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DIFFERENCES BETWEEN PRIVATE AND PUBLIC SECTOR EMPLOYEES'

PSYCHOLOGICAL CONTRACTS

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ABSTRACT

The extent to which private and public sector employees differ in the importance they attach to different types of inducements being part of their employment deal and their evaluations of these inducements is studied. We focus on five content dimensions of the psychological contract: career development opportunities, job content, financial rewards, social atmosphere and respect for private life. Data from a survey of 4956 Belgian employees show that, compared to private sector employees, public sector employees are motivated by other inducements. In particular, they attach less importance to career development opportunities and financial rewards promises in their psychological contracts, and perceive these promises as less fulfilled.

Keywords: psychological contract; public sector employees; private sector employees; motivation

INTRODUCTION

There is general agreement that differences between public and private sector employees exist (Goulet & Frank, 2002; Perry, 2000; Perry & Rainey, 1988; Wright, 2001). However, empirical proof is limited or ambiguous. There is also a vast body of literature in comparative studies between both sectors, especially related to the concept of work motivation (Buelens & Van den Broeck, 2007; Giffords, 2003; Jurkiewics, Massey, & Brown, 1998; Perry, 2000; Redman & Snape, 2005; Vigoda-Gadot & Kapun, 2005; Wright 2004). A review of Boyne (2002) for instance showed that public sector managers are less motivated by material rewards and that they show a stronger motivation towards serving the public. Other comparative studies have emphasized differences in values between the public and private sector. Values such as honesty, fairness, and equity are more found in public sector organizations, compared to the economic and parsimonious values, such as cost control and goal orientedness, which are more found in private sector organizations (Harmon & Mayer, 1986; Hood, 1991; Moe & Gilmour, 1995; Posner & Schmidt, 1996). A recent study of Lyons, Duxbury and Higgins (2006) reveals differences in work-related values, especially in the values: contribution of the job to society, opportunities for advancement, challenging work and prestigious work. The fact that public sector organizations have a unique set of values that attracts a particular group of employees is a reason to believe that public sector employees are motivated by a different set of work conditions in line with these unique values. Hence, they might experience a different psychological relationship with their organization compared to private sector employees.

The interest in public sector employees' motivation is pragmatic and theoretical. From a pragmatic point of view, a better understanding of public-sector work motivation can improve the efficiency and effectiveness of public organizations. Work motivation is certainly one of the 'Big Questions' of public management (Behn, 1995). From a theoretical perspective, comparative research can improve our understanding of basic motivational processes. Perry (2000) emphasises the need for more empirical studies in this field and to include the broader institutional context to understand motivation and organizational behaviour in public sector organizations.

Wright (2001) argues that in general, public work motivation studies tend to be grounded in rather vague humanistic theories, lacking precise predictive basis. In response to this, this study wants to contribute to a deeper understanding of the differences between work motivation of private and public sector employees, by analyzing differences based on a concept that lies at the heart of the employer-employee exchange relationship, namely the psychological contract (Coyle-Shapiro & Kessler, 2003).

PSYCHOLOGICAL CONTRACT FRAMEWORK OF WORK MOTIVATION

The psychological contract construct provides a solid and broad framework for understanding employees' attitudes and behaviours (Coyle-Shapiro & Kessler, 2003). Contemporary organizations, both public and private, cannot succeed unless their employees are motivated to contribute to their mission and goals (Rousseau, 2004). Psychological contracts consist of individuals' beliefs regarding the terms and conditions of the exchange agreement between themselves and their organizations (Rousseau, 1989). Psychological contracts emerge when individuals believe that their organization has promised to provide them with certain rewards in return for the contributions that they make to the organization (Turnley & Feldman, 2000). They motivate employees to fulfill the commitments made to their employers when these employees are confident that their employers will reciprocate and fulfill their side of the employment deal (Rousseau, 2004).

Over the past decade, numerous studies have provided empirical support for the notion that the psychological contract is an important motivator for employees (e.g. Sturges, Conway, Guest & Liefoghe, 2005; Rousseau, 2004). Taken together, the results of these studies show that when individuals perceive a breach of promises by their employer, their motivation and commitment to the organization decrease and they become more likely to leave their jobs (Tekleab, Takeuchi, & Taylor, 2005).

The perception that promises are being fulfilled, by contrast, enhances commitment, intention to remain with the organization and organizational citizenship behaviors that go beyond the formal job description (e.g.; Conway & Briner, 2002; Coyle-Shapiro, 2002; Robinson & Morrison, 1995; Sturges et al., 2005; Turnley, Bolino, Lester & Bloodgood, 2003). These relationships especially hold for those aspects of the psychological contract that employees consider as the most important aspects of their employment deal.

