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## The Role of Psychological Contract, Organizational Commitment, and Organizational Politics in Enhancing Employee Performance

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### ABSTRACT

**Objectives:** This research intends to examine how psychological contracts, organizational commitment, and political organizations on employee performance at BDP, a company engaged in office space rental, building and asset management, construction services, outsourcing, and security.

**Methodology:** By employing a numerical method, information was gathered from workers at PT BDP and examined to investigate the connection between different factors.

**Findings:** The findings of the research indicate that the agreements between employees and their employers, along with their dedication to the organization, greatly and positively affect how well employees perform. Moreover, effectively run political organizations also play a role in enhancing employee performance.

**Conclusion:** These findings emphasize the importance of effective management strategies in maintaining psychological contracts, strengthening organizational commitment, and managing organizational politics to enhance employee productivity.

**Keywords:** Psychological Contract; Organizational Commitment; Organizational Politics; Employee Performance; Influence.

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### INTRODUCTION

Human resources are crucial for reaching the objectives of a company. As stated by Armstrong and Taylor (2020), the effectiveness of an organization is greatly influenced by how human resources are managed. Therefore, improving employee performance is a key aspect of organizational success (Robbins & Judge, 2019). Employee performance can be evaluated based on certain criteria that have been determined by the company to ensure the productivity and effectiveness of the organization (Dessler, 2020).

PT BDP is an entity that focuses on office space rental, building and corporate asset management, construction services, outsourcing, and security. The company is always trying to improve employee performance by considering various elements that affect productivity. Some elements that play an important role in employee performance include commitment to the organization, psychological agreement, and political dynamics within the organization (Meyer & Allen, 1991; Rousseau, 2001).

Psychological contracts reflect employees' views on the reciprocal agreement between themselves and the company. Rousseau (2001) stated that a psychological contract is an individual's perception of the reciprocal responsibilities between employees and employers. Jufri (2020) also emphasized that a psychological contract is a belief that is formed between an organization and employees, which influences individual motivation and performance at work. When this psychological contract is fulfilled, employees tend to show higher levels of commitment and show better work results (Guest, 2017).

Employee engagement to the organization reflects their desire to stay and play a role in the success of the company (Meyer & Allen, 1991). High levels of engagement are usually associated with employee loyalty and commitment in achieving organizational goals (Mowday, Steers, & Porter, 1979). Ermawati (2017) also stated that engagement to the organization helps in achieving the company's vision and mission and maintaining workforce stability.

Political organizations within companies involve power interactions, conflicts, and political activities within the organizational structure. Ferris et al. (2002) stated that political behavior in the workplace can have an impact on employee satisfaction, work motivation, and their performance. Apriliani (2020) emphasized that the extent to which the influence of political organizations can affect how employees view their responsibilities and loyalty to the organization.

This research is planned to be conducted at PT. BDP with the intention of identifying the impact of psychological contracts, organizational commitment, and organizational politics on employee performance in the manufacturing sector. Through initial observations, various challenges in organizational commitment, fulfillment of psychological contracts, and dynamics of organizational politics that have an impact on employee productivity were revealed. Therefore, this research is expected to provide useful understanding for PT. BDP management in designing more efficient policies to improve employee performance.

## **LITERATURE REVIEW**

### **Psychological Contract**

Sari and Tjahjani (2018) explain that a psychological contract is an individual's view of the mutually binding obligations between individual workers and the company. This contract is not written and includes the expectations that employees have of the company, and vice versa. If this psychological contract is not respected, it can reduce employee dedication and increase resignation rates.

## **Organizational Commitment**

Based on a study published in the Jambi Management Journal (2024), commitment to an organization is a mental condition that connects employees to an institution, which is seen from the intention to continue to be a member and strive to achieve the institution's goals. This commitment includes belief in the values of the institution, willingness to contribute, and loyalty to the organization.

## **Political Organization**

Kacmar and colleagues (1999) discovered that how people view politics within an organization can influence their motivation and lower their performance. When the amount of politics in a workplace increases, employees tend to feel more unhappy, which can lead to a decrease in their work performance.

