



# **Psychological Contract Fulfilment and Employee Commitment: Implication of Leader Member Exchange Relationship**

**Dr. L. Q. Don-Baridam**

**Department of Management, Faculty of Management Sciences,  
Rivers State University, Npkolu Orowurukwo, Port Harcourt, Nigeria**  
[letambaridam@gmail.com](mailto:letambaridam@gmail.com)

## **ABSTRACT**

The objective of the study was to examine the relationship among psychological contract, organizational commitment, and leader-member exchange relationship. The design adopted is the cross-sectional survey and data collection was carried out using the structured questionnaire from a total of 106 employees drawn from the 6 micro-finance banks in Rivers State, Nigeria. The Partial Least Square - Structural Equation Modeling (PLS-SEM) was used in analyzing the hypotheses in this study. The tests on the hypotheses showed that psychological contract fulfilment significantly contributes towards enhancing employee commitment in microfinance banks. The study also reveals that, leader-member exchange significantly moderates the relationship between psychological contract and employee commitment. Based on the findings and conclusions, the study recommends that the management should endeavor to fulfill psychological contracts with the employees by showing respect to their employees. Also, the management of the banks should ensure high level of leader-member exchange by recognizing the problems encountered by the employees and helping to solve the problems. This will ensure employee commitment in the firms.

**Keywords:** Psychological contract, Employee commitment, Leader-member exchange.

## **1. INTRODUCTION**

Psychological contract and employee commitment are important in defining the contemporary employment relationship (Guest, 2004); they are the new norms embraced by many HRM practitioners in the management of employee relations. They are constructs that represent the mutual beliefs, perceptions, and obligations between an employer and an employee. The psychological contract involves the bidirectional relationship which reflects the employee's belief in taking responsibilities and the responsibilities the organizations take up. In this process, employees will compare and modify the extent of each side fulfilling the contract, so as to succeed in the balanced state ultimately.

It is, therefore, necessary for both parties to keep to the terms of the contract because unavailability of trust and commitment among the stakeholders within the organization will result in a low level of motivation and job satisfaction which can seriously affect the performance of the organization. A balanced psychological contract can result in improved organizational effectiveness therefore it's worth taking note of by different stakeholders in organizations. Organizational commitment reflects the psychological status between employees and organizations.

Organizational commitment implies employee determination on whether to remain in the organization or not and it contains three (3) dimensions - affective, normative, and continuance commitment. However, it

is expected that every stakeholder recognizes the fulfillment of psychological contract and employee commitment as a basic tool for job satisfaction and motivation. Several scholars have pointed to the role of supervisory leadership in attenuating the adverse effects of psychological contract breach and suggest that a high –quality relationship between an employee and his/her immediate manager is probably going to cut back the negative effects of the breach (Henderson, & Wayne, 2008; Tang, Restubog & Cayayan, 2007).

Yet, results of studies examining the moderating role of leader-member exchange in the relationship between fulfillment and breach of organization obligations are inconclusive (Feldman & Butts, 2014).

While a few studies discovered support for the alleviating role of leader-member exchange, others found that an excellent relationship with one's supervisor escalated the negative impacts on the breach of psychological contract (Dulac et al., 2008; Restubog et al., 2010). Therefore, regardless of whether administrative authority assumes a role in weakening the antagonistic results of an apparent breach of organizations commitments, stays responsive to the discussion. Research shows that employees hold different parties accountable for specific inducements (Bacilli, 2001).

