Research Articles

Research on the Influence of Employee-Organization Relationship and Psychological Contract on Employee Loyalty

Dingwen Wang,

International Chinese College,

Master of Business Administration, Rangsit University, Pathum Thani, Thailand

Abstract

In this article, taking China's small and medium-sized enterprises as the research object, discuss the relationship among employee-organizational relationship, psychological contract and employee loyalty, and analyze the relationship between the three in depth.

This research is conducted in accordance with the logical sequence of proposing, analyzing and solving problems. First of all, it summarizes and integrates relevant research data at home and abroad, and builds a theoretical model among the three to carry out research under the premise of research data. Second, divide the dimensions of the selected variables, and complete the questionnaire based on the maturity scale. A total of 300 questionnaires were collected. On the basis of the collected data, combined with statistical software SPSS21.0 processing and specific analysis; the hypothetical theory is verified and analyzed. On the premise of analyzing the results, and draw the corresponding research conclusions. First, for employee loyalty, the employee-organization relationship is significantly positively correlated. Second, between employee loyalty and employee-organizational relationship, the psychological contract has played a part in the connection.

Introduction

Since the 1970s, related studies have shown that employees will only serve customers in accordance with the organization's standards if they have the support of the organization. The employee-organization relationship can satisfy the emotional needs of employees during the work process of the enterprise, and make employees have a sense of responsibility and emotional commitment to the organization. In addition to the formal economic contract, the relationship between employees and the organization also contains implicit, informal, and undisclosed mutual expectations, which constitute the content of the psychological contract. British psychologist Guest D.E (1998) believes that in the process of corporate organizational structure adjustment

and employment relationship changes, psychological contract is the most sensitive and most concentrated core factor reflecting this change. Different types of talents in the organization form different employment relationships. How to continuously improve the loyalty of different types of talents has increasingly become the focus of attention of managers.

Research Status

2.1.Employee-organization relationship

The research on employee-organization relationship originated from BARNARD, he proposed that the employment relationship is an exchange between the incentive provided by the employer and the contribution expected by the employee. This exchange includes the incentives provided (such as wages, benefits, work permissions, etc.) and the quantity and quality of the corresponding returns. The success of the organization depends on the management of this exchange relationship. Taking the employee-organization relationship as the research object, conducting research on the organizational level of the investment/contribution model, scholars define the employee-organization relationship and conclude that the organization is effective from the two dimensions of the incentive provided to employees and the expected contribution to employees Management of employee-organizational relationships. Chinese researchers (Wu Jihong, 2006) put forward the definition of employee-organization relationship from a two-way level, combined with Xu Shuying's theory, which is a social exchange relationship. It is the exchange of the rewards given to employees by the organization and the inputs provided by the employees to the organization. Because the employee-organization relationship defined at the two-way level is easy to understand, it is recognized by Chinese scholars.

2.2. Employee Loyalty

At present, there is no unified definition of employee loyalty in the relevant literature. Regarding the measurement of employee loyalty, there is currently no authoritative and complete indicator description. The main line of research abroad is mainly around organizational commitment and employee citizenship behavior. (Meyer & Allen ,1997) defined employee loyalty as "a psychological state that reflects the relationship between employees and the organization, and implies the employee's decision to stay in the organization." Domestic research includes both theoretical research and empirical research. The most characteristic of theoretical research is that employee loyalty is regarded as employees have deep feelings for the company and are willing to share ups and downs with the company. (Li Zhi et al. ,2005) pointed out that the performance of highly loyal employees is six aspects, namely, noble moral character, caring for the enterprise, dedication to work, innovation and enterprising, dedication to the enterprise, and safeguarding the interests of the enterprise.

2.3. psychological contract

(Argyris ,1960) first proposed the concept of psychological contract in "Understanding Organizational Behavior", describing it as the relationship between employees and foremen in a factory, and subsequently

conducted a lot of research at home and abroad. Foreign research mainly focuses on two schools of thought, and the focus of their dispute lies in the different definitions of concepts and the different understandings of the subject. Domestic research mainly focuses on two aspects: concept definition and application research. In terms of concept definition, (Cao Weilin ,2007) and others defined the psychological contract as: "The two parties do not express their meaning directly and clearly through some obvious form, but through various psychological hints, the two parties perceive each other. And on the basis of recognition of their expectations, a set of invisible rights and obligations is formed." In applied research, psychological contracts are considered as a competitive tool to attract, motivate, and retain talents.

