment indices was adequate ($\chi^2 / gl \leq 5.00, GFI > 0.90, CFI > 0.90, TLI > 0.90; RMSE < 0.08$). However in the one factor model (M3) all adjustment indices are adequate or are very close to the reference values (Table 3), which means that the participants perceived this scale as being one-dimensional. Item 13 was removed because its weight was very low.

Table 1 : Results of Confirmatory Factorial Analysis for the *Engagement Scale*.

MODELO	χ^2/gl	TLI	CFI	GFI	RMSEA
M1	2,93	0,70	0,74	0,54	0,181
M2	2,93	0,70	0,74	0,54	0,181
M3	1,48	0,93	0,95	0,81	.090

Furthermore the when the internal consistency of this Engagement scale was analysed, Cronbach's Alpha was very high (0.95), so it can be concluded that this scale has a good internal consistency and that it did not improve significantly if any of its items were removed.

For this scale on Organizational Commitment, a three-factor confirmatory factorial analysis was performed. The Three Factor Model included the following factors: Affective Commitment (composed of items 1, 2, 3, 4, 5 and 6); Compensatory Compensation (composed of items 7, 8, 9, 10, 11, 12 and 13); Normative Commitment (composed of items 14, 15, 16, 17, 18 and 19). Items 10, 11, 12 and 13 were withdrawn because they had a low factor weight.

Confirmatory Factor Analysis found the scale to be adequate or very close to the reference values ($\chi^2 / gl \leq 5.00$, GFI > 0.90, IFC > 0.90, TLI > 0, RMSEA < 0.08). (See Table 4).

Regarding the internal consistency, of the OC scale (Table 5) all the three dimensions have good *Cronbach Alpha values*, meaning that the internal consistency is good and it would not be bettered if any item was removed.

Table 4 : Results of Confirmatory Factor Analysis of the OC Scale.

χ^2/gl	TLI	CFI	GFI	RMSEA
1,56	0,88	0,91	0,80	.097

Table 5 : Viability of the Organizational Commitment Scale.

Scale	A	Dimension	A	Classification
Organizational Commitment	0,91 Very Good	Affective Commitment	0,83	Good
		Calculative Commitment	0,82	Good
		Normative Commitment	0,84	Good

Finally, for the scale of the Psychological Contract, a two-factor confirmatory factorial analysis was performed. The following factors are taken into account: Relational Psychological Contract (composed of items 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 29); Transactional Psychological Commitment (composed of items 25, 26, 27, 28, 30, 31 and 32). Item 27 was withdrawn because it presented a low factorial weight. Once the Factorial Confirmatory Analysis was carried out, all adjustment indexes were adequate or very close to the reference values ($\chi^2 / gl \leq 5.00$, GFI > 0.90, IFC > 0.90, TLI > 0, RMSEA < 0.08).

Regarding the internal consistency of this scale (Table 6), the two dimensions had good Cronbach Alpha values, meaning that the internal consistency is good and it would not be bettered if any item was removed.

Table 6 : Viability of the Psychological Contract Scale.

Scale	Classification	Dimension	α	Classification
		Transactional Psychological Contract	0,80	Good
		Relational Psychological Contract	0,94	Very Good

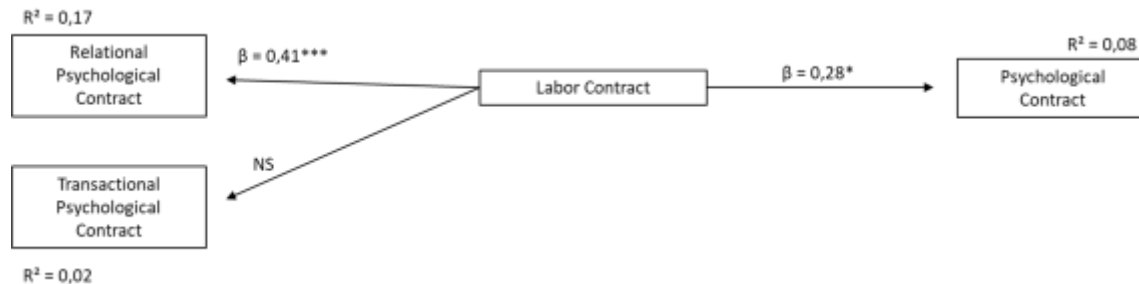


Fig.2 : Summary of the estimation of the Model for Hypothesis 1.

