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STRUCTURAL ADJUSTMENT, THE PSYCHOLOGICAL CONTRACT AND DISCRETIONARY COOPERATION OF LABOUR

1. INTRODUCTION

Organisations in Uganda and those who work there, have for a considerable time now suffered from enormous stress. The long-term causes appear to be a complex mixture of external and internal factors. The former is exemplified by the international debt crisis and the latter by lack of accountability and the frustrated aspirations of the workers who populate the organisations. Workers within the appropriate age bracket trace the substantive date of the 'unprecedented' organisational stress to the first year of Obote II regime (1981). More exact observers pinpoint to the first phase of the Stabilisation and Structural Adjustment Programmes (SAPs) initiated in 1980 when the annual wage declined by 26% to rank as the worst decline in ILO countries (Mamdani, 1989).

The familiar scenario in African countries such as Nigeria, Uganda or Zambia, that have introduced SAPs is the failure of organisation to look after their employees; salaries are less than a living wage and other basic necessities such as adequate health allowance are not covered. There is a break in the psychological contract between employer and employee accompanied by frustrated aspirations, diminished organisational commitment and institutionalised and non-institutionalised corruption at all levels. Office resources are frequently privatized and marketed elsewhere. Clientele may privately request to be served quickly for a fee or the public servant withholds the service unless a private fee is paid.

Structural adjustment in Uganda and elsewhere means the supremacy of the market over state intervention (Standing, 1991). It operates through a number of disciplinary tools including devaluation of the exchange rate, reduction of tariffs, elimination of subsidies and controlling wage adjustments to achieve and ensure one or more of the following processes (Geller, 1991; Bibanganbah, 1992):

a) productive reconversion where resources are reallocated either from non-tradeable to tradeable sub-sectors/sectors or from less efficient to more efficient enterprise;

b) privatisation of public enterprises where the accumulation process is increasingly allocated to the market from the State;

c) making labour more market flexible such as by restricting collective action including bargaining and association;

d) productive modernisation referring to making plants more technologically productive (Geller, 1991);

e) decentralization of political and economic powers to the districts in order to ensure accountability, effectiveness, and incentive management in service delivery (Bibangabah, 1992).
There seems to be a consensus among the enthusiasts of SAPs (see Mutebile, 1990 for instance) as well as the sceptics (Mamdani, 1989) that such tools have been used in Africa as a last resort because all else have failed and not necessarily because they will work. Despite the default nature of the programme or in spite of it, the implementers seem to have made little determined effort to tailor the programmes to Uganda's peculiar characteristics. One such characteristic is the labour market whose response to the restructuring exercise is also the focus of this study.

The influence of SAPs on people and on organisations within which labour is exchanged is both direct and indirect. An example of the direct effect on organisations is the reallocation of resources from one sector to another (Mutebile, 1990). The reallocation concisely exemplifies the 'inhouse' conception of SAP as 'shock treatment' - today you are in position to import raw materials for your manufacturing concern, tomorrow that facility is withdrawn. This will directly affect workers who would experience a cut in the pay packet or who may have to be laid off. The general strategy here is demand management to whose outcome Ugandans have responded by becoming traders and distributors either of services, goods, or both (Jamal, 1988). The effect of this response is at its most telling and counter productive, in terms of its overall effect on the economy when "bureau workers" withhold a service until a fee has been exchanged or a promise to pay later has been extracted.

Our concern here is with the effect of the formal demand strategy through devaluation and productive reconversion. A key assumption of the study is that widespread organisational failure can come in the wake of SAPs, and that if it persists, the failure will work counter to the objectives of SAPs (Anjad and Edgreen, 1991).

The concern expressed above is shared by several others. After a decade of application of orthodox macroeconomic policy in Africa, the World Bank introduced a capacity-building initiative in sub-Saharan Africa (SSA) (World Bank, 1990). The Bank's initiative was in the wake of harsh realities which included widespread poverty, more inequality, more labour related insecurity, and chronic high unemployment (Standing, 1991; Robinson, 1991). The pattern in Uganda after 1980 has, in addition, been one of low productivity, high absenteeism, unrealistically low wages and widespread moonlighting (Civil Service Review Commission, 1989).

Several facts and conjectures are now emerging regarding SAPs in SSA.

1) SAPs, as currently applied, are overwhelmingly technical and marginally institutional so that the programmes are totally insensitive to local contexts (Standing, 1991).

2) The characteristics of economies in SSA are such that SAPs take longer to mature, if at all, so that measures that would be considered counter to the macroeconomic policy need to be taken before equilibria are restored. These measures are required to protect income (see for instance Robinson, 1991) as well as other negative impacts (Standing, 1991).

3) Most of the economic problems of SSA are essentially structural in origin and in persistence so that structural adjustment policies can only achieve very little in the long term while creating severe inflationary effects in the short term (Standing, 1991).
4) Macroeconomic management of economic growth and stabilisation cannot be understood without a proportional understanding of the behaviour of enterprises, workers, and consumers. It is these actors' ability to respond to changes that influence the effectiveness of the economy in making use of projected opportunities (Anjad and Edgreen, 1991). The study proceeds by outlining the problem and the model suggested to examine it. It then describes the characteristics of the labour market in SSA. The methodology, analysis and discussion of the data, conclusions and recommended policy follow in this order.

2. THE PROBLEM

A central concern of this study is the supply of discretionary cooperation (Barnard, 1938; North, 1990; Organ, 1990), here understood as organisation citizenship behaviour (Organ, 1990), and that of commitment. Discretionary cooperation refers to an agent's behaviour that the principal is not in a position to demand or to enforce but which is essential for the success of an enterprise or organisation (Organ, 1990; North, 1990). Commitment is the relative strength of an individual's identification with and involvement in a particular employment relationship or organisation (Mowday, Porter and Dubin, 1979). Commitment is the attitudinal component of accountability (Munene, 1992). In examining these micro-level behaviours we will initially accept the fundamental neo-classical economic position of enthroning the market and leaving it to determine and control micro-level behaviour. The study will then seek to show that labour markets in SSA, Uganda in particular, are not expected to behave according to prediction. That even when constraints and incentives are altered, the market will not, on its own, supply cooperation and commitment. This is because labour markets in SSA are not anything like markets in industrialised countries which act impersonally and rationally (Weeks, 1991). Instead, they are relational, differentiated and complex while simultaneously operating along various, often contradictory dimensions (Geller, 1991). To ensure the effectiveness of SAPs additional inputs will need to be introduced to work alongside the market.