Research design

3.1.Scale selection

Regarding the dimensional division of the employee-organization relationship, this study fully considers the nature of Chinese companies and employee characteristics, chooses a scale compiled by (Zhao Chen, 2016), etc., and divides the employee-organization relationship into organizational identity, employee trust, and employee-organization Started research in three directions including matching degree.

Regarding the dimensional division of employee loyalty, referring to the existing literature, (Zhang Zhican, 2001) and others used interviews, semi-open questionnaire surveys and structured questionnaire surveys. The "Chinese Employee Organizational Loyalty Questionnaire" compiled by Zhang Zhican (2001) is the most representative.

Regarding the division of the dimensions of the psychological contract, (Chen Jiazou ,2001) conducted an empirical study on the psychological contract between employees and organizations in a Chinese context, and put forward the two-dimensional theory of actual responsibility and development responsibility. The dimension division of this article adopts the two-dimensional division method proposed by Chen Jia zou et al. and the Chinese localized psychological contract questionnaire compiled.

3.2. Research hypothesis

First, the relationship between employees and the organization affects the loyalty of employees to a large extent, especially for grassroots personnel, the relationship with the organization is more subtle. (Gong Jihong & Zhong Zhangbao ,2014) studied the efficiency of agricultural science and technology system and conducted in-depth analysis by taking intermediate variables (ie, employee satisfaction and loyalty). They found that system efficiency has a positive impact on the loyalty of grassroots agricultural technology employees. Fair rules and regulations can increase the satisfaction of grassroots personnel, thereby increasing their loyalty to the organization, and have a positive effect. However, the incentive policy will have a certain negative effect, and it cannot fully enhance the loyalty of employees. (Guo Peng ,2013), (Du Hui, etc. ,2016) studied the influencing factors of employee loyalty, and analyzed from another perspective, the results showed that most

corporate systems affect employee loyalty. At the same time, by collecting relevant documents in this research field, the organizational relationship of employees has a positive effect on their loyalty. Therefore, this article takes the grassroots personnel as the research object and makes the following assumptions:

H1: There is an obvious correlation between employee loyalty and employee-organization relationship, and there is a positive correlation.

Second, the existence of a certain influence between employee loyalty and psychological contract has become a generally accepted point of view. (Huei-FangChen & Yung-HoChiu , 2009) studied the psychological contract and loyalty of employees by studying enterprise expatriates. Through in-depth analysis, it is concluded that there is a positive correlation between psychological contract and employee loyalty. Positive psychological contract has a positive guiding effect on employee loyalty, and harmony is established through relevant training, such as employee personal development planning, etc. The psychological contract is positive. Nowadays, scholars use this as a starting point to study how to improve loyalty through the perspective of psychological contract (Zhang Juan et al., 2015). Regardless of the research perspective, its conclusions have confirmed the influence of psychological contract. The loyalty of employees can improve their enthusiasm, and the role of psychological contract is obvious. From this, the following assumptions can be made.

H2: Psychological contract has a partial mediating effect between employee-organizational relationship and employee loyalty.

