

How Transformational Leadership Fulfills Psychological Contract for Reinforcing Better Performance: A Thai Case Study

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Abstract

This study explores how psychological contract mediates the relationship between transformational leadership (TFL) and performance to see how far these concepts, widely studied in the western context, are applicable in a non-western context. This study utilized a mixed-methodology case study based on a market-leading company in the consumer-electronics business in Thailand. There are 282 samples for quantitative data collection and utilize the three-equation approach to test the mediating effect. There are 55 participants for qualitative data, and thematic analysis was used. To explain the process, this research found three themes, feeling valued, the family atmosphere, and needing to repay the company's kindness. They need managers with TFL qualities to make them happen. This study reveals three insightful understandings of the concepts. Firstly, the distinction between transactional and relational elements of psychological contact is only apparent at the conceptual level, while in practice, they coincide. Secondly, job satisfaction contributes to organizational commitment. Lastly, the relational psychological contract reinforces the feeling of being overwhelmed by the company's kindness making employees want to work for the company until retirement.

Keywords: Transformational leadership, Psychological contract, Mixed-methodology, Thai, Case study

Introduction

The psychological contract is a concept that has been used gradually to study the aspect of the employment relationship (Guest & Gonway, 2002; Lee et al., 2011; Turnley et al., 2003; Zhao et al., 2007). A driver concerning the interest in the psychological contract is that its consequences are more strongly associated with attitudes and behavior than the employment contract (Guest, 2004; Robinson & Rousseau, 1994; Zhao et al., 2007).

This study focuses on TFL because it has a value-added concept of how leaders support follower development and motivation, responding to working atmosphere's requirements. This wherein people want to be empowered and challenged to achieve their career potential. In this

way, TFL may relate to psychological contracts and bring about better performance, which this study aims to explore.

Moreover, TFL is an American concept widely investigated in western culture, emphasizing individualism. Some researchers (Antonakis et al., 2003; Shamir & Howell, 1999) have speculated that TFL is likely to have 'contextual led' limitations, which need adjustments and fine-tuning when applied to a different context. With this awareness in mind, this study uses the dominant TFL concept to explore how valid the concept is when applied to a non-western culture that focuses on collectivism. Moreover, evidence from psychological contract research show that human resource management practices may differ across contexts depending on the situation, sending various signals about the relationship between the employee and the organization (Kutaula et al., 2020). Hofstede (1980) suggested that the difference between individualism and collectivism is related to the different ways of living together, which affect personality, day-to-day behavior, and thinking. In being aware of the context that TFL takes place in influencing the effectiveness of TFL, this study takes account of the Thai context, representing collectivism, for its in-depth analysis. In Thai context, one of the first five reasons people resign from work is the not-so-good relationship between them and their managers. This is the evidence to indicate that the working context of Thai is collectivist. Therefore, we are curious that in collectivist culture, TFL enhances the psychological contract binding together between employees and employers and regulates the behavior of both parties leading to the possible achievement of organizational goals.

Literature review

Transformational leadership (TFL)

Bass (1985) expanded charismatic leadership based on the initial concepts of House (1976) and Burns (1978). House's concept of charismatic leadership focuses on the leaders acting as strong role models for the values and beliefs they want their followers to adopt and articulate ideological goals regarding morale. For instance, followers always need advice and decision-making from their leaders. Bass (1985) explained that charismatic leadership has many elements and is a necessary condition in common with TFL but is not an adequate construct to form TFL. TFL involves employee empowerment, not dependence (Bass & Riggio, 2006; Levay, 2010; Yukl, 1999; Waldman et al., 2006). Consider that the more successful leaders are in empowering and developing their followers, the less dependent the followers will be on their leaders for future advice and inspiration. However, some authors (Jackson et al., 2013; Shamir et al., 1993) diminish the differences between charismatic and transformational leadership by viewing the two approaches as equivalent. This study views these two leaderships as different concepts. That is because TFL involves change (Levay 2010). However, charismatic leadership may not, in an individual, team, or organization, which may lead to the intervention of psychological contract that this study aims to explore.

