

Psychological Contract and Employee Retention of Deposit Money Banks in Delta State

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Abstract

The study examined the relationship between psychological contract and employee retention of Deposit Money Banks in Delta State. The study used a cross-sectional survey research design method. The target population for this research includes all 411 employees from selected deposit money banks in Asaba, Delta State. The sample size of 203 was determined for this research using Yamen's sample size formula. The study adopted the stratified random sampling technique. The data collection method involved distributing self-administered structured questionnaire to bank employees. The data obtained from the field survey were analyzed using both descriptive and inferential statistical methods. Findings showed that job security, career growth opportunities and employee competence has significant positive effect on employee retention. The study concluded that psychological contracts have significant positive effect employee retention in the deposit money banks in Delta state. The study recommended amongst others that banks should prioritize stability and long-term strategies to demonstrate their commitment to sustaining the workforce. Avoid making hasty decisions that could lead to layoffs or downsizing unless absolutely necessary.

Keywords: Employee Competence, Employee Retention, Psychological Contract

JEL Classification Codes: J41, M12, M54

1. Introduction

Employee retention is a critical concern for organisations across various industries, and deposit money banks (DMBs) are no exception. In today's highly competitive and dynamic business environment, attracting and retaining talented employees is essential for sustained organisational success and growth. High employee turnover not only incurs significant

costs in terms of recruitment and training but also disrupts business operations and affects overall productivity and performance. In recent years, the banking sector has experienced rapid growth and expansion. As a result, DMBs have faced increasing challenges in retaining their skilled and experienced workforce. Employee turnover in the banking industry can be influenced by various factors, including job security, career growth opportunities, and the overall work environment. However, the role of the psychological contract in shaping employees' perceptions and attitudes towards their employment relationship has gained recognition as a significant determinant of employee retention (Wong, 2021).

The psychological contract covers the shared attitudes, perceptions, and informal agreements that exist between a company and a worker. It establishes the framework for their relationship and delineates the specific expectations and obligations pertaining to the work to be performed. Pramudita, Sokoco, Wu, and Usman (2021) opined that the psychological contract of public employees encompasses various aspects related to their employment relationship. These aspects include fairness, equity, and consistency in treatment, job security, opportunities to demonstrate competence, career expectations, skill development, involvement in decision-making, and trust in the organisation's management to fulfil their commitments. The employers' viewpoint regarding the psychological contract revolves around expectations related to punctuality, competence, effort, compliance, commitment, and loyalty. These factors are considered essential components of employee job performance.

Nevertheless, within the context of an organisational setting, the absence of a fulfilled psychological contract inevitably exerts an influence on employee job performance and the achievement of organisational goals. This, in turn, holds significant implications for the development of any organisation, particularly in the realm of the banking industry. Nwokocho (2015) asserted that a breach of the psychological contract is to blame for the shift in how workers act in the workplace. This breach often leads to negative consequences such as decreased performance, the departure of valuable employees, and a decline in productivity and desired growth.

The psychological contract is an implicit agreement between employees and organisations, exerting significant influence on both parties involved (Poisat, Mey, & Sharp, 2018). The concept of a psychological contract refers to a set of beliefs held by employees regarding the expected actions they should undertake and the corresponding response they anticipate from their employer. Similarly, employers also hold beliefs about the expected actions they should perform and the responses they anticipate from their employees. The psychological contract is presently

acknowledged as a manifestation of self-interest, representing a reciprocal collaboration between individuals and organisations (Rousseau, Hansen, & Tomprou, 2018; Soares & Mosquera, 2019).

Staff members are expected to put forth their best effort in order to create value for the company and aid in its progress, while the company is obligated to provide for each worker's material and psychological needs (Karagonlar, Eisenberger, & Aselage, 2016; Newaz, Davis, Jefferies, & Pillay, 2019). Although the psychological contract is not codified anywhere in the law, it has become an important informal agreement which serves to strengthen the legal commitment between workers and companies. The fundamental indication of the psychological contract between companies and their workers is the level of employee satisfaction with their company (Lub, Bal, Blomme, & Schalk, 2016). When workers' practical and emotional needs are met by their employers, a mutually beneficial working relationship develops.

Companies can achieve higher-quality development and employees can attain better promotion, only through this approach. Based on the concept of the psychological contract, the needs of workers within an organisation can be categorised into seven distinct dimensions: namely, the work environment, assigned tasks, sense of ownership, rewards, values, opportunities for personal growth, and prospects for career advancement. The aforementioned seven components comprehensively encapsulate the entirety of employees' requirements for an ideal organisation, as well as serving as a crucial assurance for their work. In the context of banks, it is imperative for employees to possess exceptional work abilities, demonstrate a high level of loyalty towards the organisation, contribute constructive opinions, and adhere to the established rules and regulations. Hence, within the context of the association between employees and companies, it is the employees who assume the role of the psychological contract's focal point (Costa & Neves, 2017; Han, Kim, & Kim, 2017).

