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***The Impact of Psychological Contract on Personal Initiative.***  
***"An Empirical Study on the Egyptian Banking Sector"***

أثر العقد النفسي على المبادرة الفردية.  
"دراسة تطبيقية على قطاع البنوك المصري"

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قَالُوا سُبْحَانَكَ لَا عِلْمَ لَنَا إِلَّا مَا عَلَّمْتَنَا  
إِنَّكَ أَنْتَ الْعَلِيمُ الْحَكِيمُ

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سُورَةُ الْبَقَرَةِ

وَقَدْ عَلَّمْتَنَا

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## *Chapter one: Research Framework*

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## 1.1. Introduction:

Studying and fostering personal initiative will help us in enhancing employees' proactivity that is can be considered a necessity in today's flatter organizations. "Personal initiative means to be self-starting, proactive, long-term oriented, willing and able to overcome barriers" (Rooks et al., 2016, p.100). Moreover, personal initiative is not only a concept of the employees who just take active and self-starting approach to work, but it also ensures that these active and self-starting behaviors are organizationally beneficial. Specifically, It entails adopting pro-company long term goals and to be persistent in pursuing these goals (Fay and Frese, 2001; Frese et al., 1997). Besides it is importance to any organization, personal initiative is of particular importance to Africa for unlocking<sup>77</sup> the potential offered by the many untapped resources it has (Solomon et al., 2013). Empirically, the research on personal initiative is mainly focused on emotional, motivational, and job related variables. Yet, the roles of the psychological contract and knowledge for personal initiative were not examined.

As circumstances change, obligations employees have against their employers that were created at one point of time may become difficult to subsequently fulfill (Robinson and Morrison, 2000). The impact of not fulfilling these obligations has been shown to have a significant relationship with several, positive and negative, employees' attitudes and behaviors (Miller, 2010). These proved relationships induce further investigation of the impact of not fulfilling on other outcomes and induce identifying these obligations to work on fulfilling them. The Psychological contract is a concept of what these obligations are. A psychological contract is an individual's belief regarding the terms and the conditions of a reciprocal exchange agreement between that focal person and his employer (Rousseau, 1989). In light of the trends toward globalization, restricting, and downsizing, psychological contracts are playing an increasingly important role in contemporary employment relationship (Robinson, 1996). Understanding and effectively managing these contracts can help organizations thrive (Dabos and Rousseau, 2004).

The Banking industry in Egypt is amongst the oldest and largest in the region and it plays a crucial role in the development process of Egypt (www.sis.gov.eg). Highlighting the potential for growth, bankers and investors note that less than 15 per cent of the population of nearly 90m in Egypt holds bank accounts (Daragahi, 2013).

Given the high growth potential of the Egyptian banking sector, the future positioning of its banks will depend on their ability to see and leverage the growth opportunities. Therefore, proactive employees who take the initiative to leverage the opportunities that their organizations cannot see and persist on pursuing them will be a source of a competitive advantage.

This study tries to foster employee proactivity and initiative taking through investigating the impact of employees' perception of the psychological contract content, feelings experienced because of contract violation, and level of knowledge application on their personal initiative.

## **1.2. Operational definitions:**

### **1.2.1. *The psychological contract:***

- The psychological contract definition that will be applied is the one developed by Rousseau, 1989: A psychological contract is an individual's belief in mutual obligations between that person and another party, such as an employer (as cited in Rousseau, 2000).
- Psychological contract content: the terms and elements which comprise the contract (e.g., specific obligations such as job security, or general types of obligations such as relational or transactional).(Rousseau, 2000b)
- Psychological contract fulfillment: The employees' perception of the extent to which their employer has fulfilled his/her obligations in favor of them.

### **1.2.2. *Personal initiative:***

- *It may be defined as "behavior syndrome that results in an individual's taking an active and self-starting approach to work goals and tasks and persisting in overcoming barriers and setbacks(Frese et al., 1997,p.171)*
- "personal initiative is characterized by the following aspects":  
(A) *Consistent with the organization's mission.*  
(B) *Has a long-term focus.*

- (C) Goal directed and action oriented.  
 (D) Persistent in the face of barriers and setbacks.  
 (E) Self-starting and proactive.

(Frese, Kring, Soose & Zempel, 1996, p. 38).