## **Employee performance**

Adzansyah et al. (2023) emphasize the importance of employee performance as the basis for the success of a company or agency. Good performance is characterized by achieving goals, meeting deadlines, and making a positive contribution to the company's image. To achieve this, companies need to manage and improve employee performance through various initiatives and strategies.

## **Influence between Variables**

H1: Psychological contracts have a positive effect on employee performance

Psychological contract refers to an implicit agreement between the employee and the organization regarding the rights and obligations of each party in the employment relationship. This agreement, whether written or unwritten, plays an important role in influencing work motivation, sense of attachment to the company, and employee perceptions of their work. When the psychological contract is fulfilled, employees tend to show higher commitment and productivity, which has a positive impact on their performance (Sofyanty, 2020; Rousseau, 1995). Mardiana et al. (2024) found that fulfilling the psychological contract contributes to increased employee satisfaction and work performance.

H2: Organizational commitment has a positive effect on employee performance

Organizational commitment is the level of employee attachment to the company where they work. This factor acts as a major predictor in determining employee performance because it reflects the individual's willingness to remain part of the organization and contribute to achieving company goals. Organizational commitment can be affective (emotional), normative (moral), and sustainable (rational). The higher the level of employee commitment, the greater their contribution to achieving the company's vision and mission (Rizal, 2023; Meyer & Allen, 1991). A study by Mardiana et al. (2024) revealed that employees with higher levels of organizational commitment tend to have better performance and experience less desire to change jobs.

H3: Political organizations have a positive effect on employee performance

Organizational politics is often viewed as a strategy used by individuals or groups to gain

certain advantages in the work environment. In a positive context, organizational politics can help create competitive and innovative work dynamics through clear policy communication and the implementation of strategies that support employee growth. However, if not managed properly, organizational politics can be a factor that hinders work effectiveness and creates internal conflict (Harrell-Cook et al., 1999; Chen, 2004 in Ridwan, 2009). In practice, organizations that implement transparent policies and provide fair rewards tend to increase employee loyalty and motivation, thus having an impact on improving their performance (Cavanaugh & Noe, 1999 in Wulani, 2004). Mardiana et al. (2024) highlighted that clear organizational political policies can create a more stable work environment and support increased employee productivity.

H4: Psychological contracts, organizational commitment and political organizations influence the performance of colleagues.

In a study conducted by Purba et al. (2020), the results showed a significant positive relationship between interaction and commitment to the organization with employee performance. This can be explained logically because employees feel a level of security at work and obtain rights such as a stable salary, which allows them to provide better performance. Furthermore, in the context of a political organization, this is related to staff career planning and job promotions are held as a guarantee for professional development, which in turn will affect employee performance so that they can give their best.

## **METHOD**

The statistical method in this study uses multiple regression analysis with questionnaire items distributed or called primary data or data collected by researchers on respondents' answers obtained with the results of the Likert scale questionnaire answers 1 to 5. The population and sample of this study were employees of PT BDP with a total of 90 respondents. The sampling technique or how to obtain samples in this study using saturated sampling techniques, namely all population units are used as samples. with the help of the SPSS version 26 program. Analyzing data involves checking for validity, assessing reliability, testing for normal distribution, examining multicollinearity, testing for heteroscedasticity, performing t-tests, and calculating the coefficients of determination.

## **RESULTS AND DISCUSSION**

### **Results**

#### **Descriptive Statistics**

Descriptive statistics offer a quick summary of the features of the research data. This study examines four key variables: Psychological Contract, Organizational Commitment, Political Organization, and Employee Performance.