The study proposes a model of understanding and ensuring commitment and discretionary cooperation by suggesting that on-going economic activities such as formal employment are essentially social exchange activities whose outcome are never completely rationally determined. There is for instance always an area of discretion that is not enforceable through legal or economic contracts because doing so would increase marginal costs beyond marginal utility (North, 1990). This is the area where an agent such as an employee acquires property rights over his/her labour (Jones, 1987) and which are then exchanged at her/his discretion. This is where behavioral considerations such as moods or temperament control the final outcome of an employment relationship.

As a social exchange, the employment relationship has the following characteristics:

1) unspecified obligations;

2) the return favour cannot be bargained about but must be equivalent and fair;

3) a need to prove trustiness by discharging obligations; and
4) generation of feelings of personal obligation, gratitude, and trust (Blau, 1964).

These characteristics imply that an employment relationship is also a relationship of reciprocity requiring no supervision while generating mutual commitment to the fulfilment of each other's needs (Gouldner, 1960).

In this study we propose the concept of the psychological or implicit contract to define and measure the social exchange aspect of an employment relationship. It is understood as a dynamic set of implicit obligations and expectations continuously negotiated between the organisation and an individual or between a principal and an agent. It is a network of expectations and mutual commitments that summarizes the complexity of real life as experienced within and without an employment relationship. It mirrors the situation of multiple contracts. People expect a number of rewards depending on the situation. Such rewards may include housing, educating of children at full or partial organisation expense, sick leave, sick leave pay, help with the kinship burden, and so on. Those, for instance, who feel let down will not experience a moral obligation to be accountable or committed. Instead, they may take the least cost action to themselves to restore the contract as they define it. In the health services nurses and doctors have been known to adopt a non-professional bedside manner. In education teachers have assisted their pupils to have access to national examinations for a fee. Everywhere else in the civil service most people have pursued all types of personal interests instead of organisational goals.

The psychological contract is multidimensional and is composed of at least three factors, namely trust, meeting one's expectations or needs, and perceived fairness. Trust means a willingness to ascribe good intentions and to attribute reliability to others. It is a general expectancy that develops out of favourable experience (Rotter, 1972) and is a means of identification with or belonging to a group of significant others (Ziller, 1973). The contract is also a network of needs and expectations which have always been considered as the most important motivators of behaviour including employment (McClelland, 1961; Maslow, 1970). Lastly fairness as the third component of the psychological contract, is evidenced by its open-ended and holistic nature which it shares with the contract. Fairness is also continuously renegotiated and is therefore dynamic. While variations are expected, the belief is that in the end everything will balance out (Organ, 1990). "Fair pay for a fair day's work" is a common example of this expectation.

The three components of the psychological contract indicate why the concept may be central to understanding organisational misbehaviour that is rampant in Africa. Organisations in Africa are characterised by untrustiness, need non-fulfilment, and unfairness (Onyemelukwe, 1973). Organisations in Africa cannot be relied upon to pay salaries or designated fringe benefits on time. They do not allow you to plan your career since any time they go down or you are fired. Many of us working in these organisations have formed our opinions that they are not reliable. That they are more likely to let us down than to meet obligations. Most of us know that we must follow up our due if we are to get it. Organisations are also unfair. There is for instance ample evidence of disproportionate remunerations perhaps dating back from the colonial days when salaries and privileges of expatriate management were far beyond those of any other member of the employment relationship. In addition, the organisations' failure to pay a living wage has increased perceived and experienced unfairness. The feeling is that you are paid for only thirty minutes of your working day but you are expected to put in eight to nine hours.
The psychological contract is broken or maintained depending on what happens to expectations. The assessment of what transpires is governed by principles of distributive justice such as equality, parity, and need. Which justice principle or principles are brought to bear depends on one's culture, and socialisation. For instance, societies that emphasize communal sharing as the basic mode of relating, are likely to invoke the principles of equality or parity. Those that depend mostly on ratio contracting (market relating) are likely to invoke the principle of equity (Fiske, 1991). When an individual feels that the basic principle of relating is violated then he/she will consider that the psychological contract has been broken. Take for instance equity which refers to a proportionate distribution of profits, where proportionate refers to the congruency between investments and profits, or between inputs and outputs. The psychological contract will be considered violated if what is taken as input by one of the party to the exchange is not so recognised by the other. It is also violated if one outcome is recognised as reciprocal by one party and not the other.

The social exchange view on which the psychological contract is premised, is explicit about the options open to members who are dissatisfied with the exchange. They, for instance, may decrease their inputs, leave the relationship, or force the other party out of the field (Adams, 1965). In *Exit, Voice, and Loyalty* (EVL), Hirshman (1970) used a similar point of view to explain the responses open to individuals who are caught in unsatisfying productive and political relationships or, alternatively, in failing organisations. He showed that members of a dissatisfying exchange relationship can exit the relationship and look for better alternatives, they can voice their dissatisfaction in the hope of improving the relationship, and can remain loyal and not attempt to rock the boat either through the voice or exit options. Later applications of the EVL indicate several things: The first is that members do have a fourth option of neglecting the relationship without physically quitting or trying to improve it (Rusbult, Zembrodt and Gunn, 1982). The second is that exit and neglect are destructive processes that span indeterminate periods and lead to further deterioration of the exchange relationship. In romantic relationships the distruption may be exemplified by physical abuse or involvement with an outside party (Rusbult et al 1982). In productive relationships such as organisations on the African continent the process is characterised by the phenomenon of capture which is a tendency of members to engage in rent-seeking activities particularly by those who control the allocation of organisational resources (Paul, 1990). Those not in a position to 'capture' the organisation practice shirking, malfeasance, tardiness, absenteeism and other indications of moral hazard or non-commitment which are in daily evidence.