Employees are essential assets for every organisation, as their absence would hinder the organisation's performance. They diligently fulfil all requisite tasks essential for the prosperity of the organisation. The presence of employees is essential for the effective allocation of tasks and the smooth functioning and mobility of business operations (Mwangangi & Nahashon, 2018). Hence, it is imperative to recognise and prioritise the importance of valuing and ensuring the well-being of employees. Locating employees possessing unparalleled skills presents a formidable challenge, often necessitating a substantial investment of time. Therefore, there is a need to examine the effect of psychological contracts on employee retention in the banking industry.

In contemporary times, individuals are disinclined to pursue long-term employment within an organisation unless they are afforded substantial opportunities for personal and professional development. Oladele and Adelugba (2021) stated that individuals who experience limited career advancement opportunities within their organisation may transition into the role of opportunity seekers within the job market. In the realm of employment, the phenomena of mobility and career change are frequently observed. Employees who exhibit limited career development within an organisation often choose to depart from said organisation in pursuit of more favourable opportunities. Wang (2014) posited that workers that believe their company genuinely invests in their career development tend to exhibit positive responses on behalf of their organisation. This suggests that the career prospects within an organisation influence an individual's intention to depart from such an organisation.

Furthermore, the absence of job security may engender a perception among employees that the organisation fails to prioritise their well-being and does not attribute any meaningful value to their contributions. If there is a mismatch between the perceived obligations of the employer and the actual experiences of employees, it can result in a psychological contract violation. When employees feel that the organisation has failed to fulfil its promises, they become disengaged and dissatisfied, leading to increased turnover. This study's significance lies in its potential to contribute to both theoretical and practical aspects of employee retention in the banking sector, particularly DMBs in Delta State. From a theoretical standpoint, the study will expand the existing body of knowledge on the psychological contract by exploring its effects on employee retention, thus enriching the understanding of human resource management and organisational behaviour in the banking context. The main objective of the study is to examine the effect of psychological contracts on employee retention at deposit money banks in Delta state. The specific objectives are to:

- i. Ascertain the effect of job security on employee retention at deposit money banks in Delta state.
- ii. Determine the effect of career growth opportunities on employee retention at deposit money banks in Delta state.
- iii. Assess the effect of employee competence on employee retention at deposit money banks in Delta state.

2. Literature Review

2.1 Conceptual Review

2.1.1 Concept of Psychological Contracts

A "psychological contract" is the set of unspoken agreements in place between a company and each of their workers. According to Guest (2007), what really matters is how each party to an employment contract sees the other's expectations of the benefits and responsibilities that come with their arrangement. Wong (2021) asserted that a psychological contract exists when a worker believes that their employer values and respects their contributions to the company. The employee's perception and assessment of their employment contract, which includes beliefs formed from explicit or implicit promises made in relation to a reciprocal agreement between a staff and the firm, as well as the employing company and its representatives, is commonly acknowledged (Bellou, 2017).

The psychological contract can be defined as an implicit agreement that exists between an employee and employer, wherein both parties have certain expectations regarding the treatment they will receive in the workplace. These expectations are influenced by factors such as the prevailing culture, language, and behaviour within the organisational context. The behaviour of the workforce and the interpretation of events are influenced by certain expectations, which are derived from the perceived commitments made by the company to the staff. John (2013) posited that the concept of the psychological contract pertains to the cognitive process through which individuals in an employment relationship establish and internalise their respective expectations and obligations towards one another. The author elaborated on the notion that a significant portion of these responsibilities are implicitly and vaguely suggested and can be deduced from actions or previous occurrences, as well as from the company's own words throughout the interview and assessment phases.

Meanwhile, certain obligations may be perceived as commitments, while others may be considered anticipations. However, the employee perceives those promises and expectations as integral components of the contractual association with the company. The psychological contract can be defined as the shared comprehension of reciprocal duties and commitments between workers and employers. Pramudita *et al.*, (2021) characterise it as an implicit understanding that lacks a formal written agreement yet embodies the unexpressed subjective dedication of both the employee and the employer. In essence, it relies on the mutual commitments and responsibilities inherent in the employment relationship that are essential to the field of public personnel management in the present era. A quantitative, empirical, and horizontal study was conducted on a sample of 201 operators employed by auto parts manufacturers.

