

# Psychological contracting

Philip Atkinson

## Key learning points

- **Change strategies, and plans for their implementation, need to have a degree of flexibility designed into them.**
- **All the members of your change team (including the internal trainer or the external consultant) need to share a common set of assumptions – culminating in the psychological contract.**
- **The nature and scope of the psychological contract and how to arrive at a negotiated settlement.**
- **The key issues for resolution in the psychological contract.**

**In the real world, change is not a sequenced, logical process**

Consult the majority of textbooks on change management, and you will be led to believe that change is a rational process that can be easily managed as we move from one stage to another. The process will be illustrated with Gantt charts, or with critical path analysis demonstrating the core stages that must be carefully progressed in sequence. Although the authors are right in outlining the way things should be, the reality is that change methodologies do not live up to simple, rational depictions of what really

happens. Of course we need methodologies outlining core stages and activities, but the average trainer or internal consultant may be hoodwinked into believing that following a simple structure is enough to ensure that implementation is a reality. Guides, structures and outlines give us a very basic level of understanding of how change happens. Change may be partially driven by a structure and methodology, but its success is fuelled by how well the personalities, motivations and egos of the key players in the change team come together to make the change stick.

The change team is composed of the internal trainer and facilitator, your sponsor or host, any external consultant and, of course, the target or audience for the change itself. As internal trainer or facilitator, you create the climate and the working relationships that will enable you to work through conflicts within the team.

## The unreality of rational change models

The change models we commonly see frequently neglect to discuss the relationships that need to permeate the key actors in the change team. These relationships need to be robust and able to handle failure as well as success. As an internal consultant or trainer, you will



easily identify occasions when key issues erupt in the change team, putting the success of the initiative at risk. With this in mind, you set the ground rules and create an environment in which you can work closely with sponsors, external change agents and the targeted audience who will be seen as the recipients of the change. To believe that this process is unambiguous, and without conflict or stress, indicates immaturity within the team. You should expect there to be tensions and conflicts. Not every solution will be worked through in advance. Any substantial change initiative will always involve imponderables that need to be reassessed, discussed and revisited. Consider any post-acquisition integration, or any re-engineering or leadership project.

It is essential that you assess the assumptions and expectations that are present individually and jointly within the change team. The psychological contract is the agreement shared between the key actors. Often the contract is undefined, and never discussed until problems hit the project. In most cases, the psychological contract resides at the unconscious level within and between the change partners.

## Confidentiality and trust

Do not work in a vacuum. People often resist change because they do not know the agenda you seek to deliver. Ensuring, as far as possible, that you can be open in your dealings with others is really important. I regularly interview senior managers and top-team players, and have to work especially hard to ensure that the interviewees believe that anything said is confidential to me and will not be expressed elsewhere. This issue may create problems for you as an internal consultant – simply because you may not enjoy the same seniority as those you interview. And, on occasion, the internal consultant has to ensure that other strategic information disclosed to them remains totally confidential.

## The change team – mutually supportive

There are several characteristics that are typical of the internal consultant-sponsor relationship when working through the change process. All rest on establishing a fair and flexible psychological contract. The change team must share a high degree of faith, optimism and resilience. All must believe that the solution will result in improvement and is possible, even if some stretching is required for success.

Finally, at the start of any project it is useful to prepare a checklist for marking against each individual phase of the work. To construct such a list, you may wish to review the terms associated with the psychological contract. Client and internal consultant should approach each meeting in a positive and enthusiastic manner, and aim to receive the same enthusiasm from those with whom they interface throughout the contract of work. That will provide

your client with a sense of comfort, and of trust in your ability and capability to deliver a well-thought-out, well-organised and well-planned solution that will be compatible with their expectations.



“ *Establishment of rapport between the sponsor and yourself ... must be the first objective for you both* ”

## References

- 1 Edgar H. Schein, *Process Consultation Revisited: Building the Helping Relationship*, Organization Development series, Addison-Wesley, 1998.
- 2 Chris Argyris and David A. Schon, *Organizational Learning II: Theory, Method, and Practice* (Second Edition), Prentice Hall, 1995.

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References to this date back to the early work of the Organisation Development movement in the 1970s, with the work of Edgar Schein<sup>1</sup> and Chris Argyris,<sup>2</sup> evaluating the success of change initiatives. The factor most likely to lead to failure is the internal trainer or consultant and others failing to flesh out all the issues before committing to an implementation plan. If you pre-empt problems, you will ensure that all issues are thought through, problems are anticipated and solutions are installed before the project is given the green light.

#### Your role in the early stages of the consulting cycle

At the start of any project, you should do all that you can to create a positive psychological contract with the client. This not a formal agreement, documented and signed in the same way as a service-level agreement. Rather, it is an understanding between the sponsor or client and yourself, as internal consultant, about how you will work together on jointly achieving the objectives tied in with the project. The psychological contract is a

living agreement about how priorities will be achieved through working together. It is about developing a joint agreement to work together as a seamless team. As the relationship evolves, the contract will change. It is not, and never should be, a formal document stating precise responsibilities.