**Table 1.** Descriptive Statistics for Variables

	N	Minimum	Maximum	Mean	Std. Deviation
Psychological Contract	90	26.00	35.00	30.7333	2.15052
Organizational Commitment	90	48.00	65.00	58.8333	4.99719
Political Organization	90	12.00	60.00	30.1333	10.05960
Employee performance	90	33.00	45.00	42.0556	3.07349

**Source:** Data processed using SPSS version 26

Based on the analysis results shown in Table 1, the Psychological Contract variable has a minimum value of 26, a maximum value of 35, an average of 30.73, and a standard deviation of 2.15. The low standard deviation indicates that employees' perceptions of the psychological contract are relatively homogeneous or not highly varied. Meanwhile, Organizational Commitment has a minimum value of 48, a maximum value of 65, an average of 58.83, and a standard deviation of 4.99. This indicates that employee commitment to the organization is relatively high, with data variation within a reasonable range.

Next, the Political Organization variable has a broad range of values, from 12 to 60, with an average of 30.13 and a high standard deviation of 10.06. This suggests that employees' perceptions of organizational politics vary significantly, with some perceiving it at a low level, while others experience it at a high level. The Employee Performance variable has a minimum value of 33, a maximum value of 45, an average of 42.06, and a standard deviation of 3.07. The high average and low standard deviation indicate that employee performance is generally uniform, with most employees performing well.

### Classical Assumptions

In multiple regression analysis, there are several classical assumptions that must be met for the regression model to be valid and provide accurate estimates. These assumptions include multicollinearity, normality, and heteroscedasticity, and tests need to be conducted to ensure that the regression model satisfies these conditions.

### Multicollinearity Test

The presence of multicollinearity is often analyzed through Variance Inflation Factor (VIF) and Tolerance metrics. When the VIF exceeds 10 or the Tolerance drops below 0.1, it indicates that multicollinearity may be an issue.

**Table 2.** Result of Multicollinearity Test

Independent Variable	Tolerance	VIF
Psychological Contract	0.687	1.456
Organizational Commitment	0.708	1.412
Political Organization	0.961	1.041

**Source:** Data processed using SPSS version 26

The findings from the multicollinearity test presented in Table 2 reveal that all independent variables have Tolerance values above 0.1 and Variance Inflation Factor (VIF) values below 10. This suggests that the regression model does not experience any issues with multicollinearity.

### Normality Assumption Test

The normality assumption pertains to the residuals (errors) in the regression model, which should follow a normal distribution. This assumption is crucial as it impacts the validity of statistical tests like the t-test and F-test in regression analysis. The Kolmogorov-Smirnov method is commonly used to test for normality.

**Table 3.** Result of Normality Test

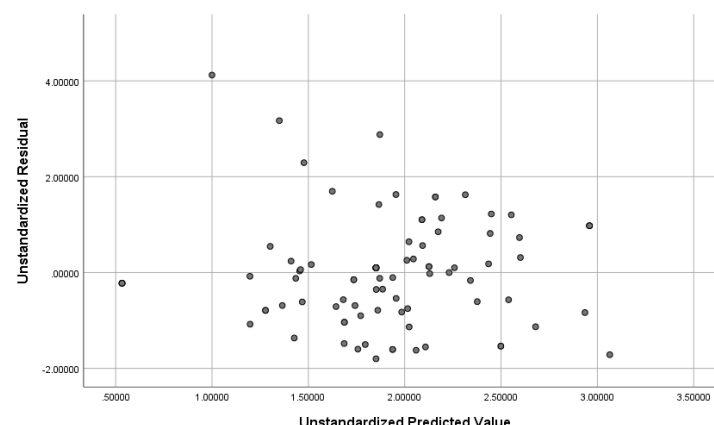
Method	Value	p-value
Kolmogorov-Smirnov Z	0.067	0.200

**Source:** Data processed using SPSS version 26

Based on the findings of the normality examination shown in Table 3, the Z score for Kolmogorov-Smirnov is 0.067, and the p-value is 0.200. This assessment indicates that the null hypothesis ( $H_0$ ) claims the residuals have a normal distribution, whereas the alternative hypothesis ( $H_1$ ) argues that they do not. Since the p-value of 0.200 is greater than  $\alpha = 0.05$ , we fail to reject the null hypothesis, indicating that the residuals follow a normal distribution. Thus, the normality assumption for the regression model is satisfied, and the regression analysis results are valid and can be further interpreted..

