

**PSYCHOLOGICAL CONTRACT AND EMPLOYEE PERFORMANCE: EMPIRICAL EVIDENCE
FROM DEPOSIT MONEY BANKS IN RIVERS STATE, NIGERIA**

Dr. Kalapapa Benjamin Dappa & Dr. Rowland Beatrice Mee Eebari
**Department of Employment Relations and Human Resource Management, Faculty of
Management Sciences, Ignatius Ajuru University of Education, Rumuolumeni, Port
Harcourt, Rivers State, Nigeria**

Email: kalapapabenjamindappa@iaue.edu.ng, rowlandbeatricemeeebbari@iaue.edu.ng

ABSTRACT

This study investigates the relationship between psychological contract dimensions—relational and transactional—and employee performance within Deposit Money Banks (DMBs) in Rivers State, Nigeria. The total target population comprised 258 employees, and the sample size of 181 was determined using Taro Yamane's formula, with a 5% margin of error and a 95% confidence level. Among the 181 questionnaires that were administered, 160 (88.40%) were valid for analysis. Data were collected from these 160 respondents, who were selected through stratified random sampling across operations, marketing, and customer service departments in 21 Central Bank of Nigeria (CBN)-registered DMBs. A structured, self-administered questionnaire using a 5-point Likert scale was employed to assess constructs related to psychological contract and employee performance. The data were analysed using Pearson Product Moment Correlation (PPMC) at a 0.05 significance level via the Statistical Product and Service Solutions (SPSS) version 23.0. Results revealed a very strong positive correlation between relational contracts and employee performance ($r = 0.9494$, $p < 0.00001$), as well as a strong, significant correlation between transactional contracts and performance ($r = 0.9115$, $p < 0.00001$). These findings demonstrate that both dimensions of the psychological contract significantly enhance employee performance—relational contracts through sustained engagement and transactional contracts through short-term motivation. The study recommends incorporating psychological contract principles into human resource management practices to improve employee commitment and drive organisational performance in Nigeria's banking sector.

Keywords: *Psychological contract, Relational contract, Transactional contract, Employee performance, Deposit Money Bank.*

INTRODUCTION

In contemporary human resource discourse, the concept of the psychological contract has emerged as a pivotal framework for understanding the dynamics between employees and employers, especially in high-pressure sectors such as banking. The psychological contract refers to the implicit expectations, perceived obligations, and informal agreements that shape employee-employer relationships beyond formal employment contracts (Conway & Briner, 2020; Rousseau, 2021). These unwritten agreements significantly influence organisational behavior by affecting employee motivation, commitment, and job performance (Lester et al., 2021; De Jong et al., 2022).

Recent studies have emphasised that the fulfillment or breach of psychological contracts plays a critical role in determining workforce engagement, retention, and overall productivity (Bal et al., 2020; Morrison & Robinson, 2021). In the context of the Nigerian banking sector—characterised by high competition, frequent policy shifts, and rigorous performance demands—the psychological contract becomes even more significant. As banking employees face intense work pressure and evolving expectations, their perceptions of how well employers meet unwritten obligations can directly impact their performance outcomes (Ejiofor & Mbachu, 2023; Du Plessis & Rousseau, 2021).

Understanding and managing these perceptions are thus essential for sustaining organisational efficiency and employee well-being.

Despite their pivotal role in driving economic growth and financial intermediation, Deposit Money Banks (DMBs) in Rivers State, Nigeria, continue to grapple with inconsistent employee performance levels. Challenges such as declining employee engagement, increased turnover rates, and dissatisfaction with unmet job expectations persist (Nwankwo & Adebayo, 2021; Udu & Eze, 2022). While numerous studies have examined the influence of organisational culture, leadership styles, and reward systems on performance outcomes (Okolie & Ugwoke, 2020), there remains a notable gap in literature addressing the influence of psychological contracts on employee behavior and productivity within the Nigerian banking sector.

Specifically, insufficient attention has been given to how relational and transactional dimensions of psychological contracts shape employee perceptions, motivation, and performance in high-pressure service environments such as commercial banking (Bal et al., 2020; Ejiofor & Mbachu, 2023). This oversight is critical, as psychological contract fulfillment—or breach—can significantly impact trust, organisational citizenship behaviors, and job performance (Lester et al., 2021; De Jong et al., 2022). Given the dynamic and competitive banking climate in Rivers State, there is an urgent need for empirical evidence to illuminate the link between psychological contract dimensions and employee performance to inform strategic human resource interventions.

