

**EXPLORING EFFECTS OF PSYCHOLOGICAL CONTRACT  
VIOLATION IN TANZANIA NON GOVERNMENT  
ORGANIZATIONS: THE CASE OF ILULA ORPHAN PROGRAM**

**EXPLORING EFFECTS OF PSYCHOLOGICAL CONTRACT VIOLATION IN  
TANZANIA NON GOVERNMENT  
ORGANIZATIONS: THE CASE OF ILULA ORPHAN PROGRAM**

**BY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR AWARD OF THE MASTERS OF SCIENCE IN  
HUMAN RESOURCE MANAGEMENT DEGREE OF MZUMBE UNIVERSITY**

**JUNE 2013**

## CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation titled **‘Exploring effects of psychological contract violation in Tanzania Non Government Organisations: the case of Ilula Orphan Program’**, in partial fulfilment of the Requirements for Award of the Degree of Master of Science in Human Resource Management of Mzumbe University.

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## **ACKNOWLEDGEMENT**

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Last but not least I thank my beloved wife Atuwene for her encouragement and care throughout the research process.

## **DEDICATION**

This dissertation is dedicated to my beloved wife Atuwene Amos Chaula, my parents Ernest Msigwa and Atwiche Mgudula and my lovely daughter Mercy who have been my walking staff, my strength and my courage and my inspiration in life.

## **LIST OF ABBREVIATIONS**

CHAI	-	Clinton HIV AIDS Initiative
CHODAWU	-	Conservation Hotels and Domestic Allied Workers Union
CSO	-	Civil Society Organisation
DFP	-	Donor Funded Project (s)
ERLA	-	Employment and Labour Relations Act
IOP	-	Ilula Orphan Program
MVC	-	Most Vulnerable Children
NGO	-	Non Government Organizations
OCB	-	Organizational Citizen Behavior
PC	-	Psychological Contract
PCB	-	Psychological Contracts Breach
PCF	-	Psychological Contracts Fulfillment
PCV	-	Psychological Contract Violation
REPOA	-	Research on Poverty Alleviation
RFE	-	Rapid Funding Envelope
URT	-	United Republic of Tanzania

## **ABSTRACT**

This study intended to explore effects of Psychological Contract Violation (PCV) in Tanzania NGOs Ilula Orphan Program (IOP) being a case study. The specific objectives of this study were to find out how PC is provided; to find out how employees feel (satisfaction and dissatisfaction) when psychological contract is provided and when not provided; and to find out effects of PCV in Tanzania NGOs

The study population for this study was 72 including staff and management. The sample adopted was 36 which were 50% of the population. The sampling method used for this study was stratified random sampling.

The data collection methods used in this study were interviews which were administered to management, questionnaires which were circulated to staffs, documents which included policies, attendance records, staff contracts, staff minutes and correspondences. By observation method, the researcher saw staff gossiping during working time, going late to meetings, moving slowly between actions or offices and complaining to management as well as basking during working hours.

The findings revealed that there was PCV by employer not fulfilling a number of human resource practices and workers rights including pay, overtime, promotion, policies and training leading to effects like tardiness and absenteeism, low commitment, delayed projects completion, abuse of confidentiality, labour turnover, and declining productivity.

Suggestions to minimize effects of PCV include timely response to complaints and orders, transparency honesty and trust, fulfilling terms of contract, promotions, recognition, and competence based recruitment and selection, staff training and development, sustainable income and fairness in application of human resource practices.

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## **CHAPTER ONE**

### **BACKGROUND INFORMATION**

#### **1.0 Introduction**

This chapter presents the background to the study, statement of the problem, research objectives, research questions, and operationalization of research objectives, variables, indicators, data sources and target population. It further presents significance of the study, limitation and delimitation of the study, scope of the study, definition of key terms and the organisation of the study.

#### **1.1 Background to the study**

Although Argyris (1960) was the first to come up with the term PC, the idea of employment relationship as an exchange can also be traced in the writings of Barnard and March and Simon (1958). Barnard's theory of equilibrium posits that employees continued contribution depends on adequate rewards from the organization. This is the foundation of the idea of reciprocal exchange underlying the employee organization relationship. This was elaborated by March and Simon (1958) in their inducement contribution model. They argued that employees are satisfied when there is greater difference between inducements given by the organization and the contribution they need to give in return. The work of March and Simon is rarely acknowledged in the PC literature (Conway and Briner 2005) but the idea of reciprocal exchange bears a remarkable resemblance to a core tenet of PC.

Argyris (1960) created the term psychological work contract to sum up the unwritten expectations that were held by both factory employees and their line managers in respect of each other. Levinson, Price, Munden, Mandl and Solley (1962) put forward a definition that focused on mutual expectations as a series of mutual expectations of which the parties to the relationship may not themselves be even dimly aware but which nonetheless govern their relationship to each other. Levinson et al found that these mutual expectations were largely unspoken and therefore implied, and were

often founded on the employees experience and background before joining the organization. Levinson et al. (1962) also identified that these expectations altered over the course of employment with an organization. The work of Schein (1965) supports both Argyris (1960) and Levinson et al. (1962) Schein (1965) stated the notion of mutual expectation in PC between the individual and the organization. By the 1980s Schein had broadened his conceptualization of the psychological contract by claiming: 'Though it remains unwritten, the PC is a powerful determiner of behavior in organizations' (Schein, 1988: 24). Schein envisaged the psychological contract as influencing organizational roles, power relationships, motivation, performance, induction and socialization, employee relations and career-related behavior. Schein claims that the psychological contract is 'a major variable of analysis' (1988: 99) underlying effective work performance, employee commitment, loyalty, and enthusiasm for the organization and its goals.

According to Schein, the PC is based upon the inner needs of the employee and his/her manager as well as on what they have learned from others, traditions and norms which may be operating, their own past experiences and 'a host of other sources' (1988: 24). Thus, as these needs and other external forces change so does expectations, making the psychological contract, in Schein's words, 'a dynamic one which must be constantly renegotiated' (1988: 24). Thus, for example, economic conditions may lead to renegotiations of professional contracts amongst professional and others. Roehling (1997) highlighted that the definition provided by Schein (1965) was used as the key reference in psychological contract research until Rousseau, in her influential article over two decades later, defined the psychological contract as, an individual's beliefs regarding the terms and conditions of the reciprocal exchange agreement between that focal person and another party. Key issues here include the belief that a promise has been made and a consideration offered in exchange for it, binding the parties to some set of reciprocal obligations (Rousseau, 1989).

The crucial features of Rousseau's construct were perceived promises, obligations, and mutuality. Subsequently, Rousseau (2001) suggested that promises did not require to be formally articulated, but could be a result of words or actions taken in context. Hence, an employee may perceive a promise as being in existence without the employer having made a definitive announcement or declaration in respect of the matter in question. This also extended through to the observation of other employees in the workplace. For example, if a reward, be it pecuniary or non-pecuniary, was awarded to a colleague then the observer may assume that such remuneration was available to them for comparable work (Shore et al., 2004) The definition provided by Rousseau recognized the psychological contract as a particular type of promissory contract, and because it involved beliefs, existed .in the eye of the beholder (Rousseau and McLean Parks, 1993).

What was important was that the individual believed an agreement existed (even if implicit), and that some sort of promise (again, this may be implicit) had been made, and that considerations were offered in exchange. In the mind of the contract holder when this was the case, both parties were bound to a set of reciprocal obligations. Robinson, Kraatz and Rousseau (1994) added that organizational change can also have a detrimental effect on the state of the psychological contract, as Turnley and Feldman (1998) found in their survey of employees in organizations undergoing restructuring or reorganizations. For instance during downsizing employees may question procedural justice of the downsizing process leading to lower organizational commitment among surviving employees especially for organizations which have traditionally managed to avoid layoffs are likely to be perceived by employees as breaching the psychological contract and therefore as more unfair when they do resort to layoffs. In turn, these employees are likely to become poorer organizational citizens (Brockner, et al, 1994)

Rousseau and Ho (2000) suggested in a theoretical article that the psychological contract was characterized by bounded rationality which was a term developed by the Chicago School of Economics of the 1950s and 1960s. In essence, bounded rationality recognizes that decision making takes place within an environment of incomplete information and uncertainty.

Rousseau and Ho (2000) concluded that this reflected the employees incomplete, selective, and possibly distorted view of the relationship whereby individuals did not examine every possible option, rather they deliberated over the alternatives which happened to occur to them. Thomas and Singh (2011) assert that simply, in an employment context, the PC is the fairness or balance (typically as perceived by the employee) between: how the employee is treated by the employer, and what the employee puts into the job. At the heart of the PC is a philosophy - not a process or a tool or a formula. This reflects its deeply significant, changing and dynamic nature. When employers meet the perceived obligations of the psychological contract, employees are motivated, willing to apply greater effort, seek out creative solutions, care their leaders, and remain with the organization (Rousseau, 1990) Violation of the psychological contract occurs when one party perceives that the other has failed to fulfill its obligations or promises.

The employee's perception that the organization has failed to fulfill one or more obligations relating to the psychological contract represents the cognitive aspect of violation - a mental reckoning of what the employee has received relative to what was promised. However, there is also an emotional state that accompanies violation -the feelings of betrayal, distress, anger, resentment, a sense of injustice and wrongful harm (Robinson and Wolfe Morrison, 1995). The way we define and manage the psychological contract, and how we understand and apply its underpinning principles in our relationships - inside and outside of work - essentially defines our humanity, respect, compassion, trust, empathy, fairness, objectivity - qualities like these characterize the PC, just as they characterize a civilized outlook to life as a whole.

According to People in Aid (2007) issues constantly high on the list of priorities of NGOs in developing countries are staff performance, motivation and retention. These can be reasons for NGOs staff to underperform or leave an employment early for pay related reasons. The current trend shows that there is an increasing number of NGOs in Tanzania as well as staff working in NGOs. Report on Poverty Alleviation (REPOA) (2007). According to Peoples Aid (2007) NGOs in developing countries face the challenge to raise the motivation of staff to perform thus avoiding turnover. A key issue faced by many Tanzania NGOs is over dependency on donors to meet their financial resources needs(REPOA, 2007).This resources dependency makes it increasingly difficult for NGOs to manage their own agenda on several issues including human capital management thus failing to meet PC held by employees. Such aspects are PC factors which when not properly managed they are more likely to lead to PCV in Tanzania NGOs IOP inclusive.

Ilula Orphan Program is a Christian outreach Non Government Organization, working to support orphans and the Most Vulnerable Children in Kilolo District, Iringa region, Tanzania. IOP was established in 1998 and was officially registered by The Registrar of Societies in The Ministry of Home Affairs Tanzania. IOP registration number is SO. NO 12054 August 27<sup>th</sup> 2003. IOP also has a registered board of trustees, number 3368 of April 3<sup>rd</sup> 2008. IOP is located in Ilula Township, Kilolo District, Iringa Region, Tanzania, 46 Km East of Iringa town along the Dar es Salaam-Zambia highway.

IOP like any other organisation hires employees to carry out its mission of providing opportunities for quality education, life skills, counseling and social economic sustainability to the community with special emphasis to the most vulnerable children, women and the marginalized groups regardless of race and religion. It is essential therefore to understand and manage psychological contact at the place of work so as to exhaust total employee commitment for the fulfillment of both organizational and individual goals

## **1.2 Statement of the problem**

Article 23 (2) of the Constitution of the United Republic of Tanzania (2007) states that every person who works is entitled to just remuneration. Issue 4.2 of the Public service pay and incentive policy (2010) also is committed to ensuring that the principle of equal pay for equal value of work across Public service is adhered to.

However, the research conducted by Shishiwa, Chale and Ndyemalila (2009) in Mbeya, Ruvuma and Morogoro Urban Water and Sewerage Authorities, revealed that pay and other allowances or incentives given to employees were unjust and biased in comparative terms leading to an unhealthy psychological contract. This research therefore explored effects of psychological contract violation in Tanzania Non Government Organizations.

## **1.3 Objectives of the study**

The main objective of the study is to explore effects of psychological contract violation in Tanzania NGOs.

### **1.3.1 Specific objectives**

1. To find out how psychological contract is provided in Tanzania NGOs
2. To find out how employees feel (satisfaction and dissatisfaction) when psychological contract is provided and when not provided in Tanzania NGOs
3. To find out effects of psychological contact violation in Tanzania NGOs.

### **1. 3.2 Research questions**

1. How is psychological contract provided in Tanzania NGOs?
2. How do employees feel (satisfied and dissatisfied) when psychological contract is provided and when not provided in Tanzania NGOs?
3. What are effects of psychological contract violation in Tanzania NGOs?

## 1.4 Operationalisation of research objectives, variables, indicators, data sources and target population

**Table 1.1 Operationalisation of research objectives, variables, indicators, data sources and target population**

Research question	Variables	Indicators	Target population	Data Collection tools
How is psychological contract provided in Tanzania NGOs?	Provision of psychological contract	<ol style="list-style-type: none"> <li>1. Presence of staff promotion</li> <li>2. Availability salaries and allowances</li> <li>3. Presence of training and development opportunities</li> <li>4. Presence of overtime payments</li> <li>5. Presence of recognition</li> <li>6. Presence of work life balance</li> <li>7. Presence of employment security</li> <li>8. Evidence of assistance of employees with personal problems</li> <li>9. Presence of fringe and other benefits</li> <li>10. Presence of good work conditions</li> </ol>	<ol style="list-style-type: none"> <li>1. Staff/Management</li> <li>2. Staff/Management</li> <li>3. Staff/Management</li> <li>4. Staff/Management</li> <li>5. Staff/Management</li> <li>6. Staff/Management</li> <li>7. Staff/Management</li> <li>8. Records/Staff</li> <li>9. Records/Staff/Management</li> <li>10. Staff/Management</li> </ol>	<ol style="list-style-type: none"> <li>1 Questionnaire/Interview</li> <li>2 Questionnaire/Interview</li> <li>3 Questionnaire/Interview</li> <li>4 Questionnaire/Interview</li> <li>5 Questionnaire/Interview</li> <li>6 Questionnaire/Interview</li> <li>7 Questionnaire/Interview</li> <li>8 Documentary/Questionnaire</li> <li>9 Documentary/Staff/Management</li> <li>10 Questionnaire/Interview</li> </ol>
How do employees feel (satisfied and dissatisfied) when psychological contract is provided and when not provided in Tanzania NGOs?	Feeling of Satisfaction and dissatisfaction	<ol style="list-style-type: none"> <li>1. Presence of feeling of satisfaction</li> <li>2. Presence of feeling of dissatisfaction</li> <li>3. Presence met/unmet expectation</li> <li>4. Presence of high/low morale, happiness/sadness</li> <li>5. Presence of staff complaints</li> <li>6. Presence of gossips and rumors</li> </ol>	<p>Staff</p> <ol style="list-style-type: none"> <li>1. Staff</li> <li>2. Staff</li> <li>3. Staff</li> <li>4. Records/Observation</li> <li>5. Observation</li> </ol>	<ol style="list-style-type: none"> <li>1. Questionnaire</li> <li>2. Questionnaire</li> <li>3. Questionnaire</li> <li>4. Observation</li> <li>5. Documentary/observation</li> <li>6. Observation</li> </ol>

What are the effects of psychological contract violation between employer and employees in Tanzania NGOs?	Effects of PCV	<ol style="list-style-type: none"> <li>1. Presence of tardiness and absenteeism cases</li> <li>2. Presence of staff complaints</li> <li>3. Presence of mistrust behaviours</li> <li>4. Presence of staff turnover cases</li> <li>5. Presence of employees abusing confidentiality</li> <li>6. Existence of reports submitted late</li> <li>7. Evidence of declining productivity</li> </ol>	<ol style="list-style-type: none"> <li>1. Records</li> <li>2. Records/Management/observation</li> <li>3. Records</li> <li>4. /Records</li> <li>5. Management</li> <li>6. Records/Management</li> <li>7. Records/Management</li> </ol>	<ol style="list-style-type: none"> <li>1. Documentary</li> <li>2. Documentary/interview/observation</li> <li>3. Documentary</li> <li>4. Documentary</li> <li>5. Interview</li> <li>6. Documentary/Interview</li> <li>7. Documentary /Interview</li> </ol>
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**Source: Researcher 2013**

***Research Question: How is psychological contract provided in Tanzania NGOs?***

The aim of this question was to find out how psychological contract is provided in Tanzania NGOs. Respondents were asked using questionnaires to choose one among the five PC statements against five provided responses 1= “Strongly agree”, 2= “Agree”, 3= “Not sure”, 4= “Disagree”, and 5= “Strongly disagree” then choose one which best relates to ones actual feeling about the PC statement. The respondents from management were also asked through interviews to explain how they provide PC using the same items. Multiple answers were provided so as to avail respondents with wide choice which best explain how they feel about the statement. Another instrument used to answer this question was documentary reviews.

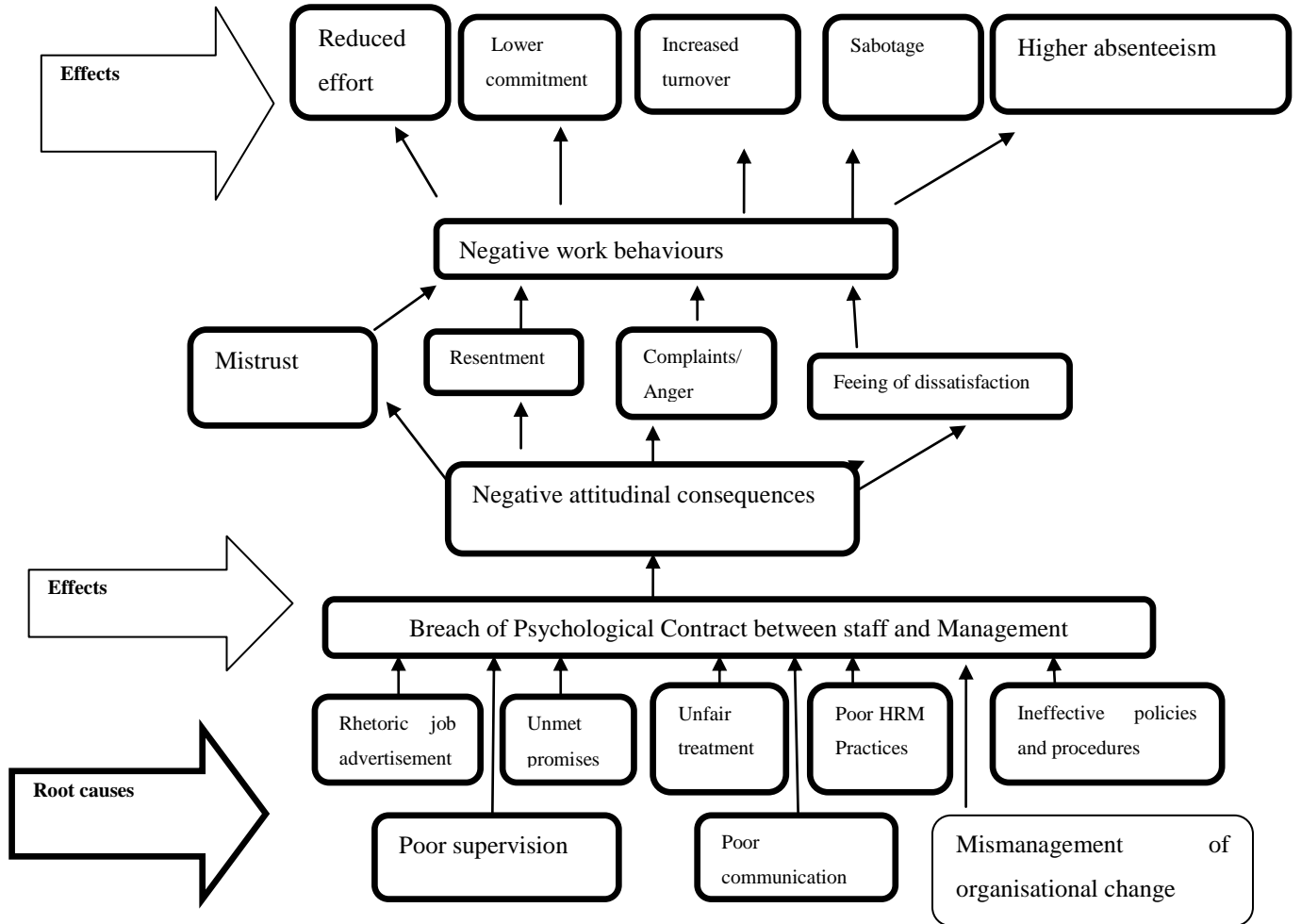
***Research question: How do employees feel (satisfied and dissatisfied) when psychological contract is provided and when not provided in Tanzania NGOs?***

This scale aimed at finding out employees’ feelings (satisfaction and dissatisfaction) when psychological contract is provided and when not provided. It aimed to find out whether employees are satisfied or not satisfied with the way PC is provided by the employer and when not provided. Questionnaires were asked to employees concerning their positive and negative feelings when psychological contract is provided and when not provided respectively.