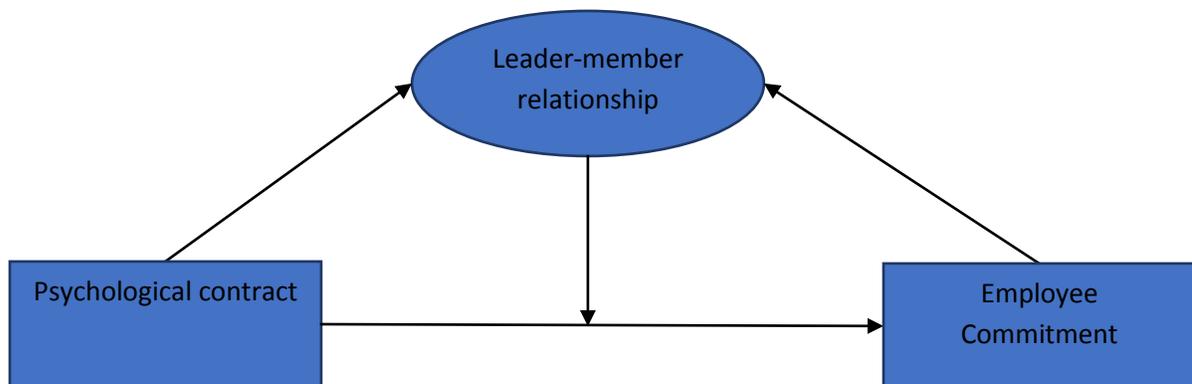
Several scholars have recommended that employees have psychological contracts with both organizations, managers, supervisors, and colleagues as well (Bacilli, 2001; Chambel, 2014; Shore et al, 2004). In spite of the acknowledgment that employees have a psychological contract with various parties, studies on the implications of breach or fulfillment of leader-manager obligations are limited. Academic researchers and practitioners have developed many tools to integrate psychological contract fulfillment and employee commitment, little has been done to include a contextual factor which is a leader-member exchange for moderating this relationship. Therefore, this study intends to fill this gap by examining the relationship among psychological contract, organizational commitment, and leader-member exchange theory.

**Objectives of the Study**

- i. To examine the relationship between psychological contract fulfillment and employee commitment among selected deposit money banks in Rivers State.
- ii. To ascertain the moderating effect of leader-member relationship on the relationship between psychological contract fulfillment and employee commitment among selected deposit money banks in Rivers State.

**Research Questions**

- i. What is the relationship between psychological contract fulfillment and employee commitment among selected deposit money banks in Rivers State?
- ii. What is the moderating effect of leader-member relationship on the relationship between psychological contract fulfillment and employee commitment among selected deposit money banks in Rivers State?



**Figure 1: Operational framework for the study**  
**Source: Conceptualized by the Researcher, 2018.**

## 2. Literature Review

### The Concept of Psychological Contract

There is no universally accepted definition of the psychological contract, most definitions tend to ascertain it as an implicit understanding of the mutual obligations owned by an employee and their employing organization to one another. Rousseau's (1990) definition of psychological contract has over time proven to be the most widely accepted definition, "the psychological contract is individual beliefs, shaped by the organization, regarding terms of exchange arrangement between the individual and their organization". Over time the psychological contract takes the form of a scheme or mental model which makes it relatively stable and lasting.

This scheme guides the perception of people about how to interpret the information received and how to react to the environment around them. When one party perceives that the other has failed to fulfill one of its obligations, then a breach of the psychological contract occurs. This breach can occur due to several factors such as competition, economic and political challenges.

Psychological contract plays a role in the employment relationship as it leads to a mutual understanding and a relationship that facilitates planning, coordination, and effective performance in the organization. Various types of psychological contracts include relational and transactional contracts.

### Concept of Employee Commitment

Employee commitment is seen to be a key determining factor of organizational effectiveness and performance; it can lead to various organizational outcomes such as increased employee performance, reduction in the turnover and absenteeism rate, and enhanced organizational citizenship behavior (Brown, Hillman & Okun, 2012). In a similar vein, Gutierrez et al (2012) stated that employees are seen as the primary asset of the organization when they are committed and motivated to put in their time and efforts to the achievement of the organization's goals and objectives.

Various scholars have defined employee commitment (Meyer & Allen, 1991; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002), but the most common idea in all the definition notion of all the definitions is that Employee commitment can be seen as the emotional attachment that exists between the employees and their organization. This attachment and recognition with their organization can be displayed by their strong belief and acceptance of the organization's goals and objectives (affective commitment), the willingness to take up challenges for the organization (normative commitment), and finally, the burning desire to remain in the organization (continuance commitment).

### Psychological Contract and Employee Commitment

Theory and research on the psychological contract have found a positive link between psychological contract fulfillment and employee commitment (Rousseau & Wade-Benzoni, 1994). Transactional contracts usually have a low level of commitment while relational contacts show a higher level of commitment.

Previous studies show that psychological contract fulfillment builds trust, creates sensations of being, and results in positive outcomes for both the employees and organization (Conway & Briner, 2002; Coyle-Shapiro & Kessler, 2002). Previous studies have demonstrated that employees with higher inducement, will in general emphatically assess that association (Lambert, Edwards and Cable, 2003; Turnley et al, 2003).

As a result, if employees perceive that their employer has fulfilled his/her promises they have may feel more involved with the organization and identify more closely with its values. However, when organizations fail to fulfill their promises to their workers, it could lead to a decrease in commitment, disgruntled employees, and poor motivation. It was based on this thinking that we hypothesized that:

**H<sub>01</sub>:** There is no significant relationship between psychological contract fulfillment and employee commitment.

