

# Leader-member exchanges and psychological contract: testing for interaction effects

Testing for  
interaction  
effects

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## Abstract

**Purpose** – The purpose of this paper is to examine the interaction effects of leader-member exchange (LMX) dimensions and how they blend to affect psychological contract in the public service in Uganda.

**Design/methodology/approach** – The authors employ the structural equation model to test a conditional hypothesis.

**Findings** – It is indicated that the magnitude of effect of affect and professional respect on psychological contract is dependent upon perceived contribution, implying that the predictive power of affect and professional respect on psychological contract increases considerably when perceived contribution increases.

**Research limitations/implications** – Only a single-research methodological approach was employed. So, future research through interviews could be undertaken to triangulate the results. Furthermore, future research should be undertaken to examine the multiplicative effects studied in this paper across time.

**Practical implications** – In order to increase the perceptions of fulfillment of the psychological contract in the public service in Uganda, managers should always endeavor to identify a viable LMX mix that can add value to expectations that employee and employer have of each other.

**Originality/value** – This is the first study that focuses on testing the interactive effect of LMX dimensions on psychological contract in Uganda's public service.

**Keywords** Uganda, Psychological contract, Public service, Leader-member exchanges (LMX)

**Paper type** Research paper

## Introduction

Scholars in the field of employee-employer relationships generally agree that for an organization to survive there is necessity to consistently create value among employees. With value, anything can be achieved (Kanchana, 2013). According to Amos and Weathington (2008), today, employees are considered as an element of investment for the growth of the organization. To make this valuable asset much more valuable, every organization must have strong values-based culture (Illangovan and Durgados, 2009).

Approximately 75 percent of organizational value is associated with people involved in the running of the organization (O'Donnell *et al.*, 2003). The way people are handled establishes a shared understanding of the expectations (Wocker and Sutherland, 2008) an employee has of the benefits that are based on perceived contribution of the employee and employer to the employment relationship (Cole *et al.*, 2004). This shared understanding also enhances the knowledge about how such expectations are to be achieved and provides an approach to manage people that increases the probability of meeting the expectations inherent in the psychological contract (Hakanen *et al.*, 2008).

According to Argyris (1960) the concept of psychological contract is used to describe an implicit agreement between a group of employees and their supervisor. Rousseau (2012) describes the psychological contract as the set of expectations and obligations that individual employees have with regard to their work experiences. Guzzo and Noonan (1994) argue that organizations convey messages and deliver contributions through multiple channels, such as personal representatives (management, supervisors, colleagues), structures and processes (reward systems, human resource practices). Members of the organization interpret, assemble and psychologically organize these signals in mental



models of the reciprocal exchange agreement with their employer (Rousseau, 2012). This mental representation of mutual obligations and their fulfillment constitute the psychological contract (Rousseau, 2012). Scholars such as Conway and Briner (2005) define the psychological contract as the employees' beliefs regarding mutual obligations between the employee and the organization. The difference between psychological contracts and legal contracts is that psychological contracts are subjective in nature and exist in the eye of the beholder (Suazo and Stone-Romero, 2010). It should be noted that environmental changes affect employees' perceptions of employer obligations and the extent to which their employer honors or fulfills its obligations (Chowdhry and Wolf, 2003).

In Uganda, there is evidence that the public service experiences problems in managing the psychological contract (Ssewanyana *et al.*, 2011). According to Ssewanyana *et al.* (2011), many employees feel that even though government, as an employer, stipulates the terms of agreement in the formal employment contract, it falls short of fulfilling some of their unwritten expectations. Employees assume that salary will be paid at the end of each month. In some sectors, employees receive their salaries late – some in arrears of three months, while in other government sectors their retirement packages are not ascertained (Ssewanyana *et al.*, 2011). Much as this would be considered a breach of the formal contract, formal contracts just state that one will be paid a certain amount of money on a monthly basis, but do not specify the actual date for such payment. This then leaves the employees with the unwritten expectation that the employer will honor this unwritten obligation at the end of every month. When the employer fails to do so, it breaches the psychological contract between the two parties.