### 1.2.3. **Knowledge application:**

- Are the actions and behaviors that are directed to the actual use of knowledge (Gold et al.2001)

## 1.3. Previous studies:

### 1.3.1. **Psychological contract studies:**

	<b>Title: Trust and breach of the psychological contract, 1996.</b>	
Robinson, S.L.	<ul style="list-style-type: none"> <li>•To examine the theoretical and empirical relationship between employees' trust in their employers and their experience of psychological contract breach using data from longitudinal field of 125 newly hired managers.</li> </ul>	<ul style="list-style-type: none"> <li>•Initial trust in one's employer at time of hire was negatively related to psychological contract breach after 18 months on the job.</li> <li>•Trust (along with unmet expectations) mediated the relationship between psychological contract breach and employees' subsequent contributions to the firm.</li> <li>•Initial trust in one's employer at the time of hire moderated the relationship between psychological contract breach and subsequent trust.</li> </ul>
<b>Title: The development of psychological contract breach and violation: A longitudinal study, 2000.</b>		
Robinson, S. l. & Morrison, E.W.	<ul style="list-style-type: none"> <li>•To examine factors affecting employees' perceptions that their psychological contract has been breached by their organization, and factors affecting whether this perception will cause employees to</li> </ul>	<ul style="list-style-type: none"> <li>•Perceived contract breach at time 2 was more likely when organizational performance and self-reported employee performance were low.</li> <li>•Perceived breach was associated with more intense feelings of violation when employees both attributed the</li> </ul>

	<p><i>experience feelings of contract violation.</i></p> <p>Data were obtained from 147 managers just prior to their beginning of new job (time 1) and 18 months later (time 2).</p>	<p><i>breach to purposeful reneging by the employer and felt unfairly treated in the process.</i></p>
<b>Title: The Impact of Psychological Contract Fulfillment on the Performance of in-Role and Organizational Citizenship Behaviors, 2003</b>		
<p>Turnley, W.H., Bolino, M.C., Lester, S.W., Bloodgood, J.M.</p>	<ul style="list-style-type: none"> <li>• <i>Examining the relationship between psychological contract fulfillment and three types of employees' behaviors: in-role performance, OCB directed at the organization and OCB directed at colleagues</i></li> <li>• <i>Investigating if employees' attributions regarding the reasons of psychological contract breach impact their work performance.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Only the extent of psychological contract fulfillment with regard to the supportiveness of the employment relationship had a significant relationship with the various aspects of employees' performance.</i></li> <li>• <i>Psyc. Contract fulfillment was more strongly related to OCB-O than to OCB-C.</i></li> <li>• <i>The hypothesis of the moderating role of employees' attribution in the relationship between psychological contract breach and the three aspects of employees' performance was not supported.</i></li> </ul>
<b>Title: Outcomes of Psychological Contract Breach and Violation, 2010.</b>		
<p>Miller, D.</p>	<ul style="list-style-type: none"> <li>• <i>To examine the relationships between psychological contract breach, violation, and three work outcome variables: job satisfaction, turnover intent, and engagement in job search behaviors.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Positive correlation between perceived contract breach and the turnover intent and the engagement in job search behaviors.</i></li> <li>• <i>Negative correlation between contract breach and job satisfaction.</i></li> <li>• <i>Proved full mediation for contract violation between contract breach and the three outcomes.</i></li> </ul>

<b>Title: Inducements, Contributions, and Fulfillment in New Employee Psychological Contracts, 2011.</b>		
Lee, C., Liu, J., Rousseau, D.M., Hui, C. & Chen, Z.X.	<ul style="list-style-type: none"> <li>• <i>To investigate the effects of contract fulfillment, employee reports of company inducements (organizational support and job rewards), and supervisory reports of individual contributions (job performance and extra-role citizenship behavior) upon changes in the graduates' psychological contracts.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Employee fulfillment and perceived contributions predicted particular changes in employer's psychological contract obligations.</i></li> <li>• <i>Employer fulfillment and perceived inducements predicted changes in employee obligations.</i></li> <li>• <i>Changes in obligations were greater in the first year of employment than in the second.</i></li> </ul>
<b>Title: Sense making during Organizational Entry: Changes in Newcomer Information Seeking and the Relationship with Psychological Contract Fulfillment, 2011.</b>		
De Vos, A. & Freese, C.	<ul style="list-style-type: none"> <li>• <i>To examine the pattern of changes in the frequency of information seeking from four sources (supervisor, co-workers, mentors, and other newcomers) about two dimensions of the psychological contract content.</i></li> <li>• <i>To investigate if information-seeking behaviors were related to the evaluation of the psychological contract and whether these relationships changed over time.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Information seeking about the psychological contract decreases significantly over the first year of employment, with the exception of information seeking from supervisors.</i></li> <li>• <i>Positive association between information seeking during the initial weeks after entry and evaluations of psychological contract fulfillment after 3 months, but changes in information seeking after this initial period were not associated with changes in psychological contract fulfillment.</i></li> </ul>