### Moderating Role of Leader-Member Exchange

Previous studies have indicated that there is a relationship between a leader-member exchange, psychological contract fulfillment, and employee commitment. Coyle-Shapiro and Kessler (2000) propose that the leader-member exchange relationship to an extent affects the relationship between psychological contract fulfillment and employee commitment. They assumed that when the supervisor/leader fulfills

higher obligations towards the employee, this will be reciprocated by the employee showing commitment to the organization. In other words, because of the fulfillment of the supervisor/leader obligations, employees feel valued, which in turn will have a positive effect on their commitment. However, when employees perceive the way they are treated by their supervisor as unfair, this may lead to feelings of procedural and distributional discrimination possibly affect the fairness perception of an employee, which makes him or her leave the organization (Tett& Meyer, 1993).

Based on these arguments, the study proposes that:

**H<sub>02</sub>:** Leader member exchange relationship does not moderate the relationship between psychological contract fulfillment and employee commitment.

### 3. METHODOLOGY

#### Research Design and Population of the Study

The cross-sectional research design was used in this study. The cross-sectional research design was appropriate since data were collected at a single point in time (Levin, 2006). The target population of the study comprised 25 micro-finance banks in Rivers State which are registered with Financial Policy and Regulation Department of the Central Bank of Nigeria as at June 30, 2019 (cenbank.org).

However, the accessible population is made of 6 of these microfinance banks which are located within the Port Harcourt Metropolis and have existed for more than 15 years. Lastly, the six banks were selected because they have staff strength of 15 and above. There was a total of 106 respondents comprising managers, departmental heads, hall supervisors and tellers drawn from the 6 micro-finance banks. Copies of the questionnaire were administered to the respondents via email and personal contacts out of which 91 copies representing 85.8 percent were returned and used for further analyses.

#### Operational Measures of Variables

The independent variable psychological contract, was studied as a unidimensional construct and measured using a 5-item scale including “My bank has done a good job of meeting its obligations to me; My bank has repeatedly failed to meet its obligations to me”. These items were adopted from Tekleab and Taylor (2003).

The dependent variable is employee commitment which was measured using a 9-item scale. The items were carefully selected to reflect the three measures (affective, normative and continuance commitment) of employee commitment. Among the items include “I am quite proud to be able to tell people who it is I work for; I sometimes feel like leaving this employment for good”. The items for employee commitment were adopted from Cook and Wall (1980), and Brian and Jeryl (2002).

The relationship between psychological contract and employee commitment was moderated by leader-member exchange which was measured with a 6-item scale adopted from Worthington and Bodie (2017) with items such as “I know where I stand with my leader (follower) and do know how satisfied my leader (follower) is with what I do”. The items were modified to suit the microfinance banks environment and measured on a 5-point Likert like scale.

### 4. RESULTS AND DISCUSSIONS

Table 1 below shows the descriptive statistics of the correspondents. Pertaining to gender, the result showed that, there are more female than male workers. There are 40(43.9%) male and 51(56.1%) female respondents. Marital status shows that 46(50.6%) are married, while 45(49.4%) are singles. Years of experience on the job, indicates that, most of the respondents have spent between 6-10 years (46.1 percent) with their banks, followed by 0-5 years (41.8 percent). Those that have worked for 11 and above years represented 12.1 percent.

**Table 4.1:** Analysis of Demographic Profiles of Respondents

Variable	Item	Frequency	Percent
Gender	Male	40	43.9
	Female	51	56.1
Marital Status	Married	46	50.6
	Single	45	49.4
Age	18-35	43	47.3
	36-50	41	45.1
	51- Above	7	7.6
Years of work experience	0-5	38	41.8
	6-10	42	46.1
	11 and Above	11	12.1
Highest level of educational attainment	0'level/OND/NCE	18	19.8
	HND/B.Sc.	64	70.3
	Master and Above	9	9.9

Source: Field Data, 2020.

In terms of educational qualification, 18 (19.8 percent) have obtained WAEC, OND or NCE, 64 (70.3 percent) are working with Higher National Diploma or Bachelor's Degree. Lastly, 9 (9.9 percent) have obtained Master's Degree or above.

Thus, it could be concluded that, the workers are highly educated. This could be attributed to the high technological adoption among micro finance banks. Therefore, only highly skilled are engaged.

