AN ASSESSMENT OF PERCEIVED PSYCHOLOGICAL CONTRACT VIOLATION ON EMPLOYEE PERFORMANCE & COMMITMENT AT BANK OF AFRICA KENYA LTD

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February 2013
DECLARATION

This research project is my original Academic works and has not been presented for degree award in any University.

Signed:………………………………………… Date:………………………………

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This research project has been submitted with my approval and as a University supervisor.

Signed: ………………………………… Date……………………………………

Department of Business Administrator School of Business.
ABSTRACT

We live, work and die in organization, every person/employee is entitled to own feelings has a right, constitutional, personal, to express own dissatisfaction if aggrieved by organizations (employer. A psychological contract consists of beliefs an employee has as for as work related issues are concerned, especially the contract part of employment (Rouselu 2000), because it is this contract which binds the employee and the organization.

The study on psychological contract was successfully undertaken; staff from various branches and headquarters participated. A questionnaire was used to solicit information which was evaluated and finings and recommendations drawn.

The study highlighted on various levels of contract violation and employees effective commitment. However the study revealed variance levels of beliefs on contract violation across the bank. The final analysis indicated that contract violation can affect employee performance, it’s important to realize the existence of the problem and find out managerial remedy to the same, to encourage productivity and work. Place cooperation and employee goodwill, hence improving their attitude and commitment to the organization.
ACKNOWLEDGEMENT

I sincerely thank all those who have made my works possible. I thank my supervisor, my colleagues and friends who made their contribution. I sincerely thank my supervisor Dr. Mohamed for his guidance and professionalism in my manuscript.

Much tanks to the staff and management of Bank of Africa (K) ltd

Lastly I sincerely thank my family members, my wife in particular who gave me courage and confidence.
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ABBREVIATIONS

AC      Affective Commitment
B.A     Bank of Africa
N.S.S.F National Social Security Fund
P.C     Psychological Contract
UoN     University of Nairobi
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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

An organization can only survive and flourish in the competitive business environment if it is able to attract and retain good caliber employees (Corbridge 1998). Currently with the growing need to keep and retain quality staff, it is essential to understand the relationships employees develop with their employers. Through this understanding employers can develop strategies to encourage positive workplace outcomes which may lead to increased productivity and retention. Productivity and retention are essential for employers to operate successful organizations one framework that has been used to examine perceptions of the relationship between the employee and employer is psychological contracts. Psychological contracts are the beliefs an individual holds concerning the implicit terms of an agreement between the individual and the organization (Rousseau, 2000).

When this agreement between employee and employer is fulfilled, increased job performance results; however, when the contract is violated by the employer, the employee may engage in negative workplace behaviours (Sturges, Conway, Guest & Liefooghe, 2005). Furthermore, the effect of violation and fulfillment may differ across employees due to individual differences. One such important difference is organizational commitment. An individual’s commitment to the organization has a large influence on how that employee conducts himself or herself in the workplace (Wasti, 2005). Through
the examination of psychological contract within the context of employee commitment, researchers can obtain a more in depth understanding of how perceived violation of the psychological contract can impact employee commitment.

1.1.1 The Concept of Perception

Armstrong observed that, perception is the intuitive understanding, recognition and interpretation of things and events. Behaviour will be influenced by the perceptions of individuals about the situation they are in. The term ‘psychological climate’ has been coined by James and Sells (1981) to describe how perceptions give the situation psychological significance and meaning. Perception has been defined by Ivancevitch et al (2008) as the process by which an individual gives meaning to the environment. It involves organizing and interpreting various stimuli into a psychological experience. Perception is empirical in that it is based on the individual’s past experience. Different people will therefore perceive the same thing in different ways. Ivancevitch et al (2008) added that, while people think they are describing some objective reality, they are in fact describing their subjective reactions to that reality. And it is this perception of reality that shapes behaviour. To a large extent people interpret the events and the actions of others from their own viewpoint. They see what they want to see.

Robbins et al (2004) observed that, perception is not necessarily based on reality, but is merely a perspective from a particular individual’s view of a situation. In dealing with the concept of organizational behavior, perception becomes important because ‘people’s
behaviour is based on their perception of what reality is, not on reality itself the world as it is perceived is the world that is behaviorally important’ (p. 132). Factors influencing a person’s perception can be broken down into main categories. These include: the situation, the perceiver and the target. For example, the factors in the situation may include: time, work setting, or social setting. Whereas the factors in the perceiver may include: attitudes, motives, interests, experiences and expectations. Lastly, the factors in target may include: novelty, motion, sounds, size background, proximity, and similarity.

1.1.2 Psychological Contract

There is a contract of service between an employer contract and an employee which like any other contract creates a legally enforceable relationship. According to Rousseau and (1994), the ideal contract in employment would detail expectations of both employee and employer. Typical contracts, however, are incomplete due to bounded rationality which limits individual information seeking; arid makes it impossible to specify all condition up front. Both employee and employer are left to fill up the blanks; hence the parties develop a psychological contract in their minds.

A psychological contract is a set of unwritten expectations that exist between individual employees and their employers. As Guest (2007) noted, it is concerned with: The perceptions of both parties to the employment relationship, organization and individual, of the reciprocal promises and obligations implied in that relationship.’ A psychological contract is a system of beliefs that encompasses the actions employees believe are
expected of them and what response they expect in return from their employer and reciprocally, the actions employers believe are expected of them and what response they expect in return from their employees.

