

Motivation vs psychological contract

[Psychology](#), [Motivation](#)



During the history people's expectations and needs have been changing. They depends inter alia on actual situation on the market and current necessities of life. The economy climate is also important in creating people's performance. People will make a good performance at work when their situation is certain. Poor performance will be made when situation is unstable. One of the key issues connected with the employee performance is motivation. Without well-motivated employees enterprise cannot exist on the market for a long time.

Employees are very important part of the company, because thanks to them it can perform properly and fulfill its goals and assumptions. Unmotivated employees will not make their job with proper involvement and commitment, so their performance will be contrary to expectations of an employer. One of the biggest challenge for an employer is to motivate its employees to perform on the required level. Nowadays, it is not easy thing to do. Different types of employees have different expectations and things which motivate them.

Different authors created motivation theories, but most of them was created in the last century. Great influence over people has also a psychological contract between them and their organization. Motivation theories and the psychological contract are the most powerful tools to motivate people, when they are used in the right context. Person is motivated when he knows what he wants to do to achieve specific goal. Motivation covers all factors which makes person to act from positive, like money, to negative, like fear of defeat. Motivation factors are different for each individual person.

They are changing because of age, sex, position in society, education, level of skills, knowledge and circumstances. Also support from the managers and leaders has a significant meaning. Unmotivated manager cannot lead people to good performance. Organizational background and surrounding environments should be motivating. When managers know employee's needs, demands and expectations they are able to treat one as an individual and have specific approach depending on person's character and attitude. Managers cannot forget about person's development and setting realistic and challenging targets.

Important in keeping positive motivation is also reward for a good job performance. People like to be awarded and that keeps them self-motivated on a high level (Adair 2006). "Motivation is an important part both in an individual's and in a company's performance. Even very well trained and very able employee will not perform well unless motivated. Higher motivation does not always result in a direct increase in productivity, because, in many jobs, productivity is limited by other people or by the pace of machine" (Robertson 1992: 137).

The motivation theories fall into two groups content and process theories. "First of them explain why people behave in a particular way in terms of those individuals' pursuits of need fulfillment. Content theories attempt to determine the specific needs that motivate individuals" (Gallagher 1997). A group of the content theories includes theories of McGregor, Herzberg and McClelland. Process theories are those of, for example, Vroom's, Adams',

Hackman's and Oldham's. Theory X and Theory Y created by McGregor assumed there are two kinds of people.

In Theory X people are lazy, unambitious and want to avoid responsibility. Employees are against the system and represent defensive attitude. Very high level of supervising is required otherwise people will perform very poor. Theory Y says that work is in a human nature and it is able to provide enjoyment and self-fulfillment. Managers have just to make a positive climate for personal development and minimize supervision. Thanks to this people will feel self-reliance, confident and self-actualized (Tyson 1993: 11). Herzberg was researching factors which have influence over people's feelings about work.

Those factors brings out satisfaction or dissatisfaction: achievement, recognition from others, the work itself, responsibility, opportunities for advancement, company policy and administration, supervision, salary, interpersonal relations, working conditions. He recognized two groups of factors satisfying needs. First one are external (hygiene) factors that cause unhappiness and dissatisfaction. They have to be present to avoid dissatisfaction, but by themselves they do not provide satisfaction. Managers need to provide intrinsic factors to keep employees happy with their job.

He claimed that employee abilities should be fully used otherwise he will not be well motivated (Thomson 2003). „ How Herzberg theory applies to XXXX employees. Management at XXXX understands that hygiene factors can potentially cause dissatisfaction among their employees, which in turn can lead to the loss of productivity and profitability. Therefore, they gave their

employees Herzberg's theory assessment. With these results, the company is able to provide competitive pay and bonuses that can motivate employees to work harder XXXX believes that rewarding hard working employees satisfies the motivating factor of job security.

The company confirms this with pay incentives. Moreover, Management realizes that work conditions could play an integral part of their business success, not only for their employees, but for their customers as well. In addition to the brand new facilities, they also use state of the art cleaning materials that clean and make any surface resistant to dirt and decay. It is the goal of XXXX to maintain job satisfaction from all of its employees by increasing motivators and decreasing hygiene factors by constantly evaluating themselves through their employees” (Hunter 2007). McClelland’s research has identified three basic categories motivating needs, power, affiliation and achievement, into which people could be grouped, according to which need appears to be the main motivator in their lives. Those most interested in positions seek position of control and influence; those from whom affiliation is most important seek pleasant relationships and enjoy helping others; achievement seekers want success, fear failure, are task-oriented and self-reliant.

