

Relational Psychological Contract and Employees Performance

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Abstract

The need to enhance productivity has necessitate the need to understand factors affecting employee's performance beyond the written contractual agreement in modern managerial practice. This study examines the effect of relational psychological contract on employee task accomplishment in public service in Kwara State. Social Exchange theory was utilized for the theoretical explanation of this study. The study adopted a survey method, while questionnaire was utilized in eliciting primary data from the respondent. 208 sample was drawn from 436 population of Kwara State water corporations using probability sampling. The study finds out that relational psychological contract has a positive effect on employee task accomplishment with an $R^2 0.542$. the study, therefore recommends that organization should take cognizance of the effect of relational psychological contract and device mechanism to mitigate its effects on employee task accomplishment.

Keywords: Psychological Contract, Employee, Relation, Task Accomplishment.

Introduction

In today's business environment, building a sustainable business has been a focal point for most organization. This consciousness can be linked to the beginning of the twenty-first century when there was a rise in the need for businesses to find and keep talent, becomes important for organization in achieving their objectives and remain competitively active. This arises as result of globalization, technology exploitation and above all increased competition due to the complexity and dynamism of business environment. The changes that occur from all the facets of business environment has awaken business managers to keep in track and also to update their resources, such as machine, material, financial and most importantly human resources as a pivotal tool for organizational productivity, (Sangita, 2019).

In light of this change, most organization have recognized the value of employees as a solid edge that will improve organizational performance. The employee participates in a larger endeavor to attain higher effectiveness that drives organizational performance. Consequently, organization realize that having quality personnel will boost and improve overall performance of an organization if given inclusive environment. As part of the consciousness of managers in understanding the critical importance of employee's performance, as a determinant of organizational performance. There is a shift in paying

attention to the contract terms to factors that affects employee performance, which in today's business world is referred to as psychological contracts.

However, this type of contract which is not put into writing but in the terms of contract of employment is known as psychological contracts. Obakpolor (2020), defines psychological contract as the believe of an employee which is been modified by the organization in respect to the act of negotiating. This expectation of return is weighed in both the side of the worker and employer, due to the fact that both parties have high expectations for one another (Etodike, Joe-Akunne, & Obibuba, 2020). According to Rousseau (1989), a psychological contract is a worker's mental representation of his or her duties toward the employer. This expectation involves job evaluation, obligations and rights between employees and their companies, as well as the amount and quality of work that has to be completed. As a result, employee traits, attitudes, and conduct at work, together with other variables like the psychological contract, have a big impact on the organization's overall productivity and the retention of personnel.

Employees who are committed always find their work interesting as they use their potential towards the accomplishments of the organization (Sangita, 2019). Employees whose employment agreements are relational type of psychological contracts are long-term basis tends to be more proactive when there is availability of training needs, job security, supports and also strong emotional attachment from the organization shows a high level of work commitment and faster task accomplishment (Babatunde, Yusuf, Aiyelabegan & Bamidele, 2018). However, the objective of this study is to examine how relational psychological contract affects employee task accomplishment.

Conceptual Review

Psychological Contract

The idea of psychological contracts was initially put out, in 1960 by Argyris. Researchers started paying close attention to the new idea throughout the course of time, up to five years after its debut. Up until the 1990s, it had received little attention. According to Adrian (2019), a psychological contract is an implicit agreement between an employer and employee that specifies how each party will be treated based on their conduct, language, or culture.

Armstrong (2012) states that the term "psychological contract" refers to a set of beliefs that describe the actions that workers believe their employers expect of them in return, and vice versa, the actions that employers believe their employees should take and the responses they anticipate from the workers in question. According to Babatunde, Olanipekun, Lateef, & Babalola, (2020), understanding between an employer and employee of a certain organization regarding their respective responsibilities to one another is known as a psychological contract. Being a member of an organization entails an implicit social or intangible contract known as the psychological contract, which is founded on belief and is thus vulnerable to change on how different individuals sees or understand the obligations that the organization must fulfil (Ballou, 2013).

Relational Psychological Contract

According to Crowley (2013), the relational form of contract is predicated on long-term employment, implicit connection, and complete trust. A relational psychological contract is created by a non-monetary, innate characteristic based on commitment and trust. As a result, the relational psychological contract is flexible, unbounded, and has a wide range of application. A relational psychological contract may also be thought of as a long-term partnership in which a greater range of benefits and chances are offered in return for a more profound and prolonged dedication to the company. Employees with relational psychological contract orientation are obliged to remain in employment with the organization in order for them to execute their task and job role as specified and also for them to exhibit loyalty which in turn serves as support in accomplishing the organization's goals and objectives, in expenses of this, employer are also meant to fulfil their own part of the obligation by providing a friendly work environment, relationship and job security among others. The foundation of a relational contract is the acknowledgment of workers in terms of advancement, training, creative freedom, job stability, career growth, and work-life balance.

