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Mind over matter: Why work is more than work

The psychological contract can build our new work world if we get it right on all sides...

Lockdown sent much of the UK home to work, and there were more problems raised by that sudden upheaval than figuring out how best to set up a laptop on the kitchen table - the core relationships that guide our working lives are at risk.

"The nature of work is changing and that's prompting people to think about how to redefine not only their work roles, but the nature of their relationships with co-workers and supervisors," says Blaine Landis, assistant professor at UCL's School of Management.

To address that, managers need to reconsider their psychological contract with employees, ensuring it evolves to keep pace with the way we work. When an employee begins a new role, they'll be given a written contract

with pay and benefits, job expectations, and other key aspects such as hours and conduct. However, there will also be unwritten but understood rules around individual expectations, behaviour, engagement and more.

This is called the psychological contract. It's an idea dating back to the 1960s, when academic Chris Argyis first used the term to describe the unwritten, implicit relationship between workers and their bosses. Though it has since been expanded on by others, including management researcher Denise Rousseau in her 1989 seminal paper. The psychological contract is now often encompassed in newer management concepts like the employer/employee value proposition and employee engagement.

"Although the terminology may have evolved, the psychological

contract is still an essential part of the employment relationship – and the basis of this contract is trust," says Rick Kershaw, chief people officer at Peakon.

Trust is everything

"Employees have constantly evolving expectations, and vice versa. This unspoken agreement forms the basis of a company's culture and growth strategy," Kershaw adds. "It motivates employees to perform at their very best, working for the betterment of the business. Employers reciprocate this by providing opportunities for growth and learning."

Nikolaos Lygkonis, founder and CEO at PeopleGoal, notes that the psychological contract can include the culture of a company, whether a manager is results driven or values guided, and even external factors, such as the wider economic environment or societal shifts. "For example, the #blacklivesmatter and #metoo campaigns had an impact on the

employee psychological contracts as they created and cemented the employees' expectation that employers should adhere to social movements," says Lygkonis.

Relationships are key

Getting that relationship right will help employees feel valued and respected, building engagement and productivity. More than 80% of workers who were recognised for their work reported that they trusted executive leadership and found meaning and purpose in their work, says Niamh Graham, vice president of global HR at Workhuman commenting on research carried out by the firm. On the other hand, if the psychological contract is unbalanced and favours the manager, it could lead an otherwise qualified employee to find work elsewhere.

Building such a relationship and understanding unwritten expectations takes time and effort, according to Graham. "Unlike a written employment contract, the psychological contract is formed through day-to-day conversations and interactions, and how those are perceived and comprehended by both parties," she says.

That leaves plenty of room for misunderstanding - one reason why it's so important to have frequent check-ins between managers and employees, to ensure both are in agreement and the contract is mutually fulfilling, Graham advises. "Workers who check in with their manager at least once a week are five times less likely to be disengaged, and those who check in with their manager regularly report higher levels of trust, respect, and engagement at work," she adds.

And that means working from home is a challenge that needs to be acknowledged. "What organisations failed to do, though, was adjust working patterns to ensure remote work was contained to specific hours," says Lygkonis. "This has resulted in employees not being able to switch off from their work, creating a negative impact on both their work-life balance and psychological contract."

Monitoring tools shouldn't be seen as the solution, as they suggest managers don't trust employees, according to Kershaw. "Employee



monitoring can only be detrimental," he says. "Instead, employers should continue to invest in active listening and establishing open communication with their employees – aiming to understand their changing expectations, priorities, and any barriers to work they may currently be facing. The organisations that invest in building an ethos of trust, communication and collaboration will likely emerge as the winners at the end of this."

The solution can be far simpler than investing in expensive surveillance technologies. "Even a once-a-week video call empowers managers to recognise the contribution employees are making, and shows employees their hard work is being acknowledged," says Graham.

However, Landis warns that Zoom fatigue is a real challenge, adding that there's a difference between planned meetings and informal spontaneous interactions, and the latter are hard to replicate when working from home.

Ensuring clarity

"In the current climate, the psychological contract is more important than ever," says Lygkonis. "Employees feel more comfortable when they know what is expected of them, when they have clearly defined goals, and when they feel psychologically safe - these are all fundamental to the psychological contract."

As the idea of a psychological contract evolves, it should refocus on relationships over transactions.

Amrit Sandhar, founder of The

Engagement Coach, says ideas such as employee engagement are a transactional way of measuring dedication and commitment shown by employees, rather than developing relationships to help everyone work to the best of their ability. "The migration away from the psychological contract to employee experiences and social identity theory demonstrates the shift that has occurred in the modern workplace, and one that focuses on much more of a partnership approach, valuing the skills and experiences of employees more than relegating them to a workplace transaction," he says.

These ideas are still grounded in the back-and-forth relationships seen in the psychological contract, and will continue to be necessary as the nature of work evolves. "A lot of things go into a person's perception of the job," Landis notes. "And there's a lot of work now on job crafting, about how the individual changes their job as things go along."

That can include ideas about how an employee thinks about work and interacts with their manager, as well as practical considerations such as where, when, and what is completed, rather than the firm dictating top-down exactly who does what. "I think there's a better appreciation that the people doing the job are the ones who are best suited to understanding what exactly it entails and what should be done," Landis adds.

In short, talk to your employees before you try to build a new world of work.