The implications of the theory in practice are that managers can identify employees who are self-motivated, those who rely more on internal incentives and those who could increase their achievement drive through training” (Tyson 1993: 10). Vroom’s theory has three basic elements: expectancy, instrumentality and valence. Expectancy is belief that if a

person make an effort to achieve goals he will be seen and appreciated.

Instrumentality is conviction that when employee do what should be done with proper accuracy he will be rewarded by salary increase, promotion or other form of appreciation.

Valence is the value added by individual to the outcome. Employee will be poorly motivated if his reward has little valence for him (Kermally 2005: 53).

Adams argued that people want to receive relative returns for the effort they have put into work. Equity theory is based on the individual's perception of fair treatment. " This theory bases explanations of behaviour on perceptions of social comparisons. Theory argues that the more intense the perceived inequity, the higher the tension and the stronger the motivation to act"(Buchanan 2004: 251).

Hackman and Oldham theory of job satisfaction presumes that three main rules decide about work. In the first of them person must perceive work as reasonable, rational. Second one says that person should take the responsibility for own work results. In the last one person should have chance to meet own work results. In their opinion each job should take into consideration above rules. Moreover, if those rules are included the higher probability of motivation occurs more by the job content than by some external factors. In planning the job complexity and level of difficulty should be taken into account (Miner 2006).

In every day live people meet with contracts of a different type, for example contract of employment, bank contract etc. Contract is an agreement between two or more participants, which contains some settlements

between them. In companies, apart from the contract of employment also can be found an unwritten psychological contract, which is very important to keep a good relationship between the employer and the employees.

Psychological contract is necessary to keep long term agreement. It contains mutual expectations and obligations. Fundamentally, the psychological contract expresses the combination of beliefs held by an individual and his or her employer about what they expect of one another. It can be described as the set of reciprocal but unarticulated expectations that exist between individual employees and their employers. As defined by Schein (1965): The notion of a psychological contract implies that there is an unwritten set of expectations operating at all times between every member of an organization and the various managers and others in that organization“ (Armstrong 2006: 225).

The meaning of mutual expectations is also underlined by other researchers, such as: Rousseau and Wade-Benzoni, Katz and Kahn. Expectations are related with behaviour, often they are presumed and they are not formulated in the job contract. Employees may expect, and they usually do, fair treatment, just wage, possibility of future development and that they will be informed what they are expected to do. But expectations are mutual, so the employers also have them. Generally, they want to receive obedience, loyalty, commitment in business or job efficiency.

It is normal that each side of this contract possess its own set of assumptions of the other one's behaviour. Sometimes lack in fulfillment of mutual expectations can cause tensions and misunderstandings, or even dissolving

of the contract of employment. “ The significance of the psychological contract was further explained by Sims (1994) as follows: A balanced psychological contract is necessary for a continuing, harmonious relationship between the employee and the organization.

However, the violation of the psychological contract can signal to the participants that the parties no longer share (or never shared) a common set of values or goals“ (Armstrong 2006: 227). Establishing a common set of values or goals is very important to keep positive and proper relations between people in the organization. Especially important seems to be their verbalization, because when people do not know what they can expect, they will not know why they are disappointed afterwards, when their expectations are not met.

But they will have a feeling that something is done not as it should be. For the organization that kind of attitude can have a bad influence, because dissatisfied employees can have a negative effect on the organization activities. Specific character of the psychological contract in the organization is not based on a single transaction, because as Spindler claims: “ every day people create relationships by means other than formal contracts(...) As individuals form relationships they necessarily bring their accumulated experience and developed personalities with them.

In ways unknown to them, what they expect from the relationship reflects the sum total of their conscious and unconscious learning to date”(Armstrong 2006: 230). Not every person in organization is aware, that in forming specific demands and expectations he or she bases on own

knowledge and experience. Psychological contract is something which is usually not defined, so it can develop in unexpected way and have unforeseen consequences. Good psychological contract have a lot of advantages for an employee as well as for an employer.