3.3.Research model

In the research model, the independent variable of employee-organization relationship includes three vehicle dimensions: employee trust, employee-organization matching, and organizational identity. As the dependent variable, employee loyalty is divided into five vehicle dimensions including employee satisfaction and behavior loyalty. At the same time, it also divides the intermediary variable of psychological contract, which includes not only the measurement dimension of organizational education, but also the measurement dimension of organizational relationship.
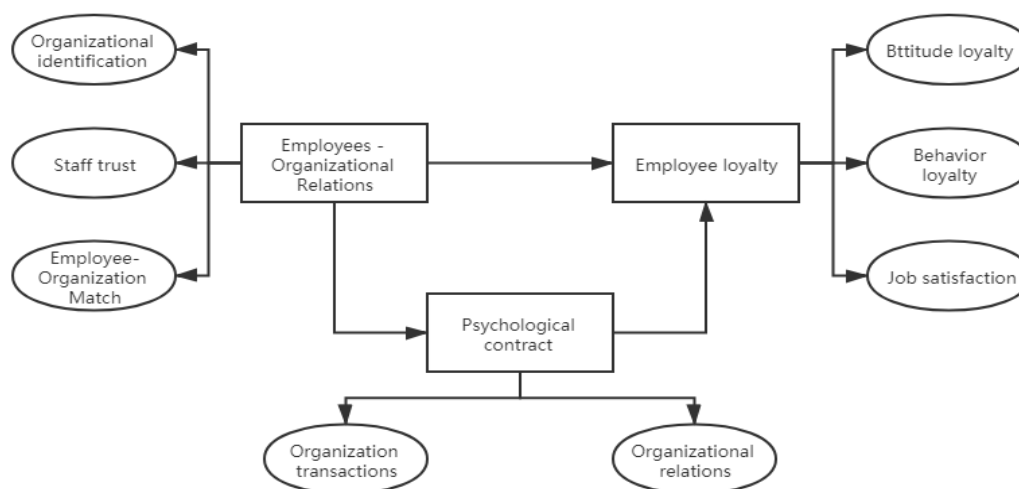
Fig 1 Research Model of Employee-Organizational Relationship and Employee Loyalty

3.4.Data procurement

This study was based on a random survey of company employees based on online surveys. A total of 450 questionnaires were distributed and 300 research samples were collected after screening. In this survey, the ratio of male to female employees is relatively evenly distributed, with female employees (46.3%) slightly less than male employees (53.7%). In terms of age, there are more than 39.7% of employees in the employee group, between the ages of 26 and 35. In terms of academic qualifications, 40.3% of employees have a bachelor degree, and 39.3% of employees have a junior college degree. From the perspective of job level, 43.7% of employees are general staff, followed by grassroots administrators, accounting for 33.0%. In terms of working experience, 45.0 employees are early-stage employees for 3-5 years, and 31.0 are new employees for 1-3 years. In terms of marital status, married employees accounted for 77.0% and unmarried employees accounted for 23.0%.

Variable	Category	Number of people	Cumulative percentage%
Gender	Male	161	53.7
	Female	139	46.3
	25 years and under	54	18.0
Age	26-35 years	119	39.7
	36-50 years	104	34.7
	51 and over	23	7.7
	High School and Below	20	6.7

Education level	junior college	118	39.3
	undergraduate course	121	40.3
	Master and above	41	13.7
Job title	Senior management	15	5.0
	Middle managers	55	18.3
	Grassroots administrators	99	33.0
	General staff	131	43.7
Length of service	Within 1 year	24	8.0
	1-3 years	93	31.0
	3-5 years	135	45.0
	More than 5 years	48	16.0

Data nalysis

4.1.Reliability and validity analysis

In this study, the questionnaire was used as the research object, and Cronbach's α reliability coefficient was used to carry out the corresponding validity analysis. The final result showed that the α coefficient of the scale between each variable was 0.915-0.968, and the α coefficient of the subscale was also Between 0.803 and 0.951, it shows that the questionnaire has ideal reliability.

Use principal component analysis to extract factors, perform exploratory factor analysis, and perform the corresponding KMO value. Generally, the KMO value exceeds 0.5, which indicates that the data meets the requirements of factor analysis, and each variable and scale are analyzed to obtain The KMO value requirement also meets the Bartlett's test (p<0.001) standard. Therefore, it has a higher structural validity.

By reviewing the factors that have been completed by the factor analysis, and discovering the factors related to each variable and the scale, it can be seen that the total variance explanation rate of these factors has reached 69.556%-73.247%, and their structure has also tended to be reasonable.

