

# Psychological contract, engagement and employee discretionary behaviours

## Perspectives from Uganda

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### Abstract

**Purpose** – The purpose of this paper is to examine the mediation effect of employee engagement on the relationship between employer obligations, employee obligations and state of the psychological contract and employee discretionary behaviours.

**Design/methodology/approach** – The empirical data were collected using self-administered questionnaires with 278 participants from 11 commissions and three agencies in the public service in Uganda. The authors used hierarchical regression analysis to investigate the hypotheses.

**Findings** – The results indicate that employer obligations, employee obligations and state of the psychological contract were positively related to employee discretionary behaviours. In addition, employee engagement was found to be a partial mediator between employee obligations, employer obligations and state of the psychological contract and discretionary behaviours among for both subordinate and supervisory staffs.

**Originality/value** – Since little is known about the process by which public service commissions and agencies in Uganda promote employer obligations, employee obligations and state of the psychological contract on discretionary behaviours, this paper contributes to the literature by examining human resource management practices in a developing country context.

**Keywords** Uganda, Engagement, Employees, Psychological contracts, Discretionary behaviours

**Paper type** Research paper

### Introduction

The concept of psychological contract has continued to receive much attention in the fields of human resources management and organizational behaviour (Guerrero *et al.*, 2013; Kasekende *et al.*, 2016; Rousseau, 2012). Extant literature has indicated that the implicit perceptions of employer obligations, employee obligations and state of the psychological contract (SPC) have differing results (Willem *et al.*, 2010). Many scholars believe that perceptions of fulfilment of their unwritten expectations and obligations are important (Bal *et al.*, 2010; Kasekende *et al.*, 2016). The current study examines the psychological contract concept in terms of perceptions of fulfilment of employer obligations, employee obligations and SPC and how they are related to employee engagement and employee exhibition of extra-role behaviours.

These three dimensions have been identified from the many that have been used to describe the various manifestations of psychological contract (Isakson, 2005) because they appear to be most dominant in determining employee-employer work relationships (Rousseau, 2012). The concept of the psychological contract is rooted in the social exchange theory. This theory posits that social elements exist in contractual relationships; individuals voluntarily provide benefits to other parties, which oblige these parties to provide benefits in return (Wimbush *et al.*, 1997). This hence implies a cost-benefit analysis where individuals reciprocate based on the gains they receive or perceive to have received from the relationship. This paper argues that one outcome of the psychological contract fulfilment is that employees tend to get grossly engaged in their work which translates into exhibition of organizational citizenship behaviour (OCB) – hereafter referred to as employee discretionary behaviours.



The psychological contract extends the concepts of engagement to the organization and discretionary behaviours by focussing on the interaction between the employee and the employer (Guerrero *et al.*, 2013; Rousseau, 2012). In most organizations, the supervisor acts as the front face of the employer (Tetrick, 2004). There has been limited effort to extend research on employer obligations, employee obligations and SPC towards more applied and practical research. Furthermore, much as there is a plethora of research on employer obligations, employee obligations and SPC in the developed world context; there has been limited effort to extend this research in the developing world. Consequently, the present study appears judicious in analysing these concepts and these relationships in a non-western developing country context. This study reports further progress in this area and identifies theoretical issues in relation to cross-cultural management in a public service sector setting. That is, the study focusses on the public service in Uganda as an African developing country to expand the perception of these concepts. We aim to provide a more specific and direct appreciation of the engagement role in the relationship between psychological contract fulfilment and exhibition of discretionary behaviours. Moreover, we aim to contribute one explanation of how engagement transmits the effect of psychological contract into employee exhibition of discretionary behaviours.

This paper is organized in five sections. The first section is the brief overview of the research and contribution of the study. The second section is the literature review on previous studies on psychological contract, engagement and discretionary behaviours and; hypothesis development. The third section presents the methodology. The fourth section concentrates on hypotheses testing and interpretation of the findings. The fifth section presents the discussion, research implications, research limitations and suggestions for future research and conclusion.

### **A strategic approach to human resource management (HRM): the public service sector**

According to Thompson and Bunderson (2003), the public service sector is highly significant with employees seeking to satisfy the need to realise their ideological values through helping others. Thompson and Bunderson (2003) argue that to a great extent this is determined by a number of factors including the perception that the other party has fulfilled its obligations. There is a degree of self-selection based on the ideological values associated with work in the public sector, reinforcing findings reported elsewhere (Willem *et al.*, 2010). Over the past decade, the Uganda Government has made efforts to improve the efficiency and quality of the services they deliver to their employees (Foley, 2008). Those at the helm of civil service reforms and public administration (United Nations Development Programme, 2010 report) have ensured that employees are trained in a cost-effective manner to meet the demands of a changing environment. These drastic HRM measures were aimed at increasing the management of employee psychological contract (Katarangi, 2010) with the intention of improving their engagement at work and hence exhibit discretionary behaviours. However, what appears on the ground is contrary to expectations of the public service sector (Katarangi, 2010; Ssewanyana *et al.*, 2011). Employee engagement and exhibition of discretionary behaviours continue to deteriorate despite the Uganda public service's effort to boost the social exchanges through improved investment in fulfilling government obligations towards the employees (Ssewanyana *et al.*, 2011). It is therefore unclear whether psychological contract as exhibited through employer obligations, employee obligations and SPC boosts the employee engagement to influence employee exhibition of discretionary behaviours in the public service sector in Uganda.

### **Employee discretionary behaviours**

Employee discretionary behaviours have been referred to as OCB (Organ, 1988). According to Organ (1988), discretionary behaviours on the part of the employee are not explicitly

recognized by the organization, though in the long run they promote the efficient and effective functioning of an organization. But Stone-Romero *et al.* (2009) argue that the behaviours that are typically viewed as discretionary are in fact requirements of many roles (especially at managerial level). Being discretionary, researchers do not reflect such contributions as a requirement in performance appraisal. Scholars have come up with various forms of discretionary behaviours including self-rated (Kickul and Lester, 2001), supervisor rated, peer rated or customer rated discretionary behaviours (Johnson and O'Leary-Kelly, 2003).