***Research question: What are effects of psychological contract violation in Tanzania NGOs?***

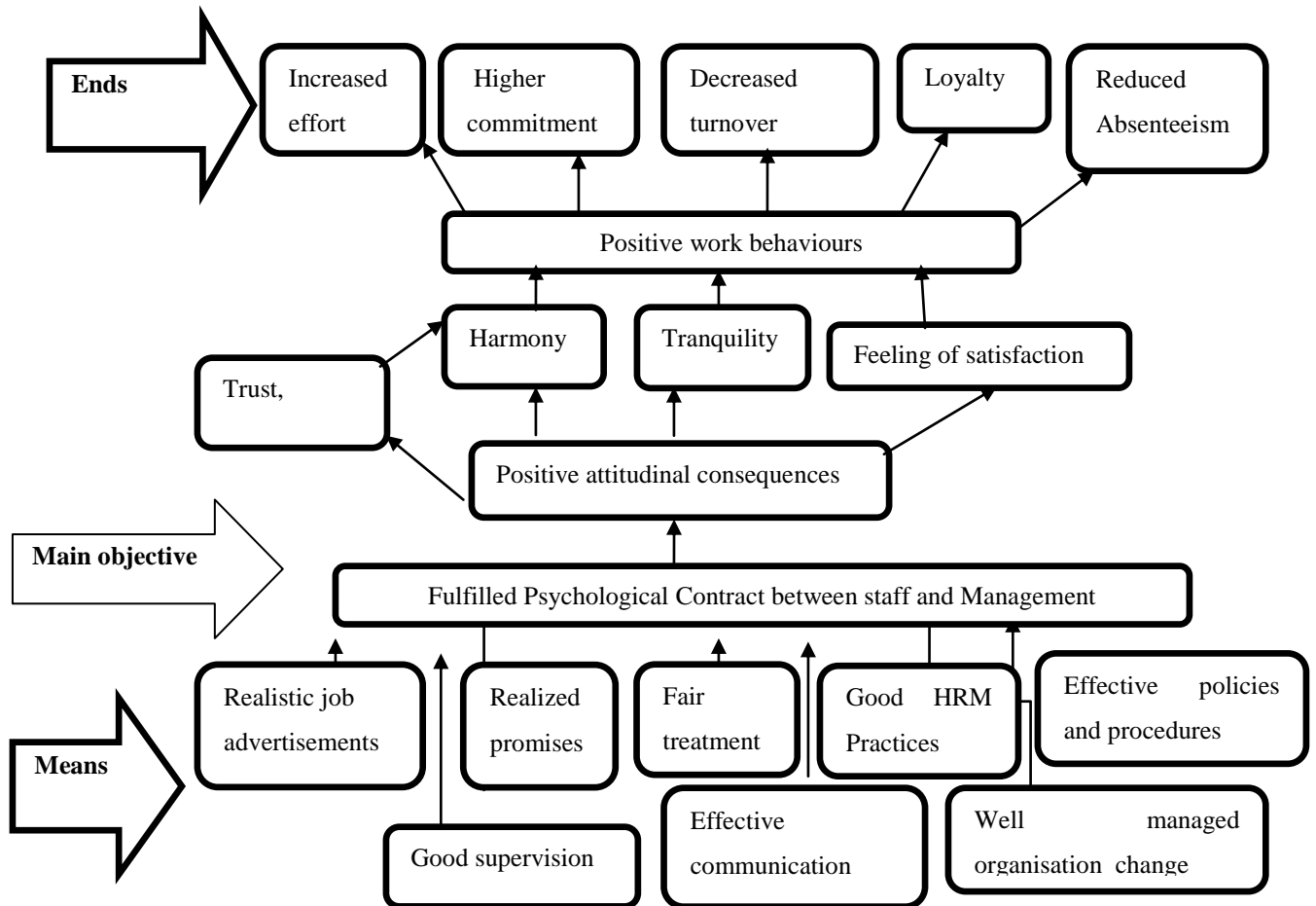
This question aimed at finding out effects of psychological contract violation to the parties of employment. Questionnaires were administered to management and employees respondents to find out effects of PCV to the parties in employment relationship.

**Figure 1.1: The problem tree: An exploration of psychological contract violation in NGO**



Source: Researcher 2013

**Figure 1.2 The objective tree: Exploring effects of psychological contract violation in NGOs**



**Source: Researcher 2013**

### **1.5 Limitations of the study**

The researcher faced the following limitations in the course of collecting data:

- i) Fear of filling questionnaires among some junior staff who thought there was another hidden agenda besides academic for conducting this study thus delaying the progress of data analysis. The researcher overcame this limitation by taking time to personally explain in detail and explicitly the real purpose of conducting this study. In some cases employees who had previously

conducted studies also helped to clarify. At last all questionnaires were received and completed.

- ii) Delays in conducting interviews to management staff as most of them were not in office most of the time but away attending donors update meetings, field work or leaves. The researcher managed to conduct interviews to all respondents from the management by making appointments for interviews outside working time including Saturdays, Sundays, public holidays and rest periods.
- iii) Difficulty in accessing some documentary reviews as the organisation did not have a centralized registry where all human resource and other records could be accessed.

## **1.6 Delimitation of the study**

- i) This study was focused on the exploration of effects of psychological contract violation at IOP. It is limited in terms of population to workers of IOP so the scope of the study is limited to this organization only and the duration of the study is limited to four months only.
- ii) The study did not focus on the Spiritual and moral values because these aspects involve personal values.
- iii) Also the research did not focus on issues that undermine humanity and that support discrimination of any type.

## **1.7 Definition of key terms**

### **1.7.1 Psychological Contract (PC)**

According to Kretiner and Kinicki (2007) PC represents an employee's beliefs about what the employee is entitled to receive in return for what the employee provides to the organization. In this study PC will be taken to mean the reciprocal expectations held by employees concerning what they will do for the employer and what they expect to receive in return

### **1.7.2 Psychological Contract Fulfillment (PCF)**

Psychological Contract Fulfillment (PCF) means taking into consideration the promises or expectations of the parties in employment relationship. De Meuse and Lee Marks (2003) define PCF as acknowledgement of layoffs that have a profound impact on an employees' quality work life.

This definition is consistent with the traditional concept of PC as well as popular notion of employers of choice. Specifically, an employee is fulfilled in return of work performed, when he or she receives sufficient value back from the organization. PCF means the same in this study.

### **1.7.3 Psychological Contract Breach (PCB)**

Psychological contract breach is defined as the cognition that the organization has failed to meet one or more obligations within the scope of the psychological contract whereas the employee has fulfilled his or her obligations (Morrison and Robinson, 1997)

In this research PCB is defined as the employee's perception regarding the extent to which the organization has failed to fulfill its promises or obligations. PCB has the opposite meaning of PCF. The terms breach and violation are used in this research to mean the same and are not distinguished. This definition applies in this study.

### **1.7.4 Psychological contract violation**

"Violation is a combination of disappointment emotions and anger emotions. Feelings of anger, resentment bitterness, indignation and even outrage that emanate from the perception that one has been betrayed or mistreated. Violation is an emotional experience, yet it arises from an interpretation process that is cognitive in nature". (Morrison and Robinson, 1997, p.230). Violation and breach are used interchangeably by most researchers. In this research violation will be operationalised as discrepancy between the actual fulfillment of obligations by the organization, and the promises previously made about these obligations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter has three sections which are theoretical literature review that explores what other authors have said concerning PC, empirical literature review which describes the findings of similar or related prior researches and a synthesis that draws the gaps between the theoretical and empirical literature reviews.

#### **2.2 Theoretical literature review**

##### **2.2.1 Understanding of psychological contract**

Psychological contract is an implicit exchange relationship between the employer and the employees encompassing mutual expectations and obligation of each party towards the other. Torrington, et al (2008) states that by its nature the PC is not a written document, rather, it exists entirely within people's heads. Unlike other written contracts, PC is not in a written form, rather it exists as imagination in people's minds which are mutual expectations that employer and employees have in minds when developing the relationship.

Armstrong (2007) highlights that employees may expect to be treated fairly as human beings, to be provided with work that uses their abilities, to be rewarded equitably in accordance with their contribution, to be able to develop and display competency, to have opportunities for further growth, to know what is expected of them and to be given feedback on how they are doing. On the other hand employers may expect employees to do their best on behalf of the organization to be fully committed to its values, to be compliant and loyal, and to enhance the image of the organization with its customers and suppliers.

Lan Beardwell, et al (2004) state that an employment contract has three type of terms and conditions within it, first, express terms that are usually written down and which govern the specific detail of the employee's contract of employment, the second are implied terms that are unlikely to be written down but which nevertheless are considered to be part of the employees contract of employment, and the third type is related to statutory protection against the unfair or unreasonable treatment by the employer and these statutory terms and conditions are incorporated to individual employment contract. However Rousseau (1989) describes PC as a promise based and over time it takes the form of a schema which is relatively stable. A schema is defined as a cognitive structure that represents organized knowledge about a given stimulus, a person or situation, as well as rules that direct information processing.

Rousseau (1995) further suggests that PC depends on the employee's understanding of the explicit and implicit promises regarding the exchange of employee contributions (such as efforts, loyalty and ability) and organizational inducements (such as pay, promotion, job security). In circumstances where employees do not understand the PC and ignore promises of employer the PC will lose its meaning and applicability. Updated PC is therefore needed that is balanced and adhered to. These expectations need to be understood, recognized, and administered. To facilitate this, employers need to pay attention to guarantee that their PC is more realistic. Once trust is violated, it is difficult to restore loyalty.

### **2.2.2 Formation of psychological contract**

Kreitner and Kinicki (2007) state that PC are influenced by social context in which the contracting process occurs. In other words, they vary across cultures and groups of employees based on their unique cultures and cohort experiences. In the United Republic of Tanzania (URT) the source of psychological can be traced from the Labour laws, Policies and regulations such as the Employment and Labour Relations Act (ERLA) No 6 of 2004. This Act sets rights and obligations on parties in the contract of employment. Each party to a contract has to meet his/her obligation in

employment contract. A breach of either party to a contract may entitle the other party remedies available at common law or under statutory law. For the purpose of this study only some of these rights and obligations will be examined. These include the right of employer to receive equitable services from his/her employee, and duty to pay his/her employees equitable remuneration.( ERLA, 2004) For the case of employee the rights and obligations include right to be paid, right to be trained or afforded opportunity for career development and duty to work competently and diligently respectively. Generally, the question of rights and duties of the parties to an employment contract has to be determined by looking on the terms and conditions of employment agreed by the parties, minimum standards provided by the law, and implied rights and duties. It is from these rights and duties that the psychological contracts in Tanzania traces its roots and bases its rationale. Since Tanzania's new ERLA 2004, a signed formal contract is a common practice. Other labour laws and policies include but not limited to the following:

- i) The National Employment Policy 1997 in its introductory remarks defines employment as any acceptable activity in which a workforce is actively engaged and which yields payments in some form. This shows an exchange relationship between the worker and the organization.
- ii) The Workers Compensation Act No 20 of 2008 inter alia, provides for rights to equitable compensation, rehabilitation and protection to employees in cases where the employee contracts occupational diseases, disability and death arising out of and in the course of employment.
- iii) The Public Service Pay and Incentive Policy of 2010,among other things has a provision which advocates for ensuring equal pay for equal value of work across the public service. Whereas the Public Service Act of 2002 provides rights to compensation for servants who sustain injuries or dies as a result for injuries.
- iv) The Labour Institutions Act No. 7 of 2004 provides for establishment of institutions for the regulation, reconciliation and adjudication in case either

party to employment contracts violates the agreement. This is to ensure that the rights and duties of the two parties are not taken for granted.

The formation of PC starts during the recruitment process and early development are seen in the initial stage of employment relationship. (Advanced Labour Solution Inc (ALSI), 2010) describes that the first year of employment is critical as actual performance by the employee can be measured against claims and promises made during the interview and the management has begun to establish a track record in relationship with the employee at supervisor and manager level.

ALSI (2010) further discuss the development of PC during the recruitment process that employer and interviewee will discuss what they each offer in the prospective relationship. If an agreement is reached, most employers will impose a standard form contract, leaving the detail of the employee's duties to be clarified "on the job". But some of the initial statements, no matter how informal and imprecise, may later be remembered as promises and give rise to expectations. Whether they are incorporated into the parallel psychological contract will depend on whether both parties believe that they should be treated as part of the relationship. The better organized employers are careful to document offers to reduce the risk of raising false expectations followed by disappointment.

ALSI (2010) states that, in common law, the law implies duties requiring the employees to be loyal and trustworthy. These are imprecise in their definition and uncertain in much of their operation. But, in psychological terms, issues as to whether promises and expectations have been kept and met, and whether the resulting arrangements are fair, are fundamental to the trust between the employee and the employer.

### **2.2.3 Reciprocal obligations in psychological contract**

A core issue in the psychological contract is the belief that a promise has been made and a consideration offered in exchange for it, binding the parties to some set of reciprocal obligations (Rousseau, 1989). Obligation is a commitment to some future action. When entering into the employment relationship, the employee realizes that by doing so he or she is accepting an obligation to provide particular services to the organization as well as follow the directives of management. However, the employee perceives that the organization is also obligated to provide certain items in exchange, such as wages, benefits, training, or career opportunities. Likewise, the employer also realizes certain obligations when entering into a relationship with a new employee. Using the terminologies introduced by Barnard (1938) and later elaborated by March and Simon (1958), the employer is obligated to provide a set of *inducements* in exchange for the employee's obligations to provide certain *contributions*.

These perceptions of mutual obligations are created by spoken and written communication, as well as actions taken by each party. Both parties may believe that the obligations are mutually understood but more often than not, the communication is often incomplete or inaccurate. Such miscommunication is neither intentional nor malicious but a natural tendency by both parties to present a favorable image during the attraction process. This leads to both parties believing that more promises were made than might be intended. Since each party will only provide what they believe they owe to the other; if one party believes the other is obligated to provide a particular contribution yet the obligated party is unaware of that obligation, they will invariably fall short of delivering it (Shore et al., 2004). As Robinson and Rousseau (1994) argued, both employees and employers can experience a psychological contract violation (or breach) by the other party.

#### **2.2.4 Types of psychological contract**

According to Millward and Brewerton (1999) there are two major types of PC which are relational and transactional and continue to state that relational PC characterizes beliefs about obligations based on exchanges of socio-emotional factors (e.g. loyalty and support), rather than purely monetary issues. While transactional PC centres on short term monetary agreements with little close involvement of the parties. Employees are more concerned with compensation and personal benefit than with being good organizational citizens. Rousseau and McLean (1993) argue that PC types differ with respect to focus, time frame, stability, scope and tangibility. Relational PC tends to describe perceived obligations that are emotional and intrinsic in nature, at the same time as transactional PC describes obligations that are economic and extrinsic. Relational contracts are seen to have an open ended, indefinite duration whilst the time frame for transactional contracts is more specific and short term. Consequently, transactional contracts are also said to be static whilst relational contracts are dynamic and evolving.

However Kickul and Lester (2001) identify training as one category of PC, to respect the need of training for modern enterprises. Training contract is associated with continuing professional training, opportunities for personal growth, and career guidance. Training makes people meet some of expectations and develop their career at work places; therefore employers have to keep promises on training and development of employees.

#### **2.2.5 Outcomes of psychological contracts fulfilment**

PCF means being in a position of fulfilling the parties expectations or putting into consideration the promises made by the parties in employment relationship. As defined by De Meuse and Lee Marks (2003) PCF is an acknowledgement of aspects that have a profound impact on an employees' quality of work life.

Always employees are there for better working environment, recognition, fair treatment advancement, fulfilling personal objectives and the like. On the other hand

employers require employees commitment, regular attendance, acceptance of the authority, proper communication etc.

Motivation and morale at work are means to high performance in organizations and are the results of PCF. Fair treatment of employees, consideration, recognition, and any other factors intended to job satisfaction are regarded as PCF and intend to motivate and increase morale of employees. Manning (1991) defined Morale as the enthusiasm and persistence with which a member of a group engages in the prescribed activities of the group.' Morale is how an individual feels - happy, hopeful, confident, appreciated, worthless, sad, unrecognized or depressed. Dale (1972) in Bhattacharyya (2009) explain morale as the 'overall tone, climate or atmosphere of work perhaps regularly' sensed by the members.

If individual seem to be dissatisfied, irritated, cranky, critical, restless, and pessimistic, they are described as having poor or low morale. However, Bhattacharyya (2009) describes the meaning of morale as the 'maintenance of cooperative living' which means the sense of belongingness. High morale is an index of good human relations, which, inter alia, reduces labor turn over, absenteeism, indiscipline, grievances, etc.

*"Like morale, motivation is a cognitive concept, but it is different from morale on certain important aspects. Motivation stimulates individual into action to achieve desired goals. It is therefore a function of needs and drives. It mobilizes energy, which enhances the potential for morale" (Bhattacharyya, 2009:359).*

Every person has different reasons for working and the reasons are individual but most people work because they want to obtain something that they need from work. For employees, something obtained from work impacts morale, motivation and the quality of life. To create positive employees motivation, there is a great need to treat employees in proper manner because employees matter in any organization for better performance. Most people at work have need for love and trust while others have desire for personal fulfillment on the other hand people want to accomplish objectives

or feel as they add to something better than themselves. No matter what, the reason for working is that approximately everyone works for money.

An additional means of investigating the increasing levels of job satisfaction or dissatisfaction among workers with their experience of work is through the concept of PC. PC therefore fills the perceptual gaps in the employment relationship and modify employee behavior in ways that cannot essentially be distinguished from a written contract. Organizations have to create good working environment so as to increase job satisfaction which tend to show the way to increased employees' retention rates and improve performance.

Moss and Rowles (1997) found that a participative management style improves job satisfaction. Employee participation is defined as 'a process of employee involvement designed to provide employees with the opportunity to influence and where appropriate, take part in decision making on matters which affect them'. Participation improves involvement in the change process, creating a feeling of 'it's my baby'. Participation may add meaning to work and permit the employees to identify with it.

Maintaining the psychological contract is an essential part of positive employee relations. The terms of the PC require interaction and communication between employer and employee. Over time a climate of trust is developed if both parties are consistently fair in their actions, keep their explicit and implicit promises, and maintain honest, two way communications. It is especially important for management to be consistently fair. A climate of trust is usually easier to develop and maintain in small organizations where senior manager can get to know employees personally

### **2.2.6 The function of the psychological Contract**

The psychological contract is often opposed to legal contracts. MacNeil (1974) addressed the first function by stating that “complete (legal) contracting is impossible” and thus all contracts are in fact psychological. Because not all possible aspects of the employment relationship can be addressed in a formal written contract, the psychological contract fills the gaps in the relationship. It reduces uncertainty because employees perceive agreements beyond the legal contract that give them something to go on in the relationship.

An employee weighs his obligations towards the organization against the obligations of the organization towards him and adjusts behavior on the basis of critical outcomes. In this way, external control is not required to govern employee behavior. Finally, the psychological contract gives the employee a feeling of control on what happens to him in the organization, because it serves as a cognitive model. Repetitive events and information extracted from the environment is incorporated in the cognitive model in a systematic way. Events happening in the context of the relationship with the organization are in this way more predictable

### **2.2.7 Causes of psychological contact breach**

Although contracts can be breached in innumerable ways, there are a number of common forms. Recruiters may “over-promise” a job’s opportunity for challenge, growth, or development. At the same time, however, eager job seekers may read what they want to hear into a promise. Managers, coworkers, or executives who say one thing and do another can all engender breaches. A common cause of breaches for many employees involves a change in superiors. When one’s boss or mentor is promoted, terminated or retires, old deals may be abrogated. Similarly, changes in human resource practices, even with constructive intent can appear to break old commitments. Then the different contract makers express divergent intentions. A mission statement can convey that the organization rewards employees based on

merit while the compensation system is based on seniority. Different contract sources may each convey mutually exclusive promises (Rousseau, 1995).

Psychological contract breach is also closely related to organizational justice perceptions, specifically individual assessment of procedural fairness (Cropanzano and Prehar, 2001). Managers in organizations undergoing change, should, therefore consider employee perceptions of procedural justice, since these play a role in employee evaluations of psychological contract breach (Robinson, 1995; Turnley and Feldman, 1998).

### **2.2.8 Consequences of psychological Contracts Breach**

Violations or breaches of the psychological contract occur when an employee perceives that the organization has failed to fulfill one or more of its obligations comprising the psychological contract (Rousseau and Parks, 1993). Robinson and Rousseau (1994) define PCB as the employee's perception regarding the extent to which the organization has failed to fulfill its promises or obligations. The term breach is used synonymously with the word violation to mean the same and is not easily distinguished. Violation means impacting negative situation to the parties of employment contract, which if may not be treated early may impose problems between parties in the employment relationship. A framework for understanding situational constraints on employees' responses to breaches of psychological contracts is provided by the exit, voice, loyalty, and neglect (EVLN) typology.

This typology was initially developed by Hirschman (1970) and after wards extended upon by Whitey and Cooper, (1989). This framework suggests that employees will respond to breaches of psychological contracts with increased exit (leaving the organization altogether), increased voice (taking initiative with superiors to improve conditions), decreased loyalty (decreasing the number of extra-role or "organizational citizenship behaviors" they engage in), and increased neglect (putting in half-hearted effort, more absenteeism and lateness, less attention to quality).

According to Rousseau (1995), breaches can take three forms: inadvertently, disruptive or renegeing. A breach can be termed to be inadvertent where the party is able and willing thus divergent interpretation is made in good faith. A breach can take a disruptive form when the parties are willing but are not able to fulfill the contract. Lastly a breach is termed renegeing when the party is able but not willing to fulfill the contractual obligation.

While it may be deemed that the PC is more subjective than a legal contract and has been distinguished from the broader construct of expectations, some promissory expectations in PC is intrinsic while others are open and can only be understood through discussion between the parties. Robinson (1996) illustrates the promises in PC as those expectations that emanate implicitly or explicitly perceived promises by employers. Violations may also affect how customer service employees deal with their customers and result in weakened performance. Besides, the consequences of violations are exhibited through written comments regarding trust, the negative work environment, and the overall division between employee and employers (Deery, Iverson and Walsh 2006)

The violation of promissory expectations has the following implications. It is agreed by many researchers that an organization's failure to honor its promises (PCB) often has a negative impact on employee attitudes (Gakovic and Tetrick, 2003). In addition to the negative effect of PCB to employers and employees may have negative attitudes towards the other and impact on employee behaviours.

*“A violation of the psychological contracts may elicit negative attitudinal consequences, including feelings of dissatisfaction, resentment, anger and mistrust. In turn, these emotions may produce a range of negative work behaviors ranging from lower commitment and reduced effort to higher absenteeism, sabotage and exit. A violation occurs when the employee experiences a discrepancy between the actual fulfillment of obligations by the organization and what it has previously promised to do” (Anderson and Schalk, 1998).*

PCB has a clear impact to job dissatisfaction which may develop an intent to quit, voluntary absenteeism, work uncertainty, lateness etc. As argued by Turnley and Feldman (1999) that an intent to quit for employee can positively be related to the violation of PC. Thus, PCB has negative effects for employees, can increase their tendency to leave. That is, the higher the PC fulfilled the lower intent to quit for employees. Moreover, Turnley and Feldman (1999) argue that PCB is related to employee less commitment to the organizational objectives. Repeated violations of the PC by management cause dissatisfaction and cynicism.

It is this distrust, and a feeling of powerlessness among employees, which often lead them to seek a union to restore equity and fairness in the workplace or to simply leave for another employer (ALSI, 2010) Violation also may lead to cynicism. Cynical employees doubt the truth the management team tells them and even that the management team is making use of them when having the opportunity, and therefore their trust in business is not as good as before. In addition, leadership, power distribution, organizational changes, or procedure fairness may result in employees' cynical attitudes towards the organizations (Bommer, et al., 2004).