Aim and Objectives

The aim of this paper is to examine the relationship between psychological contract and employee performance of Deposit Money Banks in Rivers State, Nigeria. The specific objectives are:

- i. To examine the relationship between relational contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.
- ii. To examine the relationship between transactional contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

Research Questions

- i. What is the relationship between relational contract and employee performance of Deposit Money Banks in Rivers State, Nigeria?
- ii. What is the relationship between transactional contract and employee performance of Deposit Money Banks in Rivers State, Nigeria?

Research Hypotheses

HO1: There is no significant relationship between relational contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

HO2: There is no significant relationship between transactional contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

Theoretical Foundation

This study is anchored in the psychological contract theory developed by Rousseau (1995), which offers a robust framework for understanding the implicit and often unspoken expectations that shape the employment relationship. Psychological contracts refer to an individual's belief in mutual obligations between the employee and the employer, shaped by promises, informal agreements, and perceived commitments (Rousseau, 2021).

Rousseau's theory distinguishes between two primary types of psychological contracts: relational and transactional. Relational contracts are characterised by long-term, socio-emotional exchanges that foster mutual loyalty, trust, and commitment. These contracts often involve expectations of job

security, career development, and organisational support (Bal et al., 2020). Conversely, transactional contracts are short-term and monetarily driven, focusing primarily on specific, quantifiable outcomes such as salary, bonuses, or other tangible rewards without a deeper emotional or long-term commitment (Conway & Briner, 2020; De Jong et al., 2022).

Recent scholarship has further elaborated on how the fulfillment or violation of these psychological contracts can affect organisational behavior and employee outcomes. A breach in relational contracts, for instance, has been linked to reduced trust, emotional withdrawal, and performance decline, while violations in transactional contracts often trigger disengagement and turnover intentions (Lester et al., 2021; Morrison & Robinson, 2021). This theoretical perspective is particularly relevant for examining the dynamic and high-pressure environment of the banking sector in Nigeria, where both forms of psychological contracts may coexist and interact with employee performance outcomes.

Conceptual Framework

The conceptual framework for the study is shown below in figure 1.

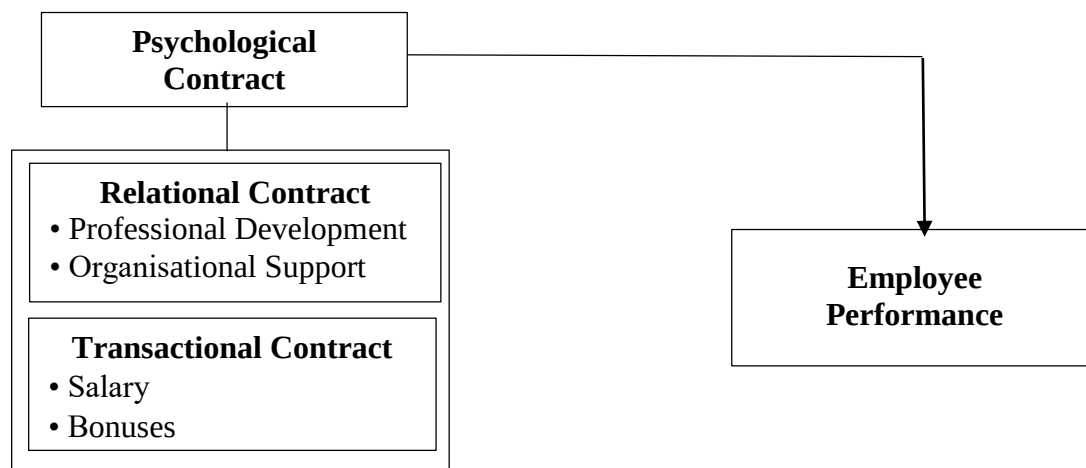


Fig. 1: Conceptual framework of psychological contract and employee performance conceptualised by the Researchers (2025).