2.1.2 Concept of Employee Retention

The achievement of predetermined objectives established by a company is the primary determinant of its success. To achieve this objective, it is imperative for the company to sustain its workforce. The achievement of organisational objectives can be enhanced by a workforce that exhibits a high level of organisation and motivation. Companies face a considerable obstacle in the form of employee retention, as workers are widely recognised as crucial contributors to the operational efficiency and overall achievement of the organisation (Kossivi, Xu, & Kalgora, 2016). The achievement of expected operational goals requires the successful retention of employees within an organisation.

Mehta, Kurbetti, and Dhankhar (2014) posited that it is crucial for organisations to establish and enforce suitable human resources policies and practices in order to successfully retain employees who possess advanced skills and demonstrate strong commitment. Organisations that successfully retain employees with high levels of skill possess a clear advantage over their competitors, as they are likely to observe a rise in productivity levels (Azeez, 2017). Research has indicated that the practice of employee retention yields favourable outcomes for an organisation, including enhanced profitability and an improved market image and reputation. Organisations engage in a strategic and intentional effort known as employee retention, which aims to meet the needs of their employees and ultimately retain them (Shakeel & But, 2015).

In light of the substantial costs incurred in talent replacement as a consequence of elevated turnover rates, it is crucial to develop an inclusive retention policy that adeptly addresses these concerns. To address the issue of turnover, it is recommended that organisations place emphasis on employee retention as a strategy for maintaining their pool of skilled and talented workers (Singh, 2019). The significance of employee retention resides in its capacity to uphold organisational stability and advancement (Baharin & Hanafi, 2018). Knott (2016) highlights the substantial impact of employee retention on both employee performance and organisational profitability, underscoring the significance of this matter. Employee retention refers to the practice of retaining staff members, regardless of their skill level, in order to prevent their replacement and maintain their ongoing association with the organisation.

2.1.2 Concept of Employee Retention



Job security

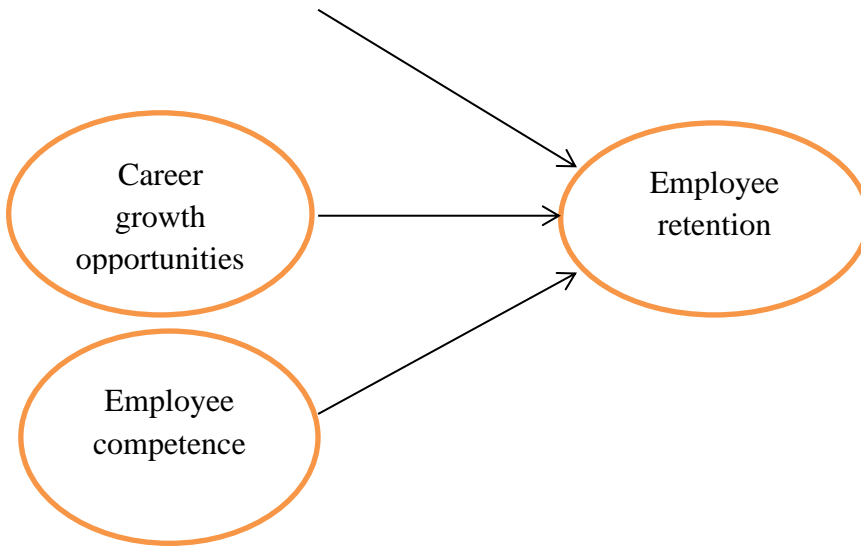


Figure 1: Conceptual Model

Source: Researchers Model (2023)

Figure 1 is an illustration of how the dimensions of psychological contracts affect employee retention. The model was adapted from Soares and Mosquera (2019) study.

2.1.3 Relationship between Job Security and Employee Retention

Job security plays a significant role in alleviating concerns regarding future career prospects, promotions, and workplace stability and safety, thereby enabling individuals or employees to focus on their work without excessive worry. Rabenu, Yaniv, and Elizur (2016) asserted that the concept of job security involves workers' hopes for the permanence of their employment. This includes aspects like as opportunities for advancement, overall working conditions, and long-term career prospects. Several Aceh government departments, notably the Ministry of Religion, place a premium on protecting their employees' jobs (Wahyuni, Musnadi, & Nurdin, 2020).

Employees' health and happiness are often discussed in tandem with the idea of job security. Mondy (2010) asserts that safety encompasses measures aimed at safeguarding employees from injuries resulting from work-related accidents. The presence of job security within an organisation

fosters a sense of assurance among employees, thereby nurturing their dedication to the company's workforce. The establishment of job security necessitates a level of reciprocal action. Initially, a company must effectively communicate a definitive message that job stability is assured. Subsequently, employees who hold the belief that this assurance is genuine will experience a sense of confidence and subsequently dedicate themselves to exerting additional effort for the betterment of the company. Ultimately, a company that recognises the positive impact of job security on its overall performance will reinvest in ensuring job security once again (Pfeffer, 1997).

