

Impact of Psychological Contract on Knowledge Sharing in the Banking Organizations

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Abstract:

Knowledge is the most valuable asset embedded in process of organizations and it is the pivotal source of competitive edge. The aim of this study to measures the impacts of psychological contracts on knowledge sharing in banking organizations. The current study used a cross-sectional research design and included 200 two hundred (N=200) bankers by using convenient sampling from banking employees of commercial banks. A pre validated questionnaire is used to collect data and to explore the impact of psychological contract on knowledge sharing in banking system. The data was collected from commercial banks including financial and microfinance bank branches of Southern Punjab, Pakistan. The current study used analysis methods ranging from descriptive statistics, reliability test, and correlation analysis to advanced Structural Equation Modeling (SEM) data analyzed SPSS-20 and AMOS used on methodological grounds. The study results show that the psychological contract is positively and significantly ($P < .05$) related to knowledge sharing. In this study, “*psychological contracts*” which has been impacted on the knowledge sharing inside and beyond the organizations. The psychological contract that raises members beyond their duties informal job specification.

Keywords: Pakistan, bank employees, commercial banks, knowledge-sharing, psychological contract, theory of planned behavior

INTRODUCTION:

In the last decades, organizations around the world have restructured their work in the form of teams to make them enable more flexible and adaptive response to complicated work environment. In the knowledge-based economy, the growth of an organization comes as in the innovation rather than functional effectiveness. The shift towards the knowledge-based economy has restored the significance of human element in the work because the knowledge is the most essential element of innovation which inherent in human minds (Amar & Hlupic, 2016). The development of subsequently the ‘knowledge economy’ has progressively more and intended for the concentration of individuals and other measures of capital as a vital source of generating viable improvement (Manxhari, 2015).

Knowledge is the most valuable asset embedded in the process of organizational development and also the most vital source of competitive edge (Sial, Kousar, & Habib, 2014). Organizational success lies in the creation of innovation consistently which is totally base on human development. To be innovative and creative employees in any organization need a cultural environment in which they

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work together and share their knowledge voluntarily without any political and social hindrance (Akturan & Cekmecelioglu, 2016).

Knowledge sharing is an activity of sharing different elements of knowledge (i.e. Aptitude, data, and mastery) among the members of community. In today's business environment, it has been regarded to give competitive advantage for organizations and workers. According to Seviby and Simon, collaborative culture of business between coworkers, supervisor and workgroup plays a decisive role in knowledge sharing (Mooghali, 2012). An organization may take benefit from the moving of such employee whom have much knowledge of the job and also share their knowledge to those entire workers whom cannot perform well. This thing is a beneficial both employee and employer. On the other hand, organizational effectiveness is one of the foremost areas of concern among practitioners and organizational theorist (Nguyen& Malik, 2020). According to Organ, good mechanism to achieve organizational effectiveness is through employees' voluntary behavior to perform job task and also known as discretionary behavior.

Research on the discretionary behavior is increasing with the passage of time and signifies its importance on the success of organization (Bambale, 2013). In the banking industry, competition has been increasing and that should be tended to by players in the industry. For addressing the competition, banks need to train their employees that give a competitive advantage of the organization (Yunus et al, 2010). That is, employees (human resource) can be a cause of productiveness through which banks can keep up upper hand in its industry. The concept of knowledge management had shared by Davenport and Prusak, in seeking abundant attention in the world of business for twelve years ago.

The deficiency of sharing knowledge is the root cause of poor performance at every level of organizational value. However, knowledge sharing just happens under particular conditions; people share information when they realize that it would be beneficial for them as well, and when an individual feels protection even when they have certainty. Since knowledge has the power that brings pertinence to its conveyor, knowledge sharing needs a proper surrounding to be developed (Can, 2013). The competition within the banking field is trending to enhancing over the last many decades that require to be tended to deliberately by players of industry (Yunus, Ishak, Mustapha & Othman, 2010). As challenging competition need to be addressed and proposed that the banking industry train their employees in a way which give them a competitive advantage (Yunus et al, 2010).