Concept of Psychological Contract

The psychological contract is a foundational concept in organisational behavior and human resource management, referring to the unwritten, perceived mutual obligations between employees and their employers. Unlike formal employment contracts, psychological contracts encompass individual beliefs shaped by organisational cues, promises, and informal agreements about what each party owes the other (Rousseau, 2021; Conway & Briner, 2020).

Modern interpretations of the psychological contract emphasise its dynamic and subjective nature, influenced by context, culture, and evolving workplace expectations (Bal et al., 2020). These contracts are not static; they evolve over time as employees interpret managerial actions, organisational support, and changes in work conditions (De Jong et al., 2022).

Rousseau (1995) originally classified psychological contracts into relational and transactional forms. Relational contracts involve long-term socio-emotional commitments, such as loyalty, job security, and career progression, organisational support, grounded in trust and mutual respect. These are particularly vital in fostering organisational citizenship behaviors and long-term engagement (Coyle-Shapiro & Parzefall, 2021). On the other hand, transactional contracts are short-term, monetarily

based, and limited in scope—focusing on clearly defined responsibilities and rewards, such as salary, bonuses, or task completion (Lester et al., 2021).

Importantly, the fulfillment or violation of psychological contracts significantly affects employee attitudes and behaviors. Contract fulfillment reinforces trust, motivation, and job satisfaction, whereas breach often leads to negative outcomes such as reduced organisational commitment, counterproductive work behavior, and turnover intention (Robinson, Morrison, & Kraatz, 2023; Zhao et al., 2021). In dynamic sectors like banking, where employee expectations are high and work conditions demanding, psychological contracts serve as a critical lens for understanding workforce performance and retention.

Relational Contract.

Relational contracts are grounded in enduring socio-emotional commitments that emphasise mutual trust, loyalty, and long-term collaboration between employers and employees. These contracts go beyond economic exchanges to encompass non-monetary rewards such as job security, professional development, and organisational support (Coyle-Shapiro & Parzefall, 2021). In relational contracts, the psychological bond is often stronger, with employees more likely to exhibit discretionary behaviors such as organisational citizenship, engagement, and resilience during organisational change (Lester et al., 2021). Relational psychological contracts are particularly significant in environments that demand sustained cooperation and employee retention, such as the banking sector, where long-term institutional knowledge and trust are critical for performance (De Jong et al., 2022).

Transactional Contract.

Transactional contracts, by contrast, are characterised by clearly defined, short-term economic exchanges with a narrow focus on specific tasks and outcomes. These contracts emphasise measurable inputs and outputs—such as salary, bonuses, and performance-based incentives—without expectations of long-term loyalty or emotional involvement (Latorre et al., 2020). Employees operating under transactional contracts are typically motivated by extrinsic rewards and may be more responsive to immediate financial incentives than to organisational values or culture (Zhao et al., 2021). While effective in certain performance-driven roles, over-reliance on transactional agreements can lead to reduced organisational commitment and increased turnover, especially if psychological expectations are violated (Bal et al., 2020).

Concept of Employee Performance

Employee performance is a critical determinant of organisational success and competitiveness, particularly in high-demand sectors like banking. It refers to the extent to which an employee effectively and efficiently fulfills assigned roles, responsibilities, and contributes to organisational goals (Campbell & Wiernik, 2015; Koopmans et al., 2021). Performance is no longer viewed as a single-dimensional output but as a multi-faceted construct encompassing task performance, contextual performance, and adaptive performance (De Jong et al., 2022; Pradhan & Jena, 2021).

Task performance involves the execution of job-specific responsibilities and technical functions. It is assessed based on quality, timeliness, productivity, and compliance with job standards (Koopmans et al., 2021). In the banking sector, task performance could include accurate financial reporting, customer service delivery, and risk compliance.

Contextual performance, often linked with organisational citizenship behavior (OCB), includes discretionary activities that support the broader social and psychological environment of the organisation—such as helping coworkers, promoting workplace harmony, and aligning with company values (Pradhan & Jena, 2021; Schreurs et al., 2023). These behaviors are critical in

banking, where customer interactions and inter-departmental collaboration significantly affect service quality.

Adaptive performance is increasingly relevant in dynamic work environments, as it reflects an employee's ability to adjust to change, learn new processes, and deal effectively with crises or innovation (Jansen et al., 2021). Given the rapid digital transformation in Nigerian banking, the ability to adapt to new technologies and evolving customer expectations is now a performance imperative.

