

**ORGANISATIONAL CLIMATE, PSYCHOLOGICAL CONTRACT BREACH AND  
EMPLOYEE OUTCOMES AMONG UNIVERSITY EMPLOYEES IN LIMPOPO PROVINCE:  
MODERATING EFFECTS OF ETHICAL LEADERSHIP AND TRUST**

**By**

**SHARON RUVIMBO TERERA**

BAdmin (HRM), University of Fort Hare, South Africa

BAdmin Honours; MCom (Industrial Psychology), University of Fort Hare, South Africa

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## CERTIFICATION

I certify that this work was carried out by Terera, Sharon Ruvimbo (Student no. 15018542) in the department of Human Resources and Labour Relations, University of Venda.

Prof Sunday Samson Babalola  
Promoter  
PhD; MSc (Industrial  
Psychology) Ibadan, Nigeria  
BSc Honours (Psychology)  
UNN, Nigeria

Prof Nixon Muganda Ochara  
Co-Promoter  
PhD (Information Systems)  
UCT, South Africa  
MBA; BCom (Management  
Science) UON, Kenya

## DECLARATION

I, Sharon Ruvimbo Terera (Student no: 15018542 ), the undersigned candidate, hereby declare that the content of this dissertation titled: “Organisational climate, psychological contract breach and employee outcomes among university employees in Limpopo Province: Moderator effects of ethical leadership and trust” is my original work and it has not been previously submitted to any other university for an award of a degree either in part or in its entirety. I also declare that this work complies fully with the University of Venda Policy on plagiarism and that, as advised by my promoters, the responsibility for adhering with the ethics of originality and proper referencing is mine, and mine alone.

.....

Sharon Ruvimbo Terera.

Student no: 15018542

Date:.....

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## LIST OF ACRONYMS

AET: Affective events theory

EFA : Exploratory factor analysis

CFA: Confirmatory factor analysis

RMSEA : Root mean square error of approximation

RMR: Root mean square residual

SRMR: Standardised root mean square residual

GFI: Goodness of fit index

AGFI: Adjusted goodness of fit index

PGFI: Parsimony goodness of fit index

NFI: Normed fit index

NNFI: Non-normed fit index

CFI: Comparative fit index

AVE: Average variance extracted

CR: Composite reliability

## ABSTRACT

Globally, the economic, political and social environment is constantly changing, and this has posed various challenges for organisations in the world of work. South African universities have also not been spared from these changes as they are expected to meet international standards whilst operating in an environment where there are many changes in their work environment with regard to technology, language policy, decolonisation of the curriculum and globalisation. The dynamics in these aspects shape the organisational climate and psychological contracts of all institutions. Any changes in the organisational climate and psychological contracts may influence employee outcomes of organisational citizenship behaviour and intention to leave among employees. Therefore, this study responds to calls from previous studies on organisational climate and psychological contract research to investigate the role of moderators in their association with employee outcomes. There is an urgent demand for organisational leaders to practice ethical leadership and become trustworthy in order to inspire employees to exhibit organisational citizenship behaviour and reduce any intentions of leaving the organisation.

The aim of this study was to examine the relationships between organisational climate, psychological contract breach and employee outcomes among university employees. It also further investigated the moderating roles of ethical leadership and trust on those relationships. Six objectives were developed based on the aims of the study. To answer the objectives of this study, the research followed cross-sectional design and a quantitative approach was adopted. A total of 202 employees were selected through stratified random sampling to participate in the study and a self-administered questionnaire was used to collect the data. The sample was made up of both academic and administration staff working in the universities. Item analysis was conducted to check the reliability of the scales and all the scales obtained acceptable Cronbach alphas. To explore the factor structure of the scales, exploratory factor analysis was conducted, and poor items were removed until a

clear and desirable factor solution was obtained. Confirmatory factor analysis was conducted to validate the data and all the goodness of fit indexes achieved the required level. In addition, the composite reliability and average variance extracted for all scales met the required level.

Moderated multiple regression analysis was conducted to measure the moderator roles of ethical leadership and trust in the organisational climate, psychological contract breach and employee outcomes relationships. The results showed that ethical leadership moderated the relationship between organisational climate and organisational citizenship behaviour ( $\Delta R^2 = .078$ ,  $F(3,148) = 8.994$ ,  $p < .001$ ,  $\beta = .285$ ,  $p < .001$ ); and also the relationship between psychological contract breach and organisational citizenship behaviour ( $\Delta R^2 = .056$ ,  $F(3,148) = 7.373$ ,  $\beta = -.247$ ,  $p < .005$ ). However, non-significant results were found when testing the moderating role of ethical leadership in the relationship between organisational climate and intention to leave ( $\Delta R^2 = .000$ ,  $F(3,148) = 6.275$ ,  $\beta = .000$ ,  $p > .005$ ); and also in the relationship between psychological contract breach and intention to leave ( $\Delta R^2 = 0.03$ ,  $F(3,148) = 12.878$ ,  $\beta = .055$ ,  $p > .05$ ). In addition, the results also revealed that trust moderated the relationship between organisational climate and organisational citizenship behaviour ( $\Delta R^2 = .030$ ,  $F(3, 148) = 6.521$ ,  $\beta = .175$ ,  $p < .01$ ); and also the relationship between psychological contract breach and organisational citizenship behaviour ( $\Delta R^2 = .049$ ,  $F(3,148) = 7.719$ ,  $\beta = -.222$ ,  $p < .001$ ). However, non-significant results were also found in testing trust as moderator in the relationship between organisational climate and intention to leave ( $\Delta R^2 = .001$ ,  $F(3,148) = 10.373$ ,  $\beta = -.022$ ,  $p > .01$ ); and also in the relationship between psychological contract breach and intention to leave ( $\Delta R^2 = 0.14$ ,  $F(3, 148) = 17.207$ ,  $\beta = .120$ ,  $p > .05$ ).

The results provides sufficient evidence that organisational climate, psychological contract breach, ethical leadership, and trust can shape employee behavioural outcomes either positively or negatively. This study, therefore recommends that organisations should develop a strong and positive organisational climate in order to improve organisational citizenship

behaviour and reduce employees` intentions to leave the organisation. This is achievable with policies that speak to effective communication structure, job recognition, and career development paths. In addition, human resources managers are urged to prevent cases of psychological contract breach through providing employees with realistic overviews of the task to be performed and policy that can aid employees to air their grievances. The study further recommends the establishment of ethical corporate culture within the organisations through which only employees who meet the ethical standards of the organisation are promoted into leadership positions in order to improve the practice of organisational citizenship behaviour and in turn reduce employees` intention to leave the organisation.

*Key Words: organisational climate; psychological contract breach; ethical leadership; trust; employee outcomes*

## CHAPTER 1

### INTRODUCTION

This chapter starts with a presentation on the background of study, followed by the problem statement. The aim of the study and the research objectives are stated. The research hypotheses are also listed and the significance of conducting this study is also outlined in this chapter. The key terms that were used in the current study are defined. The chapter closes with an outline of the study.

#### 1.1 Background of the study

In this 21<sup>st</sup> century, there are several changes that are happening in the world of work and many organisations are facing more challenges than before. Technology is changing every day and so are international standards. The issue of globalisation is forcing organisations to function at an international level in order to meet international standards (Leonard & Cairnes, 2019). The changes in the political and socio-economic environment have also brought new policies for the workplace, especially in South Africa. No organisation is immune to any of these changes, regardless of the type, size and structure. Although new opportunities are created due to these changes, one cannot ignore the challenges they come with. In trying to manage all these changes, the maintenance of the organisational climate, in particular, is often challenged. If mismanaged, the organisational climate can have detrimental effects on employee outcomes.

Organisational climate denotes employees' shared perceptions with regard to their work environment (Grobler & Rensburg, 2018). Organizational climate is defined as the set of characteristics that describe an organisation and that distinguish the organisation from other organisations and influence the behaviour of people in the organisation (Farooqui, 2012). Barberoglu (2018) suggests that attitudes, activities, values, beliefs, feelings, and

management and technological processes used in the organisation shape the organisational climate. According to Bush (2018), all employers strive to have a conducive workplace in which employees can thrive, hence, the concept of organisational climate is being focused upon in the field of human resources management. A key aspect of university work is its reliance on people to perform the basic functions in the organisation. The main work conducted by academic employees universities include teaching and learning, research and community engagement whilst the support staff facilitates these activities. The service interaction between university employees and students form the essence of what is offered by universities. Therefore, maintaining the quality of interaction amongst all stakeholders through the creation and maintenance of a positive organisational climate is what will give universities the competitive edge.

Universities are also constantly seeking to establish healthy organisational climates that are conducive enough for all employees to carry out their duties because it has been realised that when employees thrive, organisations also thrive. This is because organisational climate influences overall employee attitudes and behaviour towards their work therefore institutions of higher learning are urged to develop great workplaces with ideal organisational climates for employees. Universities have to ensure that their work environments are stable, predictable and motivating as this will ensure that value is added to the organisation by employees through exhibition of organisational citizenship behaviours and there will be less intentions to leave the organisation.

In addition, modern-day universities are also seen as places of various exchanges among stakeholders (Griep & Vantilborgh, 2018). The creation, coordination, and maintenance of these exchanges have significant implications for the university and its employees (Hennicks, 2014). However, these exchange relationships are not always structured in a formal agreement or contract, hence, the concept of psychological contracts (Shen, Schaubroeck & Zhao, 2019). A psychological contract contains personal beliefs and expectations with regard to the terms and conditions of the employer-employee exchange

relationship (Baruch & Rousseau, 2019). These beliefs and expectations are mainly influenced by an individual's experience, upbringing and societal norms (Coyle-Shapiro, Pereira Costa, Doden & Chang, 2019). The concept of psychological contract was first introduced by Agyris (1960) who defined it as the perceptions of mutual obligations held by the organisation and employee in the employment relationship. This concept remained dormant until the 1990s when the world began to witness downsizing, restructuring, mergers, and take-overs in organisations in the United States of America (Baruch & Rousseau, 2019).

Failure by an organisation to fulfil the terms and conditions of the psychological contract leads to psychological contract breach (Griep & Vantilborgh, 2018). Psychological contract breach refers to the cognitive process through which employees perceive failure by the organisation to meet its contractual obligations (Paille & Dufour, 2013). It is crucial, therefore, for universities to understand a psychological contract and how it influences employee outcomes of organisational citizenship behaviour and their intention to leave the organisation (Lee, Rosen & Berry, 2018). Related to discussions on organisational climate and psychological contract breach, is the notion of leaders' ethical behaviour in the organisation. All over the world, South Africa included, issues surrounding ethical leadership are trending. There are several breaking news and stories about organisational leaders leaving their jobs amid indictments breaches in ethical principles and a lack of leader integrity (Mozumder, 2018). This is an indication of the urgent need for ethical leadership in all organisations because it facilitates the development of an ethical organisational climate in the workplace (Kouzes & Posner, 2013; Reina, Rogers, Peterson, Byron & Hom, 2018). Ethical leadership is required at different hierarchies, in national, public and private institutions, universities included. It has been reported that employees respond to the ethical tone set by the leadership of the organisation through employee outcomes such as organisational citizenship behaviour and intention to leave the organisation (Northouse, 2018).

In addition, trust is also one of the defining principles of conducive workplaces, therefore, trust issues need to be on a human resources agenda because initiatives related to this agenda are implemented under the assumption that employees trust both their organisations and their leaders (Mineo, 2014); unfortunately, trust levels might be lower than expected. There has been a rising call for management to become better coaches through becoming trustworthy; trust in the workplace is crucial. An article by Davidson (2018) in *The Business Backer* reported that more than 90% of employees believe that trust is the key ingredient to all employee outcomes at work and it is built upon interdependence, vulnerability, and risk.

In summary, the concepts of organisational climate, psychological contract breach, employee outcomes, ethical leadership, and trust have become central issues in many organisations. In this study, these concepts will be investigated in selected South African universities. This is because one of the significant features of university work is the dependency on employees to perform basic organisational functions. The service interaction between university employees and students forms the essence of what is offered by universities, therefore, sustaining excellent interactions amongst all stakeholders is what gives universities their competitive edge.

## **1.2 Research problem**

Previous scholarly work on organisational climate has primarily focused on the direct effects approach in examining the relationship between organisational climate and employee outcomes in relation to organisational citizenship behaviour and intention to leave (Akanni & Ndubueze, 2017; Arshad, 2016; Lee & Ha-Brookshire, 2018). Some studies suggest that employee outcomes of organisational climate and psychological contract breach do not occur in a linear fashion (Ahmed & Muchiri, 2014). However, there is little information regarding the moderator roles of either ethical leadership or trust on these relationships. It is expected that the inclusion of these moderating variables will noticeably influence the relationships between organisational climate and the employee outcomes on organisational

citizenship behaviour and intention to leave. To address this gap, the current study proposes that ethical leadership and trust will moderate the relationship between organisational climate, psychological contract breach and employee outcomes. Although psychological contract breach has been reported to influence employee outcomes of organisational citizenship behaviour and intention to leave, however, very little is also known about the moderating roles of ethical leadership and trust on the psychological contract breach and the resultant employee relationships. Various studies have recommended future research to examine the influence of moderating variables like ethical leadership, in the relationship between psychological contract breach and the employee outcomes (Ahmed & Muchiri, 2014). To address this gap, this study proposed ethical leadership and trust as moderator variables in the relationship between psychological contract breach and employee outcomes around issues like organisational citizenship behaviour and intention to leave.

Over the years in South Africa, universities have gone through transformation, mainly aggravated by mergers, internationalisation, and the discussion on decolonisation of the curriculum. These trends directly influence the organisational climate of the universities, and ultimately the employee attitudes and behaviour (Engelbrecht, Wolmarans and Mahembe, 2017). However, there are limited studies that have investigated the influence of organisational climate on employee outcomes of organisational citizenship behaviour and intention to leave in South African universities.

In addition, most studies on organisational climate, psychological contract breach and employee outcomes have been conducted in western countries, thus, revealing a dearth of literature in non-western contexts (Agarwal & Bhargava, 2014; Behery, Paton & Hussain, 2012; Krishnan, 2011). Similarly, there are no significant studies on psychological contract breach in the South African context. Consequently, this study investigated the relationships that exist among organisational climate, psychological contract breach, ethical leadership, trust and employee outcomes in the South African context, among university employees.

Even though the topics of ethical leadership and trust has been investigated before by other scholars, explorative studies on these variables is relatively new in South Africa. Kondlo (2014) opined that what is lacking in South African scholarship post-independence, is research with a dedicated focus on the ethical leadership in organisations. To date, most research on leadership and organisational behaviour has been relatively one-sided, mainly focusing on the role of leadership competence in managing change processes (Battilana, Gilmartin, Sengul, Pache & Alexander, 2010). The ethical aspect of leadership that brings insight on employee outcomes such as, organisational citizenship behaviour and intention to leave has been neglected.

The main function of a university is to equip students with the essential skills that are required both nationally and internationally. Another perspective that has become a vision for universities is the provision of the best student experience. To successfully deliver these functions, universities need organisational leaders with the right set of skills and working experience. However, often times, the job specifications of university leadership have often overlooked the ethical and trustworthy aspect of leadership that often facilitates the practice of organisational citizenship behaviour amongst employees and employee retention. The focus on skills and work experience has often obscured the importance of having university leaders who are not only skilled, but ethical and trustworthy too.

### **1.3 Aim of the study**

The aim of the study was to examine the relationships between organisational climate, psychological contract breach and employee outcomes among university employees in Limpopo Province. The study further investigated the moderating roles of ethical leadership and trust on those relationships.

### **1.4 Objectives of the study**

The objectives of the study are to:

- To investigate the relationship between organisational climate and employee outcomes of organisational citizenship behaviour and intention to leave.
- To determine the relationship between psychological contract breach and employee outcomes of organisational citizenship behaviour and intention to leave.
- To measure the moderating role of ethical leadership in the relationship between organisational climate and employee outcomes of organisational citizenship behaviour and intention to leave.
- To explore the moderating role of ethical leadership in the relationship between psychological contract breach and employee outcomes of organisational citizenship behaviour and intention to leave.
- To examine the moderating role of trust in the relationship between organisational climate and employee outcomes of organisational citizenship behaviour and intention to leave.
- To investigate the moderating role of trust in the relationship between psychological contract breach and employee outcomes of organisational citizenship behaviour and intention to leave.

## **1.5 Hypotheses**

The study hypothesised that:

H1: Ethical leadership moderates the relationship between organisational climate and employee outcomes of (a) organisational citizenship behaviour and (b) intention to leave, among university employees.

H2: Ethical leadership moderates the relationship between psychological contract breach and employee outcomes of (a) organisational citizenship behaviour, and (b) intention to leave, among university employees.

H3: Trust moderates the relationship between organisational climate and employee outcomes of (a) organisational citizenship behaviour, and (b) intention to leave, among university employees.

H4: Trust moderates the relationship between psychological contract breach and employee outcomes of (a) organisational citizenship behaviour, and (b) intention to leave, among university employees.

### **1.6 Significance of the study**

Theoretically, this study contributed to previous knowledge in several ways. Firstly, the study offered alternative lens to view the concept of employee outcomes by utilising the social exchange, affective events and authentic leadership theories to explain the relationships among organisational climate, psychological contract breach ethical leadership, trust and employee outcomes. Most studies only utilised the social exchange theory in their studies on psychological contracts.

The study also responded to calls from previous studies on organisational climate and psychological contract research to study the role of moderators in their association with employee outcomes (Ahmed & Muchiri, 2014; Al.Ibed, Hamid & Salih, 2016). By proposing ethical leadership and trust as moderators in the relationship between organisational climate, psychological contract breach and employee outcomes, the study unfolded the circumstances under which organisational climate and psychological contract breach can lead to employees` intention to leave, and organisational citizenship behaviour. This research also brought a new ground for discussions on how the leadership of an organisation can avoid the adverse effects of psychological contract breach and build a positive organisational climate.

In addition, the study also addressed the need illustrated in the extant literature to examine the concept of organisational climate and psychological contracts in the South African

context. Most studies on organisational climate and psychological contracts have been conducted in western countries (Aranda, Hurtado & Topa, 2018; Barberoglu, 2018; Lee & Ha-Brookshire, 2018). Therefore, this study addresses this gap by investigating the concept of organisational climate and psychological contract breach in the South African context. The study could further be used as a benchmark for other developing as well as first world countries which have been struggling with the consequences of psychological contract breach and unethical leadership.

This study was also motivated by the need to improve employer-employee relations through the creation of ethical leaders who will reinforce positive employee attitudes and behaviour. A research enquiry of this nature provided insight on how leaders can inspire employee outcomes that are beneficial to an organisation. In addition, this study will also convey messages to Human Resource practitioners regarding the crucial role ethical leadership plays in shaping an employees' evaluation of the psychological contract, attitudes and behaviour.

Finally, the study could be a potent tool in informing public policy on the appointment of leaders in public institutions, providing information relevant to South Africa on the specific strengths of ethical leadership in its pursuit for positive employee job outcomes. The results could also provide the university management with information on areas that need urgent attention so as to ensure a positive organisational climate that cultivate the trust and ethical leadership needed for effective employee outcomes. It is also hoped that the insight from the research findings that can form the basis for government decision-making and policy on funding of universities.

### **1.7 Operational definitions**

The concepts covered in this study include organisational climate, psychological contract breach, employee outcomes, ethical leadership and trust. Organisational Climate (OC) is

defined as common employee perceptions and descriptive beliefs regarding the organisational structure, methods, rewards, policies and regulations that differentiate one organisation from another (Kanten & Ülker, 2013; Sethibe, 2018; Qadeer & Jaffery, 2014). It is also made up of attitudes, values, beliefs, criteria, means, feelings, and technology and leadership of the organisation (Rahimić, 2013). The concept of organisational climate was measured using a 22-item scale taken from a study Kanten and Ülker, (2013). A high score in the measure indicates a high sense of contentment with an organisation`s climate.

Psychological contract breach (PCB) is a cognitive process whereby employees perceive a discrepancy in their psychological contracts due to unmet obligations (Baruch & Rousseau, 2019; Chaudhry & Tekleab, 2013; Paillé & Dufour, 2013). The concept of psychological contract was measured using a 9-item scale developed by Knights and Kennedy (2005). High scores on this scale indicated high discernments of breach of the psychological contract. In this study, the concept of employee outcomes referred to employees` attitudes and behaviour cultivated by organisational processes of organisational climate and psychological contract breach (Ahmed & Muchiri, 2014; Akinbode, 2017; Kraft, 2008). Two employee outcomes were selected for the purposes of this study and these are organisational citizenship behaviour and intention to leave.

Organisational citizenship behaviour refers to spontaneous and intentional extra-role behaviours beyond existing role-related ones performed by an employee for the benefit of the organisation (Agarwal, 2016; Bester, Stander & Van Zyl, 2015; Sepeng, 2016). This was measured using a 24-item scale developed by Podsakoff, MacKenzie, Moorman and Fetter (1990). High scores on this measure indicate high practice of organisational citizenship behaviours by participants. Intention to leave is defined as the cognitive planning process to resign from the organisation and the final mental step in voluntary turnover (Malik & Khalid, 2016; Muleya, Ngirande & Rachidi, 2016). It was measured using an eight-item scale

designed by Freese (2007). High scores on this scale indicate high intentions to leave the organisation.

Ethical leadership refers to the upholding of good conduct through demonstrating traits, behaviour, and practices of ethical conduct by organisational leaders (Cheteni & Shindika, 2017; Engelbrecht, Heine & Mahembe, 2017; Kondlo, 2014). It was measured using a 10-item scale developed by Brown, Trevino and Harrison (2005). High scores on this measure indicates high ethical leadership. Trust refers to employees` willingness to believe that the employer will always be honest and dependable in their organisational processes that affect employees` wellbeing (Heyns & Rothmann, 2015; Mccarthy & Truhon, 2016). This was measured using a 7-item scale developed by Robinson (1996). High scores in this measure indicate high trust in the organisation.

## **1.8 Outline of the study**

As recommended by Perry (1998), this research study follows the structured five-chapter approach, which is the standard for doctoral dissertation in the discipline of Human Resource Management. The dissertation chapters are structured as follows:

**Chapter 1: Introduction** – The first chapter provided the introduction, and background of the research. It also included the research problem and the significance of the study. Explanations of key concepts and the study outline were also included.

**Chapter 2: Literature Review** – The literature on organisational climate, psychological contract breach, employee outcomes, ethical leadership and trust is analysed in this section. Theories relating to these concepts are also reviewed. Based on the review of relationships on these concepts and hypotheses, a conceptual model is thereafter developed.

**Chapter 3: Research Methodology** – In chapter 3, an account of the actual research methodology adopted to address the research objectives and hypotheses is presented. Justification for the chosen methodology is also tendered by assessing alternative research designs and methodologies, thus pronouncing the selected methodology as being most appropriate to answer the research questions and problem. The details on the methodology includes the research design, sampling procedure, data collection methods, data analysis and the psychometric properties of the measuring instruments. Ethical issues are also addressed in this chapter.

**Chapter 4: Results** – In this chapter, the results from the data analysis are presented. Statistical analyses constituted the contents of this chapter.

**Chapter 5: Discussions and Conclusions** – The research concludes with a comprehensive discussion of the results from the tested hypotheses. Theoretical and practical recommendations from the results are presented. The chapter concludes by stating the study's limitations as well as directions for future research.

## CHAPTER 2

### LITERATURE REVIEW

The first chapter provided the background to facilitate an understanding of the research problem and research objectives. The chapter emphasized the need to investigate the relationships between organisational climate, psychological contract breach, employee outcomes, ethical leadership and trust. This chapter builds on the previous one by presenting the theoretical framework and empirical studies on the variables of organisational climate, psychological contract breach, organisational citizenship behaviour, intention to leave, ethical leadership and trust. The history, development, definitions and dimensions of these variables are also discussed.

#### **2.1 Conceptualising the study variables**

There are six variables under investigation in the current study. Of these, two of them are independent variables, and these are organisational climate and psychological contract breach. There are two employee outcomes being investigated in the study as dependent variables. These are organisational citizenship behaviour and intention to leave. The last two variables are moderator variables, namely ethical leadership and trust. With the aid of literature, all these six variables will be discussed under this section.

##### 2.1.1 Organisational climate

Research on organisational climate can be drawn from the 1930s. The human relations program initiated by Mayo (1949) led scholars to investigate the “soft” psychological environment and the notion of organisational climate. Organisational climate has since become the most universal variable applied to the description of any organisational atmosphere. Lewin (1939) proposed the concept of organisational climate first in his study

on leadership style where three distinct leadership styles were applied to create a different type of organisational climate. As a result, several definitions of organisational climate have been brought forward because an agreed definition of organisational climate is not available. However, some scholars agree that the distinct characteristics of the organisational climate construct distinguishes it from other concepts. According to Forehand and Von Gilmer (1964) organisational climate is unique, persistent and specific with the ability to influence employee attitudes and behaviour. Litwin and Striner (1968) define organisational climate as quantifiable organisational features that are perceived indirectly or directly by employees in an organisation. Moghimi and Subramaniam (2013) stated that high-functional organisations have measurable organisational climates.

Organisational climate is defined based on its objective or realist approach. Objectively, organisational climate exists as part of organisational reality, and subjectively it is based on employees' perceptions, which are influenced by the effects of organisation's characteristics and individuals. Previous studies on organisational climate explain it as an objective characteristic of an organisation (Choudhury, 2011; Modhimi & Subramaniam, 2013). Recent studies describe it as feelings, opinions and behaviours that characterise each organisation (Qadeer & Jeffery, 2014; Randhawa & Kaur (2016). In this research study, organisational climate is described as common employee perceptions and descriptive beliefs regarding organisational environment (Qadeer & Jaffery, 2014).

According to Farooqui (2012), attitudes, activities, values, beliefs, feelings, and management and technological processes used in the organisation shape the organisational climate. Moghimi and Subramaniam (2013) also describe organisational climate as methods, policies and regulations that differentiate one organisation from another. Principally, organisational climate, in other words, echoes employees' perceptions of their work environment (Pena-Suarez, Muñiz, Campillo-Álvarez', Fonseca-Pedrero & García-Cueto', 2013). Therefore, the organisational climate encompasses unique organisational features and characteristics as

perceived by employees and these may have strong influence on employee outcomes. Castro and Martins (2010) suggest that a strong organisational climate is nurtured by aspects that affect employee outcomes such as ethical leadership, organisational structure, standards and rewards. In addition, Rahimić (2013) asserts that organisational policies and structure create a unique organisational climate. Sethibe (2018) also stated that organisational climate can either be innovative or cooperative. An innovative organisational climate involves aggressive employee participation in project dilemmas at work and interaction in an attempt to find suitable solutions, whilst a cooperative organisational climate prevails in organisations where employees work together as a group to share and develop tacit knowledge and try to support each other's performance and learning (Sethibe, 2018). Firms can also improve employees' willingness to interact with others by nurturing a cooperative climate. When employees perceive a cooperative atmosphere inside the organisation, they are likely to build up this interactive relationship with other members.