Violation of the psychological contract occurs when one party perceives that the other has failed to fulfill its obligations or promises. The employee’s perception that the organization has failed to fulfill one or more obligations relating to the psychological contract represents the cognitive aspect of violation - a mental calculation of what the employee has received relative to what was promised. However, there is also an emotional state that accompanies violation - the feelings of betrayal, distress, anger, resentment, a sense of injustice and wrongful harm (Wolfe Morrison & Robinson, 1997). This emotional experience culminates and behavioural responses that may eventually have an effect on employee’s commitment to the organization.

1.1.3 Employee Commitment

Armstrong (2010) suggested that, commitment can be referred to as attachment and loyalty. It is associated with the feelings of individuals about their organization. It is the relative strength of the individual’s identification with, and involvement in, a particular organization. The three characteristics of t identified by Mowday et al (1982) are: a strong desire, to remain a member of the organization, a strong belief in, and acceptance of, the values and goals of the organization and a readiness to exert considerable effort on behalf of the organization.
An alternative, although closely related, definition of commitment emphasizes the importance of behaviour in creating commitment. As Salancik (1977) put it: Commitment is a state of being in which an individual becomes bound by his actions to beliefs that sustain his activities and his own involvement. Three features of behaviour are important in binding individual to their acts: the visibility of the acts, the extent to which the outcomes are irrevocable, and the degree to which the person undertakes the action voluntarily. Commitment, according to Salancik, can be increased and harnessed ‘to obtain support for organizational ends and interests’ through such ploys as participation in decisions about actions. Commitment is most freely given when the members of an enterprises play part in defining the purpose and plans of the entity. Commitment carries with it a defacto approval of and support of the management, Hodgetts and Hegar (2009).

1.1.4 Banking sector in Kenya
Currently there are 45 licensed commercial banks and 1 mortgage finance company. Out of the 46 institutions, 33 are locally owned and 13 are foreign owned. The locally owned financial institutions comprise 3 banks with significant shareholding by the government and state Corporations, 27 commercial banks and I mortgage finance institution.

The banking sector has grown in leaps and bounds in the recent past owing to diversification, innovative delivery channels and the credit reference bureau. For the quarter ended September 2011, the sector recorded enhanced performance with the size
of assets standing at Kshs. 2.0 trillion, loans and advances worth Kshs. 1.2 trillion, while
the deposit base was Kshs. 1.5 trillion and profit before tax of Kshs. 63.5 billion as at 30
September 2011.

The Credit reference bureau has been enacted in the recent past. The credit bureaus assist
in making credit accessible to more people, and enabling lenders and businesses reduce
risk and fraud. Sharing of information between financial institutions in respect of
customer’s credit behavior, therefore, has a positive economic impact. They collect
manage and disseminate customer information to lenders within a provided regulatory
framework — in Kenya, the Banking (Credit Reference Bureau) Regulations, 2008 which
was operationalized effective 2nd February 2009.

The Central Bank has also licensed institutions to practice agency banking in which
banks will have agents in all around the country. This will help banks save set up costs in
locations where they want to grow but the business does not warrant opening of a fully
fledged commercial banks branch owing to the high costs of set up vis-a-vis a small
market. There are currently six microfinance institutions which are licensed by the
Central Bank to take deposits.

1.1.5 Bank of Africa Limited

Bank of Africa Kenya Limited is an all public bank providing banking services to
corporate, SME and retail clientele. The bank commenced operations in Kenya in July
2004, after acquiring the Kenyan branch of Credit Agricole Indousuez. The bank has 24
branches in Kenya of which 8 in Nairobi (LJhuru Highway, Monrovia Street, Ruaraka, Nairobi, Westlands, Ngong Road, Embakasi and River Road), 1 in Kisumu, 1 in Nakuru, 1 in Eldoret, 1 in Bungoma, 1 in Kericho, 1 in Rongai, 1 in Meru, 1 in Kisii, 1 in Thika and 2 in Mombasa (Mombasa, Changamwer).

Bank of Africa Kenya limited is a subsidiary of Bank of Africa Group Ltd. The Bank of Africa group began its operations in 1982 in Bamako Mali, and has over the years expanded initially in West Africa and recently in East Africa. The group has its head office in Benin and Mali. It is well established in 10 Other countries in Africa namely: Benin, Burkina Faso, Burundi, Ivory Coast, Madagascar, Mali, Niger, Senegal, Tanzania and Uganda. The total turnover is 2008 was Euro 235 million. The group has over 500,000 banking clients and 200 staff. Bank of Africa Kenya recently declared profits of Kes 432,725,000 for the year ended December 2011. the bank has come from being a largely corporate bank from the year 2004 when credit Agricole Indosuez was taken over by the Bank of Africa group to a retail Bank and is now capitalizing on SMEs.

1.2 Research Statement
Internationally, there has been an increase in empirical research on psychological contract in the past 15 years. The impetus for the research is the changing nature of the psychological contract that has resulted from global competition, technology and downsizing. There has been a shift from paternalistic employee — employer relationship, where the employer took care of employees by providing upward mobility, job security,
and retirement benefits, to a much more transactional employer-employee relationship where there is far less job security and fewer provisions for retirement planning (Turnley et al, 1998). This has led to an increased level of ambiguity regarding what the employee can expect from the employer and thus an increased likelihood that the employee will perceive that the employer is not fulfilling its promises and obligations (Rousseau, 1994).

