

# Psychological contract and motivational problems management essay



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The recent change of management at Wingo's incorporating the new mission statements has seen a lot of changes with employees both the managers and non-managers. This report will analyse the current issues at Wingo's (Reading Store), what has gone wrong, why it has gone wrong and how to make it better.

The acquisition of Wingo's by Melrose Plc has brought about a drastic change which has seen a change in the management style.

Staffs have embraced this change with resentment and resistance which will be outlined in the report. Some staffs have become disillusioned and left while some had decided to stay and resist the changes and this has seen a great rise in lateness and absenteeism as well as low productivity.

The fundamental areas addressed are the psychological contract, motivation and the management problems. This report has been structured in the following way. The first part addressed the issues with the use of relevant theories and research. The second part draws up conclusions on the findings and analysis and finally, the third part of the report suggested some attainable recommendations.

One major problem identified with Wingo's is the psychological contract. The psychological contract has been broken on both the management and the employee's side. According to Robinson, Kraatz, & Rousseau (1994) 'the psychological contract is an unwritten agreement that exists between employers and their employees, meaning what employers expect from their employees and what the employees expect of their employers (Mullins, 2005). As well as the managers' expectation of the staffs such as displaying a

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positive attitude, be responsive to leadership influence and working diligently, the employees also expects the management to be fair, trustworthy and create opportunities for development (Boddy, 2008). Before the new management started, the staffs dwell on the old psychological contract which is " I will work hard for and act with loyalty towards my employer. In return I expect to be retained as an employee provided I do not act against the interests of the organisation. I also expect to be given opportunities for development and promotion should circumstances make this possible." (Torrington et al, 2008). The new Wingo's management have broken this psychological contract. Staffs who had joined straight from school and having the impression for a 'job for life', hoping to stay until retirement and get promoted according to their length of service has seen all of this taken away from them. This has resulted to lack of commitment from staffs as well as lack of motivation. Some of the staffs believe the new management has broken the psychological contract and this can be supported by Parks & Kidder (1994) who suggest that when the psychological contract is broken, staff reduce their commitment to the organisation and some of them are less willing than ever to give their all for the good of their organisation. (Cited in [www.internationalmta.org](http://www.internationalmta.org)). Some staff playing by the old psychological contract became disillusioned and left the organisation whilst some staff decided to stay and resist the changes. This action can be supported by Herriot and Pemberton (1995) where they describe a typical reaction to breach of the psychological contract as 'to leave to stay or keep your head below parapet, or to stay and take your revenge'. Some of the staffs that decided to stay and resist the change can be seen as taking

revenge against the management and by doing this, it could lead to de-motivation and can result in low productivity and high absenteeism.

## B. MOTIVATIONAL PROBLEMS

Motivation is one of the major problems Wingo's is facing currently. De-motivation has been made obvious by the attitude and behaviours of the staff after the change in management. Motivation is very important to Wingo's because there are a lot of potential gain from it such as high productivity, low labour turnover and low absenteeism.

It is obvious from the staffs that they are de-motivated seeing from their performance as well as the store's performance. There is evidence that staff had low morale and according to Herzberg 2 factor theory (1959) the staffs wants to have a sense of achievement, and chance of improvement (Mullins, 2005). Staffs come in whenever they want, the shop floor looks generally untidy which reduces productivity and staff are not in agreement.

1. Low Productivity: Less motivated staffs tend to have low productivity. It is evident that the traditional Wingo's and the new Wingo's have productivity issues. With the traditional Wingo's profit had fallen drastically which lead to the new system but despite productivity did not improve. The lack of motivation has resulted in some staff delivering reduced level of productivity. Low productivity could be as a result of various factors. Such factors includes competency ([www. team buildinginc. com](http://www.teambuildinginc.com)) that is the staffs from the traditional Wingo's had fairly routine work and not particularly challenging, which means they were not really interested in the root of how to carry out their work. And in the new Wingo's, conversations with various <https://assignbuster.com/psychological-contract-and-motivational-problems-management-essay/>

staffs have made it clear that staffs find it difficult to do their job properly because of general lack of training. Taylor (1911) motivation theory describes how the application of scientific methods to the management of workers could improve productivity. ([www.netmba.com](http://www.netmba.com)). He also went ahead to argue that workers need close supervision and control to enjoy their work and they should be given the necessary training in order for them to work efficiently. McGregor's (1960) Theory X supports this reaction that workers are viewed as lazy and wish to avoid responsibility ([www.tutor2.net](http://www.tutor2.net)). Another factor which can cause low productivity is the productivity standard ([www.teambuildinginc.com](http://www.teambuildinginc.com)). It is evident at Wingo's that there has been lack of communication between the staff and their line managers and the line managers' with their district manager. There are no set standards or clear definition of the standard performance and this could result to de-motivation amongst staff. Locke (1975) supports this reaction to identify this motivation behaviour. According to Locke's goal-setting theory Wingo's staffs have been de-motivated because there is no clear goals on what they need to achieve to increase productivity and there is no appropriate feedback on why there has been decrease in their productivity (Mullins, 2005).

