

Towards A Better Understanding of Psychological Contract Fulfilment and Organisational Citizenship Behaviour (OCB)

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DOI: 10.56201/ijssmr.v10.no9.2024.pg243.251

Abstract

The social exchange theory holds that the relationships between psychological contract and OCB can be understood in terms of perceived contractual reciprocity and that employees are more inclined to respond positively to psychological contract fulfilment by taking on additional duties that go beyond their formal duty schedule. Therefore, this study examines the influence of psychological contract fulfilment on the performance of OCB in the Nigerian banking industry. A sample size of 402 bank employees was selected for this study, and data for this study were collected using a structured questionnaire. Findings from the study indicate that psychological contract fulfilment has a significant positive influence on the performance of OCB by employee in organisations and that the supportive employment relationship dimension of psychological contract fulfilment has more influence on the performance of OCB than the pay dimension.

Keywords: *Psychological contract, Organisational citizenship behaviour, Altruism, Conscientiousness, Sportsmanship, Supportive employment relationship*

Introduction

In the employer-employee relationship, formal contracts or agreement such as employee contracts or memoranda of understanding (MOUs) between the employee and the employer establish an agreement regarding many areas of the employment including compensation for work done. However, while written formal contracts constitute an important part of the employer-employee relationship, there are other factors that influence that relationship as well. For instance, an employee's beliefs might have an impact on their relationship with their employer even if not all of the factors that lead to those beliefs are explicitly documented or discussed between the two sides. Beliefs have been found to be either subjective, which surface from employee feelings of worry about their job, or objective, where there is a tangible risk, such as the threat of losing the job as a result of layoffs, mergers, or downsizing (De Witte and Naswall, 2003). Researchers have identified a variety of psychological factors that represent

more subjective elements that mitigate the employer-employee relationship. One of such factors is psychological contracts.

The psychological contract is not a formal, written agreement in terms of compensation for services. Rather, it involves an unspoken, even unacknowledged understanding between the employee and the employer that represents the employee's beliefs regarding reciprocal obligations. These beliefs become contractual when an employee believes that he or she owes the employer certain contributions (hard work, loyalty, sacrifices) in return for certain inducements (high pay, job security) (Rousseau, 2011). An important aspect of this relationship is an employee's belief that the agreement is mutual and that this common understanding results in a shared course of action (Rousseau, 2001). Furthermore, the fulfilment or breach of an employee's psychological contract can have a lasting influence on the volume of work the employee puts in the job, perceptions of fairness and trust, and the types of behaviour employees engage in at the workplace in terms of interactions with supervisors, interactions with other employees, and keeping the organisation operating effectively turnover (Robinson and Morrison, 1995; Bal et al., 2018).

One category of employee behaviour that can be impacted by an employee's psychological contract is organisational citizenship behaviour (OCB). Similar to how psychological contracts, OCBs are unwritten understandings distinct from formal, written contracts. OCBs are behaviours that employees display in the workplace that are beneficial to the organisation but are not part of any formal, written job description. It represents individual behaviour that is voluntary, not directly or explicitly recognised by the formal reward system, and, in the aggregate, promotes the efficient and effective functioning of the organisation. These behaviours are exhibited as employees show their willingness to go above and beyond the call of duty.

Organ (1988) opined that OCB is a multidimensional construct and identified five dimensions of OCB as altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. According to him, altruism refers to helping behaviours that assist other individuals or groups with work-related problems or tasks; conscientiousness are behaviours that go beyond the minimum requirements or expectations of the job, such as working extra hours, following rules and procedures, or being punctual and attentive; sportsmanship refers to behaviours that demonstrate a positive attitude and tolerance towards work-related situations, such as accepting feedback, coping with stress, or avoiding complaints; courtesy consists of behaviours that prevent or minimise work-related conflicts or problems, such as communicating effectively, sharing information, or consulting others before making decisions; while civic virtue refers to behaviours that reflect involvement and participation in organisational life, such as attending meetings, expressing opinions, supporting organisational policies, or promoting organisational interests.