In this study we address the extent to which private and public sector employees differ in the importance they attach to different types of inducements being part of their employment deal and their evaluations of these inducements. We propose that as a function of the different type of context and organizational structures they are working in, both groups of employees will differ in their psychological contract perceptions and that this has important consequences for the human resource management policies implemented in both sectors in order to attract, retain and motivate employees.

First we give an overview of the most commonly found differences in employees' psychological contracts related to their employment status. Next, the dimensions of the psychological contract are described, followed by specific hypotheses for each of these dimensions. In the next section, we describe the research design and provide the results of our empirical study, followed by a discussion of our findings. The conclusions and limitations of the study bring this article to an end.

DIFFERENCES IN PSYCHOLOGICAL CONTRACTS DEPENDING ON EMPLOYMENT STATUS

Prior research has shown that different groups of employees might differ in their psychological contract perceptions and evaluations. These differences can occur across groups of employees within organizations, across organizations, across sectors and over time. One of the criteria explaining differences between groups of employees is the legal employment contract (Shore & Tetrick, 1994). In the legal employment contract, diverse kinds of agreements and promises are stipulated on which employees will base their psychological contracts (Shore & Tetrick, 1994).

According to Shore & Tetrick (1994) the formal contract can affect the psychological contract in several ways. It does not only play an important role in making explicit certain terms of the employment relationship, but it also defines its statute and duration. Several researchers have empirically investigated the relationship between characteristics of the legal employment relationship and the psychological contract (e.g.; Coyle-Shapiro & Kessler, 2002; McLean Parks et al., 1998; Millward & Brewerton, 1999; Millward & Hopkins, 1998). These authors all focus on two major aspects, namely the employment status (fulltime versus parttime) and the duration of the employment contract (permanent versus temporary or contingent workers). For instance, Millward & Hopkins (1998) demonstrated that permanent employees were clearly more relational in their contractual orientation than were temporary employees.

While several studies have compared the psychological contract of groups of permanent versus temporary employees, as to date no studies have further addressed the differences in psychological contracts between employees with different types of permanent contracts. Depending on the type of organization, the extent to which a contract is permanent can differ to a great extent. This distinction becomes most obvious when we focus on the employment contract of employees working in private versus public sector organizations. While “permanent” in private sectors in fact is stipulated as “of undefined duration”, for a large part of the employees in public sector organizations it is more explicitly stipulated as being permanent in the sense that it includes guaranteed employment. Hence, for a large part of the public sector employees in Belgium the permanent legal contract can only be breached in very exceptional situations. We expect that whether or not guaranteed employment is stipulated in the legal employment contract will affect employees’ psychological contract perceptions.

Although some studies exist which address the psychological contract of public sector employees (e.g.; Coyle-Shapiro & Kessler, 2002; 2003), these studies do not allow us to draw conclusions on the differences between public and private sector employees’ psychological contracts because these studies do not explain differences in the content, feature or status of public and private sector employees’ psychological contracts. One exception, a study of Janssens, Sels & Van den Brande (2003), also conducted in the Belgian context, did include both public and private sector employees.

These authors identified six types of psychological contract in a representative sample of Belgian workers. They found that public sector employees were more strongly represented in the psychological contract type that emphasizes equal treatment, long-term involvement and loyalty but low personal investment (the so-called 'loyal' psychological contract) and in the type that emphasizes both strong involvement and personal investment (the so-called 'strong' psychological contract). This evidence suggests differences in psychological contracts between public and private sector employees that might explain differences in their work motivation, but further research is needed that more explicitly addresses the differences between both groups on dimensions of the psychological contract. We hereby focus on five content dimensions of the psychological contract.

DIMENSIONS OF THE PSYCHOLOGICAL CONTRACT

Given the subjective nature of the psychological contract, in principle there could be an indefinite number of psychological contracts that is only limited by the number of employees. In practice, however, it turns out that many contracts are to some extent common to larger groups of employees. Previous research has focused on a limited number of employer inducements that can be comprised in an individual's psychological contract (Rousseau & Tijoriwala, 1998). Review of the literature (e.g.; Conway & Biner, 2002; Coyle-Shapiro, 2002; Robinson & Morrison, 1995; Robinson & Rousseau, 1994; Robinson et al., 1994) shows that five dimensions are prevalent in many operationalizations of the content of the psychological contract. First, career development opportunities refer to opportunities for promotion and development within the organization or field of work. Second, job content refers to the provision of challenging, varied and interesting work. Third, financial rewards refer to the provision of appropriate rewards. Fourth, social atmosphere refers to the provision of a pleasant and cooperative work environment. Fifth, respect for private life refers to the employer's respect and understanding for the employee's personal situation. For each of these dimensions, both employees and employers can believe promises have been conveyed to a greater or lesser extent.