2. Lateness and Absenteeism: Following the acquisition by Melrose Plc and the introduction of new ways of doing things and also the break in the psychological contract, there has been a marked increase in lateness and absenteeism. This lateness and absenteeism increase could be as a result of various factors such as stress. Mitch McCrimmon in his article on How to Manage Absenteeism states that 'Motivated employees overcome obstacles

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to make it to work. The key to reducing employee absenteeism is to create a culture where employees want to come to work.' (www. suite101. com). He also mentioned that factors such as stress keep staffs away from work because they are not motivated enough to be at work in the first place. Signs and Symptoms of stress within Wingo's staffs includes low morale, absenteeism, performance (levels of produce wastage were high), relationship at work (tension and conflict between colleagues) etc. According to Vroom (1964) motivation theory, he believes that all three core concept of his expectancy theory must be met for staffs to be motivated. Currently, staffs at Wingo's are not getting the intrinsic rewards they expect such as caring managers. All of this could lead to stress and as a result lateness and absenteeism is common.

3. Lack of Team Spirit: Another problem identified was the lack of team spirit. Staff are not seen to be productive because they are seen working on their own and there was less practiced of team working. The lack of team spirit as seen, as resulted to staff feeling de-motivated and lacking direction. One staff cannot do a team's work and if the team is not working together, individual will become stress which could lead to de-motivation and the task will not be achieved. This can be supported by Adairs model of leadership function that a task needs to be achieved by not one person but a team, the team needs should be met because if not met, an individual will be dissatisfied which could lead to de-motivation and the performance of the task will be impaired (www. teambuilding. co. uk). This therefore suggests that, management has set up teams and has not directed in the right way and therefore leaving the staffs de-motivated.

4. Personality Issues: Huczynski and Buchana(2007) defines personality as 'The psychological qualities that influence an individual's characteristic behaviour patterns in a stable and distinctive manner.' (cited in Armstrong, 2009) The differences in an individual can determine what motivates them. Every person is different from every other person in some respects but similar in other respects. As it can be seen with the staffs, some staffs left the company because the psychological contract of promotion was broken while some staff stayed behind to resist the change.

### C. MANAGEMENT PROBLEMS

1. Leadership Style/Management Structure: One major issue identified is the leadership and management style. About. com 18/11/09 defines leadership as the art of motivating a group of people to act towards achieving a common goal (www. about. com). The current situation in Wingo's suggests that there is a fault with the leadership because, rather than the employees getting motivated, they have been de-motivated. According to Carnall (2007) when problems such as low motivation and low morale of employees, conflict between departments as seen amongst full-time and the weekenders and lack of capacity to adapt to changing circumstances as seen with the staffs generally occurs then there is a reason to conclude that the structure of the organisation is poor (Carnall, 2007). It has become obvious that most of the staff in regardless of their working time or days have found the top-down management style oppressive.

According to Kotter (1990) 'Management is more to do with planning, controlling and putting appropriate structures and systems in place while

leadership is more to do with anticipating change, coping with change and adopting a visionary stance.' (McKenna, E 2001).

Before February 2008, the management style that exists was the Laissez-Faire style. Managers provided little or no direction and gives staffs as much freedom as possible. After March 2008, the management adopted the autocratic leadership style. Managers retain as much power and decision making and did not consult staffs or allowed them to give any input.

Herzberg's (1966) two factor theory supports this behaviour that before the change, staffs were motivated by the motivators (satisfier) such as chance of promotion, sense of achievement, interest in the job etc. While after the change, with the hygiene factors such as pay, company policy, the kind of supervision etc do not lead to higher levels of motivation but without them there is dissatisfaction (www. accel-team. com). Scholl (1981) claims that pay alone will not motivate an individual (Mullins, 2005).

2. Performance Management System (PMS): The critical factor of bringing this change in to place is to have the right number well trained staff and motivated. As a result of this change, the opposite of the aim was evident. Staffs were easily de-motivated and lost their morale which can be seen as a result of the manager's behaviours. The managers assume according to McGregor Theory X (1960) " that employees must be threatened with punishment to get them to put in adequate effort at work" (Thomson, 2002). The staffs felt the system is unfair and this is as a result of improper use by the managers. This is an evidence of the autocratic leadership style. The managers can be seen not consulting the staffs or allowing them to give any inputs. The system that has been put in place to benefits the company, the <https://assignbuster.com/psychological-contract-and-motivational-problems-management-essay/>



managers and the staffs by seeing to the needs and development of staffs has been used improperly. Some studies over the past years shows that this type of leadership could see organisation having high turnover and absenteeism and this is evident at Wingo's. ([www. essortment. com](http://www.essortment.com))

3. Lack of communication: Wingo's has introduced a drastic change following being part of Melrose Plc. The management style had change. There is no evident to suggest that staff were fully enlightened about the new changes introduced. One main complaint identified was that there is lack of communication between employees and the management and even within the managers and the next level up.