The impact of job security on both team and organisational performance is substantial (James, 2012). The author observed that the presence of employees with low job security within organisations leads to a decline in individuals' confidence in their future prospects, thereby exerting a subsequent impact on their performance. The individual stated that there is a positive correlation between a worker's level of job security and their ability to effectively carry out their assigned tasks, which in turn has a direct impact on the overall performance of the organisation. Schreurs, Hetty van Emmerik, Günter, and Germeys (2012) opined that a decrease in job security results in workers being unable to effectively fulfil the demands and objectives associated with their daily work responsibilities.

2.1.4 Relationship between Career Growth Opportunities and Employee Retention

The concept of career growth pertains to the advancement of employees' careers at a specific juncture, encompassing both the internal progression within the organisation and the professional development of individuals engaged in inter-organisational mobility. This includes a particular focus on the rate of growth experienced by individuals within the enterprise (Jia-jun & Hua-ming, 2022). When organisations offer employees anticipated opportunities and resources for the development of their professional abilities, both individuals and enterprises will progressively achieve better integration, resulting in the formation of a mutual bond and the cultivation of organisational commitment.

In their study, Bashir *et al.*, (2020) provided additional support for the influence of career growth on organisational commitment within the context of transformational leadership. The level of affective commitment exhibited by individuals within an organisation is influenced by their perception of positive support received from the organisation. The advancement of employees' careers is contingent upon their participation in training and development initiatives. Consequently, it is imperative to

provide employees with ample opportunities for training and development in order to facilitate their career growth (Ldama & Bazza, 2015). The enhancement of employees' skills and talents for both present and future roles is significantly influenced by employee training and development. In order to endure in the face of technological advancements and intense competitive pressures, organisations must prioritise the training and development of their employees in alignment with contemporary trends (Salah, 2016).

Career growth opportunities encompass three key aspects: the realisation of one's career aspirations, the enhancement of professional competencies, and the attainment of rewards that align with these competencies (Weng & McElroy, 2012). Kraimer *et al.*, (2011) posited that the work-related behaviours and decisions of employees are driven by their aspirations to achieve career goals. Consistent with this assertion, the significance of career growth opportunities in the workplace has gained widespread recognition as crucial job resources that facilitate favourable organisational outcomes, including heightened organisational commitment and diminished turnover intention (Weng *et al.*, 2010; Weng & McElroy, 2012).

The socially embedded model of thriving put forth by Spreitzer *et al.*, (2005) explains the connection between career growth opportunities and thriving at work. Knowledge, positive meaning, positive affect, and relational resources are the four broad types of job resources that the model proposes, based on the theoretical framework. It is hypothesized that providing workers with these tools will encourage more autonomous actions during the workday. Therefore, these behaviours are expected to facilitate worker succeeding at work, which involves multiple experiences of optimism (i.e., feelings of being energetic and alive) and learning (i.e., thoughts regarding the ongoing advancement and the use of knowledge and skills in the workplace).

According to Meng-Long (2021), having the chance to advance in one's profession is good for a worker's capacity to learn new things and find satisfaction in their work. These factors, in turn, serve to enhance employees' focus on their work tasks, ultimately resulting in experiences characterised by thriving. According to Weng and McElroy (2012), career growth opportunities play a crucial role in facilitating employees' advancement towards their career objectives and fostering the enhancement of their professional competencies. Consequently, it is probable that employees will perceive their work tasks as meaningful and gain a greater amount of professional knowledge. The enhanced understanding and availability of valuable resources motivate employees to prioritise these work tasks,

thereby maintaining their focus on them. Consequently, as employees direct their attention towards the specific task at hand, they have a tendency to become fully engaged and experience a heightened sense of vigour, which is a key element of thriving.

Furthermore, individuals are prone to cultivating and enhancing established patterns for executing their tasks with optimal efficiency, thus making a valuable contribution to the process of acquiring knowledge and skills, which is an essential aspect of thriving (Spreitzer *et al.*, 2005). Since there is a dearth of direct data from studies, the favorable impact of career progression chances on flourishing is verified by indirect empirical evidence. According to the data, workers feel more successful when their employers help them advance in their careers and achieve their personal goals (Coetzee, 2019).

