

Leadership Development

Supporting Line Managers to clarify and deliver on the Psychological Contract

Leanne Markus M.A. Hons, M.B.A

Registered Psychologist, Managing Director

Centranum Singapore Pte Ltd



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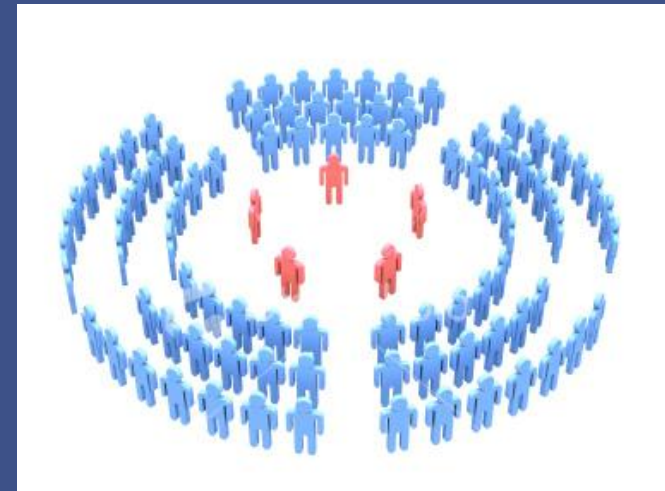
definition

psychological contract, or “unwritten contract” – mental model
subjective, perceptual, reciprocal, promissory

- the sum of all mutual expectations between the organization and the employee, what both parties are entitled to receive and what each is obliged to provide to the other.

Levinson et al.1962

- The strategies, structures, and processes of organizations determine what they want from their employees, what they feel able to offer to them, and how contract negotiations are conducted

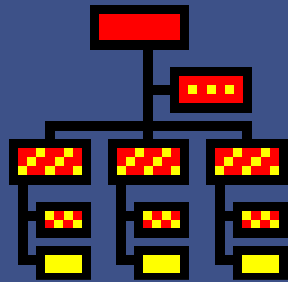


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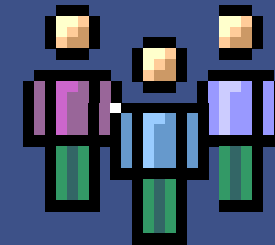
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contract types



Standard

Positional



Idiosyncratic



Transactional
Relational



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the parties

- Owner
- Organisation
- Business unit
- Department
- Manager - team Leader



- Contracting organisation
- Professional association



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formation

<u>Pre-employment</u>	<u>Recruitment</u>	<u>Early Socialization</u>	<u>Later Experiences</u>
Professional norms	Active promise exchange	Continuing promise exchange	Intermittent promise exchange
		Active information seeking by workers/agents	Less active information seeking by workers/agents
Societal beliefs	Evaluation of signals by both firm and worker	Multiple sources of information from firm	Firm reduces its socialization efforts Changes often incorporated into existing psychological contract

Denise Rousseau 2001



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content

employee obligations

- work extra hours when necessary
- volunteer to do tasks that are not part of the job
- look for better ways of doing things
- flexibility in what is done as part of the job
- flexibility in working hours
- work unpaid hours to finish a task
- look for ways to save costs
- adapt to changes in the way the job is done



employer obligations

- long-term job security, good career prospects, support with personal problems
- information on important developments, involvement in decision making
- up-to-date training, scope/freedom to do job well
- supporting policies/procedures
- support to learn new skills
- pay increases to maintain standard of living
- fair pay and fringe benefits in comparison to those in similar work in other organizations
- fair pay for responsibilities in the job



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violations and breaches

2 causes strongly linked to supervision

- Reneging
 - the organization, through its representative, knowingly fails to meet an obligation.
- Incongruence
 - a gap in the shared understanding between an employee and the organization's representative, as to whether an obligation exists.



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perceptions

fulfilment, violation or breach

- Limited zone of acceptance
- Major differences and/or critical issues → desertion
 - Loss of trust, commitment
 - Increase in counter productive behaviours
 - In role – absence, negativity, conflict, harassment, sabotage, poor punctuality, poor performance, bullying.
 - Extra role - less Organisational citizenship behaviours
 - Stronger intention to leave – though may not.

