



LEGENDARY
LEADERS

The Psychological Contract

Building Trust



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The emotional bond between an employee and employer is a cornerstone of a fulfilling and productive work environment. Keep reading to learn how you can redefine leadership at your organization using these concepts:



What is it?

Psychological Contract

The emotional connection between the employee and the employer. It is driven by the expectations that the employee has for their job. The more those expectations are met, the deeper the trust and the greater the commitment the employee will have.



#1

Example 1

Example 1:

The Psychology of Success

Example:

A newly hired software engineer, Alice, joins a tech startup known for its innovative culture and employee-centric approach. Alice is excited about the opportunity to contribute to cutting-edge technology and believes the company's values align with her own aspirations for professional growth and development.



Employee's Expectations:

Challenging and intellectually stimulating work: Alice desires to be involved in projects that push her technical skills and challenge her problem-solving abilities.

Opportunities for learning and growth: She expects the company to provide access to training, workshops, and mentorship programs to enhance her expertise.

Transparency and communication: Alice anticipates open and honest communication with her managers, ensuring she's kept informed about project developments, company goals, and feedback on her performance.

Recognition and appreciation: She expects fair and timely recognition for her contributions, both individually and as part of the team.

Example 1:

The Psychology of Success

Employer's Commitments:

Engaging and meaningful projects:

The company ensures that Alice is assigned projects that align with her skills and interests, keeping her motivated and engaged.

Investment in employee

development: The company provides regular training sessions, encourages participation in industry events, and offers mentorship programs to support Alice's professional growth.

Open and transparent

communication: Managers regularly share project updates, company initiatives, and performance feedback with Alice, fostering a sense of inclusion and understanding.

Acknowledging and rewarding

contributions: The company celebrates Alice's achievements, both through verbal recognition and formal rewards, reinforcing her value within the team.

Fulfilled Psychological Contract:

As Alice's expectations are met, she develops a deep sense of trust and commitment towards the company. She actively contributes to her projects, goes the extra mile to meet deadlines, and actively seeks opportunities to learn and grow. This fosters a positive and productive work environment, benefiting both the employee and the employer.

Breached Psychological Contract:

Conversely, if Alice's expectations are consistently unmet, such as being assigned repetitive or unchallenging tasks, receiving inadequate feedback, or experiencing a lack of recognition, the psychological contract is breached. This can lead to dissatisfaction, decreased motivation, and a higher likelihood of turnover.

A positive psychological contract is built on a foundation of mutual understanding, trust, and fair treatment. By aligning the employee's expectations with the employer's commitments, organizations can create a thriving work environment where both parties benefit from a harmonious and productive partnership.