<b>Title: The Effect of Psychological Contract Breach and Workload on Intention to Leave: Mediating Role of Job Stress, 2016.</b>		
Suarthana, J.H.P., Riana, I.G.,	<p><i>The purpose of this study was:</i></p> <ul style="list-style-type: none"> <li>• <i>To examine the mediating role of job stress on the relationship between psychological contract breach and workload.</i></li> <li>• <i>To examine the mediating role of job stress on the relationship between workload and intention to leave.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Psychological contract breach had no significant effect on intention to leave but on workload.</i></li> <li>• <i>Job stress had a mediating role in the psychological contract breach effect on intention to leave.</i></li> <li>• <i>Job stress played a mediating role in the relationship between workload and intention to leave.</i></li> </ul>
<b>Title: In pursuit of service excellence: Investigating the role of psychological contracts and organizational identification of frontline hotel employees, 2016.</b>		
Lu, V.N., Capezio, A., Restubog, S.L.D., Garcia, P.R.J, M. Wang, L.,	<ul style="list-style-type: none"> <li>• <i>This study aimed to link psychological contract (relational and transactional contract) to service oriented in-role and OCB behaviors via the mediation of organizational identification.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Transactional contracts were negatively related to supervisor-reported in-role performance &amp; co-worker reported service-oriented citizenship behaviors.</i></li> <li>• <i>The relationship between relational psychological contracts and both types of service-oriented behaviors were positive and partially mediated by organizational identification.</i></li> </ul>

### 1.3.2. Personal initiative studies:

<b>Title: Personal initiative at work : difference between East and West Germany, 1996.</b>		
Researcher	Objectives	Findings
Frese,M.,Kringw.,Soose,A.& Zemple,J.	<ul style="list-style-type: none"> <li>•To compare between East and West Germany in personal initiative.</li> <li>•To examine if these differences were result of occupational socialization, work control and complexity, rather than of selection effect.</li> </ul>	<ul style="list-style-type: none"> <li>•PI was lower in East than West Germany.</li> <li>•Socialization provides a better explanation of the difference between East and West Germany.</li> <li>• Control and complexity at work are lower in East and significantly predict changes in initiative variables.</li> </ul>
<b>Title: Generalized Self-Efficacy as A Moderator and Mediator Between Control and Complexity at Work and Personal Initiative: A Longitudinal Field Study In East Germany,1997.</b>		
Speier,c., Frese,M.	<ul style="list-style-type: none"> <li>•The study proposed and tested a general model that views generalized work-related self-efficacy as intervening variable in the relationship between control and complexity at work and personal initiative.</li> <li>•Two different versions of self-efficacy as intervening variable were examined: (a) self-efficacy as a mediator (b) self-efficacy as moderator</li> </ul>	<ul style="list-style-type: none"> <li>•A partial mediation effect of self-efficacy in the relationship between control and complexity at work and concurrent initiative was found, while the mediator model was not supported for retrospective initiative.</li> <li>•Self-efficacy moderated the relationship between control at work and the development of retrospective initiative, while the moderator model was not supported for concurrent initiative.</li> </ul>
<b>Title: Igniting Organizational Change from Below: The Power of Personal Initiative, 1997.</b>		
Frohman, A,L.	<ul style="list-style-type: none"> <li>•To examine those individuals who effect change in their operations and, then, see the change</li> </ul>	<ol style="list-style-type: none"> <li>1. People who brought about the change were easily identified.</li> <li>2. They were often not on the company's "high potential" list.</li> <li>3. They were directed by the</li> </ol>