The study conducted by Gangaram (2016) investigated the direct impact of organisational career advancement on employees' intention to leave, while also considering the potential moderating role of demographic factors. This study investigates the relationship among employees of private commercial banks in Nepal. A total of 290 banking employees from Nepal were included in the data collection process. Confirmatory factor analysis was employed in this study, which revealed a negative relationship between the dimensions of organisational career growth and employees' turnover intentions. In addition, it is observed that none of the demographic variables, namely gender, age, education, marital status, and position, exhibit a significant moderating effect on the phenomenon. The study revealed that in the Nepalese context, the primary factors that significantly influence employees' turnover intentions are promotion speed and remuneration growth. These factors have a direct and substantial impact, with career growth progress being the subsequent factor of importance.

2.1.5 Relationship between Employee Competence and Employee Retention

Boyatzis (2008) asserted that competencies can be described as fundamental attributes of an individual that encompass motives, traits, skills, self-image, social roles, or knowledge that they employ. Taylor (2017) posited that competencies are the ability to effectively carry out job responsibilities to a specified level of proficiency within authentic work settings. Leadership, which pertains to the effective execution of tasks, can serve as a means to inspire and incentivize employees. To attain these objectives, it is imperative for the leader to exert efforts to cultivate trust among the employees and foster their inclination to become followers. The study conducted by Friolina *et al.*, (2017) investigated the impact of

competence, communication, and commitment on the performance of civil servants. The findings of the study indicate that competence has a positive and statistically significant impact on the performance of civil servants at DET Bondowoso. The prevailing interpretation in this context suggests that aligning civil servants' job assignments with their respective competencies can lead to enhanced performance among these individuals.

Rossilah (2008) stated that competency or efficiency encompasses a range of attributes, including knowledge, skills, attitudes, intellect, and personal perspectives, that enable individuals to perform their responsibilities with effectiveness and efficiency. Competence can be defined as the essential behavioural requirements for effectively carrying out job tasks and achieving desired outcomes within an organisation. These requirements encompass a range of attributes, including skills, character, quality, ability, capacity, and capability (Cumming *et al.*, 2009). Competencies refer to discernible actions, acquired knowledge, proficiencies, and capabilities possessed by individuals, enabling them to effectively engage and retain customers through the provision of high-quality service (Wuim-Pam, 2014).

Proficient personnel are indispensable resources for the continued existence of any organisation within the ever-changing and fiercely competitive business landscape. In the context of private service organisations, the researchers conducted a study wherein employees were identified as the primary interface of the organisation. These employees play a critical role in satisfying customers and serving as a significant source of competitive advantage. Proficient employees possess a comprehensive understanding of their respective roles and responsibilities, effectively executing them in order to attain the predetermined goals and objectives of the organisation. Berihun (2016) stated that competencies refer to the discernible behaviours, knowledge, skills, and abilities exhibited by employees in order to effectively attract and retain customers through the provision of high-quality service. Competent employees are highly valuable assets that play a crucial role in ensuring the survival of an organisation within the ever-changing and competitive business environment.

Service-provider organisations often involve a significant level of interaction between customers and employees in the areas where services are delivered. These regions are inhabited by a significant proportion of an organisation's workforce, typically responsible for daily customer interactions and managing various aspects of customer engagement (Mengesha, 2021). The employees serve as the primary interface of the organisation, playing a critical role in both delighting customers and serving as a key source of competitive advantage. Proficient employees possess a

comprehensive understanding of their respective roles and responsibilities within organisation, and effectively fulfil them in order to attain the desired goals and objectives. This is accomplished through the application of their acquired competencies. Competency refers to a foundational criterion encompassing skill, knowledge, ability, and behavioural attributes that are essential for individuals to effectively carry out their work tasks (Boyatzis, 2008). The successful functioning and fulfilment of customer needs and organisational objectives necessitate a range of factors, including motives, traits, self-concepts, attitudes or values, and skills and abilities (Potluri & Zeleke, 2009).

Sanghi (2016) asserts that competencies are the distinguishing attributes of an organisation, encompassing the skills that differentiate it from other similar entities. These factors serve as the primary drivers of competitive advantage and form the foundational elements for future prospects. Competence can be conceptualised as a collection or combination of various skills rather than being characterised as a singular, isolated skill. Competency refers to the amalgamation of various skills, abilities, knowledge, and capabilities. The comprehension and cultivation of employees' competencies are imperative in facilitating the organization's ability to capitalise on the opportunities they present. Competencies can be conceptualised as skill-based interpretations of organisational requirements.