#### **4.1 Validity and Reliability of Instrument**

The validity of the instrument used for this study was initially ascertained by face and content validity. Furthermore, to confirm the construct validity (convergent and discriminant validities) and construct reliability (composite reliability, reliability coefficient and Cronbach Alpha) the instrument was subjected to several tests as shown in table 2 and 3.

The construct validity was confirmed by examining the Average Variance Extracted (AVE) (Bagozzi & Yi, 1988), while composite reliability, reliability coefficient and Cronbach Alpha were used to ascertain the reliability of the instrument (Golafshani, 2003). The tests were conducted using SPSS version 25 and SmartPLS version 3.2.7. The output of validity and reliability analyses are contained in tables 2 and 3.

**Table 2: Internal consistency and convergent validity**

Latent Variable	Indicators	Convergent validity			Internal consistency reliability		
		Loadings	Indicator reliability	AVE	Composite reliability $\rho_c$	Reliability Coefficient $\rho_A$	Cronbach's alpha
		>0.70	>0.50	>0.50	>0.70	>0.70	0.70 - 0.90
PC	PC1	0.895	0.801	0.730	0.931	0.899	0.881
	PC2	0.856	0.733				
	PC3	0.833	0.694				
	PC4	0.786	0.618				
	PC5	0.897	0.805				
EC	EC1	0.840	0.706	0.628	0.938	0.912	0.897
	EC2	0.798	0.637				
	EC3	0.856	0.733				
	EC4	0.792	0.627				
	EC5	0.712	0.507				
	EC6	0.778	0.605				
	EC7	0.812	0.659				
	EC8	0.782	0.612				
	EC9	0.752	0.566				
LMX	LMX1	0.763	0.582	0.568	0.887	0.865	0.841
	LMX2	0.708	0.501				
	LMX3	0.813	0.661				
	LMX4	0.708	0.501				
	LMX5	0.811	0.658				
	LMX6	0.702	0.507				

*Note: PC = Psychological Contract, EC = Employee Commitment, LMX = Leader-Member Exchange*

To verify the convergent validity, factor loadings of individual items were observed. Each item loadings are above 0.6, while the averages of the item-to-factor loadings in the model were above the 0.5 threshold (Bagozzi & Yi, 1988; Hair, Hult, Ringle & Sarstedt, 2017). These results show convergent validity of the items. On the other hand, the reliability figures are all above the 0.7 threshold as suggested by Onwuegbuzie and Collins (2007) and Tabachnick and Fidell (2001). Similarly, all Cronbach Alpha values satisfied the 0.7 benchmark given by Nunnally and Bernstein (1994). Hence, the instrument is confirmed valid and reliable.

**Table 3: Construct Validity and Reliability**

	Cronbach Alpha	Composite Reliability	AVE	PC	EC	LMX
PC	0.881	0.931	0.730	<b>0.854</b>		
EC	0.897	0.938	0.628	0.111	<b>0.792</b>	
LMX	0.841	0.887	0.568	-0.017	0.131	<b>0.754</b>

*Note: AVE = Average Variance Extracted, PC = Psychological Contract, EC = Employee Commitment, LMX = Leader-Member Exchange. Diagonal elements are the square root of Average Variance Extracted (AVE) between the constructs and their measures. Off-diagonal elements are correlations between constructs*

Diagonal elements are the square root of Average Variance Extracted (AVE) between the constructs and their measures. Off-diagonal elements are correlations between constructs \_\_ To ensure discriminant validity, the square roots were calculated for the AVEs. This shows the extent that a construct is different from others. As observed in the model, the correlation between the square root values with other variables

values reveal that the square root values for each AVE is greater than the inter-construct correlations. Thus, indicating acceptable discriminant validity of all constructs (Fornell & Larcker, 1981).