TFL construct

Bass (1985) conceptualized four constructs of TFL. Firstly, 'idealized influence' refers to the leaders performing in a way that lets them serve as role models for their subordinates. In this way, idealized influence closely relates to charismatic leadership (Anderson & Sun, 2017; Antonakis et al., 2011). Secondly, ' inspirational motivation' involves the leaders motivating their subordinates to participate in envisioning attractive future states of the team and organization. Thirdly, 'intellectual stimulation' refers to leaders challenging their subordinates' beliefs and values in order to advance new ideas which enable innovation or create new ways of solving problems. Lastly, 'individualized consideration' refers the leaders demonstrating acceptance of individual differences and needs for achievement. These components are how the leaders develop their subordinates and may relate to psychological contracts, which this study attempts to explore.

This research focuses on exploring TFL overall-rather than each component of TFL separately. That is because, in essence, many studies on TFL have reported that when leaders are perceived to exhibit one TFL component, they are likely to rank high on the others, too (Den Hartog et al., 1997; Geyer & Steyrer, 1998).

TFL definition

Many studies on TFL have not provided a TFL definition but have discussed the concept based on Bass. Bass (1985, p. 20) summarized the TFL concept as follows:

“To sum up, we see the transformational leader as one who motivates us to do more than we originally expected to do. This original performance expectation is based on our original level of confidence in reaching desired, designated outcomes using our performance.”

This study argues that this TFL definition needs to be narrower and more diffuse. This study focused on TFL because it has the value-added concept of employee development and is a well-known phrase that may be connected to psychological contracts. This study defines TFL as:

“leader who develops his/her followers beyond their immediate self- interest in an attempt to support them to achieve not only their goals but also team and organization goals”

With this definition, this study narrows TFL into its value- added concept, employee development, and links TFL to performance, team and organizational goals, rather than only individual performance.

Psychological contract

The psychological contract relates to expectations that party expects the other party to perform in ways that fulfill mutual expectations (Guest, 1998; Robinson et al., 1994; Rousseau, 1998a). If one party performs to fulfill the expectations of the other party, the other is satisfied with its fulfillment. Consequently, the relationship between the two parties is optimists. In contrast, if one party does not fulfill the expectations, their relationship is likely to be negative, as it “breaks the contract” (Briner, 2000; Hallier & Lyon, 1996). This study argues that this concept is similar to a legal employment contract.

Schein (1988) explained that the psychological contract implies that each member of an organization has several expectations of their managers, who are perceived as acting on behalf of the organization. It implies that the managers have various expectations of each organization member. These expectation sets are not written down in any formal agreement between organization and employee, like the employment contract is, but are based on mutually implicit perceptions between the two parties, the employer and employee, implied but not necessarily expressed. This study argues that although a psychological contract is unwritten, it needs to be expressed through verbal expectation, whereby employers and employees know expectations of each other. These expectations comprise the perception that at least to some extent, an individual’s effort will result in a desired outcome (Vroom et al., 2006).

A psychological contract conveys a “personification” of the organization itself (Rousseau, 1998a). It is a “mutual obligation” in which the organization is assumed to hold the contract, and the employees view its performance through agents of the organization such as managers. Therefore, this study argues that a psychological contract is an inherent relationship between three parties, not two. The organization is not a person. Therefore, it cannot perceive any feeling perform any behavior. However, management representatives such as senior managers and managers are representing the organization and can engender such a contract in terms of their response to the individual’s attitudes, feelings, and behavior. Consequently, managers on behalf of the organization can enhance the psychological contract. Therefore, management can create, fulfill, and violate the contract. This study argues that the psychological contract is not a legal contract forced between two parties. It reflects the inherent relationship between three parties, not two.

A psychological contract comprises two parts (Macneil, 1985). Firstly, a transactional contract refers to an economic transaction between parties such as pay for attendance, over a specific period with a narrow scope (Rousseau, 1990). Secondly, the relational contract refers to a subjective understanding between parties, a broader and more open-ended agreement. It is concerned with the exchange of rewards that involve value-based socio-emotional factors, for instance, the exchange of performance for promotion. A relational contract positively relates to trust and commitment (Rousseau, 1998b). Trust and commitment are essential elements of the relational part of the psychological contract (Rousseau, 1989). Consequently, such a contract supports establishing and maintaining long-term relationships (Robinson et al., 1994; Rousseau, 1990; Herrera & Heras-Rosas, 2021). A leader’s trust in followers is essential to support a high-quality leader-subordinate relationship (Boytzis et al., 2006; Cunliffe & Eriksen,

2011). Mixed-methodology research indicates that increased trust correlates to decreased turnover intentions (Ladegard & Gjerde, 2014). This can be interpreted as an indicator of the relational element of the psychological contract is the key to a successful employment relationship, particularly a long-term one, which this research aims to explore it.