The literature suggests that there are as many as 40 specific discretionary behaviour facets. Organ (1988) categorizes them as altruism, courtesy, sportsmanship, conscientiousness and civic virtue while Kickul and Lester (2001) categorize these forms as civic virtue and loyalty. Generally these discretionary behaviours tend to take on two forms; those directed at the individuals within the organization and those directed at the organization itself. In this study, we examine them from the perspective of discretionary behaviours directed at the organization as a whole. It is hence logical to assume that it will be difficult for individuals to exhibit discretionary behaviours unless the employees are fully engaged in their work and their psychological contract is honoured.

### **Psychological contract**

The concept of psychological contract (Argyris, 1960) is used to describe an inherent agreement between a group of employees and their supervisor. Rousseau (2012) argues that the psychological contract is the set of expectations and obligations that individual employees have as work experiences. Willem *et al.* (2010) studied Belgian employees' psychological contract and found that public sector employees attach less importance to career development opportunities and financial rewards promises and perceive these promises as less fulfilled. These public sector employees also perceive social atmosphere and work-life balance as less fulfilled. Willem *et al.* (2010) further observed gender differences as significant in the fulfilment of the psychological contract. In this study, we deviate from Willem's *et al.* (2010) study of envisaging the psychological contract and its effects in form of gender differences stand by extending it in terms of supervisor-subordinate differences. Many scholars agree that the psychological contract is the unwritten agreement that exists between the employee and employer that contains a set of mutual expectations. These expectations on the side of one party create obligations on the other party (Kasekende *et al.*, 2016). As earlier stated, the psychological contract is based on the social exchange theory (Wimbush *et al.*, 2002) which posits that social elements exist in contractual relationships; individuals voluntarily provide benefits to other parties, which oblige these parties to provide benefits in return (Wimbush *et al.*, 1997). These benefits are often unspecified and can be either extrinsic or intrinsic.

Rousseau (2012) describes the psychological contract as the perceptions of reciprocal agreements that are held by two parties. While researchers agree on the importance of the psychological contract, there is an ongoing debate in the literature regarding the operationalization of this construct. Rousseau (2012) operationalizes the psychological contract to consist three elements: perceived employee obligations, perceived employer (organization) obligations and perceived fulfilment/violation of employer obligations. However, Guest (1998) insists that there is another dimension of psychological contract, that is, the SPC. Guest (1998) further argues that it is operationalized to include so many different psychological variables, with very little known about the relationships between them, that the psychological contract becomes an analytic nightmare. This study examines the psychological contract from three dimensions, which is perceived employee obligations, perceived employer (organization) obligations and the SPC.

### Employer obligations and employee obligations

As earlier stated, expectations one party has of the other create an obligation on the other party to fulfil such expectations (Kasekende *et al.*, 2016). In light of extant literature, the concept of psychological contract seems to have no universally acceptable operationalization. The most general operationalization of the psychological contract is the belief in obligations existing between two or more parties (Rousseau, 2012). Obligation is a commitment to future action, which the parties have agreed upon, even though the terms of the commitment, fulfilment and extent of mutuality opens a contract to contentions. Rousseau (2012) argues that individuals begin to formulate their side of the psychological contract (expected obligations) before they join the organization. Similarly, supervisors formulate their expectations of the employee just before they join the organization. Subsequent to the signing of an employment contract, the psychological contract (employee expectations vs employer obligations) evolves and shifts as both employer and employee modify their expectations of each other. Problems can and do arise when either party in the psychological contract feels cheated.

Other scholars who have studied the concept of psychological contract by examining the level of fulfilment of employee-employer expectations and obligations of each other include Bal *et al.* (2010). According to Bal *et al.* (2010), the employee expects the employer (supervisor) to gain capability in general management areas, assist subordinates in monitoring and maintain systems. These hence become obligations on the part of the employer. The employer is further expected to look for ways to innovate and improve the organization and take risks and experiment, increasing the obligations they have towards the subordinate/employee (Bal *et al.*, 2010).

### The SPC

The SPC describes employees' subjective perceptions (accurate or not) of the actual HRM practices of their employer in comparison with their psychological contract (Guest, 1998). This state is directly related to, and yet distinct from the employees "psychological contract". According to both Guest (1998) and Rousseau (2012), the psychological contract refers to individuals' beliefs regarding the terms and conditions of an exchange relationship between themselves and their employer. Each employee holds beliefs regarding the "ideal" returns (Rousseau, 2012) their employer has agreed (either implicitly or explicitly) to provide him/her as exchange for his/her contribution. The SPC (Guest, 1998) is thus operationalized as the employee's perceived discrepancy between this "ideal" return and the "actual" one they perceive as receiving from the organization such as compensation and rewards.

Guest (1998) identifies three key points in the SPC:

- (1) the extent to which employers adopt people management practices will influence the SPC;
- (2) the contract is based on employees' sense of fairness and trust and their belief that the employer is honouring the "deal" between them; and
- (3) where the psychological contract is positive, increased employee commitment and satisfaction will have a positive impact on business performance.

The discussion above seems to imply that conceptually, employer obligations and employee obligations and SPC are distinct constructs (Bal *et al.*, 2010; Guest, 1998; Rousseau, 2012). There is also empirical evidence that supports the discriminant validity of these three types of fit. For instance, research has reported low correlations between actual employer obligations and employee obligations and SPC and perceived employer obligations and employee obligations and SPC (Kasekende, 2014). Research using confirmatory factor

analysis (CFA) has also shown that employer obligations and employee obligations and SPC are distinct (Kasekende, 2014). In aggregate, psychological contract has an effect on the engagement of workers (Quiñones *et al.*, 2013).

### **Employee engagement**

The concept of employee engagement as it is today is believed to have been officially developed by Kahn (1990). Kahn's ideas on employee engagement are mainly influenced by Goffman's (1961) interactionist theory. This is evidenced when Khan writes that people act out momentary attachments and detachments in role performances (Kahn, 1990). According to Kahn (1990), personal engagement is the simultaneous employment and expression of a person's "preferred self" in task behaviours that promote connections to work and to others, personal presence and active full role performances. Kahn posits that the fields of meaningfulness, safety and availability are important to fully understand why a person becomes engaged. Scholars who later researched on engagement such as Maslach *et al.* (2001) and Quiñones *et al.* (2013) based on the works of Khan.