Organisational climate is also very similar to organisational culture and the two concepts have often been used interchangeably. These two concepts are unquestionably similar and related but a clear distinction between them has been identified in literature. Organisational climate refers to the shared perceptions and feelings employees get with regard to organisational processes on a day to day basis whilst organisational culture refers to the values, assumptions and beliefs held by an organisation that serve as an organisation's identity (Castro & Martins, 2010). Therefore, organisational climate refers to attitudes and perception of employees within a certain organisational culture and it is a manifestation of an organisation's culture (Castro & Martins, 2010). Thus, it is an image within an organisation at a particular time measured by a wide range of dimensions. Furthermore, Qadeer and Jaffery (2014) describe organisational climate as the personality of the organisation. In addition, Jain, Sandhu and Goh (2015) states that organisational culture is the primary structure of an organisation whilst organisational climate is often reflected in the policies, procedures, and practices that are observable at the surface of the organisational surface. It is also important

to note that organisational climate is subject to control, temporary, and limited to aspects consciously perceived by employees.

#### *2.1.1.1 Dimensions of organisational climate*

Organisational climate dimensions form a focal point in influencing employee outcomes, positively or negatively. However, there has been much debate surrounding the components or factors of organisational climate. Pareek (2007), mentions organisational climate as being formed from employee perceptions on the interactions among five factors of the organisation and these include system, structure, culture, employees' psychological needs, and leader behaviour. Popa (2011) suggests that there are many components of organisational climate and these can be categorised into tangible and intangible components. Litwin and Stringer (1968) designed a useful measure of organisational climate comprising of six components and most researchers agree to these organisational climate components (Giles, 2010; Heyart, 2011; Kanten & Ülker, 2013; Ragimić, 2013). These dimensions are organisational structure, rewards, warmth, risk and conflict, responsibility, support, commitment, and standards. Warmth refers to the general feeling of solidarity prevailing in the organisation this is dependent on the existence of informal social groups in the workplace whilst standards refer to the perceived significance placed on implicit and explicit performance with emphasis in excellence on all organisational processes (Kanten & Ülker, 2013). Organisational structure refers to general perceptions held by employees with regard to rules, policies, procedures, regulations and authority as exercised by the organisational leadership (Pena-Suarez et al., 2013). Risk refers to how employees protect themselves by avoiding certain organisational activities and the degree to which risk-taking is supported by organisation; conflict refers to the different opinions held by managers and employees with emphasis on dealing with problems openly, rather than ignoring them (Giles, 2010). The reward factor refers to employee perceptions with regard to the fairness of compensation management, promotion policies and recognition for excellence (Rahimić, 2013). Support mirrors the feelings of trust and confidence that an organisation is concerned about

employees` welfare whilst, commitment is an employee` obligation to continue belonging to a certain company (Heyart, 2011).

### 2.1.2 Psychological contract

Argyris (1960) opened the discussion on psychological contracts in the workplace when he utilised the term to illustrate the worker-foreman relationship in a factory. He suggested that organisations and employees formed psychological contracts that permitted expression and gratification of both parties` needs. These included aspirations, values, expectations, and obligations that function above the official contract of employment; and the informal culture was a significant aspect in understanding the agreements between employees the and employers (Argyris, 1960). According to Levinson, Price, Munden, Mandl and Solley (1962), a psychological contract contains mutual expectations that surrounding the employment relationship such as promotion, job security, and rewards. Similarly, Schein (1965) described the psychological contract as individual expectations that exist between the employer and the employee. The study stressed that although these expectations might not be included in a formal agreement, they are the major determinants of human behaviour. For example, employees are expected not to engage in counterproductive behaviour and organisations are expected not to make employees redundant after long service (Theron & Dodd, 2011).

The work of Rousseau (1995) is widely accredited for its immense impact on psychological contract studies and the study specified that psychological contracts are grounded on promises that extends the system of a schema, over time. A schema represents organised knowledge about an event recorded from previous experience (Baruch & Rousseau, 2019). Theron and Dodd (2011) conclude that the work of Rousseau (1995) on psychological contracts is unique in that it emphasised that psychological contracts were based on promises which are viewed on an individual- subjective level existing in "the eye of the beholder". In addition, the work also highlights that individual perceptions of observable behaviour encompass psychological contracts and is a link between psychological contract

breach and various employee outcomes (Rousseau, 1995). Therefore, promises have become an ideal term when describing the concept of psychological contracts because they are more contractual, whereas expectations and obligations carry general meanings (Van Der Nest, 2014). A promise involves expectations, but expectations do not necessarily carry a promissory element. A promise is the assurance that one will or will not undertake a certain action or behaviour (Chambel & Castanheira, 2012). Earlier definitions of the psychological contract emphasised beliefs about expectations, whereas later definitions stress beliefs about promises and obligations (Okoye, 2013).

#### *2.1.2.1 Breach of the psychological contract*

Psychological contract breach is a significant feature of psychological contract theory because of its influence on employees' feelings, attitudes, and behaviours. Individuals routinely assess the organisation's actions in terms of what contributions they believe the organisation has promised to deliver and if there are no discrepancies, the psychological contract remains stable (Sharif, Wahab & Sarip, 2017). However, any observation of inclination of a discrepancy leads to a cognitive process whereby an employee assesses whether the discrepancy is negative or positive. If the discrepancy is negative and unacceptable, breach would have occurred (Shen et al., 2019). Psychological contracts are based on several principles, one being the production of mutual benefits, however in today's dynamic economic environment, most employment relationships have been destabilised hence, the prospect of mutual benefits in these contracts have also been weakened (Lee et al., 2018). Breach of the psychological contract breach, therefore, occurs when employees perceive any unmet obligations or when employers fail to deliver satisfactorily the perceived promises (Akkermans, Bal & De Jong, 2019).

According to Baruch and Rousseau (2019), the psychological contract breach process commences with an employee's perception of a discrepancy between expected and delivered psychological contract contribution by the organisation and this is followed by

employee assessment of the nature and impact of the discrepancy. In most cases, the employee's ethical beliefs and perceptions of the organisation's trustworthiness are the points of reasoning in this assessment process. In addition, the criteria the employee uses to determine the severity of the perceived discrepancy is also dependent on psychological contract type held by the employee (Ahmed, D'Netto, Chelliah & Fein, 2016). If the impact is perceived as adequately negative, then the discrepancy may lead to psychological contract breach.

There are several factors that have been recognized as antecedent to psychological contract breach, and these include renegeing, incongruence and vigilance. Renegeing occurs when authorities and management recognise an existing obligation but knowingly fails to follow through on that obligation (Van Der Nest, 2014). In most situations, organisations fall back on their promises or contracts due to the turbulent economic environment, circumstance changes such that promises made at one point in time become difficult to fulfil (Knoppe, 2012). Although obligations or promises may have been created in good faith, an unforeseen scarcity of resources may avert the fulfilment of those obligations. Therefore, cases of renegeing are most likely to occur to organisations not performing as well compared to past year, or when profits go low than anticipated (Knoppe, 2012). These conditions make it difficult for organisations to fulfil their promises. Thus, renegeing directly contributes to employees' perceptions of psychological contract breach.

It is important to note that renegeing not only occurs when organisations are unable to fulfil their promises, but also when top management is unwilling to fulfil their promised obligations (Van Der Nest, 2014). Management may make promises they have no intent on keeping, or they may renege on promises they originally intended to keep for example when an employee fails to meet performance standards (Sechudi, 2014). The employment relationship is reciprocal in nature, the organisation provides remuneration and fringe

benefits in return for high performance and loyalty (Knoppe, 2012). If the employees fail to perform and maintain their side of the agreement, management deems renegeing justified.

There are also cases whereby the employer fulfils his or her obligation but employees perceive breach of the psychological contract anyway (Schaupp, 2012). In such situations, the perception of psychological contract breach is rooted in incongruence. Incongruence refers to employee beliefs about a given obligation that differ to those held by the organisation (Schaupp, 2012; Sechudi, 2014). Due to incongruent perceptions, management fails to act in a way consistent to employees` expectations. Psychological contracts evolve over time hence perceptions of obligations become distorted resulting to incongruence. According to Schaupp (2012), the three main factors that contribute to incongruence are the;

- to degree to which the employee and employer hold different schemata regarding promised obligations cognitively.
- The ambiguity and complexity of the perceived obligations between the two parties, and
- Lack of adequate communication regarding the promised obligations.

Schemata are cognitive frameworks representing organized information regarding a certain concept (Scaupp, 2012). Van Der Nest (2014) argued that each employee has a schema constituting the details of an employment relationship. However, this schema may differ from the one held by officials responsible for fulfilling an employee's psychological contract and such a situation is a potential for incongruence because the two parties may assume and interpret differently the obligations between them (Scaupp, 2012). Therefore, Van Der Nest (2014) suggests that socialisation is essential to enable indoctrination of new employees to the beliefs and assumptions of a given organisation. This reduces incidences of psychological contract breach.

Perceived psychological contract breach caused by incongruence also occurs when the promises and contents of the psychological contract are ambiguous in nature (Sechudi, 2014). When faced with ambiguous and complex stimuli, employees engage in a construal process whereby they fill in missing information based on previous experience and contextual cues (Knoppe, 2012). Two employees may perceive the same stimulus differently during this construal process. Implicit promises conveyed through indirect statements and actions go through the construal process, hence the incongruent perceptions (Knoppe, 2012). Implicit promises are often incomplete and ambiguous such that employees and managers fill in the gaps and come up with different assumptions (Knoppe, 2012; Scaupp, 2012).

Psychological contracts begin to form from the recruitment process and they evolve over time, therefore, communication between the employees and management is essential to avoid incongruence (Okoye, 2013). Employees with little information about their organisation are more likely to perceive breach of the psychological contract compared to those who obtain realistic previews from management (Van Der Nest, 2014). Lack of communication between the employee and the employer may cause perceived psychological contract breach.

Another factor that may also cause perceived psychological contract breach is employee vigilance. Vigilance refers to the degree to which employees actively monitor how well the organisation fulfils his or her psychological contract (Morrison and Robinson, 1997). In situations where there is a definite discrepancy between what the employee received and what the employee had expected, vigilance increases the probability detection of this discrepancy by the employee (Okoye, 2013). Further, a highly vigilant employee is more likely to perceive psychological contract breach merely because the employee looks for instances of contract transgression and vigilant employees are also more likely to perceive psychological contract breach even when there is no objective evidence (Knoppe, 2012).

According to Morrison and Robnson (1997), vigilance is driven by two factors namely, uncertainty, and the degree of trust between the employee and employer. Organisational dynamics often makes employees uncertain of whether management will be able to uphold the obligations of the psychological contract. Uncertainty motivates employees to continuously monitor information about the psychological contract (Heyns & Rothmann, 2015). Organisational changes such as personnel audits, organisational restructuring, mergers, and compressed working weeks create uncertainty and vigilant employees (Morrison & Robnson, 1997). Therefore, uncertainty heightens vigilance and the result is more cases of perceived psychological contract breach.

The degree of trust existing between the employee and the employer also determines how vigilant employees become. Trust refers to beliefs on the likelihood that another person`s future actions will be positive and not detrimental to one's interests (Heyns & Rothmann, 2015). Employees with low levels of trust expect the organisation to renege on their promises; hence they vigilantly monitor how well the organisation fulfils its promised obligations. Previous experiences determine the degree of trust in an employment relationship, thus previous cases of psychological contract breach reduce trust levels in employees and they become more vigilant (Theron & Dodd, 2011). This heightened vigilance increases the likelihood of employee perceiving breach of the psychological contract.

One other circumstance that can cause psychological contract breach in an organisation to occur is a misfit between the person hired and the requirements of the job often results in psychological contract breach (Hennicks, 2014). Breach of the psychological contract, leading to quitting or termination of the employment contract becomes unavoidable. It is vital for organisations to ensure that the employees are aware of the demands and requirements of their jobs. Therefore, there should be a continuous re-evaluation of the recruitment and selection process in order to pinpoint weak areas in the system. Reformation of these

processes ensures the efficient selection of employees (Sechudi, 2014). It should be noted that not all discrepancies progress into breaches, and not all breaches are elevated into psychological contract violations. However, the dynamic, ever-changing, and flexible modern work environment increases circumstances of psychological contract breach.

### 2.1.3 Organisational citizenship behaviour

Over the years, the concept of organisational citizenship behaviour has received considerable attention by organisational behaviourists (Perreira & Berta, 2016; Podsakoff, Podsakoff, Mackenzie, Maynes & Spoelma, 2014). This prevalent attention in OCB is because extra-role behaviours enhance organisational effectiveness and employees are now obligated to perform better with fewer resources (Sepeng, 2016). Organisational citizenship behaviour refers to spontaneous and intentional behaviours beyond existing role-related ones performed by an employee for the organisation's benefit (Bester et al., 2015). These behaviours are not included in the job description but assist in organisational effectiveness. The first rationalisation concerning the development of OCB is built on the social exchange theory and this theory envisages that under certain conditions, employees will require conditions that benefit them (Banwo & Du, 2018). Employees perform extra-role work when reciprocating to previous fair treatment and expecting also that their behaviours will induce future fair treatment (Bester et al, 2015). This is an indication that OCB is reciprocal behaviour towards fair treatment.

According to Podsakoff et al., (2014), organisational citizenship behaviour occurs when an employee voluntarily engages in activities that promote the organisation without getting explicit rewards for them. Organisational citizenship behaviour is characterised by extra roles, intentional initiative, voluntary innovation, and a positive organisational climate. Most researchers reported that organisational efficiency and effectiveness improves when employees perform extra role activities to achieve organisational goals (Organ, 1988). Therefore, OCB is mainly characterised by discretionary extra-role behaviours. Many

researchers agree that there are five dimensions of OCB and these are civic virtue, sportsmanship, courtesy, altruism and conscientiousness (Banwo & Du, 2018; Beal, Stavros, & Cole, 2013; Podsakoff et al., 2014). Civic virtue involves defending the organisation's best interests such as participating in company-sponsored events, workshops and policy-making meetings (Michel & Tews, 2016). An employee who displays civic virtue has in-depth knowledge of organisational processes, for example, new work methods and company policies, hence, in an academic setting, academics attend meetings and conferences to uphold the image of the university. In addition, Sepeng, (2016) suggests that employees who practice the civic virtue dimension of OCB responsibly participate in organisational politics to inspire others to participate in organisational activities.

Sportsmanship is the ability to tolerate unavoidable inconveniences and impositions inherent to a job and the organisation without complaining (Beal et al., 2013). Sometimes, employees are forced to work in poor working conditions such as using inadequate equipment. Employees who tolerate these workplace inadequacies have the spirit of sportsmanship, which is crucial for organisational effectiveness. Therefore, sportsmanship advocates for more positive behaviours and less complaining in negative workplace situations (Podsakoff, Morrison & Martinez, 2018). A lecturer's willingness to carry out extra temporary tasks, without complaining, when it is within his or her rights to object, serves as an example of good sportsmanship. Courtesy refers to the acts of thoughtfulness, caring behaviour, and foresighted gestures that prevent problems for others in the workplace (Podsakoff et al., 2018). Examples include informing the supervisor when reporting late for work the next day or alerting colleagues of changes that could disturb their jobs. Therefore, practicing courtesy enhances effective work planning and coordination essential for the achievement of predetermined organisational goals. In addition, it enables employees to treat others with respect at all times (Mahembe & Engelbrecht, 2014).

Altruism refers to employees' actions of voluntary assistance to fellow employees with work tasks or problems, like assisting colleagues to finish their work and demonstrating to new employee how to use certain work equipment (MacKenzie, Podsakoff & Podsakoff, 2018). Examples of acts of altruism include taking an individual interest in colleagues, punctuality, seeking help when needed and issuing positive statements about the organisation. Therefore, altruism is characterised by employees' compliance with organisational values of a good employee (Michel & Tews, 2016). Conscientiousness refers to sincere respect for workplace rules and regulations beyond organisational requirements (MacKenzie et al., 2018). Examples of acts of conscientiousness include a lecturer on sabbatical leave phoning his colleagues to confirm if there are no problems at work, a secretary arriving early at work and leaving late, observing short lunch period and avoiding unnecessary breaks before completing tasks. These behaviours add up to the overall organisational efficiency and productivity.

All the dimensions of OCB explained above have a compelling benefit to organisations as this behaviour has been described as important for the growth, success, effectiveness and productivity of any organisation (Murphy, Athanasau & Neville, 2002). A new hire is brought up to speed when an experienced employee assists him/her to learn about the activities in the organisation thereby increasing productivity through efficiency (Organ, Podsakoff & McKenzie, 2005). Similarly, Borman and Motowildo (1993) observe that supervisors spend more time on other productive activities when subordinates help one another in work related problems.

Managers can devote their time to strategic planning, improving business processes and securing valuable resources for production. This argument is supported by Organ et al. (2005) that employees who are conscientious free up their manager's time because the manager can delegate more responsibilities to them since such workers require less supervision. When employees endorse and promote the organisation positively to the

outside world, the organisation's public image and corporate reputation becomes a pull factor for job candidates and position the organisation as employer of first choice. Exhibiting the spirit of sportsmanship by employees shows that the interest of the organisation overrides individual employee or group interest thus reinforcing their level of loyalty and commitment to the organisation (Organ et al., 2005).

Today's business environment is dynamic and characterised by constant changes. OCB can assist an organisation to adapt to this constantly changing business environment by volunteering information about the market which the organisation could use in appropriately responding to these market changes (Organ et al., 2005). General business information and market trends can be discussed by employees in meetings and within professional associations. Information acquired in these fora can assist the organisation in strategic planning and keeping in touch with the outside business world. It is the contention of Bergun (2005) that OCB maximises the efficiency and productivity of both subordinates and the organisation. At subordinate level, Podsakoff et al. (2014) explain that OCB helps new employees become productive faster and helps to spread 'best practices' in organisations. At organisational level Barling and Cooper (2008) point out that organisational research has shown that OCB is significantly related to customer service quality and sales performance as well as performance quality and quantity. Vigoda-Godat (2006) argues that so far most of the writings about OCB have clearly centred on its positive implications and contribution to organisational performance and to the social climate in the workplace.

OCB has also been found to have negative relationships with certain concepts. In this regard Lambert, Hogan and Griffin (2008) discovered that negative work experiences decrease OCB. Similarly, Mark, Bolino, Klotz and Turnley (2013) argue that the downside of OCB is identifiable when employees feel pressured to perform citizenship behaviour. Somech and Drach-Zahavy (2013) posit that common stressors of role conflict, role ambiguity, and role overload, identified by the role theory are inadequate to explain all the stressful aspects of

commitment in OCB. This means there could be more elements that have negative impact on work due to OCB but have not been identified. In addition, an employee who displays OCB behaviour may be susceptible to stress which has the potential to cause role conflict, role ambiguity, and role overload (Mark et al., 2013). Most notably, Bolino, Harvey and Bachrach (2012) argued that citizenship behaviours do not occur in a vacuum and that employees who engage in organisational citizenship behaviour cannot do so endlessly, because time and energy are finite resources. Using a resource-allocation framework, Bolino, Hsiung, Harvey and LePine (2015) proposed that engaging in citizenship behaviour may diminish employees' in-role task performance, which may consequently damage their career. This study argues that OCBs are especially likely to have harmful career consequences when performed in organisations that reward outcomes more than behaviours and when employees engage in OCBs that are challenging and time-consuming.

Bolino, Klots, Turnley and Harvey (2013) developed a conceptual model of job creep, which occurs when “employees feel ongoing pressure to do more than the requirements of their jobs”. Given that individuals will engage in OCB to gain advantage and reputation at work, if their efforts are not acknowledged, they are likely to become disappointed (Bergeron, 2007). This disappointment may lead to counterproductive behaviour which can be detrimental towards the individual and the organisation.

#### 2.1.4 Intention to leave

High labour turnover is a major challenge for several organisations and many organisations are failing to retain high-performing employees (Olckers & Du Plessis, 2012). Given the effort and cost that goes into recruitment and selection process, higher education institutions (HEIs) should determine be paid to employees in order to determine employees' reasons for leaving their jobs (Erasmus, Grobler & Van Niekerk, 2015). It has been reported that most South African universities are susceptible to high labour turnover due to an aging workforce (Pienaar & Bester, 2011; Robyn, 2012). Universities are also losing their personnel to

institutions offering better remuneration packages in the private sector (Ngobeni and Bezuidenhout, 2011). The South African Board for People Practices (2012), however, reported that 32 percent of South African owned organisations did not show any interest in investigating why employees leave the organisation. To contextualise employees` intention to leave in universities, it is internationally stated that public universities have an annual labour turnover of approximately 17 percent (Masoga, 2013). There is, however, currently, no benchmark for South Africa.

Intention to leave is a well-thought conscious choice to resign from the organisation and can also be pronounced as the preceding stage before the employees actually leave their jobs (Farr-Wharton, Charles, Keast, Woolcott, & Chamberlain, 2018). It is also described as the intention to leave as a cognitive thinking or planning process to quit a job (Muleya, Ngirande & Rachidi, 2016). Therefore, intent to leave is the final mental step in voluntary turnover whereby employees start gathering any available information about possible alternative employment. When employees leave the organisation, it takes great effort, time and money for the organisation to hire new employees and it is also disruptive to normal business operations (Dorenkamp & Weiß, 2018). Organisations encounter huge financial costs and staff shortages when employees leave the organisation hence employees` intentions to quit the organisation are of major interest to organisations in management literature. According to Muleya et al., (2016), antecedents to employees` intention to leave stem from job-related factors such as organisational climate and psychological contract breach. Blomme, Van Rheede and Tromp (2010) suggest that researchers must that find ways of better articulating all the causes of intention to leave hence this study will investigate the moderating roles of ethical leadership and trust in the relationship between organisational climate, psychological contract breach and intention to leave.

### 2.1.5 Ethical leadership

Enquiry into ethical leadership is now a major interest in modern day organisations. For most organisations, leaders provide ethical guidance for employees, however there are very few studies on ethical leadership in South Africa (Mey, Lloyd & Romalingum, 2014; Kondlo, 2014). Most research on leadership and organisational behaviour has been relatively one-sided, mainly focusing on the role of leadership competence in managing change processes (Cheteni & Shindika, 2017; Engelbrecht, Heine & Mahembe, 2014). The ethical aspect of leadership, particularly perceptions of leader ethical behaviour that bring insight on employee outcomes (organisational citizenship behaviour and intention to leave) has been neglected.

Ethical leadership is defined as the modelling of proper conduct in interpersonal relations and behaviour. It is about portraying traits, behaviour, and practices of ethical conduct (Kondlo, 2014). According to Zhu, Zheng, He, Wang and Zhang (2019), there are two dimensions of ethical leaders: a moral person and a moral manager. The moral person dimension denotes personal abilities held by ethical leaders and these include honesty, trustworthy fair and principled in both their professional and personal lives (Hendrikz & Engelbrecht, 2019). Moral person leaders are approachable and highly considerate of other people and employees freely share their concerns and problems with them knowing that they will be understood (Agarwal & Bhargava, 2014). In addition, moral-manager leaders use leadership positions to promote ethical behaviour in the workplace and they act as role models thereby making ethics relevant through demonstrating ethical conduct to their employees (Moore, Mayer, Chiang, Crossely, Kalersky & Birtch, 2019). Moral-manager leaders establish and communicate ethical standards so that employees are held accountable for their ethical conduct through reward and punishment (Moore et al., 2019). Therefore, ethical leaders are authentic people of prudence with strong moral values of honesty, and very receptive to their followers` issues (Scheepers & Storm, 2019). Ethical

leaders are exceptional in comparison to other leaders, because in addition to communicating the importance of ethics, they also provide training on ethical conduct to employees.

There are several benefits of ethical leadership in an organisation. The practice of ethical leadership improves organisational culture and employees' values to a higher level of ethical conduct. A workplace culture of accountability and positivity is established through ethical leadership. Ethical leadership also highlights the importance of integrity and trustworthiness thereby enabling employees to fully accept and follow the vision of the organisation. In addition, strong workplace relationships guided by respect for one another between the leadership and the subordinates are established through ethical leadership. It also reduces business liability through the avoidance of cost of lawsuits and fines. Employee loyalty to the organisation is also enhanced.

Another advantage of having ethical leadership is that it creates an inclusive workplace. Ethical leaders are naturally inclusive in that they listen to other people's opinions. Workplaces led by ethical leaders are characterised by employees of different cultures, race and ethnicity in order to create a strong team. Organisations led by ethical leaders have high standards and they also consistent. Effective systems are established through which each person is treated the same way and decisions on workplace issues are also consistent. However, it is also important to note that promoting ethical leadership is costly. A compliance program that meets the vision and mission of the organisation must be developed but these programmes take time to develop and they are also costly.

#### 2.1.6 Trust

In this study, 'trust' is a mental assessment of an organisation's honesty and dependability by an employee (Heyns & Rothmann, 2015). Employees constantly observe the workplace environment when evaluating the integrity of the organisation and their trust relations are

based on organisational processes and policies (Brown, Gray, McHardy & Taylor, 2015). Trust is crucial in constructive employer-employee relationships for it facilitates loyalty and gives employees some security (Ikonen, Savolainen, Lopez-Fresno & Kohl, 2016).

Liu, Huang, Huang and Chen (2013) explain that trust is a positive belief that another party will not act unscrupulously in a relationship. Four categories of trust have been identified - basic, simple, blind and authentic (Mccarthy & Truhon, 2016). Basic trust is the capacity and inclination to interact with people without unwarranted suspicion and it affords the basis for one's complete personality and demeanour toward the world. Simple trust is the complete absence of doubt either because one is simply naive or there has not been any reason to query the other's trustworthiness, however, with blind trust an individual has been betrayed or violated previously, but, he/she chooses to ignore the incident. On the other hand, authentic trust is based on choice yet one is fully aware of the risks and is willing to confront distrust and overcome it should it occur (Heyns & Rothmann, 2015). Swift and Hwang (2013) add that trust has two distinct components; cognitive trust and affective trust. Cognitive trust refers to a rational and calculative condition that focuses on individual gains whilst affective trust refers to the relational bond between two parties affecting their respect and welfare concern they share for one another. Therefore, trust is a vital element and the leadership of the organisation must strive to create a trust-based organisation.

## **2.2. Theoretical framework of the study**

This study uses the theories of - social exchange, affective events, authentic leadership and social learning - to give an insight into the associations between organisational climate, psychological contract breach, employee outcomes, ethical leadership and trust. The study employs the social exchange theory to explain how certain workplace events (psychological contract breach and ethical leadership) can be perceived as costs or benefits. To explain how the occurrence of certain organisational events, (psychological contract breach and organisational climate dimensions) affect employee outcomes (trust, intention to leave and

organisational citizenship behaviour), the affective events theory is applied. The authentic leadership theory is also used to explain how employees respond to ethical leadership in the organisation. Finally, the social learning theory is used to explain how role modelling of ethical behaviour by leaders can influence organisational climate, psychological contract breach, and employee outcomes. The theories of - social exchange, affective events, authentic leadership and social learning - therefore, formed the bases of this study.

### 2.2.1 Social exchange theory

This theory postulates that all people form relationships using a comparison of costs and benefits (Blau, 1964). Thus, the social exchange theory provides an approach for understanding the relationships between organisational climate, psychological contract breach, and employee outcomes. According to Coyle-Shapiro and Parzefall (2008), if organisations fail to live up to employees' perceived promises, employees often act to restore the balance of the psychological contract. This also suggests that if the organisational climate is poor, there will be less practice of organisational citizenship behaviours and high intentions to leave the organisation among employees. This theory, thus, suggests that employees should strive for a balanced and fair exchange in the employment relationship.