Some authors have used these content areas to develop subscales of the psychological contract, thereby creating a multidimensional psychological contract measure (e.g.; Coyle-Shapiro & Kessler, 2000; De Vos, Buyens & Schalk, 2003; Ho, 1999; Kickul, 2001). This multidimensional approach is valuable for examining differences between public and private sector employees' psychological contracts since they are closely related to the dimensions of work motivations for which differences between private and public sector employees are found.

Differences in Career Development Opportunities

Some studies report a greater motivational potential of promotion for private-sector employees (Crewson, 1997). Based on a synthesis of the literature, Houston (2000) predicted that private employees focus more on status, prestige and promotion. Jurkiewics et al. (1998) show that public sector employees place less importance to prestige and social status and somewhat less importance to opportunity for advancement in their jobs compared to private sector workers, but both groups of employees are equally dissatisfied about the extent to which they get status, prestige and advancement opportunities from their employer. However, Lyons et al. (2006) recent study shows that public servant value challenging work more than parapublic and private sector employees. In a study of Khojasteh (1993) public sector employees were also valuing advancement higher than private sector employees but were less satisfied with the advancement possibilities offered. Wittmer and Garbis (1991) found no difference in the importance of promotion, and data from the General Social Survey in the U.S. showed no statistically significant difference on the motivational aspects of promotion (Houston, 2000). Empirical evidence on the difference is thus not overwhelming and contradictory. Literature tends to suggest that public sector employees are less motivated by career development opportunities compared to their private sector counterparts; however, there is a lack of empirical evidence to decide on whether or not this is true.

Hypothesis 1a. Compared to private sector employees, public sector employees will attach less importance to the inclusion of promises about 'career development opportunities' in their psychological contract.

Hypothesis 1b. Promises about 'career development opportunities' in their psychological contract will be perceived as less fulfilled by public sector employees, compared to private sector employees.

Differences in Job Content

Findings concerning job content, such as the need for self-actualisation, need for challenging and fulfilling work, and need for autonomy are also very mixed. Many studies report that public sector employees are more motivated by job content, self-development, recognition, autonomy, interesting work, and the chance to learn new things (Houston, 2000; Karl & Sutton, 1998; Khojasteh, 1993; Newstrom, Reif, & Monczka, 1976). Public sector workers place greater importance to chances to learn new things and to use one's abilities, and to variety in work, compared to private sector workers; and these motivational aspects are also fulfilled in the jobs of the public sector worker to a greater extent than in the jobs of private sector workers (Jurkiewics et al., 1998). In contradiction, the study of Khojasteh (1993) showed that job content aspects were less fulfilled in the public sector. Aryee (1992) reports that public sector employees perceive a lower quality of job content and are less motivated. Other studies found no significant differences between public and private sector employees (Gabris & Simo, 1995; Maidani, 1991). Evidence on the importance of job content as motivational factor for public sector employees is thus unclear. Nonetheless, the literature on motivational differences between private and public sector employees seems to accept that public sector employees are more intrinsically motivated.

Hypothesis 2a. Compared to private sector employees, public sector employees will attach a greater level of importance to the inclusion of promises about 'job content' in their psychological contract.

Hypothesis 2b. Promises about 'job content' in their psychological contract will be perceived as more fulfilled by public sector employees, compared to private sector employees

Differences in Financial Rewards

There is evidence that civil servants are less motivated by financial rewards than private sector employees (Karl & Sutton, 1998; Khojasteh, 1993; Wittmer, 1991). Based on an analysis of 34 empirical studies, Boyne (2002) could find support for only three out of thirteen hypotheses about differences between public and private management. One of these hypotheses was that public managers are less materialistic (Boyne, 2002). However, differences might be small and both, private and public sector employees, are mentioning that they are not getting high financial rewards (Jurkiewics et al., 1998). Lyons et al. (2006) found that private and public sector employees did not value pay differently. Burgess and Ratto (2003) show that pay is not the best incentive for public sector workers because public sector employees are motivated by other incentives than private sector workers. This is confirmed in a recent study among Italian public sector workers (Borzaga & Tortia, 2006). Wages in the public sector are generally lower than in private sector organizations in several European countries (Lucifora & Meurs, 2006). Knowing this, public sector employees might attach less importance to the existence and fulfilment of financial reward promises. Thus, public sector employees are less likely to be motivated by financial rewards, and pay-for performance, promises of financial reward, or bonuses will be less effective in public sector than in private sector environment.

Hypothesis 3a. Compared to private sector employees, public sector employees will attach less importance to the inclusion of 'financial rewards' promises in their psychological contract.

Hypothesis 3b. Promises about 'financial rewards' in their psychological contract will be perceived as less fulfilled by public sector employees, compared to private sector employees

Differences in Social Atmosphere

In the classic McClelland triad of needs (achievement, power and affiliation), some studies have dealt with achievement needs. Some studies on power or status needs show that those are less pronounced for civil servants (Maidani, 1991; Rainey, 1982). Other studies have dealt with the need for affiliation and these studies provide mixed evidence.