According to Quiñones *et al.* (2013), the concept of engagement has gained interest from both organizational practitioners and the scholars. Engaged employees have been found to be instrumental to organizational support since they actively perform their roles better consequently being productive. They are also known to be engaged in extra-role behaviours and therefore give an organization an extra contribution without having to undergo extra costs as compensation (Organ, 1988). Further, such employees have been found to be innovative; accordingly they constantly propose new methods and ways of improving the organization (Sakovska, 2012). When that is the case, organizational efficiency is promoted, and also the clients are able to have services and products that are expressed. Apart from the performance in terms of their roles, engaged employees are associated with extra-role behaviours commonly referred to as discretionary behaviours (Rurkkhum and Bartlett, 2012). These behaviours are beyond employees' job description but eventually translate to better organizational performance. In particular, the organizational citizen behaviours includes voice, where an employee voluntarily offers constructive information, helping behaviours which involve helping colleagues and sportsmanship which refers to employees not complaining of minor issues. Also among the behaviours is courtesy and civic virtue (Organ, 1988). Similarly, since engaged employees are able to produce quality products, this would ensure that organizational products and services appeal to the market (Kim *et al.*, 2015). Another benefit accrued when an organization has engaged employees, is the possibility of having the employees serve the organization for a long time since such employees have been shown to have low turnover rates (Swarnalatha and Prasanna, 2013).

Furthermore, engaged employees are said to be fully active, complete their task by employing their physical, cognitive and emotional resources fully (Rich *et al.*, 2010). Rich *et al.* (2010) further state that engaged employees are psychologically present, attentive, feeling connected, integrated and focussed in their work. Alvi and Abbasi (2012) state that employee engagement can be viewed as a working state characterized by vigour, dedication and absorption. Vigour entails demonstrating high levels of energy and psychological resilience when at work, persistence even when threatened by such effects as fatigue and continuing to work when other employees in a similar condition tend to give up or collapse. Dedication on the other hand, refers to the employee having a sense of significance, enthusiasm, inspiration, pride and challenge in their work (Sakovska, 2012). This shows that the employee is enjoying what they are doing, is experiencing a worthwhile challenge or who is in the right job. Absorption refers to a condition where the employees put their whole focus to the job they are doing; becoming immersed in what they are doing hence losing a sense of time, not being easily distracted and seemingly

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enjoying their work (Beltrán-Martín *et al.*, 2008). Overall, the concept of employee engagement is paramount in a healthy work relationship between supervisors and subordinates (Beltrán-Martín *et al.*, 2008).

### **Job level (supervisor vs subordinate)**

Currently organizations face the dilemma of attempting, simultaneously, to increase the exhibition of discretionary behaviours of their employees by fulfilling their psychological contract and increasing engagement levels. This attempt might be achieved by providing incentives that fulfil employee expectations of the employer (Rousseau, 2012). Although, the majority of studies have been conducted using employee expectations (i.e. the subordinate) (Rousseau, 2012), there has been a gradual movement towards an increased use of fulfilling employer expectations (i.e. supervisor) in organizations (Kasekenda *et al.*, 2015). Despite the increased interest among researchers, the literature has not yet developed a rigorous definition of what the employer is (Tetrick, 2004). This may be attributed to the plethora of types of employer categories and an almost infinite number of variations or gradations within each employer/supervisor category (Tetrick, 2004). Employer/supervisor may be defined as a person or business that employs one or more people, especially for wages or salary. In contrast, employee expectations are clear and easily distinguishable (Giallonardo *et al.*, 2010). The literature on organizational behaviour has pointed to the need to understand the effects of these employer obligations on the attitudes and behaviours of individuals at work. In accordance with the social exchange theory and reciprocity norms, it can be posited that employees, because they receive less inducements from organizations compared to supervisors, exhibit less discretionary behaviours compared to their supervisors (Coyle-Shapiro and Parzefall, 2008). However, research results have been inconclusive and inconsistent (Muldoon *et al.*, 2013). On the other hand, Kidder and Parks (2001) observed that nurses (employees) exhibit less discretionary behaviours, but when they perceive they have a more relational contract, they are likely to exhibit these behaviours more. But there appears relatively little research on these contradictions.

The present study will present the results of an exploratory study that investigated the employer obligations, employee obligations, state of psychological contract, employee engagement and discretionary behaviours of the supervisors and subordinates in different public service commissions and agencies.

The researcher proposes the following hypotheses:

- H1. Psychological contract is a multidimensional construct involving employer obligations, employee obligations and SPC.
- H2. Psychological contract dimensions will be positively related to discretionary behaviours.
- H3. Being engaged will have an important mediating effect on relationships between psychological contract and discretionary behaviours, i.e. (a) between the employer obligations and discretionary behaviours (b) between employee obligations and discretionary behaviours and (c) between the state of psychological contract and discretionary behaviours.

### **The research model: the mediating effect of engagement on the psychological contract-discretionary behaviour relationship**

Combining all of the above variables, the author proposes to test a model (see Figure 1) based on employee engagement. This model anticipates that employer obligations, employee obligations and state of psychological contract will have a positive influence on employee discretionary behaviours mediated by the employee's engagement values.

This may partially explain why the employee level of discretionary behaviours will be much higher among those who are highly engaged than among those employees who are disengaged.