The aims of this research design are: This study aims to examine the difference in Psychological contract on knowledge share in the banking organizations in southern Punjab, Pakistan; To evaluate how psychosomatic agreement interconnect with sharing of knowledge in the banking system. This study will most likely to pave the way for the top management of the banking organizations to understand the variables of psychological contract that affect knowledge sharing. Such actions may be used to develop the functioning situation of the betterment of banking system.

Following were the hypothesis of this research study:

H¹: Psychological contract has a positive and significant relationship with knowledge sharing

H²: Psychological contract has a positive and insignificant relationship with knowledge sharing.

CONCEPTUAL FRAMEWORK

Members of organization share knowledge when they mightily comprehend their belongingness to an organization. Psychological contract i.e., perceive mutual binding s that employees of the association have been with their corporation outside formal contract (Conway and Briner, 2009). Through PC by perceived organizational membership developed trust in employees.

Knowledge Sharing

Knowledge sharing behavior refers to a voluntary act of making their knowledge & experience available that will help in the attainment of objectives and is essential to collaborate with each other's while solving complicated tasks and betterment of procedures (Wang, & Noe, 2010). Employees got to have the motivation to execute a kind of behavior according to motivation theory. Within the organizational context knowledge sharing, motivation arises from employee's knowledge self worth it alludes when the employee would be confident about his knowledge posses. So, they consider knowledge sharing one of the important components of their workplace and it is extremely important for daily tasks (Nguyen& Malik, 2020). Sharing of knowledge is not only restricted to share specific knowledge but its sharing of personal experiences that can be current or previous. In these ways of sharing knowledge is a crucial process to transfer learning from individual to group and then organization (Edu-Valsania, Moriano, & Molero, 2016).

Knowledge has been commonly known as a significant source for developing an organization's supportable strength and creating a competitive edge (Fang, 2010). However, the willingness to share knowledge depends on the organizational structure and how are the social relations with organizations (Islam, Anwar, Khan, & Rasli, 2012). The value of administrative knowledge has supported a few knowledge management happenings that are to recognize knowledge formation and also transfer, retention, and sharing (Abdulkadi, 2016).

Psychological Contract

The idea of the psychological contract was first initiated by Argyris in 1960. Generally, psychological contract underlies the association between the employees and employer that is less formal. In the social exchange theory, following construct has been grounded that interaction between the people is intrinsic in the relationship of psychological contract. While most of the literature regarding the psychological contract helps to understand the employment relationship. The psychological contract serves two key functions; help in defining the relationship between the parties and help in establishing mutual expectations between the parties which ultimately help in shaping attitude and behavior (Kingshott et al, 2020). The postulate contracts (formal as well as the psychological contract) are significant aspects of the employment relationship (Sonnenberg et al. 2011). The psychological contract is solely the concept of both the parties perceiving to have an obligation to each other in an exchange relationship. According to social exchange theory (SET), the psychological contract is represented as the "individual beliefs, formed by the organization, concerning the terms of an exchange agreement between employees and their organization postulate that psychological contract is a belief formed within the time between an individual and the organization" (Tamta & Rao, 2016). Psychological contracts (PCs) play a crucial role in the relationship between employee and organization. Particularly, Psychological contracts consist of

employees believes and ways of perceiving, formed by the organization. Previous researches have acknowledged that perception of psychological contract of employees can be determined by perceived promises kept, in past events by their employees. The degree to which both parties; employers and employees is taken into account fair and therefore the employees trust their employer that he will fulfill the promise within future. The literature of psychological contract studied extensively for instance, it was found that violations of perceived psychological contract could rigorously damage the relationship between employer and employees. Many researches proved that violation of psychological contract could lead toward destructive behavior and organizational deviance (Tseng& Wu, 2017). Psychological contracts are highlighted in the literature as in SET, depicting mutual exchange among the employee and their organization (Matthijs., Chiaburu, & Jansen, 2010). Generally, it is supposed that employees and employers endeavor enough to sustain balance among them, in terms of contributions and inducement they offer to each other.