Overall, employee performance is influenced by a variety of individual and organisational factors, including job satisfaction, leadership style, motivation, and psychological contract fulfillment (Zhao et al., 2021). Inconsistent or unmet psychological expectations may lead to performance deficits, disengagement, and higher turnover, making the alignment of employee-employer expectations vital for sustained productivity.

Empirical Review

Empirical studies consistently demonstrate that the fulfillment of psychological contracts has a significant impact on employee outcomes such as commitment, satisfaction, and performance. When employees perceive that their employer has honored both explicit and implicit promises, they are more likely to exhibit positive work behaviors, including increased productivity and organisational citizenship behavior (Morrison & Robinson, 2021; Zhao et al., 2021).

In the context of financial institutions, several studies have highlighted the differential effects of relational and transactional psychological contracts. For example, Du Plessis and Rousseau (2021), in a study of South African commercial banks, found that relational contracts—which emphasise long-term trust, developmental opportunities, and emotional support—positively correlated with employee loyalty, engagement, and discretionary effort. Employees who experienced alignment in relational expectations were more likely to go beyond formal job descriptions and contribute to team cohesion and customer satisfaction.

On the other hand, transactional contracts, which focus on short-term, tangible exchanges such as salary and benefits, have shown a more volatile influence on performance outcomes. In a recent study, Ejiofor and Mbachu (2023) examined banking employees in Nigeria and found that breaches in transactional contracts—such as delays in bonuses or unmet promotion expectations—led to decreased morale, increased absenteeism, and higher turnover intentions. This aligns with findings by Ogungbamila and Olayemi (2022), who reported that transactional contract breaches often trigger feelings of psychological contract violation, which in turn erode trust and reduce employee output.

Moreover, Okoro et al. (2021) established that the perceived fairness and fulfillment of psychological contracts in Nigerian banks positively influenced not only individual job performance but also organisational-level productivity metrics. Their findings suggest that psychological contracts serve as a mechanism through which organisational justice and employee engagement can be fostered in volatile economic environments.

Collectively, these empirical findings underscore the relevance of psychological contract theory in explaining employee performance outcomes in both developed and developing economies. They also provide a basis for investigating how relational and transactional contracts uniquely contribute to performance in the Nigerian banking sector, particularly within Rivers State.

Operational Framework

The operational framework of this study outlines how the dimensions of the psychological contract—relational and transactional—are hypothesised to influence employee performance in the context of Deposit Money Banks (DMBs) in Rivers State, Nigeria. This framework is guided by psychological contract theory and reinforced by empirical research linking perceived obligations and organisational outcomes.

Relational Contract and Employee Performance

Relational psychological contracts are grounded in long-term socio-emotional obligations, such as loyalty, trust, and mutual support between employer and employee. These contracts extend beyond immediate economic rewards, fostering a culture of commitment, intrinsic motivation, and discretionary behavior (Bal et al., 2020; Schalk et al., 2022). In organisational settings like banking, where sustained customer satisfaction and teamwork are essential, relational contracts help cultivate employee resilience and proactive behavior.

Recent empirical studies have shown that when employees perceive strong relational fulfillment—such as consistent developmental opportunities, job security, and fair treatment—they are more likely to exhibit higher job satisfaction, organisational commitment, and ultimately, superior task and contextual performance (Conway et al., 2021; Juhdi et al., 2022). The enduring nature of relational contracts contributes not only to the stability of the workforce but also to enhance organisational citizenship behaviors that benefit the overall organisational climate. In light of the foregoing, the study advances the following hypotheses:

HO1: There is no significant relationship between relational contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

Transactional Contract and Employee Performance

Transactional psychological contracts are characterised by short-term, explicit economic exchanges such as salary, bonuses, and working conditions. Fulfillment of transactional obligations plays a critical role in stimulating employee motivation, especially in goal-oriented and performance-driven sectors like banking (Restubog et al., 2022; Lee & Liu, 2023).

While transactional fulfillment can result in immediate gains in productivity and task efficiency, its effects may taper off if relational elements are neglected. Studies suggest that reliance on transactional exchanges without relational support often leads to mechanical compliance rather than sustained engagement or innovation (Lub et al., 2020; Schreurs et al., 2023). Furthermore, unmet transactional expectations can cause perceptions of breach or violation, triggering negative emotional reactions such as dissatisfaction and disengagement.