Posner and Schmidt (1996), for instance, showed that federal government executives considered their co-workers, colleagues and bosses as significantly more important than business executives. Jurkiewicz et al. (1998) report data suggesting that public sector employees and supervisors rankorder 'friendly and congenial associates' somewhat higher than private sector employees. However, Lyons et al. (2006) did not find evidence for this difference in their study; and Gabris & Simo (1995) present evidence that public sector and private sector employees do not differ on the need for affiliation. Notwithstanding, this rather restricted number of empirical studies and the mixed indications, the literature tends to assume that social atmosphere is a more important motivator for public sector employees than for private sector employees.

Khojasteh (1993) found that public sector employees were less satisfied than private sector workers with the interpersonal relationships in their job. Odom, Boxx and Dunn (1990) show that cultural dimensions in organisations that promote positive employee behaviour are less present in public sector organizations. Public organizations might promote a bureaucratic culture (Baldwin, 1990) that is not conducive to work-group cohesion, however, the evidence on the existence of bureaucratic characteristics in public sector organizations is contradictory (Boyne, 2002). Furthermore, just because of the strong presumptions of an inflexible bureaucratic culture, public employees seem to respond more favourably to a more flexible, people-oriented leadership style (Zeffane, 1994). Hence, whether or not public sector employees will perceive the promises on social atmosphere as fulfilled is their psychological contract is unclear.

Hypothesis 4a. Compared to private employees, public employees will attach more importance to the inclusion of promises about 'social atmosphere' in their psychological contract.

Hypothesis 4b. There will be no significant difference between private and public sector employees with respect to the perceived fulfilment of promises about 'social atmosphere' in their psychological contract.

Differences in Work-life Balance

The literature on work-family balance is very broad, also in a public sector environment (Saltzstein, Ting, & Saltztein, 2001). Comparative studies however are extremely scarce. Only one study shows that public servants are more strongly motivated by work-family balance: they are less inclined than private sector managers to relocate their family for a better job, however, when home and work conflict government executives will choose more for their work (Posner & Schmidt, 1996). Another study reports less work-family conflicts in public sector organizations (Buelens and Van den Broeck, 2007). In the absence of sufficient evidence on any difference between public and private sector employees in relation to respect for private life, we formulate the following hypothesis.

Hypothesis 5a. There will be no significant difference between private sector and public sector employees with respect to the importance placed on the inclusion of promises about 'work-life balance' in employees' psychological contracts.

Hypothesis 5b. There will be no significant difference between private and public sector employees with respect to the perceived fulfilment of promises about 'work-life balance' in their psychological contract.

METHODS

Sampling

Data were collected in Belgium using a large-scale survey in the Flemish job advertising newspaper *Vacature*. The newspaper published articles on topical human resources issues and job advertisements; and was very widely distributed because it was a supplement to four national newspapers and two weekly magazines. In addition, the newspaper was supported by an extensive website for job seekers, employers and human resources professionals. Respondents could participate in the survey by completing the printed version in the newspaper or by completing the on-line version. A total of 6044 respondents filled out the questionnaire but only respondents who were full-time employed by a private or public sector firm were retained for the analyses, leaving us with 4956 usable questionnaires.

Several studies indicated that part-time workers have a different psychological contract than full-time workers (Freese & Schalk 1996; Millward & Brewerton 1998; Rousseau 1995), therefore, we excluded part-time workers. 79.7 percent was employed by a private sector organization, including all major sectors of employment, and 20.3 percent by a public sector organization, including among others the public sectors such as governmental administration, education and health care. This equals the real distribution of public and private sector employment because the statistics of the National Office for Social Security report about 21 percent public sector employment (NOSS, 2005).

The sample was characterized by a majority of male respondents (59.3 percent), and a majority (45 percent) of younger respondents between 26 and 35 years old. Most respondents had received some form of higher education at bachelor or master level (84.4 percent). The majority (68.5 percent) had less than five years of seniority with their current employer. In terms of hierarchical level, 25 percent had an operational job, 41.1 percent worked in professional jobs, 27.5 percent at middle management level and 6.2 percent at senior management level. These percentages differ in the public and private sector sub-sample. However, the percentages are close to the actual percentages in the Belgian population of employees in the public and private sector. There are, for instance, more male than female employees working in the private sector, while this male versus female spread is more equal in the public sector; a pattern that was also found in our sample. There was, however, a self-selection bias in the age and education of the respondents due to the auto-selective character of our study and our data collection vehicle, a human resources and job ad newspaper. There were more young and higher educated people included in the sample. This can cause problems of external validity (Rogelberg & Luong, 1998). However, except for education and age, the sample represents the population. Age and educational level were included as control variables to see whether these variables influence the relationship between the public-private variable and dimensions of psychological contract.