The psychological contract could be of great significance to the Ugandan situation in employee-employer relationships, because this reciprocal interdependence in the employment relationship presents an important basis for employee engagement at work (Saks and Belcourt, 2006) and employees' emotional attachment and attitude towards the organization (Hallberg and Schaufeli, 2006). Furthermore, the Ugandan setting could gain from a fulfilled psychological contract because it accentuates organizational commitment (Pesqueux, 2012), increases exhibition of employees' organizational citizenship behaviors (Bal *et al.*, 2010), enhances employee retention levels (Sutton and Griffin, 2004) and improves job performance (Coyle-Shapiro and Conway, 2004). Barbutto and Hayden (2011) argue that the psychological contract is rooted in the leader-member exchange (LMX) theory. Green *et al.* (1996) state that LMX is an ongoing value-added process aimed at better performance of individuals and organizations through the diagnosis of leader-follower interactions. The LMX theory focuses on the degree of emotional support and exchange of valued resources between the leader and members. Thus, LMX theory's main focus is to diagnose this relationship so that a higher quality can be developed in this relationship, enabling improved performance. This makes the LMX theory relevant in explaining the underpinnings of the psychological contract. In accordance with the works of Guerrero *et al.* (2013), the Ugandan setting will gain from LMXs, because when employees perceive a high LMX, they will feel they have a high-quality relationship with their supervisor and regard themselves as being better treated than others in the team, and hence will have improved performance.

The public service sector has realized that increased investment in and management of employee-employer affect for each other, leader-subordinate professional respect and employee-employer perceived contribution (Liden and Maslyn, 1998) is the answer to the challenges faced. These factors promote an organization's fulfillment of expectations and obligations that the employee and employer have with regard to each other (Rousseau, 2012). This therefore provides a productive setting for LMX assessment in Ugandan public service sector. The research setting for this particular study is distinctive since the notion of LMX has not been given serious attention in Uganda. The fact that the

study covers three predictor variables (affect, professional respect and perceived contribution) (Liden and Maslyn, 1998) renders it appropriate to test the interaction effect of these dimensions on psychological contract. In doing so we are in agreement with Friedrich (1982), who advises that in instances where two or more variables tend to explain a criterion variable, there is usually much more to consider than just the main effects of each predictor variable. The purpose of this paper is twofold: first, we build a model based on LMXs that will help researchers and practitioners in the fields of human resource management and organizational behavior to move beyond existing frameworks when attempting to explain and predict psychological contract. Second, we provide an appropriate mix of LMX dimensions that creates the source of LMX and therefore psychological contract in the public service in Uganda. In undertaking this study, we expect to contribute in the following ways:

- The public service sector will be able to identify the best LMX mix that will be useful in upholding fruitful fulfillment of the expectations that employee and employer have of each other.
- Getting to grips with the way LMX dimensions blend will render managers of public service sector introduce policies and practices that build LMXs and hence manage psychological contract.
- Furthermore, this study represents one of the very few pieces in extant literature that focus on a developing country (Uganda) and the first one to focus on measuring LMX and psychological contract in the public service. It thus offers an original perception.