Theory of Planned Behavior

Knowledge sharing can be implicit by Theory of Planned Behavior (TPB), it is deliberate behavior, as indicated by TPB “are assumed to capture the motivational factors that influence a behavior”. As indicated by TPB, there are 3 essential components which are state of mind, perceived control, and the subjective norm that can influence the intention. To start with the factor of TPB is a state of mind that can be utilized to assess workers identified with knowledge sharing behavior. Subjective standards can be the apparent social pressures where employees feel to share knowledge or not (Wu and Zhu, 2012). The third factor in TPB is seen behavioral control that can be the capabilities and essential assets accessible to knowledge specialists (workers) with the goal that employees can share learning (Sial et al., 2014; Tohidinia & Mosakhani, 2010).

Besides, it indicated that knowledge sharing behavior can increase the competitive position of the firm and contribute to improving organizational performance (Tamer & S., 2003). Similarly, the organization also experiences a big improvement in their overall effectiveness of business. Likewise, those who are hiding the knowledge by the members of the organization cause the competitiveness of organizations. To enhancing the concept of knowledge sharing in organizations, managers give opportunities to their employees to suggest new ideas and thoughts. Hence, knowledge sharing and leadership have a logical correlation between both of them. Theoretically, several research scholars have fore grounded many factors that lead to knowledge sharing, and leadership is considered vital among them (Ullah, Ab Hamid, & Shahzad, 2016).

RESEARCH METHODOLOGY

Quantitative research and cross-sectional study was done which included a sample size of (N=200) by using convenient sampling from banking employees of commercial banks. The data was collected from commercial banks including financial and microfinance banks and its branches of Southern Punjab, Pakistan.

To collect the required data for this study, secondary data used as a resource for the collection of data such as books, journals, dissertations, and other resources. The primary source used such as Questionnaire for the assortment of data from bank employees of Southern Punjab, Pakistan. The questionnaire formulated in English for the understanding of the participants. For this research, a

questionnaire with 5-point Likert Scale (Ranging from 1-5) was developed using past literature. Twenty items of questionnaire developed to collect views of respondents on; psychological contracts (independent variable) and knowledge sharing (dependent variable).

The current study used an analysis method ranging from descriptive statistics, reliability test, and correlation analysis to advanced structural equation modeling (SEM) and regression analysis data analyzed the Statistical Package for Social Sciences (SPSS) version SPSS-20 and AMOS test used on methodological grounds

RESULTS AND FINDINGS

To make sure the instruments were reliable the internal consistency method was implied using a reliability coefficient attained by computing Cronbach's alpha for all factors in the current study. All multi-item scales used in the study attained high internal scale reliability with Cronbach's alpha standardized values ranging from 0.6 to 0.9. For determining the reliability of each factor Cronbach's alpha would be above 0.6, thus the result shown in the table suggests that both the scales are reliable and can be implied in the main study.

Table 1: Scale Reliability

Scale	Cronbach's alpha
Psychological contract	0.74
Knowledge sharing	0.89

Descriptive Analysis

The focal point was to estimation, skewness, kurtosis, mean, standard deviation and item-total correlations to identify the normality and reliability of scales.

Psychological contract

An overview of standard deviation, skewness, kurtosis, mean and item-total correlation for psychological contract is presented in Table 4.3. The results of skewness and kurtosis are considered as reliable meanwhile all of the items have values less than ± 3.0 , as suggested by (Lei & Lomax, 2005). The value of item-total correlation founds initial reliability because all items surpassed 0.3, as proposed by Flynn, the data is found to be normal (see Figure 4.2), as all the cases fall more or less near the straight line.

The mean scores for psychological contract are reported as 5.18 (see Table 4.4). To further assess data reliability, the Cronbach's alpha values of the psychological contract scale were examined and reported as 0.66. The reliability estimates show good consistency among the items of the psychological contract scale, since all the values are better than the cut-off point of 0.6 suggested by (Hair, 2010).