The relationship between TFL and the psychological contract has not been studied extensively. This might be because the psychological contract is somewhat subjective and encompasses the complicated perceptions of two parties, the employee and employer. Most research investigating the association between TFL and the psychological contract has emphasized only the employee's perspective and overlooked the employer's viewpoint. This research explored how TFL relates to fulfilling the psychological contract from both the employer and employee perspectives in the Thai context. Much research has also emphasized violations or breaches of the psychological contract. This might be because people are more likely to talk about negative things, making collecting data on psychological contract violations and negative consequences. However, this study balanced negative comments by focusing on positive comments and positive consequences.

This research defined psychological contract according to its general definition, which is:

“an individual’s belief in reciprocal obligations between employee and employer which gives rise to the interpretation of promises.”

Performance

Arnold and Randall (2016) pointed out that there is no perfect indicator for measuring leadership effectiveness. They proposed that the performance of the leader's workgroup or organization is possibly the best indicator and has been measured the most. This might be because this measure reflects the actual performance of leaders considering the factors and people they interact with. This current research emphasized 'team performance' in determining leader effectiveness, because there are less uncontrollable factors in comparing to organization performance. For instance, the employment market may affect turnover rates, which would indicating organizational but not team performance.

Research framework

Base on the theoretical concept, and the concrete empirical evidence for a positive relationship between TFL, psychological contract and team performance, the research framework of this study shown in Figure 1.

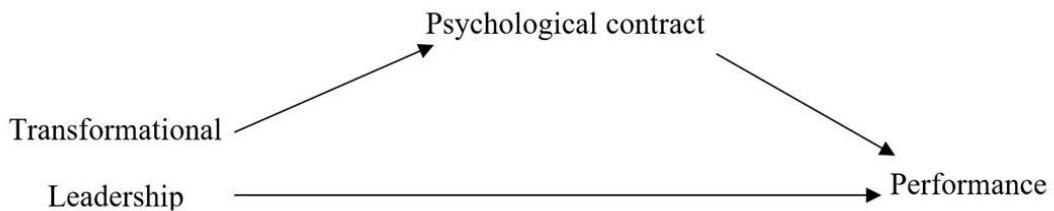


Figure 1 Research framework

The quantitative research of this study will test the following hypothesis:

H1: Psychological contract mediates the association between TFL and team performance.

In qualitative research, this study attempts to answer a research question: How does a psychological contract mediates the relationship between TFL and a psychological contract?

Methodology

This study is mixed-methodology research with a convergent case study technique to gain insight into the 'holistic view of a process' (Gummesson, 2000) of how TFL relates psychological contracts and performance. Besides, this involves combining the quantitative and qualitative findings to confirm consistency. This research first utilized a quantitative methodology, using a questionnaire survey with a 5-Likert scale, to test the hypothesis to be confident that our research framework is fit before deeply exploring how they connect using the qualitative method. The survey also supported identifying interesting profiles, and outliers for further exploration in the qualitative research. So, this suggested who should be invited for an interview for more information at the individual level. At this stage, this study applied semi-structured interviews to explore how the concepts were thought to be linked. A time lag was applied to collect the quantitative and qualitative data to decrease the possibility of self-report bias (Teddlie & Tashakkori, 2009). To apply the time lag, the interviews with the outliers were conducted three weeks after the quantitative data collection.

Data collection

This study selected a market-leading company in the consumer-electronics business in Thailand as a case study. That is because consumer-electronics devices are based on technology that never stops improving, rapidly and intensely continuing to serve the customer demand for innovations that serve convenient life. Therefore, the consumer-electronics business is an excellent platform to see how a value-added concept of TFL develops in this context.

This study used purposive sampling because the characteristics of each sample group were defined. Besides, to eradicate the influence of same-source bias, this study collected data from multiple sources (Podsakoff & Organ, 1986) by including two sample groups, subordinate and manager. Two sample groups hold a permanent employment status and have passed their

probation period. The samples from the subordinate group consisted of employees who worked below an assistant manager position. The samples from the manager group were respondents in two positions, either assistant manager or manager.