The social exchange theory also provides a theoretical explanation for employee outcomes through the notion of shared obligation; hence, organisational climate and psychological contract breach evoke norms of reciprocity through employee outcomes (Chaudhry & Tekleab, 2013). If employees feel that the organisational climate is not conducive and a psychological contract breach has occurred, they respond by reducing their contributions through their organisational citizenship behaviour and initiating intentions to leave. On the other hand, a positive organisational climate and psychological contract fulfilment motivate employees to contribute positively towards their organisation (Giles, 2010). Based on this

theory, employees are said to often respond to their employers by matching benefits with benefits and costs with costs.

### 2.2.2 Affective events theory (AET)

The affective events theory was designed to explain how employees' emotions affect employee outcomes in the workplace (Weiss & Cropanzano, 1996). AET proposes the belief that employees are emotional beings with attitudes and behaviour guided by emotion (Zhou, Qi, Da, & Zhang, 2017). Positive or negative experiences in the workplace influence employees' attitudes and behaviour (Weiss, 2002). Thus, positive and negative situations at work can create long-term employee responses that can impact on employee outcomes such as organisational citizenship behaviour, and intention to leave (Mitchell, 2011). All parts of the job can affect employee emotions, including the organisational climate, psychological contract, ethical leadership and the level of trust that an employee has in the organisation (Zhou et al, 2017).

Based on this theory, an experience of a significant negative event such as loss of warmth, rigid structure, and increased risk of conflict in the organisational climate coupled with psychological contract breach translates into negative attitudes and behaviour (Zagenczyk et al., 2013). Using the theoretical basis of the affective events theory, a poor organisational climate or psychological contract breach can stimulate negative emotions that lead to negative employee outcomes such as intention to leave and a decrease in organisational citizenship behaviour. However, if employees experience a positive event such as ethical leadership, there will be an increase of organisational citizenship behaviours (Chaudhry, Coyle-Shapiro & Wayne, 2011). A decrease in employee outcomes intention to leave is also expected (Middlemiss, 2011).

### 2.2.3 Authentic leadership theory

The authentic leadership theory emphasizes that a leader's or manager's legitimacy is built based on truthful relations with followers with an ethical foundation (George & Sims, 2007). Authentic managers or leaders are truthful and positive people who promote openness within the organisation (Gardner, Cogliser, Davis & Dickens, 2011). Therefore, authentic leaders practice ethical leadership (Walumbwa, Morrison & Christensesn, 2012). They have ethical standards and are determined to maintain these regardless of negative organisational pressures. Organisations with ethical leadership influence employees positively through the establishment of strong ethical conduct which encourages employees to meet high ethical standards (Mahsud, Yukl & Prussia, 2010).

Authentic leaders have an internalised moral perspective, whereby the leader in his or her relationships adheres to an ethical foundation with subordinates and decisions about the organisation (Covelli & Mason, 2017). Ethical leaders build trust from their subordinates, thereby improving employees' retention and organisational citizenship behaviour in the organisation and employees' intention to leave. This concept of leadership is fully embraced by leaders who value people and ethics as opposed to profit and share price.

A previous study by Walumbwa, Mayer, Wang, Wang, Workman and Christensen (2011) reported that authentic and ethical leaders lead highly performing employees who voluntarily perform over and beyond their contractual obligations (organisational citizenship behaviour), those that value their jobs rather than neglecting them. Due to the moral perspective of authentic (ethical) leaders, trust in the leader and the organisation is positively developed within employees. According to Peus, Weschem, Streicher, Braun and Frey (2012), authentic leaders lead an enthusiastic and committed workforce that remains in the organisation for a long time, thereby reducing labour turnover (intention to leave).

#### 2.2.4 Social learning theory

Based on this theory, human behaviour is learned through observing other people's behaviours, and outcomes of specific behaviours (Bandura, 1986). Thus, most human behaviour is learned by observation and modelling. Through observation, one gets ideas on how to perform new behaviours, and this information is coded as a reference for action for the future (Bandura, 1977). Under the social learning theory, human behaviour is explained as a continuous mutual interaction between the mental, behavioural, and environmental effects.

The moderating roles of ethical leadership and trust in the relationship between organisational climate, psychological contract breach and employee outcomes can be described through the social learning theory (Peus et al., 2012). This theory contends that employee outcomes can be influenced through role modelling and that trust in the employment relationship is reciprocal in nature (Bandura, 1977). It is reported that employees model the behaviour patterns of their leader through observation, emulation and replication. Furthermore, theory suggests rewards for appropriate conduct and disciplinary action for unethical or inappropriate behaviour promotes organisational effectiveness (Peus et al., 2012). As noted by Kondlo (2014), organisational leaders serve as ethical guides for most employees. In most situations, employees conform to the ethical leadership of their organisation, thus, employees feel more attached to the organisation due to clear guidelines of what is acceptable or not (Kondlo, 2014).

### **2.3 Empirical study**

In this section, an account of studies that have investigated the concepts of organisational climate, psychological contract breach, organisational citizenship behaviour, intention to leave, ethical leadership, and trust was presented. The complete and current state of

knowledge regarding the topic of the current study was presented, with special interest to key findings, inconsistencies, gaps and contradictions in the literature.

### 2.3.1 Organisational climate and employee outcomes

In this study, focus was on investigating the relationship between organisational climate and employee outcomes of organisational citizenship behaviour and intention to leave. Many studies reported that there is a significant relationship between organisational climate and OCB. In a study conducted by Randhawa and Kaur (2016) in Punjab, a model was designed to examine the relationship between organisational climate and organisational citizenship behaviour. The findings revealed a significant positive relationship between the variables. Using multiple regression analysis, the results showed that organisational climate explained 68% of variance in OCB. Similar results were also obtained by Pourkiani, Farokhian and Gheisari (2014) who reported that organisational climate explained 19.5% variance in organisational citizenship behaviour. Although the percentages of variance in OCB were different for the two studies, the common theme that emerged was that organisational climate was significant in predicting organisational citizenship behaviour.

Another investigation by Gholami, Keykale, Ramandi, Karimi and Rajaee (2015) on organisational climate and OCB conducted among hospital staff, reported a significant positive relationship between organisational climate and organisational citizenship behaviour. Of note, organisational climate correlated very strongly with organisational citizenship behaviour dimensions of sportsmanship and courtesy. In his study with Ghanaian bank employees, Agyemang (2013) investigated the extent to which organisational citizenship behaviour was influenced by organisational climate in Ghana's banking sector. The study concluded that it is crucial to maintain a strong organisational climate to influence employees to offer extra roles.

Most studies report a positive relationship between organisational climate and organisational citizenship behaviour, however a study conducted by Öge and Erdogan (2015) in the Turkish health sector revealed that there was no relationship between organisational climate and organisational citizenship behaviour in general, although, significant results were reported between the dimensions of both organisational climate and organisational citizenship behaviour among health-care workers. There is, therefore, a marginal inconsistency of literature surrounding organisational climate and organisational citizenship behaviour. Literature on organisational climate and organisational citizenship behaviour is still minimal in the South African context and this gap necessitated this study.

There are also studies that have examined the effect of organisational climate on intention to leave and they report significant results between the two variables. A study by Jyoti (2013) explored the impact of organisational climate on intention to leave; results revealed that organisational climate correlates significantly with intention to leave. Similarly, a study by Subramanian and Shin (2013) confirmed that organisational climate significantly predicts intention to leave. Multiple regression analysis results from the study also revealed that the reward dimension of organisational climate had the biggest variance on intention to leave at 86.8%, hence, the study concludes that a good organisational climate is characterised by a fair reward system that reduces employees' intentions to quit.

Another study by Zhang and Liu (2010) investigated the influence of organisational climate on turnover intention reported a negative correlation between the two variables. Essentially the organisational climate dimension of warmth was identified as a major predictor of intention to leave. In addition, a study conducted by Saungweme and Gwandure (2011) on the organisational climate and intention to leave in South Africa's recruitment industry asserted that a poor organisational climate was associated with high turnover intentions.

Purvis, Zagenczyk and Mccray (2015) in their research, made the point that employees respond to poor organisational climate with higher levels of withdrawal from the job; this

eventually translate into intention to leave. In addition, a cross-sectional study conducted by Liou and Cheng (2010) on organisational climate and nurses' intention to leave in Taiwan hospitals concluded that organisational climate had approximately 60% variance on intention to leave. This study also noted that it is vital to create a good organisational climate to decrease intention to leave among employees. In the United Emirates, a study by Suliman and Obaidli (2011) on organisational climate and intention to leave in the Islamic banking sector revealed that employees' perceptions of organisational climate play a significant role in predicting turnover intentions, however, organisational justice, a dimension of organisational climate, had the largest variance in predicting employees' intentions to leave. In South Africa, a study conducted by Munyaka, Boshoff, Pietersen and Snelgar (2017) on organisational climate and intention to leave in South Africa demonstrated that organisational climate was an insignificant predictor of employees' intentions to leave an organisation. However, with the exception of the studies by Saungweme and Gwandure (2011), and Munyaka, et al. (2017), research on how organisational climate can influence employees' intention to leave in the organisation, especially institutions of higher learning in South Africa, is still relatively new and limited. To explore that gap, the current study hypothesised that organisational climate has a significant positive relationship with intention to leave.

### 2.3.2 Psychological contract breach and employee outcomes

There are various studies that have investigated the influence of psychological contract breach and employee outcomes of organisational citizenship behaviour and intention to leave. According to Francisco (2015), employees' organisational citizenship behaviours are the first to be adversely affected by breach of the psychological contract because they are not usually specified in most employment contracts, hence, failure to exhibit them does not negatively reflect in performance appraisal reports. Investigating the influence of psychological contract breach on OCB is, nevertheless, very essential since these

behaviours are highly beneficial to the organisation. Jensen, Opland and Ryan (2010), perceived that inequities in psychological contracts results in employees decreasing their extra-role behaviours (OCBs). A study conducted by Yang and Chao (2016) further reported that employees perceiving unmet promises in psychological contracts are often counterproductive showing less organisational citizenship in their behaviour.

Another study by Chiang, Jiang and Klein (2012) also reported that negative emotional perceptions, such as psychological contract breach leads to a decrease in organisational citizenship behaviours among employees. Similar to the research findings of Chiang et al., (2012), a study conducted by Podsakoff, Whiting, Podsakoff and Blume (2009), and also Francisco (2015) supported a negative correlation between PCB and OCB. On the contrary, there are some researchers who argue that OCB is rather based on individual personality rather than any workplace events (Agarwal, 2016; Sina & Abbas, 2015). Nevertheless, this study hypothesised that there is a significant positive relationship between psychological contract breach and organisational citizenship behaviour.

Psychological contract breach has also been linked to employees' intention to leave an organisation. Paillé and Dufour (2013), suggest that psychological contract breach causes irreparable damage to the working relationship, and the individual's only recourse may be to terminate the relationship. In addition, De Hauw and De Vos (2010) state that when employees experience psychological contract breach in the workplace, they may not be willing to put in effort in their jobs and this cultivates an intent of leaving their jobs. A study by Chin and Hung (2013) into the influence of PCB and intention to leave among insurance industry workers established a positive relationship between PCB and employees' intention to leave through regression analysis.

However, Alcover, Martínez-Iñigón and Chambal (2012) stipulates that workers with a transactional type of psychological contract usually quit their jobs when compared to those with a relational type of psychological contract type when breach occurs. From these

findings, it is deduced that psychological contract types influence employees' decisions to either quit or remain in the organisation. Similarly, a study conducted by Umar and Ringim (2015) in Nigeria also specified that transactional psychological contract breach correlates strongly with turnover intention. In contrast to these studies, there are some studies that have reported that it is the breach of the relational psychological contract that informs employees' decisions to leave the organisation (Aykan, 2014; Xie, Liu & Huang, 2015). Therefore, there are inconsistent results on whether it is the type of psychological contract that has been breached or breach of the general psychological contract that influences employees' intentions to leave their jobs. Interviews conducted by Duran, Woodhams and Bishopp (2018), with police officers provided evidence that when employers fail to meet perceived obligations, employees withdraw their services from the organisation. The perceived obligations cited in this study's interviews showed the overlapping between relational and transactional psychological contracts; it is, thus, not clear if employees can clearly distinguish whether they intend to leave an organisation due to breach of the transactional or relational psychological contract. As a result, this study hypothesised that there is a positive relationship between psychological contract breach and intention to leave, for example, among university employees.

### 2.3.3 Ethical leadership as a moderator in the relationship between organisational climate and employee outcomes

There are limited studies that have investigated the role of ethical leadership in influencing the relationship between organisational climate and the employee outcomes of organisational citizenship behaviour and intention to leave. One significant factor that has, however, been associated with both organisational climate and the employee outcomes of organisational citizenship behaviour, is ethical leadership. In their study in South Africa, Engelbrecht, Wolmarans and Mahembe (2017) reported that ethical leaders facilitate the development of strong organisational climate, characterised by high ethical standards. In

addition, some studies have also reported a significant positive relationship between ethical leaders and organisational climate (Akdogan & Demirtas, 2015; DeConinck, DeConinck & Moss, 2016). Similarly, Esmaelzadeh, Abbaszadeh, Boorhani and Peyrovi (2017) investigated the role of ethical leadership in improving organisational climate from an Iranian nurses' perspective. Using a qualitative approach, the study findings reported that ethical leaders improve the organisational climate by creating trust, organisational identification and solidarity among nurses.

In addition, there are several studies which report that ethical leadership positively correlates to OCB and negatively to intention to leave (Gao & He, 2017; Mo & Shi, 2017; Wang & Sung, 2016; Yang, Ding & Lo, 2016). Madu (2012) also supports the argument that employees abide by the ethical principles set by their leaders, hence, ethical leaders instil positive employee outcomes, such as organisational citizenship behaviour (Mo & Shi, 2017). Therefore, ethical leaders promote an ethical organisational climate hence they become successful in maintaining organisational citizenship behaviour and intention to leave among employees. The leadership of an organisation sets the tone of an organisation's climate; meaning that unethical leadership often leads to an increase in employees' intentions to leave the organisation (Philipp & Lopez, 2013). Usually, employees do not leave a bad job but they leave a bad boss, showing that when the leadership's demeanour is ethical, deviant workplace behaviour, such as intention to leave are reduced (Mayer, Aquino, Greenbaum & Kuenzi, 2012). Based on this reviewed literature, it is evident that most studies have only investigated the direct relationships between, either ethical leadership and employee outcomes, or organisational climate and the employee outcomes. In this research, no studies could be found that have explored ethical leadership as a moderator in the relationship between organisational climate and employee outcomes of organisational citizenship behaviour and intention to leave. To fill this gap, the current research study investigated the role of ethical leadership as a moderator in the relationship between

organisational climate and organisational citizenship behaviour, and intention to leave, in a South African context.

#### 2.3.4 Ethical leadership as a moderator in the relationship between psychological contract breach and employee outcomes

Several studies report that PCB correlates positively to employees' intention to leave and adversely to OCB, however, there is little information on the moderating role that ethical leadership plays in the relationship between psychological contract breach the two employee outcomes. One study conducted by Philipp and Lopez (2013) revealed that ethical leadership moderated the relation between psychological contract breach and organisational citizenship behaviour. Bukhari, Saeed and Nisar (2011) also investigated the moderating role of Islam ethical leadership on the relationship between PCB and intention to leave. This study concluded that Islamic ethical leadership significantly moderates the psychological contract breach and employees' intentions to leave their organisations.

The two studies presented above, seems to be the extent of investigation into the moderating role of ethical leadership on the relationship between PCB and employee outcomes of organisational citizenship behaviour and intention to leave. Two studies conducted by Malik and Khalid (2016), and Ahmed et al., (2016) recommend future studies on factors that could buffer the adverse employee outcomes related to psychological contract breach. This study responds to these calls by investigating ethical leadership as a moderator in the relationship between PCB and employee outcomes of organisational citizenship behaviour and intention to leave. A healthy organisation thrives when the organisation is led by ethical leaders; it is possible that in this type of organisation, ambiguity is minimized in the employment contract, such that, cases of psychological contract breach are reduced (Walumbwa, et al., 2011). To add to the discussions, Mo and Shi (2017) established a positive relationship between ethical leadership and pro-social behaviour, such as organisational citizenship behaviour and negatively-related intention to leave.

### 2.3.5 Trust as a moderator in the relationship between organisational climate and employee outcomes

In this study, literature on research studies that have investigated the moderating role of trust on the relationship between organisational climate and employee outcomes of organisational citizenship behaviour and intention to leave could not be found. Most studies have only investigated the direct relationships between either organisational climate and employee outcomes or trust. Prior organisational climate literature has revealed that employees' perception of their working environment influences their organisational citizenship behaviours and intention to leave (Akanni & Ndubueze, 2017; Basit & Duygulu, 2017). On the other hand, a study conducted by Engelbrecht et al., (2014) revealed that trust can also be influential in changing or strengthening an employee's outcomes of organisational citizenship behaviour. There is also evidence showing that currently, employees care about the trustworthiness of management in the organisation, in making their decisions on leaving the organisation (Heyns & Rothmann, 2015; Rodwell, McWilliams & Gulyas, 2017). According to Singh and Srivastava (2016), the presence of trust, in both the organisation and management promotes the practice of OCBs in the workplace. In addition, a study conducted by Jain, Sandhu and Goh (2015) in Malaysia, also reported that trust is crucial to the establishment of a strong and appealing organisational climate. Furthermore, Birdie and Jain (2016) also mentioned that the trust factor is vital in the cognitive evaluation of the organisational climate by employees. Based on the this discussion, it is possible that the interaction between organisational climate and trust can have a significant effect on the relationship between organisational climate and employee outcomes. This study, therefore, hypothesised that trust moderates the relationship between organisational climate and employee outcomes of OCB and intention to leave among employees, like university staff.

### 2.3.6 Trust as a moderator in the relationship between psychological contract breach and employee outcomes

Only two studies were found that have investigated the moderating role of trust in the relationship between psychological contract breach and the employee outcomes of organisational citizenship behaviour and intention to leave. In a study conducted by Coyle-Shapiro (2002), trust was found to be a significant moderator in the relationship between psychological contract breach and organisational citizenship behaviour. Another study conducted by Kraft (2008) also reported that the interaction between trust and psychological contract breach was significant in predicting the employee outcome of organisational citizenship behaviour. This means that employees who had high levels of trust in the organisation exhibited high levels of organisational citizenship behaviours regardless of any psychological contract breach experiences.

There are also few studies conducted into the moderating role of trust on the relationship between psychological contract breach and the employee outcome of intention quit. One study by Clinton and Guest (2004) concluded that the effect of psychological contract breach on intention to leave varied depending on the level of trust employees had in the organisation or management. Similarly, a study by Kraft (2008) assert that employees who had high levels of trust in their organisations had low levels of intention to leave the organisation, even if they perceived breach of their psychological contract, however, all these studies were conducted in western countries. There is no literature on the moderating role of trust in the relationship between PCB and intention to leave in an African context. Obuya and Rugimbana (2014) claimed that trust is vital in any employment relationship, for most employees who fully trust their employers had no intentions to leave their organisation even after their psychological contracts were breached. Based on the literature presented, this study proposed that trust will moderate the relationship between psychological contract breach and intention to leave. It was expected that the inclusion of trust as a moderator

variable in this study will be of assistance to organisations in devising new approaches to reduce the negative effects associated with psychological contract breach.

## 2.4 Conceptual framework for this study

Figure 2.1 below shows the variables under investigation for this study. It depicts that organisational climate and psychological contract breach are independent variables and employee outcomes of organisational citizenship behaviour and intention to leave are the dependent variables; ethical leadership and trust are the moderator variables

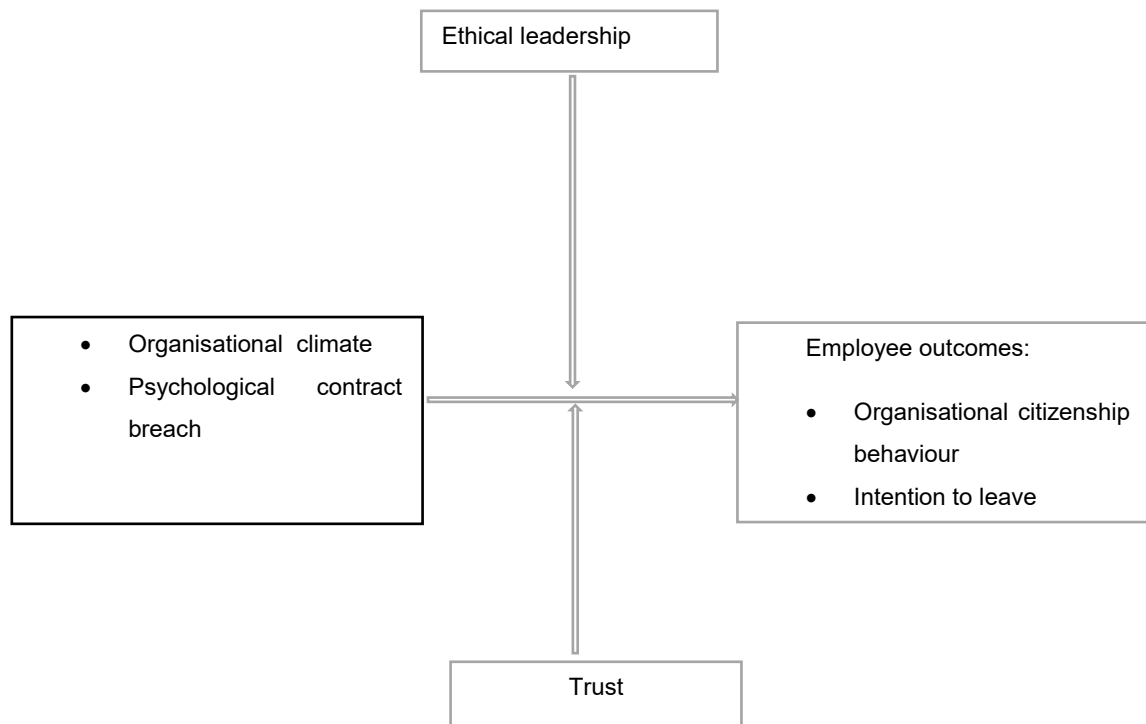


Figure 2. 1: *Conceptual framework linking all variables*

## CHAPTER 3

### RESEARCH METHODOLOGY

The previous chapter was a review of literature on organisational climate, psychological contract breach, employee outcomes, ethical leadership and trust. This chapter outlines the research methodology utilised for the present study. Included in this chapter are the research design, sampling procedure, a description of the study participants, instruments used in collecting and analysing the data in this study. Lastly, the ethical guidelines followed in this study are presented.

#### 3.1 Research paradigm, design and approach

Every study makes use of at least one research paradigm that is used as a guide to develop an appropriate and valid methodology for the research. Basically, a research paradigm contains shared agreements and beliefs regarding how problems must be solved and understood (Saunders, Lewis & Thornhill, 2012). A research paradigm is also identified through its ontology, epistemology and methodology and these concepts produce a complete view on how knowledge is understood and also how we relate to it (Creswell, 2014). Primarily, there are three research paradigms known as positivism, constructivists and pragmatists paradigms (Sekeran & Bougie, 2016). Positivism relies on measurable observations that result in statistical analysis and the investigator's role is restricted to collection and interpretation of data objectively (Pansiri, 2009). The researcher focusses on facts and is independent of the research. It also uses existing theory to design hypothesis that are tested in research (Creswell, 2014). In contrast, constructivism recognises the human's mental capacity in knowing reality and it opposes that there is one methodology in generating knowledge (Saunders et al., 2012). In addition, the pragmatism paradigm promotes the use of mixed methods and the research approach can either be deductive or

inductive (Sekaran & Bougie, 2016). However, the quantitative nature of the current study necessitates the use of the positivist's paradigm.

Babbie (2017), clarifies a research design as the blueprint for both data collection and analysis. The current study followed a cross-sectional research design because the study took place at a certain given single point of time; this was preferred over other designs because it is quicker and inexpensive (Leedy & Omrod, 2016). This design allowed the researcher to collect information on all the variables in the study, simultaneously. Another advantage of this design is that it can pave way for further studies through providing clues that may serve as relevant tools to guide further experimental studies (Leavy, 2017), although a major disadvantage of cross-sectional studies is that they are inappropriate to use for timeline-based studies.

There are two primary approaches of research methodology - qualitative and quantitative - and these are governed by specific paradigms (Cresswell, 2014). The qualitative approach makes use of data obtained through interviews and it does not make use of any statistical analysis (Awang, 2012). The major weakness of the qualitative investigations is the issue of subjectivity because the approach relies on the personal interpretations of data by the researcher (Leedy & Omrond, 2016). Under the quantitative research approach, variable features are classified, counted, and statistical models are developed to explain phenomena. The quantitative research design is mainly used when the research purpose is examining the strength and nature of correlations between the independent and dependent variables (Babbie & Mouton, 2012). The researcher collects data and analyses it to either support or refute the hypotheses. This study utilised a quantitative research design because the objectives of the study involved investigating the relationships between the independent variables and dependent variables. A major advantage of the quantitative research approach is that findings obtained from the study can be generalised to the whole population and the data is objective (Saunders, Lewis & Thornhill, 2012). The quantitative approach, however,

is also restrictive in that it does not allow the researcher to probe or get any clarity on the data provided by the research participants (Saunders et al., 2012). Regardless of these advantages and disadvantages mentioned, in this study, the research objectives justified the use of the quantitative research approach.

### **3.2 Research participants and sampling**

According to Mitchell and Jolley (2010), the study population is the entire number of possible elements that can be included in a study; it is the entire number of elements that have a possibility of being included in the sample of the study (Strydom, 2013). In the current study, the population was comprised of all university staff members employed by University of Limpopo and University of Venda in Limpopo province, South Africa. The common reason for selecting these two universities is due to the fact that these are the only two universities fully based in Limpopo province. Most of the studies reviewed in the preceding chapter examined the influence of organisational climate and PCB on employee outcomes in western countries. Conditions prevailing in these countries may be different from those in less-industrialised countries. Differences may accrue from economic, political, social and cultural factors, hence, the present study was driven by the need to explore the nature of organisational climate, psychological contract breach, employee outcomes in the context of South Africa, with a focus on the moderating roles of ethical leadership and trust on these relationships.

#### **3.2.1 Sample size**

Babbie (2017) defines a sample as individuals selected from a parent population to participate in a research study. Information from a well-selected sample can reliably be inferred about a certain population without examination of every element (Leedy & Omrod, 2016). In addition, Babbie & Mouton (2012) state that the most vital feature of an adequate sample is that it should be very representative of the whole population. A representative

sample accurately reflects the population; thus, inferences can be drawn (Leavy, 2017). The sample size is a significant feature of any study when making interpretations and generalisations about a certain population (Creswell, 2014). For most studies, a general rule when determining the sample size, is that, the larger the better (Awang, 2012). Large sample sizes have a small margin of error and they provide accurate calculations, statistically (Mitchell & Jolley, 2010). However, in the current study, the data analysis methods used determined the required sample size. Confirmatory factor analysis was used and Tabachnick and Fidell (2013) recommend that a sample size of at least 150 is needed when using this analysis method. Therefore, 300 research questionnaires were distributed and 202 appropriately filled questionnaires were returned, indicating a response rate of 67%. According to Babbie (2017), a response rate of at least 50% is adequate for research in the social sciences.