## Methodology

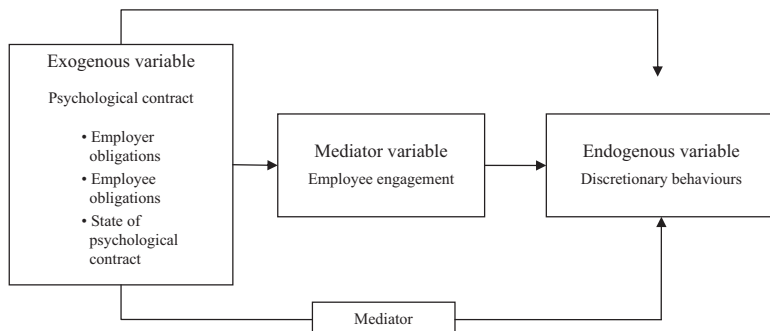
### *Participants and data collection*

Participants were from 11 commissions and three agencies in the public service in Uganda. Data were collected by self-administering questionnaires in two rounds where 346 subjects were targeted. In the first round, the collected questionnaires were 179 implying a response rate of 52 per cent. However, after making a follow-up of the respondents, the total number of questionnaires increased to 296, raising the response rate to 85.5 per cent. After filtering the collected questionnaires, 273 were found suitable for data analysis, representing 78.9 per cent of the total targeted number of questionnaires. In total, 23.8 per cent were at supervisory level and 76.2 per cent were subordinate level. Overall, 61.5 per cent of the respondents were from government commissions, while the rest (38.5 per cent) were from government agencies. In terms of gender, male respondents accounted for 57.7 per cent while female respondents accounted for 42.3 per cent.

### *Measures*

We measured psychological contract fulfilment using the psychological contract inventory (Rousseau, 2012) and the psychological contract across employment situations (PSYCONES) (Isakson, 2005). The tool measured psychological contract in terms of employee obligations (14 items), employer obligations (15 items) and state of psychological contract (9 items). Employer obligations included items like “My organization promised to ensure fair treatment by the managers and supervisors” while employee obligations had items like “I have promised and committed myself to respect the rules and regulations of the organization”. State of psychological contract had items like “I feel that organizational changes are implemented fairly in my organization”. We measured employee engagement (17 items) using the standardised questionnaire for employee engagement from the Utrecht Work Engagement Scale (Schaufeli and Baker, 2004). The tool has items such as “I feel energetic whenever at work”. We used Organ (1988) to measure discretionary behaviours (25 items). Respondents indicated their opinions on items such as “I assist my superior with his/her work”. For each measure, respondents were asked to select from a five-point Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree). The reliability of these measures was found to be  $> 0.7$  in terms of  $\alpha$  level (Table I).

*Validity and reliability.* As reported in Table I, the composite reliability for all variables under study is greater than 0.70, which is within the acceptable level (Roznowski and Hulin, 1992).



**Figure 1.** Hypothesized model for psychological contract, employee engagement and discretionary behaviours

For discriminant validity, the results indicate that the constructs' average variance extracted (AVEs) were greater than the CFA squared latent correlations (Table II); thus, indicating the measurement scales' ability to discriminate between measures that are supposed to be distinct (Farrell, 2010). In comparison to the mean, the standard deviations range from 0.89 to 1.04. These small standard deviations relative to the mean values indicate that the data points are close to the means – a manifestation that the mean represents the data observed (Field, 2009). Although these results give some early valuable indications for the reader, the results will be more fully explained in the following sections using a variety of statistical techniques.

**Results**

*The multidimensionality of psychological contract*

EFA results revealed psychological contract is a multidimensional construct whose 61.03 per cent variance is explained by employer obligations (24.24 per cent), employee obligations (23.19 per cent) and SPC (13.60 per cent). The CFA model (Figure 2) retained the three latent variables of employer obligations, employee obligations and state of psychological contract with appropriate fit indices ( $\chi^2 = 38.17$ ;  $df = 32$ ;  $p = 209$ ;  $GFI = 0.97$ ;  $AGFI = 0.94$ ;  $NFI = 0.95$ ;  $TLI = 0.99$ ;  $CFI = 0.99$ ;  $RMSEA = 0.03$  and  $AVE = 0.56$ ) implying the model fitted our data acceptably.

*The interrelation among the research variables*

Employer obligations, employee obligations and state of psychological contract scores were found to be weakly positively correlated (Evans, 1996) with discretionary behaviours ( $r = 0.24, p < 0.01$ ), ( $r = 0.32, p < 0.01$ ) and ( $r = 0.31, p < 0.01$ ), respectively (Table I). Thus, a weak degree of employer obligations fulfilment, employee obligations fulfilment and perceptions of a fair state of psychological contract were associated with weak levels of employee exhibition of discretionary behaviours. In addition, employee engagement was weakly and positively correlated with discretionary behaviours ( $r = 0.21, p < 0.01$ ). This means that having employees being weakly engaged was associated with weak levels of exhibition of employee discretionary behaviours.

	Mean	SD	1	2	3	4	5	6
Employer obligations (1)	3.18	0.97	0.88					
Employee obligations (2)	4.09	0.73	0.27**	0.86				
State of psychological contract (3)	3.51	0.99	0.41**	0.25**	0.83			
Psychological contract (4)	3.59	0.98	0.45**	0.22**	0.35**	0.83		
Employee Engagement (5)	3.74	0.92	0.22**	0.42**	0.33**	0.17*	0.75	
Discretionary Behaviours (6)	3.75	0.89	0.24**	0.32**	0.31**	0.24**	0.21**	0.80