In quantitative research, the questionnaires were separated into 282 employees across all departments in the selected company, accounting for 94.31% of the 299 permanent employees. However, only 244 respondents, 213 subordinates (87.3%) and 31 managers (12.7%), were eligible for the analysis, accounting for 81.61% of overall permanent employees. To select the participants for interview, this study applied multiple criteria including gender, age, education, position level, and service year. Since qualitative research is often inductive, an appropriate sample can only be pre-determined once it identifies some candidate phenomenon that it aims to study (Silverman, 2011). As a result, when the data was saturated, more data was not requested, then the interview was stopped (Gioia et al, 2013; Silverman, 2013). Therefore, this study consisted of interviews with 55 participants (22.54%) of eligible questionnaires from two sample groups, including 48 subordinates and 7 managers.

Apart from semi-structured interview as an effective method for data collection of qualitative research, this study also applied two more methods for data collection to have a clear picture of what the interviewees had said. Firstly, it adopted the role of observer, becoming a research participant. The researcher appeared to be working just like any other employee. This helped us observe the different roles and interactions between managers and employees in real-life situations. Doing this, 'rigorous criteria' (Silverman, 2013) were met because the data from observation can be used to validate and interpret the interview data and confirm what the participants do rather than what they claim to do (Mintzberg, 1979). Secondly, documentary analysis was utilized to enrich the understanding of the company's history and situation. Both official and unofficial documents were used for analysis. Official documents were the company profile, annual reports, employee handbook, manpower report, turnover records, training documents, and the rules and regulations of the organization. Unofficial documents consisted of leaflets attached to boards in the company.

Measurements

There were two sets of questionnaires, one for each sample group. To measure TFL, this research adopted the Transformational Leadership Behavior Inventory (TLI) developed by Podsakoff and colleagues (1990). TLI consists of 22 items measuring six major behavior: articulating a vision, providing an appropriate model, fostering the acceptance of group goals, setting high performance expectations, providing intellectual stimulation, and providing individualized support. These dimensions associated with the four components of the TFL concept.

To measure psychological contract, this study adapted two instruments. The first is the psychological contracts fulfillment developed by Robinson and colleagues (1994). This instrument looks at the employee and employer fulfillment of the psychological contract's transactional and relational elements. Eight items address the perceived 'employee obligation', asking to what extent the employee has made an obligation to the employer. The other seven

items cover the perceived 'employer obligation', asking to what extent the employer has made an obligation to the employees. The second instrument for measuring the psychological contract is the psychological contract fulfillment developed by Rousseau and Tijoriwala (1998). This instrument comprises four items asking respondents about their perceptions of overall employer and employee fulfillment.

This study used the eight dimensions of team performance developed by Barrick and colleagues (1998). The eight items comprise of knowledge of tasks, the quantity of work, quality of work, interpersonal skills, initiative, planning and allocation, team commitment, and overall team performance.

Data analysis

The three-equation approach recommended by Baron and Kenny (1986) was utilized in quantitative research to test the mediating effect. While testing the hypothesis, there are six control variables: gender, age, educational level, organizational tenure, team tenure, and position level.

This study applied a 'thematic analysis' approach for analyzing the qualitative data because this approach allows the theme to be generated 'deductively' from theory, making it 'theory driven', and it can also be generated 'inductively' from the raw data, making it also 'data driven' (Boyatzis, 1998). As a result, the thematic analysis supports understanding in phenomena in both the scope of theoretical dimensions and a conceptual sense (Czarniawska, 2013).

Quantitative research findings

The hypothesis was tested following the three-equation approach (Baron & Kenny, 1986). In Table 1, the result from the first step of simple regression analysis shows that TFL predicts psychological contract, path a, ($\beta = 0.28$, $p < .001$, BCa CI [0.18, 0.39]). The second step is to determine the direct effect that TFL is significantly related to team performance, path c, ($\beta = 0.07$, $p < .05$, BCa CI [0.01, 0.12]). The third step is to do a hierarchical regression analysis of TFL and psychological contracts associated with team performance (path c'). Perfect mediation is supported when the relationship between the independent and dependent variables is insignificant once the mediator variable is controlled (Baron & Kenny, 1986). Additionally, the R^2 values of the model without and with the mediator, psychological contract, $R^2 = 0.032$ and $R^2 = 0.520$, respectively indicate that in the model without the mediator, the independent variable, TFL, can account for only 3.2% of the variation in the dependent variable, team performance. In the model with the mediator, on the other hand, the model can account for 52% of the variation in team performance. Therefore, the prediction power increases by 48.8%. This means that psychological contract improves the prediction of team performance significantly. Therefore, this evidence supports the hypothesis.