According to Chen *et al.*, (2019), competencies are defined as observable attributes of individuals, encompassing their knowledge, skills, and behaviours that facilitate their ability to perform tasks. Moreover, these competencies encompass a set of skills that facilitate a firm's ability to establish and maintain strong relationships with its customers. Momeni *et al.*, (2011) added that the crucial components of competencies encompass customer knowledge, customer access, and competitor knowledge. The integration of selection, training, appraisal, and compensation is facilitated by the assessment of employees' competency levels. In contrast, competencies are employed as a strategic approach to enhance the connection between organisational culture, outcomes, and individual performance. This is achieved by placing emphasis on competencies that are required across various occupational specialties. It is a means of elucidating job responsibilities and employee expectations in a more expansive and inclusive manner. It serves to identify and address any discrepancies between individual capabilities and the position's requirements. Is a technique for coordinating team and individual performance with the organisation's mission, goals, and external environment (Campion *et al.*, 2011).

2.2 Empirical Review

In a study by Hong and Kim (2016), the researchers looked at the effects of psychological contract violations on the levels of job satisfaction and turnover intention among catering staff members working in opulent hotels. The reliability and goodness-of-fit of the research model were assessed based on a sample size of 280 for empirical investigation. Additionally, four hypotheses were tested and confirmed. The findings indicate that the breach of a relationship contract has a noteworthy adverse effect on job satisfaction, and job satisfaction, in turn, has a significant negative influence on turnover intention. It was recommended that hotels should take cognizance of psychological contracts in their recruitment process.

Van Hootegem and De Witte (2019) investigated the potential association between job insecurity and engagement in information seeking, feedback seeking, and help seeking behaviors at a lower level. Additionally, the researchers examined the potential moderating effects of professional self-efficacy and psychological contracts on these relationships. The findings indicate that the violation of psychological contracts has a limited role in mediating job insecurity. The decline in professional self-efficacy and the rise in psychological contract violations contribute to a decrease in employees' engagement in informal learning, resulting in reduced competitiveness within the context of a progressively unstable work environment. It was recommended that interventions should focus on enhancing employees' occupational self-efficacy and reestablishing the psychological contract in order to deter job-insecure workers from disengaging from informal learning.

Flores, Guaderrama, Arroyo, and Gómez (2019) examined psychological contract, exhaustion, and cynicism of the employee: its effect on operational staff turnover in the northern Mexican border. A study was conducted using a sample of 201 operational staff in the auto-parts manufacturing industry located in Ciudad Juárez, Chihuahua, Mexico. The study was quantitative, empirical, and transversal in nature. The statistical technique employed was partial least squares structural equation modeling (PLS-SEM). The findings suggest that the employee's emotional tiredness and cynicism contribute to their intention to leave, with cynicism exerting a stronger influence in comparison. Nevertheless, the hypothesised connection between the breach of the psychological contract and the inclination to depart was disproven. Hence, it is advisable to promptly implement organizational interventions upon detecting initial indications of staff burnout.

In their study, Haski-Leventhal *et al.*, (2020) examined the multidimensional benefits of university student volunteering: psychological contract, expectations, and outcomes. Conducted through extensive qualitative research involving more than 60 interviews across six Australian campuses, this study provides a comprehensive analysis of the advantages, unexpected benefits, and letdowns experienced by different groups involved in student volunteering. The findings indicate that the process of training, preparation, and expectation management has the capacity to generate advantageous outcomes for all parties involved. The study suggested the necessity of reproducing the results in different societies and universities in order to investigate the perceptions, expectations, and outcomes for all three parties involved.

3. Methodology

The study used a cross-sectional survey research design method. According to Granger and Newbold (2004), the survey research method focuses on gathering and analysing data to establish a connection between the views of respondents and the subject matter, with the ultimate objective of achieving the stated goal. The rationale behind selecting this method is based on its ability to gather the necessary data for addressing the research questions and effectively elucidating the relationship between the variables in the conceptual model. The target population for this research includes all 411 employees from selected deposit money banks in Asaba, Delta state. Fidelity Bank Plc branches (72), First Bank Nigeria Limited (78) Guaranty Trust Bank Plc (39) United Bank of Africa Plc (95), Unity Bank Plc. (29) and Zenith Bank Plc branches (98). The sample size of 203 was determined for this research using Yamen (1973) sample size formula.

$$n = \frac{N}{1 + N(e^2)} \dots \dots \dots 1$$

Where;

n = the required sample size to be captured;

N = the total number of members in the population;

e = the tolerable error margin for the selection of appropriate representative unit of the population.

$$n = \frac{411}{1 + 411(0.05)^2}$$

$$n = \frac{411}{2.0275}$$

$$n = 203$$

The study employed the simple random sampling technique. Simple random sampling is a statistical technique used in research to select a sample

from a larger population in such a way that each individual or element in the population has an equal chance of being chosen. The process involves randomly selecting units from the population without any specific pattern or criteria. The rationale behind selecting the simple random sampling technique is that it reduces the risk of favouring certain characteristics or excluding others, leading to a more unbiased and reliable sample. The study used primary data as the main source for data collection. The data collection method involved distributing a self-administered structured questionnaire to bank employees.