Table 4.3: Summary of Mean, Standard Deviation, Skewness, Kurtosis and Total-Item Correlation of psychological contract items

Scale	Item Code	Mean	Standard Deviation	Skewness	Kurtosis	Total Item-correlation
Psychological	PC1	3.12	.740	-.261	-.906	.696

contract	PC2	4.16	.791	-.567	-.265	.678
	PC3	4.28	.738	-.540	-.859	.561
	PC4	4.25	.724	-.419	-1.010	.661
	PC5	4.22	.839	-.643	-.610	.541
	PC6	4.25	.767	-.727	.064	.498
	PC7	4.05	.813	-.462	-.200	.691
	PC8	4.08	.810	-.252	-1.136	.408
	PC9	4.27	.876	-.998	.423	.531
	PC10	4.18	.819	-.458	-1.055	.487
	PC11	4.35	.761	-.959	.461	.677
	PC12	4.23	.758	-.555	-.615	.541
	PC13	4.18	.882	-.905	.387	.606
	PC14	4.06	.812	-.214	-1.162	.441
	PC15	4.36	.742	-.825	-.204	.491
	PC16	4.34	.776	-.711	-.879	.381

Table 4.4: Descriptive analysis of psychological contract Scale

Scale	Code	Minimum	Maximum	Mean	Standard Deviation	Cronbach Alpha
Psychological Contract	Pc	3.13	4.81	4.11	.531	.934

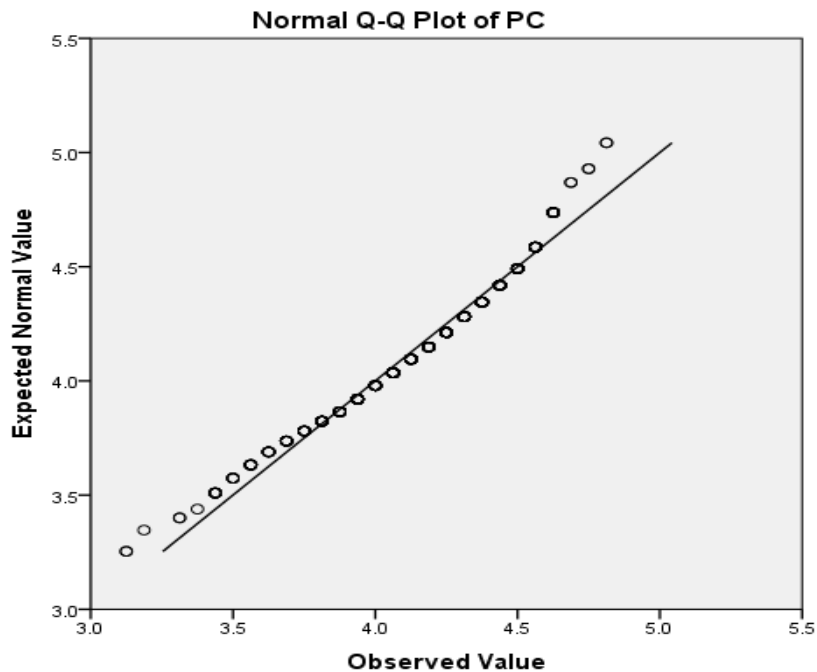


Figure 4.2: Normality Probability Plot of psychological contract Scale

Knowledge sharing

The summary of mean, standard deviation, skewness, kurtosis and item-total correlation for knowledge sharing is presented in Table 4.7. Effects of the descriptive analysis are presented in Table 4.8. The value of item-total correlation for OCB and collaborative climate is accepted since all

items exceed 0.3 suggested by Flynn. An examination of skewness, kurtosis and normality plots (see Figure 4.4) indicates that data normality was achieved, meanwhile all the items have values less than ± 3.0 , as proposed by (Lei & Lomax, 2005) and all cases fall more or less near the straight line.

The overall mean scores for knowledge sharing are reported to be 4.1338. This implies that the respondents have high perception of knowledge sharing. The reliability estimates show good consistency among the items of the knowledge sharing scale with Cronbach's alpha values of 0.627, which are greater than 0.6 suggested by (Hair, 2010).