The instances of PCB are likely to make employees question whether remaining in the employment relationship will be for mutual benefits of the two parties. In instances where the working environment is not conducive and friendly to employees, commitment to work may become lower to undermine organization performance.

### **2.2.9 Psychological contract breach and work performance**

Employees and employers engage in exchanges in which each party reciprocates the other's contributions (Blau, 1964). According to the norm of reciprocity (Gouldner, 1960), when employers do not fulfill their promises and obligations, the employee reciprocates by altering his or her contributions to the organization (e.g. by reducing their efforts and performance). Thus, psychological contract breach is expected to be negatively related to employee job performance. Moreover, when the organization

fulfills its promised obligations, employees may be motivated and engage in discretionary behaviors, including increased effort and organizational citizenship Behaviour (OCB) (Coyle-Shapiro, 2002; Turnley et al., 2003). Conversely, contract breach may adversely impact organizational citizenship.

#### **2.2.10 The employer's reactions to perceived contribution breach**

The employer expects that the employee will reciprocate the employer's contribution as return to the employer by working extra hours when needed being loyal to the employer besides performing basic duties and responsibilities. Perceived contribution breach refers to an employer's perception of discrepancy between the contributions expected from the employees and those actually fulfilled by them. The perception of breach provokes the employer to take different actions at his disposal to the employee including but not limited to giving poor performance evaluation, withholding promotions and tangible and less observable incentives available within the employer jurisdiction (Chen and Zhong 2008). Thompson and Bunderson (2003) as quoted in Zeng and Zhong (2008) explain that in the employment relationship, the employer uses two basic types of incentives, that is economic such as pay or benefits and developmental such as training or advice. A third type of inducement is the socio-emotional support and the individualized consideration by the employer toward the employee.

This can be in the form mentoring provided by the supervisor, recommendation for special assignments, or in general a high quality leader-member relationship (Wayne and Stilwell, 1993). Each party must exchange something valuable reciprocally in order to maintain the exchange relationship (Graen and Scandura, 1987). If the employer or employer's agent perceives a contribution by a subordinate, he will accordingly repay him/her, in addition to adjusting economic or developmental inducements, also with socio-emotional inducement by increasing the support to and the respect for the subordinate. On the contrary, when the employer perceives contribution breach by the employee he will reduce his or her socio-emotional support to the employee (McLean Parks, 1993).

### **2.2.11. Social exchange moderating breach and work performance**

Social exchange relationships are defined as perceptions of the obligations between employee and organization, based on mutual investment in the relationship, a long-term duration, and the emphasis on non-financial exchanges (Blau, 1964; Shore et al., 2006). Social exchange may function as moderator in the relations between contract breach and work performance. Previous work demonstrated that not all individuals react equally to contract breaches (Coyle-Shapiro, 2002). For example, high-perceived justice may weaken the relations between breach and outcomes.

Social exchange refers to the social interactions between employee and organization, potentially generating high-quality long-term relationships between employee and organization). High quality relationships may sensitize or desensitize a person to negative effects of contract breach on work performance. Furthermore, employees with low social exchanges will react more strongly to contract breaches because they lack the means to buffer the negative feelings associated with contract breach (Morrison and Robinson, 1997). Thus, the negative relationship between contract breach and work performance will be diminished for individuals with high social exchanges.

### **2.2.12 Psychological contract and cultural values**

Erez and Earley (1993) state that literature highlights the importance of values at the cultural or work level of analysis in influencing behaviors and activities at work places. Meanwhile Smith (1992) argues that there is a connection between cultural values and some features of organization behavior like types of conflict, norms of acceptable behavior, and preferred leadership approach. Still there is an argument that cultures, systems and institutions are essential in shaping the PC (Sparrow, 1998). Therefore PC literatures have major contribution to understand the relationship between the employee and employer.

### **2.2.13 Legal implications of psychological contract Breach**

According to Robinson (1996) the promises in PC are only those expectations that emanate from perceived implicit or explicit promises by employers. Therefore, a large part of PC has no legal status, so there is no direct legal alternative if they are not provided. As stated above the PC is more subjective than a legal contract and has been distinguished from the broader construct of expectations, although some promissory expectations in PC are inherent while others are open and can only be understood through discussion between the parties of employment contract.

### **2.2. 14 Employees' feelings and treatment**

In management and organizational theory many employee attitudes such as trust, faith, commitment, enthusiasm, and satisfaction depend heavily on a fair and balanced PC. Where the Contract is regarded by employees to be broken or unfair, these vital yet largely intangible ingredients of good organizational performance can evaporate very quickly. Where the PC is regarded by employees to be right and fair, these positive attitudes can thrive (Businessballs, 2010). Feelings and attitudes of employees are at the same time expectations (or outcomes or rewards), and also potential investments (or inputs or sacrifices). This reflects the fact that employee's feelings and attitudes act on two levels: on the first level employee feelings and attitudes are strongly influenced by their treatment at work , on the second level employee feelings and attitudes strongly influence how they see themselves and their relationship with the employer, and their behaviour towards the employer. A healthy Psychological Contract is one where both sides agree that a fair balance of give and take exists. This is impossible to achieve where there are lots of hidden perceptions, so the first aim is to encourage greater openness and mutual awareness. Given greater awareness most people tend to take a more positive approach to compromise and working agreements.

### **2.2.15 Psychological Contract, globalisation and technological advancement**

According to Businessballs (2005) work itself has become far more varied and complicated too. The working world is very different to a generation ago. The employer/employee relationship - reflected in the PC - has progressively grown in complexity, especially since workers have become more mobile and enabled by modern technology, and markets globalized. These changes began seriously in the 1980s. Prior to this many modern dimensions of work - such as mobile working, globalization, speed of change - were unusual, when now they are common. Globalization and technology in the late 20th century shifted everything we knew about organized work onto an entirely different level - especially in terms of complexity, rate of change, connectivity and the mobility of people and activities. The significance and complexity of PC have grown in response to all of these effects, and given that the world of work will continue change in very big ways, so the significance and complexity of the contract will grow even more. Some of the changes consistent with globalisation and modern technology at the place of work include working teams changing from work teams to virtual teams, office working to mobile working, customer service to call centres and in house service to outsourced service. Other changes include online service to onsite service, job for life to periodic contract job, few employee rights to many employee rights, low employee awareness to high employee awareness and employees isolated to employees connected to mention but a few. Therefore there has been a change in PC from local PC we had in the 80s to global PC we have now whereby information can be shared in a second and employment contracts are under going permanent renegotiations .That way breach of the PC should not necessarily lead to termination if managers will dwell on constant renegotiation of the PC (Rousseau, 1999) PC depends heavily on relative factors. People cannot think about the PC with their employer without reference to external and relative factors. The Adams Equity Theory (1965) provides a good example of how employees can compare internal rewards with those of the external environment. This dictates that the management must consider more the external environment than

ever before and be more open and transparent to employees. Transparency here refers to the easy and helpful availability of information about the organization and openness is concerned with honest two-way communications within an organization. Modern technology, which the younger generations understand and exploit infinitely better than older people, is fantastically liberating for employees.

### **2.2.16 PC and change management**

Businessballs (2010) asserts that change management are a big challenge in today's organizations, and it is very significant in the PC. 'Selling' change especially unfairly or strongly - tends to produce a negative outcome for employees. Methods of communicating change which involve distortion or deceit carry greater risk of conflict and negative outcomes than methods which explain the situation clearly, while offering motivation, support and encouragement. 'Selling' change is usually a short-term gain, with a long-term cost, plus interest. Employees may be fooled initially when a leader 'sells' them a change without properly and honestly explaining its implications. They may even be enthused by the change. This all turns very bad indeed however when a change, 'sold' on a false premise, turns out to be worse than first presented. Employees feel bad because of the new unpleasant situation, but they feel even worse because they can now see they've been deceived, or fooled or conned. Many changes are difficult and cannot be avoided of course. Always though, it is best to be open and honest with people. This gives people time to absorb and react. Employees feel good because they've been trusted and consulted They may even come up with helpful ideas and suggestions - they often do - which the leadership might not remotely have imagined possible. Most importantly by being open and honest with people preferably involving them at the earliest possible stage, the essential relationship and trust within the PC can be protected far more easily. Openness of communications is crucial to within the Psychological Contract. Open communications in an organization become 'virtuous circles'. Closed communications become 'vicious circles'. Openness of communications produces lots of other

organizational benefits, but in terms of the PC openness crucially influences trust and mutual awareness between organization and employees and through the 'virtual/vicious circle' effect openness incredibly influences the quality of the PC. Open communications between employer and employees are a strong indicator of a healthy PC, and also of a capability to accommodate change (Molloy and Whittington, 2005) Open communications enable change to be managed, and problems to be resolved. When openness is offered, encouraged and acted upon helpfully by the employer, employees themselves become more open, and also more accepting of change and other challenges.

### **2.3 The Social exchange theory**

This study will be guided by social exchange theory (SET) as developed by Homans (1958) which describes the mutual exchange between employers and employees, the theory states that;

*Social behavior is the result of an exchange process. The purpose of this exchange is to maximize benefits and minimize costs. According to this theory, people weigh the potential benefits and risks of social relationships. When the risks outweigh the rewards, people will terminate or abandon that relationship Homans (1958, P.606).*

Social exchange theory proposes that costs involve things that are seen as negatives to the individual such as having to put money, time and effort into a relationship. The benefits are things that the individual gets out the relationship such as fun, friendship, companionship and social support and salary. In this study the exchange process is between the employer and employee in the employment relationship. Employees constantly compare the efforts, knowledge skills and abilities they put to work against the remuneration they receive from the employer in terms of salary, allowances, bonuses, overtime payment, recognition appreciation respect and the like, when there is imbalance the employee seeks to bring the balance and if not possible one may quit employment.

On the other side the employer compares the services or goods provided by the employer whether they benefit him; if not employment relationship may come to an end.

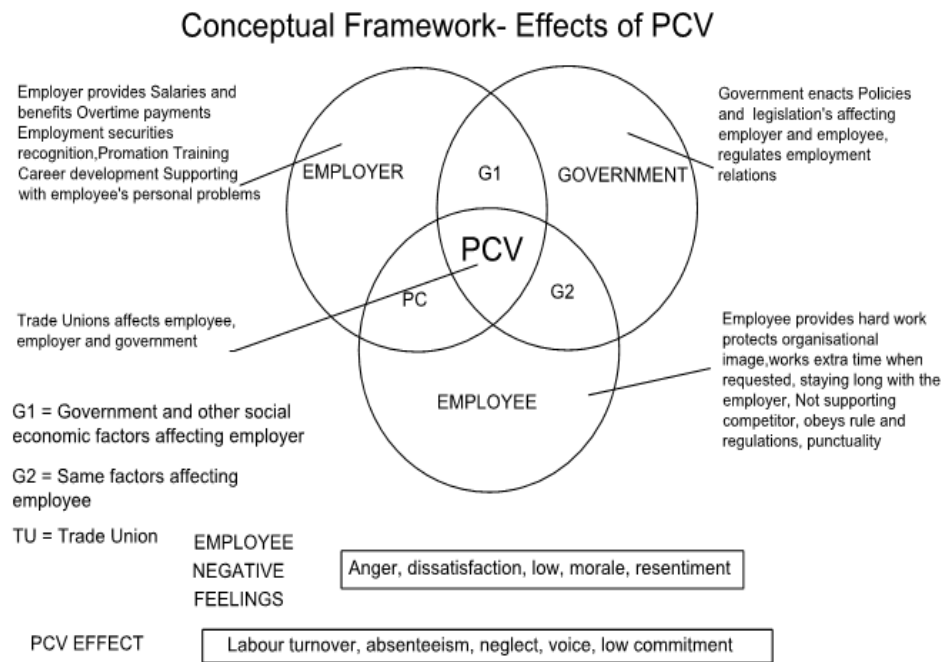
Social exchange theory suggests that we essentially take the benefits and minus the costs in order to determine how much a relationship is worth. Positive relationships are those in which the benefits outweigh the costs, while negative relationships occur when the costs are greater than the benefits. Currently Social Exchange theory materializes in many different situations with the same idea of the exchange of resources. Homan (1958) once summarized the theory by stating: Social behavior is an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them. This process of influence tends to work out at equilibrium to a balance in the exchanges. For a person in an exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behavior changes less as the difference of the two tends to a maximum. The theory is also used in daily life to see why choose to end or continue relationships.

#### **2.4 Conceptual framework.**

The conceptual framework refers to a diagrammatic explanation of relationships among the variables of the study. The conceptual framework was developed after undertaking an in depth review of the literature related to psychological contract. The conceptual framework suggests the relationship between independent and dependent variables of the study. The conceptual framework indicates that there are many factors leading to psychological contract violation. The conceptual framework in this research indicates that PCV is interplay of factors from the employer (salaries, benefits, training, promotion etc), employee (hard work, loyalty etc), the government (enacts employment laws, imposes tax etc.) and the trade unions (stands employee rights).

Thus PCV happens when there is an imbalance between the efforts put by the employer and the rewards received by the same from the employer. The government regulations and the trade unions may affect the PC negatively thus cause PCV.

**Figure 2.1 Conceptual framework effects of PCV**



**Source: The researcher 2013**

### 2.4.1 Empirical literature review

In one study titled “Consequence of Psychological Contract Breach: The Moderating Role of Adversity Quotient, Professional Training and Tenure” it was established that the superior perceived transactional and relational psychological contract fulfillment, training and development has the lower possibility of employees intent to quit. In the correlated meaning this study supported the previous studies which also suggest that an organization's failure to honor its promises (psychological contract breach) often has a negative impact on employee attitudes (Rousseau, 1995). In addition to the negative effect on employee attitudes, prior research also suggests that psychological

contract breach may negatively impact employee behaviors (Kickul, Neuman, Parker, and Finkl, 2001). Robinson (1996) found that psychological contract breach leads employees to believe that the organization does not care about their well-being and that the organization cannot be trusted to honor its obligations. In particular, prior research has suggested that instances of psychological contract breach are likely to make employees question whether remaining in the employment relationship will be mutually beneficial (Turnley and Feldman, 1999).

According to Kreitner and Kinicki (2007) in one of the study, research revealed that job satisfaction varied across countries. A study of 9,300 adults in 39 countries identified the percentage of workers who said they were “very satisfied with their jobs”. The top five countries were Denmark (60%), India (urban middle and upper class only 55%), Norway (54%), United States (50%) and Ireland (49%). Experts suggest that job satisfaction is highest in Denmark because labour and management have a working relationship. The bottom five countries were Estonia (11%), China (11%), Czech Republic (10%), Ukraine (10%) and Hungary (9%). Why do Hungarian employees indicate the lowest job satisfaction? An average monthly salary of \$302 and poor labour management relations are two possible causes. It can be recalled that PCF has impact on job satisfaction whereas PC violation has greater impact on job dissatisfaction.

Sturges et al (2005) sought to examine fulfillment of the psychological contract with regards to career management behaviour and help and examined the link between fulfillment and organizational commitment and other workplace behaviours, including absenteeism, turnover and job performance. Sturges et al (2005) discuss how fulfillment of the psychological contract results in reciprocation in the form of job performance and OCB, where violation of the psychological contract has been linked to intention to quit and negative workplace behaviours. Employees were asked to assess the promises made to them by the organizations as a measure of contract fulfillment. Important results include that contract fulfillment was positively related

to affective commitment and job performance (Sturges et al.). Furthermore, continuance commitment was found to have a strong negative relationship with voluntary turnover, indicating a high perceived cost associated with leaving.

Lemire and Rouillard (2005) investigated the influence of contract violation within the context of organizational commitment (i.e., affective commitment) through an examination of intention to stay and counterproductive behaviours among a sample of Canadian federal organization civil servants. They discussed the negative relationship between contract violation and affective organizational commitment. Results confirmed that violations decreased the organizational commitment of the civil servants. Furthermore, results indicated a positive relationship between contract violation and intention to leave, such that an experience of violation strengthened participants' desire to leave the organization. Finally, Lemire and Rouillard also indicate results which show that employees who experience a violation were engaged in less productive behaviours.

#### **2.4.2 The synthesis**

The focus of many previous studies was on developed countries with different level of development, cultural and working environment as compared to Tanzania and especially so in NGOs. The causes of PCV may differ according to circumstances, culture, values, level of development etc. Therefore the focal point of this study is to show effects of psychological contract violation on work behaviour in Tanzania NGOs focusing on Tanzania environment. There are insufficient reasons for PC violation mentioned by former researchers which may not directly or indirectly reflect Tanzania environment especially in Non Government Organizations. This study is geared towards filling this gap.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter provides the procedures that were used in conducting the study. It includes, research design, area of the study, population of the study/unit of inquiry, data collection methods, sample size, sampling techniques and data analysis techniques. These procedures helped the researcher to avoid self deception in interpreting different findings.

#### **3.2 Research design**

Research design is the scheme, outline or plan that is used to generate answers to research problems (Orodho, 2003). The researcher chose the case study design as a means of investigation because it focused on a single social unit or organization. The method was useful since it helped to create conclusive environment so as to associate various evidences from observation, interview and documentation.

#### **3.3 Area of the study**

The study was conducted at IOP, Ilula in Kilolo District in Iringa region, Tanzania. The study area was relevant to the study since it is an NGO with heterogeneous characteristics of contracted employees hence possibility of getting interest from respondents in the subject matter of PCV. The study area was also chosen because of convenience of the researcher in obtaining data and therefore it was selected basing on efficiency

#### **3.4 Population of the study**

Population means “the aggregate of cases that conform to some designated set of specifications” (Nachmias 2008). Therefore the targeted population for this study comprised of all workers of IOP from which sample was taken.

This study population consisted of workers who had contracts of employment with the employer that way they had psychological contacts with their employer thus being relevant to this study. This study population was diverse in nature, accessible and had some idea in the study area thus it was effective in meeting the study objectives. (See appendix I).

The workforce included teachers, program officers, administrative and other staff. IOP had a total number of 72 employees which comprised 6 top management staff, (1 female, 5 males), 6 middle management staffs (5 males and 1 female), 8 projects heads, (5 males and 3 females) and 52 other employees (31 females, 21 males). In addition there were 10 part time staff who work occasionally to cover the shortage of projects staff; however the part-timers were excluded from the study because they may not be present during the period of study. Also it was difficult to estimate their number for inclusion in the population since their number fluctuated and their presence was not guaranteed.

**Table 1.1 Population of the study**

SN	Category of employees	Number of People	Percentage of total
1	<b>TOP MANAGEMENT</b>		
	Managing Director	1	
	Deputy Managing Directors	3	
	Programs Coordinator	1	
	Administrative officer	1	
	Sub Total	6	8.3
2	<b>MIDDLE MANAGEMENT</b>		
	Chief Accountant	1	
	Heads of Department	5	
	Sub total	6	8.3
3	<b>LOWER MANAGEMENT</b>		
	Heads of Programs/Projects	8	11.11
4	<b>OTHER EMPLOYEES</b>		
	Teachers, Accountants, Drivers, Store keepers, Tailors, knitters, Carpenters ,House Keepers, Cooks, Shop keepers, Guards, Farm assistants, Livestock officers etc	52	72.22
	<b>Grand Total</b>	<b>72</b>	<b>100</b>

### 3.5 Sample size and sampling techniques

#### 3.5.1 Sample size

Sample size refers to exact number of items to be selected from population to constitute a sample (Kamuzora, 2008). The sample size for the purpose of this research was 1:2 or 50%.The sample was so chosen in order to fulfill the requirements of efficiency, reliability, representativeness and flexibility. The sample size was also selected in order to lower the likely error in generalizing to the population. Respondents were chosen from IOP staff. These consisted of 36 respondents from all employees' categories including 3 top management staff, and three middle management staff, 4 lower management staff and 26 other staff. For more clarity table 3:2 provides data with percentage of respondents from each staff category against the total sample of 36 respondents.

**Table 2.1 Determination of sample size**

SN	Category of employees	Number of People	Percentage of Total	Sample size 1:2
1	TOP MANAGEMENT			
	Managing Director	1		
	Deputy Managing Directors	3		
	Programs Coordinator	1		
	Administrative officer	1		
	Sub total	6	8.33	3
2	MIDDLE MANAGEMENT			
	Heads of Department	5		
	Head accountant	1		
	Sub total	6	8.33	3
3	LOWER MANAGEMENT			
	Heads of Programs/Projects	8	11.11	4
4	OTHER EMPLOYEES			
	Teachers, Accountants, Drivers, Store keepers, Carpenters, Agronomists, Councilors, Secretaries, House Keepers, Cooks, Shop keepers, social workers Guards, Farm assistants, etc	52	72.22	26
	<b>Total</b>	<b>72</b>	<b>100</b>	<b>36</b>

### **3.5.2 Sampling techniques**

#### **3.5.3 Stratified sampling;**

Stratified random sampling is a sampling technique whereby the total population is divided into different strata or groups before selection of representation (Adam and Kamuzora, 2008). This technique was chosen because the population where the sample was drawn was heterogeneous in nature. Thus in order to ensure each stratum got representation this method was applied. Four strata were identified namely top management, middle management, lower management and other employees who were non management. Each stratum was more homogeneous than the total population. Table 3.2 above shows respondents who were sampled on each stratum.

This technique was chosen in order to avoid sample bias as well as ensuring that there was equal representation of all strata of the population. Stratified random sampling simplified data collection, reduced time for conducting research, and ensured completeness and higher degree of accuracy, and guaranteed the collection of more reliable and detailed information. To get sample from each stratum the sampling units in each stratum were listed then a table of random numbers was used to select units to fall in the sample. The sample size in each stratum was 50%.

### **3.6 Data collection tools**

#### **3.6.1 Questionnaires**

A questionnaire is a list of questions each one providing a number of alternative answers from which the respondents can choose (White, 2002). This data collection tool was applied in order to allow more freedom to respondents from the bias of the interviewer and to ensure that respondents who could not be reached for some reasons were reached conveniently. Open- ended questions and closed- ended questions on the same topic were used to avoid influencing respondents with fixed option choices of closed-ended questions only and to elicit in depth information from the respondents. Questionnaires were administered to 26 non management staffs that fall in the sample. These included Pre School Teachers, Secondary School Teachers,

Accountants, Office secretaries, House Keepers, Cooks, Shop keepers, social workers Guards, Farm cum Livestock Officers, Tailors and Knitters these accounted to 72.22 percent of the total respondents sampled. Questionnaires were distributed by hand to those employees who were available in the offices and by putting in employees' pigeon holes at the reception lounge. Completed questionnaires were put back in a special box provided for that purpose.