Table 1 Coefficients of psychological contract

Antecedent	Consequent							
	Psychological contract				Team Performance			
	Coeff.	SE	p		Coeff.	SE	p	
TFL	a	0.28	0.53	<0.001	c	0.07	0.03	<0.05
Psychological contract	—	—	—	—	b	0.36	0.03	<0.001
Constant	i ₁	44.16	4.26	<0.001	i ₂	9.94	1.90	<0.001
Model without mediator				Model with mediator				
R ² = 0.032				R ² = 0.520				
F(1,181) = 5.985, p = 0.015				F(1,180) = 183.110, p<0.001				

Qualitative research findings

The qualitative research found three significant themes explaining how psychological contract mediates the relationship between TFL and performance that this study aims to explore. Those themes are feeling valued, a family atmosphere, and the need to repay the company's kindness.

Feeling valued

Most participants, 80%, discussed that the company provided them with a salary as mutually agreed. Nearly half, 45% of those participants, explained that the company also provided them with welfare schemes beyond those required by labor legislation; for example, home loan welfare, an educational fund for employees' children, and cooperate savings. These benefits involve extrinsic rewards and transactional elements of the psychological contract because they can be calculated in numbers. These participants described that they felt valued because such extra-curricular benefits provided by the company contributed to their perception that the company cared about their well-being, leading to an increased willingness to work for the company. Interestingly, this suggests that extrinsic rewards are likely to contribute not only to the transactional element of the psychological contract but also to the relational element of the contract resulting in increased performance as the company expects:

“I could buy my house because of the welfare here. If I did not work here, I am still determining whether I could buy a house. I did not pay my son’s tuition fee because the company paid it for him. The company gives us that much; why can we not give back to the company.” (an accountant)

Thirty percent of participants explained that they expected self-development and career progress. They described that their managers, as the company's agents, supported them in achieving these expectations by addressing knowledge shortages and enhancing their skills. Consequently, they were willing to dedicate themselves to working for the company in return. This suggests that leaders with a TFL quality, individualized consideration, will realize each subordinate's expectations and try to fulfill them. This also reflects that human resource practices, such as training and career path help, can fulfill employees' expectations, leading to increased performance. This finding supports Guest's (1998) proposed model that human resource practices are potential antecedents in reinforcing the psychological contract:

“[the company name] gives me everything in my life. She [the manager] provides useful education to me. I was promoted from PC [product consultant] to promoter, and now I am a PC leader. I dedicate myself to work every day, and I want to be a role model for the next generation. I feel valued for my contributions.” (a retail and development supervisor)

Most participants, 75%, explained that their managers offered opportunities for them to learn challenging jobs, resulting in happiness in their work. This suggests that the managers can reinforce the relational part of the psychological contract by offering learning opportunities to the employees in line with their expectations, and this results in work dedication. Interestingly, providing meaningful and challenging jobs can also imply 'trust' from the managers to the employees, leading to employees who are likely to 'feel valued' and want to dedicate themselves to their work. This reflects that a TFL quality, intellectual stimulation, enhances the relational part of the psychological contract resulting in increased performance that meets the managers' expectations:

“He [the manager] offers me more responsibilities gradually. He always gives me new challenges, which I've never done. It feels good that he believes in me particularly because I know that my work impacts the company. This helps me want to come to work and dedicate myself to work.” (an IT senior officer)

Most participants, 82%, talked about the concept of reciprocation. Sixty-five percent of that 82% described that they feel valued because their managers recognize their contributions and reciprocate with rewards, fulfilling mutual expectations. This reciprocation results in better performance through, for example, a decline in absenteeism, lateness, and turnover:

“Naturally, everyone wants to feel valued. To fulfill personal expectations is a way to support feeling valued. If they feel valued, they will trust and be proud of themselves. Then we will get sincerity and dedication to work” (a financing and accounting manager)

Family atmosphere

Most participants, 78%, discussed their commitment to colleagues. Forty-two percent of 78% used the metaphor ‘family’ to explain that people in the company worked as family members who were friendly and willing to help and motivate each other rather than compete. Twelve percent of that 42% also used the metaphor ‘home’ to explain the climate in the workplace, where they were happy to work and live. All of these participants explained that the family atmosphere encouraged them to come to work and help their colleagues:

“When I wanted to go [resign], I looked back to my colleagues. I knew that I could help them to achieve our targets. I am happy with the friendship they give me. It is because of the love I’ve received from my colleagues that makes me stay [work] here for more than ten years.” (a call center assistant manager)

Interestingly, this extract suggests that the working atmosphere is another reason for employees to consider if they want to go or stay with the company. A good working atmosphere is likely to support people feeling happy to work and encourage them to stay with the company. Therefore, the working atmosphere can fulfill the psychological contract, particularly the relational element of the contract.