Table 4.7: Summary of Mean, Standard Deviation, Skewness, Kurtosis and Total-Item Correlation of knowledge sharing items

Scale	Item Code	Mean	Standard Deviation	Skewness	Kurtosis	Total Item-correlation
Knowledge sharing	KS1	4.28	.867	-1.051	.541	.420
	KS2	4.12	1.156	-1.443	1.929	.408
	KS3	4.09	.979	-.937	.232	.434
	KS4	4.05	.986	-.957	.410	.562

Table 4.8: Descriptive analysis of knowledge sharing Scale

Scale	Code	Minimum	Maximum	Mean	Standard Deviation	Cronbach Alpha
Knowledge sharing	KS	1.00	5.00	4.1338	.68887	.800

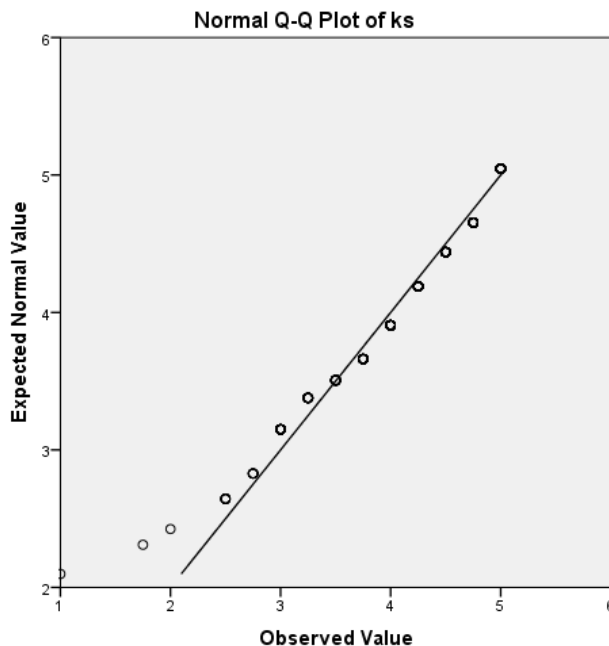


Figure 4.4: Normality Probability Plot of knowledge sharing Scale

Further, for determining the impact of psychological contract on knowledge sharing regression analysis was used.

Table 2 *Effect of Psychological Contract on Knowledge Sharing*

Dependent Variable	R Square	Std. Error	Regression Coefficient	t-score	P-value
a. Psychological Contract (Constant)	.094	.017	.306	6.41	.000

Note. a. Dependent Variable: Knowledge Sharing,

Table 2 shows the effect of the Psychological Contract on Knowledge Sharing in the overall population. The value of R-Square is .094 and the value of the regression coefficient (Beta) is .306, and the t-score for the testing of significance of Beta is 6.41 and the p-value is .000 shows the significance of test that Psychological Contract shows the high impact on Knowledge Sharing.

The foremost aim of this current study is to understand the effect of psychological contract and knowledge sharing in banking organizations and the quality of knowledge. In the organization, Knowledge sharing may be the force of sustainable change. The current study confirmed the relationship between, psychological contract and knowledge sharing.

CONCLUSION

It has been found that banks want to increase their organizational capacity should look at the psychological contract through the prism of relationships and transactions. The results of the survey indicate that an organization that uses the psychological contract to augment its knowledge can also increase its capabilities. Consequently, for having a good knowledge sharing in the organization, all the management actions would be organized toward the establishment of a collaborative climate (Mooghali, 2012). While the work from the current study, enlighten practitioners with a thorough conceptualization of the relationships among Psychological Contract and Knowledge Sharing.

In the current research "*Psychological contract*" which have impact on the knowledge sharing inside organizations and beyond the organizations. The degree, to which employees share knowledge within and beyond the organization as (Robbins & Judge, 2013) effected by "psychological contract" that raise members beyond their duties in formal job specification and work towards the interest of stakeholders. It can be suggested that knowledge management implementation can cause the improvement in process and services of banking industry.

Future research might consider other factors such mediator servant leadership in the relationship between psychological contract and knowledge sharing. As pointed out earlier, a cross-sectional research design pins down the strength of the conclusion, thus a longitudinal research design may be more appropriate for future researcher on this area. This study could be reproduced in different geographical regions and culture contexts.

While the work from the current study should enlighten practitioners and researchers with a thorough conceptualization of the relationships among Psychological Contract and Knowledge Sharing, some limitations draw attention to the interpretation of results and findings.

The present study utilized a cross-sectional research design although restricted casual inferences among the current study constructs. Although a cross-sectional research design is appropriate for developing relationships among variables, it does not capture the transformation that might influence the hypothesized relationships. In the future study, researchers can use longitudinal research design and inclusion of another cultural context.

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