# Research on Psychological Contract, Group Cohesion and Performance under Harmonious Employment Relationship

## **Xinying He<sup>1, 2</sup>**

<sup>1</sup> Macau University of Science and Technology, Macau, 999078, China
<sup>2</sup> Beijing Normal University Zhuhai Campus, Zhuhai, Guangdong, 519000, China

Keywords: Psychological Contract, Group Cohesion and Performance, Harmonious Employment

**Abstract:** The maintenance of psychological contract helps to improve employee job satisfaction, and there is an inseparable relationship between employee behavior, performance and attitude, which greatly enhances the cohesiveness of the group where the employee is located, and the cohesive force that seems to be unrelated to performance. It has become an important variable in the development of enterprises, and there is a close relationship between high organizational group cohesion and high performance. The research on the relationship between employee psychological contract, group cohesion and employee performance provides useful enlightenment for us to enhance employees' job satisfaction, improve organizational effectiveness and performance, and establish a harmonious employment relationship in management practice.

#### 1. Introduction

In the context of globalization, companies are faced with more transnational and cross-cultural production and production activities, and establishing companies outside their own countries has become the choice of many companies. Setting up a subsidiary or branch in a foreign country is both a need for business expansion and a response to competitors. Companies set up companies abroad, rather than simply exporting products abroad through trade. In the past, the relationship between employees and enterprises was generally defined in the form of written contracts, and paper-based explicit contracts were used to constrain each other's behavior. However, the uncertainty of the environment, the increased complexity and the diversity of employees make this contract unable to meet the interests of employees and enterprises. Employees will compare how much they pay according to their own expectations. According to this, companies are also consciously motivating employees through this implicit psychological contract. Therefore, psychological contracts play an important role in regulating the relationship between employees and organizations. Thailand and China are geographically close to each other and are also developing countries. The economic and political activities of the two countries are also very close. There are many Chinese in Thailand, so trade between Thailand and China has been going on for many years. It is for this reason that most Thai companies choose to set up subsidiaries in China. Zhengda Group took the lead in entering China in the early days of China's reform and opening up, and became a well-known enterprise in China. It has also maintained steady growth in these years.

#### 2. Factors affecting group cohesion

The main factors affecting group cohesion are as follows: (1) The leadership style of the group. The classic experiment by Lewin et al. compares the cohesiveness and group atmosphere of the experimental groups under the three leadership styles of "democracy", "autocracy" and "indulgence". It turns out that the democratic leadership style group is more friendly than the other group members, and the members are more active, more active, and more cohesive. (2) Commonality among members. If group members have common goals, interests, interests and hobbies, and aspirations, the cohesiveness of the group is strong. (3) Dependence of members on the group. The greater the dependence of members on the group when it is needed, the stronger the

DOI: 10.35532/JSSS.V4.047

group is attractive to it. (4) External influence factors. External threats enhance the collective values of the members of the group, thereby increasing the cohesiveness of the group. (5) Internal influence factors. Different reward methods have different effects on the emotions and expectations of group members. (6) Other factors. The way information is communicated is different, and the impact on group members' satisfaction, morale and group cohesion is also different. The individual characteristics, interests, and levels of thought of group members also influence the cohesiveness of the group.

### 3. The relationship between psychological contract and group cohesion

Nowadays, the concept of learning organization proposed by Peter Senge is very popular in academic circles. In fact, in addition to the atmosphere of knowledge management and team learning, the core of learning organization is that the key feature of the company is to establish a team vision. Now when it comes to a competitive team, it is said that corporate cohesion is very important. The formation of cohesiveness is a process that can be divided into three stages: first, the goal is attracted, that is, the group members gather together because the goals are basically the same; secondly The role of power, mutual recognition in the process of the two sides, the role of power; once again, emotional reinforcement, after a long period of understanding, the two sides have a strong emotional affiliation, forming a relatively stable cohesion. Drucker once said: "For the enterprise, what is the spirit of the members? There are many answers, but the most important one is the degree of sharing of corporate missions." In fact, the degree of sharing is the psychological contract between employees and organizations. To establish a psychological contract between the company and its employees, internal training and internal communication of the company are very important. The failure of many organizations stems from the lack of clear goals and clear vision for top management. As a manager, you need to have a forward-looking and strategic vision, and at the same time carry out the goal, because employees want a clear sense of direction in their work. The establishment of a psychological contract with the employees will greatly enhance the team's cohesiveness and work efficiency. The size of group cohesion has an important impact on the efficiency, long-term development and growth and development of employees. The group cohesion of enterprises is not only the embodiment of the spirit of the enterprise, but also a comprehensive reflection of the competitiveness of the enterprise. The emergence of psychological contract theory provides a new direction for enterprises to explore how to improve cohesion.

#### 4. Psychological contract and performance

As a psychological contract to regulate people's interests, the instrumental value of performance is mainly concentrated in two aspects: one is to reduce opportunistic behavior and save transaction costs; the other is to act as a kind of "moral capital" to directly promote economic development. Improve economic efficiency and thus improve overall social performance.