Note. * p < 0.05; ** p < 0.01; *** p < 0.001

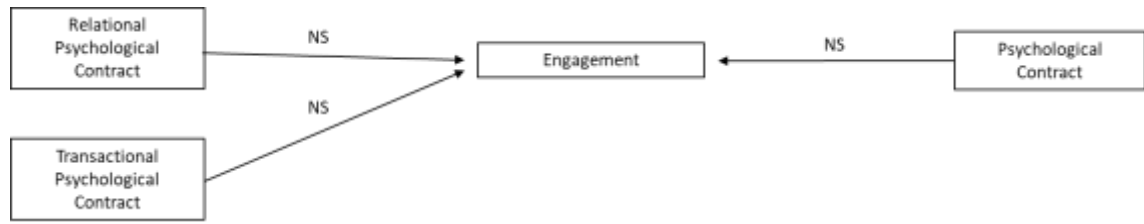


Fig. 3: Estimation of the Model for Hypothesis 2 with dimensions of the PC and WE.

3.3.5 Model Estimation and Test of Hypothesis

Hypothesis 1 is partially confirmed (See figure 2, below). Namely the trajectory "Labor Contract to Psychological Contract" ($\beta = 0.28, Z = 2.22, p = 0.026$), is positive and significant. $R^2 = 0.08$ was obtained, which means that the Labor Contract accounts for 8% of the variability of the Psychological Contract. The trajectory "Labor Contract to Relational Psychological Contract" ($\beta = 0.41, Z = 3.42, p < 0.001$), is positive and significant. $R = 0.17$ was obtained, which means that the Labor Contract accounts for 17% of the variability of the Relational Psychological Contract. However, the trajectory "Labor Contract to Transactional Psychological Contract" ($\beta = -0.15, Z = -1.18, p = 0.235$), is negative, but not significant.

Hypothesis 2 was not confirmed regarding the relation between the Psychological Contract and Work Engagement (see Figure 3, below). Namely, the trajectory "Psychological Contract to Work Engagement" ($\beta = 0.02, Z = 0.15, p = 0.883$), is positive, but not significant. The trajectory "Relational Psychological Contract to Work Engagement" ($\beta = 0.11, Z = 0.86, p = 0.390$), is positive, but not significant. Finally, the trajectory "Psychological Transaction Contract to Work Engagement" ($\beta = -0.13, Z = -1.09, p = 0.276$), is negative, but not significant.

However, when the model was estimated relating Psychological Contract and Organizational Commitment the results were very different, and significant (see figure 4, below). Basically, the hypothesis was confirmed. Namely, the trajectory "Psychological Contract to Organizational Commitment" ($\beta = 0.49, Z = 4.32, p < 0.001$), is positive and significant. A $R^2 = 0.24$ was obtained, which means that the Psychological Contract accounts for 24% of the variability of Organizational Commitment. The trajectory "Psychological Contract to Affective Organizational Commitment" ($\beta = 0.49, Z = 4.29, p < 0.001$), is positive and significant. $R = 0.24$ was obtained, which means that the Psychological Contract accounts for 24% of the variability of Affective Organizational Commitment. The trajectory from "Psychological Contract to Organizational Compensation Calculator" ($\beta = 0.26, Z = 2.10, p = 0.036$), is positive and significant. A $R^2 = 0.07$ was obtained, which means that the Psychological Contract is responsible for 7% of the variability of Organizational Compensation Calculation. The trajectory "Psychological Contract Normative Organizational Commitment" ($\beta = 0.45, Z = 3.90, p < 0.001$), is positive and significant. A $R^2 = 0.21$ was obtained, which means that the Psychological Contract accounts for 21% of the variability of Organizational Commitment.