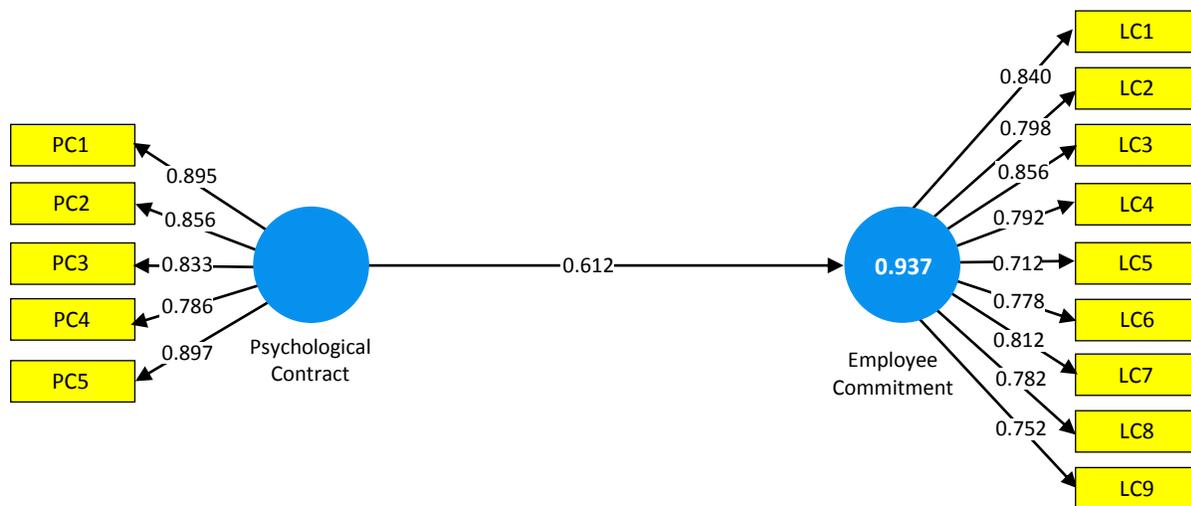
**4.2 Inferential Statistics Data Analysis**

The Partial Least Square - Structural Equation Modeling (PLS-SEM) was used in analyzing the inferential statistics in this study. This was carried out through the SmartPLS 3.2.7 software. This technique involves two steps (Ringle et al., 2015). First, an assessment of the measurement model, secondly, assessment of the structural model (see table 2 and figure 2).

**Test of Hypothesis one:** There is no significant relationship psychological contract and employee commitment

Figure 2 and table 4 below show the results from the first hypothesis. Figure 2 shows the results for both the structural model and the measurement model. The results indicate that the measurement model attained required criteria since all the factor loadings are above the acceptable threshold of 0.6. More importantly, the path coefficient shows a significant correlation value (0.968) (Henseler, Ringle, & Sarstedt, 2015).

**Figure 2: Structural and Measurement Model for Hypothesis One**



**Table 4: Results of Hypotheses Testing**

Hypothesis	Path coefficient	St. error	T. value	P. value	R <sup>2</sup>	R <sup>2</sup> Adj.	Q <sup>2</sup>	Decision
PC -> EC	0.612	0.087	7.225	0.001	0.646	0.642	0.312	Not Supported

**Note:** AVE = Average Variance Extracted. PC = Psychological Contract, EC = Employee Commitment, LMX = Leader-Member Exchange. Also, R<sup>2</sup>, 0.19 = Weak, R<sup>2</sup>, 0.33 = Moderate, R<sup>2</sup>, 0.67 = substantial (Cohen, 1988).

Source: SmartPLS 3.2.7 output on research data, 2020.

Moreover, the coefficients of determination value (R<sup>2</sup>) indicate a significant effect (0.646) of the psychological contract on employee commitment (Henseler, Ringle, & Sarstedt, 2015). This means psychological contract explains 64.6% of the variance of employee commitment. Thus, the model has a moderate predictive quality.