The feeling of repaying the kindness of the company

Thirty-six percent of the participants described that the company gave them much more than expected, leading to overwhelmingly positive feelings toward the company. The majority, 78% of that 36% of participants, commonly said they wanted to work for the company until retirement to return its kindness. This reflects that the relational element of the psychological contract relates to organizational commitment:

“The founder [of the company] sent me to study at the Technical Skill Development Institute. At that time, I was a van boy. I got a salary while studying full-time for nearly two years. Now, I am the engineer I dreamed of being. I always feel so overwhelmed by the company’s kindness. I intend to

work here until retirement. It is good to repay the company's kindness. " (a service engineer)

Some participants, 24%, indicated that repaying kindness is a distinctive characteristic of Thai people. They described that the company provided them with kindness, and they wanted to repay it, especially by working for the company until retirement. A used the metaphor "a drop of water" to reflect this sentiment:

"The company treats me as if I am a member of their family, not an employee. When I was an engineer, at that time, I had around two years of service, I had severe pain from kidney stones. [The Chairperson and her siblings' names] treated me very well. They contacted an expert doctor to heal me. Many situations in my memories make me feel good about the company. I am Thai. ... Even a little help I got is like only "a drop of water"; I have never forgotten it the whole of my life. " (a technical solution manager)

This reflects the powerful friendship and relationship between the Chairperson, her family, and the employee they know personally. The relationship also reflects the strong family link; employees are treated as family members. This evidence suggests that senior management can more powerfully reinforce the psychological contract, particularly the relational part.

Discussion

Theory contribution

This mixed-methodology case study, which took place in Thai culture, a strongly collectivist society, expected a more significant emotional and relational dependence between organizational members. In support of this, the research participants revealed three significant insights contributing to the concepts this research aims to explore.

The first insight drawing from the empirical findings, this research suggests that the distinction between the transactional and relational elements of psychological contact is only apparent at the conceptual level, whereas in practice, they coincide. For example, "promotion" is one of the employees' expectations, which usually implies a salary increase relating to the contract's transactional elements. However, the promotion also implies a better quality of life and personal career progression, which relate to the relational part of the contract. In short, promoting an employee fulfills the psychological contract, but it cannot identify exactly which element of the contract is fulfilled. Therefore, this finding has challenged Macneil's (1985) concept proposed that transactional and relational elements of the psychological contract are distinctive.

In addition, Rousseau (1990); Chaudhry and colleagues (2011) proposed that the relational strongly influences the psychological contract than the transactional counterpart. Moreover, the relational element is more likely to establish and maintain a long-term relationship than the transactional one (Rousseau, 1990), mainly when it focuses on a manager or peer group (Robinson et al., 1994). However, Macneil (1985) explained that an excellent transactional contract consolidates the relational part of the psychological contract. The empirical evidence of this study suggests that if the company does not fulfill the transactional expectations, the relationship between the employee and employer becomes eroded. This means that, at a basic level, transactional expectations need to be fulfilled. Everyone needs to be paid to live, meet basic needs, and retain a way of life. People are more likely to leave if they cannot sustain themselves. Alternatively, if the company fulfills the transactional expectations, the employees tend to feel better cared for, because their expectations of an economic transaction are not ignored. This feeling relates to the relational part of the psychological contract. For example, offering family welfare, which relates to the transactional element of the psychological contract, is likely to contribute to the employees' feeling that the company cares about their well-being and their family. This relates to organizational commitment, which is an integral part of the relational element of the psychological contract (Rousseau, 1989). Therefore, this study argues that the transactional element is not less important than the relational counterpart, and the relational element is not somehow morally superior to the transactional counterpart. Besides, this study agrees that the transactional element of the psychological contract can lead to its relational counterpart, particularly in this case, working until retirement.