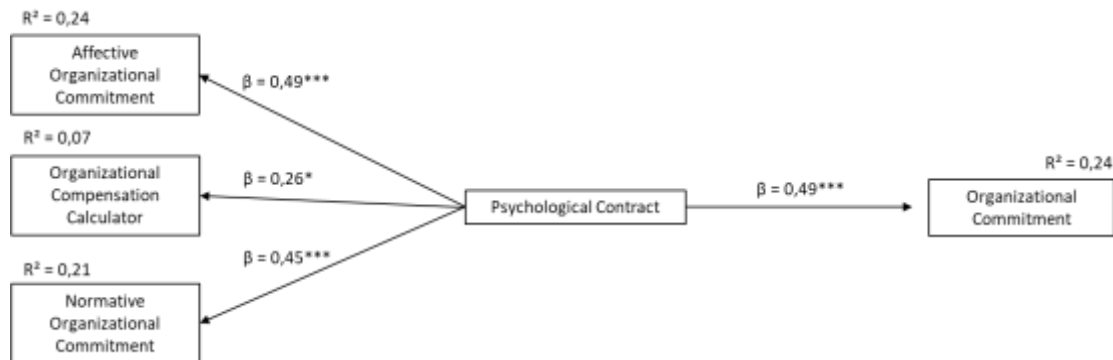


Fig.4 : Estimation of the Model for Hypothesis 2 with dimensions of OC.

Note. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Finally, and very strikingly, when the various types of Psychological Contract were related with the various types of causes of Organizational Commitment, half (four in eight) relations were found to be significant (see Figure 5, below). This hypothesis is partially corroborated, and it will be discussed lately (see 2.4.1). Namely the trajectory Relational

Psychological Contract to Organizational Commitment ($\beta = 0.54$, $Z = 4.50$, $p < 0.001$), is positive and significant. The trajectory "Relational Psychological Contract to Affective Organizational Commitment" ($\beta = 0.35$, $Z = 4.29$, $p < 0.001$), is positive and significant. The path "Relational Psychological Contract to Organizational Calculative Commitment" ($\beta = 0.35$, $Z = 2.76$, $p = 0.006$), is positive and significant. The trajectory "Relational Psychological Contract to Normative Organizational Commitment" ($\beta = 0.48$, $Z = 4.09$, $p < 0.001$), is positive and significant. All the four trajectories related to Psychological Transactional Contract were not significant. Relational Psychological Contract and the Transactional Psychological Contract are responsible for 29% of the variability of Organizational Commitment. Relational Psychological Contract and the Transactional Psychological Contract account for 27% of the variability of Affective Organizational Commitment. Relational Psychological Contract and the Transactional Psychological Contract are responsible for 23% of the variability of Normative Organizational Commitment. Psychological Contract and the Transactional Psychological Contract account for 11% of the variability of Organizational Commitment.

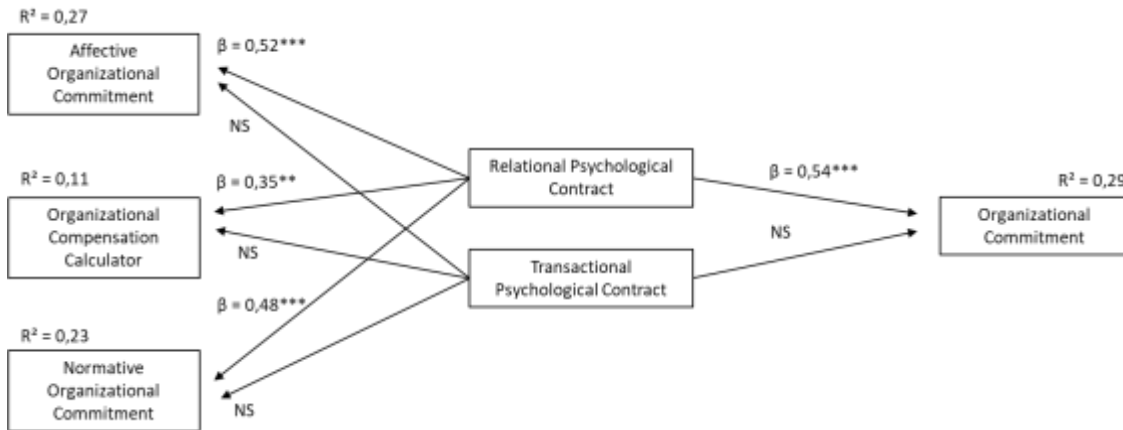


Fig.5 :Estimation of the Model for Hypothesis 2 with the dimensions of OC and PC.

Note. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Hypothesis 3 was partially confirmed. The trajectory "Labor Contract to Affective Organizational Commitment" ($\beta = 0.29$, $Z = 2.31$, $p = 0.021$), is positive and significant. $R^2 = 0.08$ was obtained, which means that the Labor Contract accounts for 8% of the variability of Affective Organizational Commitment. All the other trajectories were not significant (See figure 6, below).