The reliability of the instrument was assessed using a test-retest method. The Cronbach alpha reliability estimation was utilised in this research to assess the consistency of the questionnaire item. The outcome refers to the result obtained for different items that assess the same constructs within a measure. Hair, William, Black, Rolph, and Ronald (2006) asserted that a coefficient value of 0.7 is recommended for the Cronbach's alpha test score.

The validity of the research instrument was established through the use of two measures: construct validity and face validity. The study's goal was to find out if the instrument was construct valid by looking at how well it fit with existing research on the three constructs. The questionnaire was evaluated by experts in business administration to determine its validity. They carefully examined the instrument and made the necessary corrections, which were implemented appropriately. This aided in ensuring that the questionnaire accurately assessed the intended variables.

3.1 Measurement of Variables

The study used the likert summated rating scale method ranging from 1=strongly disagree, 2=disagree, 3=undecided, 4=agree and 5=strongly agree to measure the chosen variables in this study. In this study, the first 5 items in the questionnaire are demographic measures. While the remaining 16 questions were characterized by issues of psychological contracts: job security, career growth opportunities and employee competence as it relates to employee retention.

3.2 Model Specification

The general form of the equation to predict employee retention was adapted from Soares and Mosquera (2019) study.

$$ER = f(JS, CGO, EC) \dots \dots \dots 2$$

$$ER = \beta_0 + \beta_1 JS + \beta_2 CGO + \beta_3 EC + \epsilon \dots \dots \dots 3$$

Where:

ER = Employee Retention

JS = Job Security
 CGO = Career Growth Opportunities
 EC = Employee Competence
 β_0 = Constant
 $\hat{\epsilon}$ = Error term

4. Results and Discussion

Table 1: Analysis from the Field Survey on Response Rate

Questionnaire	Number	Percentage
Total questionnaires distributed	203	100
Questionnaire collected and completely filled	199	98

Source: Distributed Questionnaire (2023)

A total of 203 questionnaires were distributed, and 199 of them were returned in a proper and usable condition. The analysis was conducted using a response rate of 98%.

Table 2: Frequency Analysis of Respondents Profile

S/N	Variables	Frequency	Percentage (%)
1	Gender:		
	Male	96	48
	Female	103	52
	Total	199	100
2	Age Range:		
	Below 30	42	21
	31-40	111	56
	Above 41	46	23
	Total	199	100
3	Marital Status:		
	Single	86	43
	Married	104	52
	Divorced	9	5
	Total	199	100
4	Educational qualification:		
	SSCE	5	3
	OND/ NCE	66	33
	HND/ BSc	121	61
	MSc/MBA	7	3
	Total	199	100
5	Work Experience:		
	1-5years	49	25
	6-10years	67	34
	Above 10years	83	41
	Total	199	100

Source: Field Survey, 2023

Table 2 presents the background attributes of the research respondents, with a focus on analytical purposes. These attributes represent 98% of the total sample size. The data reveals that the gender composition of the sample consisted of 48% males and 52% females. The data reveals that the respondents can be categorised into different age groups. Specifically, 21% of the respondents were below 30 years old, 56% fell within the age range of 31-40 years old, and the remaining 23% were above 41 years old. According to the data, the respondents' marital composition can be analysed as follows: 43% of the respondents identified as single, 52% identified as married, and the remaining 5% identified as divorced. The majority of the respondents (61%) in the sample had an educational background of HND/BSc. The data indicates that a significant portion of the respondents, specifically 25%, have less than 5 years of working experience. Additionally, 34% of the respondents fall into the category of having 6-10 years of working experience. The majority of the respondents, comprising 41%, have more than 11 years of working experience.

Table 3: Psychological Contracts and Employee Retention Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.
	B	Std. Error			
1(Constant)	-.905	.871		-1.039	.300
Job security	.329	.045	.329	7.246	.000
Career growth opportunities	.496	.053	.470	9.346	.000
Employee competence	.225	.048	.218	4.683	.000

a. Dependent Variable: Employee retention
 Source: Field Survey, 2023

Table 3 showed that job security has significant positive effect on employee retention ($\beta = 0.329, P < 0.05$). Career growth opportunities has significant positive effect on employee retention ($\beta = 0.470, P < 0.05$). However, employee competence has significant positive effect on employee retention ($\beta = 0.218, P < 0.05$). The prediction of customer retention using the statistical model is presented as follows:

Table 4: Analysis of Variance ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	291.890	3	97.297	174.410	.000 ^b

Residual	108.783	195	.558		
Total	400.673	198			

a. Dependent Variable: Employee retention

b. Predictors: (Constant), Employee competence, Job security, Career growth opportunities

Source: Field Survey, 2023

The *F*-ratio in table 4 showed that psychological contracts statistically significantly predict employee retention, $F = 174.410$, $0.000 < 0.05$. This means that the regression model is statistically significant.