4.2.Multiple collinear analysis

Using the method of multicollinearity, the psychological contraction scale and the employee-organization relationship scale were tested accordingly, and the correlation between the five independent variables was further evaluated. By testing the two scales, the VIF value and Tolerance, and then conclude that for the selected impact factor, the two scales have no possibility of multiple commonality, so effective analysis can be carried out in multiple regression analysis.

variable	VIF	Tolerance
Organize transactions	0.533	1.874
Organizational relationship	0.533	1.874
Organizational identity	0.197	5.075
Employee trust	0.219	4.570
Employee organization matching	0.292	3.419

4.3.Correlation Analysis of Psychological Contract and Employee Loyalty

As can be seen from the table below, for the dimensions related to psychological contract and loyalty, the calculated correlation coefficient is between 0.7 and 0.8, which shows that there is a strong positive correlation. At the same time, for the relationship between organizational transactions, organizational relationships, and loyalty dimensions, the calculated correlation coefficient is between 0.6 and 0.7, which shows that there is a positive middle correlation relationship.

variable	1	2	3	4	5	6	7
1.psychological contract	—						
2.Organization transactions	0.898**	—					
3. organizational relationships	0.934**	0.683**	—				
4. attitude loyalty	0.736**	0.639**	0.706**	—			
5.behavior loyalty	0.721**	0.650**	0.672**	0.676**	—		
6. job satisfaction	0.769**	0.666**	0.739**	0.706**	0.686**	—	
7.Employee Loyalty	0.835**	0.732**	0.794**	0.888**	0.876**	0.906**	—

Note :* $p<0.05$,** $p<0.01$,*** $p<0.001$

4.4.Correlation Analysis of Employee-Organizational Relationship and Employee Loyalty

As can be seen from the table below, for loyalty and the relationship between each dimension and the employee-organization, the calculated correlation coefficient is between 0.7 and 0.8, which indicates that there

is a strong positive correlation. The correlation coefficients between loyalty and organizational identity, employee trust, and employee-organization matching are all between 0.7 and 0.8, indicating that there is a positive relationship.

variable	1	2	3	4	5	6	7	8
1.Employees Organizational Relations	- —							
2.organizational identity	0.953**	—						
3. staff trust	0.947**	0.871**	—					
4.Employees - Organization Matching	0.927**	0.824**	0.802**	—				
5. attitude loyalty	0.806**	0.760**	0.813**	0.703**	—			
6. behavior loyalty	0.693**	0.625**	0.719**	0.613**	0.676**	—		
7. job satisfaction	0.802**	0.759**	0.803**	0.703**	0.706**	0.686**	—	
8. Employee Loyalty	0.863**	0.805**	0.875**	0.757**	0.888**	0.876**	0.906**	—

Note :* $p<0.05$,** $p<0.01$,*** $p<0.001$

4.5.Correlation Analysis of Psychological Contract and Employee-Organization Relationship

It can be seen from the table below that the correlation coefficients between the employee-organization relationship and the various dimensions and the psychological contract are between 0.7 and 0.8, indicating that there is a strong positive correlation. For the employee-organization relationship, organizational transaction, and organizational relationship, the corresponding relationship coefficient is between 0.6 and 0.7 through corresponding calculations, which shows that the relationship between the two is a moderately positive correlation, which is hypothesis 1. Be verified.

variable	1	2	3	4	5	6	7
1.psychological contract	—						
2.Organization transactions	0.898**	—					
3.organizational relationships	0.934**	0.683**	—				

4.organizational identity	0.724**	0.589**	0.726**	—		
5. staff trust	0.805**	0.680**	0.787**	0.871**	—	
6.Employees - Organization Matching	0.703**	0.592**	0.689**	0.824**	0.802**	—
7.Employees - Organizational Relations	0.790**	0.659**	0.780**	0.953**	0.947**	0.927** —

Note :* $p<0.05$,** $p<0.01$,*** $p<0.001$

4.6.Regression analysis of psychological contract and employee-organization relationship

It can be seen from the table below that the regression coefficients of organizational transactions and organizational relationship factors have reached extremely significant levels (P <0.001). Therefore, organizational transactions and organizational relationships have an impact on employee-organizational relationships in the model of psychological contract and employee-organizational relationship. Significant influence, the regression expression is as follows:

Employee - organizational relationship =0.238* organizational transaction 0.617* organizational relationship -3.052

Independent variable	B	Standard coefficient	T value	Sig
Constants	-3.052		-9.568	.000
Organization transactions	0.510	0.238	4.973	.000
Organizational relations	1.074	0.617	12.923	.000

4.7.A Regression Analysis of Employee-Organizational Relationship and Employee Loyalty

It can be seen from the table below that the regression coefficients of the employee trust factor have reached an extremely significant level (P <0.001), and the regression coefficients of the employee-organization matching factor have reached a relatively significant level (P <0.05). Therefore, employee trust and employee-organization matching The model of employee-organization relationship and employee loyalty has a significant impact on employee loyalty, and the regression expression is as follows:

Employee loyalty =0.680* Employee trust 0.115* Employee-organization match 1.520

Independent variable	B	Standard coefficient	T value	Sig
Constants	1.520		20.911	.000
Organizational identity	0.090	0.119	1.918	.056
Staff trust	0.494	0.680	11.598	.000
Employee-Organization Match	0.087	0.115	2.262	.024

4.8.A Regression Analysis of Psychological Contract and Employee Loyalty

It can be seen from the table below that the regression coefficients of organizational transactions and organizational relationship factors have reached extremely significant levels (P <0.001). Therefore, organizational transactions and organizational relationships have a significant impact on employee loyalty in the model of psychological contract and employee loyalty. The regression expression is as follows:

Employee loyalty =0.356* Organization transaction 0.551* Organization relationship -1.772

Independent variable	B	Standard coefficient	T value	Sig
Constants	-1.772		-7.654	.000
Organization transactions	0.607	0.356	8.159	.000
Organizational relations	0.761	0.551	12.617	.000

4.9.Intermediation test of psychological contract

In 1986, Baron & Kenny took the lead in putting forward the concept of mediation testing through research, and summarized the role of mediation, and believed that mediation can occur from the following three steps: 1. For the mediation variable M and the independent variable X, the relationship between the two is Significant positive correlation; second, for the independent variable X, it is significantly related to the variable Y; third, in the research, the intermediate variable M is introduced into it, such as the independent variable X's influence on the dependent variable Y disappears or the significance decreases, It shows that M. is a complete or partial intermediary between X and Y.

In the regression equation, the independent variable and the dependent variable are respectively selected as the employee-organization relationship and the psychological contract. Based on this, the corresponding model is derived: Model 1. In the regression equation, the first-level independent variable is selected as For the employee-organization relationship, the independent variable selected is employee loyalty; model 2 is derived based on this. In the regression equation, the second-level independent variables of job

satisfaction and not necessarily psychological contract are included, and on this basis, Model 3 is drawn, and the results in the following table are obtained.

	Model 1: Psychological Contract		Model 2: Employee loyalty		Model 3: Employee loyalty	
	β value	Standardized β values	β value	Standardized β values	β value	Standardized β values
Constants	2.811		1.503		-0.392	
Staff - Organizational Relations	0.378	0.790	0.686	0.863	0.431	0.543
Psychological contract	—	—			0.674	0.406
modelR2	0.625		0.745		0.807	
ΔR2	—		—		0.379	

From Model 1, the regression equation of employee organizational relationship and psychological contract can be obtained: psychological contract = 0.790 * employee organizational relationship + 2.811

From Model 2 we can get the regression equation of employee organization relationship and employee loyalty: employee loyalty=0.863*employee organization relationship+1.503

According to the information in the table, after the psychological contract variable is added to Model 3, R2 increases from 0.745 of Model 2 (p<0.01) to 0.807 of Model 3, indicating that Model 3 has a better fit than Model 2. The standardized β value of psychological contract in Model 3 is 0.406 (p<0.01), and the significance is extremely high. After controlling for the psychological contract, the standardized β value of the employee organizational relationship is 0.543, which is still significant, but it has been reduced by 0.32 from 0.863 of Model 2. The psychological contract has played an effective role in connecting employee loyalty and employee organizational relationship, that is, Said that the employee organizational relationship not only directly affects employee loyalty, but also indirectly affects it through psychological contracts. Hypothesis 2 is verified.