### Heteroscedasticity Assumption Test

Heteroscedasticity arises when the variability of residuals is not consistent throughout the range of independent variable values. When this happens, regression estimates lose efficiency, and significance tests may become distorted. To detect heteroscedasticity, one can analyze the scatterplot between residuals and predicted values. The presence of a distinct pattern, like a fan shape or curve, suggests the occurrence of heteroscedasticity.



**Figure 1.** Scatterplot antara Nilai Residual dan Nilai Prediksi

**Source:** Data processed using SPSS version 26

In Figure 1, which displays the scatterplot of unstandardized residuals against unstandardized predicted values, we can assess the presence of heteroscedasticity. The data points appear randomly scattered without forming any discernible pattern, such as a fan shape or curve. This random distribution of residuals suggests that the variance of the residuals remains relatively consistent across the predicted values. As a result, the scatterplot indicates that heteroscedasticity is not present in the regression model. This confirms that the model satisfies the homoscedasticity assumption, ensuring more efficient regression estimates and the validity of statistical tests without bias.

## Hypothesis Testing

In this study, hypothesis testing was performed through multiple regression analysis to evaluate how independent factors (Psychological Contract, Organizational Commitment, and Political Organization) affect the dependent factor (Employee Performance). In multiple regression, hypothesis testing involves two methods: simultaneous testing through ANOVA (F-test) and partial testing through the t-test.

### Simultaneous Testing (F-test with ANOVA)

The F-test is employed to determine whether all independent variables, when considered together, influence the dependent variable. The hypotheses being tested are:

$H_0$  (Null Hypothesis): Psychological Contract, Organizational Commitment, and Political Organization do not significantly impact Employee Performance.

$H_1$  (Alternative Hypothesis): Psychological Contract, Organizational Commitment, and Political Organization have a significant impact on Employee Performance.

**Table 4.** ANOVA Table

Model	Sum of Squares	df	Mean Square	F	p-value
Regression	377.852	3	125.951	23.401	0.000
Residual	462.870	86	5.382		
Total	840.722	89			

**Source:** Data processed using SPSS version 26

According to the ANOVA results presented in Table 4, the F value is 23.401 with a p-value of 0.000. Since the p-value is much lower than 0.05, the null hypothesis ( $H_0$ ) is rejected. This indicates that, collectively, Psychological Contract, Organizational Commitment, and Political Organization significantly affect Employee Performance. It also suggests that the regression model is well-suited to explain the relationship between the independent variables and Employee Performance. As a result, this model can be used for further analysis to assess the impact of each independent variable on employee performance.

### Partial Testing (t-test)

The hypotheses for each variable are as follows:

$H_0$ : The independent variable does not have a significant effect on Employee Performance.

$H_1$ : The independent variable has a significant effect on Employee Performance.

If the regression coefficient is positive, it indicates a positive effect, meaning an increase in the

independent variable will lead to improved Employee Performance.

**Table 5.** Result t-test

	Regression Coefficient (B)	Std. Error	t-value	p-value
(Constant)	9.725	3.934	2.472	.015
Psychological Contract	0.621	.138	4.498	.000
Organizational Commitment	0.205	.058	3.499	.001
Political Organization	0.040	.025	1.620	.109

**Source:** Data processed using SPSS version 26

Based on the t-test results presented in Table 5, it can be concluded that certain independent variables have a significant impact on Employee Performance. For the Psychological Contract variable, the p-value of 0.000 ( $< 0.05$ ) indicates a significant relationship between Psychological Contract and Employee Performance. The positive regression coefficient of 0.621 suggests that an increase in Psychological Contract will lead to an improvement in Employee Performance. Likewise, for Organizational Commitment, the p-value of 0.001 ( $< 0.05$ ) shows a significant effect on Employee Performance. The positive regression coefficient of 0.205 indicates that an increase in Organizational Commitment will also improve Employee Performance. However, for Political Organization, the p-value of 0.109 ( $> 0.05$ ) suggests that this variable does not have a significant impact on Employee Performance. As a result, the null hypothesis ( $H_0$ ) for Political Organization cannot be rejected, indicating that Political Organization does not significantly influence Employee Performance in this study.