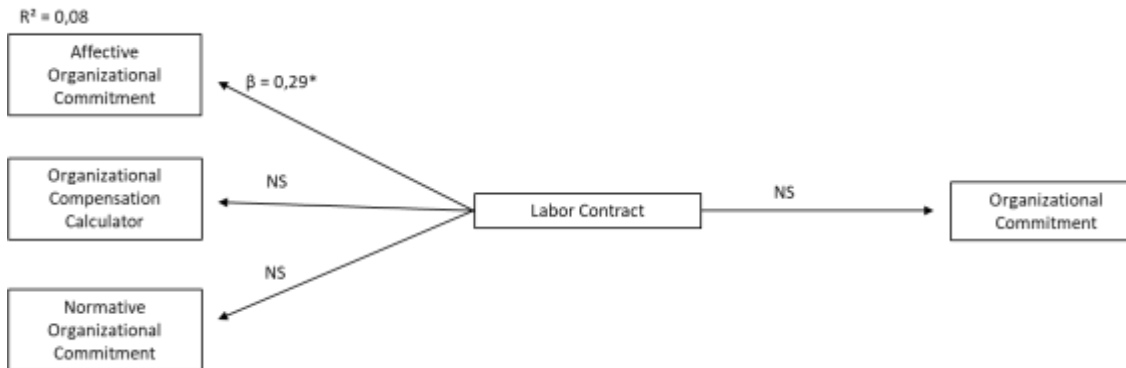


Fig. 6: Estimation of Hypothesis Model 3.

Regarding Hypothesis 4, when the mediator variable (Psychological Contract) is included in the model, it is verified that the trajectory "Labor Contract to Affective Commitment" ($\beta = 0.17$; $Z = 1.42$; $p = 0.156$) is positive but not significant. The trajectory "Labor Contract to Psychological Contract" ($\beta = 0.28$, $Z = 2.22$, $p = 0.026$), is positive and significant. The trajectory "Psychological Contract to Affective Commitment" ($\beta = 0.44$, $Z = 3.80$, $p < 0.001$), is positive and significant. A $R^2 = 0.26$ was obtained, which means that the Labor Contract and the Psychological Contract account for 26% of the Variability of Affective Commitment. These results indicate that when the Psychological Contract is

introduced in the model, the Labor Contract no longer has a significant impact on Affective Commitment. This fact indicates that we are facing a total mediation effect.

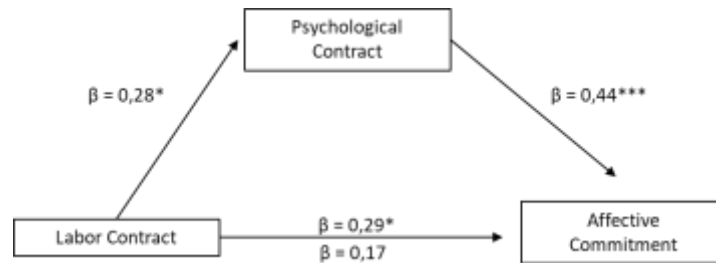


Fig.7 : Mediator Effect of the Psychological Contract.
 Note. * p <0.05; ** p <0.01; *** p <0.001

When the mediator variable Relational Psychological Contract is included in the model, it is verified that the trajectory "Labor Contract to Affective Commitment" ($\beta = 0.09, Z = 0.75, p = 0.452$) is positive but not significant. The trajectory Labor Contract to Relational Psychological Contract" ($\beta F = 0.41, Z = 3.42, p <0.001$), is positive and significant. The trajectory "Relational Psychological Contract to Affective Commitment" ($\beta F = 0.48, Z = 3.99, p <0.001$), is positive and significant. A $R^2 = 0.28$ was obtained, which means that the Labor Contract and the Relational Psychological Contract account for 28% of the variability of Affective Commitment. These results indicate that when the Relational Psychological Contract is introduced in the model, the Labor Contract no longer has a significant impact on Affective Commitment, which indicates that we are dealing with a total mediation effect.