Statement of the Problem

Employee workplace behaviours, beyond the actions that are expected or required as expressed in an employee's job description, play a vital role in predicting the future success or progress of the firm. This is because the performance of organisational citizenship behaviour (OCB) by employees in organisations leads to and helps maintain a cordial work environment, which positively impacts employees career success, engenders constructive ideas needed for the organisation's growth and development, boosts the firm's image, and brings about successful performance at the organisation level, unit level, and individual level.

Theoretically, different literatures have linked the increase in performance of organisational citizenship behaviour (OCB) to different factors like job security (Amadi and Tambari, 2021; Purba and Muhammad, 2020), opportunity for development (Sutton, 2005), and employee perceptions of fairness in terms of pay (Bal *et al.*, 2008); however, most writers are unanimous on one factor – psychological contract fulfilment (Robinson and Morrison, 2000; Keeney and Svyantek, 2000; Turnley *et al.*, 2003).

The above theoretical position notwithstanding, most prior research on psychological contracts and OCB examined cases of psychological contract breach, in which employees perceive that they have received less than promised, rather than fulfilment (Bal *et al.*, 2008; Francisco, 2015; Turnley *et al.*, 2002). They posit that the likelihood of perceiving breach tends to be greater than the likelihood of perceiving fulfilment, and that the motivation to increase the performance of OCB in cases of fulfilment is less compelling compared to the motivation to decrease the performance of OCB in cases of breach (Turnley *et al.*, 2002). This line of research is characterised by the assumption that since psychological contract breach results in negative OCB outcomes, conversely, psychological contract fulfilment should result in positive OCB outcomes; an assumption that may not be empirically true. The goal of this study, therefore, is to empirically examine the influence of psychological contract fulfilment on the performance of OCB in the Nigerian banking industry.

Theoretical Framework and Hypothesis Formulation

The social exchange theory (SET) holds that the relationships between psychological contract and OCB can be understood in terms of perceived contractual reciprocity. It proposes that employees are more inclined to respond positively to psychological contract fulfilment by taking on additional duties that go beyond their formal duty schedule. Putting it differently, social exchange theory suggests that employees are motivated to engage in extra-role behaviours like altruism, conscientiousness, sportsmanship, courtesy, and civic virtue when they perceive that their organisation has actually provided what it promised or agreed to provide (e.g., an unexpectedly large pay raise, increased opportunities for advancement, an improved benefits package).

Turnley *et al.* (2003) suggest that psychological contracts help to define the terms of the social exchange relationship that exists between employees and their organisations. They explained that these relationships are made up of the voluntary actions that each party engages in with the belief that the other party will reciprocate these behaviours in one way or another. In contrast to relationships based purely on economic exchange, social exchange relationships involve obligations that cannot be specified ahead of time and require the parties to trust one another (Blau, 1964). Although the obligations making up these types of relationships are somewhat diffuse, a general expectation of reciprocation drives their evolution.

Social exchange theory provides a general approach for understanding how employees are likely to respond when they perceive that their psychological contracts have either been fulfilled or breached. Breach of the psychological contract occurs when employees perceive a discrepancy between what they were promised and what they actually receive (Adeniyi and Adeniyi, 2016). From the employees' perspective, such discrepancies create inequality in employment relationships. Thus, as long as employees perceive that they have adequately met their obligations to their employer, they are likely to feel shortchanged by the organisation's failure to live up to its obligations and will be inclined to take actions to rebalance the employment relationship. One way that employees can do this is by reducing the extent of their contributions to the organisation.

On the other hand, employees may sometimes perceive that their organisation has actually provided more than it promised or agreed to provide (e.g., an unexpectedly large pay raise, increased opportunities for advancement, an improved benefits package). In such cases, employees may perceive a positive imbalance in the social exchange agreement and may attempt to reciprocate by increasing their contributions to the firm and going beyond their officially prescribed role to extra-role (Wayne, Shore, and Liden, 1997; Milanović *et al.*, 2018; Turnley *et al.*, 2003). As a result, these actions are likely to result in a broadening or strengthening of the social exchange relationship.