#2

Establishing the Foundation

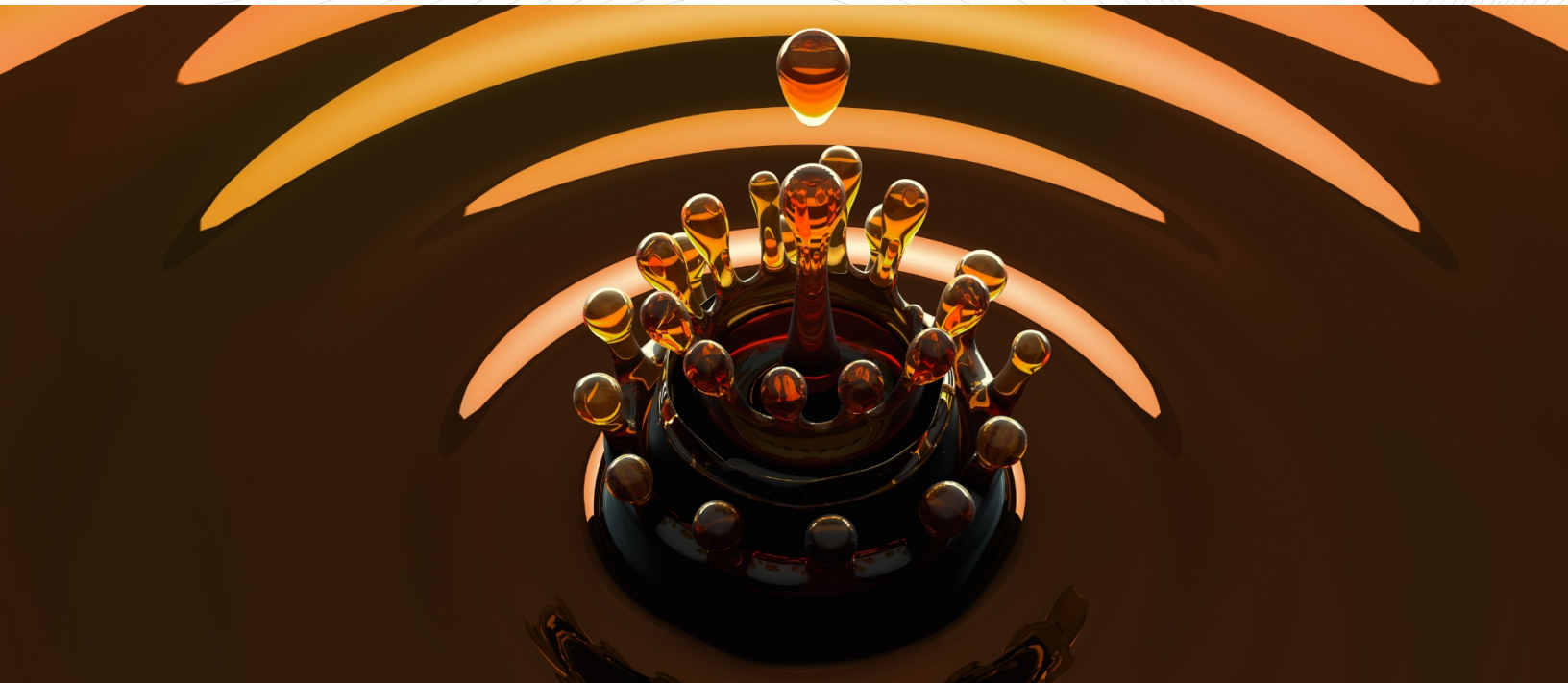
The Unwritten Agreement

Due to backgrounds, personalities, experiences, beliefs, and values, each pair in the "contract" (employee and employer) have different expectations as to what will happen in the relationship. Don't think of it as a written contract. It is a relationship that develops as trust is built.

The Unwritten Agreement: Navigating the Psychological Contract in the Workplace

There is an unspoken understanding, an unwritten agreement between employer and employee, shaping the dynamics of their professional relationship. This psychological contract, as it is termed, is a complex web of expectations, obligations, and perceptions, deeply influenced by individual backgrounds, personalities, experiences, beliefs, and values. Each party enters the workplace with a unique set of assumptions about what the relationship should entail, and as trust is built, these expectations evolve and adapt.

The psychological contract is not a rigid set of rules but rather a fluid and dynamic construct constantly renegotiated through interactions, experiences, and communication. It is the foundation upon which mutual respect, commitment, and engagement are built. When both parties perceive the contract as fair and equitable, the relationship thrives, fostering productivity, innovation, and a sense of shared purpose.



#3

Establishing the Foundation

The Employee's Perspective

Due to backgrounds, personalities, experiences, beliefs, and values, each pair in the "contract" (employee and employer) have different expectations as to what will happen in the relationship. Don't think of it as a written contract. It is a relationship that develops as trust is built.

The Employee's Perspective: Expectations and Aspirations

From the employee's standpoint, the psychological contract encompasses their expectations for professional growth, development, and recognition. They seek opportunities to utilize their skills and talents, to learn and expand their knowledge, and to contribute meaningfully to the organization's success. They yearn for a work environment that values their contributions, provides feedback and mentorship, and fosters a sense of belonging and inclusion.

Employees also hold expectations regarding compensation, benefits, and work-life balance. They seek fair and competitive remuneration for their efforts, access to benefits that support their well-being, and a flexible work arrangement that allows them to manage personal and professional commitments effectively.

The Employer's Perspective: Seeking Commitment and Contribution

Employers, in turn, enter the psychological contract with a set of expectations for their employees. They seek dedicated, committed individuals who are passionate about their work and aligned with the organization's goals and values. They expect employees to demonstrate initiative, adaptability, and a willingness to go the extra mile.

Employers also hold expectations regarding performance, productivity, and quality of work. They seek employees who deliver exceptional results, meet deadlines consistently, and contribute to a positive and collaborative work environment.



#4

The Negotiation Process

A Two-Way Street

The Negotiation Process: A Two-Way Street

The psychological contract is not a one-sided agreement; it is a negotiation between two parties with distinct perspectives and aspirations. As interactions unfold and experiences accumulate, both employer and employee refine their expectations, seeking to establish a mutually beneficial relationship.

Open and honest communication plays a pivotal role in this negotiation process. Regular conversations, performance reviews, and feedback sessions allow both parties to clarify expectations, identify areas for improvement, and address any concerns that may arise.

The Impact of Misalignment: Erosion of Trust and Commitment

When the psychological contract becomes unbalanced or expectations are consistently unmet, the relationship suffers. Employees may feel undervalued, disengaged, and unappreciated, leading to decreased productivity, increased turnover, and a hostile work environment.

Employers, on the other hand, may experience a lack of engagement, commitment, and innovation from their employees, hindering the organization's ability to achieve its goals.