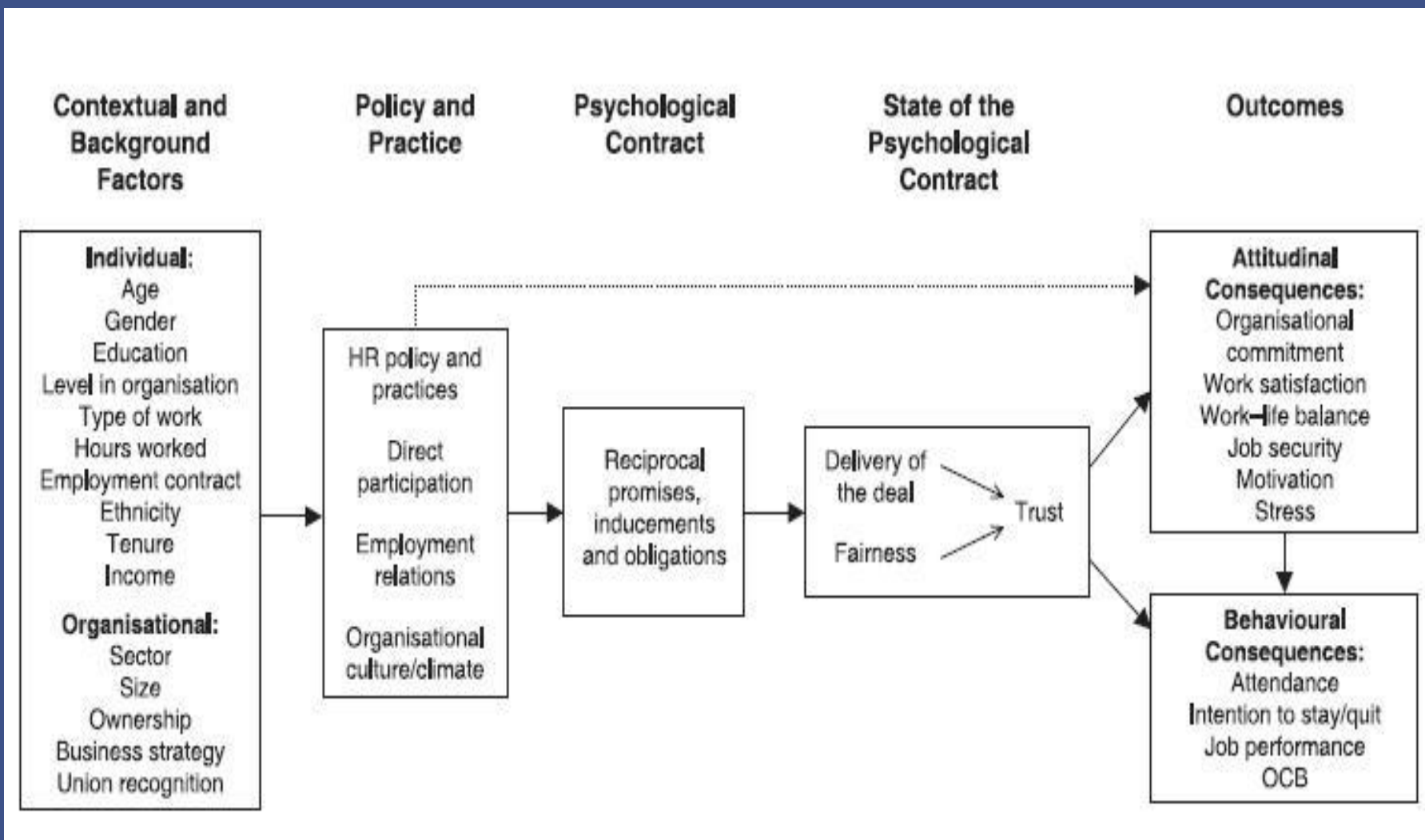
Evaluation (Revision/Violation)

Discrepant information
leads to evaluation

Incentives/costs of change
impact revision

**Fulfilment above
expectation leads to
improved commitment
and positive contract
revision**





David Guest 2004



mediating factors contract breaches

- Age - effects
 - Older workers more loss job satisfaction
 - Younger workers more loss trust & commitment
- Tenure
 - Longer tenure less loss of commitment
- Perceived fairness - procedural & outcome