Hence, while transactional fulfillment is essential for performance in the short term, its synergistic effect with relational contracts determines long-term employee commitment and performance sustainability. In light of the foregoing, the study advances the following hypotheses:

HO2: There is no significant relationship between transactional contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

METHODOLOGY

This study adopted a quantitative, cross-sectional survey research design to examine the relationship between psychological contract dimensions—relational and transactional—and employee performance within Deposit Money Banks (DMBs) in Rivers State, Nigeria. The cross-sectional design was considered appropriate as it allows for the collection of empirical data at a single point in time, facilitating statistical analysis of associations between predefined variables (Creswell & Creswell, 2022). The study's target population comprised 258 staff members across the

head offices of the 21 DMBs operating in Rivers State, as registered by the Central Bank of Nigeria (CBN, 2025). To ensure a comprehensive assessment across functional domains, respondents were drawn from key departments, including operations, marketing, and customer service. The minimum sample size of 181 was determined using Taro Yamane's (1967) formula, applying a 5% margin of error and a 95% confidence level. Accordingly, 181 structured questionnaires were administered. Following data screening and cleansing, 160 questionnaires (representing an 88.40% valid response rate) were retained for analysis, while 21 (11.60%) were excluded due to incompleteness or non-response. A stratified random sampling technique was employed to ensure proportional representation across different operational units, thereby minimizing sampling bias and enhancing the generalisability of findings (Saunders et al., 2021). Data were collected through a structured, self-administered questionnaire designed to measure constructs related to the psychological contract (relational and transactional) and employee performance. A 5-point Likert scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree, was used to capture respondents' levels of agreement. The questionnaire items were adapted and validated from existing instruments in prior studies on psychological contracts and employee performance (Zhao et al., 2021; Juhdi et al., 2022). Data analysis was conducted using the Pearson Product Moment Correlation (PPMC) to test the hypothesised relationships, with a significance level set at 0.05. All analyses were carried out using Statistical Product and Service Solutions (SPSS), version 23.0.

Table1: Proportional Distribution of Staff Population, Sample Size, and Administered Questionnaires across Deposit Money Banks in Rivers State.

S/N	Bank Name	Staff Population	Sample Size	Questionnaires Distributed
1	Access Bank	20	14	12
2	Zenith Bank	18	13	11
3	First Bank	17	12	11
4	UBA	16	11	10
5	GTBank	15	11	10
6	Fidelity Bank	14	10	9
7	Stanbic IBTC	13	9	8
8	FCMB	12	8	8
9	Union Bank	11	8	7
10	Polaris Bank	10	7	6
11	Sterling Bank	10	7	6
12	Wema Bank	9	6	5
13	Ecobank	9	6	5
14	Unity Bank	8	6	5
15	Jaiz Bank	7	5	4
16	Globus Bank	7	5	4
17	Titan Trust Bank	6	4	3
18	Providus Bank	6	4	3
19	Keystone Bank	5	3	3
20	SunTrust Bank	5	3	3
21	Premium Trust Bank	5	3	3
Total		258	181	160

Source: Central Bank of Nigeria (CBN, 2025); Field Survey, 2025

Data Analysis and Results**Test of Hypothesis 1**

H01: There is no significant relationship between relational contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

Correlation Result for Relational Contract and Employee Performance.

		Workplace Accessibility	Workplace Engagement
Workplace Accessibility	Pearson Correlation	1	0.9494
	Sig. (2-tailed)		.00001
	N	160	160
Workplace Engagement	Pearson Correlation	0.9494	1
	Sig. (2-tailed)	.00001	
	N	160	160

***Correlation is significant at the 0.05 level (2-tailed).**

Source: SPSS 23.0 Data Output, 2025.