## Literature review

### *The relationship between LMX dimensions and psychological contract*

Graen and Uhl-Bien (1995) define LMX as a positive, mutually trustful relationship between the leaders and the led. Gerstner and Day (1997) argue that there is little agreement on what LMX is and how it operates in relation to performance. Although there exists disagreement between scholars on the actual definition of LMX, in a broad sense they concur that LMX consists of affect, professional respect and perceived contribution (Dienesch and Linden, 1986; Liden and Maslyn, 1998). According to Liden and Maslyn (1998), affect refers to the interpersonal liking of members in the dyad. This mutual affection is based on interpersonal attraction and excludes feelings of respect for the other members' work or professional values. On the other hand, perceived contribution (Liden and Maslyn, 1998) is defined as the extent of work-related efforts which leaders and followers perceive that each of them puts in both explicit and implicit goals of a dyad. Furthermore, professional respect (Dienesch and Linden, 1986) is the perception of the degree to which each member of the dyad has built a reputation, within and/or outside the organization, of excelling at his or her line of work. Gomez and Rosen (2001) argue that the quality of the LMX influences levels of delegation, responsibility and autonomy, and in turn employees perceive greater latitude, decision influence and perceived contribution. Graen and Uhl-Bien (1995) argue that in the employment relationship between an individual employee and the employing organization, as in a social relationship between two parties, LMX dimensions may be expected to reflect a good relationship and hence psychological contract fulfillment.

Although the LMX dimensions are predictors of psychological contract, they are, however, not equally important (Barbuto and Hayden, 2011). The extant literature emphasizes that one or several dimensions of LMX affect psychological contract in varying magnitudes (Schyns and Wolfram, 2008). For example, theoretical considerations indicate that affect is central to LMX as compared to perceived contribution (Kang and Stewart, 2007). This argument is supported by Lane (2010) who states that organizational members

accomplish their work through roles; these roles develop naturally, resulting into differentiated role expectations and therefore varied LMX. However, Dienesch and Linden (1986) argue that all LMX elements have a direct and significant impact on the psychological contract fulfillment, including perceived contribution. On the other hand, Lopez *et al.* (2004) confirmed the indirect effect of professional respect on psychological contract fulfillment.

Besides, Boyd and Taylor (1998) argue that affect can influence psychological contract fulfillment. In a related case Tyler and Blader (2003) established that affect and professional respect play an important role in influencing feelings of self-worth because they have access to additional valuable resources and favorable treatment that affect psychological contract fulfillment. These scholars' views are shared by Guerrero *et al.* (2013), who argued that high level of professional respect promotes a quality relationship between subordinates and their supervisor. To the contrary, de Pablos (2004) established that out of the three elements of LMX, only perceived contribution had a direct and significant effect on psychological contract fulfillment. Tyler and Blader (2003) also confirm the important role of perceived contribution in influencing psychological contract fulfillment when they argue that employees with a low LMX feel that their perceived contribution to the team is unappreciated, which in turn tends to reduce the impact on psychological contract fulfillment. Northouse (2004) and Kang and Stewart (2007) argue that whether LMX diagnosis can improve psychological contract fulfillment is questioned, in light of the fact that it may support the development of privileged groups in the workplace. However, Northouse (2004) and Kang and Stewart (2007) observed that such contradictions are expected, simply because the impact LMX dimensions have on psychological contract fulfillment is organization specific. Othman *et al.* (2010) share the same view when they observed that while high-quality LMX is beneficial to the leader and his in-group, there may be circumstances where such a situation can be dysfunctional especially when the LMX developed by a leader with the in-group is based on a flawed assessment of the in-group members' perceived contribution.

The above discussion confirms the inconsistencies in the effect of LMX dimensions on psychological contract fulfillment. In literature, such contradictions are a common occurrence. Hence, it is imperative that we carry out empirical research to investigate the mutual effect of LMX dimensions on psychological contract fulfillment in the public service. In consonance with the literature reviewed above, we therefore hypothesize as follows:

- H1.* Perceived contribution has a multiplicative effect on the influence of affect and professional respect on psychological contract in the public service in Uganda.

## **Methodology**

We provide below the research design, population, sample size and sampling procedure. We also discuss data collection instrument, measurement of variables, validity and reliability.

### *Research design*

The study adopted a cross-sectional descriptive and analytical design examining LMX (affect, professional respect and perceived contribution) and psychological contract for public servants working in commissions and agencies in Uganda.

