

# The psychological contract case study

Business



From the increase use of temps, to the reclassification of hourly workers into salaried employees ineligible for overtime pay, to the rise in variable pay that puts part of workers pay checks at risk, companies are now able to get more out of less, the Bureau of Labor Statistics says overall weekly hours worked have dropped in the recession- in part due to manufacturers slashing hours.

Still, whatever the numbers say, there's no doubt that right now employees feel they have little choice but to accept the grueling loads..

Many have bad memories of boom-time hiring binge in which they took on mediocre people just to fill slots and then wound up having to pay weeks of costly severance. The big question now, asks Mary Hammer shock, vice-president for human resources for Silicon Valley's Blue Martini Software, is "how much longer can you get people to do this when the upside has gone away? ". In fact, the temps have been the fastest growing sector of employment this year. And they aren't accounted for as regular employees.

This helps companies that use a lot of them, like Cisco Systems Inc. , to drive up revenue per employee. The growing use of the Just-in-time workforce is not the only means by which companies are priming the productivity pump. Some employers are so worried about the issue that they are now doing wage-and-hour audits.

Another potential productivity enhancer: incentive pay, which enables bosses to motivate people to work harder during tough times to make up for lost wages.

The Psychological Contract refers to the relationship between an employer and its employees, and specifically concerns mutual expectations of inputs and outcomes. The Psychological Contract is usually seen from the standpoint or feelings of employees, although a full appreciation requires it to be understood from both sides. The Psychological Contract is quite different to a physical contract or document it represents the notion of 'relationship' or 'trust' or 'understanding' which can exist for one or a number of employees, instead of a tangible piece of paper or legal comment which might be different from one employee to another. .

In your opinion, what effect would longer hours, averted overtime pay, and other changes in employment expectations have on the type of psychological contract employees adopt? \* In my own opinion, the growing use of the Just in time workforce is not the only means by which companies are priming the productivity pump. Still, whatever the numbers say, there's no doubt that right now, employees they have a little choice but to accept the grueling loads.

Workers complain that many employers are taking advantage of outdated labor laws by misclassifying them as salaried- exempt so they can skirt overtime pay. Another potential productivity enhancer, incentive pay, which enables bosses to motivate people to work harder during tough times to make up for lost wages. \* In my personal opinion, it is boastful for both the employees and employers to work harder and longer for the sake of their company despite the changes in employment contracts. Since, there is a high risk of unemployment; it's their time to prove that they are productive.

For those who have their respective Jobs, they had to hold on to hat, even they were considering as contract workers. . How will these employment changes affect affective organizational commitment? \* The main effect would probably be gives all the organization to work harder. To consider all the aspects of employment in positive motion. Love the work.

And live life productively. \* These employment changes affect affective organizational commitment by the high risk of unemployment has enable many firms to change the psychological contract in their favor. The first economic downturn in which productivity increased rather than creased.

Employees are working harder and longer than ever by taking on the task of co- workers who lost their Jobs. \* Employee commitment is a concept which has attracted much attention in recent years. Research has focused on relationships between commitment and various facets of individual performance and on the psychological basis of the commitment itself.

Profiles the pattern of employee commitment found in an exploratory study of employees of a large retail bank which is undergoing a process of both structural and cultural change.

Three bases of employee commitment – internalized commitment, identification commitment and compliance commitment – are profiled against the pattern of commitment which the literature suggests will be found across various employee grades. Evidence from the exploratory research is presented which suggests that major change may result in the (at least partial) dissolution of internalized commitment on the part of employees, coupled with a corresponding increase in compliance

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commitment. Implications for the organization and the future success of the change process are examined, together with recommendations for further research.