Questionnaires were designed to reflect the aim and objective of the study as well as to giving answers to research questions. Questionnaires comprised questions covering the specific 1,2,3,4. For the purpose of data collection, questionnaires were distributed to 26 (For prepared sample questionnaires, see appendixes II, III, and IV. Data collected through questionnaires included employees' account of how salaries, allowances and fringe benefits, training and development, recognition and appreciation are provided by the employer, Other data obtained through questionnaires included how the employer provides work life balance at work, security of employment, performance feedback and working condition.

### **3.6.2 Interview**

Interview is a method of collecting data which involves the presentation of oral – verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2010). This method involved the researcher asking the questions orally and respondents giving oral responses. The researcher used the structured interview through face to face interview method. This approach facilitated the researcher to get more clarification on the data collected through questionnaires since some of the answers in the questionnaire were too short for the researcher to get deeper insight the problem under study. The interview method used was face to face interview conducted in a provided office space where only the researcher and respondent were present. The researcher used interviews to collect data from top management, middle management and lower management staff. The interviews were conducted to three top management staffs, three heads of departments and four heads of programs.

Similar questions (interview guide) were prepared and interviewed to all targeted respondents in this study. Therefore, interviews were conducted to 10 employees. Respondents were informed about the time and venue where interview was conducted. Approximately 20 minutes lasted for each respondent. The data collected through interviews included how the IOP management administers human resource practices in the aspects of remuneration, performance feedback, training and development, working conditions, work life balance, policies, promotion, recognition and appreciation and supporting employees with personal problems.

### **3.6.3 Documentary sources**

Documentary sources are written materials, which provide information in order to verify the findings. According to Ndunguru, (2007) documentation method is about gathering data from a secondary source. Documentary source of data for research purposes are published books, manuscripts, journals, research reports, newspapers and the other unpublished literally works”.

The IOP policies reviewed were disciplinary policy, induction policy, codes of conduct, confidentiality policy, office correspondence and general routines, bereavement and funeral leave policy, and discrimination and harassment policy. Other documents reviewed were log books, time sheets, standard contracts of employment, tardiness and absenteeism records, update meetings calendar, periodic and annual production reports, newsletters, staff meetings minutes, and quarterly annual narrative and financial reports. The aim of documentary sources was to gather data as stated in table 1.1 as well as to supplement the information which was collected by the use of questionnaires observation and interviews.

### **3.6.4 Observation**

According to Ndunguru (2007) observation is a circumstance of being around an ongoing setting and recording facts as they are observed, listened or experienced. Structured observation technique/method was employed by the researcher.

Observation focused on general behaviour patterns relating to PCV and those practices appearing to have impact on PC. The researcher observed most employees being late in morning report and devotion session, returning late from lunch and arriving late in pre scheduled meetings. Also undesirable work behaviours such as gossips and rumors, basking outside during working hours, lack of enthusiasm, verbal complaints towards the employer and dissatisfaction.

Another observation was unhappy faces of some employees especially when others are paid salaries and other not paid. The work environment also was observed entertaining workers to work till late hours Monday through Sunday contrary to staff contracts. The majority of workers seen looked tired, miserable, concentrated and quiet with interruptions of questions or jokes followed by weak laughter or fake smiles when some of them uttered funny statements. Prior to winding up of their work most of the staff were seen sending text messages or calling motor cycle riders to pick them up as the IOP offices are not served with public transport besides being too late to walk 500 meters to the main road where commuter buses ply between 6 AM to 6 PM.

### **3.7 Data analysis and interpretation**

Data analysis refers to the computation of certain measures along with searching for patterns of relationship that exist among the group of data (Kothari, 2004). It involves a number of closely related operations which are performed with the purpose of summarizing and organizing them so that they answer the research question(s). After collecting data the data collected were coded and organized to obtain useful information related to the research problems. Both qualitative and quantitative techniques were used in data analysis. The process of organizing and interpreting data was essential to understanding what data was relevant to the study and what was not. The aim of pre processing data was to identify various errors which were found in the raw data.

After coding process, data were entered in SPSS and Excel programs, the data were entered for analysis to facilitate pattern of matching data, creating tables, graphs and building explanations. A combination of descriptive, historical and analytical methods was adopted during the basic data analysis. Data presentation used a combination of methods which included explanations and descriptive statistical techniques.

### **3.8 Ethical issues in research**

Ethics can be defined as systematic application of moral rules, standards or principals to concrete problems though some authorities (Davidson, 2002). The applicability of ethical issues in the study was manifested on the principals of confidentiality and anonymity as explained by Christians (2000). The codes of ethics insist on safeguarding and protecting peoples' identities and those of research locations. All personal data have to be secured or concealed and made public under the disguise of anonymity. To safeguard this questionnaire provided no space for respondents to write their names and the information provided was guaranteed to be strictly confidential. Consent to conducting research was requested through letter dated April 18<sup>th</sup>, 2013 and the consent was granted to the researcher on April 24<sup>th</sup>, 2013. Therefore all the data sought by the researcher was given at the respondents consent and not otherwise.

## **CHAPTER FOUR**

### **PRESENTATION AND DISCUSSION OF FINDINGS**

#### **4.0 Introduction**

This chapter presents and discusses the findings obtained from respondents. The researcher was able to collect primary and secondary data related to effects of psychological contract violation. The data was obtained through interviews, questionnaires, documentary reviews, observation and world existing knowledge on PCV. Presentation and discussion of findings obtained from questionnaires and documentary reviews have been combined in figures, tables, percentages and word description. The findings based on the specific objectives and research questions as outlined earlier on in chapter one. The applied methods of data collection led to the exploration of the findings as presented and discussed below in form of word explanation, percentage, tables, and figures.

#### **4.1 Demographic characteristics of respondents**

In this study, demographic characteristics of respondents included sex, age, and education level, length of service, marital status and profession. The study involved a total of 36 respondents comprising of 26 (72%) of IOP employees and 10 (28%) management staffs. The sample of the study consisted of both male and female respondents whereby female respondents were 19(52.8%) and male respondents were 17(47.2%). The distribution is illustrated in table 4.1.1 and figure 4.1.1

##### **4.1.1 Sex of the respondents**

The study took into consideration sex because of its importance in determination of the level of tolerance to PCV of males as it may differ from that of their female counterparts. The distribution of respondents by sex is shown in table 4.1.1 and figure

**Table 4.1.1 Sex of respondents**

	Description	Frequency	Percent
	Male	17	47.2
	Female	19	52.8
	<b>Total</b>	<b>36</b>	<b>100.0</b>

**Source: researcher 2013**

#### **4.1.2 Age of respondents**

The selected sample comprised of respondents ranging from 21 years to 59 years. The age distribution of respondents is illustrated in table 4.1.2 and figure 4.1.2

**Table 4.1.2 Age of respondents**

	Frequency	Percent
21-30 years	21	58.3
31-40 years	10	27.8
Over 50 years	5	13.9
Total	36	100.0

**Source: Research data 2013**

#### **4.1.3 Education level of the respondents**

The researcher was interested to ask about the level of education of the respondents because of the assumption that education level is one of the important determinants of employee's employability and remuneration but also the level of satisfaction or dissatisfaction of psychological contract in NGOs may differ according to the level of education. Respondents were categorized into six categories of education level that is, primary education, ordinary secondary education, Certificate after secondary education, advanced secondary education, Diploma, Bachelors degree, and Masters degree. Table 4.1.3 and figure 4.1.3 below illustrate the education levels of respondents.

**Table 4.1.3: Education level of respondents**

	<b>Level of Education</b>	<b>Frequency</b>	<b>Percent</b>
	Primary	7	19.4
	Secondary	6	16.7
	Certificate after secondary	2	5.6
	Diploma	4	11.1
	Bachelors Degree	16	44.4
	Masters Degree	1	2.8
	<b>Total</b>	<b>36</b>	<b>100.0</b>

**Source: research data 2013**

#### **4.1.4 Marital status of respondents**

Under this category the frequency and percentage of 36 respondents based on their marital status was considered. About 33.0% respondents were single, 61% were married, 3% were separated 3.0% were divorced. Table 4.1.4 shows the frequency and percentage of marital status.

**Table 4.1.4. Marital status of respondents**

Description	Frequency	Percent
Single	12	33.3
Married	22	61.1
Separated	1	2.8
Divorced	1	2.8
Total	36	100.0

**Source: Research data 2013**

#### **4.1.5 Length of service of respondents**

The researcher wanted to examine the length of service of respondents because it indicates whether employees tend to remain long or short time in the organization thus knowing the whether or not the organization has labor turnover which is one of the possible effects of PCV. The lengths of service are as seen in Table 4.1.5 below.

**Table 4.1.5: Years of service of respondents**

Description	Frequency	Percept
1-2 years	15	41.7
3-5 years	14	38.9
Over 5 years	7	19.4
Total	36	100.0

**Source: Research data 2013**

#### **4.1.6 Profession of respondents**

The researcher was interested to include the profession of respondents on the assumption that some professions in the labour market are more marketable than others hence the possibility of members of a certain profession to be mobile irrespective of whether psychological contract has been violated or not. The researcher identified 11 types of professions as seen in the table 4.1.6 below.

**Table 4.1.6: Profession of respondent**

	Professions	Frequency	Percent
	Pre School Teacher	2	5.6
	Secondary School Teacher	10	27.8
	Social Worker	6	16.7
	Office Secretary	2	5.6
	Accountant	4	11.1
	Farm and livestock officer	3	8.3
	Guard	4	11.1
	House keeper	1	2.8
	Cook	2	5.6
	Shop Keeper	1	2.8
	Tailor and Knitter	1	2.8
	Total	36	100.0

**Source: Research data 2013**

## **4.2 Provision of psychological contract**

The first objective of this study was to find out how psychological contact is provided in Tanzania NGOs with a particular case of IOP. Research instruments used were questionnaires, interviews and documentary reviews. In case of questionnaires respondents were asked to choose one among the five provided responses “Strongly agree”, “Agree”, “Not sure”, “Disagree” and “Strongly disagree” which best explained to them how PC was provided to them. There were ten PC statements each with same five responses. In the succeeding sections the findings from employee responses have been given out.

### **4.2.1 Fairness and equity in salaries and allowances**

The research findings concerning fairness and equity in salaries and allowances showed that 15.4 % of employees indicated they strongly agreed that the employer is fair, 15.4 % agreed, 38.5 disagreed, 23.1 strongly disagreed and 7.7% were not sure if there is fairness and equity in administration of salaries and allowances. On the other side 100% (10) management staff interviewed confessed absence of pay and allowances policy. The criteria used for salaries for some cadres like teaching is based on the government starting salary but for other professions there is no objective criteria used so remuneration depends on negotiation and bargaining between the employer and the employee. After negotiating the starting salary there is a guaranteed 10% annual increment payable after completing one year of service. As for workers in DFPs the respective project donor was the one deciding employees’ remuneration package then the IOP adopted and signed employment contract with the employee based on the scales “dictated” by the donor who supported the project. As for travel allowances those working in DFPs were paid allowances commensurate to government scales while the rest of employees such allowances if any were paid on actual expenses and were accounted for. The prevailing situation of workers treatment at IOP contravenes the provision of the Tanzania labour laws. Section 7(1) of the ELRA, 2004 states that “employer shall ensure that he promotes equal opportunity in

employment and strives to eliminate discrimination in all forms of employment policy or practice”.

Table 4.2.1 below shows the employees responses in frequency and percentage.

**Table 4.2.1 Fairness and equity in salaries and allowances**

	<b>Frequency</b>	<b>Percent</b>
Strongly agree	4	11.1
Agree	4	11.1
Not sure	2	5.6
Disagree	10	27.8
Strongly Disagree	6	16.7
<b>Total</b>	<b>26</b>	<b>72.2</b>

**Source: Research data 2013**

The employer was not fair to most employees. The research findings revealed that the employer is biased and less fair in in treating IOP employees. The impact of being biased and unfair creates classes among workers, discouraging and creating a feeling of dissatisfaction, anger and resentment among workers. Those workers working in donor funded projects (DFP) were highly paid salaries and allowances such as travel and transport. For instance while workers in DFP were paid transport allowances and per diems as per government rates those in core IOP programs were not paid so but asked to account for every single expenditure while travelling on duty.

The absence of pay and incentives policy as evidenced by lack of that document in the IOP archives is a proof that IOP is not consistent and uses rule of thumb in decisions concerning pay and allowances. The research findings revealed that the employer is biased and less fair in in treating IOP employees. Put together about 62% of employees disagreed that there was no fairness and equity in administration of salaries and allowances. The impact of being biased and unfair creates classes among workers, discouraging and creating a feeling of dissatisfaction, anger and resentment among workers.

John Stacey Adams (1965) in his Equity Theory proposes that employees expect equity between what they give to the organisation and what they receive in return. When employees feel that their inputs such as efforts, commitment, loyalty, trust, and enthusiasm to the organisation are fairly and adequately rewarded by outputs such as financial and non-financial benefits or incentives, they remain motivated and continue to provide inputs towards higher productivity. Employees get de-motivated due to the perceived absence of such equity. If an employee believes his treatment is inequitable, compared to others, he or she will be motivated to seek justice to reduce inequity, employee may reduce inputs (reduce effort), try to influence manager to increase outcomes (complain, file grievance, etc.), try to influence co-workers' inputs (criticize others outcomes or inputs) and withdraw emotionally - or physically (engage in absenteeism, tardiness, or quit).

#### **4.2.2 Training and development**

The findings from documents revealed that IOP did not have training and development policy and program. According to the IOP financial audited reports of 2009, 2010, 2011 and 2012 the organisation had no training budget for its employees. However there were rare instances in DFPs in which case the project donor dictates the type of training which suits the requirement of the donor for the sake of meeting the project objective. With exception of few DFPs with 100% funding from their respective donors IOP does not have training and development budget. The trainings offered by DFPs are mostly tailor made courses to meet the immediate requirements of particular projects for that fiscal year if the project life will not go further than one fiscal year

Outside DFPs trainings especially for further studies (if any) are requested by employees based on their needs and not IOP's. As there is no training policy some employees have been given study leave with full pay others with partial pay while others have been rejected thus creating a feeling of injustice and favouritism among

the victims. The research findings indicated that 11.5% of respondents strongly agreed there was training and development, 23.1% agreed, 3.8% were not sure, 53.8% disagreed while 7.7% strongly agreed there was training and development opportunities. Employees when joining the organisation have expectations in training and development from their employer so as to develop their careers thus increasing their employability and increase their security of employment.

The management during interview explained that they have identified training needs due to performance gap identified especially to lower and middle positions in the organisation. When the employer does not provide training employees feel betrayed thus developing awkward behaviours such as lowered commitment, tardiness and absenteeism and in the worst cases discontinue their relationship with the employer. Steel, Griffeth, and Hom (2002) reported empirical data showing that lack of training opportunities were the most frequently cited reasons for employees to leave the organisation. One top management staff when interviewed had this to say;

*“The organisation is not able to meet training costs because of financial constraints; most donors prefer their money to go directly to support MVC and to pay some limited administrative costs, training of staff is not in their priority”*

However, few IOP employees, who were former MVC in IOP sponsor programme, have been supported by their former sponsors in different training courses.

**Table 4.2.2 Number of staffs trained 2003 - 2012**

<b>Year</b>	<b>Number of staff</b>	<b>Profession</b>	<b>Level</b>
2003	1	Pre School teacher	Certificate
2007	1	Social worker	Certificate
2008	1	Social worker	Certificate
2009	1	Pre School teacher	Certificate
2012	1	Supplies officer	Certificate
2013	0	Nil	Nil
<b>TOTAL</b>			<b>5</b>

**Source: Research data 2013**

The above statistics about the number of staff trained in IOP for the period of ten years indicate that only 5 lower cadre employees were trained between one to two years employees being the ones requesting training but only two of them received partial support from the employer. The absence of training budget and programme neither for induction, short course nor for further studies for four years is a proof that the few lower cadre trained workers got direct support from their individual sponsors while the organisation provided leaves with full pay to some employees while others were given 80% of their salaries. This shows the organisation is biased and discriminatory in its decisions concerning study leaves. This goes contrary to the ERLA (Code of Good Practice) Rules 2007 Section 30 (5) (e) which states:

*“With regard to job assignments, training and development, performance evaluation system, promotions and transfers, the employer may take steps to ensure these steps are determined objectively, without discriminating against any groups or classes of employees”*

Further, Section 35 (1) of the same Rules provides that every employer shall ensure that criteria for selecting employees for training whether for induction, promotion or skill training are not discriminatory.

**Table 4.2.3: Presence of training and development opportunities**

	<b>Frequency</b>	<b>Percept</b>
Strongly agree	3	11.5
Agree	6	23.1
Not sure	1	3.8
Disagree	14	53.8
Strongly disagree	2	7.7
<b>Total</b>	<b>26</b>	<b>100.0</b>

**Source: Research data 2013**

Research findings have revealed that the organisation does not give training and development the required emphasis it deserves. About 63% of respondents said there is no training and development at IOP. The absence of training policy, program and even budget as proved by lack of training and development policy or programme in

the IOP records and during interview with management staff is a proof the organisation does not value the importance of training and development of its staff.

The number of staff trained from 2003 to 2012 is only five lower cadre employees. These findings coincide with Report on Poverty Alleviation REPOA (2007) findings which stated that

*Civil Society Organisations (CSOs) hands are tied when it comes to projects they would like to pursue; in most cases donors invite CSOs to present their interests in certain donor priority areas. CSOs respond to what donors are saying, not their own agendas.*

Training and development helps in creating a better corporate image, improves the health and safety of the organization thus preventing obsolescence. Moreover, training and development helps in creating a healthy working environment and helps to build good employee relationship so that individual goals align with organizational goal thus increasing productivity of the employee. Therefore concentrating efforts on staff training and development is important not only for reducing staff turnover but improving staff efficiency, reducing accidents and increasing productivity.

#### **4.2.3 Overtime payments**

The researcher had access to standard contracts of employment between IOP and her employees. For instance Section 5 of the employment contract states that the employee will work forty hours per week Monday to Friday including one hour for lunch and breakfast. Section 16 of the same contract of employment states that overtime for hours exceeding forty hours per week shall be paid by cash or day offs provided that such overtime is agreed to in advance between the employer and the employee. However, the researcher observed that some occupations due to the nature of their duties compelled workers to work up to fifty hours per week but according to respondents of overtime was hard to get even when agreed in advance by employer. In addition the formula used to calculate overtime did not distinguish overtime for ordinary days and those in public holidays. The findings from financial reports and

absenteeism records 2010, 2011, and 2012 showed that staffs working in the integrated HIV projects, shop, and guards were either paid cash as overtime while other employees were under paid, paid with difficulty or not paid at all.

Staff meetings minutes indicated that there were outstanding complaints of staff to the management that overtime claims have not been paid for a long time. Guards specifically claimed being underpaid their overtime entitlements. The management standpoint in this matter was twofold; first they associate not paying overtime on lack of sustainable income to meet the demands of employees and secondly they claim that every employee should volunteer to work extra time without pay so as to abide to IOP's core value of volunteerism at the same time showing solidarity IOP affiliated committees abroad who work 100% without pay.

In the preamble to IOP constitution volunteerism is one of the core values of IOP but according to respondents no efforts have been done to communicate it to new employees neither define the extent of volunteerism or include it in the staff contracts. As a result employees feel their rights have been "stolen". The research findings indicated that 7.7% of respondents strongly agreed that there is ease of paying overtime payments, 15.4% agreed, 7.7% were not sure, 29.9% disagreed while 42.3% strongly disagreed that there is ease of paying overtime to staffs. 10 people (27.8%) were respondents who were administered with interview.

These findings imply that IOP management allows employees to work overtime but when it comes to payment of the worked overtime it is very difficult to get for the majority of employees thus demotivating employees. Table 4.4.3 below shows responses in frequencies and percentages concerning their perception of the question which asked in this organisation overtime payment are paid without difficulty.

**Table 4.2.4 Ease of paying overtime to staff**

	<b>Frequency</b>	<b>Percept</b>
Strongly agree	2	7.7
Agree	4	15.4
Not sure	2	7.7
Disagree	7	26.9
Strongly disagree	11	42.3
<b>Total</b>	<b>26</b>	<b>100.0</b>

**Source: researcher 2013**

According to Vroom (1964) employees' motivation is directly proportional to rewards. Positive rewards motivate employees and negative actions demotivate them. One wonders why the IOP management allow workers to work overtime but it is not willing to pay overtime and even when paying it applies only to a handful of employees. Employees have expectation that when they work extra time and put more effort at work they will be paid commensurate remuneration therefore any imbalance creates a feeling of dissatisfaction among employees which leads to violation of PC.