### *Population, sample size and sampling procedure*

The study population was 2,590 employees. The employees form the unit of analysis. We sought 95 percent confidence level and computed a sample size of 346 (Yamane, 1973). To obtain the 346 respondents, the researchers used a proportionate stratified random sampling.

The response rate was 61.5 percent. In this paper we present results derived from a sample of 208 usable questionnaires. To establish whether the 138 unreturned questionnaires created common methods bias (CMB), we carried out statistical calculations to estimate the extent of the bias by establishing the statistical power of this sample. Results indicated that 118 participants were sufficient to detect large effect sizes (Cohen's  $f^2 = 0.15$ ) for linear multiple regression analyses with three predictors at recommended power = 0.80 (Cohen, 1992). This implies that regardless of the 138 responses that were not obtained, 208 responses were representative enough to reduce the bias.

Of the 208 respondents, 57.7 percent were male and 42.3 percent were female. In total, 49.5 percent had attained a bachelor's degree, 28.4 percent a master's degree and above, 16.8 percent a diploma and 5.3 percent a certificate. In terms of tenure, 30.8 percent had spent 3-5 years with their organization; 28.4 percent below two years, 24.5 percent between 6-10 years, 11.5 percent between 11-15 years and 7.2 percent above 15 years.

#### *Data collection instrument and measurement of variables*

We used a questionnaire anchored on a five-point Likert scale. The response categories ranged from "1 – strongly disagree" to "5 – strongly agree" for the exogenous variables and from "1 – not at all" to "5 – to a greater extent" for the endogenous variable.

We measured psychological contract fulfillment in terms of employee obligations (11 items), employer obligations (14 items) and state of psychological contract (nine items) (Isakson, 2005; Rousseau, 2012). Employer obligations included items like "Overall, my employer fulfills his/its commitments to me," while employee obligations had items like "In general, my employee lives up to his promises to me." State of psychological contract had items like "I feel that organizational changes are implemented fairly in my organization." We followed the theory developed by Tetrick (2004), who argues that in any employment relationship, the supervisor acts as the direct face of the employer. In each group, supervisors answered items to do with employee obligations, while subordinates answered items to do with employer obligations.

LMXs were measured in terms of affect, professional respect and perceived contribution following Graen (1995). Affect (six items) was measured by items like "My supervisor is the type of person one would like to have as a friend." Professional respect (seven items) was measured by items like "I feel free to discuss with my supervisor the problems and difficulties in my job without jeopardizing my position or having it held," while perceived contribution (five items) was measured by items like "I can count on my manager to 'bail me out' even at his or her own expense when I really need it."

The researchers included job level as a control variable.

#### *Validity and reliability*

We used AMOS (version 20) to conduct a confirmatory factor analysis (CFA) so that we could come up with a measurement model for our variables to confirm these dimensions and test the fit of theoretically grounded models (Anderson and Gerbing, 1988; Medsker *et al.*, 1994). We then constructed a structural equation model (SEM) to test the hypothesis developed from literature review (Jöreskog and Sörbom, 2005).

The results from CFA for the measurement model conform to acceptable guidelines (Table I) (Schermerl-Engel *et al.*, 2003). The NFI ( $> 0.95$ ) indicates acceptable convergent validity while the Average Variances Extracted (AVE  $> 0.5$ ) indicates acceptable discriminant validity (Brown and White, 2009) (Table I). For discriminant validity, the results indicate that the constructs' 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).

*CMB and common methods variance*

CMB is a problem in cross-sectional data. The researchers tried to address this phenomenon by using methodological separation of measurement variables and protecting respondent anonymity (Podsakoff *et al.*, 2003). The researchers also applied the marker variable approach as a *post hoc* statistical technique (Richardson *et al.*, 2009; Lindell and Whitney, 2001) to detect CMB. Using flexibility as an ideal marker (for it had no expected theoretical relationship with substantive variables), the resulting “corrected” correlations (Table III) became closer approximations to true relationships as compared to the uncorrected correlations; implying that CMV present in this data set was insufficient to bias results (Choi and Chen, 2007). The challenge with this approach is that even though multiple statistical detection and correction techniques have been proposed and used in published work, there is no systematic empirical evidence regarding their accuracy. However, the strengths of the approach are that because it should be theoretically unrelated to one of the substantive variables, any observed correlation between the two cannot be due to a true relationship and, thus, must be due to something else the variables have in common (i.e. CMV).