Any transaction behavior requires cost, especially the existence of incomplete contracts, which has hidden hidden dangers for the increase of transaction costs. As a kind of behavioral rule, psychological contract is an effective mechanism to overcome opportunism, ensure people's cooperation and produce "cooperative surplus". The reason why the psychological contract has such a restriction on transaction costs is that it emphasizes interest coordination and mutual benefit. The economic subject chooses to abide by morality. In fact, it chooses to protect its own interests by respecting the interests of others, thus effectively reducing the cost of preventing unethical behavior. As a moral value goal, psychological contract is the essence of rights and obligations. It is a good medicine to overcome the irrational self-interested impulses in people's hearts. It can avoid the interests of people because of various self-interested impulses. Conflicts enhance the certainty and predictability of people's behavior. In order to reduce the cost of corporate management, it uses higher standards of ethical behavior to reduce opportunism and evade obligations, while gradually increasing the confidence of group members and stakeholders in the organization.

Any economic activity is a human activity, which is bound to be influenced and influenced by

people's internal motives. Therefore, the level of economic efficiency is directly related to human motivation. As a kind of spiritual value system, psychological contraction is an important intrinsic motivation for people to engage in economic activities through internalization, which plays an extremely important role in improving economic efficiency. The enterprise team formed according to the psychological contract rules can solve the problem of lazyness of members, and the enthusiasm and initiative of labor will inevitably be improved. The high level of ethical behavior within a company can create significant advantages over companies that are costly due to the unethical behavior of their employees and managers. The enhancement of team member contract awareness (more precisely, a sense of responsibility) can improve the utilization of resources, and the result will inevitably lead to savings in production costs (including direct production costs and transaction costs necessary to maintain production. It can be seen that the psychological contract as a moral value system and a social resource, if it is internalized by the economic entity into its own behavior, will be transformed into an important productive efficiency other than the production technology revolution, and become an economic development. The power.

#### 5. Strategies and recommendations

Maintain a good balance of psychological contract. Psychological contract is significantly and positively related to team performance and organizational performance. Maintaining a good psychological contract relationship can promote team performance and organizational performance. The suggestion thus obtained is that the organization management personnel should strengthen the management of the psychological contract, maintain its balance, and make the whole organization in a good psychological contract atmosphere, and achieve the greatest organizational performance. In practice, if employees perceive that the organization has fully fulfilled its expected responsibilities, then the organization staff can fully realize their potential and change "I want to work" as "I want to work", thus increasing organizational performance several times. Achieve organizational goals.

Establish an effective psychological contract early warning mechanism. Psychological contract can be divided into two dimensions: transactional psychological contract and relational psychological contract. Organizations should pay attention to distinguish between them. To establish an effective early warning mechanism and develop the psychological contract in a benign direction, we need to pay attention to the following three conditions: the combination of organizational goals, team goals and individual member goals; organizational overall interests, team collective interests and The combination of members' personal interests; the combination of organization, internal competition principles and cooperation principles. Organizations should make full use of the communication channels of formal organizations and informal organizations, as well as the early warning mechanism of psychological contracts, to deal with problems in the bud, to leave talents in the organization, and to promote organizational performance through the intermediary role of team performance.

Strengthen the team's own construction. Team performance plays a mediating role in the relationship between psychological contract and organizational performance. This requires us to pay attention to the development process of the team and its role, and continuously strengthen the team's own construction and improve its performance. As the organization develops, members of the original team will change, including the voluntary or forced withdrawal of old members, as well as the addition of new members. On the one hand, in order for the organization to survive forever, it is necessary to overcome the shortcomings of the team members, and overcome the risk of decision-making due to social laziness; on the other hand, due to the increasingly complex environment faced by the organization, The original team also needs to replenish fresh blood and requires a recombination of multiple skills and experience to effectively prevent organizational performance degradation due to changes in team members.

#### 6. Conclusion

Psychological contract is closely related to employee's job satisfaction. The maintenance of psychological contract helps to improve employee job satisfaction. There is an inseparable relationship between employee behavior, performance and attitude, which greatly enhances the group cohesion of employees. There is a close relationship between group performance and job satisfaction, and high-performance groups have more job satisfaction than employees in low-performance groups. The causal relationship between group cohesion and performance is closer, and high-performance organizations must have a higher organizational cohesion.

#### Acknowledgements

The research work of this study is a part of the Research Base of Economic Development and Social Governance Foundation Project 2018 of Zhuhai "The study of Organizational Mainstream and Adjustment Strategy" (NO.20180925).

#### References

- [1] Zhu Xiaomei, Wang Chongming. Research on employee psychological contract and its organizational effect [J]. Journal of Industrial Engineering and Engineering Management, 2006(3): 123-125.
- [2] Guest D E. On Meaning, Metaphor and Psychological Contract: A Response to Rousseau [J] . Journal of Organizational Behavior, 2010 (19): 673-677.
- [3] Rousseau D M. Normative Beliefs in Fund -Raising Organizations—Linking Culture to organizational performance and Individual Responses [J]. Group Organization Management, 2000, 15(4): 448-460.
- [4] Kickul J, Lester S W, Firkl J. Promise during Radical Organizational Change, Do Justice Make a Difference [J]. Journal of Organizational Behavior, 2002, 23(3): 228-236.
- [5] Li Yuan, Guo Dejun. The psychological contract in the organization [J]. Advances in Psychological Science, 2002 (1): 83-90.