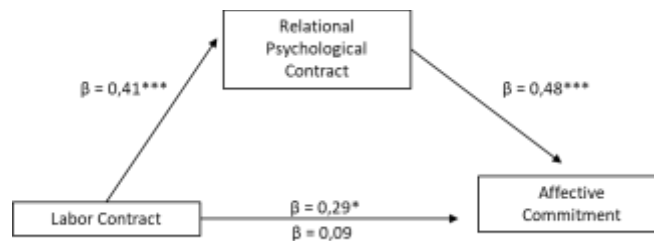


Fig. 8 : Mediator Effect of Relational Psychological Contract
 Note. * p <0.05; ** p <0.01; *** p <0.001

3.4 Discussion

3.4.1 Discussion of Results over the Hypothesis

Regarding Hypothesis 1, the results of the case study demonstrate there is a positive and significant relationship between the Labor Contract and the Psychological Contract: the Labor Contract is responsible for 8% of the variability of the Psychological Contract. We also found a positive and significant relationship between the Labor Contract and the Relational Psychological Contract: the Labor Contract is responsible for 17% of the variability of the Relational Psychological Contract. The relationship between the Labor Contract and the Transactional Psychological Contract is negative and not significant. In fact, participants had a low perception of the Psychological Contract. In accordance with the Literature review, the permanent workers reveal higher levels of Psychological Relational Contract and the term / temporary workers show higher levels for the Transactional Contract.

The Psychological Contract is below the central point 2.5, and this should be a finding of great concern to Company A. It has been described in the literature what factors cause the Psychological Contract to raise: we speak of fair wages, good working conditions, job security and good practices and policies in the management of human resources; the low result we found, threatens the Organizational Commitment.

Regarding the second hypothesis, we found a positive and significant relationship between the Psychological Contract and the Organizational Commitment - the Psychological Contract is responsible for 24% of the variability of the Organizational Commitment. PC explained 24% of the variability of Affective Commitment, 21% of the variability of Normative Organizational Commitment and only 7% of the Calculative Organizational Commitment. It should also be

emphasized that whereas the Relational Psychological Contract is related to affective, calculative and normative Commitment in a positive and meaningful way, the transactional psychological contract presents non-significant statistical data for the three dimensions of Organizational Commitment. In the descriptive statistics we can observe that although the OC is statistically positive and significant, its average values are very close, as it would be expected because of the lack of psychological contract, from the central point (4). As a whole OC had an average of 4.73, with only affective commitment higher than that (5.07), and calculative (4.56) and normative (4.47) lower.

Surprisingly, the participants with permanent contracts showed higher levels of organizational, affective and normative commitment than the participants of fixed short-term contract, but in relation to the calculative contract the short-term contract participants had higher levels. We must reflect on this result.

We believe these data are explained because almost half of the participants entered the company recently, at the height of a deep economic crisis. And probably they are still more identified with previous companies where they had better conditions than with the current one – this fact should be taken in great care by the managers in order to reverse the situation.

It is worth noting that the higher the perception of the PC and the Relational Psychological Contract, the greater the commitment of the participants to the organization and within this, the strongest association is that of Affective Commitment. Taking into account the literature review, the case study results are normal: in one hand workers with a permanent contract have higher levels of relational psychological commitment and greater organizational commitment, they stay longer with the company, they are better paid and they have extra benefits. In the other hand, temporary workers present greater calculative commitment, a sign that for the moment, they do not leave the company only for the risk of not losing money.

Our research is in agreement with that previously studied in the review of the literature on the relationship between the PC and OC. Furthermore, the results demonstrated that there is no statistically significant relationship between the Psychological, Relational and Transactional Contract with Work Engagement.

The participants in this study have high levels of WE, presenting an average value of 6.02 for the central point of 4.0, and revealing the importance of participants with a term contract. WE is positively and significantly associated with organizational, affective, calculative and normative commitment - the higher the OC the higher the WE levels. So, the results of the case study are in line with those of other previous researchers. The justification for this result at the level of WE may be in the profile of the participants: all participants are result oriented and for this they have to be fully involved with the work / task; we are talking about sellers, in addition to the base salary they bonuses that are exponential, the more they sell the more they earn. Also they are still subject to a strong monitoring by part of the company to achieve the objectives.

Regarding hypothesis 3 the results show that the different types of contract don't have significant statistical relation with organizational, calculative and normative commitment. There is only a positive and significant relationship between the labor contract and the affective organizational commitment – in this case the labor contract is responsible for 8% of the variability of the affective organizational commitment. Also, regarding Work Engagement there were also no significant differences in relation to the type of labor contract.

Finally, in hypothesis 4, it was only possible to study the mediating effect of the relational psychological contract in the relation between the labor bond and the affective commitment. In fact, the relationship between the employment contract and the psychological contract is positive and significant, the relationship between the psychological contract and the affective commitment is also positive and significant, the employment relationship and the psychological contract are responsible for 26% of the variability of the affective commitment. The results indicate that when we introduce in the model the psychological contract, the labor bond no longer has a significant impact on the affective commitment, which indicates that we are facing a total mediation effect.