**Table I.**  
Fit indices for the measurement model

Index	$\chi^2$	df	<i>p</i>	GFI	AGFI	NFI	TLI	CFI	RMSEA	AVE
Cutoff point	≥0.5		≥0.5	≥0.95	≥0.90	≥0.95	≥0.95	≥0.95	≤0.08	≥0.5
Measurement model	151.12	59	0.06	0.96	0.91	0.96	0.95	0.96	0.07	0.61

**Table II.**  
Discriminant validity

	CFA squared latent variable correlations						
	AVE	Psychological contract and affect	Psychological contract and professional respect	Psychological contract and perceived contribution	Affect and professional respect	Affect and perceived contribution	Professional respect and perceived contribution
1 Psychological contract	0.80	0.17	0.08	0.07	0.12	0.06	0.01
2 Affect	0.52						
3 Professional respect	0.53						
4 Perceived contribution	0.77						

**Table III.**  
Means, standard deviations and correlations

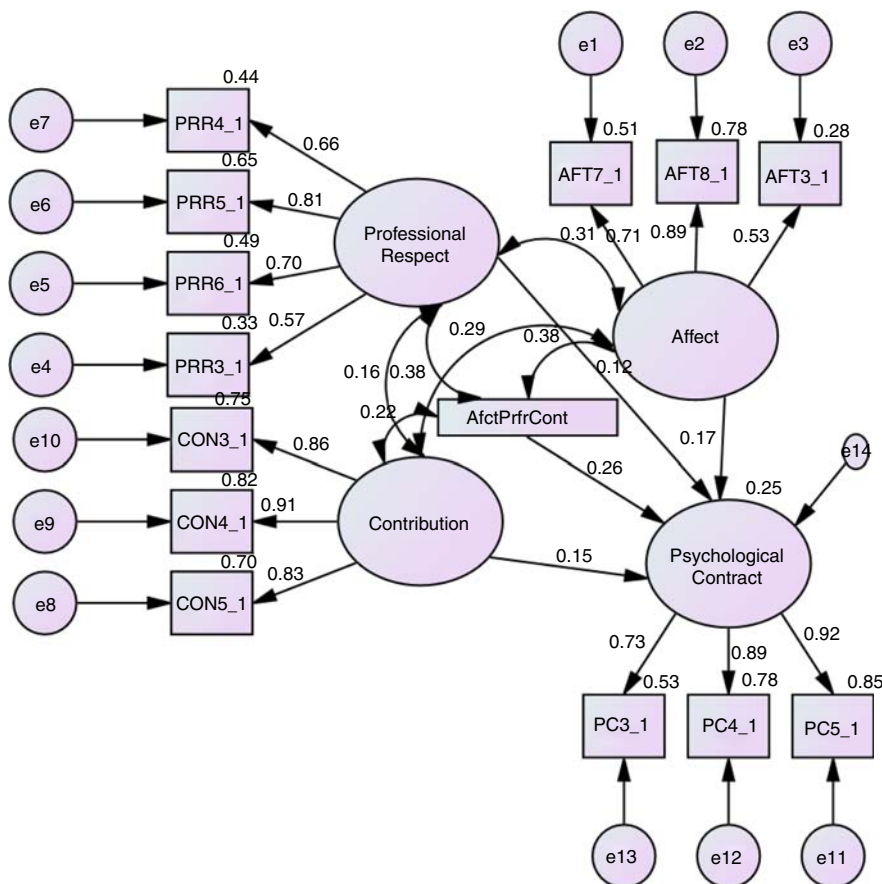
	Mean	SD	1	2	3	4
Affect (1)	4.03	0.84	<i>0.72</i>			
Professional respect (2)	3.77	0.76	0.25**	<i>0.77</i>		
Perceived contribution (3)	3.68	0.87	0.23**	0.18*	<i>0.90</i>	–
Psychological contract (4)	3.55	1.17	0.35**	0.28**	0.27**	<i>0.88</i>