The Bank of Africa has been chosen as an Enterprise of study because of the following reasons. One, the rate of employee turnover and retention rates are very low, which seem to indicate some level of job satisfaction and commitments. Secondly, occasionally with Banking Sector there had been issues of unfairness, Equity and inconsistency relationship. The new Performance appraisal system can only work well if the Board understands and effectively manages its staffs psychological contract by identifying and striving to meet their expectations.

Locally, some of the studies carried out on psychological contract include: Abwayo (2005), on the relationship between psychological contract and organizational commitment and job satisfaction in commercial banks in Nairobi. Among other things, the researcher found that there was a positive correlation between employers’ obligation and job satisfaction and a negative correlation between psychological contract and organization commitment; Longurasia (2008) studied employees’ perception of psychological contract at the KMC where she found that the company fulfils its psychological contract largely by assign job with responsibilities, facilitating a positive
relationship between, colleagues and fostering good communication while on the other hand employees’ fulfill their obligations to-the company; finally, Nambaka (2010) studied the relationship between employee psychological contract and organization citizenship behaviour at the NSSF. The findings indicated, among other things, that the fulfillment of the organization’s obligations towards its employees is important in explaining the willingness of employees to engage in organization citizenship behaviour.

Further, the recommendations on the findings obtained in these studies indicate that there is a knowledge gap in some areas of psychological contract: Nambaka (2010) identified need for the study of the relationship between justice and psychological contract since perception of justice has been treated as antecedent of contract violations and also as an outcome of contract breach/fulfillment: Longurasia (2008) pointed out that further research can be done on the existing psychological contract with the aim of appreciating the importance of human resource in an organization; Obwayo (2005) noted the need to study the antecedent of organizational commitment in a set up with few job opportunities low quality of work life in countries like Kenya and also, whether psychological contract has any implications for individual performance that may impact on the overall organizational performance. In summary, a gap exists in the literature as the mentioned researchers investigated only the outcomes of organizational commitment, job satisfaction and organization citizenship in relation to psychological contract. The employee’s level of commitment as a response to perceived psychological contract violation has still not been examined.
The above research problem leads to the following question: What is the influence of perceived psychological contract violation on employees’ commitment at Bank of Africa.

1.3 Objective of the Study
To establish the influence of perceived psychological contract violation on employee commitment at the Bank of Africa.

1.4 Value of the Study
The understanding of psychological contracts, employee commitment and the interrelation of these constructs is important in the management of today’s workforce. Hence the study may be significant of various reasons. First, it may help the Banks management understand how contract violation may influence its employees thereby encouraging the Bank to recognize and incorporate the inclusion of psychological contracts into its management strategies. Specifically, this research may help the organization protect relationships with valued employees leading not only to increased productivity, but also increased retention.

The government may find the results useful as input into policy reviews on labour related issues.

Trade unions may use the research findings to agitate for inclusion of certain items in the terms and conditions policy documents, items that may have been ignored previously but are of great importance.
Scholars in the field of management may use the information to understand better effects of psychological contract generally on employment relationship and specifically on employee performance commitment. They may also use the information as reference point to research on management of psychological contract in other fields of applications.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section examines various issues which must be understood in psychological contract violation. Issues relating to psychological contract, perceived psychological contract violation, employee commitment, perceived psychological contract violation and commitment, are well articulated.

2.1 Psychological Contract

By its nature psychological contract is not a written document. Rather, it exists in the people's head. Torrington et al (2007) observed that, where as a legal contract of employment set out terms and conditions of employment, remuneration arrangements and basic rules which are to govern the employment relationship, the psychological contract concerns broad expectations about what each party thinks it will gain from the relationship. Anderson and Schalk, (1998) added, in as much as all possible aspects of the relationship cannot be addressed in a formal, written contract; the psychological contract fills the gaps in the relationship. Furthermore, the psychological contract shapes behaviour as employees weigh their obligations towards the organization against the obligations of the organization towards them and adjusts their behaviour on the basis of critical outcomes. Finally, the psychological contract gives employees a feeling of influence on what happens to them in the organization (Anderson and Schalk, 1998).
Armstrong and Murlis (2007) also observed that, a, psychological contract as a system of beliefs it encompasses; on the one hand, the actions employees believe are expected of them and what response they expect in return from their employer; and on the other, the behaviour employers expect from their employees. Employee’s expectations covered by psychological contract include: how s/he is treated in terms of fairness, equity and security of employment scope to demonstrate competence; career expectations and the opportunity to develop skills; involvement and influence; trust in the organization to keep its aid the expectation that s/he will be managed competently. Employer’s point of view covers such aspects of the employment: relationship as: competence; effort; compliance; commitment; and loyalty.

The above observations are further supported by Huiskamp & Schalk (2002) as they claim that psychological contracts are based on specific promises made by both parties and on generally accepted promises that are based on the general obligations of employers and employees. Even if an employer has not made specific promises in that regard, every employee will appreciate clarity, fairness and good communication. Every employer will appreciate employees dealing properly with confidential information and doing good work. In addition to general obligations, the psychological contract is further augmented with written agreements, such as employment contracts.