The Pearson correlation coefficient ($r = 0.9494$) indicates a very strong and positive linear relationship between relational contract and employee performance. The p-value (.00001) is significantly lower than the alpha value of 0.05, confirming that this relationship is statistically significant. Hence, the null hypothesis (H_{01}) is rejected. This result demonstrates that employees who perceive a strong relational contract—characterised by mutual trust, job security, developmental support, and long-term commitment—are more likely to be highly engaged in their work, which reflects improved employee performance. The findings of this study are in alignment with prior empirical research. For instance, Bal et al. (2020) found that relational psychological contracts significantly predict employee engagement and discretionary effort, particularly in service-oriented industries. Similarly, Lester et al. (2021) emphasised that when employees perceive their organisations uphold relational commitments (e.g., fairness, support, and loyalty), their performance and organisational commitment improve. In the African context, Du Plessis and Rousseau (2021) reported that relational contracts in South African financial institutions were positively correlated with employee loyalty and job satisfaction, both of which are crucial drivers of performance. In the Nigerian banking sector, Ejiofor and Mbachu (2023) also noted that relational aspects of psychological contracts are more influential than transactional elements in sustaining long-term performance outcomes. These findings corroborate the result of this study by reinforcing that relational psychological contracts serve as a motivational driver, increasing employees' emotional and professional investment in the organisation. It also affirms the idea proposed by Conway and Briner (2020) that psychological contracts act as "relational glue" between employees and employers, facilitating long-term performance gains. In light of the strong statistical evidence and supporting literature, this study concludes that: There is a significant and positive relationship between relational contracts and employee performance in Deposit Money Banks in Rivers State, Nigeria.

Test of Hypothesis 2

H02: There is no significant relationship between transactional contract and employee performance of Deposit Money Banks in Rivers State, Nigeria.

Correlation Result for Transactional Contract and Employee Performance.

		Recruitment Practices	Workplace Engagement
Recruitment Practices	Pearson Correlation	1	0.9115
	Sig. (2-tailed)		.00001
	N	160	160

Workplace	Pearson Correlation	0.9115	1
Engagement	Sig. (2-tailed)	.00001	
	N	160	160

***Correlation is significant at the 0.05 level (2-tailed).**

Source: SPSS 23.0 Data Output, 2025.

The correlation coefficient ($r = 0.9115$) indicates a strong, positive, and statistically significant relationship between transactional contract and employee performance. The p-value of .00001 is well below the standard significance threshold of 0.05, which implies that the result is not due to chance. This suggests that when transactional obligations—such as recruitment transparency, pay fairness, and contractual clarity—are perceived as fulfilled, employees are more likely to report higher engagement levels, which reflect better performance. While transactional contracts are often regarded as short-term and economically driven, this finding underscores their immediate impact on performance outcomes in a performance-oriented industry like banking. The findings align with prior research emphasising the functional role of transactional contracts in stimulating short-term motivation and output. According to Latorre et al. (2020), transactional psychological contracts—especially those grounded in fair compensation and clear performance expectations—positively influence employees' willingness to meet performance targets in structured environments. Further supporting this, Restubog et al. (2022) concluded that while relational contracts ensure sustainability, transactional contracts provide an essential performance "boost" in fast-paced sectors, including banking and finance. This is particularly relevant in developing economies where immediate financial incentives often drive motivation (Adeosun et al., 2021). In the Nigerian context, Ejiofor and Mbachu (2023) observed that employees tend to prioritize transactional fulfillment during periods of economic instability. When promises such as prompt salary payments, bonuses, and promotion eligibility are honored, employees reciprocate with improved productivity and attendance. However, the literature also warns of limitations. Bal et al. (2020) cautioned that transactional fulfillment, though effective in the short term, may lose motivational strength if not complemented by relational commitments, such as development opportunities and respect. This reinforces the idea that a balanced psychological contract (both relational and transactional) leads to more consistent and sustainable performance outcomes. Given the strong and statistically significant correlation, the study rejects the null hypothesis (H_{02}) and concludes: There is a significant positive relationship between transactional contracts and employee performance in Deposit Money Banks in Rivers State, Nigeria.

Discussion of Findings

Relational Contract and Employee Performance

The results indicate a very strong positive correlation between relational contracts and employee performance ($r = 0.9494$, $p < 0.00001$). This implies that employees who perceive their organisations as committed to long-term relational obligations—such as trust, job security, mutual respect, and professional development—are significantly more engaged and perform better. The statistical significance at the 0.05 level confirms that this relationship is not due to random chance.

These findings are in strong alignment with existing literature. For example, Bal et al. (2020) emphasised that relational psychological contracts are powerful predictors of discretionary effort and affective commitment, particularly in service-intensive sectors such as banking. Lester et al. (2021) further noted that perceived fairness, organisational support, and emotional investment lead to heightened employee loyalty and improved performance metrics.