**Notes:** The diagonals values (italic) display the reliabilities. \*\*Significant at the 0.05 and 0.01 levels (two-tailed), respectively

**Hypothesis testing and results**

*The moderating role of perceived contribution on the joint effect of affect and professional respect on psychological contract*

We ran several nested SEMs to establish the predictive power of each model and establish the relationships between the variables so as to test hypotheses developed from literature review. First, we used affect alone to predict psychological contract; in the second model, we added professional respect to predict psychological contract. In the third model, we added perceived contribution to predict psychological contract, and in the fourth model we added the interactive term (affect × professional respect × perceived contribution) to predict psychological contract (see Figure 1). The results are presented in Tables IV and V.



**Notes:** PRR, observed variables for professional respect; CON, observed variables for contribution; AFT, observed variables for affect; PC, observed variables for psychological contract; afctPrfrCont, interaction term for affect.professionalism.contribution.  $\chi^2=173.892$ ; degrees of freedom=68; probability=0.063; goodness of fit index=0.953; adjusted goodness of fit index=0.903; normed fit index=0.968; Tucker-Lewis index=0.964; comparative fit index=0.951; root mean square error of approximation=0.067

**Figure 1.** SEM for interaction effect of LMX dimensions on psychological contract

The model revealed that perceived contribution moderates the relationship that affect and professional respect have with psychological contract ( $\beta = 0.26$ ,  $SE = 0.09$ ,  $CR = 3.42$ ,  $p \leq 0.001$ ) (Table V). The inclusion of interactive term (affect  $\times$  professional respect  $\times$  perceived contribution) in the third model increased the combined predictive power of affect, professional respect and perceived contribution on psychological contract from 19 percent in the third model to 25 percent in the fourth model (Table IV). The results show that the interactive term boosts the main effects (affect, professional respect and perceived contribution) to explain the variance in psychological contract. Since the interaction term is significant (Table V), we maintain that *HI* is supported.

**Discussion**

This study sought to assess the extent to which perceived contribution moderates the relationship that professional respect and affect have with psychological contract. The proposed hypothesis is tested by a moderated regression analysis in structural

**Table IV.**  
Fit indices for the interaction models of LMX dimensions on psychological contract

Model	$\chi^2$	df	<i>p</i>	GFI	AGFI	NFI	TLI	CFI	RMSEA	SMC for Pschont
1	15.48	8	0.05	0.98	0.94	0.97	0.97	0.99	0.07	0.13
2	64.75	32	0.05	0.95	0.90	0.95	0.95	0.96	0.06	0.16
3	151.12	59	0.06	0.96	0.91	0.96	0.95	0.96	0.07	0.19
4	173.89	68	0.06	0.95	0.90	0.97	0.96	0.95	0.07	0.25

**Notes:**  $\chi^2$ , chi square; df, degrees of freedom; *p*, probability; GFI, goodness of fit index; AGFI, adjusted goodness of fit index; NFI, normed fit index; TLI, tucker Lewis index; CFI, comparative fit index; RMSEA, root mean square error of approximation; SMC, squared multiple correlation