### 3.2.2 Sampling procedure

The next step after determining the sample size is selecting an appropriate sampling method to be used in obtaining a representative sample (Strydom (2013). Leedy and Omrond (2016) define sampling procedure as a technique of choosing enough elements from the population in a way that individuals selected represent the entire population from which they were selected. Goodwin and Goodwin (2016), have identified two categories of sampling procedures - probability and non-probability procedures. All sampling methods under the probability sampling procedure randomly select elements from the sample, thus, all elements in the population stand an equivalent chance to be included in a sample (Sekaran & Bougie, 2016), however, non-probability sampling methods do not utilise a random selection of elements.

To obtain a better representation of the two universities, the researcher used the probability sampling procedure, specifically, stratified random sampling method. Stratified random

sampling, according to Sekaran and Bougie (2016), divides the entire population into homogeneous subgroups known as 'strata' and then elements are randomly selected from each subgroup. The strata are formed based on the characteristics or attributes of the population and a random sample from each stratum is then selected in a number proportional to the stratum's size, when compared to the population (Etikan, Musa & Alkassim, 2016). These subsets of the strata are then pooled to form a random sample. This method ensures that both the population and the subgroups within it are represented in the sample (Creswell, 2014). In the current study, university employees were divided into two strata - lecturers and administration staff. From each stratum, a sample was drawn to avoid under-representation of a strata. The 300 questionnaires were equally divided into two and 110 of the returned questionnaires were from academic staff whilst 92 were from the administration staff.

### **3.3 Measuring instruments**

A structured questionnaire was utilised for collection of data; this is a document used to solicit appropriate information needed for analysis through a series of questions, according to Babbie and Mouton (2012). The questionnaire contained several questions designed in a sequence to produce more accurate data. In the current study, a questionnaire was preferred because of its ability to translate research objectives into quantifiable answers. The questionnaire contained 7 sections. The first section (Section A) contained demographic information used for sample description; section B, C, D, E, F, and G comprised the measuring instruments discussed below. Six scales were utilised to measure the variables under investigation - organisational climate, psychological contract breach, and organisational citizenship, intention to leave, ethical leadership and trust.

#### **3.3.1 Organisational climate**

To measure organisational climate, a 22 item questionnaire by Kantén and Ülker (2013) was used. An example of an item is: "There is a warm relationship between management and

workers in this organisation”. The participants responded to these questions anchored on a 5-point Likert scale that ranged from 1 (strongly disagree) to 5 (strongly agree). In the original study, the scale obtained a Cronbach alpha of 0.85. In the current study, the scale obtained a Cronbach alpha of 0.861.

### 3.3.2 Psychological contract breach

A psychological contract breach scale designed by Knights and Kennedy (2005) was used in this research to measure psychological contract breach. The scale has 9 items that measure employees` perceptions on whether the employer had met the promises made in the psychological contract. An example of an item is: “I feel that my organisation has breached the contract between us”. The questions were anchored on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Knights and Kennedy (2005) reported a Cronbach alpha of the scale at 0.84. of the instrument in their study with Australian Senior Public Servants. Hennicks (2014) also reported a reliability of 0.90 of psychological contract breach scale in his study with South African mine workers. In the current study, the scale obtained a Cronbach alpha of 0.939.

### 3.3.3 Organisational citizenship behaviour

A 24-item scale designed by Podsakoff et al., (1990) was used to measure organisational citizenship behaviour. It measured the extent to which participants exhibit organisational citizenship behaviours in their work places. An example item is: “I attend organisational functions”. The participants responded to questions anchored on a 5-point Likert scale with 1 (strongly disagree) and 5 (strongly agree). Podsakoff et al., (1990) obtained a Cronbach alpha of 0.83. A study by Rothmann (2010) on information technology employees in South Africa found a reliability of 0.82 on the organisational citizenship behaviour scale. In the current study, a Cronbach alpha of 0.803 was obtained for the OCB scale.

### 3.3.4 Intention to leave

To measure employees' intention to leave, an eight-item scale designed by Freese (2007) was utilised. This scale was appropriate for this study because it contains extensive questions on intention to leave and it had a reliability of 0.885 in the original study. A sample item is: "I often think about quitting". The scale items were assessed on a 5-point Likert scale ranging from "strongly disagree" to "strongly agree." A study conducted by Rothmann (2010) on the validation of instruments measuring happiness in South Africa found a reliability of 0.84 on the intention to leave scale. In this study, the intention to leave scale obtained a Cronbach alpha of 0.753.

### 3.3.5 Ethical leadership

Ethical leadership was measured on a scale designed by Brown, Trevino and Harrison (2005) containing 10 items and a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The items assess employees' perceptions on how the leaders maintain an ethical climate in the organisation. A sample item is: "My supervisor discusses business ethics or values with employees". The reliability in the original scale was 0.94. A study by Mey, Lloyd and Romalingum (2014) on leadership essentials for an ethical environment also found an alpha coefficient of 0.82 on the ethical leadership scale. In this study, a Cronbach alpha of 0.933 was obtained for the ethical leadership scale.

### 3.3.6 Trust

A trust scale containing 7 items designed by Robinson (1996) was utilised to compute the variable of trust in this study. It measures employees' trust in the organisation. Participants filled the questionnaire on a 5-point Likert scale that ranged from 1 (strongly disagree) to 5 (strongly agree). A sample item is: "I trust the decisions of my employer". The reliability of the scale was 0.90. Heyns and Rothmann (2015) also found a reliability of 0.83 in their study

among South African Johannesburg Stock Exchange (JSE) company employees. A reliability of 0.815 for the trust scale was obtained in the current study.

### **3.4 Data collection procedure**

Before the questionnaire distribution for the main study, a pilot study was conducted to inspect any challenges relating to item content. This was necessary in rectifying any inadequacies before the questionnaire is administered to participants in the main study (Sekaran & Bougie, 2016). A pilot study is vital because it allows the researcher to refine the questionnaire before resources are expended on the main study (Saunders, Lewis & Thornhill, 2009). In this study, some respondents were selected to participate in the pilot study; consequently, a few alterations were made to the initial questionnaire in the wording of some items. After the pilot study, the questionnaire was ready to be distributed. There are several methods of questionnaire distribution - online, via post, or by the researcher. The distribution of questionnaires via post was inappropriate for the current study because it requires the investigators to have personal addresses of every participant (Kumar, 2010). There is also no direct contact between the researcher and the participant, therefore, this method suffers from a low response rate (Sekaran & Bougie, 2016). Similarly, online distribution of questionnaires was also inappropriate for this study because this method also suffers a low response rate because there is no direct contact between the investigator and the participants (Kumar, 2010). In addition, for online distribution of questionnaires to be effective, all research participants must have internet access and the ability to use it (Sekaran & Bougie, 2016).

In this study, the researcher with the help of field assistants distributed the questionnaires and the following steps were taken in the distribution of the questionnaires. Prior to questionnaire distribution, an ethical clearance and permission to conduct this study was obtained from the research office of the University of Venda. In addition, visits were made to the research offices of the participating universities to obtain permission to use their

employees as participants in this research and permission was granted. With the assistance of appointed field assistants, the data collection process was completed in two months. This method was more suitable for the current study because the researcher could follow-up on the distributed questionnaire, hence, ensuring a high response rate (Sekaran & Bougie, 2016).

### **3.5 Data analysis**

Data analysis refers to the use of techniques to reduce collected data to a manageable size, such that patterns and summaries can be drawn from the data (Awang, 2012). During the analysing process, the raw data are inspected, cleaned and converted to valuable information upon which inferences can be made to enable effective decision-making (Creswell, 2014). Through the use of the statistical packages, IBM SPSS and Amos Version 25, several inferential statistical techniques were exploited to analyse the data. Firstly, item analysis was performed to inspect the internal consistency of variables under investigation. Secondly, to determine the dimensionality of the scales in this research, exploratory factor analysis (EFA) was conducted. Thirdly, confirmatory factor analysis (CFA) was carried out to assess the suitability of the measurement. Pearson product moment correlation was then performed to assess the nature of the hypothesised relationships between the independent variables and the dependent variables. Finally, hierarchical moderated regression analysis was carried out to test the moderating roles of ethical leadership and trust on the relationship between organisational climate, psychological contract breach and employee outcomes. These statistical techniques are discussed, in detail, below.

#### **3.5.1 Descriptive statistics**

Descriptive statistics, using frequencies and percentages was used to detail the demographic characteristics of the study participants. In addition, the measures of central tendency and dispersion were also used to describe the pattern of responses towards the

questionnaire items for each scale. Further, the data was also tested for normality using the values of skewness and kurtosis for interpretation.

### 3.5.2 Item Analysis

Item analysis was conducted to measure the reliability of the scales. It is a process of measuring how well the items on an instrument that are proposed to measure the same constructs produce comparable results (Gorsuch, 1997). The desired result is that all items measuring the same construct are associated together to give the best estimate of each person's score on that construct (Gajjar, Sharma, Kumar & Rana, 2014) Gorsuch (1997), the Cronbach alpha is the most effective measure of item analysis. In addition, Nunnally's (1967) guiding principles in interpreting reliability coefficients governed the reliability of the scales and subscales used in this current research. According to Nunnally (1967), scales with reliability coefficients between 0.7 and 0.79 are adequate and those falling between 0.8 and 0.89 are deemed to be good, those with reliability coefficients of 0.9 and above are interpreted as excellent, however, those below 0.70 have restricted applicability (Nunnally & Bernstein, 1994).

### 3.5.3 Exploratory Factor Analysis

Exploratory factor analysis (EFA) was conducted to investigate the factor structure of all scales used in this study using SPSS Version 25. The process involved uncovering the dimensionality of each scale (Kerlinger, 1973). Items with factor loadings below 0.5 were removed from further analysis as recommended by Tabachnick and Fidell (2013). In addition, items loading above 0.30 on more than one factor were omitted if a difference of 0.25 was found between the highest and lowest loading (Pallant, 2016). Furthermore, only dimensions with a Kaiser-Meyer-Olkin measure of sampling adequacy (KMO index) above 0.50 were acceptable (Yong & Pearce, 2013). After performing EFA, confirmatory factor analysis (CFA) was conducted. Awang (2015), stresses that it is not recommended to

perform both EFA and CFA on the same datasheet, therefore, the data collected from the participants was divided into two data sets - 30% for EFA and 70% for confirmatory factor analysis.

### 3.5.4 Confirmatory factor analysis

In this study, confirmatory factor analysis (CFA) conducted was to test whether the observed data correlate with the variables based on the form defined in a measurement model through creating classified-fit indices (Kline, 2016). These fit indices show how close the parameter estimates of the measurement model fits the collected data (Schumacker & Lomax, 2016). In other words, CFA is used to confirm or reject a theory. Amos version 25 was utilised in conducting CFA on the overall measurement model for the independent and dependent variables. This is also known as 'pooled confirmatory factor analysis' (Afthanorhan, Ahmad & Mamat, 2014). The robust maximum likelihood estimation method was adopted for an estimation of parameters. 'Absolute fit' indices evaluate a model's ability to replicate the actual covariance matrix whilst 'relative fit' indices compare various contending models to choose a model that offers the best fit of the data (Schumacker & Lomax, 2016).

#### *3.5.4.1 Absolute fit indices*

- The chi-square test

The chi-square value is originally an indicator of the differences between the observed and reproduced covariance matrices. Values should be close to zero to indicate better fit (Awang, 2015). The Satorra Bentler chi-square is appropriate for multivariate non-normal data hence its use in this study (Mels, 2010).

- Root mean square error of approximation (RMSEA)

The root means square error of approximation (RMSEA) is regarded as one of the most informative values. It assesses discrepancies between a hypothesised model with unknown

but optimally chosen parameter values and the population covariance matrix. RMSEA values should be below .05 to indicate a good fit, whilst those between .05 and under .08 show a reasonable fit. However, RMSEA values above .08 show a poor fitting model (Awang, 2015). In addition, Afthanorhan and Ahmad (2013) stipulates that RMSEA values below .08 are acceptable.

- Root mean square residual (RMR) and standardised root mean square residual (SRMR)

The root mean squared residual (RMR) and standardised root mean square residual (SRMR) present the square roots of the incongruities between sample covariance matrix and the model-implied covariance matrix. Interpretation of the RMR statistic can be difficult because its size differs from one variable to another. However, the use of the SRMR rectifies this challenge. SRMR values below .08 indicate an acceptable fit or model (Awang, 2015).

- The goodness of fit (GFI) and the adjusted goodness of fit index (AGFI)

The goodness-of fit measure works as a substitute of the Chi-square (Hu & Bentler, 1999). It indicates the pertinent number of covariances explained by a model, thus, showing the fit between a hypothesised model and the observed covariance matrix. The adjusted goodness-of-fit index is the GFI adjusted for the degrees of freedom, while the parsimony goodness-of-fit index adjusts the model taking complexities into account. To obtain an acceptable fit, both the GFI and AGFI values must be above .90 whilst acceptable values for the PGFI must fall the .50 region (Schumacker & Lomax, 2016).

#### 3.5.4.2 *Relative fit indices*

Relative fit indices equate the chi-square value for a hypothesised model to the baseline model. These relative fit indices deal evaluate whether the considered model is the best when compared to other contending models (Awang, 2015). Relative fit indices consist of the

normed fit index (NFI), non-normed fit index (NNFI) and comparative fit index (Rose, Awang & Yazid, 2017).

- The normed fit index (NFI) and non-normed fit index (NNFI)

The normed fit index (NFI) assesses discrepancies between chi-squared values of the hypothesised model to that of the null model (Bentler, 1990). NFI range from 0 to 1 and the cut-off value of  $\geq .95$  indicate good fitting model (Hooper, Coughlan & Mullen, 2008). One key weakness of the NFI is that it often underestimates model fit when the sample is small (Zanuidin, 2012). However, the non-normed fit index corrects the NFI through including the degrees of freedom into a model, thereby reducing the NFI's weakness of negative bias in very good fitting models. NNFI values can go above 1 to reflect an acceptable fit.

- The comparative fit index (CFI)

The comparative fit index (CFI) evaluates model fit through assessment of inconsistencies between the collected data and the hypothesized model, while accounting for sample size. CFI values must fall between 0 and 1 and values of .90 and above indicate a good fit (Kline, 2016).

### 3.5.5 Correlation analysis

Pearson product-moment correlation coefficient was conducted to determine the relationships amongst the study variables. In Pearson's correlation analysis, the type of correlation is categorised by considering what happens to one variable as the other one increases. Positive values represent a positive linear relationship whilst negative values represent a negative linear relationship (Pearson, 1948). Values close to zero indicate that there is no relationship whilst those close to -1 and +1 denote a closer linear relationship.

### 3.5.6 Hierarchical moderated regression analysis

Hierarchical moderated regression analysis was conducted to assess if ethical leadership and trust moderate the relationships between organisational climate, psychological contract breach and employee outcomes (H1a-c, H2a-c, H3a-c and H4a-c). When analysing moderator variables, it is measured whether the regression of variable X on variable Y varies across variable Z, through assessing whether the regression product term (XZ) is significantly different from zero (Preacher, Zhang & Zyphur, 2016). The interaction is created by multiplying the independent variable and moderator variable together after both have been centred to have a mean of 0. If the interaction is significant, then moderation is supported.

In this study, hierarchical moderated regression analysis was conducted in two steps. In the first step, the independent variable and the moderator variable were entered into the regression model. In the second step, the interaction between the independent variable and the moderator variable was added to the regression model. Moderation was supported only if the interaction was significant. To check whether the interaction effect is significant statistically, the squared multiple correlation coefficients ( $R^2$ ) for the two regression models are compared (Aguinis, 1995). The  $R^2$  value explains how much variance of Y is accounted for by a regression model, whilst  $R^2$  change specifies the unique contribution of the new predictor added to the regression model (Field, 2013). However, R is often overestimated as a result of positive chance fluctuations that increase the value of R, hence it is adjusted to account for the expected inflation in sample R (Tabachnick & Fidell, 2013). Therefore, adjusted  $R^2$  explains how much variance in Y if the model had been derived from the population from which the sample was taken (Field, 2013). The F-statistic is also interpreted to assess the significance of adding extra independent variables to a prediction equation statistically in hierarchical analysis (Tabachnick & Fidell, 2013). In addition, Dawson (2014) suggest probing the nature of interaction effects by plotting simple slopes. Significant

interaction effects are plotted by computing conditional moderator variables. In this study, the data for visualising these significant interaction effects in simple slopes was produced by PROCESS macro for SPSS created by Hayes (2017).

### **3.6. Ethical considerations**

Firstly, an ethical clearance certificate was granted from the University's research office. Authorisation to conduct research was also obtained from the Human Resources and research departments of each university. In collecting the data, several ethical guidelines were followed. The participants were assured that information provided will remain private and that their identity will remain anonymous as it is vital to protect the identity of participants from whom data is collected. In addition, the study participants were also informed about their right to participate or withdraw from the research at any time. Furthermore, all participants were informed that the information sought is solely for academic purposes and for the improvement of the organisation. Written consent often frightens potential study participants; therefore, verbal consent was mostly sought. Study findings were also reported honestly and there was no manipulation of data findings.

## CHAPTER FOUR

### RESULTS

The main aim of the current chapter is the presentation of results obtained from the statistical procedures performed to test the hypotheses for this study. This chapter begins with a presentation of the demographic information of the sample. This is followed by descriptive statistics on the measures of central tendency, dispersion and normality. Results from reliability analysis, exploratory factor analysis and confirmatory factor analysis are also presented. Finally, results from the structural model and moderated hierarchical regression analysis on hypotheses testing are presented.

#### 4.1 Demographic profile of sample

Out of 202 respondents, 105 (52%) were female whilst 97 were male (48%). The predominant age group of the sample was between 20-29 years, accounting for 76 respondents (37.6%), followed by the 30-39 age group which accounted for 29.2% (59 respondents) of the sample. Eighteen (18.8%) of respondents were aged between the ages of 40 and 49 years, whilst 11.9% of the sample was between 40 and 49 years. Only 5 respondents were aged above 60 years. These frequencies reveal that the organisations have a predominantly young workforce as more than half of the respondents were below 40 years old. More than half of the respondents were single (55.4%) whilst 40.6% were married. Only 4% of the respondents were either divorced or widowed. Most of the respondent (43.6%) had a master's degree as their highest academic qualification, followed by those with honours degree (17.3%); only 11.9% held doctorate degrees. Many of the respondents (64.4%) had 5 years or less working experience in their organisations; those with 6 to 10 years of working experience constituted 20.8%; only 14.9% of respondents had a work experience of 10 years and above.

Table 4. 1: *Sample description*

<b>Variable</b>	<b>Category</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Gender	Male	97	48
	Female	105	52
Age of participants in years	20-29 years	76	37.6
	30-39 years	59	29.2
	40-49 years	38	18.8
	50-59 years	24	11.9
	60 years and above	5	2.5
Marital status	Single	112	55.4
	Married	82	40.6
	Divorced	5	2.5
	Widowed	3	1.5
Highest qualification obtained	Certificate	10	5
	Diploma	14	6.9
	Bachelors	31	15.3
	Honours	35	17.3
	Masters	88	43.6
	Doctorate	24	11.9
Working experience	5 years and below	130	64.4
	6-10 years	42	20.8
	11-15 years	14	6.9
	16-20 years	9	4.5
	21 years and above	7	3.5

#### 4.2 Descriptive statistics (Measure of central tendency, dispersion and normality)

The results in Table 4.2 show that on the Trust scale, most respondents had a strong agreement regarding this variable ( $\bar{x} = 4.8$ ;  $SD = 3.81$ ). This shows that most respondents agreed that they trust their employers. The average response for Psychological contract breach (PCB) shows that most people had a strong disagreement with this variable ( $\bar{x} = 2.5$ ;  $SD = 8.52$ ). The average score for the Intention to leave scale (IL) shows that most respondents had little intentions to leave their organisations ( $\bar{x} = 2.78$ ;  $SD = 6.78$ ). The average response for organisational citizenship behaviour (OCB) shows that most people had an agreed with this variable ( $\bar{x} = 3.6$ ;  $SD = 6.89$ ). The average score for the organisational climate (OC) scale shows that most participants agreed on this variable ( $\bar{x} = 3.4$ ;  $SD = 4.96$ ). On average, most respondents neither agreed nor disagreed on the Ethical leadership (EL) scale ( $\bar{x} = 3.3$ ;  $SD = 7.48$ ). The values for skewness and kurtosis between -2 and +2 are considered acceptable in order to prove normal univariate distribution (George & Mallery, 2010). As shown in Table 4.2, the skewness and kurtosis values for all the constructs were within the acceptable range of -2 to +2.

Table 4. 2: *Descriptive statistics showing measures of central tendency, dispersion and normality*

Construct	$\bar{x}$	Median	Mode	SD	Skewness	SE	Kurtosis	SE
T	4.8	5	5	3.81	-.319	0.171	-0.522	0.341
OC	3.4	3.4	3.4	4.96	-.263	0.171	-0.435	0.341
IL	2.8	2.8	2.4	6.70	.143	0.171	-0.881	0.341
OCB	3.6	3.6	3.6	6.89	-.792	0.171	0.364	0.341
EL	3.3	3.4	3.7	7.48	-.295	0.171	-0.728	0.341
PCB	2.5	2.4	1	8.52	.379	0.171	-0.735	0.341

*Note:* T=trust; OC=organisational climate; IL=intention to leave; OCB=organisational citizenship behaviour; EL=ethical leadership; PCB=psychological contract breach.

### 4.3 Reliability analysis

To check the internal consistency of each scale, reliability analysis in the form of item analysis was performed as discussed below.

#### 4.3.1. Organisational climate scale

In this study, the organisational climate questionnaire developed by Heyart (2011) obtained a good Cronbach  $\alpha = 0.861$  on the 22 items (Pallant, 2016). Although items B5, B6, B9, B18 and B21 had values below  $\alpha = 0.3$  for the corrected item-total correlation, it was decided that these items should be kept for additional analysis because their removal would not greatly increase the Cronbach alpha of the scale. In addition, the removal of these items would not also improve the theoretical structure of the scale.

Table 4. 3: Organisational climate scale reliability analysis output

<b>Cronbach Alpha based on Standardized</b>					
<b>Cronbach's Alpha</b>		<b>items</b>		<b>N of Items</b>	
.861		.865		22	
<i>Item-Total Statistics</i>					
			Corrected	Squared	Cronbach's
	Scale Mean if	Scale Variance	Item-Total	Multiple	Alpha if Item
	Item Deleted	if Item Deleted	Correlation	Correlation	Deleted
B1	70.10	149.055	.441	.532	.856
B2	70.29	147.260	.503	.523	.854
B3	70.36	144.698	.612	.589	.850
B4	70.39	149.772	.402	.315	.857
B5	70.89	152.346	.217	.412	.864

B6	71.03	150.392	.254	.446	.864
B7	70.19	147.586	.494	.437	.854
B8	70.69	148.534	.425	.348	.856
B9	70.09	153.475	.228	.338	.863
B10	70.52	147.494	.445	.489	.855
B11	70.26	147.366	.462	.355	.855
B12	70.34	149.767	.411	.451	.857
B13	70.07	144.781	.546	.533	.852
B14	70.17	146.111	.502	.459	.853
B15	70.63	143.358	.567	.606	.851
B16	70.85	145.291	.531	.597	.852
B17	70.88	140.507	.599	.576	.849
B18	70.63	150.711	.267	.337	.862
B19	70.33	142.410	.618	.627	.849
B20	70.22	144.709	.524	.507	.853
B21	70.58	157.299	.068	.314	.869
B22	70.75	141.739	.601	.487	.849

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#### 4.3.2. Psychological contract breach scale

A Cronbach  $\alpha = 0.939$  was found for the psychological contract breach scale which reflects an excellent co-efficient as stipulated by Nunnally and Bernstein (1994). All item values for corrected item-total correlations were above  $\alpha = 0.30$  as shown in Table 4.4. No items were problematic; therefore, all items were taken for further analysis.

Table 4. 4: Reliability statistics for the psychological contract breach scale

Cronbach Alpha based on					
Cronbach's Alpha	Standardized items			N of Items	
.939	.939			9	
Item-Total Statistics					
	Scale	Corrected	Squared	Cronbach's	
	Mean if	if Item-Total	Multiple	Alpha	if Item
	Item Deleted	Item Deleted	Correlation	Correlation	Deleted
C1	20.01	73.532	.682	.575	.937
C2	20.03	71.561	.746	.674	.934
C3	19.90	72.508	.694	.620	.937
C4	20.05	69.843	.837	.762	.928
C5	20.12	72.646	.747	.618	.934
C6	20.01	70.557	.792	.720	.931
C7	20.07	69.965	.802	.815	.930
C8	20.18	70.907	.801	.822	.931
C9	20.09	69.678	.817	.773	.930

#### 4.3.3. Organisational citizenship behaviour scale

The organisational citizenship behaviour scale obtained a Cronbach  $\alpha$  of 0.807. Although items D12, D15, D16, D17, D18 and D19 had values below  $\alpha = 0.3$ , they were all retained for further analysis because their removal would not greatly increase the scale's Cronbach alpha. Although these items were not contributing much to the whole scale, there was no theoretical reason to justify their removal since this is a well-established scale.

Table 4. 5: Reliability statistics for the organisational citizenship behaviour scale

Cronbach's Alpha		Cronbach Alpha based on		N of Items	
		Standardized items			
.803		.832		24	
Item-Total Statistics					
	Scale Mean if Item Deleted	Scale variance if Item Deleted	Corrected Item-total correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
D1	83.18	102.874	.412	.472	.799
D2	83.21	102.782	.405	.614	.799
D3	83.07	101.562	.516	.699	.796
D4	83.05	103.600	.394	.599	.800
D5	83.11	102.406	.480	.571	.797
D6	83.02	101.696	.539	.573	.795
D7	83.30	99.056	.565	.603	.792
D8	83.36	100.600	.459	.504	.796
D9	83.52	100.321	.416	.392	.797
D10	83.56	101.014	.342	.544	.801
D11	83.63	101.329	.314	.580	.802
D12	83.61	101.542	.276	.484	.805
D13	83.63	100.611	.331	.415	.801
D14	83.79	100.205	.350	.491	.800
D15	84.38	101.022	.235	.397	.809
D16	85.02	102.293	.224	.437	.808
D17	85.38	106.347	.076	.590	.815
D18	85.45	105.353	.134	.495	.811
D19	85.44	105.899	.104	.362	.813

D20	83.52	98.380	.415	.507	.797
D21	83.36	98.391	.469	.653	.794
D22	83.40	99.634	.390	.499	.798
D23	83.49	97.057	.533	.635	.791
D24	83.38	98.745	.469	.595	.795

#### 4.3.4. Intention to leave scale

The intention to leave scale initially reported an acceptable Cronbach  $\alpha$  of .753. As shown in Table 4.6, the deletion of items F2 and F8 would slightly improve the scale's internal consistency. However, they were retained for further analysis because the improvement they would make is very marginal.

Table 4. 6: *Reliability statistics for the Intention to leave scale*

Cronbach Alpha based on		
Cronbach's Alpha	Standardized items	N of Items
.753	.746	8

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
F1	19.77	33.500	.589	.438	.699
F2	19.28	43.604	.009	.146	.800
F3	19.24	32.762	.698	.686	.679
F4	19.07	33.920	.617	.576	.695
F5	19.97	33.551	.644	.529	.690

F6	19.83	33.564	.639	.528	.691
F7	19.46	32.399	.637	.621	.688
F8	20.04	46.118	-.124	.106	.817

#### 4.3.5. Ethical Leadership scale

The ethical leadership scale obtained an excellent Cronbach  $\alpha$  of 0.933 (Nunnally, 1967). All item values for the corrected-item total correlation were above  $\alpha = 0.30$ , therefore there were no problematic items. All ten items in this scale were retained for further analysis. The results are presented in Table 4.7.