In this study two hypotheses were tested:

**Hypothesis one:** There is a positive correlation between the psychological contract and discretionary cooperation.

**Hypotheses two:** There is a positive relationship between commitment, intention to exit, and the psychological contract.
3. INSTITUTIONAL CHARACTERISTICS OF THE LABOUR MARKET IN UGANDA

A labour market definition of underdeveloped countries is that these are the countries where a large part of the labour force does not engage in formal wage employment (Weeks, 1991). This definition fits Uganda's situation where 90% of the population live in rural areas and engage in subsistence farming. This characteristic is in addition to the prevalence of undifferentiated activities where people regularly combine individual with exchange labour and combining work across geographical areas (Standing, 1991). These characteristics have long puzzled and frustrated employers who, during the colonial period, referred to Africans as "target" workers (see Ogunbameru, 1984 for a good summary of this problem). Today's African employer faces a similar problem when workers including senior executives regularly take off for their "village homes" on Thursdays only to report for work the following Tuesday (Munene, in press).

The Ugandan labour market is neither homogenous nor dichotomous as the neo-classic theory underlying SAPs would assume. The prevalence of undifferentiated activities cited above means that such characteristics as formal and informal sectors, and rural and urban markets break down and lose their descriptive and analytic powers when applied to Uganda and to most of SSA.

The Ugandan labour market, like markets in most SSA, is a complex mixture of personal linkages developed for the purpose of survival (Franks, 1989; Hyden, 1983). It is very unlike the impersonal labour market of the West where the employment relationship is limited to wage payment in return for productive services (Weeks, 1991). It is organised along different principles where the narrow economic base of the West is only peripheral. Instead you have a shopping list of employment relations operating on different perhaps conflicting principles (Onyemelukwe, 1973). These relations have been referred to collectively as the "economy of affection" defined as 'a network of support, communications and interaction among structurally defined groups connected by blood, kin, community or other activities' (Hyden: 1983: p. 9). Within this income-earning system people still pursue personal interests. However, the factors that come into play may require a different adjustive mechanism which is not always economic (Weeks, 1991).

Throughout most of SSA including Uganda, wage differences particularly within the public sector contracted providing a more equal distribution between the highest and lowest paid from 1975 through to the present. The phenomenon of the accelerating unskilled/minimum wage was the result of a policy that advocated linking minimum unskilled wages to the average standard in rural areas and reducing differentials within the formal sector. The policy, though, simply served to make urban employment more attractive to the unskilled while demoralizing the skilled and the educated. The bias however, was never quite felt while the exchange rate that subsidized imports was still kept at the nominal level. This helped to subsidize imports and enhance the value of real wages in Uganda (Bibangabah, 1992). The IMF-World Bank conditionality coming with SAPs removed the subsidy and exposed the skilled and the educated to the full force of the wage policy (Colclough, 1991). This was immediately followed by absenteeism, moonlighting, and corruption particularly within the established posts occupied by the more educated (Uganda Civil Service Review Commission, 1989).
4. METHODOLOGY

4.1 Sample

The data were collected from rural and urban schools and health service organisations such as dispensaries, hospitals and health centers. Of 682 health workers including doctors, medical assistants, nurses, and midwives, 357 worked in urban areas and 325 in the countryside. Of the 396 teachers who took part in the study, 226 were in urban while 170 were in rural schools. A selected group of other personnel in the ministries and local administration of health and education who were considered to have a wider knowledge of their respective services was interviewed. These included, for instance, the head of the teaching services commission, professional hospital administrators, medical superintendents, chief nursing officers, head teachers, district medical and education officers and a group interview with the Uganda Medical Association. Not all information collected will be used in this study.

4.2 Instruments

The data were collected by means of a structured interview and detailed questionnaire. The questionnaire sought four categories of information:

1) objective information about the respondent and his/her organisation such as education level, sex, magnitude of kinship responsibility, the length of service with a particular organisation and the size of organisation.

2) income-related information including monthly take-home pay, distance between work-place and home, other income generating activities. Under this category we also gathered information on absence incentives and barriers.

3) respondents' psychological assessment and evaluation of their work experience conceptualised in this study as the psychological contract. It included the hypothesized consequences of the evaluation namely organisational commitment and job satisfaction.

4) supervisory rating of the respondents discretionary cooperation operationalised as organisational citizenship behaviour.

A number of open-ended questions were asked concerning the major difficulties faced by health or education. These included a question seeking to have a general description of the state of the service. They included a description of the foremost management problem and priority. They also included questions tapping the external and internal environments of the institutions and of the specific organisation visited.

Another set of questions tried to tap what the respondent wanted to see done in order to deal or respond to what had been described earlier.
4.3 Measurements

1) **Psychological contract**: It was measured by a battery of items comprising of
   
a) **Fairness** (Justice): A five item measure of distributive justice by Price (1988) was adopted for the purpose of this research. The measure is based on social exchange and especially equity theories.

   b) **Expectations** (Need): A seven item measure adapted from Cook and Wall (1980) of need non-fulfilment was used.

   c) **Trust** (Trust): A six item measure of organisational trust adapted from Cook and Wall (1980) was used. Items for all the three were on 7-point Likert scales. The responses of the first two components ranged from strongly agree to strongly disagree. Responses on trust differed from item to item. For instance the first item responses ranged from extremely sincere to extremely insincere. The second item responses ranged from extremely good to extremely poor.

   The items were pooled and subjected to a reliability analysis. A coefficient of reliability (Cronbach Alpha) of 0.85 was obtained.

2. **Organisational Commitment** (Affect): An eight-item measure of affective commitment by Allen and Meyer (1990) was adopted for use. The coefficient of reliability was 0.82.

3. **Job satisfaction** (Jobsat): Ten items from Cook and Wall were employed in the study. Cronbach Alpha was 0.85.

4. **Organisational Citizenship Behaviour**: Sixteen items were compiled from Munene (1979) and Organ and Konovsky (1989). Two components were measured:
   
a) **Conscientiousness** (Consc). Nine items measured general behaviour such as seeking responsibility and always being ready to accept more work. The coefficient of reliability was 0.89.

   b) **Altruism** (Altruism): Seven items were used to measure this component. The coefficient of reliability was 0.6.