Establishment of rapport between the sponsor and yourself as consultant must be the first objective for you both, so that you feel comfortable with each other. If there is more than one internal trainer or consultant – or sponsor or client – involved, this will obviously take longer to accomplish. Time must be allowed to establish rapport. The relationship must be solid and durable. If you are the internal consultant, always identify the primary contacts, the primary or sole client and the primary or sole external consultant. Establish clearly what is to be delivered by both parties. This can prevent later misunderstandings and ensure support for the project.

An essential part of the process is gaining insight into the history of key problems. Central to this is your collecting information and data. Test

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for history. Much can be learned from the past. Has a similar project ever been undertaken? Ask questions. Are events and situations recurrent? Has the issue been worked on previously, with little or no success? (This is something that requires particular attention and research.) Why did previous improvement attempts fail? Who worked on the issue before? Was it an internally or externally resourced project or task?

Collect as many symptoms of the problem as possible. This can be very informative when trying to identify some of the root causes. It can also be very useful in identifying the decision-makers within the client's culture – which may be very different from the culture the internal

consultant is in. You must discuss and agree with the client whom they will be working with. Is it one person or more? If more than one, the primary contact must be clearly stated and communication must be established between all parties. What is the credibility, experience and ability of those with whom you will be working? How long have you been involved with the company? With the situation? For how long will the resources be available to you?

Before proceeding to the next stage, make sure that you do have a psychological contract, an agreement about what is involved in your role as the internal consultant, and also about what the sponsor is actually committing. This contract is two way. It is about relationships, and about the trust and integrity of all parties. Any internal consultant should ensure that they and the sponsor are in agreement over each party's roles and responsibilities, including also those of every other individual involved in the project. Roles, responsibilities, desired outcomes, timeframes and resources must be clearly defined and confirmed between the two principal parties

– yourself as internal consultant and the sponsor.

When all of the above has been done, proceed. If the process underlying the psychological contract is not completed, beware of future misunderstandings, conflict and abrasive relationships

This psychological contract extends over the whole range of activities of the change project. When entering the consulting process, you should determine what data are to be collected, and from where. You must not make

assumptions about the state of readiness of the organisation to change. Your culture and that of the sponsors may differ radically, even though you both work in the same organisation. What type of data will you decide to collect? Is this fundamentally a quantitative data-gathering activity? Do you have the tools and techniques to ensure that the data-gathering process is objective and fair? Can you design any requisite relevant tools – such as questionnaires, attitude surveys, leadership profiles, cultural reviews, and customer-service questionnaires?

## The psychological contract

This is an agreement that focuses upon making assumptions and expectations clear to all parties. The purpose of the contract is to tease out those issues that have been unstated. The psychological contract is a means of moving from a general commitment to work on the project to specific stated and concrete expectations. Ultimately, the psychological contract gathers clarity that unites and binds all parties to agreed ways of working together. It usually involves the following:

- Agreement on desired outcomes and objectives – general, specific, and evolving – as the project progresses.
- An outline of the specific role of each of the actors in the programme and of how you all contribute to the overall assessment process.

- Measures and metrics to evaluate whether the programme is proceeding at the required pace.
- Assessment periods – their frequency and key milestones, and associated activities.
- Time expected to be devoted to the project from the perspectives of all the actors in the process – from beginning to end.
- Expected percentage of available time to be devoted per week to the project. For instance, is the project full time or part time? For what proportion of the week are you expected to work on the project?
- Confidentiality and secrecy agreements during and after the completion of the project.
- Licensing agreements regarding the use of specific tools and techniques.
- Deliverables agreed by all parties.

- Use of external resources – such as training inputs external to the organisation.
- Agreement on how you and the external change agent will work together.
- Training and development time for yourself.
- Resources available.
- Access to key players who will ease the transition.
- Support from senior managers to open doors when resistance to change is high.
- Financial and budgetary constraints.
- Access to the change team and to the project sponsor and client.
- Standards of behaviour.
- Means for resolving conflicts.

## Confidentiality crisis

When working on change interventions, we also focus our energies on examining the change-leadership capability of senior managers. In this instance, Edward was the internal change agent, and the relationship with the client, Bob, evolved into that of formal coaching. The coaching focused upon Bob's lifestyle choices, his future in the wider business and his relationships with others. Out of the blue, Edward received a phone call from Bob's manager, Peter. Edward was told, in no uncertain manner, that he was required to attend a meeting with Peter and should be prepared to discuss Bob's progress. Edward politely stated that the nature of the coaching work with Bob was confidential and that he felt he could not disclose information, apart from the most general kind. Peter, well known for his dogmatic approach and focus on control, then demanded to meet Edward to talk through Bob's development plan specifically. Finally, after further antagonistic approaches, Edward felt he had to withdraw from the coaching work. In the meantime, Bob had been put under immense pressure by Peter to disclose the content of the discussions, which was extremely sensitive. There was no option but to walk away from the intervention. Peter's curiosity and need for control stood as a major barrier for any development work to which Bob wanted to commit personally.

The major learning point here is that there will be times when internal consultants will be put under pressure to disclose information given to them in confidence. Internal consultants and trainers must demonstrate integrity and adhere to their values. Be under no illusions; this reality permeates many organisations, and the internal consultant needs to demonstrate some strength of character and bravery in order to maintain their integrity and confidentiality.