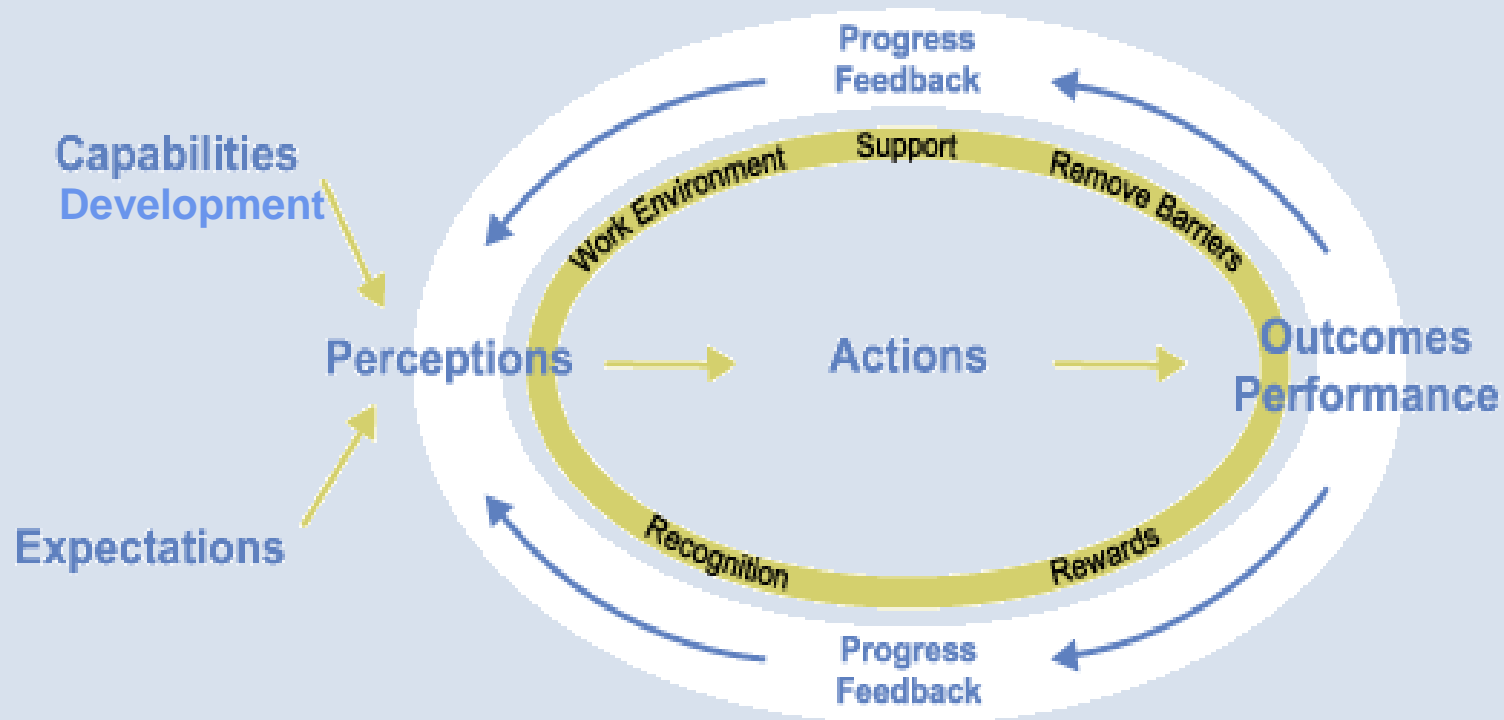
key points for managers

- Accurate job analysis and definition
- Realistic job preview
- Care at interview and onboarding
- Under promise, over deliver
- Monitor employee perceptions & feelings
- Regular review
- Fairness and transparency
- Explain why when promises can't be met



integrative model

Leadership, Capability and Performance Development



practical example

select role

- Define role and capability requirements
- Define extra role requirements
- Work environment
 - Tools, procedures, policies, information, training, support
- Involvement in decisions
- Autonomy
- Opportunities
 - Career path, advancement, upskilling
- Rewards



contract related processes

fairness, transparency, consistency

- Formation
 - Dynamic monitoring
 - Formal review
 - Dealing with changes
 - If the contract is breached
-
- What systems and tools are needed to support these processes?



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