**4.2.4 Promotions**

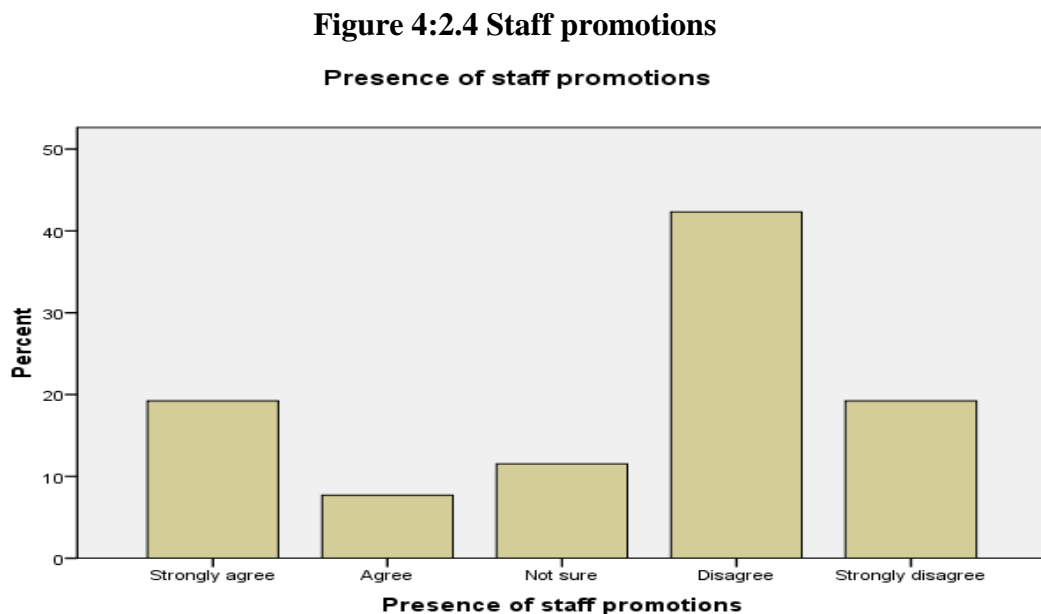
The research findings through documentary reviews indicated that there was neither scheme of service nor promotion policy. With exception of the guaranteed 10% salary increment every year the titles and ranks of most of workers in the lower position have remained the same for years. Promotions if any for limited positions are done at the discretion of the CEO. This makes employees feel there is favouritism in application of human resource practices in particular promotion. According to one member of middle management interviewed revealed the following;

*“The scanty promotions happens when there is a new project or when filling a vacant position due to departure of the incumbent and such promotions in most cases increased the responsibilities but not a matching remuneration due to lack of funds. For instance the positions of heads of departments were established in 2011 but those promoted to fill those positions have neither been given even a token nor promised”!*

One top management member interviewed claimed to understand the importance of promotions but said to be able to promote employees on regular basis the organisation needs stable donors, secure income, and fundraising campaigns around the clock by management an activity which is mostly left in the hands of the IOP CEO. The research findings through questionnaires showed that 19.2% of respondents strongly agreed that there are staffs promotions, 7.7% agreed, 11.5 were not sure if there were promotions, 42.3% disagreed there was promotions while 19.2 strongly disagreed that there was promotion. One top management staff when interviewed about promotions said,

*“IOP does not have secure income to affect promotions, we have worked so hard to make ends meet, and as we are not sure of the future we cannot risk having promotion policy which we may not live it. We all must work hard to ensure we get a sustainable income”.*

**Figure 4.2.4 Shows responses through questionnaires in frequency, percentage and percentage respectively.**



**Source: Research data 2013**

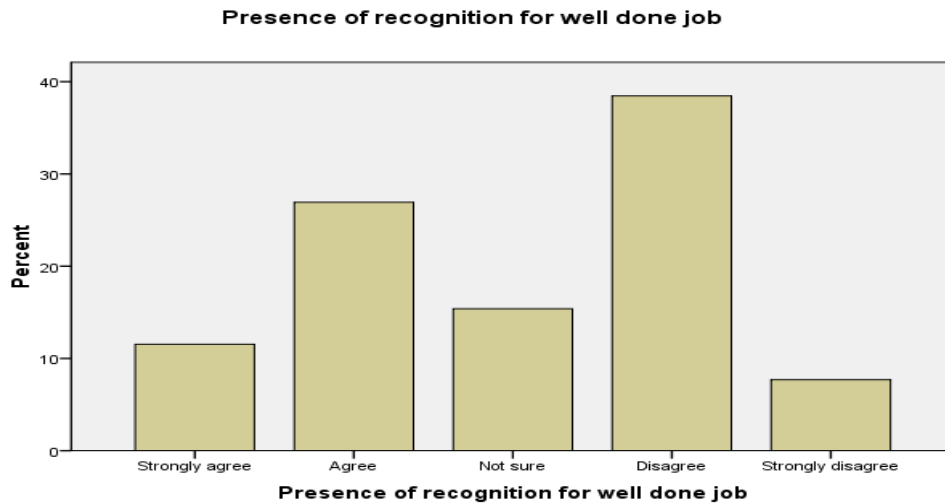
In the course of meeting organisational objectives, the duties and functions of an employee may change in complexity and responsibility. Promotions therefore, are based on status changes that involve increasing responsibility levels. Along with the increased responsibilities; the promoted person will receive an increase in salary, sufficient direction to begin the new position, and a new job description. Promotion serves as an incentive for better work performance, enhance morale and create a sense of individual achievement and recognition (Armstrong, 2007). According to the study of Allen, Shore and Griffeth (2003) perceptions of promotion and growth opportunities offered by employer reduced turnover intentions among employees.

From the above findings it appears the IOP management is lacking courage and commitment to promote staff due to financial constraints the situation may lead to low morale, lower commitment and turnover intentions. The absence of promotion policy or criteria used for the few staff promoted creates more questions concerning lack of fairness and objectivity. Section 35(2) of the ERLA Code of Good Practice Rules (2007) requires every employer to examine its policies periodically to avoid indirect discrimination.

#### **4.2.5 Recognition and appreciation**

Recognition and appreciation means employer acknowledging and showing gratitude to employees for doing exemplary work or for something he or she has done for the organization. Findings show that 11.5% of respondents strongly agreed there were awards and appreciation for jobs well done, 26.9% agreed, 15.4% were not sure, 38.5% disagreed while 7.7% strongly disagreed that there was recognition for jobs well done. These findings therefore show that about half of the respondents 44.2% showed that there was no recognition and appreciation even when they have done well to meet their obligations. This situation shows the unfulfilled relational PC of over half of the population when you put together those who strongly agreed, agreed and those who were not sure.

**Figure 4.2.5 Recognition for well-done job**



**Source: Research data 2013**

The researcher observed one trophy and one shield given to integrated HIV and AIDS project by the project donor Norwegian Church Aid (NCA) as being national wide winners for 2010 and 2012 in MVC care but according to respondents not a token was given neither promotion nor any written documentation in project staffs project files. The findings also show that the few employees who ever received any kind of appreciation received it from the IOP Managing Director (MD) while 10% was from Heads of department (HoD). Supervisors in the middle and lower management levels are the ones who work closely with people therefore failure to appreciate employees where they deserve at their level is likely to discourage employees as the MD may not understand who deserves appreciation on daily basis.

**Table 4.2.5 Recognition and appreciation types and frequency at IOP**

<b>TYPE OF RECOGNITION</b>	<b>NUMBER OF PEOPLE</b>	<b>RECOGNISED BY</b>
Employee of the year	1	MD
Verbal appreciation	3	MD, HOD
Written and documented appreciation	0	–
Letter of appreciation in a personal file	0	–
A brief note on your desk or letter box	3	MD
Vacations	0	–
Promotion	1	MD
Present	1	MD
Others	1	HOD
Nothing	16	–
<b>Total</b>	26	2

The management has not taken appropriate steps to ensure that employees are appreciated in a way they deserve. When employees do well but not appreciated it may appear that results matter more than the people who work. Appreciation boosts employees' confidence and productivity. Where possible appreciation must be delivered personally and must be valuable to the recipient so as to have an impact. Employees are more likely to “burn out” appreciated or emotionally supported by the supervisor.

Therefore for employees to be satisfied the management must offer jobs that have opportunity for recognition, responsibility and opportunity for advancement. The benefits of recognition for employees include job satisfaction, engagement and increased productivity, increased retention, lower turnover and decreased absenteeism.

#### **4.2.6 Work life balance**

Work life balance refers to a state of equilibrium in which the demands of both job and persons life are equal (Lockwood, 2003). The research findings indicated that over 60% of the IOP work force comprises married people; over 50% are natives of the Ilula area. By nature of African communities adults have family and social responsibilities. The family issues causing work family challenges at IOP include care

of young children especially breast feeding mothers and those with infant children at home, care of ill family members and the elderly, breast feeding mothers, continuing education while at the same time continue working. This was unveiled in a Head of Departments meeting held in the IOP Centre Hall May 8<sup>th</sup> 2012 at 2:30 PM. Also it was seen in the minutes of one staff meeting held on November 22<sup>nd</sup> 2011 employees complained being encouraged by employer to attend computer and remedial classes both offered within IOP premises but were denied permission to leave one hour earlier so as to attend those classes. IOP management allows breast feeding mothers to feed their children during working hours but according to respondents the nature of work such as field work and stringent donor requirements deprive workers this right, sometimes permission is granted but the work load remain unchanged. The research findings from questionnaires show that the minority 26.9 agree that there is work life balance, 11.5% are not sure while the majority, 61.5 disagreed that there was work life balance.

By implementing a work-life balance strategy employers can help to reduce stress in their employees. This can lead to a more motivated and loyal workforce, increased productivity, reduced absenteeism and it is also good for public relations. A work-life balance strategy should include family friendly policies. Work life conflict consequences include increased absenteeism, increased turnover, and reduced productivity. Other consequences include reduced job satisfaction, impaired family/social relationships, managerial stress, and increased health costs.

The findings indicate imbalance between work and life at the expense of life as much time is devoted for work over and above the ordinary working hours as per staff contracts and the labour law. The possible solutions to work life conflict at IOP include overtime, shift work, home working and flex time. Flex time for instance allows employees to chose within set limits, when to begin and end work. On the other hand home working is when employees do their jobs either occasionally or as permanent working arrangement at home.

Other solutions may include establishment of day care centres, mother child health clinics at work, and employees balancing their work with continuing education.

**Table4.2.6: Work life balance**

	<b>Frequency</b>	<b>Percent</b>
Strongly agree	2	7.7
Agree	5	19.2
Not sure	3	11.5
Disagree	11	42.3
Strongly disagree	5	19.2
<b>Total</b>	<b>26</b>	<b>100.0</b>

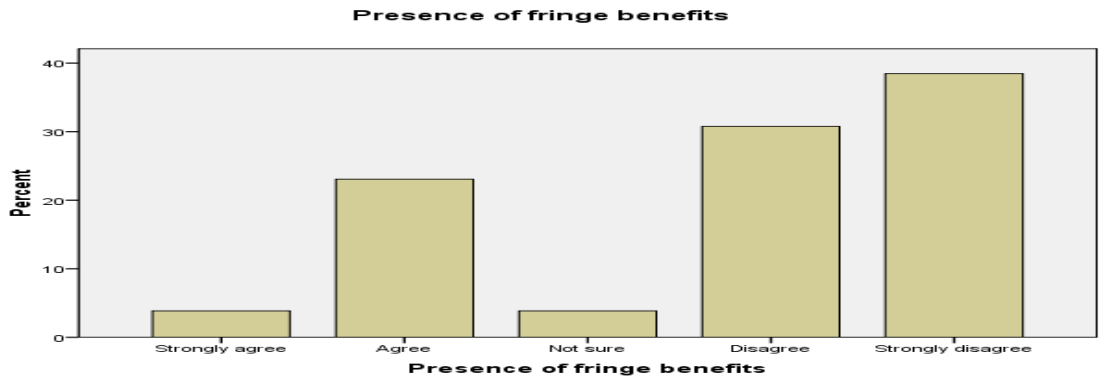
**Source: Research data 2013**

#### **4.2.7 Fringe benefits**

The study findings indicated that 3.8% of respondents strongly agreed that there are fringe benefits, 23.1% agreed, 3.8% were not sure, 30.8 % disagreed while 38.5% strongly disagreed. The budget lines of all IOP DFPs term employee pension contribution a fringe benefit even though it is a statutory requirement. According to documents, apart from pension contribution on the secondary school teachers have fringe benefits of house and transport allowance. Other employees who have allowances are top management staffs.

The rest of employees have no fringe benefits of any kind despite having same qualifications, experience and work This situation has created classes and feelings of injustice and favouritism among employees who do not enjoy same benefits as their colleagues despite having same qualifications and experience. Besides documentary reviews did contain salaries and benefits policy but getting or nor getting benefits depends on which project a particular employee works.

**Figure 4.2.7: Presence of fringe benefits**



**Source: Research data 2013**

Fringe benefits are important components of compensation packages. They can impact job satisfaction in many ways. The study findings show that the majority of employees (69.3%) said that there are no fringe benefits in the organisation while the minority (26.9%) said there are fringe benefits; the remaining 3.8% were not sure. The findings also show that the benefits in this organisation are not evenly distributed across all the staffs. For unknown reasons the organisation management has allocated benefits to categories of employees without justifiable reasons as a result creating classes between staff of one department to another. It seems benefits are given depending on the bargaining power of individual employee or leader. Such a situation may aggravate PCV among the disadvantaged employees.

#### **4.2.8. Working conditions**

The research findings concerning the state of working conditions indicated that 7.7% of respondents strongly agreed that there were good working conditions, 30.8% agreed 57.7 disagreed that there were good working conditions. The working condition at IOP as observed by the researcher was characterised by tight deadlines, conflicting roles, working many hours, lack of unity of command from project donors and management. According to the IOP quarter narrative report of April 2013 slow internet connectivity was reported as a major challenge affecting efficiency of reports to donors as over 90% of reports are send online and some donors like Africare

require quantitative and qualitative data and financial reports be sent online on daily basis but still IOP uses modems! When internet is very slow works pile up forcing officers to work till midnight without overtime pay to meet the targets. IOP works with affiliated committees in seven countries of USA, Norway, Netherlands, Luxembourg, Italy, Denmark and Sweden. The volunteer officers working in these committees send instructions to relevant IOP officers without informing the IOP management. Most of the committees coordinate and recruit sponsors for MVC in Tanzania.

At the same time IOP is supported by a number of national and international organisation, companies and individual sponsors who have their own requirements. Some IOP workers work in over 2 projects, the challenge comes when donors be it individual committee or country require reports, information or updates at the same time. According to one middle management staff interviewed all donors would like their respective project to be prioritised. On the other side IOP has other non DFPs and programmes with requirements sometimes conflicting with donors as some donors requirements are not scheduled. It was reported by one top management staff in one morning meeting in May 2013 that 80% of Program managers were attending partners and donors conferences in different regions in Tanzania though not previously known by the IOP management. According to the manager such short notice meetings affect performance of other programs. For details about frequencies see table 4.2.11 below.

**Table 4.2.11 Working conditions**

	<b>Frequency</b>	<b>Percent</b>
Strongly agree	2	7.7
Agree	8	30.8
Disagree	15	57.7
Strongly disagree	1	3.8
<b>Total</b>	<b>26</b>	<b>100.0</b>

**Source: Researcher 2013**

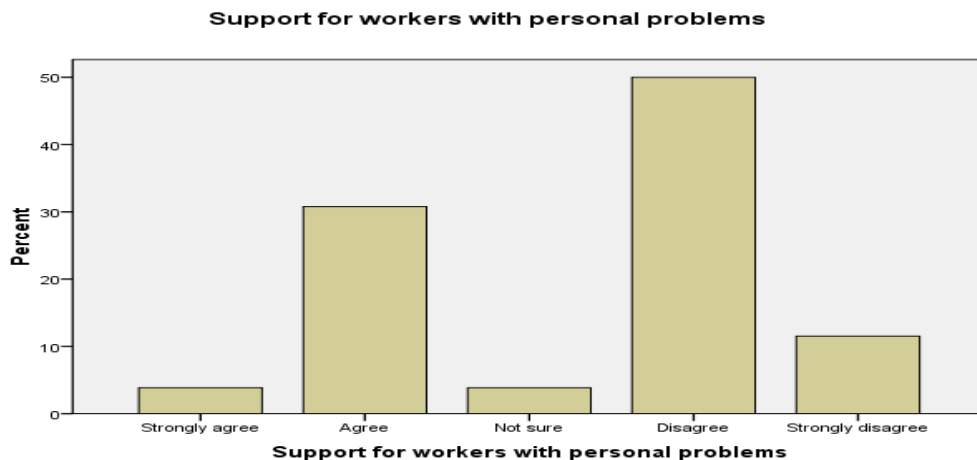
The working condition at IOP was found to be too demanding to the majority of employees. The presence of many donors each with its own priorities and the tendency of some employees working in multiple donor projects made the workers to work in a stressful environment to most employees. This working condition coupled with presence of work alcoholic managers who demanded their employees to follow their foot prints made the working condition even more stressful. Such a situation may lead to PCV especially when rewards for working many hours are not commensurate to the efforts put in work. Bommer, et al. (2004) asserts that in instances where the working environment is not conducive and friendly to employees, commitment to work may become lower to the extent of undermining organization performance.

#### **4.2.9. Support for workers with personal problems**

Personal problems as per IOP work include but not limited, family problems, life changing situations, emotional difficulties, illness, depression, stress, anger, financial difficulties, illness of family members or near relative, bereavement and divorce. For the management an employee's personal problems become a work place issue when the problem affects the employee's job performance and threatens the well-being of the employee and other staff members. The research findings indicates that 3.8% of respondents strongly agreed that the employer supports employees with personal problems, 30.8% agreed, 3.8% were not sure, 50% disagreed that the employer supports employees with personal problems while 11.5% strongly disagreed employer supporting employees with personal problems. The researcher heard one management officer referring to an unwritten bereavement support policy by employer for employees whose father, mother, child and spouse pass away when one employee lost his father. The employer supported foodstuffs and allowed some employees to attend funeral and burial activities.

However, there were under underground concerns that some employees get more support than others and that the employer is only concerned with care for the dead while neglecting other problems including illness of employees or their dependents

**Figure 4.2.12: Support of workers with personal problems**



**Source: Research data 2013.**

The research findings revealed lack of management support to the majority of workers with personal problems. The researcher was able to witness two incidents in which the management did not provide any support when some IOP employees got personal problems. The first one was when employee was ill and admitted for three weeks. Employees voluntarily contributed some money to assist the worker to pay hospital charges as IOP employees are not members of health insurance. Nothing was done by the employer. The second one is when one employee's loan money and belongings were stolen by burglars, employees and some volunteers from Europe contributed but not the employer. This situation is more likely to affect the employees PC negatively especially when he has expectations to be supported by the management during times one is facing personal problems. Records of staff events committee of September 17<sup>th</sup>, 2009 show employees contributed money, food, clothes and all roofing materials for their fellow employee whose five rooms house

was burnt to ashes following a fire accident. However this time the employer gave an in kind support of shillings 50,000/-! As Robinson and Wolfe Morrison (1997) assert, humanity, compassion and empathy bind together relationships and define ones humanity besides characterizing PC by buffering the PC effects. On the other side lack of care, humanity, and compassion ruin relationship and consequently make the relationship become more transactional, short lived and prone to PCV.

#### **4.2.10 Job Security**

There are different interpretations of job security. In this research job security will be defined as the prospects of continued employment with little or no fear of being forced to leave. The findings from questionnaires as seen in the table 4.2.13 revealed that 3.8% of respondents strongly agreed there was job security, 23% agreed, 2.8 % were not sure, 53% disagreed there was job security whereas 15.4% strongly agreed that the organisation had job security.

The findings from staff meetings minutes of October 2012 revealed that In July 2012 the management wrote letters to twenty employees with one year contracts, unskilled or semi skilled, not working in DFPs informing them that they may be shifted to any other job, activity or section or their jobs reduced to half employment or their contracts terminated altogether due to lack of funds caused by the financial constraints from IOP donors abroad. The contracts for this category of employee stated that termination of contract may be done by each party giving three months notice or three months salary instead. For projects staff cessation of funding from the donor or end of project life marked the end of the contract. Also the standard IOP contracts have duration of one year to two years with probability of extending the contract increasing as an employee goes up the hierarchy. During interview one middle management staff defended this by saying,

*“Most of our donors commit their funds on yearly basis, there is no guarantee that they will continue supporting us the next year even when the project is for five years still funds are given for one year, the renewal of the project largely depends on successful completion of the previous year. To be on the safe side we have decided to provide contracts to our employees ranging between one to two years”.*

**Figure 4.2.13: Presence of job security**

	<b>Frequency</b>	<b>Percent</b>
Strongly agree	1	3.8
Agree	6	23.1
Not sure	1	3.8
Disagree	14	53.8
Strongly disagree	4	15.4
<b>Total</b>	<b>26</b>	<b>100.0</b>

**Source: Research data 2013**

The prevailing job security at IOP makes employees doubt the continuity of their employments with IOP. This has extended consequence to the psychological contract of employees as they perceive their employer does not care about their future. For ten years IOP has managed to avoid retrenchment of its employees even in times of financial crisis so the announcement of possible retrenchment was taken by employees to be a betrayal by the employer not only for employees given notice but also for remaining employees thus affecting their PC.

Those retrenchment letters sent to some IOP employees violated provisions of ERLA 2004 section 38 (1) (b) – (d) as they did neither disclose all relevant information, give selection criteria nor consult trade unions or employees not represented by trade union. No action or cancellation of letter has taken place for over ten months and the affected employees are left in suspense and dilemma about their future thus left unhappy, depressed and demoralised.

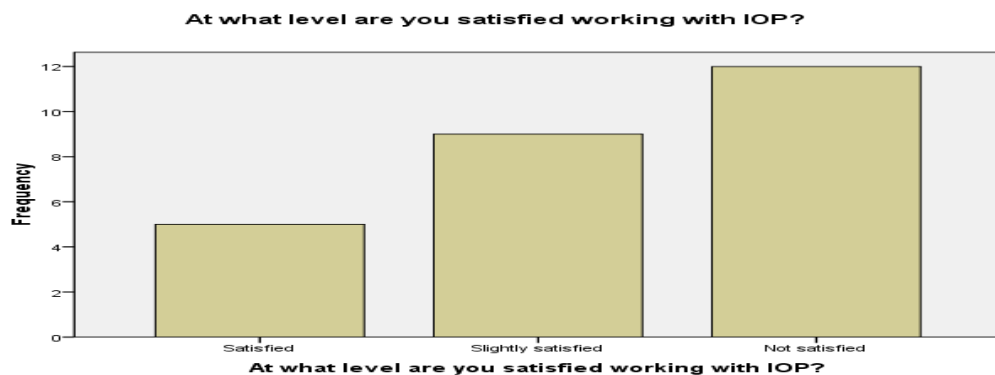
### 4.3 Employees feeling of satisfaction and dissatisfaction

The second objective of this study was to find out how employees feel (satisfaction and dissatisfaction) when psychological contract is provided and when not provided in Tanzania NGOs

#### 4.3.1 Employees' satisfaction and dissatisfaction

Employees were asked through questionnaires how they felt about their current jobs. There were four responses ranging from “very satisfied” to “not satisfied”. The findings indicate that 19.2% of respondents were satisfied, 34.6% were slightly satisfied while 46.2% of respondents were not satisfied. No respondent was very satisfied.

**Figure 4.3.1 Level of employees satisfaction**



**Source: Research data 2013**

The findings above indicate that the only 19% of the respondents were satisfied, and the majority of respondents 46.2% were not satisfied while 34.6 of the respondents were slightly satisfied. These findings indicate that 19.2% of employees have positive attitudes and feelings towards the job and 46.2% of employees have negative and unfavourable attitudes towards their work while 33.6 of the workforce are averagely satisfied with some aspects of work while at the same time they are not satisfied with

other aspects of work. The term job satisfaction refers to the attitude and feelings people have about their work.