Blancero et al, (2007) noted that, the development of psychological contract in the minds of employees i.e. a picture of what they owe the organization and what the organization
owes them in return can result in perception of inequalities and a sense of violation. To retain balance in the psychological contract perceived increase in employee obligations need to be matched by perception of increased rewards. If increases in employee obligations are determined as exceeding increases in rewards, it is possible to assure that a negative shift in the psychological contract has occurred. The situation may result in employee’s withdrawal of organizational citizenship behaviour or employee exiting from organization. Meyer & Alicai, (1997) stated that, through a more in depth understanding of how contract violation fulfillment and commitment may influence employees’ outcomes, employers can develop specific strategies aimed at increasing the type of commitment that will lead to the most positive outcomes.

2.2 Perceived Psychological Contract Violation

Employee’s perception on psychological act violation is a construct that regards employee’s feeling of disappointment from minor frustration to betrayal) arising from their belief that their organization has broken its work-related promises (Morrison Robinson, 1997), and is generally thought to be the organization’s contribution to a negative reciprocity dynamic, as employees tend to perform more poorly to pay back perceived psychological contract violation. The appraisal of one’s psychological contract from the cognitive assessment of the coherence between the perceived terms of the employment agreement and what he has been delivered by the employer. When a discrepancy occurs, individuals will in their respect, psychological contract fulfillment reflects the quality of
the exchange process between employer and employee, such that individuals feel that they more or less obliged towards their organization in return for the delivery of inducement by the employer (Coyle-Shapiro and Kessler, 2000). Morrison and Robinson (1997) observed that, employees regard the psychologies contract to be breached when there is a perception that one’s organization has failed to fulfill one or more obligations composing one’s psychological contract and for a breach to occur, an individual must elicit an effective response to this perceived violation. They further suggest that there are two causes of psychological contract violations: Reneging (when the employer deliberately breaks a promise, either purposely or due to unforeseen circumstances), and Incongruence (when the employee and employer have divergent perceptions regarding what has been promised). Robinson, et al. (1994) found that psychological contracts become more transactional following violation, showing that employees retreat from social exchange aspects and focus on pecuniary benefits in order to create a psychological distance from the source of violation.

2.3 Employee Commitment

Recent studies of the concept of commitment have advanced in many different directions including new approaches to both the conceptualization of employee commitment and the particular human resource practices intended to increase it. Current research concerning employee commitment highlights the pitfalls of viewing commitment as a one dimensional construct that can be enhanced by a particular human resource policy. This
Assumes that a particular practice, for example offering flexible working arrangements or more training, will have a significant and beneficial effect on employee commitment. Unfortunately, in practice it is not that simple because there is no single solution. All employees’ wants and needs cannot be addressed by a single policy (Robinson, 2006).

Employees who are committed to their jobs and organizations exhibit positive attitudes and are ready to contribute ideas, are innovative and ready to go an extra mile in their contribution to the organization’s goals achievement. Most of the times when these employees move, they migrate to competing organizations with the knowledge and trace secrets acquired from their former employers thereby creating an even more critical situation for the latter. Otieno (2010) quoted Abassi & Hollman (2000) showing that employees, on average switch employers every six years. This situation demands that management should identify the reasons for this frequent change of employment by employees. Once these reasons have been identified, management can then devise retention strategies that will help in keeping essential employees for a longer time.

Farham (2000) observed that how employees feel makes a positive or negative impact on their productive levels and the level of an employee’s commitment has a direct bearing on the sustainability and profitability of any firm. Bennet and Graham (1998) stated that, managers need to know the factors that create motivation in order to be able to induce employees to work harder, faster and more efficiently. Vohra (2004) added that the only way to generate sincere commitment is through ideal leadership process which is
dependable, reliable, predictable, empathetic, courageous and full of character and integrity.

Torrington et al (2007) stated that, in relation to human resource practices in the areas of, training, career opportunities, job challenge, management leadership, performance appraisals, work-life balance and communication or organizational performance all influence commitment. Walton (1985) notes that commitment is thought to result in better quality, lower-turnover, a greater capacity for innovation and more flexible employees. In turn these are seen to enhance the ability of the organization to achieve competitive advantage lies, et al (1990) added that, some of the outcomes of commitment have been identified as the industrial relations climate, absence levels, turnover levels and individual performance. Robinson (2006) also wrote quoting other writers that, performance benefits accrued from increased employee commitment by organizations include; increased job satisfaction, increased job performance, increased total return to shareholders, increased sales, decreased employee turnover, decreased intention to leave, decreased intention to search for alternative, employers, decreased absenteeism. With this in mind, employee commitment should be viewed as a business necessity, organizations that have difficulty in retaining and replacing competent employees will find it hard to optimize performance. There are not only the immediate expenses of the recruitment process, but other hidden costs such as management time and lost productivity as new employees take time to become effective in their roles.
On types of commitment, Alien & Meyer (1990) developed an early model that has received considerable attention. The three-component model they advocated was based on their observation that existing definitions of commitment at that time reflected at least three distinct themes: an affective emotional attachment towards an organization (Affective Commitment); the recognition of costs associated with leaving an organization (Continuance Commitment); and a moral obligation to remain with an organization (Normative Commitment).