#5

Trust and Empathy

The Building Blocks

Trust is considered to be a significant determinant of performance. Although there are elements of the psychological contract that relate to transactional relationships, it is not about "you do this for me and I will do this for you". It is about building trust and respect for the sake of trust and respect. It is about having empathy for the views of the employee and caring enough to support them.

Trust is a deep-rooted belief in the integrity, competence, and reliability of another individual. When trust exists between an employer and employee, a collaborative and synergistic relationship flourishes. Employees feel valued, empowered, and motivated to contribute their best efforts, while employers reap the benefits of increased productivity, innovation, and customer satisfaction.

The Power of Empathy

Empathy, the ability to understand and share the feelings of another, plays a pivotal role in fostering trust within the workplace. When employers demonstrate empathy towards their employees, they create a sense of understanding and connection that transcends mere transactional interactions. They acknowledge the challenges faced by their team members, offering support and guidance to navigate obstacles and overcome setbacks.

Building Trust: A Two-Way Street

Trust is not a one-way street; it is a reciprocal relationship that demands effort from both parties. Employees must also demonstrate trustworthiness by upholding their commitments, communicating openly and honestly, and acting with integrity. When employees demonstrate their commitment to the organization's success, they reinforce trust and strengthen the psychological contract.



#6

The Reward of Trust:

A Symbiotic Relationship

The benefits of fostering trust extend beyond individual performance; they permeate the entire organization, fostering a culture of innovation and collaboration. When trust is established, employees feel empowered to take risks, challenge the status quo, and propose new ideas without fear of repercussions. This open exchange of ideas fuels innovation and drives organizational growth.

The Result: A Culture of Excellence

When trust becomes a core value within an organization, it transforms the workplace into a fertile ground for success. Employees become engaged, motivated, and committed to achieving shared goals. They work collaboratively, sharing knowledge and expertise, while managers empower their teams to make decisions and take ownership of their work.

Achieving Success through Mutual Respect and Empathy

By prioritizing trust, empathy, and open communication, organizations can cultivate a workplace that fosters innovation, collaboration, and high performance. In this environment, employees thrive, delivering exceptional results that drive organizational growth and success. The result is a symbiotic relationship of growth and achievement for all involved.

When trust is established, you will be able to have a team of all top performers who are empowered to achieve high standards, creating a symbiotic relationship of growth and success for all.





Fostering a Positive Psychological Contract

A Recipe for Success

To cultivate a positive psychological contract, employers should prioritize open communication, transparency, and a commitment to employee development. Recognizing and rewarding achievements, providing opportunities for growth, and fostering a sense of belonging are crucial elements in building trust and commitment.

Employees, in turn, should take ownership of their professional development, actively seek feedback, and engage in open communication with their managers. Demonstrating initiative, adaptability, and a willingness to contribute to the organization's success will reinforce their value and strengthen the psychological contract.

The psychological contract is a delicate dance between employer and employee, a delicate balance of expectations and obligations. By fostering a culture of open communication, mutual respect, and a commitment to shared goals, organizations can cultivate a positive psychological contract, leading to a more engaged, productive, and fulfilling work environment for all.



“A business fails when
motive becomes more
important than trust”

-Thiruman Archunan

Keep reading to learn how to maintain a Psychological
Contract with your team



Implimentation:

It takes time

Like all effective relationships, trust is not built immediately. The more time and energy that is spent in building the trust and supporting each other's needs, the better the quality of that relationship.

Honesty:

Honesty is the baseline

Honesty is crucial in building any relationship. This includes honesty and timeliness in feedback, honesty and transparency in organizational system changes, and most importantly, honesty in admitting your mistakes and oversights. Nobody is perfect. Be honest about it.

Communication:

The key to your success

Set up a time on frequent intervals to have one on one conversations. Listen to their concerns, ideas, and desires, with the goal of understanding and helping them achieve their goals. Continue to find opportunities to help them develop in their role and identify and support those who want growth within the organization

Fit like a puzzel:

Show them how they fit

When employees understand how they fit into overall systems and goals, they become more engaged, they see how their actions support the direction, and they trust that their well being is also part of the organizational values as well.

References

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Further Reading

[The Call For Compassionate Leadership](#) (click to read)

[Why is it important to develop your team](#) (click to view)

[Click here to apply to join our invite-only community](#) - Collaborate with visionary, growth-minded leaders and develop your leadership skills through monthly mastermind sessions. Receive hands-on information formulated around research, science, and compassionate leadership.



"The best way to find out if
you can trust someone is to
trust them"

-Ernest Hemmingway

In leadership, building trust starts by choosing to trust your team. By taking that initial step, you lay the groundwork for a culture built on trust and collaboration.

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