**Table V.**  
Paths coefficients for the structural equation model of LMX dimensions on psychological contract

	Unstandardized coefficients	SE	CR	<i>p</i>	Label	Standardized coefficients
Psychological contract $\leftarrow$ affect	0.30	0.14	2.08	0.038*	par_13	0.17
Psychological contract $\leftarrow$ professional respect	0.25	0.18	1.99	0.047*	par_14	0.12
Psychological contract $\leftarrow$ perceived contribution	0.23	0.11	2.12	0.034*	par_15	0.15
afct $\times$ Prfr $\times$ Cont	0.30	0.09	3.42	***	par_16	0.26
AFT7_1 $\leftarrow$ affect	1.00					0.71
AFT8_1 $\leftarrow$ affect	1.20	0.14	8.43	***	par_1	0.89
AFT3_1 $\leftarrow$ affect	0.95	0.14	6.79	***	par_2	0.53
PRR3_1 $\leftarrow$ professional respect	1.00					0.57
PRR6_1 $\leftarrow$ professional respect	1.27	0.18	6.96	***	par_3	0.70
PRR5_1 $\leftarrow$ professional respect	1.35	0.19	7.16	***	par_4	0.81
PRR4_1 $\leftarrow$ professional respect	1.19	0.18	6.81	***	par_5	0.66
CON5_1 $\leftarrow$ perceived contribution	1.00					0.83
CON4_1 $\leftarrow$ perceived contribution	1.05	0.07	15.44	***	par_6	0.91
CON3_1 $\leftarrow$ perceived contribution	1.01	0.07	14.78	***	par_7	0.86
PC5_1 $\leftarrow$ psychological contract	1.00					0.92
PC4_1 $\leftarrow$ psychological contract	0.99	0.06	17.32	***	par_8	0.89
PC3_1 $\leftarrow$ psychological contract	0.82	0.07	12.57	***	par_9	0.73

**Notes:** AFT, affect; PRR, professional respect; CON, contribution; PC, psychological contract; CR, critical ratio; SE, standard error; *p*, probability. \*,\*\*\*Significant at the 0.05 and 0.001 levels (two-tailed), respectively

equation modeling for latent variables (Aiken and West, 1991; Ping, 1996), using survey data from Uganda. The results indicate the reliability and validity of the constructs in the model and the findings support the proposed hypotheses. Hence, this study generates several contributions both theoretically and practically, particularly because it uses a blend of two exogenous variables with one moderator, whereas others use single exogenous variables and single moderators. These findings are consistent with Dienesch and Linden (1986), who argued that the impact of the affect and professional respect on psychological contract is important only when supported by perceived contribution. In relation to findings, it is evident that perceptions of psychological contract fulfillment increase as affect, professional respect and perceived contribution levels are increased. This implies that a multiplicative effect of affect, professional respect and perceived contribution on psychological contract is significant in the Ugandan public service. Since the assumption of non-additivity is met (Jose, 2008; Bennet and Robinson, 2000; Aiken and West, 1991; Friedrich, 1982), this signifies that the three must co-exist to influence psychological contract in Ugandan public service. The findings of this study have therefore proved that interplay of affect, professional respect and perceived contribution is material in influencing psychological contract fulfillment between employees and employers in the public service commissions and agencies in Uganda. This means that for affect and professional respect to create variations in perceptions of fulfillment of the psychological contract, they need the input of perceived contribution.

### **Theoretical implications**

The present results confirm organizational behavior studies' positive relationship between LMX and psychological contract (de Pablos, 2004). However, as in several previous studies (Northouse, 2004; Kang and Stewart, 2007), the association between individual LMX dimensions and psychological contract is moderate, and explains a minimal percent of the variance in psychological contract. Therefore, it is necessary to obtain a combination of the dimensions in order to understand the barrier and motives to explain variation in psychological contract (Guerrero *et al.*, 2013). In particular, we extend previous studies (Northouse, 2004; Kang and Stewart, 2007) by testing the moderator effects of perceived contribution on the combined relationship that affect and professional respect have with psychological contract. The different and combined effect of affect and professional respect related to 25 percent variation in psychological contract is a result of the role played by perceived contribution. This study uses Graen's (1995) scale to assess affect, professional respect and perceived contribution. Affect alone explains 17 percent of the variation in psychological contract while professional respect explains 12 percent of psychological contract variation. In this study, perceived contribution moderates positively the relationship that both affect and professional respect have with psychological contract. This empirical evidence supports the moderator role of perceived contribution in the affect-psychological contract relationship, as well as extends previous studies to confirm the moderator role of perceived contribution in the professional respect-psychological contract relationship.