5. **Intention to exit** (Intent): Three items were used to measure exit intentions.

6. Personal and role-related variables of education, tenure, salary, gender, age, and kinship responsibility were measured. The kinship measure required the individual to state the number of adults and children he or she is responsible for and whether the respondent was married or not (Blegen, Mueller and Price, 1988). Each affirmative answer was awarded 1 score. The total kinship index load was 13.
7. Income-generating activities: An open ended question required the respondent to indicate what he or she does to make up for the difference between salary income and his or her expenditure.

5. RESULTS

This section will be divided into two sub-sections. The first sub-section will describe the non psychological characteristics and responses of the sample and in the process shade light on the state of our organisations. The second sub-section will examine the findings in terms of the hypotheses.

5.1 Characteristics and Characteristic Responses of the Sample

Table 1 below shows that just over 44% and 26 % had worked for four years or less and above eleven years respectively. About 13 % of the sample had worked for between eight to ten years.

Table 1: Tenure

<table>
<thead>
<tr>
<th>Years in Organisation</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 4</td>
<td>480</td>
<td>44.5</td>
</tr>
<tr>
<td>5 - 7</td>
<td>173</td>
<td>16.0</td>
</tr>
<tr>
<td>8 -10</td>
<td>141</td>
<td>13.1</td>
</tr>
<tr>
<td>11 -13</td>
<td>123</td>
<td>11.4</td>
</tr>
<tr>
<td>14 and above</td>
<td>161</td>
<td>14.9</td>
</tr>
</tbody>
</table>

Reflecting the professions in which our sample were involved, the majority were relatively well educated. Most had obtained post-secondary school training (56%), a negligible percentage (3 %) had primary education and at least 10 % had a first or a second degree. Six hundred and forty-nine (649) or 60.2 % of our sample were female probably reflecting the predominance of women in these two professions.

Of the sample who agreed to indicate their chronological age, over 50% were 35 years and below. Only 1% indicated that they had reached retiring age.

We calculated an index of kinship responsibility by adding up the number of relatives including spouses a respondent was directly responsible for. A full load of responsibility is indicated by 13 points and no responsibility at all by a zero (0). Table 2 below summarises the findings and
shows that most of our respondents (45%) have between 8-13 people they look after, which is above half the load (mean = 6; median = 6). The mean load is three times as much as the mean load (approximately 2) carried by a comparable group in the United States of America (see Blegen et al, 1988). The total percentage of those with half the load and more is approximately 66.

Table 2: Kinship Responsibility

<table>
<thead>
<tr>
<th>Load</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1</td>
<td>67</td>
<td>6.2</td>
</tr>
<tr>
<td>2 - 3</td>
<td>142</td>
<td>13.2</td>
</tr>
<tr>
<td>4 - 5</td>
<td>247</td>
<td>23.0</td>
</tr>
<tr>
<td>6 - 7</td>
<td>214</td>
<td>19.9</td>
</tr>
<tr>
<td>8 - 13</td>
<td>405</td>
<td>44.9</td>
</tr>
<tr>
<td>non response</td>
<td>3</td>
<td>.3</td>
</tr>
</tbody>
</table>

The heavy kinship responsibility was found to compare unfavourably with what our respondents earned. To have an idea of how our sample fared, we asked them to indicate their monthly take-home pay including allowance and their monthly expenditure. Table 3 summarises the findings.

Table 3: Salaried and Wage Income and Monthly Expenditure

(‘000* shillings)

<table>
<thead>
<tr>
<th>Income</th>
<th>%</th>
<th>Expenditure</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>74.2</td>
<td>&lt; 25</td>
<td>0</td>
</tr>
<tr>
<td>25 - 50</td>
<td>23.2</td>
<td>25 - 35</td>
<td>0.4</td>
</tr>
<tr>
<td>50 - 100</td>
<td>2.6</td>
<td>50 - 100</td>
<td>78.9</td>
</tr>
</tbody>
</table>

* 1200 Shillings = US$1

These figures indicate a clear imbalance between what our respondents earn from their organisations and what they have to spend. The figures are however in agreement with the World Bank report. As is clear from the table the difference between the income and expenditure is significant (t = 23.62 ; df = 743; p.< 0.0001).
Most of the sample made up for the difference in activities that take them away from their paid work as is shown in Table 4 below.

**Table 4: Income-generating Activities**

<table>
<thead>
<tr>
<th>Category of Activities</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advance, borrowing, begging from relatives/donations</td>
<td>35.6</td>
</tr>
<tr>
<td>2. <em>Magendo</em>, petty trade, tendering, briefcase business</td>
<td>40.6</td>
</tr>
<tr>
<td>3 Others: private practice, drug store, knitting, poultry, piggery, farming</td>
<td>57.5</td>
</tr>
</tbody>
</table>

Asked when income-generating activities outside one's formal employment started, some respondents said that it was during Amin's time when it paid more to practice *magendo* than to do a paid job. Others said that most people started after Amin. All agreed that these intensified after Amin. (see Table 5 below).

**Table 5: Period in which Activities Began**

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before or during Amin</td>
<td>15</td>
</tr>
<tr>
<td>After Amin</td>
<td>85</td>
</tr>
<tr>
<td>Intensified after Amin</td>
<td>100</td>
</tr>
</tbody>
</table>

Our informants are in agreement with the findings of the Report of the Public Service Review and Reorganisation Commission which found that 86% of income supplementary activities among civil servants started in 1980s (The Republic of Uganda, 1989) and confirm an important consequence of SAPs in Uganda, namely the deterioration of service: as a result of the squeeze that accompanies the programmes.