Measures

The survey included Likert-scales measuring the five dimensions of the psychological contract and several descriptive questions (sector of employment, gender, age, tenure, educational level, employment statute, functional area, and hierarchical level). The psychological contract was measured using the scale reported in De Vos et al. (2003).

Respondents were asked to indicate for 20 employer inducements (1) the extent to which they felt it was important that their employer makes promises about each inducement as part of their employment deal and (2) the extent to which the promises about these inducements were actually fulfilled by their employer. Both aspects, importance and fulfilment, of promises are important in psychological contract theory and empirical studies on the psychological contract have measured both aspects (e.g.; (Coyle-Shapiro & Kessler, 2003; Coyle-Shapiro and Neuman, 2004; Robinson, 1996; Turnley & Feldman, 1999). Answers were given on 5-point Likert-scales ranging from (1) “not at all important” to (5) “to a very great extent important” and ranging from (1) “not at all fulfilled” to (5) “completely fulfilled”, respectively. The items listed refer to the five content dimensions of the psychological contract discussed in the theoretical part of this paper: financial rewards (e.g.; “an attractive pay and benefits package”), career development (e.g.; “opportunities for promotion”), job content (e.g.; “a job with responsibilities”), social atmosphere (e.g.; “good mutual cooperation”) and work-life balance (e.g.; “respect for your personal situation”). Each dimension is assessed by four items. The Cronbach’s alpha’s for the psychological contract scales range from .70 to .89, which can be judged to be good (Stevens, 1996; Nunnally, 1978).

RESULTS

Descriptive statistics (see Table 1) reveal that our respondents considered social atmosphere most important followed by job content and career development. The dimensions work-life balance and financial rewards were less important. The same order of importance is found in the public and private sector sub-sample. However, there are significant differences in the level of importance of these dimensions between private and public sector employees. Public sector employees attached less importance to the dimensions financial rewards ($t = 8.74; p < .001$) and career development ($t = 6.72; p < .001$).

Insert Table 1 About Here

Descriptive statistics (see Table 2) on the extent to which promises are fulfilled reveal different results. Promises on job content were perceived as most fulfilled, followed by promises on work-life balance and social atmosphere. Promises related to career development and financial rewards were clearly least fulfilled.

We see again the same order in the five dimensions for the aspect fulfilment of promises in the public and private sector sub-sample. However, compared to private sector employees, public sector employees considered promises on all five dimensions of the psychological contract as less fulfilled. Significant differences exist for all but job content in the level of fulfillment of promises between private and public sector employees. These differences are significant for career development ($t = 14.59$; $p < .001$), financial rewards ($t = 4.27$; $p < .001$), and social atmosphere ($t = 3.58$; $p < .001$). Public sector employees find the promises on work-life balance also less fulfilled ($t = 3.44$; $p < 0.01$).

Insert Table 2 About Here

Public and private sector employees differed also in several of the control variables. Public sector employees in our sample were older ($t = -9.92$; $p < .001$), higher educated ($t = -2.87$; $p < .01$), had a higher job tenure ($t = -12.58$; $p < .001$), and were working on a lower hierarchical level ($t = 3.99$; $p < .001$).

Linear regression analysis (with dummies for sector and age) was used to assess the impact of the control variables and the sector of employment (public versus private) on the five psychological contract dimensions, separately for the importance and for the fulfilment of the dimensions (see Table 3 and Table 4, respectively). The regression analyses on the importance of the five dimensions of the psychological contract indicated that public sector employees attached less importance to the inclusion of promises about financial rewards ($\beta = -.07$, $p < .01$) and career development ($\beta = -.15$, $p < .01$) (see Table 3). The beta values in the regressions of the public sector variable on the other three dimensions of the psychological contract, respectively job content ($\beta = -.00$, $p > .05$), social atmosphere ($\beta = .02$, $p > .05$), and work-life balance ($\beta = -.02$, $p > .05$) were not significant. Several of the control variables had a significant impact on the dimensions of the psychological contract. The psychological contract was clearly different for men and women. Women scored significantly higher on all dimensions of the psychological contract. Employees who attached great value to the financial reward dimension were mostly women with high tenure and low educational levels working in the private sector. Career development was considered important mainly by young women in the private sector working on a high level in the organization. The dimension job content was considered important especially by older female employees working on a high level in the organization and having low tenure.