Table 4. 7: *Reliability statistics for the Ethical Leadership scale*

	<b>Cronbach's Alpha</b>	<b>Cronbach Alpha based on</b>		<b>N of Items</b>	
		<b>Standardized items</b>			
	.933	.932		10	
<b>Item-Total Statistics</b>					
	Scale Mean if Item Deleted	Scale variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
G1	29.74	88.670	.425	.299	.940
G2	29.59	80.462	.745	.693	.926
G3	29.69	79.577	.809	.747	.922
G4	29.69	79.280	.769	.666	.924
G5	29.68	78.180	.812	.716	.922
G6	29.65	79.571	.814	.717	.922
G7	29.70	78.451	.842	.777	.921
G8	29.54	80.588	.765	.659	.925

G9	29.72	81.405	.710	.639	.927
G10	29.95	81.112	.655	.582	.931

#### 4.3.6. Trust scale

A Cronbach alpha of 0.815 was obtained for the trust scale. This reflected a good scale (Nunnally, 1967), although, the deletion of item H4 would increase the scale's reliability to 0.872, it was decided to retain the item because the difference was marginal. The results are shown in Table 4.8.

Table 4. 8: *Reliability statistics for the Trust scale*

<b>Cronbach Alpha based on</b>						
<b>Cronbach's Alpha</b>	<b>Standardized items</b>			<b>N of Items</b>		
.815	.818			7		

<b>Item-Total Statistics</b>						
	Scale mean if Item deleted	Scale Variance if Item Deleted	Corrected Total Variance	Corrected Item-Multiple Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
H1	20.02	20.567	.711	.615	.762	
H2	19.66	23.836	.471	.390	.803	
H3	20.05	21.609	.662	.517	.772	
H4	20.78	26.960	.065	.049	.872	
H5	20.46	21.224	.628	.583	.777	
H6	20.42	20.315	.699	.687	.763	
H7	20.15	20.237	.734	.621	.757	

#### 4.4 Exploratory factor analysis

Exploratory factor analysis (EFA) using a principal-axis factor extraction was conducted to determine the factor structure of the measures used in this study. Initially, the factorability of the 80 items was examined. The Kaiser-Meyer-Olkin measure of sampling adequacy was  $\alpha = 0.753$ , above the recommended value of  $\alpha = 0.6$  as stipulated by Field (2013). In addition, the Bartlett's test of sphericity was also significant with a value of 9276.343 ( $df = 3160$ ,  $p < .001$ ). The communalities were all above  $\alpha = 0.3$ , and this indicates that all items shared some common variance (Pallant, 2016).

Initially, a 20-factor solution was extracted based on Eigenvalues above one and these factors explained a total of 76% variance. However, this 20-factor solution did not make theoretical sense because nine factors in the rotated factor matrix had less two or less items loading on each of them. The scree plot was also difficult to interpret due to clustered data points as shown in Figure 4.1. Therefore, based on theoretical knowledge of the prior factor structure of the variables, it was decided to extract 6 factors in order to obtain the most desirable factor structure as there were six variables in the study.

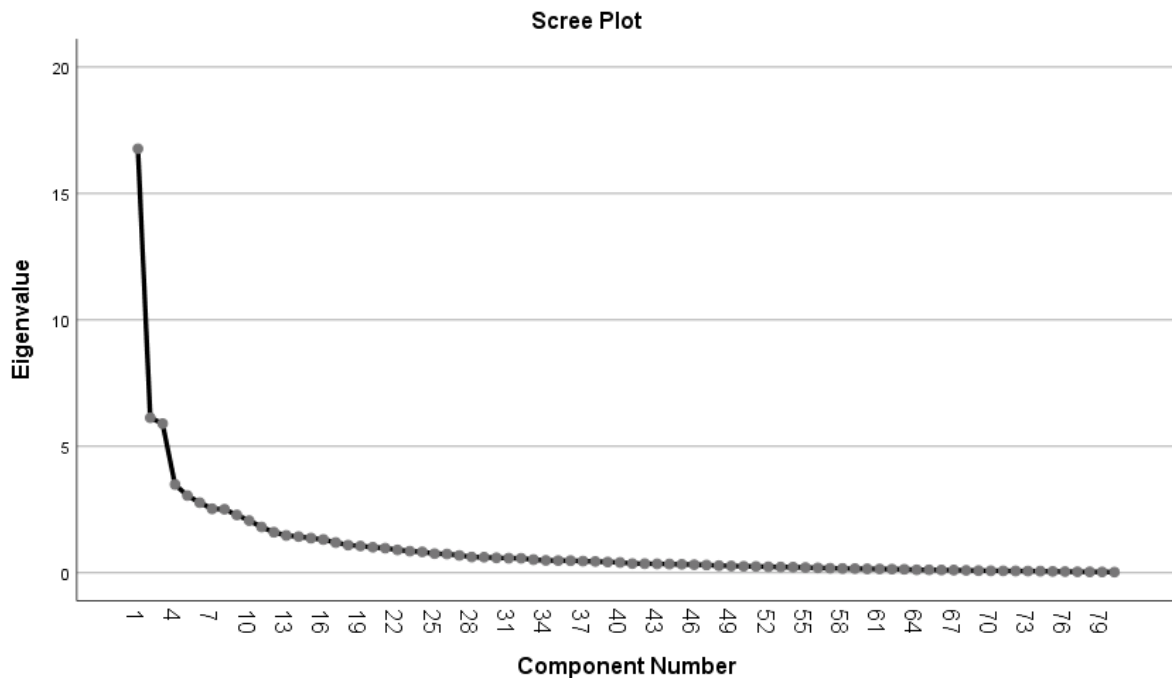


Figure 4.1: Scree plot

A total of 40 items were removed because either they did not contribute to a simple factor structure or failed to meet the minimum recommended criteria of a factor loading of 0.5 and above (Tabachnick & Fidell, 2013). In the final stage, a principal axis factoring analysis was conducted on the remaining items using the Direct Oblimin rotation method; the six-factor solution explained 69.3% of variance. All items in this analysis had factor loadings above 0.5 as shown in Table 4.9.

Factor 1 had five items, (G2, G3, G5, G7 and G8). It was named ethical leadership (EL) and the items were developed by Brown, Trevino and Harrison (2005) to measure ethical leadership. In addition, Mey, Lloyd and Romalingum (2014) also used the same items to measure ethical leadership. The second factor had 9 items (C1 to C9); this was consistent with literature as the items were developed by Nunnally and Bernstein (1994) to measure PCB. The third factor had 7 items (D2, D3, D4, D5, D6, D7, D8) and they were measuring organisational citizenship behaviour (OCB). These items were developed by Podsakof *et al.*, (1990) to measure OCB. In addition, these items were also validated by Mahembe (2014) to

measure OCB on a South African sample. The fourth factor had 6 items (F1, F3, F4, F5, F6 and F7) and they were measuring Intention to leave (IL). This result was consistent with literature because the items were originally developed by Freese (2007) to measure intention to leave.

Factor 5 had nine items, (B3, B7, B13, B14, B15, B16, B17, B19, and B22) and it was labelled Organisational Climate (OC). The result was also consistent with literature as these items fall under the organisational climate measures developed by Giles (2010) and Heyart (2011). The sixth factor had 5 items (H1, H3, H5, H6 and H7) and it was labelled Trust. The result was consistent with literature because the items were originally developed by Robinson and Rousseau (1994) to measure the level of trust employees have towards the organisation.

After conducting EFA, a reliability analysis was also carried out on each of the six factors extracted and retained. The first factor, ethical leadership obtained a reliability of 0.93. Factor 2 categorised as psychological contract breach obtained a good Cronbach alpha of 0.94. Factor 3, organisational citizenship behaviour, obtained a Cronbach alpha of 0.88. The fourth factor, intention to leave, also obtained a Cronbach alpha of 0.83. The fifth factor, organisational climate obtained a Cronbach alpha of 0.88. The fifth factor, intention to leave, obtained a Cronbach alpha of 0.88. The sixth factor, Trust, obtained a Cronbach alpha of 0.88.

Table 4. 9: Exploratory factor analysis results

	<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>	<b>Factor 4</b>	<b>Factor 5</b>	<b>Factor 6</b>
Items	<b>EL</b>	<b>PCB</b>	<b>OCB</b>	<b>IL</b>	<b>OC</b>	<b>TRUST</b>
G2	0.782					
G3	0.795					
G5	0.851					
G7	0.756					

G8	0.688	
C1		0.768
C2		0.841
C3		0.845
C4		0.915
C5		0.615
C6		0.766
C7		0.792
C8		0.826
C9		0.841
D2		0.738
D3		0.817
D4		0.734
D5		0.735
D6		0.700
D7		0.727
D8		0.593
F1		0.566
F3		0.801
F4		0.735
F5		0.621
F6		0.567
F7		0.806
B3		0.916
B7		0.539
B13		0.665
B14		0.523

B15					0.587	
B16					0.510	
B17					0.691	
B19					0.672	
B22					0.574	
H1						0.722
H5						0.790
H6						0.772
H7						0.683
Variance explained	28%	12.%	10.4%	8.4%	6.4%	4.4%
Eigen values	11.2	4.7	4.2	3.4	2.6	1.8
Cronbach alpha	0.93	0.94	0.88	0.83	0.88	0.88

*Note:* PCB=psychological contract breach; OC=organisational climate; EL=ethical leadership; OCB=organisational citizenship behaviour; IL=intention to leave; T=trust.

#### 4.5 Confirmatory Factor Analysis

The statistical programme, Amos version 25 was used to conduct confirmatory factor analysis to determine the goodness of fit of the measurement model. In addition, the item parcelling method was also used to combine separate items into small groups of items in all the constructs. Many studies acclaim that item parcelling results in better fitting solutions because of reduced bias, especially when dealing with small samples (Bandalos, 2014; Mahembe, 2014). Many different fit indices were used to measure overall model fit. There are several opinions regarding which fit indices to report, however Kline (2016) recommends reporting at least the Root mean square error of approximation (RMSEA), the comparative fit index (CFI), and the standardised root mean square residual (SRMR). In this study, the RMSEA, SMRMR, GFI, NFI, NNFI and CFI fit statistics were reported.

#### 4.5.1. Goodness of fit for the overall measurement model

Overall, the measurement model achieved quite a good fit as shown in Table 4.9. The (RMSEA) value was 0.056 thereby indicating good model fit (Kline, 2016). According to Diamantopoulos and Siguaw (2000), Root Mean Square Error of Approximation (RMSEA) values under 0.08 show a good fitting model. The standardised root mean square residual (SRMR) presents the square roots of incongruities between sample covariance matrix and the model-implied covariance matrix and its values should be below 0.08 (Diamantopoulos & Siguaw, 2000). The standardised RMR value was 0.0372, thus, showing a good fit. The GFI and AGFI values must be above 0.90. In this study, the measurement model attained a GFI of 0.943 and an AGFI of 0.886. The GFI indicated a good fitting model whilst the AGFI marginally missed the good fit category.

Under relative fit indices, the RFI and the NFI were reported. These illustrate how better the model fits in comparison to the baseline model. Relative fit indices values fall between 0 and 1, however, acceptable relative fit indices must be  $\geq 0.90$  (Diamantopoulos & Siguaw, 2000). In this first study, both the NFI and RFI obtained a good fit values of 0.943 and 0.903 respectively. According to Diamantopoulos and Siguaw (2000), acceptable values for the Comparative Fit Index (CFI) must be  $\geq 0.95$ . In this study, the measurement model obtained an acceptable CFI value of 0.981. The Incremental Fit Index (IFI) value was also 0.982 whilst the TLI was 0.969. Both the IFI and the RFI showed a good fit as they were also above 0.95.

Table 4. 10: *Goodness of fit statistics for the overall measurement model*

<b>Fit index</b>	<b>Value</b>	<b>Comment</b>
Root Mean Square Error of Approximation (RMSEA)	0.056	Excellent
Normed Fit Index (NFI)	0.943	Excellent
Comparative Fit Index (CFI)	0.981	Excellent
Incremental Fit Index (IFI)	0.982	Excellent
Relative Fit Index (RFI)	0.903	Excellent
Tucker Lewis Index (TLI)	0.969	Excellent
Standardised RMR	0.037	Excellent
Goodness of Fit Index (GFI)	0.943	Excellent
Adjusted Goodness of Fit Index (AGFI)	0.886	Reasonable
Parsimony Goodness of Fit Index (PGFI)	0.472	Excellent
PCLOSE	1.434	Excellent

#### 4.5.2. Standardised estimates and squared multiple correlations

According to Rose et al., (2017), standardised estimates are the factor loading values for items in the measurement model and they should be above 0.6. The output of the factor loadings is presented in Figure 4.2. The factor loading of a particular construct is located close to the arrow pointing to the respective construct. The value located above each response item is the  $R^2$ . According to Awang (2015), any item parcel of a construct with a factor loading value below 0.6 and an  $R^2$  less than 0.4 should be removed from the

measurement model. In this measurement model, the factor loadings of all items were above 0.6 as shown in Figure 4.2 and no items were removed.

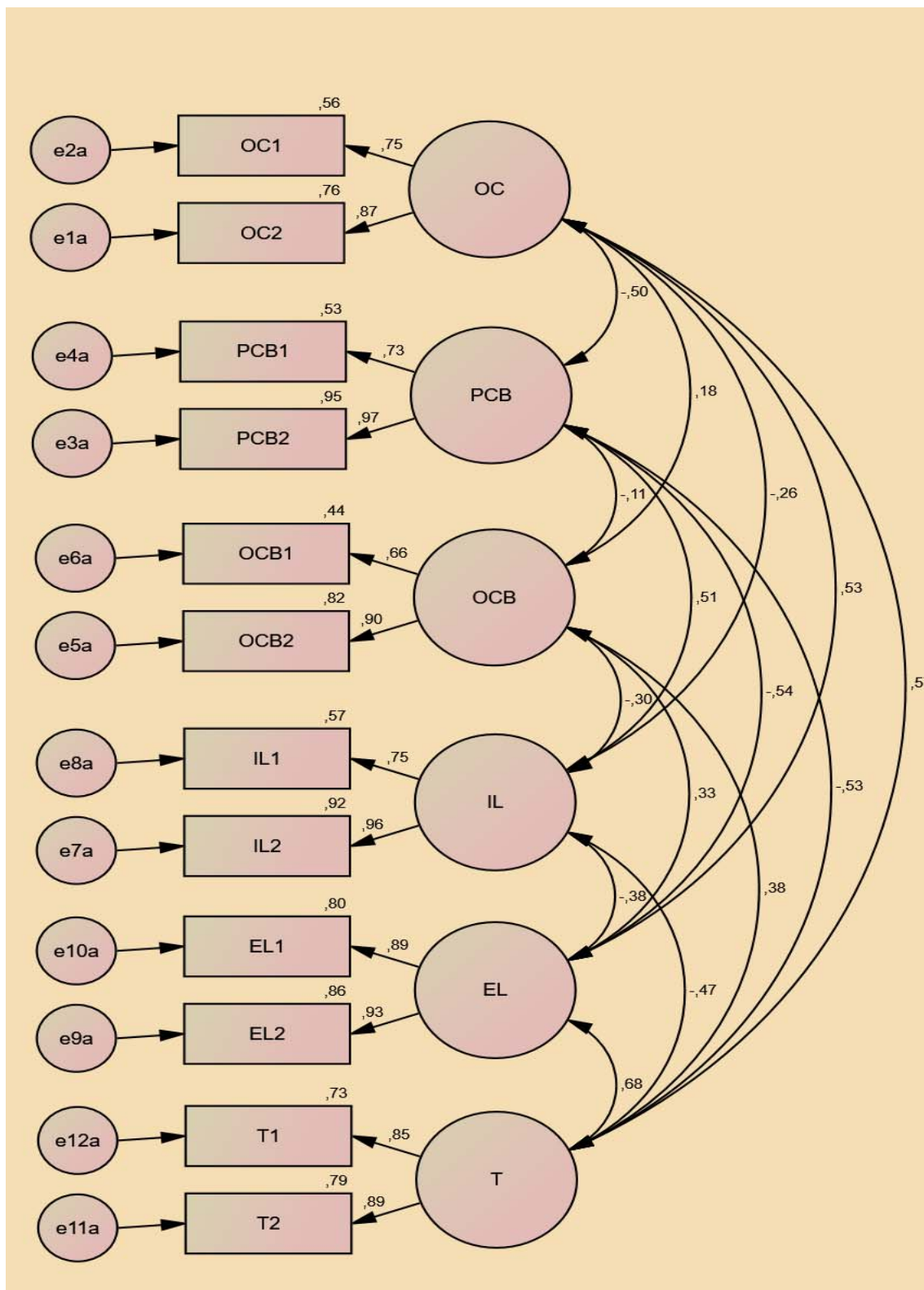


Figure 4. 2: The measurement model combining all constructs in the study

Note: OC=Organisational climate; PCB=Psychological contract breach; OCB=Organisational citizenship behaviour; IL=Intention to leave; EL=Ethical leadership; T=Trust.

#### 4.5.3. Validity and reliability of the measurement model

According to Awang (2015), the assessment of modelling unidimensionality, validity, and reliability for the measurement model is required before testing the relationships between constructs. In this study, the requirement of unidimensionality was met when the fitness indexes reached the required level in the measurement model. In addition, all items obtained positive factor loadings. Therefore, after completing the CFA procedure for the measurement model, the validity and reliability of each construct was computed. The composite reliability (CR) requirement was achieved when all CR values exceeded 0.60 as shown in Table 4.9. The validity requirement was checked by assessing the convergent validity, construct validity and discriminant validity of the measurement model. To meet the requirements for convergent validity, all values of the Average Variance Extracted (AVE) for each variable should be at least 0.5 (Rose et al., 2017). As shown in Table 4.11, all values exceeded 0.5. In addition, the construct validity for the measurement model was also achieved when the fitness indexes met the required level as shown in Table 4.8.

Table 4. 11: *Validity and reliability*

	<b>CR</b>	<b>AVE</b>	<b>OC</b>	<b>PCB</b>	<b>OCB</b>	<b>IL</b>	<b>EL</b>	<b>T</b>
<b>OC</b>	0.794	0.660	<b>0.813</b>					
<b>PCB</b>	0.847	0.739	-0.501**	<b>0.860</b>				
<b>OCB</b>	0.767	0.627	0.182	-0.106	<b>0.792</b>			
<b>IL</b>	0.851	0.743	-0.262**	0.507**	-0.302**	<b>0.862</b>		
<b>EL</b>	0.905	0.826	0.534**	-0.536**	0.325**	-0.383**	<b>0.909</b>	
<b>T</b>	0.863	0.759	0.574***	-0.533**	0.381**	-0.470*	0.683**	<b>0.871</b>

*Note:* CR= composite reliability; AVE= average variance extracted; OC=Organisational climate; PCB= Psychological contract breach; OCB=Organisational citizenship behaviour; IL=Intention to leave; EL=Ethical leadership; T=Trust.

The diagonal values (in bold) is the square root of AVE of the construct while other values are the correlation between the respective constructs. The discriminant validity for all constructs is achieved when a diagonal value (in bold) is higher than the values in its row and column. The results in Table 4.9 show that discriminant validity for all six constructs was achieved.

#### **4.6 Pearson Correlation Analysis**

The first objective of the study was to investigate the relationship between organisational climate and the employee outcomes of organisational citizenship behaviour and intention to leave. As shown in Table 4.12, organisational climate had a significant positive relationship with organisational citizenship behaviour ( $r = 0.175$ ,  $p < 0.05$ ), and a significant negative relationship with intention to leave ( $r = -0.204$ ,  $p < 0.05$ ). The second objective of this study was to determine the relationship between psychological contract breach and the employee outcomes of organisational citizenship behaviour and intention to leave. The findings from the correlation analysis revealed that psychological contract breach had a non-significant relationship with organisational citizenship behaviour ( $r = -0.107$ ,  $p > 0.05$ ), and a significant positive correlation with intention to leave ( $r = 0.434$ ,  $p < 0.01$ ). The findings from the correlation analysis also disclosed that the moderators variables, ethical leadership and trust had significant relationships with the independent variables, organisational climate and psychological contract breach. As displayed in Table 4.12, ethical leadership had a significant positive relationship with organisational climate ( $r = 0.450$ ,  $p < 0.01$ ) and a significant negative relationship with psychological contract breach ( $r = -.507$ ,  $p < 0.01$ ). Trust had a significant positive relationship with organisational climate ( $r = .490$ ,  $p < 0.01$ ) and a significant negative relationship with psychological contract breach ( $r = -.480$ ,  $p < 0.01$ ).

Furthermore, the results presented in Table 4.12 also show that the moderator variables, ethical leadership and trust had significant relationships with the dependent variables,

employee outcomes of organisational citizenship behaviour and intention to leave. Ethical leadership had a significant positive relationship with organisational citizenship behaviour ( $r = .269, p < 0.01$ ) and a significant negative relationship with intention to leave ( $r = -.329, p < 0.00$ ). Trust had a significant positive relationship with organisational citizenship behaviour  $r = .292, p < 0.01$ ) and a significant negative relationship with intention to leave  $r = -.416, p < 0.01$ ). Lastly, the demographic variables; gender, age and work experience were also included in the correlation analysis to see if they were correlated with any of the variables. As shown in Table 4.12, there was no relationship between the demographic variables and the other study variables of organisational climate, psychological contract breach, organisational citizenship behaviour, intention to leave, ethical leadership, and trust.

Table 4. 12: *showing the Pearson correlation analysis result among the variables*

Variable	1	2	3	4	5	6	7	8	9
1. Gender	1								
2. Age	-.024	1							
3. Work experience	.035	<b>.739**</b>	1						
4. OC	.063	.058	-.007	1					
5. PCB	.027	.024	.093	<b>-.406*</b>	1				
6. OCB	.087	-.118	-.044	<b>.175*</b>	-.107	1			
7. Intention to leave	.131	-.002	-.042	<b>-.204*</b>	<b>.434**</b>	<b>-.243**</b>	1		
8. EL	.104	.001	.013	<b>.450**</b>	<b>-.507**</b>	<b>.269**</b>	<b>-.329**</b>	1	
9. Trust	.048	.018	-.035	<b>.490**</b>	<b>-.480**</b>	<b>.292**</b>	<b>.416**</b>	<b>.598**</b>	1

*Note.* OC= organisational climate; PCB= psychological contract breach ; OCB= organisational citizenship behaviour; EL= ethical leadership\*\* =  $p < 0.01$ ; \* =  $p < 0.05$

#### 4.7 Moderated Multiple Regression Analysis

Moderated multiple hierarchical regression analysis was conducted to measure the moderator roles of ethical leadership and trust in the organisational climate, psychological

contract breach and employee outcomes relationships. To test the moderating role of ethical leadership (EL), two interaction terms were computed for the interaction between organisational climate (OC) and ethical leadership (OCEL), and for the interaction between psychological contract breach (PCB) and ethical leadership (PCBL). Two more interaction variables were also computed for the interaction between organisational climate and trust (OCT), and for the interaction between psychological contract breach and trust (PCBT). In addition, the data was screened for possible violations of regression analysis assumptions. The data was specifically screened for multicollinearity, sample size, normality and independent error assumptions and these are presented below:

*Multicollinearity:* Multicollinearity refers to very high correlations among the independent variables. The presence of multicollinearity makes statistical inferences about the data to become unreliable. To avoid multicollinearity, the independent variables were first mean centred before running the regression analysis. To further rule out multicollinearity, the Tolerance values (TV) and Variance Inflation Factors (VIF) values generated in the regression analysis models were assessed. According to Field (2013), VIF values exceeding 10 and TV values below 0.1 signal multicollinearity. In this study, the VIF values for the independent variables were all less than 10 and the TV values were above 0.1. Thus, there were no multicollinearity issues with the data as all VIF and TV values were within the acceptable range as shown in the Table 4.13.

Table 4. 13: *VIF and tolerance values of the independent variables*

Measures	VIF	Tolerance
Organisational climate	1.254	0.797
Ethical leadership	1.291	0.774
OCEL	1.039	0.963
Organisational Climate	1.332	0.751
Trust	1.336	0.748

OCT	1.019	0.981
Psychological contract breach	1.401	0.714
Ethical leadership	1.353	0.739
PCBEL	1.081	0.925
Psychological contract breach	1.306	0.766
Trust	1.306	0.766
PCBT	1.020	0.981

*Note:* Organisational citizenship behaviour and Intention to leave were the dependent variables; OCEL= organisational climate x ethical leadership; OCT = organisational climate x trust; PCB= psychological contract breach; PCBEL= psychological contract breach x ethical leadership; PCBT= psychological contract breach x trust

*Sample size:* Tabachnick and Fidell (2013) suggest that the sample must be big enough for study results to be generalisable to the population. The formula for calculation of sample size is:  $N > 50 + 8m$  (where  $m$  is the number of independent variables) according to Pallant (2016),. In the present study, there are 4 independent variables hence the lowest required sample size in the current study is 82, however, this study had a sample of 202 participants, thereby meeting the sample size requirements.

*Normality:* Under multiple regression analysis, the normality assumption only applies to the disturbance term, not independent variables (Pallant, 2016). Simply put, this disturbance term refers to the random error that occurs in the relationship between the independent and dependent variables in a regression model. It is also referred to as the “noise” that explains the differences in the observed values and the predicted values produced in a regression equation. The normality assumption is essential for the calculation of  $p$  values in significance testing, especially when the sample size is small. In this study, this assumption was checked

by assessing the normal probability plots that were produced from the regression analysis. There are four plots presented as Figure 4.3, Figure 4.4, Figure 4.5 and Figure 4.6 below. The four plots have been selected to show that there were no major deviations from normality in the current study. The rest of the plots produced from the regression analysis are presented in the appendix section.