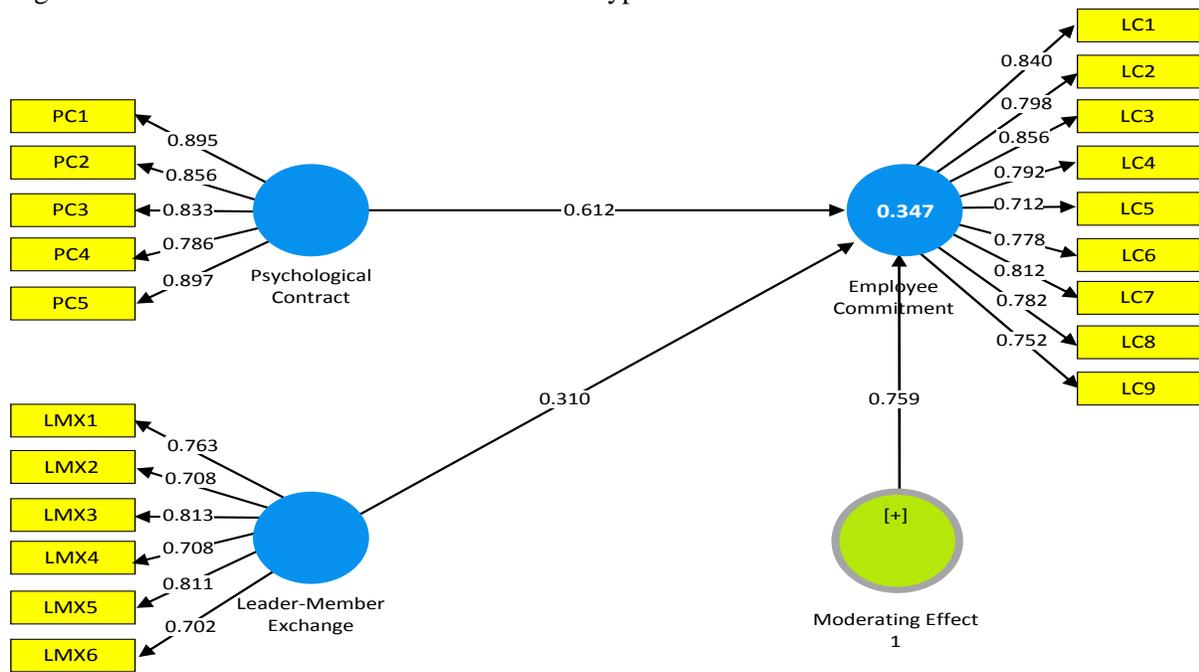
Similarly, an observation of the p-value shows a significant value (p < 0.05). In addition, the model's predictive relevance which is represented as Stone-Geisser's Q<sup>2</sup> value (Geisser, 1975; Stone, 1974) was observed through the Blindfolding procedure. The Q<sup>2</sup> value of 0.363 as shown in Table 4 implies that, the model has a predictive relevance (Hair et al., 2014, p. 183).

Therefore, the null hypothesis stating that, psychological contract does not significantly correlate with employee commitment was rejected.

**Test of Hypothesis Two:** Leader member exchange relationship does not moderate the relationship between psychological contract fulfillment and employee commitment.

To determine whether leader-member exchange moderates the relationship between psychological contract and employee commitment, the Product indicator approach (Hair, Hult, Ringle & Sarstedt, 2014, p. 267) was used. With this approach, Hair, et al., (2014) posited that researchers must initially expand their original model by including the moderator variable, draw a path to link the moderator variable to the dependent variable, and assign indicators to the newly added moderator variable. The next step is to include the interaction term which SmartPLS 3.2.7 (Ringle *et al.*, 2015) offers as an automatic option with the product indicators.

Figure 3: Structural and Measurement Model for Hypothesis Two



**Table 5: Results of Hypotheses Testing**

Hypotheses	Path coefficient	Beta	T. value	P. value	Decision
PC -> EC	0.612	0.721	0.875	0.001	Not Supported
Moderating effect 1 -> LMX	0.310	0.018	0.612	0.000	Not Supported

Note: PC = Psychological Contract, EC = Employee Commitment, LMX = Leader-Member Exchange. T-Statistics greater than 1.92 at 0.05 level of significance.

Source: SmartPLS 3.2.7 output on research data, 2020.

As shown in Figure 3, and based on the criteria by Hair et al. (2014), the moderating variable leader-member exchange (along with its indicators) used as a moderator in the newly created model, was linked structurally to the dependent variable, employee commitment. The results of the moderation effects of LMX on the relationship between PC and EC as shown in table 6, 1 -> LMX ( $\beta = 0.018$ ,  $t = 0.612$ ) is significant. This indicates that leader-member exchange does moderate the relationship between PC and EC.

#### 4.3 DISCUSSION OF FINDINGS

This study focused on the relationship between psychological contract and employee commitment of microfinance banks in Rivers State, Nigeria. Psychological contract fulfillment derives its theoretical foundation from the social exchange theory which is the base of social and work relationship in the work place. Over the years, PCF has been acknowledged as a precursor to employee commitment. However, this study proposed that, there is no significant relationship between PCF and employee commitment. The result however revealed otherwise.

The study's result shows that, there was positive and significant correlation between PCF and employee commitment. Hence, the hypothesis that, there is no significant relationship between PCF and employee commitment was rejected and its alternative accepted. This result is consistent with the submissions of past studies (e.g., Sobaih, Ibrahim, & Gabry, 2019; Liu, He, Jiang, Ji & Zhai, 2020). For example, Liu, et al (2020) examined the effects of psychological contract on workers' task performance and identification in China and found that, transactional contract fulfilling has significant effect on the workers' performance and organizational identification which leads to commitment.