O’Malley (2000) contends that a review of the commitment literature produces five general factors which relate to the development of employee commitment: First, Affiliative Commitment - An organization’s interests and values are compatible with those of the employee, and the employee feels accepted by the social environment of the organization; Second, Associative Commitment - Organizational membership increases employees’ self-esteem and status. The employee feels privileged to be associated with the organization; Third, Moral Commitment - Employees perceive the organization to be on their side and the organization evokes a sense of mutual obligation in which both the organization and the employee feel a sense of responsibility to each other. This type of commitment is also frequently referred to in the literature as Normative Commitment; Affective commitment - Employees derive satisfaction from their work and their colleagues, and their work environment is supportive of that satisfaction. Some researchers (e.g. Alien & Meyer, 1990) suggest that this is the most important form of as it has the most potential benefits for organizations. Employees who have high affective
commitment are those who will go beyond the call of duty for the good of the organization. In recent literature, this form of commitment has also been referred to as 'engagement' and is the form of commitment that is most usually measured by organizations. And finally, Structural Commitment - Employees believe they are involved in a fair economic exchange in which they benefit from the relationship in material ways. There are enticements to enter and remain in the organization and there are barriers to leaving. This type of commitment is also frequently referred to in the literature as Continuance Commitment. With reference to the above typology, when an organization is considering assessing the commitment of its workforce, not only should it ask how much commitment exists, but also what types of commitment exist.

2.4 Perceived Psychological Contract Violation and Commitment

The development of psychological contract in the minds of employees i.e. a picture of what they owe the organization and what the organization owes them in return can result in perception of inequalities and a sense of violation. To retain balance in the psychological contract, perceived increase in employee obligations need to be matched by perception of increased rewards. If increases in employee obligations are determined as exceeding increases in rewards, it is possible to assure that a negative shift in the psychological contract has occurred. The situation may result in employees withdrawal of organizational citizenship behavior or employee exiting from the organization (Blancero et al, 2007).
Sturges et al (2005) also observed that, when psychological contract agreement between employee and employer is fulfilled, increased job performance results; however, when the contract is violated by the employer, the employee may engage in negative workplace behaviours. Furthermore, the effect of violation and fulfillment may differ across employees due to individual differences. One such important difference is organizational commitment. An individual’s commitment to the organization has a large influence on how that employee conducts himself or herself in the workplace (Wasti, 2005). Guest et al (1996) suggested that, the strength of the psychological contract is dependent on how far the individual believes the organization is in fulfilling its perceived obligations above and beyond the formal written contract of employment. This in turn determines commitment to the organization, motivation, job satisfaction and the extent to which they feel secure in their job. In other words, promises made by the organization followed by employee effort lead to expectations of payment or organizational fulfillment of obligations. When fulfilled according to expectations it leads to positive attitudes and high level of commitment. And the converse applies.

Contract violation as noted by Kickul (2001) can result in changed employee’s behavior, commitment, and obligation, toward the organization. Edwards, Rust, McKinley & Moon (2003) also supported the above writers by observing that, perceived psychological contract breach reduces employees’ commitment to the organization, willingness to engage in organizational citizenship behaviour, productivity, job satisfaction, job performance, and enhance the intent to leave the organization and actual turnover.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter looks at the analytical framework of the research design, data collection and data analysis. It encapsulates the research design that will be employed, how data will be collected and how the data will be analyzed in order to generate a report and provide findings.

3.2 Research Design
The research design used was a descriptive survey. According to Cooper and Schindler (2000) a descriptive design is concurred with finding out the, who, what, where, when and how much. A descriptive survey is structured has investigative questions. The study design was appropriate because it investigated the main issues to expose the viable relationship(s) and described factors that supported the investigation. The study utilized comparative information and data collected from the Banks entire networks.

3.3 Population of study
The population of the study was the Banks entire staff establishment of both the management and unionisable carder (Nairobi), Nairobi and the 8 are in Nairobi (Uhuru Highway) Monrovia Street Ruarka, Nairobi City Centre, Westlands, Ngong Road; Embakasi and River Road.
3.4 Data Collection and Analysis

Primary Data was collected using semi structured questionnaires. The questionnaire had closed and open ended questions. It has three sections; first section consisted of general information on the profile of the respondents, and Bank of Africa.

Second section examined the perceived employer violation of psychological contract.

The third section dealt with employee commitment to the organization. The exercise of distributing questionnaires was through drop and pick method.

3.5 Data Analysis

The data was well cross checked for consistency and consistency; analysis using descriptive statistics i.e. standard deviation and mean scores was used to determine the levels of perceived psychological violation and employee commitment while coefficient of correction was used to establish the strength and significance of influence of psychological contract violation on employees.
CHAPTER FOUR
DATA ANALYSIS AND FINDINGS

4.1 Introduction

A questionnaire (appendix 2) was administered to a target group of 100 staff located at the head office, and the eight other branches in Nairobi (Uhuru Highway) Monrovial Street, Ruaraka, City Centre, Westlands, Ngong road, Embakasi and River Road. Ninety two staff representing 86% of the target population responded positively. The information was classified according to their views of perceived psychological contract violation.