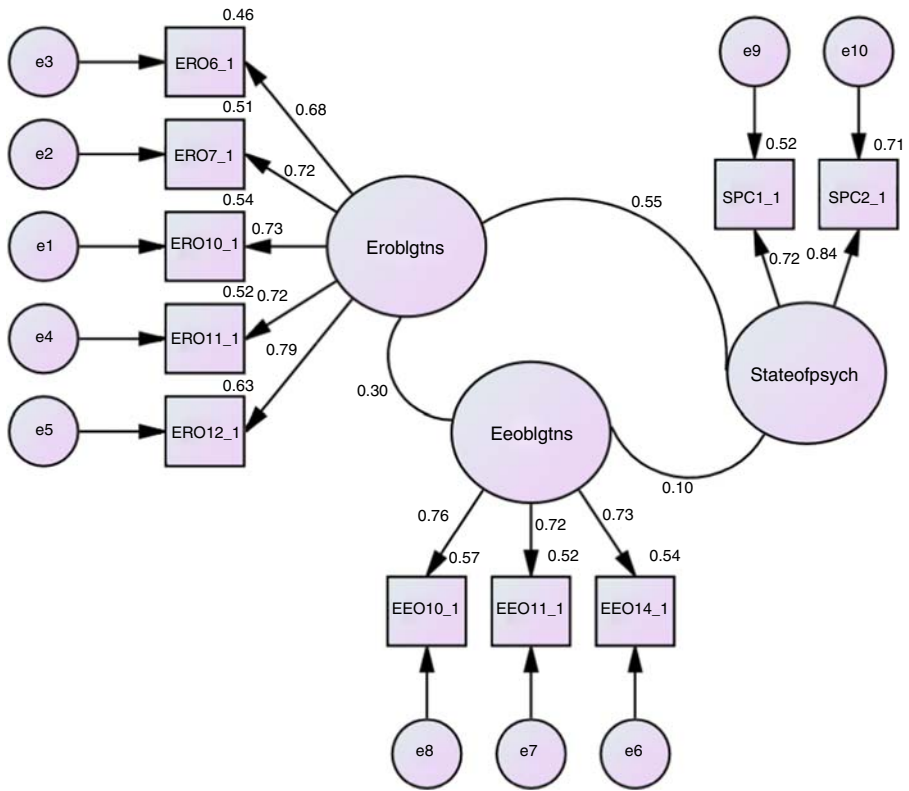
**Table I.**  
Means, standard deviations and inter-correlations among variables

**Notes:**  $n = 208$ . Scale reliabilities are reported on the diagonal. \* $p < 0.05$ ; \*\* $p < 0.01$

	AVE	CFA squared latent variable correlations		
		Psychological contract and employee engagement	Psychological contract and discretionary behaviours	Employee engagement and discretionary behaviours
1. Psychological contract	0.54	0.03	0.07	0.11
2. Employee engagement	0.63			
3. Discretionary behaviours	0.58			

**Table II.**  
Discriminant validity





**Notes:**  $\chi^2$  (CMIN)=38.174; degrees of freedom (df)=32; probability ( $p$ )=209, goodness of fit index (GFI)=0.966; adjusted goodness of fit index (AGFI)=0.939; normed fit index (NFI)=0.950; tucker lewis index (TLI)=0.988; comparative fit index (CFI)=0.991; root mean square error of approximation (RMSEA)=0.031; avearge variance explained (AVE)=0.555. Eroblgtns=employer obligations; eeoblgtns=employee obligations; stateofpsych=state of psychological contract

**Figure 2.**  
Measurement model  
for psychological  
contract

*Employee engagement as a mediator between psychological contract and discretionary behaviours for subordinate staffs: controlled by job level*

In order to determine whether the impact of employer obligations, employee obligations and state of psychological contract on discretionary behaviour was mediated by employee engagement, and whether this mediation relationship was controlled by job level, we conducted the analysis following several steps, i.e. regression analysis (Baron and Kenny, 1986; Frazier *et al.*, 2004) and structural equation modelling (Anderson and Gerbing, 1988). In this analysis, the exogenous variables were employer obligations, employee obligations and state of psychological contract with discretionary behaviours being the endogenous variable. The mediating effect of the employee engagement was assessed to determine whether these scores could be used to account statistically for the relationship between the exogenous and the endogenous variables (Baron and Kenny, 1986). The process of determining mediation follows the model displayed in Figure 1.

A moderate positive correlation (Evans, 1996) was seen between the level of employer obligations, employee obligations, state of psychological contract and employee

engagement ( $r=0.38$ ,  $r=0.40$  and  $r=0.37$ ), respectively. This raised the issue of multicollinearity for the regression analyses. However, the correlation was not greater than the rule of thumb of  $r=0.7$  as suggested by Tabachnick and Fidell (2007) and thus was considered acceptable.

In order to test for the effect of employee engagement (the mediator) on the relationship between employer obligations, employee obligations, state of psychological contract (the exogenous variable) and discretionary behaviours (the endogenous variable), we first carried out a series of regression analyses (Table III). Employee obligations, employee obligations and state of psychological contract were found to be significant predictors of discretionary behaviours ( $F(0.21)=3.04$ ,  $p < 0.01$ ;  $F(0.12)=2.35$ ,  $p < 0.05$  and  $F(0.24)=3.44$ ,  $p < 0.01$ , respectively). This produced an adjusted  $R^2$  value of 0.20 indicating that 20 per cent of the variance in discretionary behaviours among subordinate staffs was attributable to fulfilment of employer obligations, employee obligations and SPC. It was found that employer obligations, employee obligations and state of psychological contract were significant predictors of employee engagement ( $F(0.22)=3.28$ ,  $p < 0.001$ ),  $F(0.28)=4.47$ ,  $p < 0.001$  and  $F(0.21)=3.15$ ,  $p < 0.01$ ), respectively. The adjusted  $R^2$  was 0.26 indicating that 26 per cent of the variance in having an engaged employee among subordinate staffs could be accounted for by the fulfilment of employer obligations, employee obligations and state of psychological contract. Similarly, employee engagement significantly predicted discretionary behaviours ( $F(0.36)=5.49$ ,  $p < 0.001$ ). The adjusted  $R^2$  was 0.13 showing that 13 per cent of variation in discretionary behaviours among subordinate staffs could be accounted for by having an engaged employee.