Again, Bravo, Won and Chiu (2019) investigated the relationships between psychological contract, job satisfaction, commitment, and turnover intention among athletics coaches in the American collegiate system. Their result shows that, relational contract has positive effects on job satisfaction and affective commitment. However, Bravo, Won and Chiu (2019), also found that, transactional contract has a negative influence on affective commitment.

Furthermore, this study reveals that, leader-member exchange moderate (LMX) the relationship between psychological contract and employee commitment. The moderating role of LMX has been investigated by Simon, Prashant, Robert and Scott (2010), who found that LMX significantly moderate the relationship between PCF and employee performance in Britain.

#### 5. CONCLUSION AND RECOMMENDATIONS

The findings of this study show that psychological contract fulfillment is associated with high levels of employee commitment. This implies that, the employees attached great importance to psychological contracts, therefore when management fulfills psychological contract, the employees see it as being respected, appreciated and valued. Hence, they reciprocate the management gesture by putting in more efforts in their work which results in higher commitment.

Also, the study reveals that, leader-member exchange positively moderates the relationship between psychological contract and employee commitment. This clearly shows the importance of supervisor-employee relationships in understanding human responses to breach, possibly because a breach by the management may signal to the employee that the management does not respect his/her rights. On the other hand, a fulfillment of psychological contracts may signal to the employee that he or she is accepted and valued. Hence, commitment will come naturally.

Thus, this study recommends that;

First, the management should endeavor to fulfill psychological contracts with the employees by showing respect to their employees. This will make the employees feel being valued and will boost positive attitudes and behavior including commitment, satisfaction and trust.

Secondly, the management of the banks should ensure high level of leader-member exchange by recognizing the problems encountered by the employees and helping to solve the problems. This will ensure employee commitment in the firms.

#### REFERENCES

- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the Academy of Marketing Science*, 16, 74–94.
- Bravo, G. A., Won, D., & Chiu, W. (2019). Psychological contract, job satisfaction, commitment, and turnover intention: Exploring the moderating role of psychological contract breach in National Collegiate Athletic Association coaches. *International Journal of Sports Science and Coaching*, 14(3), 273–284.

- Brian, P. M., & Jeryl, L. S. (2002). Dimensionality of Cook and Wall's (1980) *British organizational commitment scale revisited*. 75(3), 369–375.
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences*. Hillsdale, NJ: Lawrence Erlbaum.
- Cook, J., & Wall, T. (1980). New work attitude measures of trust, organizational commitment and personal need non-fulfilment. *Journal of Occupational Psychology*, 53, 39–52.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18, 39–50.
- Geisser, S. (1975). The predictive sample reuse method with applications. *Journal of the American Statistical Association*, 70, 320–328.
- Golafshani, N. (2003). Understanding reliability and validity in qualitative research. *The Qualitative Report*, 8(4), 597-606.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2014). *A primer on partial least squares structural equation modeling (PLS-SEM)*. Thousand Oaks, CA: SAGE.
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modeling (PLS-SEM)*, (2nd ed.). Thousand Oakes, CA: Sage.
- Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the Academic Marketing Science*, 43, 115–135.
- Levin, K. A. (2006). Study design III: Cross-sectional studies. *Evidence-based Dentistry*, 7(1), 24–25.
- Liu, W., He, C., Jiang, Y., Ji, R., & Zhai, X. (2020). Effect of gig workers a psychological contract fulfillment on their task performance in a sharing economy: A perspective from the mediation of organizational identification and the moderation of length of service. *International Journal of Environmental Research and Public Health*, 17(7), 2208–2248.
- Nunnally, J. C. & Bernstein, I. H. (1994). *Psychometric theory* (3rd ed.). New York: McGraw Hill.
- Nunnally, J. C. (1978). *Psychometric theory* (2nd ed.). New York, NY: McGraw-Hill.
- Onwuegbuzie, A. J., & Collins, K. M. (2007). A typology of mixed methods sampling designs in social science research. *The Qualitative Report*, 12(2), 281-316.
- Simon, L. D., Prashant, B., Robert, L. T., & Scott, A. K. (2010). Investigating the moderating effects of leader–member exchange in the psychological contract breach–employee performance relationship: A test of two competing perspectives. *British Journal of Management*, 21(2), 422–437.
- Sobaih, A. E. E., Ibrahim, Y., & Gabry, G. (2019). Unlocking the black box: Psychological contract fulfillment as a mediator between HRM practices and job performance. *Tourism Management Perspective*, 30, 171–181.
- Stone, M. (1974). Cross validatory choice and assessment of statistical predictions. *Journal of the Royal Statistical Society*, 36, 111–147.
- Tabachnick, B. G. & Fidell, L. S. (2001). *Using multivariate statistics* (4th edn). New York: HarperCollins.
- Tekleab, A. G., & Taylor, M. S. (2003). Aren't there two parties in an employment relationship? Antecedents and consequences of organization-employee agreement on contract obligations and violations. *Journal of Organizational Behavior*, 24, 585-608.
- Worthington, D. L., & Bodie, G. D. (2017). *The sourcebook of listening research* (Methodology and Measures) Leader-Member Exchange 7 Questionnaire (LMX-7). 1, 354–360.