4.2 Perceived Psychological Contract Violation

The scoring system used in the analysis of perceived psychological contract violation was as follows. Very great extent = 4 marks; great extent = 3, moderate extent = 2, less extent 1m rio extent = 0.

Table 4.1: Perceived Psychological Contract Violation by Management

<table>
<thead>
<tr>
<th>Obligations</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Management</td>
<td>92</td>
<td>0</td>
<td>4</td>
<td>2.6</td>
<td>1.166</td>
</tr>
<tr>
<td>Career Management</td>
<td>92</td>
<td>0</td>
<td>4</td>
<td>2.5</td>
<td>1.148</td>
</tr>
<tr>
<td>Source: Researcher (2013),</td>
<td></td>
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<tr>
<td>The findings /Results of the rating of perceived psychological contract violation according to perceived employer obligations presented in table 4.1 indicated that most respondents felt that the highest violation was in change management while least violation was on the area of quality of work life.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4.3 Employee Commitment Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>The scale for evaluating employee commitment is given as below strongly disagree=0, Disagree 1, Neither =2, Agree=3, Strongly Agree=4</td>
</tr>
</tbody>
</table>
4.3.1 Analysis of Respondents by length of service

Table 4.2

<table>
<thead>
<tr>
<th>Duration of Service</th>
<th>Statistic</th>
<th>Affective</th>
<th>Normative</th>
<th>Continuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10 years</td>
<td>Mean</td>
<td>1.47</td>
<td>1.66</td>
<td>2.04</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Std Deviation</td>
<td>.977</td>
<td>.965</td>
<td>1.023</td>
</tr>
<tr>
<td>10-15 years</td>
<td>Mean</td>
<td>1.69</td>
<td>1.36</td>
<td>1.52</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>36</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td>.853</td>
<td>.853</td>
<td>.840</td>
</tr>
<tr>
<td>16-20 years</td>
<td>Mean</td>
<td>3.00</td>
<td>2.15</td>
<td>2.81</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>12</td>
<td>.651</td>
<td>.308</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 and ab</td>
<td>Mean</td>
<td>3</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Mean</td>
<td>1.00</td>
<td>1.43</td>
<td>1.78</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Std Deviation</td>
<td>.963</td>
<td>.912</td>
<td>.968</td>
</tr>
</tbody>
</table>

Source: Researcher (2013)
Results as per above table 4.2 shows that employee commitment by length of service indicated that affective commitment (AC) had the lowest mean in respect of those who have been in the service for more than ten years; employee of 16-20 years also recorded a higher score of 3.00. Continuance Commitment analysis indicated that the lowest mean score of 1.52 indicated by 10-15 years of service, while highest was 3.00 for 21 years and above.

4.3.2 Analysis of Respondents by staff category

Table 4.3.1 Distribution of Scores on employees Commitment by Staff category

<table>
<thead>
<tr>
<th>Staff category</th>
<th>Statistic</th>
<th>Affective Mean</th>
<th>Affective Std deviation</th>
<th>Normative Mean</th>
<th>Normative Std deviation</th>
<th>Continuance Mean</th>
<th>Continuance Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>Mean</td>
<td>1.78</td>
<td>0.445</td>
<td>1.50</td>
<td>0.885</td>
<td>1.81</td>
<td>0.885</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>0.445</td>
<td>0.885</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other staff</td>
<td>Mean</td>
<td>2.70</td>
<td>0.445</td>
<td>2.60</td>
<td>0.886</td>
<td>2.60</td>
<td>0.886</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>0.445</td>
<td>0.886</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Mean</td>
<td>1.89</td>
<td>0.963</td>
<td>1.60</td>
<td>0.912</td>
<td>1.96</td>
<td>0.968</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>0.963</td>
<td>0.912</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2013)
The analysis of table 4.3 indicates that staff score the highest in all the three types of commitment 2.70, 2.60, 2.60 for affective normative and controlled commitment respectively, while management had a mean score of 1.78,1.50, 1.81 for affective normative of continuance commitment respectively.

### 4.3.3 Analysis of Responses by level of qualifications

### 4.4 Distribution of scores on employee commitment and level of qualification

<table>
<thead>
<tr>
<th>Level of qualification</th>
<th>Statistic</th>
<th>Affective commitment</th>
<th>Normative commitment</th>
<th>Continuance commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form four</td>
<td>Mean</td>
<td>2.40</td>
<td>1.73</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>.537</td>
<td>.405</td>
<td>.1091</td>
</tr>
<tr>
<td>Certificate/Diploma</td>
<td>Mean</td>
<td>1.00</td>
<td>2.32</td>
<td>2.32</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>1.277</td>
<td>.783</td>
<td>.783</td>
</tr>
<tr>
<td>Bachelors degree</td>
<td>Mean</td>
<td>1.85</td>
<td>1.26</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>.940</td>
<td>.950</td>
<td>1.059</td>
</tr>
<tr>
<td>Post Master degree</td>
<td>Mean</td>
<td>1.60</td>
<td>1.00</td>
<td>1.30</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Std deviation</td>
<td>.546</td>
<td>.000</td>
<td>.546</td>
</tr>
</tbody>
</table>
From the analysis of table 4.4 which is based on respondents level of Education, reflected that post graduate degree holders and post graduate diploma holder registered the lowest level of Normative commitment (NC) at a mean score of 1.0 while the highest score of 2.32 was registered by certificate/Diploma holders. Masters degree holders and other Postgraduate qualifications registered the lowest mean score of 1.00 and for continuance, commitment, while the highest was 2.32 by certificate/Diploma holders.