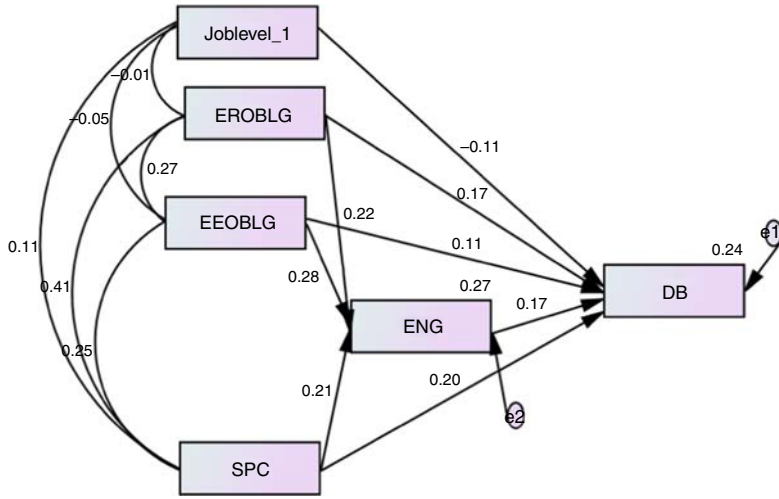
Mediation effects were assessed using structural equation modelling (Figure 3 and Table IV). According to Hair *et al.* (2006), to establish whether mediation exists using SEM, researchers test for the hypothesis that "values for the standardized total effect and standardized direct effect of a predictor variable on to the criterion variable are different". If values are the same, then there is no mediation. Zack *et al.* (2009) reported that in cases of full mediation, the predictor variable loses all the power to influence the criterion variable except through mediation. Conversely, in cases of partial mediation, the predictor variable loses some the power to influence the criterion variable.

In Table IV, results revealed differing total and direct effect values for employer obligations on discretionary behaviours, that is, total effect = 0.212, direct effect = 0.174,

Dependent variable	DB	Block 1 regression	Block 2 regression	Block 3 regression
			Employee engagement	DB
Predictors	Constant	5.84	4.55	6.12
	Employer obligations	0.21 (3.04)**	0.22 (3.28)***	
	Employee obligations	0.12 (2.35)*	0.28 (4.47)***	
	State of psychological contract	0.24 (3.44)***	0.21 (3.15)**	
	Employee engagement			0.36 (5.49)***
	<i>n</i>	208	207	206
	<i>F</i> -Statistic	13.80	19.16	16.26
	$R^2$	0.22	0.28	0.14
	Adjusted $R^2$	0.20	0.26	0.13

**Notes:**  $n=208$ . Regression coefficients (partial adjustment model) of employer obligations, employee obligations, state of psychological contract and employee engagement. The dependent variable is discretionary behaviour (DB). The *t*-statistics are shown in parentheses. The regression equation is free from multicollinearity (VIF < 5; tolerance values > 0.1). \*, \*\*, \*\*\*Significant at 0.05, 0.01 and 0.001 level, respectively

**Table III.**  
The mediation effect of employee engagement on psychological contract-discretionary behaviour relationship controlled by job level; (subordinate staff)



**Notes:**  $\chi^2$  (CMIN)=0.332; degrees of freedom (df)=1;  $p=0.564$ ,  $\chi^2$  degree of freedom ratio (CMIN/df)=0.332; goodness of fit index (GFI)=0.999; adjusted goodness of fit index (GFI)=0.989; normed fit index (NFI)=0.998; tucher lewis index (TLI)=1.059; comparative fit index (CFI)=1.000; root mean square error of approximation (RMSEA)=0.000. EROBLG=employee obligations; EEOBLG=employee obligations; SPC=state of the psychological contract; ENG=employee engagement; DB=discretionary behaviours; Joblevel\_1=control variable

**Figure 3.** SEM for psychological contract, engagement and discretionary behaviours-subordinate staff

**Table IV.**

Mediation results for employee engagement on psychological contract-discretionary behaviours relationship – subordinate staff

	JBL	SPC	EEOBLG	EROBLG	ENG
<i>Standardized total effects</i>					
Employee Engagement	0.000	0.206	0.285	0.221	0.000
Discretionary behaviours	-0.111	0.240	0.155	0.212	0.172
<i>Standardized direct effects</i>					
Employee engagement	0.000	0.206	0.285	0.221	0.000
Discretionary behaviours	-0.111	0.204	0.106	0.174	0.172
<i>Standardized indirect effects</i>					
Employee engagement	0.000	0.000	0.000	0.000	0.000
Discretionary behaviours	0.000	0.036	0.049	0.038	0.000

indirect effect = 0.038. Similarly, there are differing total and direct effect values for employee obligations on discretionary behaviours, that is, total effect = 0.155, direct effect = 0.106, indirect effect = 0.049. Furthermore, there are differing total and direct effect values for SPC on discretionary behaviours, that is, total effect = 0.240, direct effect = 0.204, indirect effect = 0.036. Based on Zack *et al.*'s argument, the findings of this study imply that since the predictor variables did not lose all their predictive power on the criterion variable, but remained with a significant prediction, then a partial mediation effect exists of employee engagement on the relationship between the three dimensions of psychological contract and discretionary behaviours for subordinate staffs.

*Employee engagement as a mediator between psychological contract and discretionary behaviours for supervisory staffs: controlled by job level*

From Table V, employer obligations, employee obligations and state of psychological contract were significant predictors of discretionary behaviours ( $F(0.32) = 2.51, p < 0.001$ ;  $F(-0.33) = 2.55, p < 0.05$  and  $F(0.34) = 3.19, p < 0.01$ , respectively) (Table IV). This produced an adjusted  $R^2$  value of 0.18 indicating that 18 per cent of the variance in discretionary behaviours scores among supervisory staffs was attributable to fulfilment of employer obligations, employee obligations and SPC. Second, it was found that employer obligations, employee obligations and state of psychological contract were significant predictors of employee engagement ( $F(0.26) = 2.50, p < 0.05$ ),  $F(0.30) = 2.53, p < 0.05$  and  $F(0.34) = 3.10, p < 0.01$ , respectively. In this instance, the adjusted  $R^2$  was 0.46 indicating that 46 per cent of the variance in having a fair employee engagement could be accounted for by the fulfilment of employer obligations, employee obligations and state of psychological contract among supervisory staffs. Third, employee engagement significantly predicted discretionary behaviours ( $F(0.33) = 92.79, p < 0.01$ ). The adjusted  $R^2$  was 0.10 showing that 10 per cent of variation in discretionary behaviours among supervisory staffs could be accounted for by having engaged employee. Based on these regression results, we proceeded to test for mediation effects using structural equation modelling (Figure 4 and Table VI).