Women clearly attached great value to the social atmosphere dimensions. Employees on a lower level and with lower educational levels also attached great value to social atmosphere. The work-life balance was important for employees on a lower level and for women. Hence, based on the regression analyses, controlling for employee characteristics such as gender, tenure etc, we can conclude that public sector employees found the dimensions financial rewards and career development less important than private sector employees. Analysis based on t-tests revealed that public sector employees attach more importance on the dimension social atmosphere but the regression analysis revealed that this is due to the fact that more women and more employees on lower levels worked in the public sector compared to the private sector, a category of employees that tended to pay greater importance to social atmosphere.

Insert Table 3 About Here

Regression analyses on the fulfilment of the five dimensions of the psychological contract indicated that public sector employees considered promises on financial rewards ($\beta = -.18, p < .01$) and career development ($\beta = -.04, p < .05$) significant less fulfilled compared to the employees in the private sector after controlling for gender, age, tenure educational level and functional level (see Table 4). The regressions of the public sector variable on the dimensions job content ($\beta = .01, p > .05$), social atmosphere ($\beta = -.02, p > .05$) and work-life balance ($\beta = -.03, p > .05$) were all not significant. The control variable functional level, tenure, age and gender clearly had a significant impact on the extent to which employees consider the promises as being fulfilled by their employer. Men compared to women, for instance, found that promises on financial rewards, career development and work-life balance were more fulfilled. Older employees and employees with higher tenure considered several promises less fulfilled; while employees on a higher functional level considered more promises fulfilled than their colleagues on a lower level in the organization.

Insert Table 4 About Here

DISCUSSION

Our data confirmed hypotheses 1a and 3a. Compared to private sector employees, public sector employees attached somewhat less importance to the inclusion of career development opportunities and financial rewards in their psychological contracts. These are exactly the two dimensions of the psychological contract that also differed in the fulfilment aspect. Hence, not only did public sector employees find the dimensions career development and financial rewards less important, it were also the dimensions that seemed to be least fulfilled; confirming hypotheses 1b and 3b. Public sector organizations are financially rewarding their employees somewhat less than private sector organisations and are offering less career development opportunities (Volkwein & Parmley, 2004). Our findings comply with this. Our data hence suggest that employees choose to work for public sector organizations based on other expectations and promises and thus they support the idea that public sector employees are motivated by different aspects than public sector employees (Borzaga & Tortia, 2006; Burgess & Ratto, 2003; Perry & Wise, 1990). Public sector employees choose to accept less interesting financial and career conditions for a job in the public sector. One reason for this might be that public sector employees are attracted by the unique set of values offered by public sector organizations (Perry & Porter, 1982; Perry & Wise, 1990; Posner & Schmidt, 1996). Furthermore, the fact that promises about career development and financial rewards are less fulfilled within public sector organizations is not that problematic considering the fact that employees in public sector organizations found these dimensions less important compared to their private sector colleagues.

Hypotheses 2a and 2b are not confirmed because, compared to private sector employees, public sector employees did not attach a different level of importance to job content, and there was no difference in perceived fulfilment of the promises. The literature showed rather mixed support for this hypothesis and our results thus follow those studies (e.g.; Maidani, 1991; Gabris, 1995) that also did not find any evidence for this difference between public and private sector employees. Women, older employees, and employees on higher levels found job content more important; and only the higher level employees mention that the promises related to job content were sufficiently fulfilled.

Hypothesis 4a on the importance of social atmosphere is also not confirmed. Although t-tests revealed a that public sector employees attached more importance to promises about social atmosphere, the impact of private versus public sector disappeared after controlling for socio-demographic variables.

The social atmosphere was an important aspect of their employment deal for female employees, younger employees, lower educated employees and employees on a lower hierarchical level. Hypothesis 4b on the lack of difference in perceived fulfilment of promises about social atmosphere is confirmed because no significant impact of private versus public sector was found related to social atmosphere. Hence, there is no evidence in our data that supports the idea that public sector organizations would have a culture or organizational structure that induces an unfavourable social atmosphere (cfr. Baldwin, 1990; Odom et al., 1990). Younger employees and employees with a low tenure are also most dissatisfied by the fulfilment of promises on social atmosphere.

Although the hypotheses on social atmosphere and job content are not confirmed, the impact of other demographic variables suggests that both types of inducements are still important in the public sector because this sector attracts more female workers and employs more employees on a lower hierarchical level. These are two groups of employees that attach great importance but that are also the least satisfied with the social atmosphere and job content aspects of their employment relationship. In other words, not the employment status as such but the fact that the choice for a certain type of employment status might be affected by other demographic variables appears to explain differences in psychological contracts between public and private sector employees.

Hypotheses 5a and 5b on the psychological contract dimension “work-life balance” are confirmed, namely there is no difference in importance or fulfilment of promises of work-life balance between private and public sector employees. However, female employees and employees on a lower hierarchical level are again attaching greater importance to this balance, and are also indicating that the promises on this dimension are insufficiently fulfilled. Hence, work-life balance is an issue that should receive special attention in public sector organizations.