### 4.3.4 Analysis of Responses by sex

**Table 4.5 Distribution of scores on employee commitment by sex**

<table>
<thead>
<tr>
<th>Respondents sex</th>
<th>Statistics</th>
<th>Affective commitment</th>
<th>Normative commitment</th>
<th>Continuance commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>Mean</td>
<td>1.45</td>
<td>1.52</td>
<td>1.71</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>48</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td>1.066</td>
<td>1.085</td>
<td>1.011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.13</td>
<td>1.53</td>
<td>2.15</td>
</tr>
<tr>
<td>-------</td>
<td>---</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>44</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td></td>
<td>.700</td>
<td>.659</td>
<td>.905</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Mean</td>
<td>1.80</td>
<td>1.62</td>
<td>1.89</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td>.972</td>
<td>.972</td>
<td>.975</td>
</tr>
</tbody>
</table>

Source Researcher (2013)

As per above analysis of table 4.5 both gender (Male & Female) are non committal on issues on commitment. However a mean score of 1.52 for normative commitment for female and male.

4.3.5 Analysis of Respondents indicating whether Bank of Africa is the first employer

Table 4.6b distribution of scores on employees commitment at Bank of Africa as their first employer

<table>
<thead>
<tr>
<th>Bank as a first Employer</th>
<th>Statistics</th>
<th>Affective</th>
<th>Normative</th>
<th>Continuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>Mean</td>
<td>1.77</td>
<td>1.36</td>
<td>2.02</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>44</td>
<td>44</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td>.951</td>
<td>.711</td>
<td>.814</td>
</tr>
<tr>
<td>Yes</td>
<td>Mean</td>
<td>1.81</td>
<td>1.72</td>
<td>1.81</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>48</td>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Std</td>
<td>.981</td>
<td>1.003</td>
<td>1.131</td>
</tr>
<tr>
<td>--------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
<td>---------</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Mean</td>
<td>1.80</td>
<td>1.62</td>
<td>1.78</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>92</td>
<td>92</td>
<td>92</td>
</tr>
<tr>
<td>Std</td>
<td></td>
<td>.970</td>
<td>.912</td>
<td>.968</td>
</tr>
</tbody>
</table>

Source Researcher (2013)

From the analysis it shows that those who were employed by the Bank as first Employee registered a mean score of 1.82 for normative and 1.72 for continuance. Those who had been previously employed elsewhere registered a 1.46 normative being the highest, and a continuance of 1.81.
CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATION

5.1 Analysis of Findings

The objectives of this study seem to have been attained using determination of perceived psychological contract violation and the extent to which it affects employee performance and commitment. McKinley and Noon (2003) observes that contract violation affects employee performance and commitment, productivity and accelerated intention to leave the job which leads to a high rate of employee turnover coupled with negative work behaviors. The respondents registered perceived psychological contract violation in varying modes registering a mean score of and standard deviation not very variant from each category.

The analysis indicates that there were minimal variances in the level of contract violation relative to Educational level, age, gender etc. Employee perceived great violation on aspects of management of change, and career development, the trend showed a downward indication on issues of Quality of Wercklife, job contents, among others. Generally, it reflected that about 65% felt that contract violation was inexistent in their work situations. 35% felt that the violation was minimal and moderate.
5.2 Conclusions and Recommendations

It’s paramount from the study that employee performance and commitment is affected by various factors and more silently and saliently the psychological contract violation. Management should be aware of those other variables affecting performance and commitment they should also manage early symptoms of the problem like chronic absenteeism, turnover, sexual harassment, among others. The human resource personnel should ensure that proper, updated, and effective policies are practiced in modern organizations to avoid the problems being experienced as per research findings. Good employee treatment, performance based pays systems, good quality of work life, equal chances to decision making mechanism will help enhance the organizations image and improve employee morale and commitment at work. Clear channels of communication (s) is also a pre-requisite for good employee selection and has a positive co-relationship to commitment and performance.

Organization culture should also be accommodative and facilitating compensation schemes and benefits well structured; career openings clearly marked and practiced to gain employee confidence. There need to accommodate change and manage towards organization vision and mission direction(s). We as Researchers need to encourage organization to embrace and encourage employee equal treatment practices to avoid discontent amongst few employees who feel oppressed and detached from organizations worklife.
There is need to understand the complexity of issues of psychological violation of contract, there’s need to realize that changing times create new needs and challenges, opportunities and threats. The need to continually undertake research cannot be underestimated. There’s urgent need to revise and update work manuals, work related procedures towards improving the quality of work life in our organizations.

Finally there’s need for the government as the main custodian of the society to embrace and maintain continuous audit practices as for as management of organizations is concerned, more specifically the human element at work and general work conditions not forgetting giving highlights on minimum and maximum compensation for employees, the deal condition acceptable to all parties as far as work environment is concerned. Scholars should also continue researching and updating all stakeholders on the organizational environment culture, practices and how they impact positively or negatively on their own commitment and performance.
REFERENCES


Arnold, J., Sylvester, L, Patterson, F., Robertson, 1., Cooper. C. & Burnes. B. (2005), work Psychology: *Undertaking Human Behaviour in the Workplace*, Harlow; Pearson Education.