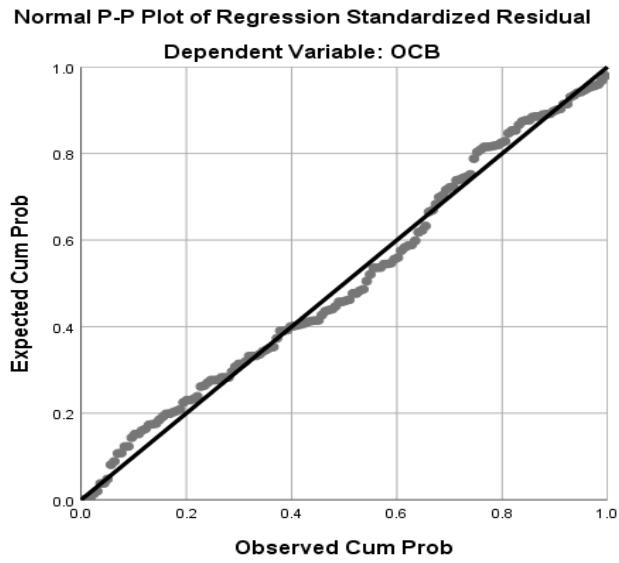


Figure 4. 3: Normality, OC, EL and OCB

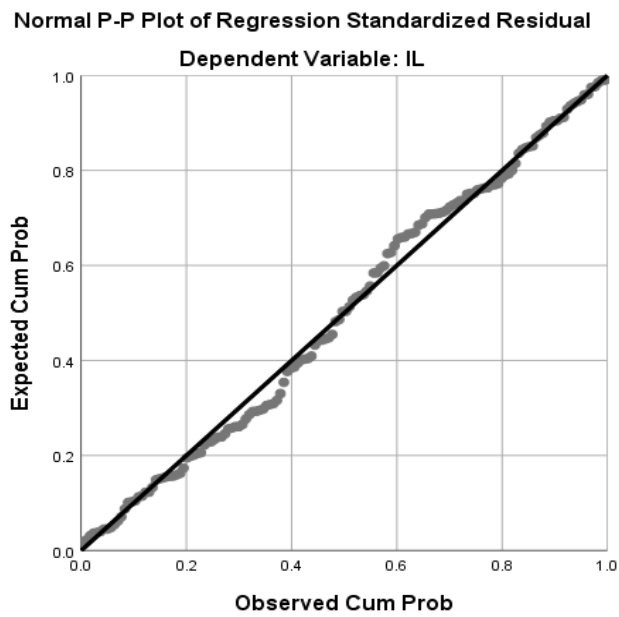


Figure 4. 4: Normality, OC, EL and IL

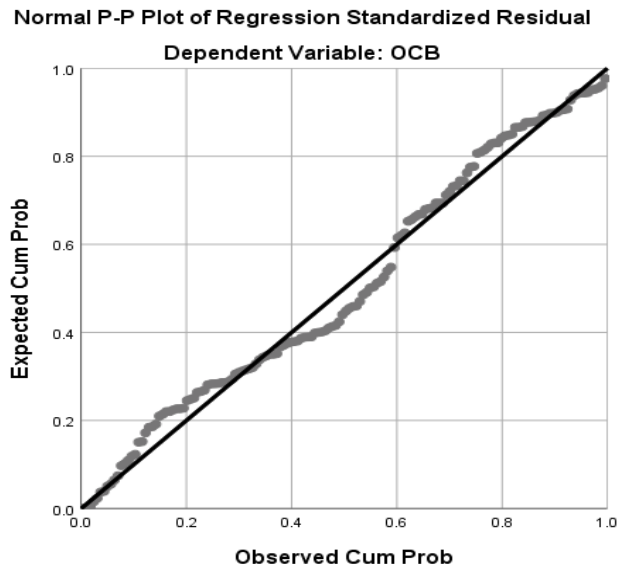


Figure 4. 5: Normality; PCB, trust and OCB

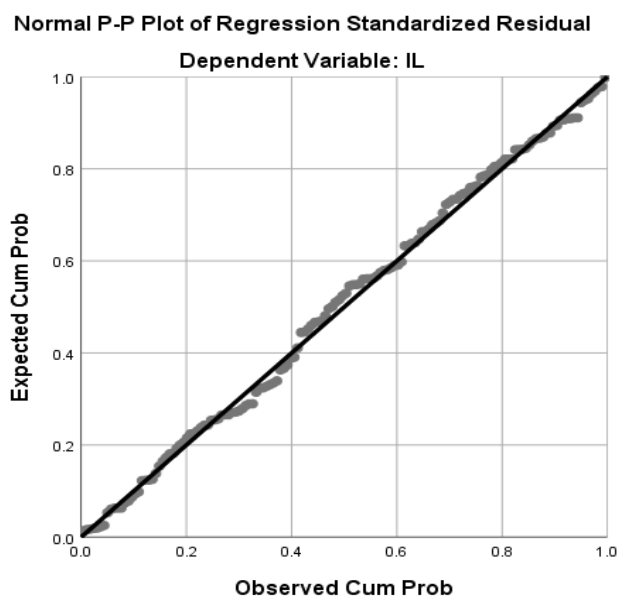


Figure 4. 6: Normality; PCB, trust and IL

- *Independent errors and homoscedasticity*: To check for the assumption of independent errors, the scatterplots for standardised residuals against independent variables values were inspected and they showed a random display of points and most scores were concentrated in the centre. This means that the assumptions of independent errors and

homoscedasticity were not violated. Some of the scatterplots produced from the regression analysis are presented as Figure 4.7, Figure 4.8, Figure 4.9 and Figure 4.10 below.

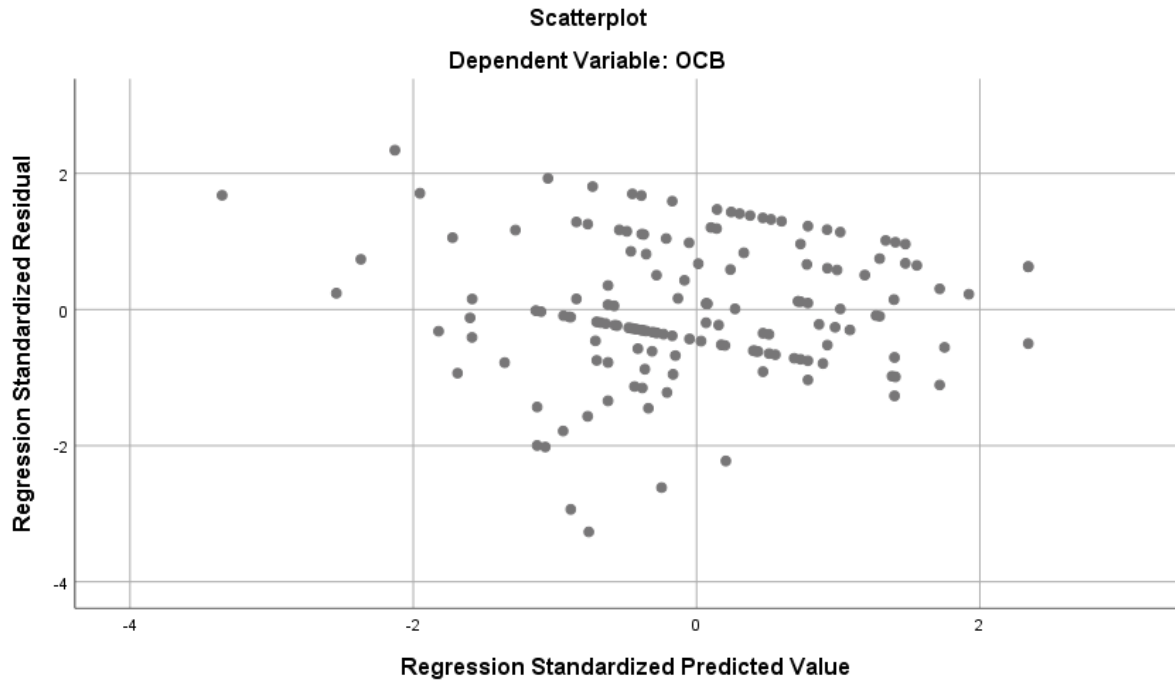


Figure 4. 7: *Independent errors; PCB, EL and OCB*

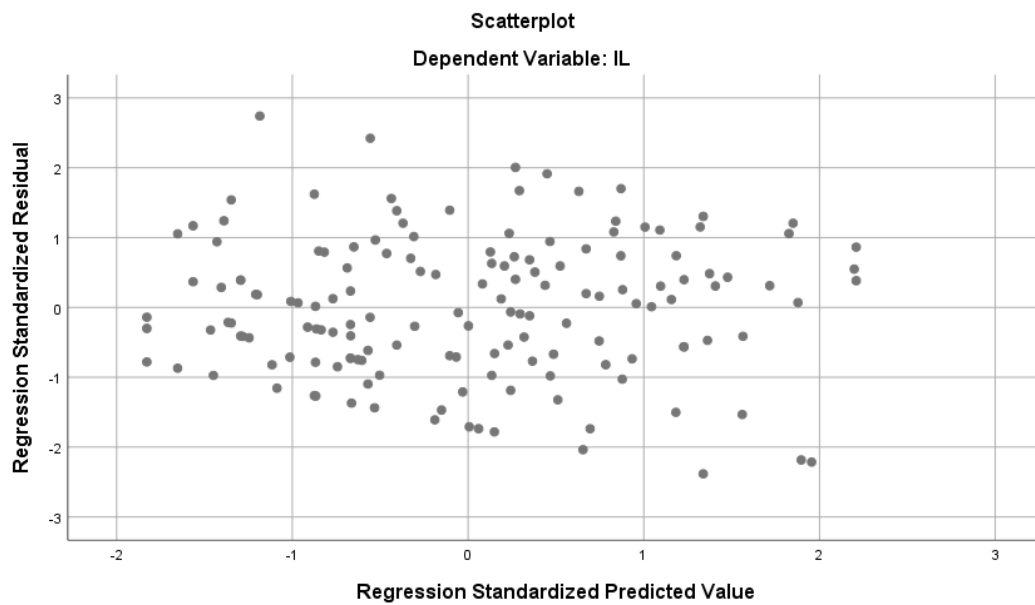


Figure 4. 8: *Independent errors; PCB, EL and IL*

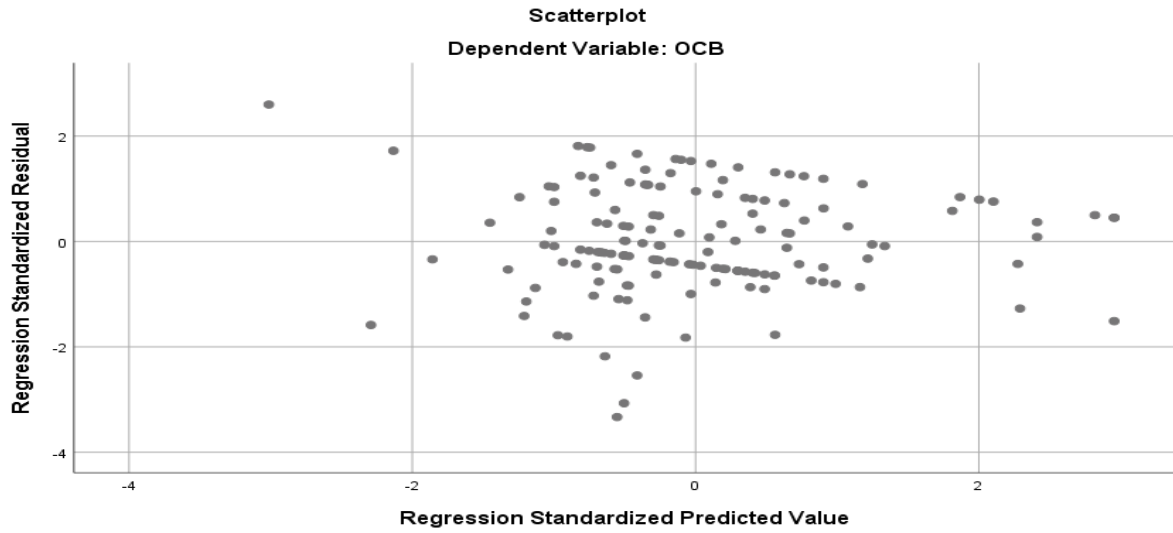


Figure 4. 9: *Independent errors; OC, trust and OCB*

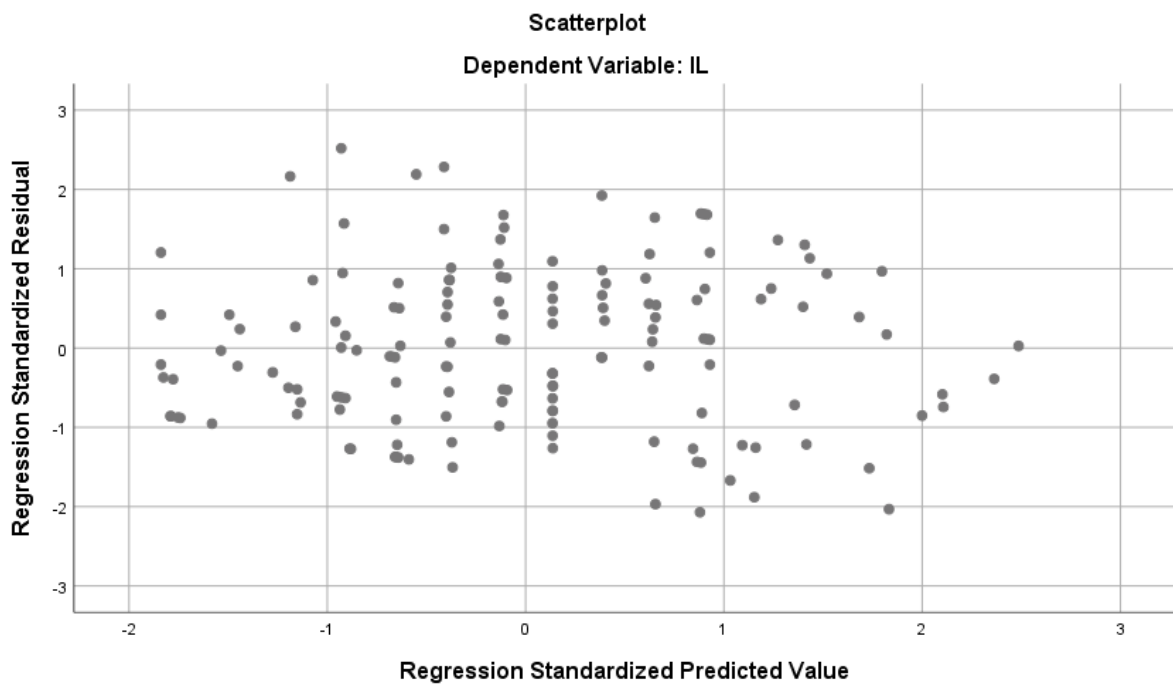


Figure 4. 10: *Independent errors; OC, trust and IL*

#### 4.7.1 The moderating role of ethical leadership and trust on the relationship between OC, PCB, and OCB

To explore whether ethical leadership and trust moderated the relationship between organisational climate and organisational citizenship behaviour, two hypotheses were proposed; hypothesis 1a and hypothesis 3a. To investigate whether ethical leadership and trust moderated the relationship between psychological contract breach and organisational citizenship behaviour, two hypotheses were also proposed; hypothesis 2a and hypothesis 4a.

To test hypothesis 1a stating that ethical leadership moderates the relationship between organisational climate and organisational citizenship behaviour, moderated hierarchical regression analysis was conducted. In the first step of the analysis, two variables were included, organisational climate and ethical leadership. These variables explained a significant variance in organisational citizenship behaviour,  $R^2 = .076$ ,  $F(2, 149) = 6.130$ ,  $p < .01$ . The adjusted  $R^2$  value of .064 indicated that 6.4% of the variability in organisational citizenship behaviour is explained by the independent variables, organisational climate and ethical leadership. Next, the interaction between organisational climate and ethical leadership, OCEL was added to the regression model, which accounted for a significant proportion of the variance in organisational citizenship behaviour,  $R^2 = .154$ ,  $R^2$  change ( $\Delta R^2$ ) = .078,  $F(3,148) = 8.994$ .  $p < .001$ ,  $\beta = .285$ ,  $t(148) = 3.698$ ,  $p < .001$ . As expected, the interaction between organisational climate and ethical leadership explained a significant variance on organisational citizenship behaviour in this study. As a result, hypothesis 1a suggesting that ethical leadership moderates the relationship between organisational climate and organisational citizenship behaviour was supported (see Table 4.14). Although the  $R^2$  is low, a value of 15.4% variability in explaining organisational citizenship behaviour is considered acceptable considering that the workplace environment consists of various

uncontrollable and undeterminable organisational factors and individual employee factors that may also influence employee behaviour.

Table 4. 14: *Ethical leadership moderates the relationship between organisational climate and organisational citizenship behaviour*

(n=202)	Adj		R <sup>2</sup>		β	F	df	Sig
	R <sup>2</sup>	R <sup>2</sup>	Change					
<b>Step 1</b>								
OC; EL	.076	.064	.076			6.130	2.149	P < .05
<b>Step 2</b>								
OCEL	.154	.137	.078	.285		8.994	3.148	P < .05

*Note.* OC= organisational climate; EL= ethical leadership; OCEL = organisational climate X ethical leadership. R<sup>2</sup>; proportion of the variance in the dependent variable; F, significance of the regression model.

In addition, simple slopes of the conditional effect of organisational climate on organisational citizenship behaviour for each level of the moderator variable i.e. at one standard deviation below the mean, mean and one standard deviation above the mean (low ethical leadership, average ethical leadership and high ethical leadership) were plotted using visualising data from PROCESS by Hayes (2017). An observation of the interaction plot presented in Figure 4.11 below shows that as organisational climate and ethical leadership increased, organisational citizenship behaviour also increased. At low organisational climate, organisational citizenship behaviour was similar for employees who perceive low, average, and high ethical leadership. However, employees who had a high organisational climate with high ethical leadership exhibited high organisational citizenship behaviour.

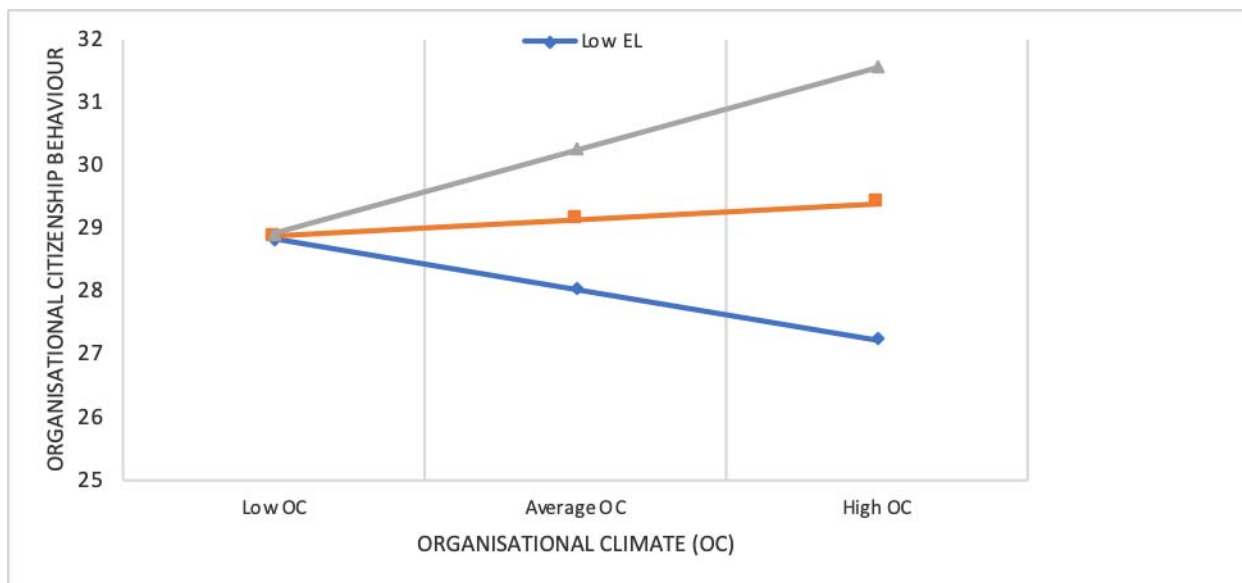


Figure 4. 11: *Ethical leadership moderates the relationship between OC and OCB*

Moderated hierarchical regression analysis was also conducted to test hypothesis 3a stating that trust moderates the relationship between organisational climate and organisational citizenship behaviour. In the first step of the analysis that included organisational climate and trust, the results were significant;  $R^2 = .087$ ,  $F(2, 149) = 7.068$ ,  $p < .005$ . The adjusted  $R^2$  value of .074 indicated that 7.4% of the variability in organisational citizenship behaviour is explained by the model. In the next step, the interaction term OCT was added to the regression model and the results were a significant increment in the variance, organisational citizenship behaviour;  $R^2 = .117$ ,  $R$  square change ( $\Delta R^2$ ) = .030,  $F(3, 148) = 6.521$ ,  $\beta = .175$ ,  $t(148) = 2.246$ ,  $p < .005$ . Although this  $R^2$  is low, 11.7% of variability in explaining organisational citizenship behaviour can still have important implications in the field of organisational behaviour. Consequently, hypothesis 3a stating that trust moderates the relationship between organisational climate and organisational citizenship behaviour is supported. These results are presented in Table 4.15. In addition, Figure 4.12 shows that at high organisational climate and high ethical leadership, high levels of organisational citizenship behaviour are recorded. Conversely, employees who experienced low

organisational climate and low trust recorded much lower levels of organisational citizenship behaviour.

Table 4. 15: *Trust moderates the relationship between organisational climate and organisational citizenship behaviour*

(n=202)	Adj.		R <sup>2</sup>		F	df	Sig
	R <sup>2</sup>	R	Change	β			
<b>Step 1</b>							
OC; T	.087	.074	.087		7.068	2.149	P < .05
<b>Step 2</b>							
OCT	.117	.099	.030	.175	6.521	3.198	P < .05

*Note.* OC= organisational climate; T= trust; OCT = organisational climate X trust. R<sup>2</sup>; proportion of the variance in the dependent variable; F, significance of the regression model. \*\* = p < 0.05 .

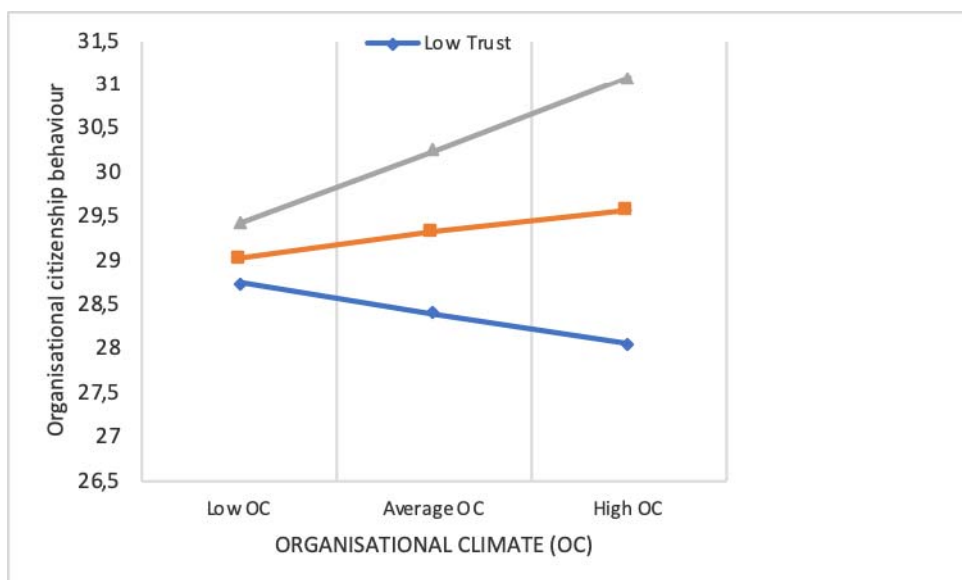


Figure 4. 12: *Trust moderates the relationship between OC and OCB*

The hypothesis which stated that ethical leadership moderates the relationship between psychological contract breach and organisational citizenship behaviour (hypothesis 2a) was analysed using through moderated hierarchical regression analysis. Psychological contract breach and the moderator variable, ethical leadership were included in the model. As shown in Table 4.16, these variables explained a significant proportion of variance in organisational citizenship behaviour,  $R^2 = .074$ ,  $F(2, 149) = 5.920$ ,  $p < .001$ . Next, the interaction term, PCBL, was added to the regression model and there was a significant increase of proportion in the variance of organisational citizenship behaviour, adjusted  $R^2 = .130$ , R square change ( $\Delta R^2$ ) = .056,  $F(3,148) = 7.373$ ,  $\beta = -.247$ ,  $t(148) = -3.098$ ,  $p < .05$ . As expected, the interaction between psychological contract breach and ethical leadership explained a significant variance on organisational citizenship behaviour in this study. As a result, hypothesis 2a is supported. Although, an  $R^2$  value of 13% is also considered to be low, such values are very common in organisational psychology where employee behaviour is also influenced by several uncontrollable aspects of the organisation and the individual employee. For example, employee personality, wellness and organisational policies may also moderate the relationship between psychological contract breach and organisational citizenship behaviour.

Table 4. 16: *Ethical leadership moderates the relationship between psychological contract breach and organisational citizenship behaviour*

(n=202)	<i>Adjusted</i>		<i>R<sup>2</sup></i>	$\beta$	F	df	Sig
	<i>R<sup>2</sup></i>	<i>R</i>					
<b>Step 1</b>							
PCB; EL	.074	.061	.074		5.920	2.149	P < .05
<b>Step 2</b>							
PCBL	.130	.112	.056	-.247	7.373	3.148	P < .05

Note. PCB= psychological contract breach; EL= ethical leadership; PCBL = psychological contract breach X ethical leadership.  $R^2$  = proportion of the variance in the dependent variable; F, significance of the regression model. \*\* =  $p < 0.05$

An assessment of the interaction plot in Figure 4.13 shows that at low, average and high PCB, employees who perceived high ethical leadership had almost similar high levels of organisational citizenship behaviour. However, employees who perceived low ethical leadership had the lowest levels of organisational citizenship behaviour at either low, average or high PCB.

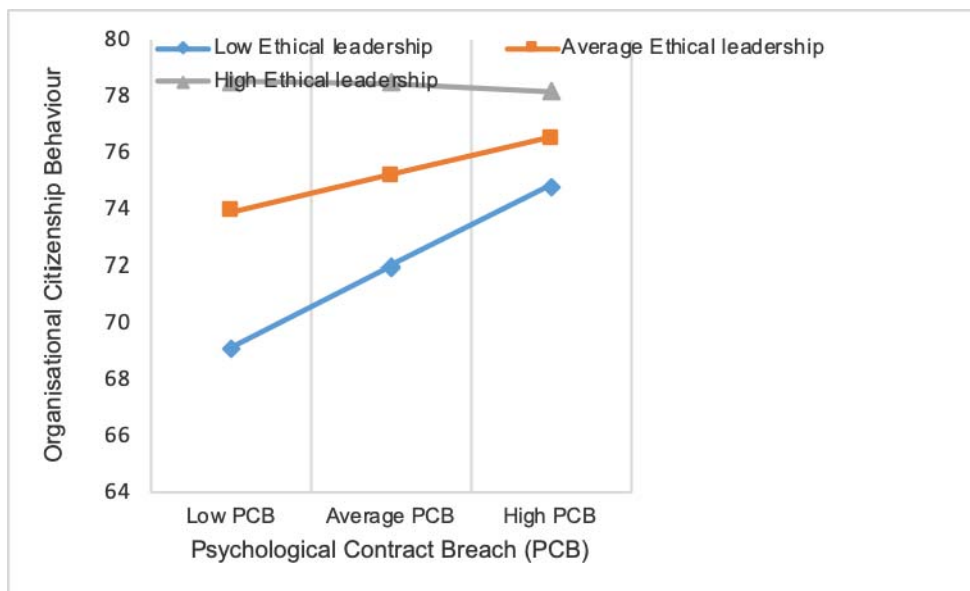


Figure 4. 13: *Ethical leadership moderates the relationship between PCB and OCB*

Moderated hierarchical regression analysis was conducted to test hypothesis stating that trust moderates the relationship between psychological contract breach and organisational citizenship behaviour (hypothesis 4a). The results from step one of the regression analysis indicated that included both psychological contract breach and trust in predicting organisational citizenship behaviour were significant ( $R^2 = .087$ ,  $F(2, 149) = 7.078$ ,  $p < .005$ ). In the next step, the interaction term PCBT was added to the regression model and there was also a significant increment in predicting organisational citizenship behaviour ( $R^2 =$

.135, R square change ( $\Delta R^2$ ) = .049,  $F(3.148) = 7.719$ ,  $\beta = -.222$ ,  $t(198) = -2.882$ ,  $p = .000$ ). The model explained 13.5% of variance in organisational citizenship behaviour. Although the  $R^2$  is low, this variance can still have important implications in the world of work. Hence, hypothesis 4a stating that trust moderates the relationship between psychological contract breach and organisational citizenship behaviour is supported. These results are also presented in Table 4.17.