The results revealed differing total and direct effect values for employer obligations on discretionary behaviours, that is, total effect = 0.316, direct effect = 0.247, indirect effect = 0.068. Similarly, the results show differing total and direct effect values for employee obligations on discretionary behaviours, that is, total effect = -0.330, direct effect = -0.410, indirect effect = 0.080. Furthermore, the results show differing total and direct effect values for SPC on discretionary behaviours, that is, total effect = -0.445, direct effect = -0.355, indirect effect = 0.091. Following Zack *et al.*'s (2009) guidelines, the findings of this study imply that a partial mediation effect exists of employee engagement on the relationship between the three dimensions of psychological contract and discretionary behaviours for supervisory staffs.

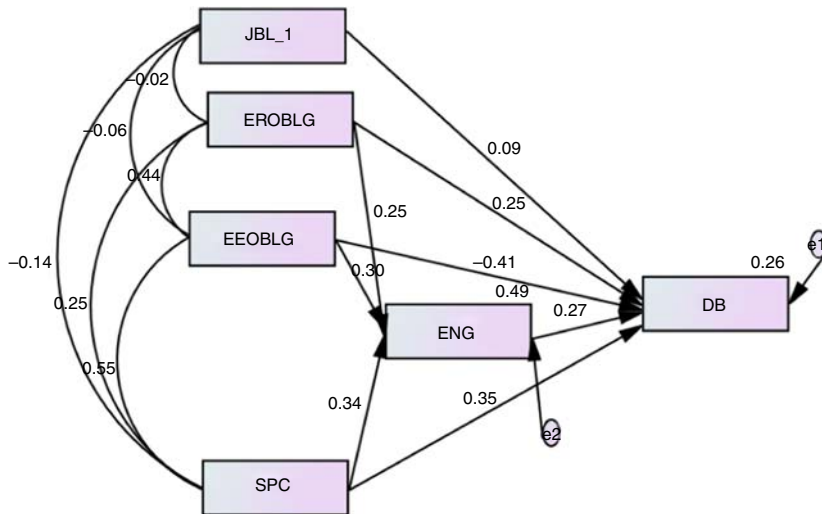
*Discussion*

The aim of the current study was to extend the field of investigation of employer obligations, employee obligations, state of psychological contract, employee engagement

Dependent variable	DB	Block 1 regression	Block 2 regression	Block 3 regression
			Employee engagement	DB
Predictors	Constant	7.11	-0.56	10.50
	Employer obligations	0.32 (2.51)***	0.26 (2.50)*	
	Employee obligations	-0.33 (-2.25)*	30 (2.53)*	
	State of psychological contract	0.43 (3.19)**	0.34 (3.10)**	
	Employee engagement			0.33 (92.79)**
	<i>n</i>	65	64	63
	<i>F</i> -Statistic	5.60	19.39	7.77
	$R^2$	0.22	0.49	0.11
	Adjusted $R^2$	0.18	0.46	0.10

**Table V.**  
The mediation effect of employee engagement on psychological contract-discretionary behaviour relationship controlled by job level; (supervisory staff)

**Notes:**  $n = 65$ . Regression coefficients (partial adjustment model) of employer obligations, employee obligations, state of psychological contract and employee engagement. The dependent variable is discretionary behaviour (DB). The *t*-statistics are shown in parentheses. The regression equation is free from multicollinearity ( $VIF < 5$ ; tolerance values  $> 0.1$ ). \*, \*\*, \*\*\*Significant at the level of 0.05, 0.01 and 0.001 level, respectively



**Notes:**  $\chi^2$  (CMIN)=0.83; degrees of freedom (df)=1;  $p=0.773$ ;  $\chi^2$  degrees of freedom ratio (CMIN/df)=0.83; goodness of fit index (GFI)=1.000; adjusted goodness of fit index (AGFI)=0.991; normed fit index (NFI)=0.999; tucher lewis index (TLI)=1.162; comparative fit index (CFI)=1.000; root mean square error of approximation (RMSEA)=0.000. EROBLG=employer obligations; EEOBLG=employee obligations; SPC=state of the psychological contact; ENG=employee engagement; DB=discretionary behaviours; joblevel\_1=control variable

**Figure 4.** SEM for psychological contract, engagement and discretionary behaviours-supervisor staff

**Table VI.** Mediation results for employee engagement on psychological contract-discretionary behaviours relationship – Supervisor staff

	JBL	SPC	EEOBLG	EROBLG	ENG
<i>Standardized total effects</i>					
Employee engagement	0.000	0.338	0.299	0.255	0.000
Discretionary behaviours	0.094	0.445	-0.330	0.316	0.268
<i>Standardized direct effects</i>					
Employee engagement	0.000	0.338	0.299	0.255	0.000
Discretionary behaviours	0.094	0.355	-0.410	0.247	0.268
<i>Standardized indirect effects</i>					
Employee engagement	0.000	0.000	0.000	0.000	0.000
Discretionary behaviours	0.000	0.091	0.080	0.068	0.000

and discretionary behaviours within a developing country context (Uganda) by examining employees at commissions and agencies in the public service. This was achieved, since the results of the current study showed that the developed countries' theories could be applied in the developing countries. The current study supported the previous empirical research (Bal *et al.*, 2010). It showed that when employer obligations are assessed as the implicit expectations and obligations an employee has of an employer; it is correlated with discretionary behaviours. In addition, the present study added to the previous empirical evidence by showing that fulfilment of employee obligations is related to exhibition of discretionary behaviours. In addition, the present study added to the previous empirical evidence by showing that fulfilment of employer obligations is also associated with

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exhibition of discretionary behaviours. Surprisingly, the study is inconsistent with other empirical results when it finds negative yet significant association between changes in employee obligations and discretionary behaviours among supervisory staffs yet subordinate staffs find such association positive and significant.