In light of the finding that the largest percentage of the workforce were engaged in income-generating activities that took them out of their formal employment, we asked them what their organisations do about their behaviour (organisational misbehaviour). The following table summarises the answer to the question.
Table 6. Organisational Sanctions

<table>
<thead>
<tr>
<th>Sanctions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withhold allowance</td>
<td>5</td>
</tr>
<tr>
<td>Warning</td>
<td>3</td>
</tr>
<tr>
<td>Withhold leave</td>
<td>4.3</td>
</tr>
<tr>
<td>Deny promotion</td>
<td>1</td>
</tr>
<tr>
<td>Delay salary</td>
<td>0.7</td>
</tr>
<tr>
<td>Not applicable</td>
<td>3.1</td>
</tr>
</tbody>
</table>

The general conclusion we drew from responses to this question is that organisations exert very little control over the activities of their members. This is not surprising since organisations feel inadequate when it comes to remunerating its members and providing them with the resources for professional growth.

As Table 5 above implies, the current organisational problems are traceable to the breakdown of the civil order as well as the introduction of SAPs. One headmaster interviewed put the events affecting school performance in three clear phases:

(1) The boom time (1970-1980) which he said followed the expulsion of Asians and the turning of their businesses over to black Ugandans. Schools lost their teachers to the new opportunities created by Amin. (2) The period of instability (1981-1985) when people were living from day to day in real fear for their lives. Here teachers like any workers did as little as possible and moved to wherever was considered safe. (3) The period of inflation (1986 onwards) which effectively reduced the salary power of teachers. Stability is experienced but people cannot survive on one job. The most significant cause of the deterioration in education is the cost of living.

Another interviewee was equally certain that their problems can be accurately traced to the period of the SAPs. She said:

Compared to the 1970s, we now live the most difficult lives we have ever lived. Our teachers live in garages. They pay for this accommodation by offering free couching lessons to the children of landladies and landlords. This creates a relationship which children interpret as servant-master relationship which they also try to exploit at the cost of the teacher. Other teachers improve their status by engaging in other businesses such as retailing in stalls, retail stores and lockups. Those with more marketable teaching subjects take part-time jobs in the private sector. Those who cannot do so teach in more than one school. In whichever activities they are engaged in, such teachers report to class ten minutes late and leave 10-15 minutes before the end of a lesson. The problems are most acute in those schools where for some reason the
Parents Teachers Association are weak and unable to organise sufficient funds. This is true in many remote schools and in day schools in urban areas.

The commissioner for education was also clear on the plight of teacher particularly rural teachers. He said that the SAPs have hit the rural teacher hardest of all (compared to the urban teacher). We confirmed what he said, namely that many couldn't afford descent clothing. They come to school dressed in torn trousers and wearing sandals in a poor state of repair.

A direct reference to the influence of SAPs on organisational functioning was made by a number of interviewees. One said that the inflationary trend of SAPs has resulted in the deviation of funds from capital to recurrent budgets such as paying teachers and buying food. "As a result we are unable to expand". SAPs have also ensured that teachers resort to coaching in a dishonest way. In order to attract more funds, they have to attract more parents. They therefore give extra marks to children and to pupils they coach and less to those they do not coach. This is done to encourage parents to participate or to continue to participate in coaching.

At the level of the organisation, schools must also please parents in order to survive. If no proper teaching can take place, schools must resort to forms of examination malpractice so as to get an acceptable level of first grades. It is the numbers of first grades that make parents happy and encourages them to send more children to high-performance schools.

Parallel instances of organisational failure leading to employment related misbehaviour are to be found in the health sector as well. Because these have to do with life and death, they often make headline material unlike those in schools. There is the case of the intern in Jinja hospital who was alleged to have led to the death of a patient because the patients' relatives were unable to pay the young doctor a sum of money he had demanded. This kind of lack of professionalism and general indiscipline among health workers is recognised by all medical superintendents we interviewed. Pilferage was reported to be continuing, "cutting" ward rounds by doctors was mentioned as common, and the bedside manner of nurses was found to be unprofessional.

The last example (bedside manner) was shown to have far-reaching consequences. We found for instance that relatives of patients have responded by taking on the nursing services. This has often led to overcrowding, the size of which was never planned for. One superintendent reported that in her hospital, every patient had at least two full-time attendants so that in a hospital ward of 100 children she would find 300 people at one single moment. This number would stretch the capacity of the system to the limit with reference to water shortage, sewerage, physical living space and so on.

No direct connection between the SAPs and the problem of hospitals were made (unlike the case of the educators) by our informants. Several superintendents and other chief medical officers related indiscipline and lack of professionalism to the fact that the services have been overwhelmed and to the loss of prestige that the medical health professions have experienced. Indirectly though, they accepted the role of SAPs in the stress that health organisations are undergoing. They all agree that the loss of prestige was brought about by the erosion of their salaries as a central aspect of their income. One superintendent reported that health professionals, especially doctors, are used more like servants by those with money. Since the undermining of
the salaried class has come in the wake of SAPs, it is plausible to argue that part of the loss of professionalism among health workers, as is with educationists, is related to adjustment programmes.

Examples of the consequences of SAPs in the health services are not confined to remuneration only. Two case studies described below indicate how the services have been overwhelmed as a result of the reallocation of resources from the non-tradeable sector. The deprivation has in some cases been so complete that the services are hardly in position to make proper use of donor provided help.

Case 1: District Nursing Officer

My nurses and myself no longer get free uniforms. Those that cannot afford them out of their own pockets use their own ordinary clothes. *If you need something from the district medical office, you use your own money to collect it and this money is not refunded any more. If for example you have to travel to collect drugs, then you try to refund the transport money from the sale of drugs.* And when you are transferred, you are given no facilities in terms of transport. Again you find your own money and try to recover it from the resources of your office. There are few or no promotions and opportunities for upgrading are minimal.

The data also show that we would not be exaggerating if we concluded that without altruism most government services would ground to a halt. The case study below gives an example of an altruistic medical officer.

Case 2: Recently Qualified Medical Doctor

On assumption of duty I found a huge unfurnished house which I set about furnishing with the bare essentials such as a mattress and two hurricane lamps. The money to purchase them was donated by my family. The hospital has a generator but the government provides no money for petrol to operate it. Therefore I get money from my family who live in Kampala. They also top my salary up. To treat patients without the assurance of power, I got hospital users to come with their own charcoal and charcoal burners. With these, they boil water to be used in treatment and they use the stoves to sterilise the syringes to be used. I make regular trips to the medical stores at Entebbe and I may have to wait for three days before I am attended to. I am jokingly referred to as the 'Man from Mubende'.