**APPENDIX 1**

QUESTIONNAIRE ON: PSYCHOLOGICAL CONTRACT, LEADER-MEMBER EXCHANGE AND  
EMPLOYEE COMMITMENT

**Section A**

**Personal Data:**

1. Name of organization.....
2. Gender: Male  Female
3. Age: 20-35  36-50  51 Above
4. Marital status: Single  Married
5. Educational Qualification: WAEC/OND/NCE  HND/B.Sc.  Masters and Above
6. Position in the organization .....
7. Your organization's years in operation: 0-5  6-10  11 and Above

**Section B**

**Indicate the extent to which you agree or disagree that reflects the situation in your organization:**

**B. Psychological Contract (PC) Construct**

Please tick one choice for each of the following statements.

(1 = strongly disagree, 2 = disagree, 3 = nor disagree nor agree, 4 =agree, 5 = strongly agree)

S/N	Psychological Contract	5	4	3	2	1
1	My bank has done a good job of meeting its obligations to me (Reversed)					
2	My bank has repeatedly failed to meet its obligations to me					
3	My bank has fulfilled the most important obligations to me (Reversed)					
4	I have done a good job of meeting my obligations to my bank (Reversed)					
5	I have fulfilled the most important obligations to my bank (Reversed)					

**C. Employee Commitment (EC) Construct**

Please tick one choice for each of the following statements.

(1 = strongly disagree, 2 = disagree, 3 = nor disagree nor agree, 4 =agree, 5 = strongly agree)

S/N	Employee Commitment	5	4	3	2	1
1	I am quite proud to be able to tell people who it is I work for					
2	I sometimes feel like leaving this employment for good (R)					
3	I am not willing to put myself out just to help the organization (R)					
4	Even if the firm were not doing too well financially, I would be reluctant to change to another employer					
5	I feel myself to be part of the organization					
6	In my work I like to feel I am making some effort, not just for myself but for the organization as well					
7	The offer of a bit more money with another employer would not seriously make me think of changing my job					
8	I would not recommend a close friend to join our staff (R)					
9	To know that my own work had made a contribution to the good of the organization would please me					

**d. Leader-Member Exchange (LMX) Construct**

Please tick one choice for each of the following statements.

(1 = strongly disagree, 2 = disagree, 3 = nor disagree nor agree, 4 =agree, 5 = strongly agree)

<b>S/N</b>	<b>Leader-Member Exchange</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
1	I know where I stand with my leader (follower) and do know how satisfied my leader (follower) is with what I do					
2	My leader (follower) understands my job problems and needs					
3	My leader (follower) recognizes my potential					
4	Regardless of how much formal authority my leader (follower) has built into his or her position, he/she will still use his or her power to help me solve problems in my work					
5	Regardless of the amount of formal authority my leader (follower) has, there are chances that he or she would me out at his or her expense					
6	I have enough confidence in my leader (follower) that I would defend and justify his or her decision if he or she were not present to do so					

**We really appreciate you for your cooperation.**

**Population Distribution**

<b>S/N</b>	<b>Microfinance Banks</b>	<b>Managers</b>	<b>Employees</b>	<b>Total</b>
1	U&C Microfinance Bank Limited	5	16	21
2	Napoli-UST Microfinance Bank Limited	3	13	16
3	Garden City Microfinance Bank Limited	5	14	19
4	Okwuta Microfinance Bank Limited	3	12	15
5	Maxi trust Microfinance Bank Limited	4	13	17
6	Akpor-Coe Microfinance Bank Limited	5	13	18
<b>Total</b>				<b>106</b>

**Source:** Human Resource Departments of the Microfinance Banks, 2020.