Factors Affecting Psychological Contract's Effectiveness in Organization

The idea of a psychological contract is that employees feel to be proactive by carrying out defined task beyond the expectation of the organization. However, this can be linked to the human resources when they tend to make provision in terms of organizational culture, communication and appraisal of performance (Peter 2017: Rousseau, 2011). It is on this note, that they both define some variables that frequently have an impact on an organization's psychological contract's effectiveness which are;

Organization Change

change is unavoidable, in a constantly changing environment with intense competition, (Rousseau, 2011). An organization changes as a result of its constantly shifting surroundings and its reaction to internal crises. Many businesses across several industries now confront far more complicated issues than in the past, particularly those in the service sector (Magno & Thomas, 2017).

Organizational Culture

According to Falola, Emmanuel, and Ufua (2021), this is described as a common set of beliefs, attitudes, values, and behavioral knowledge among members of a certain culture. However, personality traits, social norms, and cultural customs frequently influence the kind of agreement that is made between an employer and employee.

Training

According to Mozael (2015), training is an ongoing and continuous process that aims to improve employee performance by enhancing employee skills and behavior at work.

Training can also be seen as a useful way of adapting to changes sparked by market competition, technological innovation, organizational structuring, and most importantly, employee performance can be significantly improved by training.

Employees Performance

Performance is seen as the relationship between input and output in an organization. Performance can be defined as the ratio which connects both the resources' intake and output during an organizational manufacturing process (Kato, 2016). Performance can also be defined as the production of goods and services in big quantities combined with the application and implementation of labor, capital, and entrepreneurial variables to produce a favorable outcome. According to Igbokwe-Ibeto (2012), performance is calculated by dividing total output by total amount of input. This shows the link between labor input and output. Business analysts define performance as the degree to which employees apply the concept of performance to their work and how specific industries or organizations perform. On the other hand, some define performance as the level of production efficiency attained. Babatunde, Yusuf, & Abdulkareem (2018) By allowing appropriate adjustments to be made to its business procedures and policies, a company can improve employee performance by investing in and utilizing its strong points. A company's success can be attributed to its hardworking staffs outstanding work. When every person puts more effort into their work, the profit and productivity of the company always increase significantly (Yusuf & Abolade, 2022). For employees to perform at their highest level and realize their full potential must be inspired through organizational leadership, (Abolade, Adebola & Lawal, 2022) Businesses that value and promote employee performance have a higher chance of success than those that don't. Because they are proactive, the company with the most productive workers will not be impacted negatively by unfavorable market conditions (Shane, 2017).

Employees Task Accomplishment

Employees task accomplishments are the quantity of work they have finished within a given time frame. In order to meet the deadline, set by their employers, individuals utilize all of their professional and interpersonal skills. These professional achievements serve as a gauge of an employee's involvement and competitiveness and indicate how effective they are in their career. Employee task accomplishments refers an employee's overall job accomplished within a given time frame using their own abilities or knowledge is referred to as their "accomplishment." In addition to determining an employee's effectiveness at work, accomplishments frequently indicate a worker's level of involvement and competitiveness. When workers achieve something, they should be rewarded (Babatunde, Olanipekun, Lateef, & Babalola, 2020) Both monetary (bonuses, salary) and non-monetary (recognition, promotion) rewards can assist businesses boost employee motivation and enhance worker performance. Employees with high levels of engagement and motivation are likely to produce better work and higher accomplishments when organization innovates their processes (Abolade, 2020).

Theoretical Review**Social Exchange Theory (George Homans, 1958)**

The social exchange theory which was developed in the year 1958, by the sociologist George Homans was adopted for this study. This theory posits that there must be a standard of reciprocity in every interaction or relationship between parties wherein one party is required to fulfill its role for the benefit of other parties and vice versa justifies its use. Furthermore, if one party fails to perform, it may cause dissatisfaction, mistrust, conflict, and a breach of the terms of the agreement, which may force one party to react negatively or modify its actions or contributions. According to the social exchange theory, a series of exchanges between parties that are mutually dependent on one another result in obligations.

Applying this theory to this study revealed that a breach of the psychological contract can result from management's failure to meet employee expectations, which can be linked to a lack of commitment, low motivation, job dissatisfaction, and counterproductive or a dissatisfied work environment. Additionally, there is a great deal of friction between management and employees as a result of these expectations not being met. Therefore, this theory's applicability assisted in clarifying factors beyond the written contract agreement between employers and employees.

Empirical Review

Numbers of studies have been conducted in respect to psychological contract and employee's performance. Cheng's (2021) research focuses on the relationship between the psychological contract, stress, and health, and how it affects employees' management behavior. The purpose of the questionnaire is to examine how coworkers' psychological contracts differ from one another. Out of the 400 surveys distributed, three hundred and sixty-five (365) are returned. Using a one-way ANOVA approach, the psychological contract status of project participants is investigated from four angles: years of employment, position level, educational background, and gender. The results of the four perspectives' difference analysis are obtained. FMRI, or functional magnetic resonance imaging, is used to assess workers' levels of workplace stress. The findings indicate that the psychological contract of employees is influenced differently by factors such as gender, working years, position level, and educational background. Additionally, if workers continue to experience excessive levels of stress at work, a number of psychological and physical conditions of employees will make the overall work inefficient and the working atmosphere dull.