5.2 Psychological Correlates of Organisational Stress

The basic hypothesis of this study is that workers in formal employment relationships respond in a rational way to the work experience and environment we have briefly described. To test this hypothesis we proposed the concept of the psychological contract and stated that the way the state of the contract is perceived is related to the way workers behave in their organisations. To examine the hypothesis we correlated our measure of the psychological contract with the measure of discretionary cooperation operationalised as conscientiousness and altruism. Table 7 below shows the results.
The results provide support of the importance of the psychological contract in employment relationships. Under the column marked conscientiousness (consc) we can see the positive and significant correlation between the contract and discretionary cooperation. Conscientiousness refers to general compliance or the willingness to perform general cooperative acts, including regular unfailing attendance, that are difficult for management to demand. Distributive justice, on its own, is also positively related to conscientiousness. Its independent status is also revealed in the second column marked altruism. Altruism is an aspect of discretionary cooperation that specifically taps willingness to render help to colleagues or to clients waiting to be served. It is exemplified by a bank clerk who would temporarily abandon her/his post in order to attend to a waiting customer in the absence of a specific teller attendant.

Other relationships that are important to note in the above table are those between the psychological contract and intention to leave the organisation (intent) and between the contract, commitment and job satisfaction. The negative results between intention to leave the organisation and the psychological contract are to be interpreted positively meaning that those who enjoy a positive psychological contract with their employing organisation are also those

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Consc</th>
<th>Altruism</th>
<th>Intent</th>
<th>Affect</th>
<th>Jobsat</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
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<td>.18*</td>
<td>-.16*</td>
<td>-.09</td>
<td>-.07</td>
<td></td>
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<tr>
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<td>.14*</td>
<td>-.14*</td>
<td>.11*</td>
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<td>-.15*</td>
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<tr>
<td>Kinship responsibility</td>
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<td>.05</td>
<td>.18*</td>
<td>-.04</td>
<td>-.01</td>
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<tr>
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<td>.08</td>
<td>-.42*</td>
<td>.43*</td>
<td>.52*</td>
<td>.8</td>
</tr>
<tr>
<td>Organisational trust</td>
<td>.05</td>
<td>-.01</td>
<td>-.31*</td>
<td>.29*</td>
<td>.35*</td>
<td>.5</td>
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<tr>
<td>Need satisfaction</td>
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<td>.01</td>
<td>-.33*</td>
<td>.46*</td>
<td>.42*</td>
<td>.8</td>
</tr>
<tr>
<td>Distributive justice</td>
<td>.096**</td>
<td>.17*</td>
<td>-.18*</td>
<td>.18*</td>
<td>.39*</td>
<td>.9</td>
</tr>
<tr>
<td>Affective commitment</td>
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<td>.03</td>
<td>-.37*</td>
<td>1</td>
<td>.39*</td>
<td>.8</td>
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<tr>
<td>Job satisfaction</td>
<td>.07</td>
<td>-.62</td>
<td>-.29*</td>
<td>.39*</td>
<td>1</td>
<td>.9</td>
</tr>
<tr>
<td>Alpha</td>
<td>.89</td>
<td>.60</td>
<td>.75</td>
<td>.82</td>
<td>.85</td>
<td></td>
</tr>
</tbody>
</table>

* p<.001
** p<.05
unwilling to leave. The relationship between commitment, job satisfaction and the contract are in the positive and expected direction meaning that those who are committed or who pose little or no moral hazard are those who experience a positive contract. Job satisfaction is also a concomitant of a positive contract.

The same relationships can be indirectly examined by looking at the scores of the various groups that took part in the study. Table 8 below summarises our findings and takes location, i.e. whether the groups are rural or urban, as the independent variable. Significant differences are found on both aspects of discretionary cooperation. In both cases the difference is in favour of rural health workers who were rated as relatively conscientious and altruistic. There was no difference between rural and urban teachers as well as between them and urban health workers on conscientiousness. On altruism though, urban health workers were rated by their supervisors as the least helpful. With regard to intention to exit one's organisation, the difference was in favour of urban workers of both education and health services. There was a strongly expressed desire by the rural workers in both sectors to exit their organisations. No difference exists between all the four groups on the measure of the psychological contract. This is to be expected as the non-profit making nature of both services confines the employees to a monthly salary which we have seen, is significantly less than the expenditure of the employees.

Table 8: Brief Summary of ANOVA

<table>
<thead>
<tr>
<th>Variables</th>
<th>F Ratio</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
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<td>Conscientiousness</td>
<td>2.5</td>
<td>&gt;.05</td>
</tr>
<tr>
<td>Altruism</td>
<td>9.3</td>
<td>&gt;.001</td>
</tr>
<tr>
<td>Intention to exit</td>
<td>21.6</td>
<td>&gt;.001</td>
</tr>
<tr>
<td>Psychological contract</td>
<td>.6</td>
<td>&lt;.10</td>
</tr>
</tbody>
</table>

6. DISCUSSION

This study set out to show that one of the outcomes of demand management is to rob organisations of their ability to keep their side of the psychological contract. The argument used here is that employment relationships are ultimately exchange relationships with expectations that a favour must be followed by a favour if the relationship is to continue (Gouldner, 1960). The study has found examples of the failure of organisations to keep their side of the contract particularly with regards to the living wage. The impression that this is the only problem is contradicted by other examples such as those provided by the two case studies as well as others that we collected but have not reported here.

These examples and those provided by the teaching profession (such as a graduate urban teacher who lives in a garage and pays for it by offering free coaching to the children of the landlady) are illustrative of organisations stretched to the limit and people who work under experiences that few imagine until they are physically confronted with them. What the nursing officer who has to
sell off the drug kits she should be distributing demonstrates, is that the service has deteriorated so much that it is hardly in position to utilise donor help. We suggest that these and similar experiences lead employees to evaluate the psychological contract as broken and therefore feeling no obligation to discharge their own part of the contract.