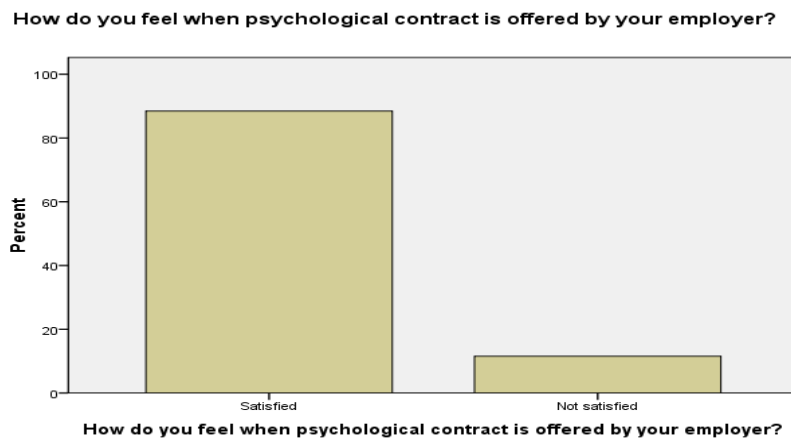
Positive and favourable attitudes towards the job indicate job satisfaction. Negative and unfavourable attitudes towards the job indicate job dissatisfaction (Armstrong, 2006). Job satisfaction therefore represents a combination of positive or negative feelings that workers have towards their work. Job satisfaction also represents the degree to which employees expectations are and match the real rewards. Job satisfaction is under the influence of a series of factors such as the nature of work, salary, advancement opportunities, management, work groups and work conditions. The management of IOP has not taken deliberate steps to ensure that employees get satisfaction in aspects like salaries and wages, promotion, recognition, working conditions, supervision and the like. IOP must ensure that they improve employee level of satisfaction as when put together the percentage of those not satisfied with their jobs and those partly satisfied the total number exceeds 50% of the entire work force. It is worth mentioning that those slightly satisfied may easily turn into not satisfied if some facets of work changes slightly. Dissatisfaction has detrimental effect to the organisation since the factors causing dissatisfaction if not removed may lead to PCV.

#### **4.3.2 Feelings of employees when PC is offered**

The research findings from questionnaires indicated that 88.5% of employees will be satisfied when PC is offered to them by their employer whilst 11.5% said they will not be satisfied even when PC is offered to them by the employer. Therefore the majority of employees will be satisfied when PC is offered. Figure 4.3.3 below show the responses in frequency and percentage. These findings imply that the majority of IOP employees (88.5%) will be satisfied when PC is offered.

This means that in order for them to exert total efforts towards their jobs the management must offer the PC otherwise they will not be satisfied. Therefore the IOP management must ensure that factors which cause job satisfaction like company policies, supervision, interpersonal relations, work conditions and salary are taken care. According to Herzberg (1966) they are called motivators. These factors if omitted employees will not be satisfied hence they may exhibit wrong attitudes towards work, lower commitment and performance. These employees are extrinsically motivated by external factors and not motivated by work itself. On the other hand the remaining 11.5% of employees they are not satisfied even when PC is offered as they are intrinsically motivated by the job itself.

**Figure 4.3.3 Employees feeling when PC is offered by employer**

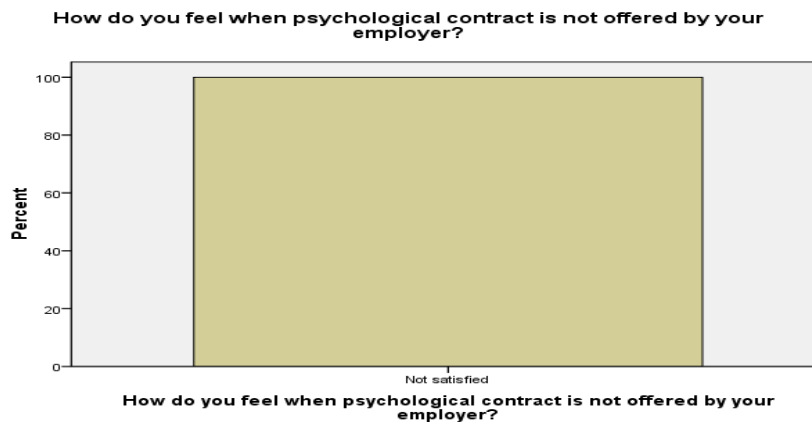


**Source: Research data 2013**

#### **4.3.3 Feeling of employees when PC is not offered by the employer**

From the questionnaires results it came to the surface that 100% (26) employees would not be satisfied when PC is not offered by the employer. It is necessary to make employees satisfied by providing PC to employees so as to avoid effects of PCV. Figure 4.3.3 below indicates respondents' dissatisfaction in percentage.

**Figure 4.3.3 Feeling of employees when PC is not offered.**



**Source: Research data 2013**

The findings above imply that all employees (100%) will not be satisfied when PC is not offered by the employer. Therefore in order for these employees to put forth total commitment the management must offer them PC. The findings imply that all the employees contrary to when PC is offered will not be satisfied when PC is offered thus IOP management is duty bound to ensure that they provide PC aspects like achievement, recognition, responsibility and advancement to its employees for them to exert total commitment.

#### **4.3.4 Outcomes of offering psychological contract at IOP**

Every person has different reasons for working and the reasons are individual but most people work because they want to obtain something that they need from work. For employees, something obtained from work impacts morale, motivation and the quality of life (Bhattacharyya, 2009) Offering PC at IOP leads to the following:

##### **4.3.4.1 Boost staff morale**

The morale of IOP employees as observed by the researcher was mixed with some employees exhibiting high work morale while other exhibited low morale. The morale of staff seemed to be high among employees working in Secondary school, Universal HIV and AIDS Counselling and Testing (UHAI – CT), Rapid Funding

Envelope (RFE), Pamoja Tuwalee, Foster Families and Shopping Centre while employees working at the Orphanage, Pre School and some sustainable projects exhibited the lowest morale. However within the same project the level of morale towards work differed with some employees exhibiting higher morale and enthusiasm compared to others.

The differing levels of morale were attributed to better terms and autonomy the projects with higher morale enjoy as compared to others. The IOP management did not treat the majority of employees fairly and equally. Some employees enjoyed better terms and benefits which others had not. The staff morale in those projects and staffs that enjoyed better terms was higher than those who did not. While in one departments travel and other allowances were paid using the then government scales others had none or just paid as the management wished. This caused a feeling of dissatisfaction which was exhibited in low productivity, less cooperation to organisational decisions, gossips and reporting late at work. This goes contrary to the findings of Mazin (2010) who found that organisations with higher morale have more staff who arrive to work on time, communicate better, waste less time on gossip have higher rates of recruitment and retention and are creative.

Another cause of low morale among the disadvantaged staffs was lack of policies in most human resource practices especially those which provide benefits to employees such as training and development, promotion, travel and subsistence to mention but a few. When benefits are provided by the management to a segment of the work force the work morale among the disadvantaged employees will consequently go down and will have effects in productivity. The opposite is true when PC is offered equitably to all workers. Thus offering PC at IOP was positively related to higher morale. As Manning (1991) asserts fair treatment of employees, consideration and recognition motivate and increase morale of employees.

#### **4.3.4.2 Reduced staff complaints**

Complaints are indication and expression of feelings of dissatisfaction about the aspects of the job complained of. The findings from staff meetings records show that there were outstanding staff complaints which have not been replied to by the IOP management from 2010. The same complaints were repeated in 2011, 2012 and 2013. The researcher was able to access staff complaints from minutes of staff meetings, during daily morning reports and devotion session and from individual employees. As it explained in the proceeding paragraphs complaints are from those employees who feel not treated fairly by IOP management. However as discussed in the previous objective there were employees who were offered better PC terms than others. The level of complaints among those employees is significantly reduced while those who are not offered better PC had outstanding complaints. Despite having suggestion boxes for unknown reasons staffs never used those boxes! The following were the main issues complained of by the aggrieved staffs:

The first complaint is check out time. The complaint was found in minutes of staff meetings. According to staff employment contracts IOP workers working time is 8 hours from 7:30 AM in the morning to 9:30 PM in the evening with exception of staff with special duties and afternoon and night shifts who have different arrangement but still the number of working hours remain the same. However, this has not been the case as the employer has instructed employees to work up to 4 PM on explanation that one of IOP core values is volunteerism so workers should live as to the values. Workers disagreed to that hence the management promised to find a solution but according to records, several staff meetings have gone without any reply to aggrieved workers. Still there were workers like security guards, shop keepers and those in IOP sponsorship program who were offered overtime payments either by cash or by days off, for working extra hours thus there was no complaints from these employees about check out time.

The second staff complaint was delay in paying monthly salaries to staffs. According to the IOP payroll Accountant all IOP projects should transfer money for salaries to IOP administration account the 20<sup>th</sup> date of the month ready for preparation of the consolidated payroll. Salaries should be deposited in staff personal bank accounts the 28<sup>th</sup> day of the every month. However, this has not always been the case; some salaries delay for over two months! The projects that suffered mostly for the year 2013 according to the accountant are the Integrated HIV and AIDS (three months), Knitting, (two months), Secondary School, and Carpentry (two months), Delays of 7 to 20 days for most projects was not uncommon. The researcher came across staff complaints during daily morning reports and devotion session, staff minutes, questionnaires to staff and interviews to employer. According to findings from interviews with IOP top management staff salaries for all departmental staff except those of sustainable projects are paid by donors. Project with donors transferring money timely paid their employees timely and vice versa. So failure to pay salaries timely was caused by either cash flow problems from donors or individual IOP projects not submitting timely accountability reports to donors. The researcher was able to hear some employees reacting when asked to pay contributions to assist a sick or bereaved employee as agreed among staff themselves, voices came up in unison from some unpaid employees “we have not been paid our salaries where do we get money for contributions...”.

The researcher observed and noticed that every month different staffs complained not being paid their salaries timely as staff used to speak out their feelings during morning devotion and reports session. The findings from questionnaires indicated that 7% of employees expressed their concerns for delayed salaries as one of the issues the management needs to resolve as they discourage them. The employer acknowledged existence of such a problem as a challenge and attributed to unstable income. The solution for this problem seemed to be far from being found. So offering PC to IOP staffs reduced staffs complaints as observed among employees who were paid timely did not complain.

The third staff complaint is lack of overtime payments for extra hours worked. This was another complained of aspect of employment relationship. According to the Section 15 of IOP contracts of employment state that there will be cash payment or days off instead for overtime worked over and above ordinary working hours. However, there were some occupations which due to their very nature require successive long working hours over and above ordinary working hours. Minutes indicated that such workers had been complaining complained to the management for a very long time but to no avail leading to feelings of dissatisfaction among the affected employees. Staff complaints are an indication that there is an imbalance between the efforts the employees put at work and the exchange they receive in return for the efforts. The IOP management by not paying the agreed overtime to the majority of its employees and forcing employees to work above the 8 hours is committing an offence according to section 26 of ERLA, 2004 and article 23(2) of the Constitution of United Republic of Tanzania (1977).

The fourth complaint expressed by IOP staffs was transport allowance on first appointment as well as transport on leave every second year which did not exist at all at IOP. These claims were put forward in staff meetings of March 16, 2011, February 27<sup>th</sup> 2012, and February 11<sup>th</sup>, 2013. Despite the repeated claims from the staff the IOP management turned a deaf ear towards employees' claims.

The common response of the IOP management when asked about this was that they are committed to meet employees' claims but they are constrained by financial shortage.

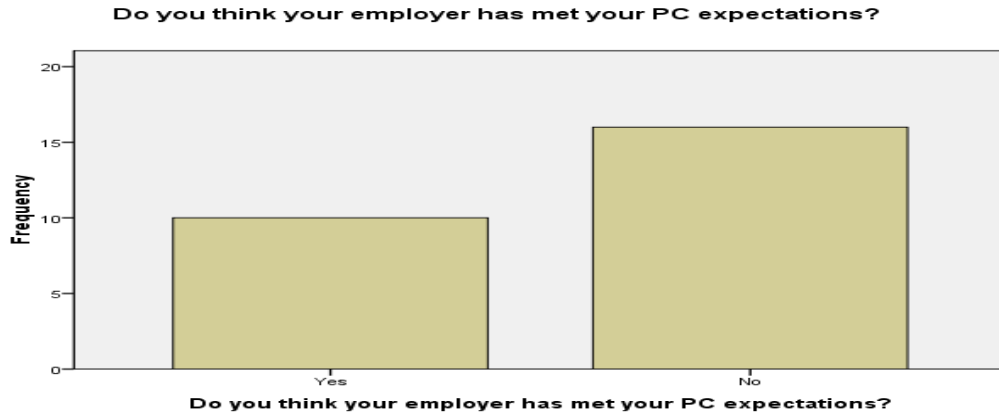
Complaints are indication and expression of feelings of employees' dissatisfaction with the complained of facets of the job and voice to tray to balance the unequal exchange relationship between the two parties to employment relationship.

When the employer replies to complaints timely complaints are significantly reduced, relationship with employees improves but when the employer takes a long time or keeps silent as is the case for IOP, employees may terminate relationship or resort to destructive reactions.

#### **4.3.4.3 Met and unmet expectations**

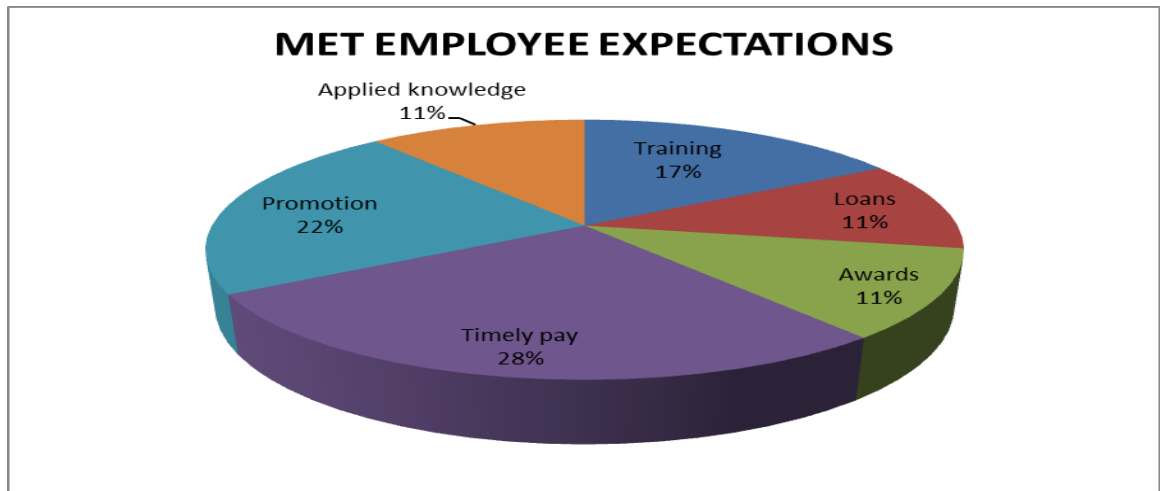
Employees through questionnaires were asked to say whether their expectations were met or not met by employer. Those who said their expectations were met were asked an additional open question why they thought their employer met their expectations. 38% (N 10) of all questionnaires respondents said their expectations have been met. Out of them 17% said their expectation have been met because they have been trained by the employer, 11% were given loans with low interest rate, 11% were once recognised and awarded as best workers, 28% were timely well paid, 22% were promoted and 11% utilised fully their knowledge. Figures 4.3.4 and 4.5.5 below summarise the findings in frequency and percentage. The percentage of employees whose expectations have been met by IOP is 38% which was far below half of the total work force. Employees have expectations when they are promised by the employer either explicitly or implicitly in the aspects timely payment of salaries and overtime, promotion, recognition, training and development and other PC aspects. According to Robinson and Rousseau (1994) PCV produces feelings of betrayal, anger and resentment leading to employees exhibiting negative reactions with detrimental effects to the organisation.

**Figure 4.3.4 Met and unmet expectations**



**Source: Research data 2013**

**Figure 4.3.5 Met employee expectations**



**Source: Research data 2013**

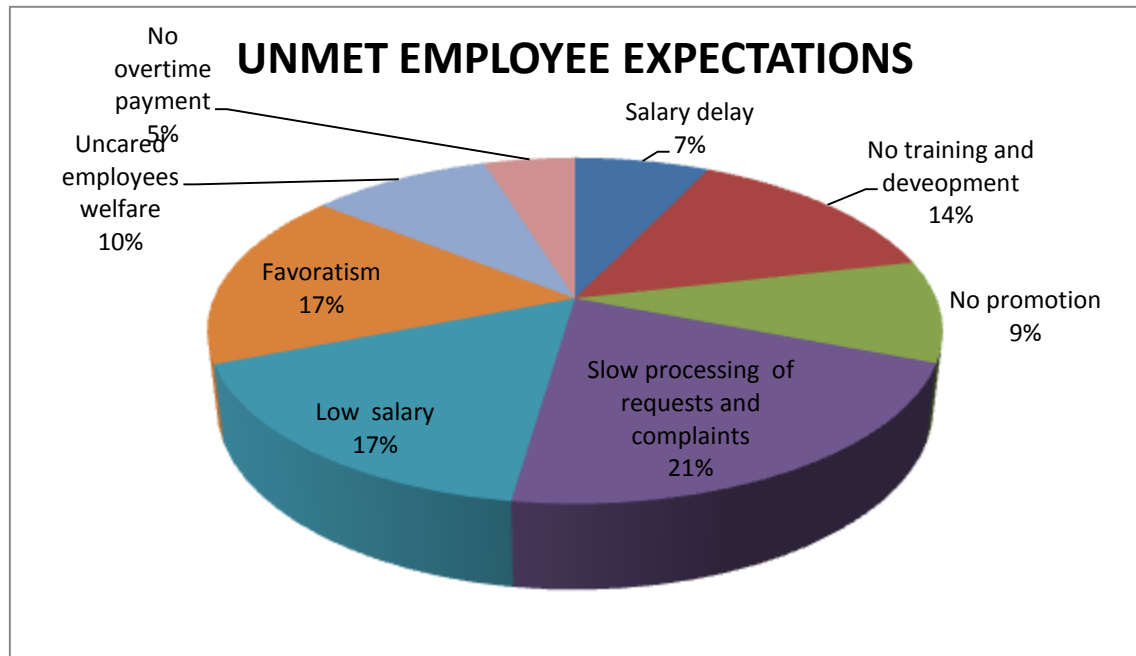
On the other hand respondents who replied through questionnaires that their expectations were not met were also asked an additional open question why they thought their expectations were not met by their employer. 62% (16N) said their expectations were not met. The findings further indicated that 7% of respondents said they were not satisfied because their salaries are often delayed, 14% said they had no training of any kind, 9. % said there was no promotions or even promotion policy,

21% said the management is slow in processing requests and complaints, 17% said their salaries are too low, 17% said there was favouritism in the organisation, 10% said the employer does not care about their wellbeing and 5% said their overtime payments were not paid. Figure 4.3.7 below summarises these findings.

As the majority of employees (62%) expressed dissatisfaction because some aspects of job did not meet their expectations the management of IOP needs to take deliberate measures to ensure that the unmet job aspects are taken care. These factors include salaries not being paid timely and inadequate salaries. Salaries should not be only be paid but must be timely and be equitable to the inputs the employees put to work. Monetary rewards may play a very significant role in determining job satisfaction. Where salaries do not reflect the real market situation this leads to dissatisfaction and discontent.

It is imperative therefore that remuneration be consistent to staff qualification and experience. It must be understood that IOP does not exist in isolation therefore staff members will compare to other employers to what they put in and what they get out from IOP. If the imbalance is not corrected it will affect negatively employees PC. The management must also take steps to address other job facets that have been complained of by employees as being not met according to employees' expectations. These factors include training and development, overtime payment to staffs who work extra hours, general employees' wellbeing, fairness in human resource practices, quickness in processing staff grievances as well as having explicit forums and mechanisms to address staff issues including permitting trade union activities at work. These shortcomings do not only make employees dissatisfied but affect employees' commitment and productivity hence affecting IOP in the long run.

**Figure 4.3.6: Reasons behind unmet employee expectations**



**Source: Research data 2013.**

#### **4.4 Effects of psychological contract violation at IOP**

The third objective of this study was to find out effect of PCV in Tanzania NGOs. Effects discussed in the proceeding paragraphs were obtained from IOP staff and management through questionnaires and interviews respectively, from documentary sources and through observation. Effects are as presented and discussed below.

**Table 4.4.1: Effects of PCV**

	Responses	
	N	Percent
Tardiness	3	5.7%
Theft of organisational properties	6	11.3%
Low commitment	13	24.5%
Labour turnover	16	30.2%
Late completion of donor funded projects	5	9.4%
Resignation of individual MVC sponsors	3	5.7%
Losses in income generating activities	6	11.3%
No response	1	1.9%
<b>Total</b>	<b>53</b>	<b>100%</b>

**Source: Research Data**

#### **4.4.1 Tardiness and absenteeism**

The first effect of PCV at IOP was tardiness and absenteeism. Apart from questionnaires tardiness and absenteeism data were collected through documentary sources and observation. IOP employees sign in and out using five different log books. Two logbooks are kept at the reception lounge of the IOP main office at the IOP Centre, one for administrative and program staff and another one for other staff. One book is kept at the IOP's Lord's Hill Secondary School, one at the IOP shopping Centre and the last one at IOP's Kid's Corner Pre Primary School. At the end of the month a summary of late comers and absent employees is made by administrative secretary and presented to the management for action.

The researcher was able to see a notice written in red marker pen which read:

*“On average 51 IOP employees are late to work 5 minutes every day, total 255 minutes per day, which is equal to 4 hours 25 minutes per day, which is equal to 93 hours 5 minutes per month, equals 1122 hours per year which equals 28 work weeks per year loss”.*

In the same IOP notice board there was a schedule of different IOP programmes and committees update meetings which were to be conducted in IOP Centre Hall every month.

Of all the 14 scheduled meetings for the month of April and May only two meetings started timely. Some were cancelled due to non availability of committee members.

IOP staffs every morning between 7:30 to 8:00 had morning report and devotion. Through observation the researcher was able to see employees' tardiness and speediness whereby most employees came late to morning report and devotion. On average 40 employees are supposed to be present during morning devotion at the IOP Centre. The following statistics show punctuality trend during morning devotions from April 8 through May 20<sup>th</sup>, 2013.