3.4.2 Practical Implications

Given that our research has a very entrepreneurial character, the practical implications and future decision-making for the management of the business unit, given the results, are of high importance and directive. Fundamentally one must work the fit person-organization. Taking into account the results in the Organizational Commitment it is urgent to emotionally link the workers to company A, the entire process of human resources management should aim at improving the relationship of the sales force with the organization, improving non-economic factors, treating workers as a whole and not in a transactional way to achieve the objectives of the company, focus on the needs of employees, internal customer logic. Working on the more global concept of job satisfaction emphasizing organizational goals and values, reflecting at the level of the leadership model, should shift to more informal, decentralizing, less controlling leadership for more innovation. A plan for integration, reception and career management should be built in the

organization. Work for the identification of workers in the identification of the organization, socialization actions, work conflict management and intergroup relations.

At the level of Work Engagement, improve human resource management processes that give more Organizational Commitment, develop work / emotional wellness policies, work on the satisfaction dimension, these constructs are very important for corporate citizenship, care about pay equity, reduce imbalances, improve the process of feedback and recognition. To improve the psychological contract, we have to work the confidence between the workers with the company. Fundamental to the company to modify the way it deals with the sales force, the sales force as human capital and not a single resource for the purposes of the company. Taking into account that our research has a very entrepreneurial character, the practical implications and future decision-making for the management of the business unit, in view of the results, are of great importance and directors. Basically, you must work the person organization fit.

3.4.3 Research Limitations

Larger samples increase the probability of reflecting the traits of the distribution of a given population and understand the results of the research. In this case study the reduced sample of 60 participants annulled the possibility of integrally testing all relations of the various dimensions between the constructs. Taking into account a case study the research plan to better understand the results obtained could have resorted to some exploratory interviews.

4 Conclusive Comments

4.1 Conclusions

The present case study answered the question of the research through the obtained results, it also demonstrated the profile of the commercial team, of 60 participants, as a whole and according to the employment relationship, at the level of the studied constructs, Organizational Commitment, work engagement and the Psychological Contract. As we can verify the commercial team of company A has a positive and significant Organizational Commitment, but very close to the central point, which demonstrates a concern for the management of the work unit. Full-time contract participants demonstrate greater Organizational Commitment to full-time contract participants, which is corroborated by the literature. The term participants showed even greater affective and normative commitment to the participants of the fixed-term contract, but in the calculative Commitment the opposite happened.

Participants of the commercial team demonstrated a high level of work engagement with very similar values between the two employment ties, permanent contract and term. In this case study we can see that engagement is positively and significantly associated with organizational, affective, calculative and normative commitment, which indicates that the higher the level of organizational commitment, the higher the levels of engagement.

Regarding the results of the Psychological Contract, the participants showed a low perception of the Psychological Contract, the Psychological, relational and transactional Contract is below the central point. The permanent participants present higher levels of psychological and relational contract with the fixed term workers, for the transactional psychological contract the opposite, the term participants have higher levels in relation to the permanent ones. There is no association between the Psychological Contract and engagement but there is a positive and significant association with Organizational Commitment, affective, calculative and normative. The higher the perception of the psychological contract and mainly the greater the relational is the organizational commitment of the participants. The strongest association is between the relational psychological contract and the affective commitment.

The results of this case study also revealed that there is a relationship between the employment contract and the psychological contract that is positive and significant, the relationship between the psychological contract and the affective commitment is also positive and significant, the results indicate that when we introduce in the model the psychological contract the labor bond no longer has a significant impact on the affective commitment, which indicates that we are facing a total mediation effect, but only for this construct.

The results presented at the level of the psychological contract and in the Organizational Commitment expression that the participants are not totally emotionally involved with the organization, the business challenge facing the constant changes is to work on the development of employee Engagement or employee brand, attention to talent within organizations and for this the processes and practices of human resources should be revisited, to a large extent these are determinants for the relationship between employers and employees, improve the fit person-organization.

4.2 Suggestions for Future Studies

Given the results of this paper a new research question is whether the existence of different types of "workforce" contracts with different profiles at the level of Organizational Commitment and Psychological Contract has any influence on the results obtained in the workers' performance.

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