Table 4. 17: *Trust moderates the relationship between psychological contract breach and organisational citizenship behaviour*

(n=202)	Adj.		$R^2$		$\beta$	F	df	Sig
	$R^2$	R	Change					
<b>Step 1</b>								
PCB; T	.087	.087	.087			7.078	2.149	P < .05
<b>Step 2</b>								
PCBT	.135	.135	.049	-.222		7.719	3.148	P < .05

*Note.* PCB= psychological contract breach; T= trust; PCBT is psychological contract breach X trust.  $R^2$ ; proportion of the variance in the dependent variable; F, significance of the regression model. \*\* =  $p < 0.05$

An inspection of the interaction plot in Figure 4.14 made from visualising data extracted from PROCESS macro shows that at low PCB and high trust, employees had the highest levels of organisational citizenship behaviour. At low PCB, organisational citizenship behaviour was also lower for employees with low trust in their organisation. In addition, employees who experienced either average or high psychological contract breach but still had high trust in their organisations exhibited the highest levels of organisational citizenship behaviour.

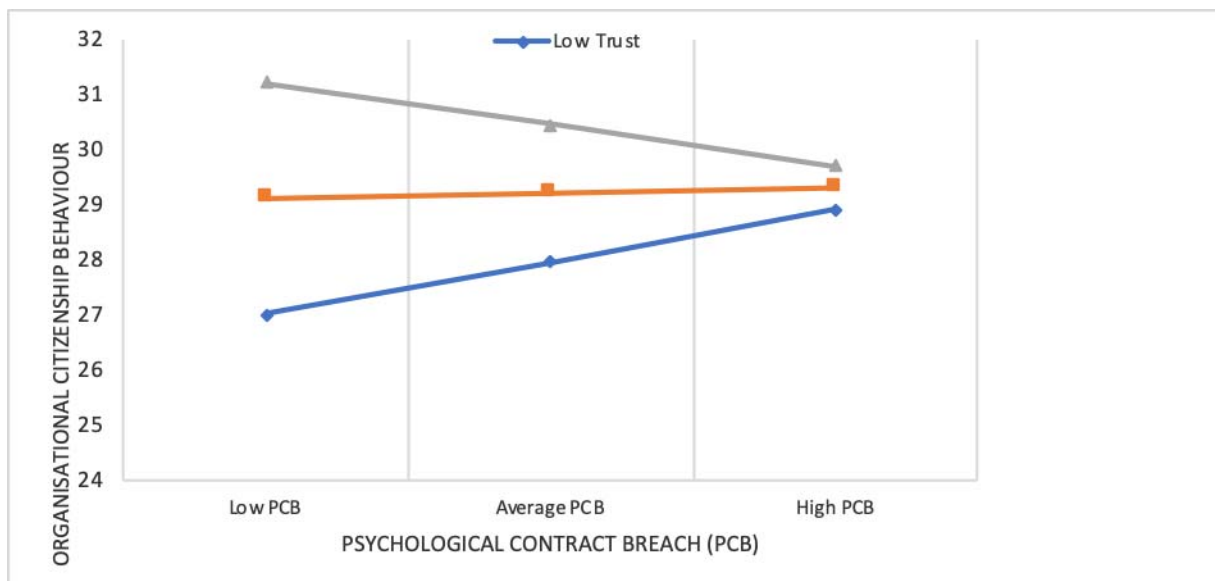


Figure 4. 14: *Trust moderates the relationship between PCB and OCB*

#### 4.7.2 The moderating role of ethical leadership and trust on the relationship between OC, PCB, and intention to leave

To explore whether ethical leadership and trust moderated the relationship between organisational climate and intention to leave, two hypotheses were proposed; hypothesis 1b and hypothesis 3b. To investigate whether ethical leadership and trust moderated the relationship between psychological contract breach and intention to leave, two hypotheses were also proposed; hypothesis 2b and hypothesis 4b.

To test the hypothesis stating that ethical leadership moderates the relationship between organisational climate and intention to leave (hypothesis 1b), moderated hierarchical regression analysis was performed and in the first step, the variables organisational climate and ethical leadership were included. As shown in Table 4.18, the first model explained a significant variance in intention to leave,  $R^2 = .112$ ,  $F(2, 149) = 9.416$ ,  $p < .001$ . However, the addition of the interaction term, OCEL to the regression model in step two did not account for any significant increment of variance in intention to leave,  $R^2 = .113$ ,  $R$  square change ( $\Delta R^2$ ) = .000,  $F(3,148) = 6.275$ ,  $\beta = .000$ ,  $t(148) = -.326$ ,  $p > .05$ . Consequently, hypothesis 1b

suggesting that ethical leadership is a moderator in the relationship between organisational climate and intention to leave is not supported.

Table 4. 18: *Ethical leadership moderates the relationship between organisational climate and intention to leave*

(n=202)	<i>Adjusted R<sup>2</sup></i>		<i>R</i>	<i>Change</i>	$\beta$	<i>F</i>	<i>df</i>	<i>Sig</i>
	<i>R<sup>2</sup></i>	<i>R</i>						
<b>Step 1</b>								
OC; EL	.112	.100	.112			9.416	2.149	P < .05
<b>Step 2</b>								
OCEL	.113	.095	.000	-.026		6.275	3.148	P > .05

*Note.* OC= organisational climate; EL= ethical leadership; OCEL= organisational climate X ethical leadership. R<sup>2</sup>; proportion of the variance in the dependent variable; F, significance of the regression model. \*\* = p < 0.05

The hypothesis stating that trust moderates the relationship between organisational climate and intention to leave (hypothesis 3b) was measured using regression analysis. The results shown in Table 4.19 from moderated hierarchical regression analysis indicated a significant result in the first step that included organisational climate and trust ( $R^2 = .173$ ,  $F(2, 149) = 15.613$ ,  $p = .000$ ). However, adding the interaction term OCT in the second step did not show any significant improvement to the regression model ( $R^2 = .174$ , R square change ( $\Delta R^2$ ) = .000,  $F(3,148) = 10.373$ ,  $\beta = -.022$ ,  $t(148)=-.293$ ,  $p = .770$ ). Therefore, hypothesis 3b which states that trust moderates the relationship between organisational climate and intention to leave is not supported.

Table 4. 19: *Trust moderates the relationship between organisational climate and intention to leave*

(n=202)	Adj.		R <sup>2</sup>		F	df	Sig
	R <sup>2</sup>	R	Change	β			
<b>Step 1</b>							
OC; T	.173	.162	.173		15.613	2.149	P < .05
<b>Step 2</b>							
OCT	.174	.157	.000	-.022	10.373	3.148	P > .05

Note. OC= organisational climate; T= trust; OCT = organisational climate X trust. R<sup>2</sup>; proportion of the variance in the dependent variable; F, significance of the regression model. \*\* = p < 0.05

To test the hypothesis that ethical leadership will moderate the relationship between psychological contract breach and intention to leave (hypothesis 2b), hierarchical moderated multiple regression analysis was conducted. Psychological contract breach and ethical leadership were included in the first step of the regression model. These variables explained a significant proportion of variance in intention to leave,  $R^2 = .204$ ,  $F(2, 149) = 19.120$ ,  $p < .05$ . The adjusted R<sup>2</sup> value of .194 indicated that 19.4% of the variability in intention to leave is explained by the model. On the contrary, the addition of the interaction term between psychological contract breach and ethical leadership, PCBL, was insignificant in explaining the proportion of the variance in organisational citizenship behaviour,  $R^2 = .207$ , R square change ( $\Delta R^2$ ) = 0.03,  $F(3.148) = 12.878$ ,  $\beta = .055$ ,  $t(148) = .719$ ,  $p = .473$ . As a result, hypothesis 2b is not supported. These results are summarised in Table 4.20.

Table 4. 20: *Ethical leadership moderates the relationship between psychological contract breach and intention to leave*

(n=202)	Adj.		R <sup>2</sup>		F	df	Sig
	R <sup>2</sup>	R	Change	β			
<b>Step 1</b>							
PCB; EL	.204	.194	.204		19.120	2.149	P < .05
<b>Step 2</b>							
PCBL	.207	.191	.003	.055	12,878	3.148	P > .05

Note. PCB= psychological contract breach; EL= ethical leadership; PCBL= psychological contract breach X ethical leadership. R<sup>2</sup>; proportion of the variance in the dependent variable; F, significance of the regression model. \*\* = p < 0.05

Hypothesis 4b stating that trust moderates the relationship between psychological contract breach and intention to leave was tested using regression analysis. In the first step of the moderated hierarchical regression analysis, both psychological contract breach and trust were included. These variables accounted for a significant amount of variance in employees' intentions to quit, ( $R^2 = .244$ ,  $F(2, 149) = 24.103$ ,  $p=.000$ ). However, the addition of the interaction term, PCBT to the regression model, could not account for any significant proportion of variance in intention to leave, ( $R^2 = .259$ , R square change ( $\Delta R^2$ ) = 014,  $F(3, 148) = 17.207$ ,  $\beta = .120$ ,  $t(148)=1.681$ ,  $p > .05$ ). Therefore, hypothesis 4b stating that trust moderates the relationship between psychological contract breach and intention to leave is not supported. These results are presented in Table 4.21.

Table 4. 21: *Trust moderates the relationship between psychological contract breach and intention to leave*

(n=202)	Adj.		R <sup>2</sup>		β	F	df	Sig
	R <sup>2</sup>	R	Change					
<b>Step 1</b>								
PCB; T	.244	.234	.244			24.103	2.149	P < .05
<b>Step 2</b>								
PCBT	.259	.244	.014	.120		17.207	3.148	P > .05

Note. PCB= psychological contract breach, T= trust; PCBT = psychological contract breach X trust. R<sup>2</sup>; proportion of the variance in the dependent variable; F, significance of the regression model. \*\* = p < 0.05

## CHAPTER 5

### DISCUSSIONS AND CONCLUSIONS

In this final chapter of the study, the research findings presented in Chapter 4 will be discussed with insight on how they relate to the literature review. Conclusions drawn from the study findings are then presented. Following the study conclusions are the recommendations of the study. Under recommendations, a presentation of theoretical and practical implications of the study is given. This is followed by the limitations of the research study, upon which directions for future research studies is drawn.

#### 5.1 Discussion

There were six objectives in this study and the first one was to investigate the relationship between organisational climate and organisational citizenship behaviour and intention to leave the organisation. The second objective was to determine the relationship between psychological contract breach and organisational citizenship behaviour and intention to leave. The third objective was to measure the moderating role of ethical leadership in the relationship between organisational climate and organisational citizenship behaviour and intention to leave. The fourth objective was to explore the moderating role of ethical leadership in the relationship between psychological contract breach and organisational citizenship behaviour and intention to leave. The fifth objective was to examine the moderating role of trust in the relationship between organisational climate and organisational citizenship behaviour and intention to leave. The sixth objective was to investigate moderating the role of trust in the relationship between psychological contract breach and organisational citizenship behaviour and intention to leave.

Firstly, the correlation results showed that neither gender, age nor work experience had a relationship with organisational climate, psychological contract breach, organisational

citizenship behaviour and intention to leave. In contrast to the results found in this study, there are studies that have reported that some demographic variables have an influence on some employee outcomes. A study conducted by Gagliarducci and Paserman (2015) reported that gender had a significant negative relationship with intention to leave. The study further reported that female leadership reduces intentions to leave the organisation among employees because they implement warm family friendly policies which are desired by most employees. In addition, a study conducted by King and Jex (2014) reported that age had a positive influence on organisational citizenship behaviour. Furthermore, a study conducted by Chin and Hung (2013) reported that gender is a significant predictor of intention to leave. A study conducted by Agyemang (2013) also reported that employee work experience is a significant determinant of organisational citizenship behaviour. However, it is also important to note that studies with significant results between demographic variables and employee outcomes were conducted in the Western countries yet this study was conducted in South Africa. Therefore, the inconsistency in results could be due to differences in the setting of the studies. Employees from Western countries and those from South Africa are likely to have different cultural values and traditions which in turn may influence how they perceive the influence of demographic variables on organisational climate, psychological contract breach, organisational citizenship behaviour, intention to leave, ethical leadership and trust.

The results from the correlation analysis also disclosed that organisational climate had a significant positive relationship with organisational citizenship behaviour and a significant negative relationship with intention to leave the organisation. This reveals that as organisational climate increases, organisational citizenship behaviour also increases and intention to leave decreases. These results are supported by literature. Research findings from a study by Gholami et al., (2015) on organisational climate and OCB among hospital staff reported a significant positive relationship between organisational climate and organisational citizenship behaviour. Another study on how organisational climate affects organisational citizenship behaviour conducted by Randhawa and Kaur (2016) in Punjab

also showed a significant relationship between the two variables. In his study with Ghanaian bank employees, Agyemang (2013) reported that employees' perception of the organisational climate has a great positive influence on organisational citizenship behaviours. In addition, Saungweme and Gwandure (2011) reported that a poor organisational climate was associated with high turnover intentions. Another research by Purvis et al. (2015) also stressed the importance of positive organisational climate in reducing employees' intentions to leave the organisation. A Taiwan study conducted by Liou and Cheng (2010) also reported that organisational climate was a significant predictor of intention to leave.

These results imply that employees assess their organisational climate and respond to it with either positive or negative employee outcomes. Based on this study, employees respond to a good organisational climate through engaging in extra-role behaviour such as organisational citizenship behaviour. This shows that employees reciprocate to fair organisational policies and procedures enshrined in the organisational climate through the intentional initiative of either defending the organisational interests in the public or simply volunteering to assist any fellow employees requiring help in their job tasks. In addition, these results also indicate that employees respond to a poor organisational climate through leaving the organisation. This shows that employees conduct a cost benefit analysis of the organisational climate and respond to it on the basis of costs to costs, and benefits to benefits. The social exchange theory by Blau (1964) also provides theoretical support for these findings through confirming that employees strive for a fair balance and exchange in the employment relationship.

Furthermore, the results from the correlation analysis provided sufficient evidence to show that the relationship between psychological contract breach and organisational citizenship behaviour did not exist. This result was inconsistent with results from previous research on organisational climate and organisational citizenship behaviour. Several studies have

reported that breach of the psychological contract negatively influences organisational citizenship behaviour (Chiang et al., 2012; Francisco, 2015). According to Yang and Chao (2016), psychological contract breach ignites feelings of organisational injustice in employees, thereby leading to reduced organisational citizenship behaviour. One possible reason for the insignificant results in the current study could be that organisational citizenship behaviour has also been reported to be an individual characteristic that an employee brings to the organisation rather than influenced by organisational factors such as PCB (Agarwal, 2016; Sina & Abbas, 2015). In addition, due to the high competition for jobs in the labour market, many organisations are now rewarding and promoting employees based on their extra role behaviour such as organisational citizenship behaviour; such that although these extra roles are non-mandatory, employees still practice them as a way of securing their jobs and also getting ahead even if they perceive breach of their psychological contract.

In addition, the findings from the correlation analysis also presented a significant positive relationship between psychological contract breach and intention to leave. The results provided enough evidence to the notion that psychological contract breach and intention to leave move in the same direction. An increase in psychological contract breach results in an increase in employees' intention to leave the organisation, whilst decreases in psychological contract breach also results in decreases in intention to leave. These findings are directly in line with previous studies on the effects of psychological contract breach (Aykan, 2014; Hennicks, 2014; Xie et al., 2015). Furthermore, a study conducted by Salin and Notelaers (2017) reported that sometimes the employment relationship is damaged beyond repair due to psychological contract breach and the employee actively starts to search for employment elsewhere. It has been reported that in most cases, employees leave their organisations if they are dissatisfied in the way the organisation delivers the promises made in the psychological contract or if the promises made in the psychological contract are completely broken (Paillé & Dufour, 2013). Therefore, the finding is consistent to literature.

The social exchange theory by Blau (1964) and the affective events theory by Weiss and Cropanzano (1996) also provide theoretical support for the significant positive correlation result between psychological contract breach and intention to leave. Based on the social exchange theory, employees respond to the costs associated with psychological contract breach with a cost of intending to leave the organisation which may result in high labour turnover. High labour turnover costs the organisation a lot of time and money through finding replacements. The affective events theory also provides a theoretical explanation to this finding through envisaging that employees are emotional beings who may respond to negative workplace events such as psychological contract breach with negative emotions that eventually lead to intentions to leave organisation.

To investigate the moderating role of ethical leadership and trust in the relationship between organisational climate and organisational citizenship behaviour, two hypotheses were proposed (hypothesis 1a and hypothesis 3a). Hypothesis 1a stated that ethical leadership moderates the relationship between organisational climate and organisational citizenship behaviour. The results from hierarchical moderated multiple regression analysis showed that ethical leadership is a significant moderator in the relationship between organisational climate and organisational citizenship behaviour. This means that the presence of ethical leadership influences the relationship between organisational climate and organisational citizenship behaviour. In addition, the interaction plot revealed that if the organisational climate is high but ethical leadership is low, organisational citizenship behaviour will be at its lowest. If organisational climate is either average or high, and the ethical leadership is high, there will be an increase in the level of organisational citizenship behaviour in the organisation.

Although there are few studies that have specifically investigated the moderating role of ethical leadership in the relationship between organisational climate and organisational citizenship behaviour, there are studies that have highlighted the importance of ethical leadership in transforming both the organisational climate and organisational citizenship

behaviour (Philipp & Lopez, 2013). Studies conducted by Demirtas and Akdogan (2015) and Dirik and Seren Intepeler (2017) implicated that the presence of ethical leadership was the foundation of a strong organisational climate. In addition, several studies also reported that there is a significant relationship between ethical leadership and organisational citizenship behaviour (Ahmad et al., 2019; Wang, & Sung, 2016; Yang et al., 2016). This shows that ethical leadership facilitates the creation of a positive, encouraging and nurturing work environment. Therefore, it should be noted that the conscientious and moral identity of ethical leaders can be passed along to employees, hence the practice of organisational citizenship behaviour.

The results for hypothesis 3a stating that trust moderates the relationship between organisational climate and organisational citizenship behaviour were significant. This finding implies that employees value organisational leaders who are honest and dependable, so much that there are inspired to also become efficient and indispensable to the organisation through the exhibition of the voluntary role of organisational citizenship behaviour. In addition, this finding also reveals that a good organisational climate culminates in a trusting employment environment leading to the performance of extra roles such as organisational citizenship behaviour by employees.

However, the presence of untrustworthy leaders in the organisation results in a decline of organisational citizenship behaviour. Employees who experience low organisational climate and low trust record much lower levels of organisational citizenship behaviour. This suggests that both organisational climate and trust facilitates the creation of strong workplace relationships. However, there is no literature to support this specific finding. Most studies have only researched the direct relationships between either organisational climate and organisational citizenship behaviour or trust and organisational citizenship behaviour (Akanni, & Ndubueze, 2017; Gholami et al., 2015; Pozveh & Karimi, 2017; Singh & Srivastava, (2016). However, not much has been published on the influence of moderators in the relationship between organisational climate and organisational citizenship behaviour.

Nevertheless, the significant result showing that trust moderates the relationship between organisational climate and organisational citizenship behaviour is supported theoretically by the authentic leadership theory. This theory posits that authentic leaders or managers develop truthful relations with their followers or subordinates through establishing trust in these relationships in-order to promote positive employee behaviour such as organisational citizenship behaviour.

To investigate the moderating role of ethical leadership and trust on the relationship between psychological contract breach and organisational citizenship behaviour, two more hypotheses were also proposed (hypothesis 2a and hypothesis 4a). The results for hypothesis 2a stating that ethical leadership moderates the relationship between psychological contract breach and organisational citizenship behaviour were significant. These results provided evidence that when there is low ethical leadership, organisational citizenship behaviour will be at its lowest even if the psychological contract breach is also low. In addition, organisational citizenship behaviour will be at its highest if there is high ethical leadership whilst at the same time experiencing high psychological contract breach. In addition, this result implies that negative workplace events such as breach of the psychological contract do not result in the decline of organisational citizenship behaviour if the employees believe that their leaders are ethical. Ethical leaders set ethical standards in the organisation and inspire employees to engage in organisational citizenship behaviour through modelling positivity in the organisation. The most important aspect of ethical leaders is role modelling of positive behaviour hence the reciprocity by employees.

These results are consistent to the study conducted by Philipp and Lopez (2013) in which organisational citizenship behaviour was found to be high in the presence of high ethical leadership even if psychological contract breach was also high. In addition, the social learning theory by Bandura (1977) also provide theoretical support for this finding. It states that most human behaviour is learned by observation and modelling. Through observing their ethical leaders, positive information is encoded into employees which is then used as a

reference in their work life which is then replicates through organisational citizenship behaviour. Several studies have also reported that ethical leadership influences organisational citizenship behaviour regardless of any workplace events occurring in the organisation (Yang et al., 2016; Yang & Wei, 2018; Zhu et al., 2019). In addition, a study conducted by Mo and Shi (2017) reported that without ethical leadership, it is unrealistic to expect organisational citizenship behaviour from employees.

The results for hypothesis 4a stating that trust moderates the relationship between psychological contract breach and organisational citizenship behaviour among university employees were significant. At low PCB, organisational citizenship behaviour was also lower for employees who had low trust in their organisation. In addition, employees who experienced either average or high psychological contract breach but still had high trust in their organisations exhibited the highest levels of organisational citizenship behaviour. These results indicate that trust is an important aspect that management should foster in the organisation in order to improve organisational citizenship behaviour, even in circumstances where psychological contract breach is high.

Although there are limited studies on the moderating effect of trust on the relationship between psychological contract breach and organisational citizenship behaviour, the results are consistent to literature. Studies conducted by Coyle-Shapiro (2002) and Kraft (2008) reported that employees who highly trust their organisations are more likely to invest more in their organisational citizenship behaviours, with the hope that future promises can be delivered. Other than these studies, there are no other studies have investigated the trust as a moderator in the relationship between psychological contract breach and organisational citizenship behaviour. However, it is also important to cite that trust has been reported to significantly improve organisational citizenship behaviour (Pourkeiani & Tanabandeh, 2016). Another study by Mineo (2014) reports that the importance of having trustworthy leadership is for the promotion of positive employee outcomes in the organisation such as organisational citizenship behaviour and this study describes trust as one of the most

fundamental aspects of transformational leadership. Further, a study conducted by McCarthy and Truhon (2016) puts the contention that authentic trust is vital for employee outcomes efficiency, especially organisational citizenship behaviour. Therefore, it is not surprising that the findings in this study also show that trust moderates the relationship between psychological contract breach and organisational citizenship behaviour.

To examine whether ethical leadership and trust moderated the relationship between organisational climate and intention to leave, two hypotheses were proposed (hypothesis 1b and hypothesis 3b). Hypothesis 1b stated that ethical leadership moderates the relationship between organisational climate and intention to leave and the results were insignificant. Ethical leadership did not moderate the relationship between organisational climate and employees' intentions to leave the organisation amongst university employees. Whilst there are no studies that have specifically investigated the moderating role of ethical leadership on the relationship between organisational climate and employees' intentions to leave the organisation, there are studies that have focused on these variables separately whose findings had suggested the possibility of moderation. It has been reported that a practice of ethical leadership by an organisation's management led to a reduction in employees' intentions to leave the organisation (Dermitas & Akdogan, 2015; Shareef & Atan, 2019). In addition, a study conducted by Grobler and Rensburg (2018) in South Africa's higher educational sector reported that a strong organisational climate can also reduce employees intentions to leave the organisation.

Furthermore, findings from a study conducted by Joe et al., (2018) specified an indirect relationship between ethical climate and employees' turnover intention. However, it is important to note that in this study, the interaction between organisational climate and ethical leadership could not influence intention to leave. A possible reason why the results for hypothesis 3b were insignificant could be because of the contention put forward by Reina et al., (2018) that the number one reason why employees are most likely to leave an organisation is a lack of perceived supervisor support rather than the absence ethical

leadership (Mayer et al., 2012). In addition, a study conducted by Dorenkamp and Weiß, (2018) most university employees leave the academia due to competitive salaries offered in the private sector regardless of the presence of ethical leaders in institutions of higher learning.

The findings of hypothesis 3b stating that trust moderates the relationship between organisational climate and intention to leave were not significant and thus not supported. This means that trust did not moderate the relationship between organisational climate and intention to leave among university employees. There are also no studies that have investigated the moderating role of trust in the relationship between organisational climate and trust. However, trust has been previously reported to be negatively correlated to employees' intentions to leave the organisation (Duygulu & Basit, 2017; Rodwell et al., 2017). In addition, a study conducted by Purvis et al., (2015) also reported that a strong organisational climate reduces employees' intentions to leave the organisation hence the expectation that the interaction between organisational climate and trust would significantly influence the relationship between organisational climate and intention to leave. A possible reason for the none significant results could be that employees' intentions to leave the organisation may involve some life events outside an employee's world of work, for example, following life partners across the country, staying home with their children or going back to school (Chin & Hung, 2013).

Two more hypotheses were proposed to explore whether ethical leadership and trust moderated the relationship between psychological contract breach and intention to leave (hypothesis 2b and hypothesis 4b). The result for hypothesis 2b stating that ethical leadership moderates the relationship between psychological contract breach and intention to leave was insignificant. However, this finding is not supported by literature. A study conducted by Bukhari et al., (2011) reported that Islam work ethic leader behaviour moderated the relationship between psychological contract breach and intention to leave. A possible explanation for the inconsistent results could be because the current study did not

consider the concept of religion whilst the study conducted by Bukhari et al., (2011) focused on ethical leadership in the Islam religion. Another study conducted by Ahmed and Muchiri (2014) reported that ethical leadership did not moderate the relationship between breach of the psychological contract and intention to leave. This result shows that when it comes to the cognitive evaluation of whether to leave or not to leave the organisation, university employees do not consider whether their leaders are ethical or not. In addition, this result shows that employees who have intentions to leave organisation due to breach of the psychological contract cannot change their mind simply because their leaders practice ethical leadership. Another possible reason might be because intention to leave can also be influenced by external factors rather than internal organisational factors. For example, if employees are offered a better salary and opportunities for advancement by another organisation, it is unlikely that they will remain in an organisation in which they perceive breach of the psychological contract even if the organisational leaders are highly ethical.