**Table 4.4.1: Punctuality during morning devotions for the period of April 8- 29, 2013**

Date	8	9	10	11	12	15	16	17	18	19	22	23	24	25	26	28	29
Present on time	2	10	7	6	5	4	11	17	1	9	2	22	9	8	20	12	10
Late	38	30	33	34	35	36	29	23	39	31	38	18	31	32	20	28	30
Total	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

Source: Research data- Observation

**Table 4.4.2: Punctuality during morning devotions for the period of May 2-17, 2013**

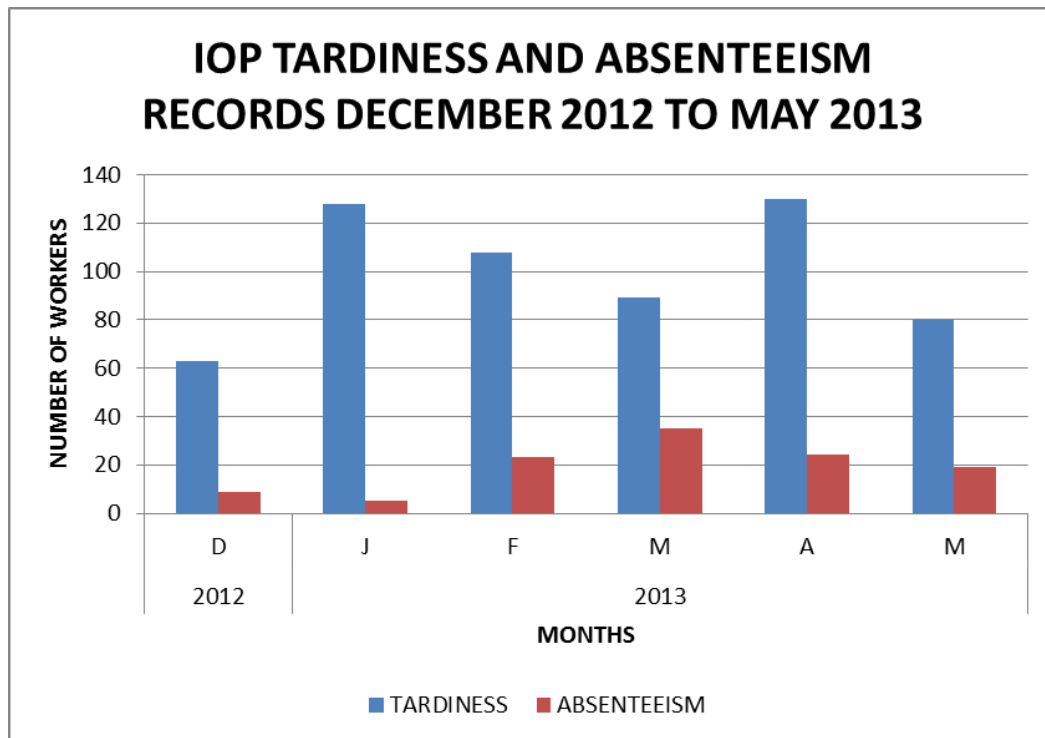
Date	2	3	6	7	8	9	10	13	14	15	16	17	20	21	22	23	24
Present on time	10	13	16	12	6	9	8	10	17	19	3	33	32	30	19	21	27
Late	30	27	24	28	34	31	32	30	23	21	37	7	8	10	21	19	13
Total	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40

Source: Research data 2013

**Table 4.4.3: IOP tardiness and absenteeism records December 2012 to May 2013**

MONTHS	D 2012	J 2013	F 2013	M 2013	A 2013	M 2013	TOTAL
TARDINESS	63	128	108	89	130	80	607
ABSENTEEISM	9	5	23	35	24	19	115

Source: Research data 2013



Source: Research data 2013

#### 4.4.1.1 Absenteeism through sick leaves

Illness as an effect PCV was found out through secondary data sources as well as interviews. IOP issues sick sheets to sick persons who want to access medical services in the nearby dispensaries and hospital. Ilula area has five dispensaries and one Hospital located within 2 to 5 kilometres from IOP. All dispensaries are private ones but the Hospital is Kilolo District Designated District Hospital (DDH). Between January 2012 to May 2013, 60 staff (45 Female) requested sick sheets to go for treatment in the nearby health facilities 11 of whom were treated but only 6 employees went back to work the same day. 5 employees came back to work next day though the sick sheets indicated they were treated before 10 AM (five hours before IOP end of working hours). 4 (2 Female) employees were treated and returned next day with a light duty prescription. 45 employees (36 Female) had an Excuse Duty (EDs) prescribed by authorised medical practitioners including Medical Officers, Assistant Medical officers (AMOs), and Clinical Officers.

This number of EDs is equal to 75% of all treatment cases! The number of sick permissions for that period of 17 months was equal to 83.33 % of all IOP workers. This high number could be related to stress related illnesses due to the tight schedule and prolonged working hours of IOP, as observed by the researcher, or some may be feigned illnesses among some employees. As one management stated during interview some employees ask permissions but when denied they resort to sick permissions where they get EDs. An interesting finding was that of all 60 people who went for treatment 45 were women.

**Table 4.4.1.1 Treatment permissions January 2012 – May 2013**

<b>NUMBER OF TREATMENT REQUESTS</b>	<b>STAFF TREATED</b>	<b>LIGHT DUTY</b>	<b>EXCUSED DUTY</b>	<b>NUMBER OF ED DAYS</b>	<b>PERCENTAGE OF SICK TO IOP FORCE</b>	<b>TREATED AND RETURNED TO WORK</b>
<b>60</b>	60	4	45	2 -7 Days	83.3	11

**Source: Research data 2013**

#### **4.4.2 Mistrust between employer and employee**

Employer and employees mistrusting each other is the second effect of PCV. The documentary records from employee's staff meetings minutes indicated that Workers had been requesting the management in vain to have a trade union branch and conduct trade union activities at work. The staff meetings minutes of October 26<sup>th</sup> 2009 shows workers asking the IOP management to allow Conservation, Hotels, Domestic and Allied Workers Union (CHODAWU) to open a branch at IOP main office. However, according to the IOP Staff meeting minutes of February 27<sup>th</sup>, 2012 the management has been using delaying tactics for some years up to 2012 when in response to staff requests to have Trade Union branch at work place, one senior management officer management explicitly stated disliking Trade unionism at work despite being stipulated in the Labour Institutions Act No.7 of 2004 and the Employment and Labour Relations Act No 6 of 2004.

Forbidding trade unionism at work place contravenes employees' rights to freedom of association as provided for in section 9(1) (a) - (b) ERLA No 6 of 2004 which confers employees' rights to form and join trade unions and to participate in lawful activities of the trade union. That way the employer treats workers not only offends employees but also commits an offence as stated in sub section 5 of the section. This unnecessarily created mistrust between employer and employees as employees think the employer dislikes trade Unions because the employer wants to take workers rights for granted. The feeling of mistrust of employees towards the employer lowers staff morale and with no organ to stand for workers rights employees PC is negatively affected as a result they may resort to negative behaviours such as revenge, strikes and sabotage.

As Frontera (2007) states building relationship based on trust and paying attention to the needs of individuals helps to boost staff morale. Also staff Psychometrics Canada (2010) reported that poor interpersonal relations between leaders and staff are factors affecting staff morale. IOP now has two schools one preschool and one secondary and the third one English medium primary school is in the making. Teachers who are a leading profession in terms of numbers have started underground movements to have their respective teacher's union branch.

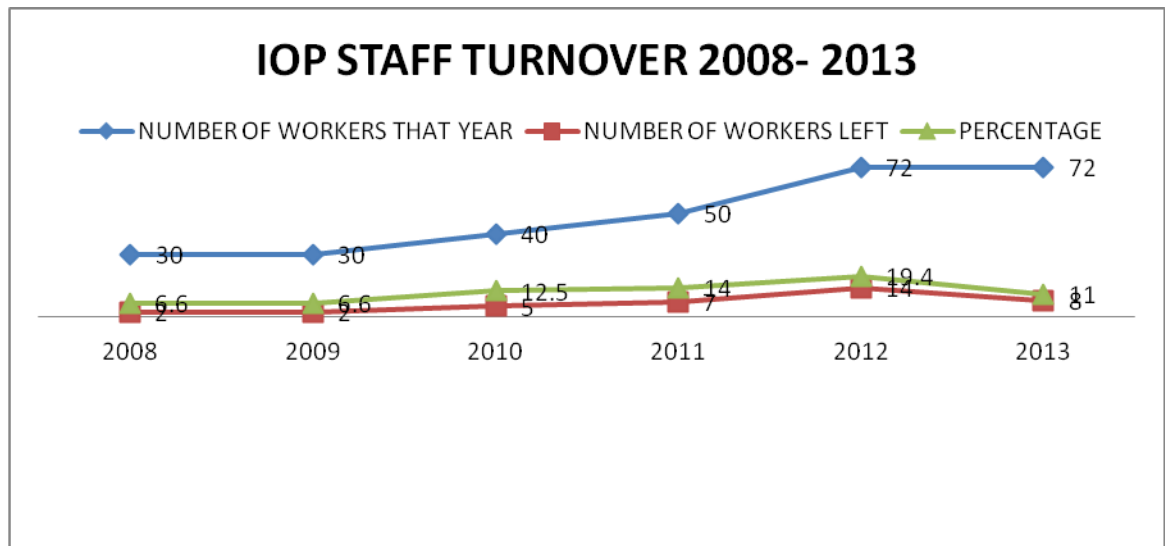
#### **4.4.3 Labour turnover**

The third effect of PCV at IOP was labour turnover. IOP was established in 1998 but it was not until 2003 when it was officially registered an NGO. From 1998 to 2001 IOP was run by volunteers per se. From 2002 IOP started employing some staff to work as teachers in the preschool. In 2003 through the support of CHAI, IOP was able to employ additional 12 employees making the total IOP workforce then to be 16. This number has been growing progressively over years to the current number of 72 full time and contracted employees and about 10 part time employees.

However, the increasing number of IOP employees has gone hand in hand with the increasing rate of employees quitting IOP services due to a number of reasons but mainly violation of psychological contract. The table below shows the trend of labour turnover from 2008 to 2013.

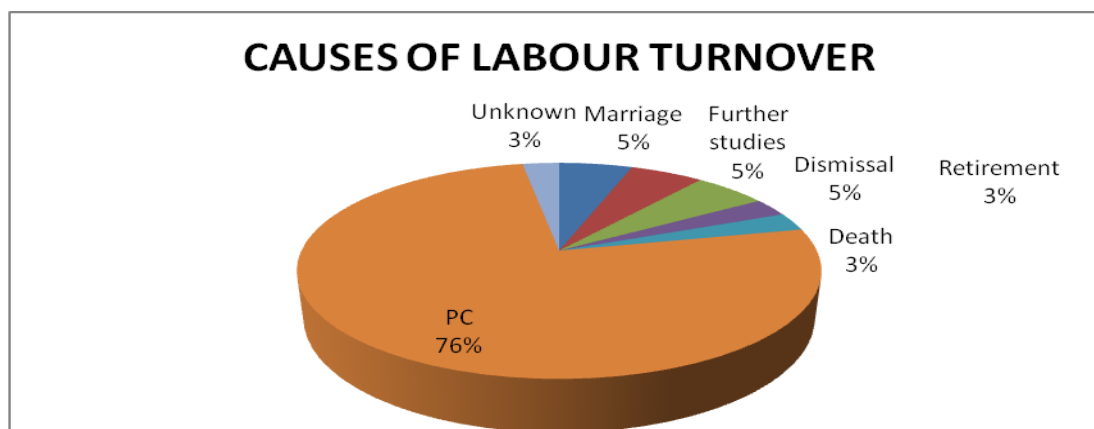
The figure indicates the severity of staff turnover effect at IOP in relation to the increasing number of employees. The figure indicates the severity of problem growing in recent years with this year recording 14% in five months! These findings coincide with Whitey and Cooper (1989) who suggested that employees will respond to breaches of psychological contracts with increased exit (leaving the organization altogether)

**Figure 4.4.3 Labour turnover**



**Source: Research data 2013**

**Figure 4.4.4 Causes of labour turnover**



**Source: Research data 2013**

**Table 4.3. Causes of labour turnover**

Cause	Male	Female	Total
Marriage	0	2	2
Further studies	2	0	2
Dismissal	1	1	2
Retirement	1	0	1
Death	1	0	1
PC	14	15	28
Unknown	1	0	1

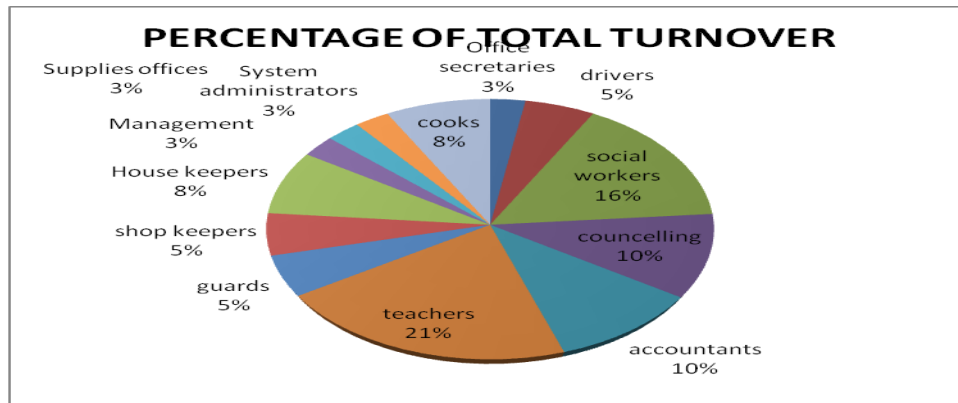
**Source: Research data 2013.**

**Table 4.4 IOP Labour turnover by profession and percentage**

Profession	Number of workers	Percentage of total turnover
Office secretaries	1	2.6
Drivers	2	5.2
Social workers	6	15.7
Counsellors	4	10.5
Accountants	4	10.5
Teachers	8	21
Guards	2	5.2
Shop keepers	2	5.2
House keepers	3	7.8
Management	1	2.6
Supplies officers	1	2.6
System administrators	1	2.6
Cooks	3	7.8
<b>TOTAL</b>	<b>38</b>	<b>100</b>

**Source: Research data 2013**

**Figure 4.4.5 Labour turnover by professions at IOP**



**Source: Researcher 2013**

#### **4.4.4 Late submission of reports**

Late submission of reports to management donors and other stakeholders was the fourth effect of PCV at IOP. Heads of departments have a duty to ensure that narrative and financial reports from their respective projects and programs are submitted to them before the seventh day of every month for compilation and submission to IOP MD, donors and other stake holders. According to the available records all reports were received after deadline. Notice to the heads of department April 10<sup>th</sup> stated that no financial or narrative reports for the first quarter of January to march 2013 due April seventh were received. When interviewed one top management staff had this to say:

*“Those responsible for writing reports are full of excuses; the responsiveness towards respecting deadlines is declining to some higher staff. The deadlines for internal donors are somehow respected because they have immediate consequences than those of support committees. The internal donors do not transfer funds if accountability reports are not submitted”.*

During interviews 60% of interviewed staff said most reports are submitted after the deadlines. The respondent attributed late submission of reports to slow internet, lack of commitment from staff, lack of working tools, and putting too many responsibilities in the hands of few people. Late delivery of reports is an indication of

lack of commitment as employees do only what is necessary to make them get their salaries. According to the norm of reciprocity (Gouldner, 1960), when employers do not fulfill their promises and obligations, the employee reciprocates by altering his or her contributions to the organization (e.g. by reducing their efforts and performance).

#### **4.4.5 Abuse of confidentiality**

The fifth effect of PCV at IOP was abuse of confidentiality among IOP staffs. The researcher was able to access the IOP confidentiality code of 2012 which has been made as an integral part of all staff contracts. Every IOP staff signs this confidentiality code as a proof that he will internalise confidentiality during and after ending relationship with the employer. The confidentiality code was made in response to leakage of IOP confidential information by members of staff. 70% of management staff interviewed revealed that there is a problem in protecting confidential information in IOP. In the interview with one middle management staff one said that in spite of having confidentiality code still there is leakage of confidential information from trusted employees.

*“It is not uncommon to hear confidential information leakage from the meeting half an hour after the meeting or some officials leaving open confidential documents in shared offices, so there are still many leaks to plug before we can proudly claim that we are secure from confidential information abuse”.*

The researcher also had access to IOP records management policy of July 2012 which clearly states, inter alia, custodians of different confidential records but despite being approved by the board of trustees of IOP it is still kept in the shelves waiting to be published some day.

#### **4.4.6 Declining productivity**

The sixth effect of PCV at IOP is declining productivity. The researcher had access to IOP three months report on IOP projects of January to March 2013 which showed declining efficiency and production in IOP projects for that particular reporting

period. The report showing declining productivity in all areas of income generating activities such as farming which was reported as “a complete disaster”, shops, tractors and bite café, not making profits, Sewing and Knitting behind schedule, fundraising, not functioning to mention but a few.

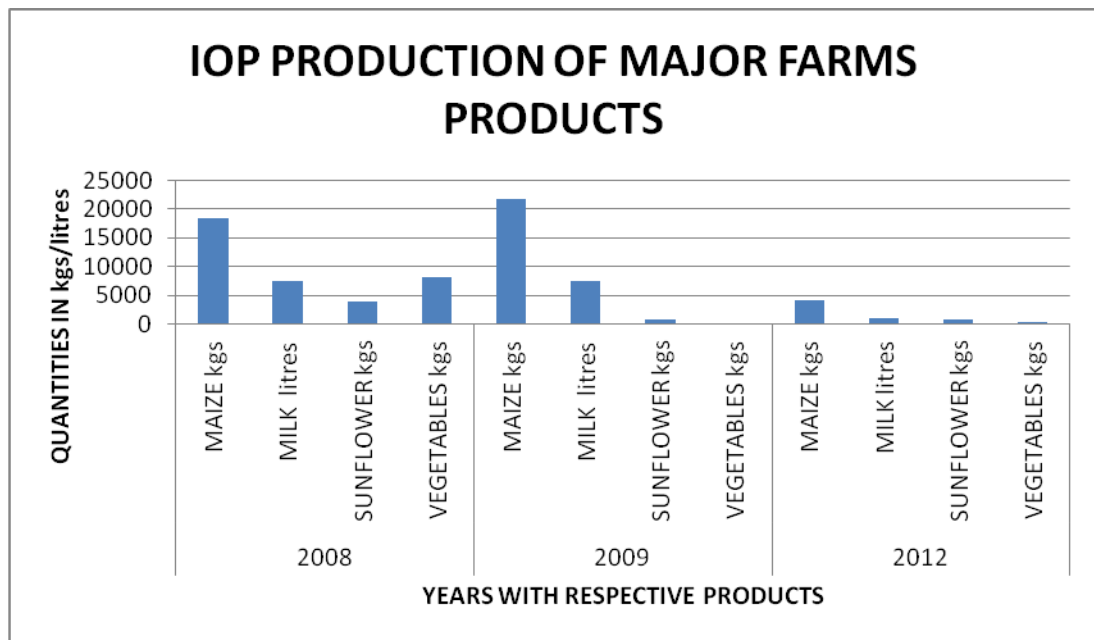
Also the researcher had access to IOP audited report 2012 and 2011. The 2011 report showed profit of Tanzania shillings twenty million while the 2012 report showed a loss of Tanzania shillings twenty million in the IOP shops. The table below indicates declining production in major IOP crops and animal products in 2012 in relation to the previous years of 2008 and 2009. This decline may be related to the negative PCV IOP employees have towards the management. The .majority of workers in crops and animal husbandry projects are unskilled and semis skilled who are among workers given intention to termination letters in 2012 as previously explained. These workers perceived the employer as having failed to protect their employments during economic down turn but also there was no criteria used to select them thus the morale of those employees was comparatively low leading to low commitment which is reflected in low productivity. Worse still due to the level of education the employability possibility of these employees is low.

This finding coincide with Turnley and Feldman (1998) who found in their survey of employees in organizations undergoing restructuring or reorganizations thus downsizing workforce as having the feeling of betrayal from the employer questioning the procedural fairness and criteria used to select workers for redundancy. In turn, these employees are likely to become poorer organizational citizens (Brockner, et al, 1994)

**Table 4:4.6 IOP productions of major farm products 2008- 2012**

Year	Type of Crop	Unit
2008	Maize	18.3 tonnes
	Milk	7500 litres
	Sunflower	3.9 tonnes
	Vegetables	820kgs
2009	Maize	21.84 tonnes
	Milk	7500 litres
	Sunflower	0.83 tonnes
	Vegetables	186 kgs
2012	Maize	4.17 Tonnes
	Sunflower	0.7 tonnes
	Vegetables	380 kgs
	Milk	937 litres

**Source: Research data 2013**



## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS, AND POLICY IMPLICATIONS**

#### **5.1 Introduction**

This chapter presents the summary of findings, some conclusions, recommendations and policy implications.

#### **5.2 Summary**

This study sought to explore effects of psychological contract violation in Tanzania NGOs IOP being a case study. The dissertation is divided in five chapters. Chapter one presents the background to the study in which the evolution and development of the subject matter of PC is chronologically and steply explained. The chapter also points out the objective of this study as to find out effects of PCV in Tanzanian NGOs. The chapter goes on to show how the research objectives, variables indicators, data sources and target population will be operationalised in this study followed by showing the significance of this study, definition of the key terms used in this study limitation and delimitation of the study.

Chapter two presents a review of different literatures related to psychological contract from different authors .It includes theoretical literature review in which different concepts related to PC from different authors have been presented and empirical literature review in which previous studies related to the current study have been reviewed followed by a synthesis where by the gap between the previous and current research have been drawn for the current study to fill.

Chapter three presents the research methodology in which the procedures and methods of conducting this research have been discussed. The case study design was used to conducting this study whereas IOP was the case.

The research was conducted at Ilula area, Kilolo District in Iringa region whereby the study population consisted of 72 people from staff and management of IOP. Sampling method used was stratified sampling whereby 50% of the entire population was the sample size of this study representing all strata of the population thus comprising 36 workers including 26 ordinary staffs and 10 management staff from top, middle and lower management.

Various data collection tools were applied in the course of collecting data from the population these included questionnaires supplied to 26 staffs, interviews administered to management, documentary sources whereby documents such as attendance registers, periodic narrative and financial reports, staff meeting minutes, staff policies, sample contracts of employment were reviewed. Another tool applied was observation whereby the researcher saw employees moving slowly, gossiping, basking, going late to meetings, unhappy and complaining in morning devotion and report meetings.