Demsey (2021) contends that psychological contracts serve as a particularly useful prism for examining organisational citizenship behaviour and the social exchange theory further demonstrates how the degree of psychological contract fulfilment would affect the degree of performance of organisational citizenship behaviours by employees. Specifically, Akpan, Okwudu and Imagha (2021) contended that the OCB, as interpreted by the social exchange theory, gives employees ways of reciprocating the gestures of the employers/organisations who uphold their end of the psychological contract. Put differently, the social exchange theory posits that employees are driven to participate in behaviours that go beyond and above their normal duty schedule when they believe their relationship with their employers/organisation is founded on a just and equitable social exchange. Given the preceding argument, it is expected that the extent to which employees perceive psychological contract fulfilment will influence the extent to which they engage in OCB performance. As such, we hypothesised thus:

H1: Psychological contract fulfilment significantly influences employees' engagement in the performance of OCB.

METHODOLOGY

For this study, the survey research design was used. The population of this study was made up of employees of commercial banks in Akwa Ibom State, Nigeria. To eliminate bias, only those banks with presence in the three senatorial districts of the state were considered for this study. The total population from the selected banks was 1809, out of which 402 completed and returned the copies of questionnaire that were administered. Participation in this study was voluntary

The questionnaire for this study was structured using the 5-point Likert scale, where 1 represented the lowest scaled item and 5 represented the highest scaled item. Psychological contract fulfilment was decomposed into two variables: pay and supportive employment relationship to represent the transactional and relational psychological contracts. The items that

made up these scales were adapted from Robinson and Morrison (2000). The OCB dimensions were altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. Items to measure the OCB dimensions were adapted from Podsakoff *et al.* (2014). The questionnaire was tested for reliability using the test-retest method, and a Cronbach alpha coefficient of 0.799 was obtained. The obtained coefficient was considered substantially high to justify the use of the research instrument. Data collected for this study were analysed using Pearson’s product moment correlation, and hierarchical multiple linear regression analysis.

Results and Interpretation

Table 1: Correlation matrix

Variables	1	2	3	4	5	6	7
1 Pay	1						
2 SupEmpRship	0.24	1					
3 Altruism	0.16	0.32	1				
4 Conscientiousness	0.19	0.37	0.34	1			
5 Sportsmanship	0.22	0.43	0.31	0.34	1		
6 Courtesy	0.14	0.36	0.36	0.38	0.37	1	
7 CivicVirtue	0.17	0.33	0.35	0.30	0.31	0.37	1

*Correlation coefficients $>.19$ were considered significant at $p < .05$

SupEmpRship – Supportive Employment Relationship

Table 1 shows the bivariate correlation for the variables of psychological contract and OCB. Overall, the correlation matrix shows a mixed result where some variables were significantly correlated while others were not. Specifically, the results show that the supportive employment relationship dimension has a significant positive relationship with all variables of OCB, i.e., altruism ($r = .32$), conscientiousness ($r = .37$), sportsmanship ($r = .43$), courtesy ($r = .36$), and civic virtue ($r = .33$).

Independent variables	Dependent Variables					
	Overall OCB	Altruism	Conscientiousness	Sportsmanship	Courtesy	Civic Virtue
Pay	0.134**	-0.066	0.101	0.139**	-0.087	0.071
SupEmpRship	0.323**	0.171**	0.251**	0.263**	0.249**	0.207**
F-value	18.839**	11.161**	15.667**	12.734**	9.991**	12.142**
R ²	0.339	0.147	0.199	0.234	0.019	0.098
Adjusted R ²	0.331	0.142	0.195	0.230	0.016	0.094
N	401	401	401	401	401	401

However, the pay dimension of psychological contract has a significant positive relation with conscientiousness ($r = .19$) and sportsmanship ($r = .22$), but not with altruism ($r = .16$), courtesy ($r = .14$), or civic virtue ($r = .17$).