Hypothesis 4b stated that trust moderates the relationship between psychological contract breach and intention to leave. The results for hypothesis 4b were insignificant. This means that trust did not moderate the relationship between psychological contract breach and intention to leave. A possible reason for the insignificant results in this study could be because when promises are broken in the psychological contract, trust can also be drained. Instead of trust, there will be mistrust, hence it is unlikely that the trust can moderate the relationship between psychological contract breach and intention to leave. The results obtained in this study are in contrast to those reported in a study by Kraft (2008) where trust was reported to fully moderated PCB and the employee outcome of intention to leave. Another study conducted by Clinton and Guest (2013) reported that trust fully moderated the relationship between psychological contract breach and intention to leave. A possible explanation this insignificant result is because some employees quit their jobs due to unavoidable reasons such as health problems or moving closer to their families. Another

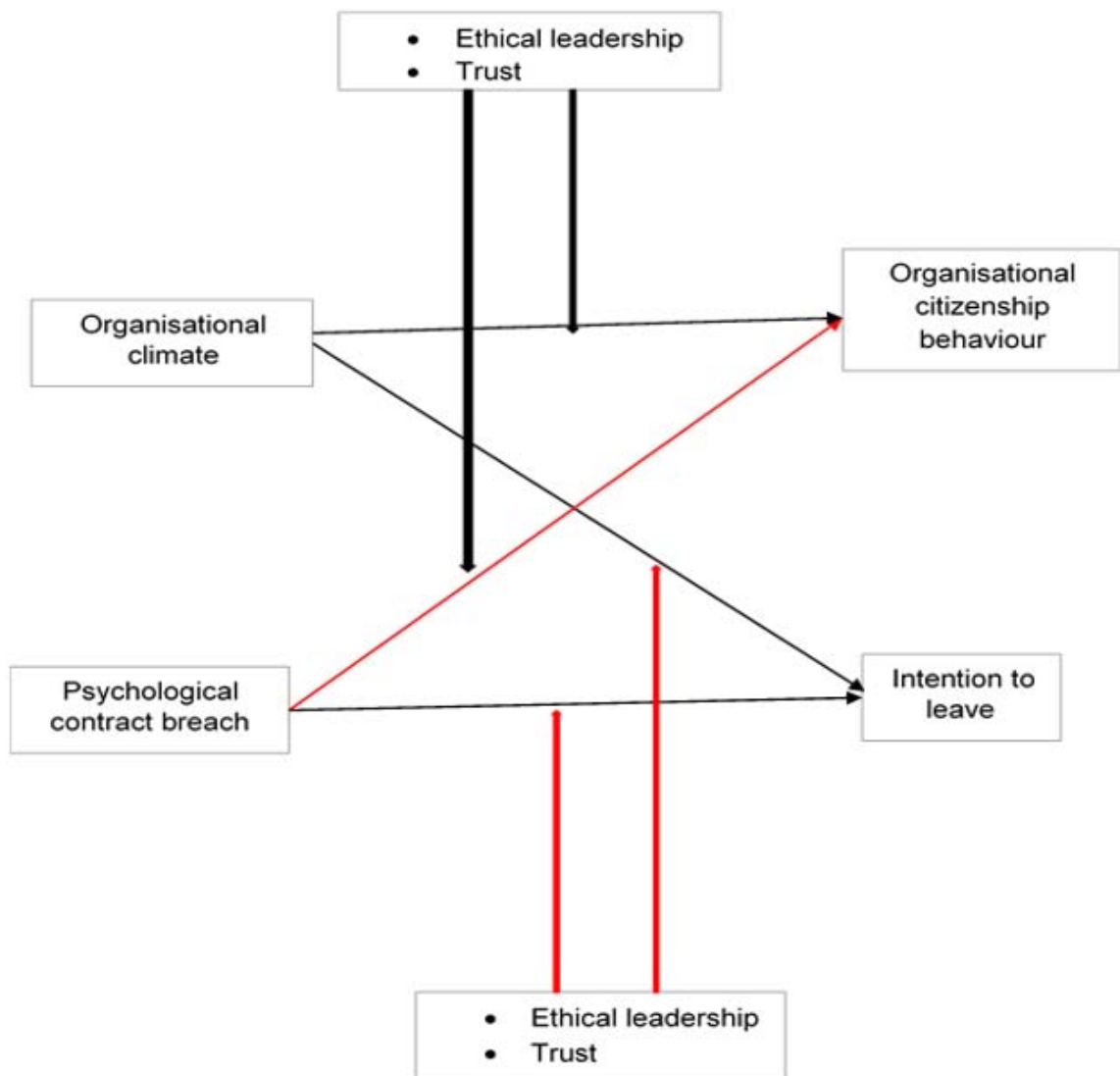
possible explanation is that it is difficult to change the mind of employees once they decide to leave the organisation.

## 5.2 Conclusions

This study found that organisational climate has a positive influence on organisational citizenship behaviour and a negative influence on employees' intentions to leave the organisation. This provides evidence that in South African universities, organisational climate is an important organisational aspect that can be used to shape employee outcomes of organisational citizenship behaviour and intention to leave. Although non-significant correlation results were obtained between psychological contract breach and organisational citizenship behaviour, the study found that psychological contract breach has a positive influence on employees' intentions to leave the organisation. Based on this result, it can be concluded that psychological contract breach is detrimental to the growth of South African universities because they can lose valuable employees any breach of the psychological contract is perceived.

The study also found significant results on the moderating effects of both ethical leadership and trust on the relationship between organisational climate and organisational citizenship behaviour. In addition, study findings also showed that both ethical leadership and trust moderated the relationship between psychological contract breach and organisational citizenship behaviour. These results provide evidence that universities need to appoint ethical leaders who can be trusted by employees in order to boost the practice of organisational citizenship behaviour by employees. Further, it is also concluded that employees practice more organisational citizenship behaviours if there is strong organisational climate, high ethical leadership and high trust in the organisation. In addition, it is also concluded that ethical and trustworthy leaders can still inspire employees to practice organisational citizenship behaviour even if they perceive breach of their psychological contracts.

However, the moderating effects of both ethical leadership and trust on the relationship between psychological contract breach and intention to leave were not significant. Based on these results, it can be concluded there is no sufficient evidence to show that both ethical leadership and trust have a moderating effect on intentions to leave the organisation among university employees. It is also concluded that neither ethical leaders nor trustworthy leaders can reduce employees' intentions to leave the organisation if the organisational climate is perceived to be poor and when there is breach of the psychological contract. Figure 5.1 below is an empirical diagram summarising the major results obtained in this study.



*Note:* Significant results are represented by black arrows; Non significant results are represented by red arrows; Bold red or black arrows indicate moderation.

Figure 15. 1: *Empirical framework based on study findings*

### **5.3 Recommendations**

There are several theoretical implications and practical implications of the study that are drawn from the current study.

#### 5.3.1 Theoretical contributions of the study

The theoretical implication of this thesis to literature on organisational climate and psychological contract breach is fourfold. This research contributes (1) to a greater understanding of the concepts of organisational climate and psychological contract breach in the South African context, (2) to scientific knowledge with regard to the influence of organisational climate and psychological contract on employee outcomes, (3) to scientific knowledge on the moderating roles of ethical leadership and trust in the relationships between organisational climate, psychological contract breach, organisational citizenship behaviour; and intention to leave, and (4) to scientific knowledge on the urgent need for ethical leaders who are trustworthy in South Africa.

Firstly, this study provides a deeper understanding of the concepts of OC and PCB in the South African context. Literature lacked studies that had investigated the concepts of organisational climate and psychological contract breach together, from a South African perspective. In addition, extant studies have often neglected the need to investigate the organisational climate in South African universities, especially after the transformation that took place in South Africa's higher education sector, therefore, this research contributes to the closure of that gap.

Second, the findings from this research offer empirical evidence on the relevance of organisational climate in influencing employee outcomes. In more detail, this study adds to

literature in confirming that organisational climate is positively correlated with organisational citizenship behaviour and negatively correlated to employees' intentions to leave the organisation. Third, the results also contribute to psychological contracts theory by confirming the adverse effects of psychological contract breach on employee outcomes. From the research findings, it is apparent that psychological contract breach is positively correlated to employees' intention to leave.

Fourth, this study extends our understanding on organisational climate, psychological contract breach and employee outcomes. So far, most studies on organisational climate, psychological contract breach and employee outcomes have focused on the linear relationships between the concepts, however, this study, in addition to these direct relationships, also investigates the moderator roles of ethical leadership and trust. In more detail, new empirical evidence was found that both ethical leadership and trust moderate the relationship between organisational climate and the employee outcome of organisational citizenship behaviour. Both ethical leadership and trust were found to also moderate the relationship between psychological contract breach and organisational citizenship behaviour. Finally, the results from the study stress on the urgent need and promotion of leaders who are both ethical and trustworthy. Current literature on organisational behaviour has focused on managerial competences in the change processes, but, research into the moral aspect of leadership and the importance of trustworthy leadership in influencing employee outcomes has been neglected. This study, therefore, theoretically adds to the body of knowledge through providing empirical evidence on the necessity of both ethical leadership and trust.

### 5.3.2 Practical implications of research findings

The findings from the current study also make significant contribution to organisations in at least four areas. Firstly, results show that organisational climate is a vital tool that should be used to promote high organisational citizenship behaviour and to reduce turnover intention in organisations. Organisations, through their human resources department should develop a

strong organisational climate that employees can identify with through the development of effective communication structure, job recognition policies, and career development paths (Randhawa & Kaur, 2016). Barberoglu (2018) also suggests that organisations should adopt the use of work teams to create a warm organisational climate.

Secondly, the results in the current study demonstrate the need to avoid or reduce cases of psychological contract breach because PCB is positively correlated to employees' intentions to leave an organisation. Disgruntled employees may cost many companies, worldwide, millions of dollars due to high turnover. The cost of hiring, selecting and training new employees is very high, hence the need to avoid cases of psychological contract breach. Human resources managers are urged to prevent cases of psychological contract breach through providing new employees a realistic overview of the job they are to perform and also have an open door policy whereby employees can air out their grievances before they escalate to intentions of leaving the organisation (Sharif, Wahab & Sarip, 2017).

Organisations must establish clear solid structures of communication to ensure ongoing conversations between management and employees. Furthermore, recruitment managers are also cautioned against over-promising both the company and job applicants opportunities for growth and development, yet under-delivering because retention will suffer. Whilst there might be no magic solution to the problem of psychological contract breach, there is also a need to educate companies, recruiters and human resources managers about the need of being truthful during the hiring and selection process and living up to promises they make to employees. Through the consistent execution of fair and impartial practices, human resources managers can regulate employees' perceptions of psychological contract breach.

Thirdly, this thesis is timely, as it comes during a time where various stakeholders in South Africa are calling for ethical leadership in the political, economic, health, and educational spheres of the country. The results from this study revealed that not only does ethical

leadership moderate the relationship between organisational climate and organisational citizenship behaviour, there was further evidence that it also moderates the relationship between psychological contract breach and organisational citizenship behaviour. It is imperative that organisations provide ethical leadership workshops to all employees in managerial positions so that they are trained and equipped with knowledge on the risks of unethical behaviour when it comes to employee outcomes. Through the establishment of an ethical climate, organisational citizenship behaviour amongst employees will be greatly improved. An unethical climate is also characterised by low organisational citizenship behaviour.

In addition, organisations should establish an HR policy to only hire and promote employees who are both ethical and influential. This means that the portfolios of organisational leaders should include integrity so that an ethical corporate culture can be established in an organisation. Ethical standards should be set for all employees together with the leadership of the organisation. Those who violate these ethics standards should face disciplinary action; the whole organisation should be made aware that ethics matter. Furthermore, Cheteni and Shindika (2017) also recommend that the organisation should establish an open communication system through which any ethical misconduct in the organisation can be reported through the whistle-blower's policy. Protection of the identity of whistle-blowers should be guaranteed so that they are not victimised or retaliated against.

Lastly, the findings from the study also reinforces the importance of fostering trust in the workplace as high levels of trust are characterised by high organisational citizenship behaviour. Specifically, the results revealed that trust is a significant moderator in a relationship between organisational climate and organisational citizenship behaviour. In addition, trust also emerged as a significant moderator in the relationship of psychological contract breach and organisational citizenship behaviour. These findings, therefore, suggest that trust is a crucial aspect that should be established in the employer-employee

relationship so that organisational citizenship behaviour can be attained; if employees do not trust their management, the organisation will eventually be negatively affected.

Based on this study's findings, the tangible benefits of trust in the organisation are evidenced by high organisational citizenship behaviour. Organisational leaders should inspire trust through their characters and competences. Character is about showing integrity, motivation and competence in the workplace. Competence is about showing capability, skill, results, and having a track record. To earn employee trust, it is suggested that managers should be honestly communicating any changes that will affect employees. Any surprises about work changes or performance reviews should be avoided. It is essential that managers should consider their employees first thorough granting them full autonomy on simple tasks as a way of building trust. These simple gestures go a long way in establishing trust in the organisation. Furthermore, management is urged to consistently do what they promise to build trust as there should not be a disconnect between the promises made and the actions that follow. In addition, management should be predictable to show consistency. Kouzes and Posner (2013) also stress the urgency of clear communication in building trust in the leader-subordinate relationship for messages are easily distorted if communicated ambiguously or in an unclear manner.

#### **5.4 Limitations of the study**

This study also has some limitations that will be highlighted in this section. Firstly, due to the nature of the study objectives, a quantitative research design was employed, however, quantitative designs have their own drawbacks. For example, the use of structured questionnaires containing close-ended questions in this study did not give the respondents opportunities to explain their responses. As a result, the responses have a limited scope. In addition, the use of a self-reported questionnaire in this study could also have posed as a limitation due to response bias. Survey participants have often been noted to respond to

questions in a manner that is deemed favourable by others and the society instead of being truthful. This is known as social desirability bias.

Furthermore, it should also be noted that this study was conducted in only one province in South Africa. Only two universities were included in the study therefore, the results from the current study are only representative of a rather small percentage of South African universities, therefore, generalisability of the results to the whole population of universities in South Africa in all provinces is limited. In addition, the response rate of correctly-filled in questionnaires was rather average due to the busy nature of the jobs held by university employees. Many respondents also complained that the questionnaire was rather long as it had a total of 90 questions. As a result, only 202 questionnaires were returned of the 350 questionnaires distributed.

### **5.5 Suggestions for future research**

The findings in this study revealed that neither ethical leadership nor trust moderate the relationships between organisational climate and intention to leave. In addition, neither did ethical leadership nor trust moderate the relationship between psychological contract breach and employee outcome of intention to leave. It is advisable for future research to investigate other organisational factors that can possibly moderate the relationships between organisational climate, psychological contract breach and employees' intention to leave an organisation.

In addition, future studies should also examine the role of employees' personal characteristics, such as personality as predictors of employees' outcomes of organisational citizenship behaviour and intention to leave. Many human resources leaders are reconsidering the role of personality in the organisation by indicating how personality also significantly predict employee outcomes, therefore, it will be even more interesting if future research could investigate which one among organisational aspects of organisational

climate, psychological contract breach and together with personality are the most significant predictors of employee outcomes of organisational citizenship behaviour and intention to leave.

More recent studies distinguish between the two different types of psychological contracts employees usually have in organisations. In literature, it was identified that there are transactional psychological contracts and relational psychological contract. In this study, it was found that psychological contract breach as a whole is significantly correlated to intention to leave, however, it will be equally interesting if future research could explore which type of psychological contract contributes the most in predicting employees' intentions to leave their organisations.

Furthermore, it will be very insightful for future research in this area of study to make use of quantitative, qualitative and mixed methods research design. The additional use of a qualitative design approach will assist in capturing, comprehensively, the experiences of respondents in identifying which aspects of an organisational climate and psychological contract they are pleased or displeased about. More detailed information will be obtained through the use of both questionnaires and interviews.

To make the research findings more generalisable to the whole population of South African universities, it is suggested that future research samples in the area of organisational climate, psychological contract breach and employee outcomes should include universities in all provinces in South Africa. This will result in much bigger samples that are more representative of the population such that sound inferences of results can be made about employees working in South African universities. Lastly, future studies should also investigate the effects of psychological contract breach on employee outcomes in a longitudinal study. Whilst psychological contract breach may cause instantaneous negative employee outcomes for some employees, with time these initial negative feelings may become weaker due to employees coping with the perceived breach and/or cause re-establishing of trust in their organisation.

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## APPENDICES

### Appendix A: Ethical clearance letter

RESEARCH AND INNOVATION  
OFFICE OF THE DIRECTOR

NAME OF RESEARCHER/INVESTIGATOR:

**Ms S Terera**

Student No:

**15018542**

PROJECT TITLE: **Organisational climate, psychological contract breach and employee outcomes among university employees in Limpopo Province: Moderator effects of ethical leadership and trust.**

PROJECT NO: SMS/16/HRM/06/0112

SUPERVISORS/ CO-RESEARCHERS/ CO-INVESTIGATORS

NAME	INSTITUTION & DEPARTMENT	ROLE
Prof SS Babalola	University of Venda	Supervisor
Dr TS Setati	University of Venda	Co-Supervisor
Ms S Terera	University of Venda	Investigator - Student

ISSUED BY:

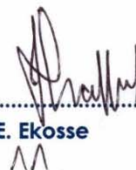
UNIVERSITY OF VENDA, RESEARCH ETHICS COMMITTEE

Date Considered: November 2016

Decision by Ethical Clearance Committee Granted

Signature of Chairperson of the Committee: .....

Name of the Chairperson of the Committee: Prof. G.E. Ekosse




University of Venda

PRIVATE BAG X5050, THOHOYANDOU, 0950, LIMPOPO PROVINCE, SOUTH AFRICA  
TELEPHONE (015) 962 8504/8313 FAX (015) 962 9060

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# UNIVERSITY OF VENDA

## OFFICE OF THE DEPUTY VICE-CHANCELLOR: ACADEMIC

TO : MR/MS S.R TERERA  
SCHOOL OF MANAGEMNET SCIENCES

FROM: PROF. J.E CRAFFORD  
DEPUTY VICE-CHANCELLOR: ACADEMIC

DATE : 29 NOVEMBER 2016

### DECISIONS TAKEN BY UHDC OF 29<sup>th</sup> NOVEMBER 2016

Application for approval of Thesis Proposal topic in Management Sciences:

S.R Terera (15018542)

Topic: "Organisational climate, Psychological contract breach and Employee outcome among University Employees in Limpopo Province: Moderator Effects if Ethical Leadership and Trust."

Promoter UNIVEN Prof. S.S Babalola

Co-promoter UNIVEN Prof. N.M Ochara

**UHDC approved Thesis proposal**

---

**PROF. J.E CRAFFORD**

**DEPUTY VICE-CHANCELLOR: ACADEMIC**

## Appendix B: Research Questionnaire



University of Venda

Department of Human Resource Management and Labor Relations, School of Management Sciences, University of Venda, Thohoyandou 0950.

### Doctoral Research Questionnaire

My name is Sharon Ruvimbo Terera, a doctoral student in the field of Human Resource Management. The following is a research questionnaire which require your response to all items with sincerity. There are no right or wrong answers, so do no spend too much time thinking about your responses. Be rest assured that all information will be treated with utmost confidentiality and will be used for research purpose only. Participation is voluntary and you are free to withdraw at any point as you attempt the research questions.

Do not write your name or any other form of identification on the questionnaire to maintain the anonymity attached to expected responses. When the study is complete, you will be provided with the results, provided you request for the findings.

Thank you for your cooperation.

Sharon R. Terera

By completing and returning this questionnaire, you are indicating your consent to participate in this study.

### Section A

Please complete this section by marking with an **(X)** where appropriate or filling the blank spaces

1. Gender: Male----- Female-----
2. Age in years-----
3. Period of employment in your present job-----
4. Department-----
5. Highest Professional Qualification-----
6. Marital Status-----

### **Instructions**

Below are several statements that may or may not apply to you. Please mark with an **(X)** in the box to indicate the extent to which you agree or disagree with each statement.

**Key:** 1. Strongly Disagree (SD); 2. Disagree (D); 3. Uncertain (U); 4. Agree (A); 5. Strongly Agree (SA).

### Section B

S/N		SD	D	U	A	SA
B1	A friendly atmosphere prevails among the people in this organisation	1	2	3	4	5
B2	The organisation is characterised by a relaxed, easy going working climate	1	2	3	4	5
B3	There is a lot of warmth between in the relationship between management and workers in the organisation	1	2	3	4	5
B4	People in this organisation tend to be cool and aloof towards each other					
B5	It is sometimes unclear who has the formal authority to decide	1	2	3	4	5

	in this organisation.					
B6	In some of the projects I've been on, I haven't been sure exactly who my boss was.	1	2	3	4	5
B7	The jobs in this organisation are clearly defined and logically structured.	1	2	3	4	5
B8	The attitude of our management is that conflict between competing units and individuals can be very healthy.	1	2	3	4	5
B9	The best way to make a good impression in this organisation is to avoid open arguments and disagreements.	1	2	3	4	5
B10	The philosophy of our management is that in the long run we get ahead fastest by playing it slow, safe and sure.	1	2	3	4	5
B11	In meetings the goal is to arrive at a decision as smoothly and quickly as possible	1	2	3	4	5
B12	Our management believes that no job is so well done that it couldn't be done better	1	2	3	4	5
B13	In this organisation we set very high standards for performance	1	2	3	4	5
B14	Around here there is a feeling of pressure to continually improve our personal and group performance	1	2	3	4	5
B15	In this organisation there is a fair reward and recognition procedures	1	2	3	4	5
B16	Employees are rewarded in proportion to the excellence of their job performance	1	2	3	4	5
B17	There is a promotion system here that helps the best man to rise to the top	1	2	3	4	5
B18	There is not enough reward and recognition system for doing good work	1	2	3	4	5
B19	I feel that I am a member of a well-functioning team	1	2	3	4	5

B20	When I am on a difficult assignment, I can usually count on getting assistance from my boss and co-workers	1	2	3	4	5
B21	In this organisation people pretty much look out for their own interests	1	2	3	4	5
B22	People in this organisation really trust each other enough	1	2	3	4	5

### Section C

S/N		SD	D	U	A	SA
C1	I feel that my organisation has breached the contract between us.	1	2	3	4	5
C2	I have not received everything promised to me in exchange for my contributions in the organisations.	1	2	3	4	5
C3	So far, my organisation has not gone out of its way to fulfil its promises to me.	1	2	3	4	5
C4	I feel that my employer has not come through in fulfilling the promises made to me when I was hired.	1	2	3	4	5
C5	Almost no promises made by my employer during recruitment has been kept so far.	1	2	3	4	5
C6	I feel extremely frustrated by how I have been treated by my organisation.	1	2	3	4	5
C7	I feel betrayed by my organisation.	1	2	3	4	5
C8	I feel a great deal of anger towards my organisation.	1	2	3	4	5
C9	My employer has broken many promises made during recruitment though I have upheld my side of the deal.	1	2	3	4	5

### Section D

S/N		SD	D	U	A	SA
D1	I willingly help fellow professionals when they have work related problems	1	2	3	4	5
D2	I willingly help new comers to get oriented towards job	1	2	3	4	5
D3	I am always ready to lend a helping hand to those around me.	1	2	3	4	5
D4	I always try to avoid creating problems for co-workers	1	2	3	4	5
D5	I am mindful of how my behaviour affects other people's jobs	1	2	3	4	5
D6	I do not abuse the rights of others	1	2	3	4	5
D7	I consider the impact of my actions on co-workers					
D8	I help others who have heavy workloads					
D9	I help others who have been absent					
D10	I always keep myself abreast of changes in the organisation	1	2	3	4	5
D11	I take steps to prevent problems with other co-workers					
D12	I keep myself updated with organisational announcements & memos	1	2	3	4	5
D13	I attend meetings that aren't compulsory but help my department anyway.	1	2	3	4	5
D14	I attend functions that are not required, but help the company image					
D15	I always require frequent doses of motivation to get the work done	1	2	3	4	5
D16	I usually find fault with what my organisation is doing	1	2	3	4	5
D17	I usually focus on what is wrong rather than positive side of	1	2	3	4	5

	situation					
D18	I tend to make “mountains out of molehills					
D19	I consume a lot of time complaining about trivial matters.....					
D20	I obey organisational rules even when no one is watching	1	2	3	4	5
D21	I believe in giving an honest day’s work for an honest day’s pay					
D22	I don’t take extra or long breaks while on duty.	1	2	3	4	5
D23	I am one of the most conscientiousness people in this organisation					
D24	My attendance at work is above the norm.	1	2	3	4	5

### Section E

F1	I often think about quitting.	1	2	3	4	5
F2	I expect to remain with my current organisation for at least five years.	1	2	3	4	5
F3	I am planning to search for a new job for the next 12 months.	1	2	3	4	5
F4	I would like to move to another workplace with an identical business	1	2	3	4	5
F5	I regret choosing my current workplace.	1	2	3	4	5
F6	I think that I may become redundant	1	2	3	4	5
F7	Presently, I am actively searching for another job.	1	2	3	4	5
F8	I have no intentions of moving to another organisation.	1	2	3	4	5

### Section F

S/N		SD	D	U	A	SA
G1	My supervisor disciplines employees who violate ethical standards.	1	2	3	4	5
G2	My supervisor sets an example of how to do things the right	1	2	3	4	5

	way in terms of ethics					
G3	My supervisor defines success not just by results, but also by the way they are obtained.	1	2	3	4	5
G4	My supervisor treats all employees the same way.	1	2	3	4	5
G5	My supervisor discusses business ethics or values with employees	1	2	3	4	5
G6	My supervisor has the best interests of employees in mind	1	2	3	4	5
G7	My supervisor makes fair and balanced decisions.	1	2	3	4	5
G8	My supervisor can be trusted	1	2	3	4	5
G9	My supervisor conducts his business and personal life in an ethical manner.	1	2	3	4	5
G10	When making decisions, my supervisor asks "what is the right thing to do?"	1	2	3	4	5

### Section G

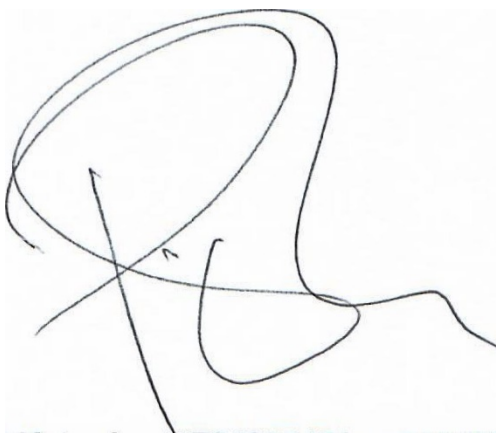
S/N		SD	D	U	A	SA
H1	I trust my employer	1	2	3	4	5
H2	I believe it is important for me to trust my employer	1	2	3	4	5
H3	I trust the decisions of my employer	1	2	3	4	5
H4	I always doubt what the organisation management have said.	1	2	3	4	5
H5	My organisation is always open and sincere upfront with me.	1	2	3	4	5
H6	I believe that my organisation has my best interests at heart as an employee.	1	2	3	4	5
H7	I have great confidence that my organisation can be counted on to do what is right.	1	2	3	4	5

**Thank you for your cooperation**

## Appendix C: Letter from the Editor

23 May 2019

This is to indicate that I, Dr P Kaburise, of the English Department, University of Venda, have proofread the research report titled - ORGANISATIONAL CLIMATE, PSYCHOLOGICAL CONTRACT BREACH AND EMPLOYEE OUTCOMES AMONG UNIVERSITY EMPLOYEES IN LIMPOPO PROVINCE: MODERATING EFFECTS OF ETHICAL LEADERSHIP AND TRUST- by Sharon Ruvimbo Terera (student number: 15018542). I have indicated some amendments which the student has undertaken to effect, before the final document is submitted.



Dr. P. Kaburise (0794927451)

Dr. P. Kaburise: BA (Hons) University of Ghana (Legon, Ghana); MEd University of East Anglia (Cambridge/East Anglia, United Kingdom); Cert. English Second Language Teaching, (Wellington, New Zealand); PhD University of Pretoria (South Africa)