Also, there was a significant positive correlation between employee engagement and employee exhibition of discretionary behaviours. This is consistent with previous research showing that employees with high levels of engagement have higher levels of exhibition of discretionary behaviours, while disengagement among employees results in lower exhibition of discretionary behaviours (Rurkkhum and Bartlett, 2012). This suggests that it is essential that the fulfilment of employee implicit expectations by the organization is managed successfully (Bal *et al.*, 2010; Kasekende *et al.*, 2016). Furthermore, the present study contributes to the literature on organizational behaviour by identifying the effect of employer obligations, employee obligations and state of psychological contract on exhibition of discretionary behaviours. In particular, there is a dearth of research that has explicitly applied the concepts of employer obligations, employee obligations, state of psychological contract and how they blend with employee engagement to affect discretionary behaviours between subordinate and supervisory staffs. Empirical findings on these topics can best be described as inconsistent and quite mixed.

The current study confirmed the results of many independent studies (Rousseau, 2012) which found that supervisory staffs do not differ from subordinate staffs in terms of their perceptions of the fulfilment of the psychological contract, engagement and discretionary behaviour since there were only slight differences between Table III (subordinate staffs) and Table V (supervisory staffs).

Surprisingly, among supervisory staffs, small changes created in employer obligations negatively affect discretionary behaviours. This is interesting in that these changes seem to do more harm than good. It would imply that, among commissions and agencies, slight changes in perceptions of fulfilment of government policies tend to auger negatively among staffs. These findings are inconsistent with earlier literature that finds perceptions of fulfilment of employer obligations important for discretionary behaviour exhibition (Rousseau, 2012). Arguably the most interesting finding in the current research concerned the mediating effects of employee engagement on the relationship between employer obligations, employee obligations and state of psychological contract and; discretionary behaviours. It was predicted that the effect of employer obligations, employee obligations and state of psychological contract on discretionary behaviours would be influenced by employee engagement. This was supported throughout for both supervisory staffs and subordinate staffs.

First, for both subordinate and supervisory staffs, the extent of variations that occur in the state of psychological contract reduce in creating changes in exhibition of discretionary behaviours with the introduction of employee engagement. This means that employee engagement takes part of the inputs from the state of psychological contract and translates them into discretionary behaviours. In light of these study findings, the state of psychological contract may not influence discretionary behaviours without employee engagement in commissions and agencies in the public service in Uganda. The researcher argues that employee engagement is critical to building the state of psychological contract that are significant in eliciting discretionary behaviours among employees. This indicates that employee engagement acts as a mechanism through which the perception of fulfilment of the state of psychological contract affects the outcomes of employee exhibition of discretionary behaviours. This is a finding which has been hinted at (Swarnalatha and Prasanna, 2013) but not reported in previous research on the employee discretionary behaviour hence represents an exceptional contribution to the field of organizational behaviour.

Second, for the subordinate staffs, the predictive potential of variations that occur in the employer obligations reduce in creating changes in exhibition of discretionary behaviours

with the introduction of employee engagement. Hence employee engagement takes part of the inputs from the employer obligations and translates them into discretionary behaviours. In light of these study findings, the employer obligations may not influence discretionary behaviours without employee engagement in commissions and agencies in the public service in Uganda. We hence argue that employee engagement is critical to building employer obligations that are significant in eliciting discretionary behaviours among employees. Interestingly too, for the supervisory staffs, with the introduction of employee engagement, the negative variations that occur in employee exhibition of discretionary behaviours as a result of variations in employee obligations also reduce albeit remaining negative. This means that according to supervisory staffs, employee engagement takes part of the negative inputs from the employee obligations among supervisory staffs in commissions and agencies and hence reduces on the counter-productive work behaviours employees may exhibit. In light of these study findings, the employee obligations may not fully influence discretionary behaviours without employee engagement. The researcher argues that employee engagement is critical to reducing the negative impact of employee obligations that are significant in eliciting counter-productive work behaviours among employees.

### **Research implications**

This study offers several implications. From an academic point of view, we explore the role played by employee engagement in extending the inputs of a fulfilled psychological contract towards employee exhibition of discretionary behaviours in commissions and agencies of the public service. Our results imply that employers in commissions and agencies may increase the level of exhibition of discretionary behaviours among their staffs if they are able to fulfil the implicit expectations of their employees through employee engagement. The results deviate from the plethora of literature that has mainly focussed on outcomes of discretionary behaviours by providing an understanding of the tenets that are a prerequisite to employee exhibition of discretionary tendencies. The implication for policymakers would be to provide a conducive atmosphere which enables employees to freely exhibit discretionary behaviours. Moreover, policymakers stand to gain insights from our study where they will be able to design more suitable support programmes that enhance the engagement of employees for discretionary behaviour. This study further offers guidance to managers in the public service on what to focus on (i.e. fulfilment of employer obligations and state of psychological contract and engagement) for commissions and agencies if they want to achieve higher levels of employee involvement in roles that go beyond their job description.

### **Conclusion**

This study provides an initial attempt to examine the effect of psychological contract and discretionary behaviour exhibition in a developing country setting, namely, Uganda. The research findings indicate that public service bodies may increase exhibition of discretionary behaviours by ensuring fulfilment of employer obligations, employee obligations and state of psychological contract for employee engagement. Additionally, the results show that honouring psychological contracts increase the exhibition of discretionary behaviour among workers, provided that these workers become fully engaged at their work. These findings have implications for employee management skills.

### **Research limitations and future research**

The study may suffer from mono-method bias since all of the data were collected using self-report questionnaires. Scholars may attribute the findings to individuals' tendencies to respond to similar types of measures in similar ways. Whereas this bias might have been a peril, it is improbable. Further research in this area needs to be conducted to examine

employer obligations, employee obligations, state of psychological contract, employee engagement and discretionary behaviours in other perspectives, taking into account the effect of different organizations and environments. Fastidiously, larger samples from different professions and occupations might offer a foundation for more robust outcomes that help managers to manage the fulfilment of implicit obligations and hence the congruence between subordinates and supervisory staffs. In addition, further debate is needed regarding the strategic role HRM can play in managing the exhibition of discretionary behaviours in Uganda. This has, in general received petite consideration.

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