Farham D (2000). Employee Relations in Context. CIPD.


Hodgetts, R M and Hegar K W (2009), Modern Human Resource at Work 10Eh Edn, South Western.


O’Malley M (2000), *Cr”atJn”dlhrrr Wie”’ To’’ WilA& i Sons .Chichester.


APPENDICES

APPENDIX 1: LETTER OF INTRODUCTION

ABBAS FAISAL
SCHOOL OF BUSINESS
UNIVERSITY OF NAIROBI
P.O. BOX 30192 NAIROBI

Dear Respondent

RE: COLLECTION OF RESEARCH DATA
I am a post graduate student undertaking a Masters Degree in Business Administration. I am undertaking a Management Research project on “An assessment of perceived psychological contract violation on employees performance and commitment at Bank of Africa Kenya Ltd”.

I kindly request your authority to conduct research at your institution (Bank of Africa) through questionnaires which will be administered to your staff.

The Information provided will be exclusively used for academic purposes only and will be treated with confidence.

Yours faithfully,

Faisal Abbas
APPENDIX 2: RESEARCH QUESTIONNAIRE

Kindly note that the information generated through this document will be used for academic endeavors only and will be highly safeguarded. Your cooperation will be highly appreciated.

(please tick (v’) as appropriate)

Section A: Person and Organization Profile

1. Kindly indicate your gender

Male [ ] female [ ]

2. Your age bracket

18-25 [ ] 26—31 [ ]
32-35 [ ] 36-39 [ ]
40-45 [ ] 46-49 [ ]
50-55 [ ] 56-55 [ ]
Over 65[ ]

3. Please indicate the years of length of service

0-5 [ ] 5—10 [ ]
11-15 [ ] 16—20 [ j]
21-25 [ ] Over25yrs [ ]
4. Level of Education /qualification

a) KCE [ ]
b) Certificate /Diploma [ ]
c) Bachelors degree [ ]
d) Masters degree [ ]
e) Other post graduate qualification(s) [ ]

5. Current duty station /Location

a) Head office [ ]
b) Branch (s) [ ]

6. Have you worked elsewhere (Bank), if so which bank? Kindly indicate your reasons for leaving that Bank (organization)

..................................................................................................................................................
..................................................................................................................................................

Section B: Employee commitment

Pleas tick the following statements as appropriate: Scale strongly disagree=0, Disagree =2, Agree =3, strongly Agree =4

1, Neither Agree nor Disagree =2, Agree =3, strongly Agree =4
<table>
<thead>
<tr>
<th>Statement of commitment</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neither agree nor disagree</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normative commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I would like to remain with my employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I would feel guilty if I left Bank of Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Bank of Africa deserves my loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I would not leave Bank of Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I feel the banks shortcomings are mine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I would like to serve the Bank of Africa</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I feel attached to the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous Commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I feel obliged to the Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I intend to stay with my Employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
10. I would feel disappointed if I left the Bank

Section C: Perceived Employer Violation of Psychology Contract

Indicate the extent to which you feel as an employee the Bank has contributed towards violation of contact. (Please tick as appropriate)

Scale: No extent = 0, less extent =1, moderate extent =2, Great extent = 3; very great Extent

<table>
<thead>
<tr>
<th>Statement on violation of employers obligations</th>
<th>No extent</th>
<th>Lesser extent</th>
<th>Moderate extent</th>
<th>Great extent</th>
<th>To a very Great extent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Duration of change Notification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Personal involvement in the change process</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Job Content</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Availability of necessary resources to undertake tasks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Nature of job responsibilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Self reliant in task undertaking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Opportunities for upward mobility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
and self improvement.

Remuneration and financial issues

7. Pay based in performance
8. Benefit payments
9. Competitive pay package and benefits

Work environment

10. Support from colleagues
11. Good work environment
12. opportunities for equal work

Participation

13. Job security measures

Quality of worklife

14. Organization individual fit
15. Flexible, accommodative work situations /hours

Career Management

16. Availability of training and development opportunities
17. Career progress
18. Career guidance and leadership
b) Any other issues not categorized above which you feel has contributed / is contributing to contract violation by the bank (Employer)

(i) ................................................................................................................

(ii) ..............................................................................................................

(iii) ............................................................................................................

(iv) .............................................................................................................

Thank you for your participation
APPENDIX 3
LIST OF BANKS IN KENYA

1. ABC Bank (Kenya)
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank
6. Brighton Kalekye Bank
7. CFC Stanbic Bank
8. Chase Bank (Kenya)
9. Citibank
11. Consolidated Bank of Kenya
12. Cooperative Bank of Kenya
13. Credit Bank
15. Diamond Trust Bank
16. Dubai Bank Kenya
17. Ecobank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Bank
21. Fidelity Commercial Bank Limited
22. Fina Bank
23. First Community Bank
24. Giro Commercial Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib Bank
28. Habib Bank AG Zurich
9. I&M Bank
30. Imperial Bank Kenya
31. Jamil Bora Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank Kenya
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank (Kenya)
40. Standard Chartered Kenya
41. Trans National Bank Kenya
42. United Bank for Africa[2J
43. Victoria Commercial Bank
(www.google.com)