

# **Psychological Contracts and the Employment Relationship: What Managers Should Know**

**Dr. Bonnie S. O'Neill**  
**Marquette University**

**Associate Professor of Management**  
**Director, MSHR Program**

**NCURA Region IV Spring Meeting ● April 16, 2013**

# Psychological Contracts

(Rousseau, 1989; 1995)

**Implicit contract made between the parties when an offer of employment is made and accepted.**

**This creates an exchange obligation between the employer and employee which results in expectations relative to inputs and outcomes.**

# Why Should Managers Care About Psychological Contracts?

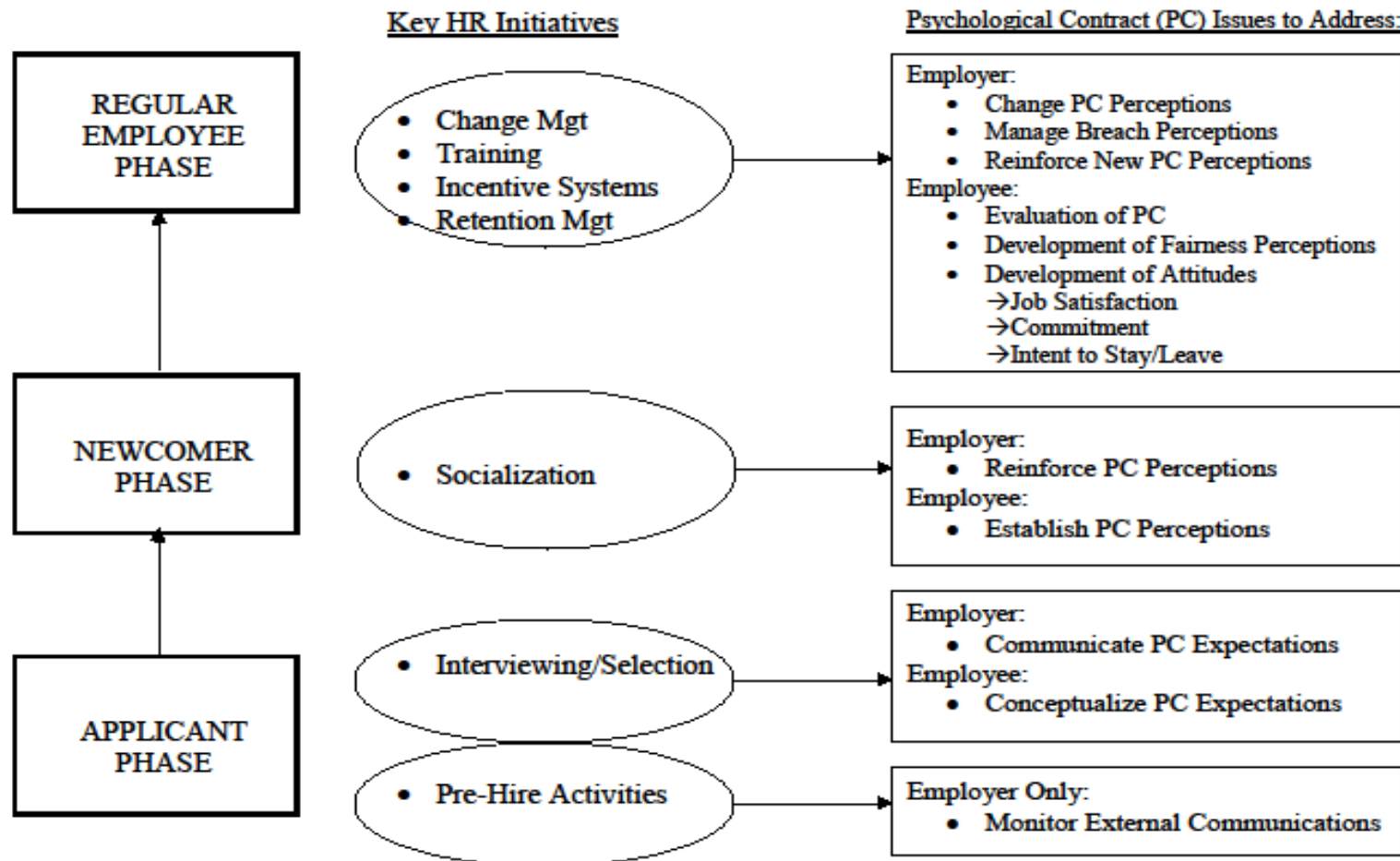
- **Inequity perceptions due to perceived breach/violation of PC**
- **Cognitive Reactions** (Morrison & Robinson, 1997)
  - **Disappointment**
  - **Anger**
  - **Feelings of betrayal**
  - **Distrust of management**

# Why Should Managers Care About Psychological Contracts?

- **Behavioral Reactions** (Morrison & Robins, 1997)
  - Job dissatisfaction
  - Reduced organizational commitment
  - Reduced productivity and/or morale
  - Tardiness, Absenteeism
  - Workplace deviance
  - Turnover

# Managerial Issues to Consider

- **Are PCs different at various stages of employment?**
- **What triggers PC considerations?**
- **Who can best influence/manage PCs?  
How?**



**Enabling and Sustaining Psychological Contracts in Three Phases of Employment**

# Psych Contract Triggers

- **Human Triggers**
  - Comparisons with Self
  - Comparisons with Others
  
- **Administrative/Structural Triggers**
  - Organizational policies/practices
  - Professional Meetings
  - Training

# Influencing/Managing PCs

- **Realistically, PC is managed by the Manager; not the organization!**

→ **Training**

→ **Change management**

→ **Performance Management**

- Remember...what gets measured is usually what is done!

→ **Incentives & Rewards**

- Reward not only Behavior, but Attitudes, too, as they can be contagious!

→ **Communicate, communicate, communicate!**





# Questions?

Feel free to contact me:  
Bonnie O'Neill  
Marquette University  
(414) 288-1458  
[bonnie.oneill@marquette.edu](mailto:bonnie.oneill@marquette.edu)