Furthermore, considering the studies Don-Baridam (2021), carried out in Port Harcourt to look at the connections between organizational commitment, psychological contract, and leader-member exchange relationships. A cross-sectional survey approach was chosen, and structured questionnaires were used to collect data from 106 workers of the six microfinance institutions in Rivers State, Nigeria. The study's hypotheses were analyzed using the Partial Least Square – Structural Equation Modeling (PLS-SEM) technique. The results of the tests conducted on the hypotheses demonstrated that psychological contract

fulfillment plays a major role in raising employee commitment in microfinance institutions. The research additionally indicates that the association between psychological contract and employee commitment is considerably moderated by leader-member contact.

In a study conducted by Abolade, Idris and Adetula (2020) on impact of e-commerce, their study revealed that the use of electronic platforms such as e-services has reduced the workload on employee, as this enables employee's in giving their best on task given to them because the work environment with the use of technology has upscale their performance. This implies that the use of electronic platforms like ict enhances performances of employee, the implication to this study is that, the use of electronic platform assisted the employee to reduce workload and thus optimize their efficiency.

Methodology

Survey research method was utilized for this study in other to collect firsthand information base from the respondents. As such, survey research design was employed by adopting a structured close ended questionnaire in the context of how relational psychological contract can affects employee task accomplishment. The target population comprises of staffs of Kwara state water corporation. With a population of four hundred and thirty-six (436) out of which a sample size of Two hundred and seventy (208) was arrived at using taro Yamane (1967). One hundred and ninety-three (193) copies of questionnaire were appropriately filled and returned while the remaining 15 were neither not appropriately filled or went missing.

Data Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.551	.542	3.15949

a. Predictors: (Constant), Relational Psychological Contract

Source: (SPSS Computation, 2024)

The model summary, as presented in table 4.1 above, indicates that R Square is 0.551. This suggests that the independent variable, Relational Psychological Contract, accounted for 55% of the variation in the dependent variable, Employee's Task Accomplishment, and that other variables not included in the model accounted for the remaining 45%. Given that the value of R² is near to 1, this indicates that the regression (model) is helpful for making predictions.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	220.659	1	220.659	89.142	.000 ^b
	Residual	626.267	253	2.475		
	Total	846.925	254			

a. Dependent Variable: Employee's Task Accomplishment

Source: (SPSS Computation, 2024)

As depicted in the table above, which shows the result of the analysis in variation to the dependent variable with a large value of regression sum square of (220.659) in comparison to the residual sum of squares with value of 626.267 (which connotes that the model does not fail to explain a lot of the variation in the dependent variables. On the other hand, the estimated F-values (89.142) in the above table with a significance value of 0.000 are less than the p-value of 0.05 ($p < 0.05$), indicating that the explanatory variable elements collectively can influence the increase in the dependent variable (employees' accomplishment of tasks).

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.349	1.226		5.992	.000
	Relational Psychological Contract	.603	.064	.510	9.441	.000

a. Dependent Variable: Employee's Task Accomplishment

Source: (SPSS Computation, 2024)

Interpretation

The dependent variable as shown in the table above, Employees task accomplishment. This was used as a yardstick to examine the effect between the two variables (i.e., relational psychological contract and employees task accomplishment). It is obvious that there is a direct effect between relational psychological contract and employees task accomplishment. This indicates that increasing the sampled organization's adoption of a change in the relational psychological contract can aid in improving employee task achievement.

Price sensitivity t-test coefficient is 17.000 and P-value is 0.000, which is less than 0.05 (i.e., $P < 0.05$), based on the results shown in the table above. This indicates that, at the 5% significant level, these variables are statistically significant.

Decision Rule

The p-value is less than 0.05, which leads to the rejection of the Null Hypothesis (H_{01}). Therefore, the alternative hypothesis that relational psychological contracts have a major impact on employees' ability to accomplishment of tasks is accepted. Thus, it clarifies the importance of hypothesis one in relation to workers' performance.

Discussion of Findings

From the analysis and test of hypothesis, it is evident that relational psychological contract has an effect on employees task accomplishment. The findings are significant to the studies of Anita and Neera (2011) where it was found out that effective relational psychological contract has an effect on task accomplishment of employees. Also, the result from the respondents have shown that there is a strong liable effect of relational psychological contract on employees' productivity.

Conclusion and Recommendation

The study analyzes relational psychological contract and employees task accomplishment. It is important to note that relational psychological contract contribute to performance of employee in an organization. This study was able to establish that there is a strong positive and significant effect of psychological contract on employee's task accomplishment.

As such, it can be identified that this study shows that relational psychological contract influences employees' performance and in turn increases the general performance of the organization. Because employees who are satisfied with the term of contract tends to perform more and in return, the organization provides their expectations in terms of good working condition, flexible time hours, relationship advice and many more.

Also, for a better performance, organization should find out other dimension of psychological contract that can affect employees task accomplishment, as this study focused on relational psychological contract.

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