The data gathered here have provided other instances that stretch workers to their limit. The kinship load carried by most of our respondents is out of proportion to their income. This is a fact that is well known but whose consequences organisational makers have paid no attention to. However as the zero order correlations show (see Table 7) kinship responsibility is a significant determinant of the workers' intentions to exit the organisations they work for.

According to the argument we try to advance in this study, part of the expectations our respondents bring to their organisation is that somehow they will be able to take care of their kin if they work for a particular organisation. This expectation is part of the psychological contract they make with the organisation. When they find that this expectation cannot be fulfilled, they consider the contract violated and plan to leave. Whether or not they actually leave or when they do is not the issue. The theory we have proposed suggested that damage to the goals of the organisations begins at the moment of deciding to leave, for it is at this moment that the disgruntled become destructive either actively such as embezzling funds or passively by neglecting their duties or working to rule. Doctors 'cutting' ward rounds, nurses displaying non-professional bedside manners, teachers and schools participating in examination malpractices or forcing parents to have their children couched are examples of destructive behaviour that this study has gathered.

The size of the failure of organisations keeping their side of the psychological contract can be deduced, albeit indirectly, from Table 1. It can be noted that 60% have not worked for more than seven years in their organisations and approximately 45% have worked for only 4 years or below. If our sample is a good approximation of the working population in these two services, then the turnover rate is disproportionately high. It suggests that there is a steady stream of professionals continuously leaving their organisations or their professions. Apart from depriving the profession or organisations of experienced individuals, it also means that the destruction that accompanies the process of exiting and/or neglecting we have discussed, is also high. In Ugandan organisations, this is witnessed by moonlighting which has become a fact we have come to accept in Uganda, and indeed which has been at one stage recommended by no less than the Vice President (who was then the Prime Minister) who openly encouraged Ugandans to have more than one job. In this work we consider that holding more than one full-time job is a process of exiting or neglecting the organisation and is destructive. We also consider it as a failure in keeping the psychological contract which would ultimately lead to the eventual break-up of the relationship.

When we turn to the psychological indicators used in the study we confirm what the more objective data are telling us about the state of our organisations and that of the psychological contracts therein. We hypothesized that there would be a positive relationship between the psychological contract and discretionary cooperation or organisational citizenship behaviour. This hypothesis was supported as Table 7 indicates. In this table the psychological contract is significantly related to the conscientiousness aspect of discretionary cooperation. This means that
those who positively evaluate the state of the psychological contract they made with their organisations are also those who are positively rated by their supervisors as more conscientious.

Psychologically meaningful, and statistically significant findings are also found with regards to the altruism aspect of discretionary cooperation. The first is the positive relation between tenure and altruism. This means that those professionals who have stayed longer with their organisations were also those who were rated relatively more positively by their supervisors on helping behaviour (altruism). This is not surprising. Theoretically, if people who find their psychological contracts violated by their organisations exit and seek for other opportunities, then from among those who stay, you are likely to find those prepared to cooperate with the organisation in fulfilling its objectives as well as their personal altruistic tendencies. Such people should be evaluated positively by their superiors.

The second psychologically meaningful finding is the positive relationship between distributive justice and altruism. Distributive justice has a certain obviousness which suggests that it is a significant component of the psychological contract. More than any of the other two components, viz trust and need satisfaction, it taps directly how one feels about what he/she gets in relation to significant others. If people feel that the distribution of rewards are proportionate, then they are more likely to accept what they get even if it may not be what they expect. Professionals in the services we have surveyed have been hardest hit as the data from interviews indicate. For the skilled and educated professionals, the issue of justice of distribution must rank relatively high in the way the psychological contract is evaluated. A medical doctor with a specialisation and working in Mulago knows that when his/her professional and other allowances are added up he/she takes home a pay packet that, at best, is only equivalent to that of a junior staff or a group employee in parastatal organisations such as Foods and Beverages. The importance of the justice in distribution is also observed with regards to conscientiousness. Here again it was found to be significant and positively related to the rating that supervisors awarded to the respondents.

An important finding with a significant statistical and psychological significance is found in Table 8. Here we indicated that when groups were compared on altruism, urban health workers were rated worst of all. Since the largest number making up this group were nurses, we may say that this statistic genuinely reflects the notorious bedside manner of the nursing staff in all government and non-government hospitals. Probably reflecting the general state of neglect of both services, there was no group differences on the measure of the psychological contract.

The other relationships concerning psychological indicators of interest to this study and depicted in Table 7 above, are those between organisational commitment, job satisfaction, intention to exit and the psychological contract. The last three columns show that relationships are in the predicted direction. Intention to exit is related to most of the variables in the table. We have already discussed its relationship with kinship responsibility. We can also note a similar relationship with education. Those who are more educated are those with the strongest wish to exit their organisations. This was also expected because of the anomaly in the institutional environment of the labour market we discussed above. The anomaly is the discrepancy between education/skill and wage income. That is, owing to the preferred policy of a protected minimum wage and unprotected maximum wage, the reality has been that the more educated and skilled
you are, the less you are paid in proportion to the less educated, less skilled employee. The consequence of this policy was observed in a study that compared university graduate teachers with grade 2 and grade 3 teachers (Munene, 1992a). The latter scored highest on discretionary conscientiousness, altruism, psychological contract, commitment and job satisfaction. The two less educated groups (grade 2 and grade 3) of teachers were also highly praised by the Ministry of Education officials for being the only groups that have maintained professionalism in the service.

7. SUMMARY AND CONCLUSIONS

This study undertook to investigate the response of labour (agent) and organisations (principal) to structural adjustment programmes. It focused on (1) the ability of either party's ability to keep the psychological contract, (2) the specific labour responses of interest namely discretionary cooperation, intentions to exist one's employment relationship and the evaluation of the psychological contract, and (3) the relationship between the labour responses.

We found evidence of gross inability of the principal to keep the psychological contract and a consequent break of the agents' own contract.

During the course of the study, we came across widespread complaints that the drugs that are supposed to last three months never do. There was also a major enquiry by the Danish Red Cross, the major donor agency of drug kits, into the disappearance of drugs. The tragedy of this case is in the implication that the squeeze of the health services is so severe that Uganda can hardly make maximum use of external help.