Overall, the finding that public sector employees only score significantly higher than private sector employees on the importance they attach to social atmosphere and that they score significantly lower on the importance of career development and financial rewards suggests that other types of inducements than those that were addressed in this study might play a more prominent role in the psychological contract of public sector employees.

Another interesting finding is that compared to private sector employees, public sector employees considered all promises as less fulfilled. Apparently, public sector organisations are not scoring well on their overall evaluation of their psychological contract. This might be problematic for the trust that employees have in their public sector employers.

While public sector organizations have values, such as fairness and honesty, these values seem not to be reflected in a good trust relationship between employee and employer (Perry & Wise, 1990). Breach of the psychological contract and distrust due to this reduces employees' commitment towards the organization (Tekleab et al., 2005). Hence, our data reveal a potential high risk of lower commitment in public sector organizations and they might explain earlier findings from earlier studies that report lower levels of organizational commitment among public sector employees (e.g.; Boyne, 2002).

Remarkable and unexpected is that gender is crucial in both sectors in explaining the importance attached to all dimensions of the psychological contract. Apparently, female employees attach greater importance to the promises made within the psychological contract. This group of employees feels also that most of these promises are not fulfilled. Female employees might be more sensitive for the promises made to them. Our control variables have in general a relatively larger impact on the variance in the psychological contract dimensions. Hence, demographic differences are just as important and often more important than sector differences (Lyons et al., 2006).

CONCLUSIONS

The psychological contract offers a theoretical framework to address employee motivation in organizations. It helps to determine by which promises public sector employees are motivated and to what extent public sector organizations have been able to fulfil these promises. Our results indicated that public sector employees and private sector employees were ranking the dimensions of the psychological contract in the same order. However, public sector employees reported less fulfilment of the promises made by their employers. This lends support to the idea that many public employees have a 'sui generis' motivation, namely working for the common good (Perry, 2000). It is important to notice that this dimension is completely absent in the notion of psychological contract. The results also confirmed that career development and financial rewards are less important for public sector employees, thus suggesting that public sector organizations should focus on other types of inducements if they want to offer their employees a motivating employment deal. Some authors have questioned whether or not public sector organizations and their employees are any different from private sector organizations and employees, and whether or not different management instruments should be applied in the two sectors (Barzelay, 2001; Osborne & Gaebler, 1993).

Our data provide evidence that there is still a difference, although the difference might not be that large, and that managers in public sector organizations should not adopt private sector motivational instruments but be considerate for the particular motivational needs of their employees, thereby taking into account the demographic characteristics of their workforce (e.g.; gender, hierarchical level, and age).

These results also contribute to the psychological contract literature by offering insight into the differences in psychological contracts that are associated with differences in the legal contract. They support the idea that more structural or objective characteristics of the employment relationship are reflected in a different psychological contract. As to date, the majority of psychological contract studies have addressed the psychological contract as an antecedent of employee outcomes. Our study offers insights into the factors that might explain psychological contract perceptions and evaluations, which is important in the debate about how psychological contracts are formed.

There is a limitation in our empirical study that might limit the external validity of our results. This limitation is in the auto-selective character of the sampling that resulted in younger and higher-educated employees. However, we controlled for this bias in our sample. Survey instruments have also a risk of common method error variance. Coomber (1997), however, states that besides the fact that it is essential to point out the problems with data derived from restricted sampling in surveys, it is also worth noting that such data can lead research in new and exciting directions. Furthermore, it is very difficult to conceive of a variable that would be an important determinant of auto-selection, which at the same time strongly correlates with the difference between public versus private sector but not with the other variables in the model. To put it differently, even if such an auto-selection variable existed, its influence would probably be largely absorbed by the other variables in our model, such as age, gender or hierarchical level.

Further research is of course required in the kind of promises that public sector organizations can use to motivate their employees. Our study reveals that public sector employees are less motivated by career development and financial rewards but did not reveal in what dimensions they are much more motivated than their private sector counterparts. Further studies can focus on the extent to which public sector organizations made promises that match the inducements that motivate public sector employees the most and to what extent these organizations have fulfilled these promises.

Hence, other dimensions and aspects of the psychological contract, such as contract breach, need to be studied in a public sector context. Further research should also address the extent to which individual (e.g.; personality, career ambitions, ...) versus contextual factors (e.g.; the human resource policies used in both sectors and organizational culture and structure) affect the differences in psychological contracts between both groups of employees.