4. Lack of training: Staffs had not been properly trained on the new changes and this has reduced their output and not able to do their jobs properly.

## CONCLUSION

The analysis and findings concludes that staffs have become de-motivated as a result of the drastic change in the management and leadership style. The change has caused insecurity amongst the staffs such as staffs leaving and some staying back to resist the change.

Psychological contract as been broken and which has seen some staff left the company and there has been low productivity. This is supported by Parks & Kidder (1994).

Managers had used tools such as Performance Management System which is supposed to motivate staff to de-motivate them.

There has been lack of communication which has resulted to staffs being resentful and resisting change.

All this issues needs to be addressed for the company to be successful. If not resolved, there could be a further decrease in productivity, increase in absenteeism and staff loss to competitors.

In other for all of this to be resolved, there are key areas that need to be addressed, such as the psychological contract, motivation of staffs and the management style.

## RECOMMENDATION

### Psychological Contract

Due to the fact that, the psychological contract is perceived to have been broken, a new contract should therefore be established.

Rousseau and Greller (1994) describe the psychological contract as a contract that 'encompasses the actions employees believe are expected of them and what response they expect in return from the employer.'(Cited in [www. gowerpublishing. com](http://www.gowerpublishing.com)). The only way for staffs to be aware of the actions expected of them by the management and what response they expect in return from the management is by undertaking a staff survey, to be completed by both staffs and managers. This should help identify the expectation from both staff and could help understand the new contract.

### Effective Change

For an organisation to be successful when carrying out changes, there are three necessary conditions to be met which includes awareness, capability and inclusion (Carnall, C). It is important for staff to be aware of the changes that are going to take place in any organisation because according to Mayo (1949), he concluded that workers are best motivated when there is better communication between them and their managers. (www. tutor2u. net). As well as communicating with staffs, if they are included in the decision making, they are more likely to accept change. Staffs also need to be capable and be sure they know what is required of them and this can only be effective if staffs are given adequate training.

Therefore, it is recommended that staffs should be well informed by having regular meetings with their line managers (this can bridge the gap between the full-time staffs and the weekenders and also create good team spirit), staffs should be well trained in other for them to do their jobs accurately and should be involved with decision making by creating suggestion boxes and implementing some of the suggestions. And if a suggestion is used, the staff should be rewarded.

### Employee Appraisal

It is recommended that, the management re-visit the PMS which is to see to employee appraisal rather than punishment. Staffs needs to understand why the PMS has been put into place and what benefits are available for them in it. Staffs have different personality and are diverse in their own way and managers needs to understand the individual needs of their staffs. Following a staff appraisal, knowing that the managers are aware of their personal

needs and goals, they will tend to be more motivated, and in return there will be high productivity, high labour turnover and staff retention.

### Relationship

The managers should develop an interest in their staffs by getting to know them, their way of life and their families.

According to a CIPD survey, a good relationship between employees and line manager is the most important factor for motivating staff and establishing a positive psychological contract (Thomson, 2002).

The staff appraisal can also build the relation between the staff and their managers. One of the benefits of appraisals is that, staffs experience improved relationship with their managers and vice versa (Thompson, 2002).

This recommendation can help build the gap between the workforce by creating a good team spirit.

### Monitoring Absence

Staff's sickness absence should be monitored. It is recommended that line managers should interview staffs when they return back to work to identify the reason for their sickness. And if the sickness is work related, managers should ensure that the situation is dealt with appropriately.

### Management Training

The type of leadership style recommended at Wingo's is the Democratic style. Before February 2008, the type of leadership practiced was the Laissez

Faize style which saw the company going down. After March 2008, the new management introduced the autocratic style which saw staff de-motivated and some staff left the company. Introducing the democratic leadership style, will increase motivation amongst staff and staffs will support the vision of the company and the company generally will see growth.

Therefore, all managers should be trained on how to motivate their staffs and learn the approach of the democratic or participative leadership style. Although this is a good recommendation as it will see increase in staff inputs towards Wingo's, however cost of training should be considered.

#### Exit Interviews

Retention of employees should be addressed by interviewing staffs before they leave to identify why they are leaving. If the reason for leaving is given, it should be dealt with in a positive way and it should be treated discreetly. Although some staffs may choose not to disclose their actual reason of leaving, it is highly recommended that manager doing the exit interview should not be well known to the staff leaving. This is because staffs tend to open up more when they are in a neutral environment.