The data we have gathered confirm the deterioration of the services since the largest majority of full-time employees supplement their earnings by other activities that impose a demanding regime on the time available for the formal employment. The data also show that we would not be exaggerating if we concluded that without altruism most government services would ground to a halt. The case study describing the experience of the newly qualified medical doctor was a case in point.

The social exchange model adopted in this study clearly indicates, meeting mutual obligations and expectations is the key to a continuing relationship. This means that even altruism is not free. The case of the junior doctor who is virtually in charge of a district hospital is a direct reminder of this fact. It is the pattern in the Uganda health service for such remote areas to be manned only by junior people or under-qualified officers. That few qualified people would want to serve in such difficult conditions is evidenced by the fact that whereas 90% of our people live in the rural areas, only 1% of the qualified doctors serve in such areas.

The justification for a study such as this one is in recognising that SAPs have a long gestation period qualifying them as complex economic, social, and political programmes. In effect this means that the longer it takes to mature the more factors other than the purely economic considerations impinge on them and influence the final outcome. The recognition of this fact has led to several attempts to alleviate some of the outstanding consequences of SAPs. These efforts
have been directed towards the poor and those groups most vulnerable to poverty such as women and the rural dwellers.

Effort in this study has been directed at highlighting the vulnerability of organisations and those who work there in the hope that both will be elevated to priority status. This has been done at two levels. The first level was theoretical. On the second level we considered the current ability of organisations in the health and educational institutions to meet their side of the psychological contract and concluded from available evidence that the organisations are hardly in a position to honour the contract. We have, in addition, given some evidence that failure to meet the contract leads to low commitment and therefore to greater incidence of moral hazard. This is the case since the psychological contract and commitment were positively correlated.

The case for assisting formal labour and formal organisations has been more strengthened by finding evidence that the psychological contract is positively related to actual behaviour of our respondents as seen in the eyes of their supervisors. That is, those who positively evaluated their psychological contract were also evaluated by their superiors as more cooperative. A case in point was the relatively poor evaluation of urban nurses by their superiors who found the latter to be more uncooperative than any other group such as rural nurses. This evaluation concurs with that which is generally experienced by the public who complain about the nurses' notorious bedside manners.

Discretionary cooperation, which was the major behavioral focus of the study and whose relationship to the state of the psychological contract the study has supported, could be considered as an aspect of the service ethic. There should be no contention concerning the centrality of either behaviour in the daily functioning of a service organisation or any other organisation. Thus no effort should be spared by organisations and institutions to ensure the supply of these behaviours.

The theoretical and the practical arguments we are putting forward have wider implications beyond SAPs and SAPs objectives. It is important to restate the most significant implication of the general findings of this study, namely that SAPs cripple the very mechanism that ultimately carries out or delivers the objectives of every macro and micro plans, by directly disabling organisation from carrying out their part of the implicit or psychological contract. The wider implication is that no economy succeeds when organisations, as delivery systems, experience an extended period of inability to keep their own side of the psychological contract.

8. IMPLICATIONS FOR POLICY

1) Considering the role that organisations play in the economic development of any nation there is need to rethink much more carefully the effect of any macro objectives on organisations. With regards to SAPs we have noted evidence that organisations may be adversely affected and urged that prolonged organisational stress could cripple them beyond repair. It is suggested that an organisational rescue programme similar to PAPSCA1 be put in place. This will relieve organisations and make it possible for them to deliver the ultimate objectives of the restructuring and revamping of the economy.
2) The second implication comes from finding that distributive justice is positively related to the ratings that supervisors give to their employees on discretionery cooperation. Some of the gaps in distribution are so obviously unjust that the prevalent labour behaviours of absenteeism, malfeasance, free riding and even embezzlement could be considered as direct responses to perceived and experienced injustice. It is such obvious distributive injustice that makes a PAPSCA-like organisational rescue plan even more urgent. This is essential for there is a limit at which any organisation including the government can get services on the cheap and the individual can be asked to make sacrifices.

3) To deal with the above, the government must (a) reconsider its wage policy of subsidizing the minimum wage while exposing the maximum wage to market forces, and (b) consider public expenditure as complimentary to private expenditure particularly since most of the institutions and the environment required to support market forces are not in place in Uganda (Brett, 1992) nor are they likely to be, in the foreseeable future.

4) The problem that the government is likely to face while attempting to remedy the position of the highest grades is political rather than economic since there is evidence that improvement to the real pay packets would add relatively little to the total pay bill (Robinson, 1991). The real problem is one of dealing with the repercussions elsewhere in the labour market. This is a tough political problem that has to be faced because of equity, productivity, and humanitarian considerations.

5) On humanitarian grounds we have only to recognise that it is at the level of the household that the fierce struggle for survival is centred in Uganda and elsewhere in the Third World (Beneria, 1991). The skilled and the educated must also be assisted in this struggle. The equity problem is highlighted by the fact that the professional demands of a professor at Makerere, the National University, and a consultant surgeon at Mulago teaching hospital leave very little time for supplementary income activities compared to a group employee in one of the public enterprises whose take-home pay compares very favourably with that of the highest paid medical doctor or professor.

6) On purely productivity grounds, SAPs have inadvertently brought about a situation where especially favourable terms have to be given to certain public service employees in order to maintain functional levels of morale, motivation, and efficiency. This, as we have seen, is because the supply of commitment and discretionery cooperation has been directly affected by the contractionary impact of the programmes. It may also have been equally affected by the severely reduced capacity of the Departments as a result of the reallocation process. Here it is important to emphasise that a competent public service is as crucial as the building of economic infrastructure (Robinson, 1991).

NOTES

1. See Munene(1992), Organization Pathology and Professional Accountability in Health and Education Services in Rural Uganda
2. Drug kits are supplied by the Danish Red Cross on a quarterly basis. During this study we confirmed that in many districts, the kits do not last up to the three months they are supposed to.

3. This was an intervention programme sponsored by the World Bank in order to alleviate the social problems that came in the wake of Structural Adjustment Programmes. It was focused on Vulnerable groups such as rural poor.
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