The second insight, the data of this study, showed that workplace relationships could be divided into two types. Firstly, the relationship between manager and subordinate is critical for managers to build trust with their employees. The empirical findings show that managers can engender trust; for example, by transferring knowledge, providing challenging jobs, and providing autonomy with mentoring. Employees who have trust their managers and organization are more likely to have a higher commitment than those who do not trust. Secondly, the relationships among colleagues are reinforced by a climate of motivation, encouragement, and willingness to help each other rather than a competitive climate. The empirical data of this study suggest that relationships among colleagues are meaningful because they reinforce the commitment to colleagues, which is likely to support commitment to the organization and to increase performance as the company expects. How the workplace emphasizes friendliness could be called the organizational culture. The words 'family' and 'home' used metaphorically by the participants can reflect the organizational culture of a friendly atmosphere. Guest (1998) proposed that organizational culture is a potential antecedent in developing the psychological contract. Therefore, these empirical findings offer a complete understanding that the organizational culture of friendship climate contributes to developing the relational part of the psychological contract.

The third insight is that the feeling overwhelmed by the company's kindness reinforces the relational part of the psychological contract. No academic paper proposes this concept in

the cumulative literature on psychological contracts. It may be because this kind of feeling is unique to Thai culture, as the participants explained. This feeling arises from the employees' perception that they have received opportunities far beyond their initial expectations, leading to feeling overwhelmed by the company's kindness. This feeling makes them want to work for the company, particularly to work until retirement. In this way, Thai culture also reinforces lifetime commitment to the organization, as long as the workplace remains desirable. It is reasonable to assume that increased commitment will likely result in an increased relational part of the psychological contract. In the Thai context, the empirical evidence from this study, shows this association. The feeling of being overwhelmed by the company's kindness could be explained by normative commitment. Meyer and Allen (1991) explained that normative commitment reflects feeling obligated to maintain employment with an organization. The normative commitment may develop when an organization offers employees 'rewards in advance', such as higher level support education. This may create an imbalance in the relationship between employee and employer and cause the employees to feel obligated to reciprocate by committing themselves to the organization (Meyer & Allen, 1991). Therefore, it is significant to note that the feeling of needing to repay kindness, which is here found to be unique to the Thai context, is likely to contribute to the relational element of the psychological contract.

Practical contribution

This study's empirical evidence reflects senior management's decisive role in reinforcing the relational element of the psychological contract. This finding offers practitioners helpful guidance; senior management can powerfully reinforce the relational psychological contract by coming closer to the employees by applying MBWA (Management by Walking Around) and listening to employees. Senior management is likely to have a more powerful effect on reinforcing trust and loyalty than managers. One reason to explain this is that the relationship between employees and managers is close, involving day- to- day interactions. In contrast, the senior management has a distant relationship with the employees, interacting through their vision and stories about senior management (Waldman & Yammarino, 1999). Once the senior management comes closer to employees, they are likely to contribute a closer relationship and make employees feel more cared for. This can contribute powerfully to organizational commitment. Surprisingly, Thomas and colleagues (2010) found that in only a few organizations, senior management creates a close relationship with employees.

Although this research is a case study exploring how the psychological contract mediates the relationship between TFL and performance in Thai, the researcher believes this research is generalizable to other contexts, particularly cultures that emphasize friendship. This case study reflects the power of friendship and relationships, which contribute to trust and loyalty. This resulted in employees who desire to dedicate themselves to the company until their retirement. This Thai case study strongly suggests that a 'personal relationship' is much more powerful for reinforcing the relational element of the psychological contract than a 'professional relationship'. Every organization can do this, not only in Thai organizations,

because it requires transformational leaders who can do great things to create and develop a ‘personal relationship’, resulting in cooperation, trust and loyalty in return. Consequently, a strong personal relationship in the workplace makes the organization stronger. Every company welcomes people whom it trusts to work there, but it is up to transformational leaders to keep the personal relationship continuing. This helps identify a new distinct leader behavior that should be integrated into “a new full-range leadership style” (Anderson & Son, 2017). This research can be linked to other contexts in the way that the values of friendship and good employer-employee relationships can be replicated elsewhere. The combined empirical evidence suggests that TFL involves the aspects outlined here, which are not Thai-specific.

Future research directions

Overall, the literature has shown a theoretical and empirical attempt to explain how TFL and psychological contract associate performance. However, it must provide insight into linking the concepts successfully. Those studies have applied only a quantitative research methodology, so they can only investigate the genetic relationships between the concepts. Those investigations are useful for knowing the associations, but an insightful understanding of the whole process is much more useful. Therefore, this study recommends that future research apply a mixed methodology case study to gain a more insightful understanding of the complicated process in various context which is more beneficial for scholars and practitioners.

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