6.Conclusion

In the research of this article, taking small and medium-sized enterprises as the research object, analyze the three relationships of employee loyalty, psychological contract, and employee-organization relationship. On the basis of psychological contract, put forward research hypotheses, combined with the constructed model, to discuss employee loyalty In terms of employee-organizational relationship, and further test whether the hypothesis holds.

First, take small and medium-sized enterprises as the research object to explore whether there is a positive correlation between employee loyalty and employee-organizational relationship. In the research of this

article, it discusses the degree of adhesion between the company and the employees from the aspects of comprehensive loyalty and job satisfaction of employees. For companies, gradually improve and optimize the employee-company relationship, improve employee loyalty to the company, ensure the stability of the team, and effectively control the cost of human resources in the management process, and promote the company to have sufficient comprehensive strength. Great effect.

Second, select small and medium-sized enterprises as the research object to explore the effective connection of psychological contract between employee loyalty and employee-organizational relationship. In the human resource management link, the psychological contract between the enterprise and the employee relationship can be constructed to effectively improve employee loyalty. As managers of enterprises, employees can realize the importance of psychological contract in the management process, not only pay attention to their inner demands for career and development, understand their psychological expectations for handling conflicts between work and life, and satisfy employees' compensation and benefits. While waiting for material needs, gradually meet their psychological expectations. Ensuring that employees' personal values are maximized, and then giving full play to their subjective capabilities, and proactively completing their work. Under the premise of the stability of the team, it promotes the benign and sustainable development of the company.

References

Argyris C,(1960).*Understanding organizational behavior*. London: Tavistock Publications.

Cao Weilin, Zhu Renfa, Guo Jiangping (2007). The concept, subject and construction mechanism of psychological contract. *Economic and social system comparisons* ,2007(2):132-137

Chen Jiazou (2001). *A Study on the Psychological Contract of Chinese Employees* .Beijing: Institute of Psychology, Chinese Academy of Sciences .

Du Hui, Chen Lin, Li Lihua (2016). A study on the influencing factors of post-90s employee loyalty —— based on Beijing, Shanghai, Tianjin and Fujian. *Research World* ,2016,(12),36-40.

Gao ZhongHua, Zhao Chen (2016). Does organizational politics in the workplace endanger employee performance? vision based on individual-organization theory. *Psychology report* ,2016,46(8),1124-1143.

Gong Jihong, Zhong Shengbao (2014). An empirical analysis of the relationship between system efficiency, job satisfaction and professional loyalty —— based on the investigation of agricultural technicians at the grass-roots level in 10 counties (cities and districts) of Hubei Province. *China Rural Watch* ,2014(4),71-83.

Guest D.On Meaning(1998),Metaphor and Psychological Contract: A *Response to Rousseau.ournal of Organizational Behavior*,1998(9):673-677

Guo Peng (2013). *Empirical study on the influencing factors of knowledge employee loyalty in Inner Mongolia*. Inner Mongolia: Inner Mongolia University of Finance and Economics.

Huei-Fang Chen, Yung-Ho Chiu (20090. The influence of psychological contracts on adjustment and organizational commitment among expatriates. *International Journal of Manpower*.2009, 30(8)**,** 797-814.

Li Zhi, Li Xingmin (2005). An empirical study on the characteristics of high loyalty employees in enterprises. *STM* ,25(6):75-77

Ling Wencan, Zhang Zhican, Fang Liluo (2001). Research on the commitment of Chinese workers. *China Social Sciences* ,2001(2):90-102

MARCHJG,SIMONHA(1985).*Organizations*.New York:John Wiley and Sons IN c.

Meyler,Allen(1997).Commiment in the workplace: Theroy, research, and application, Calfornia:Sage publication,1997

Wu Jihong (2006). *Research on employee-organization relationship from two-way perspective based on social exchange theory*. Sichuan University

Zhang Juan, Lu Yumei, Peng Hefang (2015). Based on psychological contract, the new generation employee loyalty analysis —— take Changzhou manufacture as an example. *Commercial economy* ,2015(2),81-82,103.