Perceived contribution is found to moderate the affect-psychological contract relationship positively. This means that when employees are able to count on their managers/employers to bail them out at the employer's expense, it increases the bond between affect and employees' perceptions of fulfillment of the employer commitments. Furthermore, perceived contribution was found to positively moderate the professional respect-psychological contract relationship. This means that when employees feel free to discuss with their supervisor the problems and difficulties in their job without jeopardizing the positions they hold, it significantly increases the link between professional respect and employees' perceptions of fulfillment of the employer commitments.

**Conclusion: practical and managerial implications**

As a summary, this study confirms the moderator role of perceived contribution with respect to the relationship that affect and professional respect have with psychological contract. Our findings, therefore, have several managerial implications. First, psychological contract fulfillment based on affect and professional respect has been confirmed as a vital strategy for commissions and agencies in the public service, emphasizing that it is not sufficient to maintain psychological contract (Dienesch and Linden, 1986; Liden and Maslyn, 1998) without the presence of perceived contribution. Thus, to ensure psychological contract fulfillment, management attention should focus on increasing strategies that enhance work-related efforts in which leaders and followers perceive each other as maintaining a dyadic relationship. In addition, management should come up with interpersonal strategies which increase the liking of members in the dyad for each other and improve the perception on the degree to which members have built reputations for themselves, within and/or outside the organization, or have excelled in their work.

Furthermore, these strategies are expected not only to consolidate employees' confidence in their supervisors but also to create support from organization members. More importantly, the most effective human resource management strategies are those that can enhance affect and professional respect. Also, because it takes a long time for employees to perceive an honored psychological contract (Rousseau, 2012), commissions and agencies in the public service should consider promoting employee-employer affect, professional respect and perceived contribution as a long-term strategy rather than only as short-term tactics.

In order to boost the fulfillment of expectations and obligations that employee and employer have of each other in the public service commissions and agencies in Uganda, management should endeavor to find and implement a viable affect, professional respect and perceived contribution mix that increases psychological contract fulfillment. These findings also hold far-reaching implications for HR managers. People in this profession should seize the opportunity to assist with the appraisal tools that make organizations tick.

Finally, this study tests, simultaneously, a moderator (perceived contribution) on a combination of two exogenous variables in one SEM to generate a moderator effect. Thus, it helps to overcome several shortcomings of previous studies that use subgroup analysis, which tests individual exogenous variables and moderators separately and cannot account for the contribution of moderators to combined exogenous variables to explain the variance of psychological contract (Baron and Kenny, 1986), or multivariate regression analysis (Seiders *et al.*, 2005), which ignores measurement errors (Aiken and West, 1991; Ping, 1996). More importantly, the construct of perceived contribution, both theoretically and practically, has been proved to individually influence employees' perceptions of psychological contract fulfillment (Dienesch and Linden, 1986). Therefore, the application of this moderator in the relationship that affect and professional respect have with psychological contract as a common logical framework helps to create a more comprehensive picture of the research phenomenon.

**Limitations and suggestions for future research**

First, results of this study are based only on a sample of one country. This may not be fully representative for all developing countries' public service sectors and hence requires replications in other developing countries with different socio-economic backgrounds to take a broad view of the research findings. Potential studies could use the same basic hypothesis and SEM construction, but implement the study in terms of a longitudinal rather than a cross-sectional design. As with all studies using correlation methods, the nature of relationships is problematic; thus, experimental designs should be used in order to address issues of causality in future studies.

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**Further reading**

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