### Coefficient of Determination ( $R^2$ )

In multiple linear regression, the coefficient of determination ( $R^2$ ) is a measure that indicates the extent to which the independent variables account for changes in the dependent variable. Essentially,  $R^2$  demonstrates how effectively the multiple linear regression model forecasts the dependent variable using the independent variables that are a part of the model.

**Table 6.** Coefficient of Determination

R	R Square
0.670	0.449

**Source:** Data processed using SPSS version 26

Based on the findings presented in Table 6, the R Square ( $R^2$ ) value is 0.449, suggesting that approximately 44.9% of the variability in the dependent variable can be explained by the independent variables within this multiple linear regression model.

## Discussion

### The Influence of Psychological Contract on Employee Performance

The results from the t-test indicate that the Psychological Contract positively influences how well employees perform, showing a p-value of 0.000, which is less than 0.05. The regression coefficient of 0.621 implies that when the psychological contract between a company and its workers is honored more thoroughly, employee performance improves. This supports the idea



that when both sides meet their responsibilities and rights, employees become more motivated and dedicated to their work, which in turn boosts their performance (Sofyanty, 2020; Rousseau, 1995). Additionally, research by Mardiana et al. (2024) reinforces this idea, pointing out that honoring the psychological contract increases job satisfaction and work performance.

### **The Influence of Organizational Commitment on Employee Performance**

In the same way, for Organizational Commitment, the results of the t-test reveal a p-value of 0.001, which is less than 0.05. This means that this factor also positively influences employee performance significantly. A regression coefficient of 0.205 indicates that when employees are more dedicated to their organization, their work performance improves. This supports the theory from Meyer and Allen (1991), which explains that strong attachment to the organization encourages employees to work harder towards the goals of the business. Mardiana and colleagues (2024) also pointed out that a strong sense of commitment to the organization is linked to improved performance and a reduced wish to leave the job.

### **The Influence of Political Organization on Employee Performance**

However, for Political Organization, the t-test results show a p-value of 0.109 ( $> 0.05$ ), which means this variable does not significantly affect employee performance. This suggests that, while organizational politics may influence competitive work dynamics and employee development, it was not found to significantly contribute to performance in this study. This is consistent with the theory of Harrell-Cook et al. (1999), which suggests that organizational politics can hinder performance if not properly managed, which may explain why this variable had no significant impact in this case.

### **The Influence of Psychological Contract, Organizational Commitment, and Political Organization on Employee Performance**

The F-test results show that Psychological Contract, Organizational Commitment, and Political Organization collectively have a significant impact on Employee Performance. This finding supports the research by Purba et al. (2020), which demonstrates that positive interactions and high levels of commitment to the organization can enhance individual performance, which in turn influences the performance of coworkers. A well-fulfilled psychological contract provides a sense of security, motivating employees to perform better, while transparent and fair organizational politics foster an environment conducive to professional development. In conclusion, these three factors play a significant role in improving team performance, which ultimately boosts employee performance across the organization.

## **CONCLUSION**

This study examined how the Psychological Contract, Organizational Commitment, and Political Organization affect Employee Performance through a method called multiple regression analysis. From the results of both the simultaneous and individual tests, we can say that Psychological Contract and Organizational Commitment have a meaningful effect on employee performance, while Political Organization does not seem to impact it significantly. These findings support current theories that indicate meeting the psychological contract and promoting strong organizational commitment can enhance employee motivation and

performance. In contrast, when organizational politics are not managed well, it can hinder performance, which explains why it was not significant in this research. To sum up, these three elements together influence how well employees perform. Therefore, companies should prioritize meeting the psychological contract and improving organizational commitment to maximize employee performance.

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