From the employees point of view proper psychological contract should include: proper approach to an employee (equal treatment, appraisal, understanding, respect), employment stability (it is important part of employment, but with dynamic changes on the labour market is not so attractive as it used to be), promotion (employees are focused on personal development and carrier opportunities), power and responsibilities (ability to make own decisions should be related with person's skills), trust and commitment (employee, who feels understanding and have trust in own organization is more engaged in work and wants the same from the others).

On the other hand employers consider that the psychological contract covers competences, effort, commitment, honesty, loyalty and the attitude consisted with the organization values. Psychological contract between the employee and the organization is created when a person is joining the company. The first stage on which some basis of the psychological contract may occur is the process of selection and recruitment. Employer presents own requirements and demands, invites selected persons for an interview and afterwards makes an opinion about the cohesion between the candidate and own organization.

Employee acts similarly. After getting to know the organization's offer he or she should know whether that job is for him or for her appropriate for the

offered salary and the level of skills. Psychological contract is not constant, it is not something that stays still. “ The psychological contract remains beneath the surface of relationships and is dynamic in character, continually changing, and frequently unacknowledged. It is a manifestation, too, of the ideals— ego ideals— that one party to the contract has for the other”(Burke 1999: 20). It changes, because its environment is changing.

External and internal factors have great influence over its state. Internal changes are caused by the market competition. Nowadays career is not always developing from the bottom to the top. It sometimes can be horizontal, which means that individual employee development is not a guarantee of the promotion. Now, in the companies very important are flexibility and capability to changes. Employers are not currently interested in keeping the same team for all time. They make further co-operation dependent on the level of demand of the employee' s abilities for the company. Because of the instability in employment Hiltrop suggested new type of psychological contract. According to him: “ There is no job security. The employee will be employed as long as he or she adds value to the organization, and is personally responsible for finding new ways to add value. In return, the employee has the right to demand interesting and important work, has the freedom and resources to perform it well, receives pay that reflects his or her contribution, and gets the experience and training needed to be employable here or elsewhere”(Armstrong 2006: 233). The new psychological contract does not guarantee a job for a lifetime.

From my own experience I am able to say how important is the psychological contract for an employee. I was working for a building society, which was growing very well. As an employee I could expect from my employer appreciation and respect for my work. The responsibilities and duties for each of us were very clearly. The financial bonuses were the most motivational factor for all of us, because they were really high. The company has very good approach to its employees. When it generated more profits than it was presumed 25% of randomly chosen employees was going for a fully sponsored one week trip for one of the European countries.

Also twice a year there was an integrating trip for all employees and lottery with the main prize of 50% of annual salary. None of this was formally written. It was the company's customs. The best performing salesman had a company car and a mobile phone for an unlimited disposition with the option of buying them from the company after certain time. The loyalty to the company was very high. Nobody has left work by himself/herself since the establishment. Employees were very well motivated, because they knew that they would be appreciated. Thanks to those actions everybody were aimed for the company's success.

They were aware that when the company will gain profits and when the managers will be pleased with their performance the reward will be proper. The relationship between the employees and the organization has been changing recently. The employees want to develop their skills and if the company do not provide any training or development options for them they will leave, because their motivation to action will decrease. Nearly nobody

wants to put an effort into company's performance without being appreciated for it. Underestimated employees will not put much effort into their work.

Motivation theories are old and not always adequate for today's labour market. Employers are trying to motivate people in a different way, using different approaches and different points of view. Theoretical knowledge about motivation can be put into practice to see and explain, not only the psychological mechanism of organizational behaviour, but also to formulate diagnosis. Psychological factors of responsibility for the individual's level of organizational behaviour have the basic meaning for understanding the peoples' role in the organization and effective human resources management.

Motivation theories are not flexible. They have their definitions, which contain certain rules and factors that create them. The psychological contract is much more flexible and can be changed under some special circumstances and mutual admittance. The negative side of the psychological contract is that, when one of the sides will not feel that their expectations and needs are fulfilled the trust and commitment will decrease. When these two factors are low the performance, positive attitude and motivation are poor.

Motivation is important to keep the psychological contract, because without it the whole idea of the psychological contract is useless. Psychological contract has more determinant power than motivation theories. Unwritten mutual expectations, when are appeased, can motivate very well. People can

find themselves united with the organization and its goals. Good leaders and managers will do their best to satisfy an employee, but on the other hand they will expect the same from him/her. Retaining positive employment relationship and psychological contract can have great influence over the company's performance and image.

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