Table 2: Hierarchical multiple regression analysis on psychological contract and OCB

Note: ** value is significant as $p < 0.05$

SupEmpRship – Supportive Employment Relationship

Values in the first parenthesis are t-scores and those in the second parenthesis are standard error.

Hierarchical multiple regression analysis, as shown in Table 2, was used to examine the effect of the predictor variable, psychological contract, on the dependent variable, OCB.

Psychological contract was decomposed into pay and supportive employment relationship dimensions, while the dimensions of OCB were altruism, conscientiousness, sportsmanship, courtesy, and civic virtue. The results of analysis indicate that there is a strong relationship between the predictor variable, psychological contract, and OCB ($R^2 = 0.339$) and that the fitted model and its predictor variables altogether explain 33.1% of the variance in overall OCB (adjusted $R^2 = 0.331$). Consistent with the results above, the overall model fit was good (F -value = 18.839, $p < 0.05$); and the relationship between pay and overall OCB (0.134, $p < 0.05$), supportive employment relationship and overall OCB (0.323, $p < 0.05$) were positive and significant, providing support for the hypothesis of this study. This implies that psychological contract fulfilment significantly influences employees' engagement in the performance of OCB.

Also, Table 2 provides valuable evidence that collectively the two dimensions of psychological contract fulfilment explained a significant amount of variance in OCB. Specifically, the amount of variance explained in the equation predicting altruism was 14.2%, 19.5% in the equation predicting conscientiousness, and 23.0% in the equation predicting sportsmanship. Others were 1.6% in the equation predicting courtesy and 9.4% in the equation predicting civic virtue. Only the supportive employment relationship dimension of psychological contract fulfilment was found to significantly influence employee performance of OCB. There was no significant correlation between the pay dimension of psychological contract fulfilment and some of the dimensions of OCB. Also, the influence of the pay dimension of psychological contract fulfilment (0.134) on overall OCB was small compared to the influence of supportive employment relationship dimension (0.323) on overall OCB.

Discussion of Findings

The findings of this study lend credence to the general idea that psychological contract fulfilment positively influences the performance of OCB in organisations. However, the levels of significance were higher for the supportive employment relationship dimension of the psychological contract fulfilment compared to the pay dimension of psychological contract fulfilment. The findings of this study are in line with the findings of other authors. For instance, Oorscshot (2021), Manda (2021), Ballou (2013), and Mooreman (2011) found that psychological contract fulfilment has a significant influence on employee performance of OCB in organisations. Specifically, Manda (2021) opined that psychological contract fulfilment has a positive impact on the performance of organisational citizenship behaviour (OCB); however, wage as an element of psychological contract fulfilment does not have a significant impact on performance of OCB. This position is supported by Turnley *et al.* (2003), who opined that supportive employment relationship is a more important predictor of OCB in organisations than pay. They explained that employees' perceptions of the extent to which their organisations have lived up to their commitments to be fair, respectful, and supportive are a more important predictor of OCB performance than are their perceptions regarding the extent to which their organisations have lived up to their commitments regarding pay.

Conclusion and Managerial Implication

From the above, we conclude that psychological contract fulfilment has a significant positive influence on employee engagement in the performance of OCB in organisations. However, management of organisations should not only stop at their commitments to pay/wages alone, as this dimension of psychological contract fulfilment contributes minimally to the performance of OCB. Organisations should rather look to building relationships with employees by being respectful, supportive, and committed to treating employees fairly and

impartially in addition to paying employees a fair and competitive wage/salary. This is because pay, according to Herzberg's two-factor theory, is an hygiene factor. This implies that its presence may not engender the performance of OCB, but a complete absence may lead to demotivation with regards to the performance of OCB. As such, a combination of the pay dimension and the supportive employment relationship dimension is recommended.

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