Chapter four presents and discusses the research findings. The findings revealed that the IOP management is biased in the manner it provides PC to employees whereby there is no policy or criteria to guide the management in provision of remuneration, training and development, overtime, promotions and recognition. These aspects were given in a biased way whereas employees in DFPs enjoyed better terms compared to those in other projects. Also the findings revealed lack of work life balance in IOP, stressful working environment, lack of support for workers with personal problems and lack of job security exhibited by lack of training and development and threats of redundancy done by the IOP Management.

The findings further reveal that the inequality in provision of PC leads to dissatisfaction to the majority of employees who get worse treatment while a handful of employees who enjoy better terms were satisfied leading to a number of PCV effects including tardiness and absenteeism, low productivity, mistrust between staff

and management, late submission of reports, abuse of confidentiality and labour turnover.

Chapter five presents summary, which gives a synopsis of the entire work, conclusion which highlights and summarises major findings, recommendations which gives advice to the management and staff of IOP in order to mitigate the existing effects of PC and policy implications.

### **5.3 Conclusion**

Psychological contract violation occurs when one party to employment contract does not fulfill its obligations. The psychological contract violation at IOP happened when the IOP management failed to meet employees' expectations in different PC aspects. These aspects are firstly and foremost, unfairness in administration of remuneration whereby the IOP management did not have a uniform policy or criteria in its decisions concerning wages and salaries administration, benefits and various allowances thus creating classes among employees; those enjoying better terms and those who do not. Secondly, IOP violated PC by not providing to staffs different human resources practices such as training and development, recognition and appreciation for well done jobs, lack of performance feedback and promotions. The organisation was also lacking policies in important human resource management aspects including those above. Other areas in which PC at IOP was violated included unfriendly working environment which disregarded standard working hours and lack of support to the majority of workers in dire need of help when faced with tragedies such as long illnesses, household inferno accidents and when they lose properties as a result of burglary. Lastly but not least the IOP management failed to respond timely to staff complaints and grievances and took workers rights for granted turning important rights like right to join and conduct trade union activities at work into privilege.

PCV has extended effects to the parties to the employment contract with detrimental effects to the parties. For the case of IOP effects of PCV include but not limited to tardiness and absenteeism whereby most workers come late to work and at meetings at the same time working slowly and sluggishly leading to other effects such as late completion of programs, late submission of reports and declining productivity.

At the worst effects of PCV have culminated into employees terminating relationship with IOP and abusing confidentiality by revealing secret issues of IOP to unauthorized persons. These effects negatively affect the well being and reputation of IOP before the eyes of its stakeholders. IOP should therefore address the above mentioned PCV issues so as to mitigate the impacts of PCV and remove the unfavorable practices thus fulfilling its PC obligation that way employees will reciprocate by working an extra mile for the mutual benefits of the parties.

#### **5.4 Recommendations**

Based on the findings of this dissertation the researcher developed the following recommendations to the management of IOP.

##### **5.4.1 Enacting policies procedures and guidelines**

A policy is a principle or rule to guide decisions. Policies and procedures allow employees to understand their roles and responsibilities within predefined limits at the same time enable the management to guide operations without constant management involvement. Policies avoid bias as every time a decision is to be made there is a policy to refer to and thus enable the management to be consistent in its decisions thus avoiding deciding each related case on individual basis. Consistency brings a feeling of fair play by the management towards its employees thus reducing the possibility of PCV caused by feelings of favouritism where there is no policy. According to Armstrong (2006) no formal organisation can exist and function well without policies to manage employees. Policies express the intention of management towards its employees and what the management expects of its employees and avoid arbitrary

decisions by the management. Therefore IOP should have policies, human resource strategies, and procedures that focus on aligning employee objectives and organisational goals. Such policies, regulations, rules and procedure should be based on the foundations of distributive, interactional and procedural justice while at the same time internalising provisions of national legislations.

#### **5.4.2 Secure income to meet staff expectations**

IOP needs to boost its internal revenue base so as to be able to take on board its staff expectations. These expectations include but not limited to staff training and development, wages and salaries administration, promotions, various staff benefits, awards to employees, to mention but a few. When the organisation has requisite resources it is easy to meet the emerging staff expectations and fulfilling organisations commitments and obligations at the same time being self reliant and free to decide its own course and not implementing donors priorities per se. IOP should therefore establish sustainable sources of income so as to reduce dependence from donors so as to be able to identify its own priorities.

#### **5.4.3 Staff training and development**

Training and development was cited as a way of minimising PCV by 10% of the respondents. Training and development avoids skills obsolescence in the organisation, expands human intellect and overall personality of the employee. It further helps in creating the learning culture within the employees thus increasing productivity of the employee which further helps the organization to achieve its long-term goals Employees join the organisation with expectation to be developed career wise by the employer. When their expectations are fulfilled there is PCF but when not fulfilled it leads to PCV as they may feel their employer has betrayed them. Training and development will enable IOP to get a motivated staff with commitment towards work.

#### **5.4.4 Promotion**

This study recommends that promotion should not only be done but promotion policy, criteria, guidelines and procedures be clearly known to IOP employees. Also the IOP management should ensure that employees have easy access to such rules, policies and procedures when they are in need of it so employees can understand the needed requirements for promotion. Promote, recognize and appreciate best workers. Employees must be cared for and paid attention to. There must be incentives and bonuses and learning opportunities for employees to keep them motivated.

#### **5.4.5 Establish workers councils at work**

IOP should establish grievance settlement mechanism and respond timely to staff complaints and concerns. There should be permanent workers councils where representatives of employees and employer meet to discuss the views of workers and take them into consideration when making decisions. Workers councils may also satisfy any legal requirement for consulting with and also for providing information to the workers' representatives. IOP should facilitate an organisational environment where employees feel valued and receive necessary support to realise their potential by contributing to the development of organisation structure and processes for improving organisational effectiveness.

#### **5.4.6 Establish total reward system**

IOP should establish a total reward system which combines monetary and non-monetary rewards such as job security, career prospects, improved management, meaningful job content, appreciation of work done and improved working conditions. IOP should observe fairness in wages and salaries administration if it should avoid dividing its workforce. Staffs need to feel that they are being fairly and equitably rewarded appropriately based on knowledge, skills, abilities qualifications and experience, that is, employees with same qualities should be treated equally.

#### **4.5.7 Improved communication and involvement**

Communication is a means through which PC is communicated and negotiations are done in the organisation. Involvement helps to get employees support in carrying out the organisation mission, vision, objectives and strategies. When employees are involved through communication they feel ownership of the organisation plans, will share their concerns, and advises and suggestions to the employer and ultimately narrow down possibilities of PCV.

#### **5.4.8 Fulfilling terms of contract**

IOP should fulfil the terms of employment contract and abide to provisions of labour laws so as to avoid potential conflicts with and legal action by employees

#### **5.5 Policy implications**

This study provides findings about effects of psychological contract violation in NGOs. Violations of relational aspects of psychological contract have no legal implication but on the contrary violation of transactional aspects of psychological contact may be redressed through legal mechanisms. It is imperative therefore that the government enacts NGOs standing orders so as to harmonise the human resources practices in Tanzania also NGOs should operate and formulates its policies and regulations, rules and procedure within the legal framework based on the foundations of distributive, interactional and procedural justice while at the same time internalising provisions of national legislations, policies, guidelines and codes of conduct.

#### **5.6 Contribution of the study**

The contribution of this study to literature and knowledge is as follows: first, the study findings have revealed that there is arbitrary provision of psychological contract in NGOs in a way that a number of human resource practices go unregulated by any policies, regulations and guidelines. This study has filled that knowledge gap.

Second, the study has shown that there is significant breach of workers rights in NGOs contrary to the perception that NGOs are democratic institutions and champions of advocating rights. This study therefore fills this knowledge gap.

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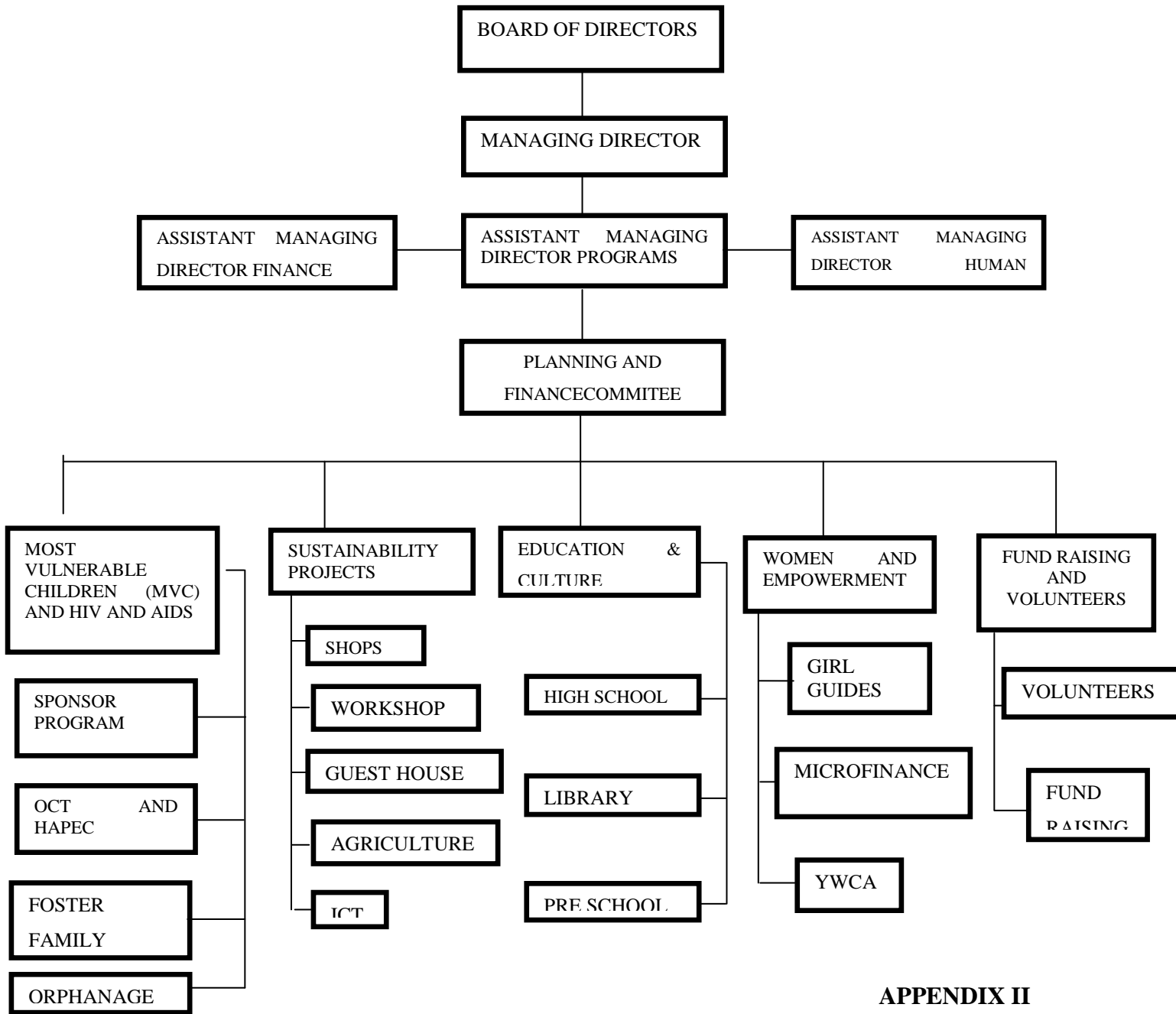
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**APPENDIX I**

**IOP ORGANIZATION STRUCTURE**



**APPENDIX II**

**SAMPLE QUESTIONNAIRE FOR EMPLOYEES**

**QUESTIONNAIRE FOR EMPLOYEES**

**1. Demographic characteristics of respondents**

<b>1.1 Age</b>	<b>1.2 Education Level</b>	<b>1.3 Gender</b>	<b>1.3 Marital status</b>	<b>1: 4 Years of service in IOP</b>
<input type="checkbox"/> Under 20 <input type="checkbox"/> 21- 30 <input type="checkbox"/> 31- 40 <input type="checkbox"/> 41- 50 <input type="checkbox"/> Above 50	<input type="checkbox"/> Primary <input type="checkbox"/> “O” level <input type="checkbox"/> “A” level <input type="checkbox"/> Diploma <input type="checkbox"/> Bachelors Degree <input type="checkbox"/> Masters degree	<input type="checkbox"/> Male <input type="checkbox"/> Female	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Separated <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed	<input type="checkbox"/> 1- 2 years <input type="checkbox"/> 3-5 years <input type="checkbox"/> Above 5 years

1.5 Please write down your profession

Profession.....

**2. Research question 1: How is psychological contract provided in Tanzania**

**NGOs?** This questionnaire aims at Exploring information concerning how psychological contract is offered. Please fill in all questions either by putting (v) in the provided box or by filling the spaces provided. Information obtained will be treated with confidentiality and used for the purpose of study only. Thank you for your cooperation.

The following statements refer to psychological contract items as provided by employer at your work. Please rate there statements by choosing the most correct statement among the five choices. 1= “Strongly agree”, 2= “Agree”, 3= “Not sure”, 4= “Disagree”, and 5= “Strongly disagree”

<b>QN</b>	<b>Statement</b>	<b>Strongly agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
1	In this organization salaries and allowances are fair and equitable					
2	There are training and development opportunities in this organisation					
3	In this organisation overtime payment is paid without any problem					
4	In this organisation there are presence of staff promotions					
5	In this organisation there is recognition for job well done					
6	In this organisation there is provision for work life balance					
7	In this organization there are fringe and other benefits					
8	In this organisation there is performance feedback					
9	In this organisation there is good relation with co employees					
10	In this organisation there is good working conditions					
11	In this organisation there is effective communication					
12	This organisation supports workers with personal problems					
13	In this organisation there is security of employment					

**3. Research question 2: How do you feel when Psychological contract is offered and when not offered by your employer?**

1. How do you feel when your employer provides psychological contract?

a) Satisfied [ ]

b) Not satisfied [ ]

2. How do you feel when your employer does not provide psychological contract?

a) Satisfied [ ]

b) Not satisfied [ ]

3. Does the employer fulfill your expectations after being employed?

a. Yes [ ] b) No [ ]

4. Regarding the answer of question 3 above; if your answer is YES what are the expectations your employer has met and if NO what are the expectations your employer has failed to meet?

i) .....

ii) .....

iii) .....

iv) .....

5. How satisfied are you with your current job?

(a) Very satisfied

(b) Satisfied

(c) Slightly satisfied

(d) Not satisfied

**Research question three 3: What are effects of psychological contact violation at IOP?**

1. What are effects of psychological contract violation between employees and employer in IOP?
  - i. ....
  - ii. ....
  - iii. ....

**THANK YOU FOR YOUR COOPERATION**

### APPENDIX III

#### DODOSO KWA WAFANYAKAZI.

##### Taarifa binafsi za mjibu dodoso.

Andikajibu sahihi kwa kuweka alama ya vema [√] katika mabano kwenye jedwali ulilopewa.

1.1 Umri	1.2 Kiwango cha elimu	1.3 Jinsi	1.3 Haliyandoa	1: 4 Miakayakazi IOP
<input type="checkbox"/> Chiniya miaka20	<input type="checkbox"/> Elimuyamsingi	<input type="checkbox"/> Mwanaume	<input type="checkbox"/> Sijaoa/olewa	<input type="checkbox"/> Miaka 1-2
<input type="checkbox"/> Miaka 21-30	<input type="checkbox"/> Sekondari “O” level	<input type="checkbox"/> Mwanamke	<input type="checkbox"/> Nimeoa/olewa	<input type="checkbox"/> Miaka 3-5
<input type="checkbox"/> Miaka 31-40	<input type="checkbox"/> Sekondari “A” level		<input type="checkbox"/> Tumetengana	<input type="checkbox"/> Zaidiyamiaka
<input type="checkbox"/> Miaka 41-50	<input type="checkbox"/> Diploma		<input type="checkbox"/> Mtalaka	5
<input type="checkbox"/> Zaidiyamiaka 50	<input type="checkbox"/> Shahadaya kwanza		<input type="checkbox"/> Mjane/mgane	
	<input type="checkbox"/> Shahadayauzamili			

1.5 Tafahali andika taaluma yako.

.....

2.Dodoso hili linalenga kupata taarifa zako kuhusu namna ambavyo mikataba

yakisaikolojia inavyotolewa na kutekelezwa na mwajiri.Tafadhali chagua

Senteso zifuatazo kwa kuweka alama ya vema[√]kwenye namba ya jibu linaloelezea hali halisi ya mtazamo wako kuhusu sentesi hiyo hapo IOP.

1= “Nakubaliana kabisa” 2= “ Nakubaliana” 3= “Sinajibu” = “Sikubali” 5=

“Sikubaliani kabisa”

QN	Statement	Nakubaliana kabisa	Nakubaliana	Sinajibu	Sikubaliani	Sikubaliani kabisa
1	Katikaasasihiimishaharanaposhoinakidinainatol ewakwahaki	1	2	3	4	5
2	Kuna fursazamafunzonakuendelezwakitaaluma	1	2	3	4	5
3	Malipoyamudawaziadayanatolewabilatabunakw awakati	1	2	3	4	5
4	Kuna upandishwajivyeokatikashirikahili	1	2	3	4	5
5	Mfanyakazianatunukiwa pale anapofanyakazi bora	1	2	3	4	5
6	Uwianokatiyakazizamwajirinamaishabinafsiuna zingatiwa	1	3	3	4	5
7	Kuna marupurupunamasilahimengineyo	1	2	3	4	5
8	Kuna mrejeshowautendajiwamfanyakazi	1	2	3	4	5
9	Kuna uhusianaomzurinawafanyakaziwenzangu	1	2	3	4	5
10	Kuna mawasilianomazuri	1	2	3	4	5
11	Mwajirianasaidiawafanyakaziwenyematatizobin afsi	1	2	3	4	5
12	Kuna mazingiramazuriyakufanyakazi	1	2	3	4	5
13	Kuna usalamawaajirakatikaasasihi	1	2	3	4	5

3. Je unajisikiaje pale ambapo mwajiri anatoa mkataba wa kisaikolojia?

(a) Naridhika [ ]

(b) Siridhiki [ ]

4. Je unajisikiaje pale ambapo mwajiri wako hatoi mkataba wa kisaikolojia?

(a) Naridhika [ ] (b) Siridhiki [ ]

5. Je ni kwa kiasi gani unafurahia kufanya kazi yako yasasa hapa IOP?

(a) Nafurahasana

(b) Nafurahia

(c) Nafurahiakiasi

(d) Sifurahii

6. Je unadhani mwajiri wako anatimiza matarajio yako tangu ulipoajiriwa?

a) Ndiyo [ ] b) Hapana [ ]

7. Kuhusu jibu la swali namba 5 hapo juu kama jibu lako ni NDIYO ni yapi matarajio ambayo mwajiri amekutimizia na kama jibu ni HAPANA ni yapi matarajio ambayo mwajiri hajakutimizia?

- i) .....
- ii) .....
- iii) .....
- iv) .....

8. Je ni madhara gani yanatokea hapa IOP kutokana na uvunjifu wa mikataba ya kisaikolojia?

- i. ....
- ii. ....
- iii. ....
- iv. ....
- v. ....

9. Je ni nini kifanyike ili kupunguza madhara ya uvunjifu wa mikataba ya kisaikolojia hapa IOP?

- i) .....
- ii) .....
- iii) .....

**ASANTE KWA USHIRIKIANO**

## APPENDIX IV

### SAMPLE INTERVIEW GUIDE FOR EMPLOYER INTERVIEW GUIDE FOR EMPLOYER

Demographic information of respondents

1. How does the IOP management administer the following human resource aspects?
  - Staff promotions
  - Salaries allowances and benefits
  - Training and development
  - Work life balance
  - Communication
  - Performance feedback
  - Employees' security of employment
2. How would you describe staff performance at IOP?
3. How far do IOP staff meet or do not meet donors' requirements?
4. When you compare the current and the past 4 years staff performance staff productivity what do you see as the trend?
5. How do IOP staffs observe punctuality and attendance? Do you see those aspects as a challenge or success?
6. To what extent do IOP staffs observe confidentiality code?
7. How would you describe health status of your employees in relation to the number of sick leaves? Do you see any relationship with work environment?
8. What do you see as effects of psychological contract violation between employee and employer at IOP?
9. In your opinion what should be done so as to minimise effects of PCV between employer and employees of IOP

**SAMPLE OBSERVATION KIT**

The observation kit focuses on identifying individuals' physical actions and behaviors to be observed in the field. General behavior relating to psychological contracts violation will be observed including the following:

1. Employees' punctuality, attendance, meeting deadlines etc.
2. Working conditions/environments
3. Employees' participation or involvement in different activities.
4. Strength of the relationship between individual workers and management.
5. The researcher also observed employee attitude towards employer, gossips and rumors
6. Staff morale, enthusiasm happiness and sadness at work.
7. Verbal staff complaints.
8. Team work among employees.

**APPENDIX VI****RESEARCH BUDGET**

<b>S/n</b>	<b>Line item</b>	<b>Tshs</b>
1	Transport for seven months from Iringa to Morogoro once per month go and return Tshs 20,000 @trip x 2 x 7 months	280,000
2	Subsistence allowance on transit 65,000 x 2 x7months	910,000
3	Stationeries (ream papers, pens, secretarial, printing, etc)	200,000
4	Binding 6 copies of dissertation Tshs 30,000 per copy x 6 copies	180,000
5	Data entry, keyboarding and interpretation	210,000
6	Internet services Tshs 20,000 per month x 7 months	140,000
7	Telephone calls Tshs 10,000 per month x7 months	70,000
8	Contingences	200,000
	Total	2,190,000

**APPENDIX VII**

**ACTIVITY SCHEDULE**

<b>Activities Time</b>	<b>Proposal preparation</b>	<b>Submission of 1<sup>st</sup> draft of proposal</b>	<b>Data collection</b>	<b>Data analysis and interpretation</b>	<b>Report writing</b>	<b>Finalizing report writing</b>	<b>Submission of final research report</b>	<b>Thesis defense</b>
1 <sup>st</sup> Aug. to . 2012								
30 <sup>th</sup> August 2012								
September 2012- Nov. 2012								
Dec.2012 - Jan.2013								
Feb.2013								
Feb 2013								
Feb. 2013								
30 <sup>th</sup> march, 2013								