Table 5: Model summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.854 ^a	.728	.724	.747

a. Predictors: (Constant), Employee competence, Job security, Career growth opportunities

Source: Field Survey, 2023

Table 5 showed the extent to which the dimensions of psychological contracts accounted for change in employee retention as reflected by the R Square, which showed that 73% (0.728) of the change in employee retention was brought about by the variables of psychological contracts.

4.1 Discussion of Findings

Findings showed that job security has significant positive effect on employee retention. Test of hypothesis one showed that job security has a significant positive relationship with employee retention at deposit money banks in Delta state. The impact of job security on both team and organisational performance is substantial (James, 2012). The findings suggest that job security can lead to increased job satisfaction among employees. When individuals feel secure in their positions, they are less anxious about the future and can focus on performing well in their roles.

Findings showed that career growth opportunities have significant positive effect on employee retention. Test of hypothesis two showed that career growth opportunities have a significant positive relationship with employee retention at deposit money banks in Delta state. The study suggests that there is a positive correlation between career growth opportunities and employee retention in deposit money banks located in Delta State, Nigeria.

Meng-Long (2021) asserted that the presence of career growth opportunities has a positive impact on employees' acquisition of knowledge and access to positive meaning resources. According to Weng and McElroy (2012), career growth opportunities play a crucial role in facilitating employees' advancement towards their career objectives and fostering the

enhancement of their professional competencies. The findings suggest that when employees see a clear path for career advancement, they are more engaged in their current roles. They are motivated to perform well and contribute to the bank's success, knowing that their efforts can lead to growth opportunities.

Findings showed that employee competence has significant positive effect on employee retention. Test of hypothesis three showed that employee competence has a significant positive relationship with employee retention at deposit money banks in Delta state. The study conducted by Friolina *et al.*, (2017) investigated the impact of competence, communication, and commitment on the performance of civil servants. The findings of the study indicate that competence has a positive and statistically significant impact on the performance of civil servants in DET Bondowoso. The findings suggest that a workforce composed of competent employees creates a positive work environment. Colleagues can rely on each other, and teamwork becomes more effective. A positive work environment fosters camaraderie and a sense of belonging, which contributes to employee retention.

5. Conclusion and Recommendations

Employees are less likely to leave their jobs voluntarily if they feel secure in their positions. High turnover rates can be costly for deposit money banks in terms of recruitment, training, and lost productivity. Job security can help lower turnover and its associated costs. Top performers and high-potential employees are more likely to stay with the bank if they see a promising career trajectory. If they feel that their talents and ambitions are valued and nurtured, they are less likely to seek opportunities elsewhere. Competent employees are more likely to perform well in their roles. They require less supervision, make fewer mistakes, and are more productive. Their contributions to the bank's success can lead to a sense of accomplishment and job satisfaction, which further contributes to their retention.

The study concluded that psychological contracts have a significant positive effect on employee retention at deposit money banks in Delta state. Findings showed that employee retention, career growth opportunities, and employee competence have a significant positive effect on employee retention. The perception of job security can influence employees' loyalty towards the organisation. Employees demonstrate a higher level of commitment and dedication to their roles, which positively impacts the long-term success of the bank. Companies that provide robust career advancement possibilities often appeal to highly skilled individuals who are

looking for sustainable career prospects. The availability of such opportunities serves as a valuable asset for the bank, as it allows them to attract and hire top-tier candidates. When employees possess the necessary skills and abilities to perform their job effectively, they are more likely to have a reduced likelihood of experiencing stress and burnout in relation to their work. Lower turnover rates can be attributed to the tendency of competent employees to remain with the organisation.

The study therefore recommended that banks should prioritise stability and long-term strategies to demonstrate their commitment to sustaining the workforce. Avoid making hasty decisions that could lead to layoffs or downsizing unless absolutely necessary. Banks should develop well-defined career paths within the organisation that outline potential growth opportunities for employees. Banks should provide a roadmap for advancement, promotions, and skill development. Financial institutions should conduct performance reviews frequently and offer helpful suggestions to employees. Banks should help their workers to become more competent by pointing out where they can grow and providing them with the resources they need to do so.

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