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TABLE 1**Means, Standard Deviations, Inter-correlations and Cronbach's Alphas (on the Diagonal) of the Importance Variables Measured.**

Variable	Mean	St. dev.	1	2	3	4	5
1 Financial rewards	3.72	0.65	<i>0.79</i>				
2 Career development	4.13	0.59	0.37**	<i>0.78</i>			
3 Job content	4.17	0.52	0.31**	0.54**	<i>0.70</i>		
4 Social atmosphere	4.36	0.58	0.18**	0.20**	0.29**	<i>0.79</i>	
5 Work–life balance	3.86	0.66	0.40**	0.14**	0.23**	0.33**	<i>0.76</i>
6 Public sector	-	-	-0.11**	-0.08**	0.01	0.04**	-0.01

* $p < .05$; ** $p < .01$

TABLE 2

Means, Standard Deviations, Inter-correlations and Cronbach's Alphas (on the Diagonal) of the Fulfilment Variables Measured.

Variable	Mean	St. dev.	1	2	3	4	5
1 Financial rewards	2.30	0.97	0.87				
2 Career development	2.68	0.95	0.61**	0.89			
3 Job content	3.14	0.85	0.51**	0.71**	0.85		
4 Social atmosphere	3.05	0.90	0.42**	0.50**	0.52**	0.89	
5 Work–life balance	3.06	0.92	0.49**	0.45**	0.44**	0.47**	0.82
6 Public sector	-	-	-0.19**	-0.06**	-0.01	-0.05**	-0.04**

* $p < .05$; ** $p < .01$

TABLE 3: Regression analyses on the importance of the five dimensions of psychological contracts.

	regression on the dimension financial rewards		regression on the dimension career development		regression on the dimension job content		regression on the dimension social atmosphere		regression on the dimension work-life balance	
	beta	t-value	beta	t-value	beta	t-value	beta	t-value	beta	t-value
public sector ^a	-0.15	-10.19**	-0.07	-5.07**	-0.00	-0.16	0.021	1.43	-0.02	-1.60
gender ^b	-0.04	-2.87**	-0.06	-4.15**	-0.14	-9.59**	-0.167	-11.30**	-0.04	-2.40*
age ^c	0.03	1.43	-0.13	-7.42**	0.07	4.11**	0.006	0.38	0.01	0.29
tenure ^d	0.06	3.35**	-0.02	-1.41	-0.04	-2.12*	-0.027	-1.62	0.01	0.37
education ^e	-0.09	-6.04**	-0.01	-0.80	0.01	0.48	-0.086	-5.91**	0.02	1.31
level ^f	0.02	1.39	0.15	9.56**	0.20	12.68**	-0.083	-5.41**	-0.10	-6.29**
	adj. R ² : 0.03		adj. R ² : 0.04		adj. R ² :0.05		adj. R ² : 0.05		adj. R ² : 0.01	
	n= 4905		n= 4905		n= 4904		n= 4904		n= 4904	

^a a positive sign means that public sector employees score higher on this variable

^b a positive sign means that men score higher on this variable

^c a positive sign means that older respondents score higher on this variable

^d a positive sign means that employees with a higher tenure score higher in this variable

^e a positive sign means that more highly educated respondents score higher on this variable

^f a positive sign means that those with higher levels score higher on this variable

* $p < .05$

** $p < .01$

TABLE 4: Regression analyses on the fulfilment of the five dimensions of psychological contracts.

	regression on the dimension financial rewards		regression on the dimension career development		regression on the dimension job content		regression on the dimension social atmosphere		regression on the dimension work-life balance	
	beta	t-value	beta	t-value	beta	t-value	beta	t-value	beta	t-value
public sector ^a	-0.18	-12.39**	-0.04	-2.44*	0.01	0.89	-0.02	-1.54	-0.03	-1.77
gender ^b	0.07	4.45**	0.04	2.99**	0.03	1.85	0.02	1.40	0.10	6.39**
age ^c	0.00	0.24	-0.08	-4.70**	-0.01	-0.84	-0.10	-5.78**	-0.06	-3.38**
tenure ^d	-0.05	-2.90*	0.02	1.39	-0.02	-1.45	-0.05	-3.16**	-0.03	-1.67
education ^e	-0.02	-1.56	-0.01	-0.46	-0.01	-0.71	0.01	0.36	0.03	1.85
level ^f	0.14	8.88**	0.25	15.94**	0.27	17.47**	0.02	0.99	0.04	2.74**
	adj. R ² : 0.07		adj. R ² : 0.07		adj. R ² :0.07		adj. R ² : 0.02		adj. R ² : 0.02	
	n= 4792		n= 4754		n= 4834		n= 4825		n= 4818	

^a a positive sign means that public sector employees score higher on this variable

^b a positive sign means that men score higher on this variable

^c a positive sign means that older respondents score higher on this variable

^d a positive sign means that employees with a higher tenure score higher in this variable

^e a positive sign means that more highly educated respondents score higher on this variable

^f a positive sign means that those with higher levels score higher on this variable

* $p < .05$

** p