From a regional standpoint, Du Plessis and Rousseau (2021) found that relational contracts in South African financial institutions fostered employee satisfaction and commitment—critical enablers of performance. In Nigeria, Ejiofor and Mbachu (2023) highlighted that relational contract dimensions

like job security, mentorship, and trust have a more lasting influence on performance than transactional agreements.

This body of evidence affirms the theoretical assertion by Conway and Briner (2020) that psychological contracts serve as a "relational glue" between employees and organisations, anchoring long-term engagement and sustainable performance. The findings of this study further confirm this theory in the context of Deposit Money Banks (DMBs) in Rivers State, Nigeria.

Thus, the null hypothesis (H_{01}) is rejected. The study concludes that there is a significant and positive relationship between relational contracts and employee performance in the Nigerian banking sector.

Transactional Contract and Employee Performance

The analysis also reveals a strong and statistically significant correlation between transactional contracts and employee performance ($r = 0.9115$, $p < 0.00001$). This supports the assertion that fulfillment of transactional expectations—such as fair recruitment practices, clear role definitions, and adequate compensation—directly boosts employee engagement and, by extension, job performance.

This is consistent with the findings of Latorre et al. (2020), who showed that transactional psychological contracts—when clearly communicated and fulfilled—can effectively motivate employees to achieve short-term performance objectives, especially in goal-driven environments. Restubog et al. (2022) echoed this, stating that transactional fulfillment provides a necessary motivational "jolt" in high-pressure, fast-paced industries like finance.

In developing economies like Nigeria, where economic pressures are acute, employees may prioritise tangible, immediate benefits. Adeosun et al. (2021) emphasised that in such contexts, fulfillment of transactional obligations—like timely salary payments and promotion eligibility—often acts as the primary driver of employee productivity.

However, literature also presents caution. Bal et al. (2020) warned that while transactional elements can yield quick gains, they may not sustain long-term motivation unless supported by relational commitments. This underlines the importance of adopting a balanced psychological contract approach—one that integrates both relational and transactional dimensions.

Accordingly, the null hypothesis (H_{02}) is also rejected. The study concludes that there is a significant and positive relationship between transactional contracts and employee performance among DMBs in Rivers State, Nigeria.

Together, these findings indicate that both relational and transactional psychological contracts are integral to driving employee performance. While transactional contracts yield short-term motivational effects, relational contracts foster long-term engagement and organisational loyalty. Their combined influence presents a robust strategy for enhancing workforce performance in Nigeria's dynamic banking sector.

CONCLUSION

This study examined the relationship between psychological contracts—specifically relational and transactional dimensions—and employee performance within Deposit Money Banks (DMBs) in Rivers State, Nigeria. The empirical evidence revealed that both relational and transactional contracts significantly and positively impact employee performance. Relational contracts, which involve trust, job security, and long-term commitment, were shown to foster deeper engagement and sustained performance. Similarly, transactional contracts—centered on fair compensation, clear expectations,

and contractual obligations—also enhanced performance, particularly in the short term. These findings affirm the relevance of psychological contract theory (Rousseau, 1995) in the Nigerian banking context and highlight the need for organisations to actively manage the implicit expectations between employees and employers. By nurturing both relational and transactional aspects of the psychological contract, DMBs can achieve improved productivity, lower turnover, and higher organisational commitment.

RECOMMENDATIONS

1. Strengthen Relational Bonds through Career Development and Trust-Building Initiatives

Management should implement structured career development programs, mentorship opportunities, and internal mobility options to reinforce relational contracts. By promoting trust and long-term security, employees are more likely to demonstrate loyalty and discretionary effort.

2. Ensure Transactional Clarity and Consistency in Rewards Systems

Organisations should maintain transparent and fair communication regarding job roles, performance expectations, salary structures, and promotion criteria. Timely fulfillment of contractual obligations enhances employee trust and short-term motivation.

3. Integrate Psychological Contract Concepts into HR Policy and Practice

Human Resource departments should institutionalise psychological contract principles by embedding them in recruitment, onboarding, performance management, and employee engagement strategies. This alignment ensures that mutual expectations are clearly defined, monitored, and maintained throughout the employment lifecycle.

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