

## Chapter

# 1

# THE PSYCHOLOGICAL CONTRACT AND ORGANIZATIONAL SOCIALIZATION

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**OBJECTIVES** After completing Chapter 1, you should be able to:

- A. Define the terms "psychological contract" and the "self-fulfilling prophecy" and explain their importance.
- B. Describe the external influences that affect expectations.
- C. Describe predictions about the workplace in the year 2000.
- D. Explain the "pinch model."
- E. Make a psychological contract with your professor.
- F. List the characteristics of the field of organizational behavior.

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## **A** *Cold Slap in the Face... Past Graduates, Corporate Managers Explain Why You Probably Can't 'Have it All'*

### **Douglas A. Campbell**

Kreig Smith believed he knew what to expect in the business world after earning a master's degree from Brigham Young University last year. Successful internships, including four months with IBM Corp. in Rochester, Minn., had prepared him for the rigors of life after college, he thought.

Kreig's confidence was buoyed when he met the chief executive of the small computer concern that had recruited him. The man spoke of team effort, hard work and family. "He used to refer to himself as the father of the company, and he was proud to be a father," recalls Kreig, who says his ideals are as important to him as career success.

Source: Reprinted from *Managing Your Career*, Fall 1987, Dow Jones & Co., Inc., pp. 6,9.

The job lasted one year. By the time Kreig left, he was calling management in American business a sham and was totally disillusioned with the man to whom he had looked for leadership.

Marie Robard, a recent University of Denver graduate, took a sales job with an electronics industry giant when she graduated two years ago. She worked hard enough in college to get decent grades, but no more. So the demands of her new job, where she spent from 7:00 A.M. until after the dinner hour, were unexpected. Still, Marie dived into her work, and soon she was outperforming her peers and exceeding her sales quota by a remarkable margin.

Then Marie (not her real name) discovered the reward for her effort: Her quota was doubled, and the big bonuses that once fell into her pocketbook each month now had to be chased.

Like many new college graduates, Marie and Kreig were surprised newcomers to business. Although many graduates manage smooth transitions into their chosen careers, the road from the classroom to the conference room can be riddled with unexpected hazards.

"It's a complete change of cultures," says Victor R. Lindquist, director of placement at Northwestern University.

"Most people get a perception in their minds (of what work will be like)," adds Robert K. Armstrong, manager of professional staffing at DuPont Co. "All too frequently, it turns out not to be that way," resulting in a high degree of turnover at most companies in the first five years of employment, says Mr. Armstrong.

Professionals who work with recent graduates report that they're often surprised at the level of pay they receive, the hours they're required to work, the effect of those hours on their social lives and on their expectations for developing a family. They're also unprepared for office politics and for the need to seek—and accept—the help of those with more experience.

Hedwin Naimark, a social psychologist, conducted a study of college seniors in 1985 and 1986 to find out what they expected from the workplace. "They seemed to focus on what it's like to be a student," Ms. Naimark says. "You go to class, you do your work and you receive a good grade if you do what you're supposed to do. The concept that there are other things involved when you go to the workplace was missing," she says.

"Their concept of how they are going to live their lives is deeply affected by the whole aura of the country, which right now is (that) everybody is going to do everything and everybody is going to have everything," Ms. Naimark says.

If you have been lured by the beer commercial asking, "Who says you can't have it all?" consider the experience of Marie Robard.

"I found that to be good at what I was doing, (the job) had to be the number one priority in my life," says Marie, who describes her college experience as "a whole lot of fun."

"I would say my first year out of college, I didn't have a social life," she says.

That didn't bother Marie, because she was establishing herself as a star salesperson and because she was being rewarded with early promotions. What did bother her were the office politics ("It's really frustrating. It's constantly going on, and you have to learn to play it.") and what she saw as a lack of cooperation between corporate departments ("It's like you're fighting against somebody instead of everybody working together").

And then there was the matter of quotas. "I was penalized for being successful," says Marie, who still works for the same company.

For Kreig Smith, it was the human interplay that drove him from his corporate job. With a degree in organizational behavior, Kreig took a job as an internal management consultant. After interviewing workers to determine what motivated them, he was convinced they were seeking "respect and dignity" as much as anything. And so when the

CEO talked "about quality, quality that extended beyond the product to how we dealt with everyone," that hit a responsive chord in Kreig.

Then the company's business took a nosedive.

"When things get tough, (the CEO's) tune changed. I talked with him personally. He would say, 'I'm tired of being the father. They're a bunch of crying babies.'

"I heard him say, 'As president, I have to compromise my integrity. If I didn't compromise, I couldn't interact with the board of directors.'"

The reality of the workplace eventually drove Kreig to start his own business, a consulting firm where he and a partner call the shots and set the standards.

## TOO MUCH TIME

One of the most common and unexpected realities for recent graduates is the time a job demands, according to Elizabeth A. Meyer, director of Stanford University's Career Management Center. Employers attempt to make time demands clear, Ms. Meyers says, "but it's still sometimes a shock."

"It's often lifestyle issues that are troubling—things they (recent graduates) hadn't anticipated or thought wouldn't be important, the location or hours of the job," Ms. Meyers explains. "Many of our people are on the job 80 hours a week, and they think I can handle it. And then they see their marriages or social lives falling apart."

In some industries—computer concerns and financial houses in particular—recent graduates often find room for rapid advancement. But industries with slower growth paths offer less chance for promotion—and more frustration.

"A number one ticket item (among recent graduates) is the expectation...that advancement's going to take place quickly with a very well-defined path," says DuPont's Mr. Armstrong. But for that to happen, he says, there has to be a combination of a well-qualified employee and a company with a need.

"In becoming more competitive, more productive, companies have had to come to grips with how they can do business...with fewer people," Mr. Armstrong says. As corporations pare management levels, new recruits have fewer positions into which they can rise. At DuPont, for example, an engineer who once could expect a management post after five years now may find himself on the engineering bench for 10 years or more before advancement, Mr. Armstrong says.

"I have five engineers who have been here for a while. Business is so-so, so we really don't have a need to promote them," says Mr. Armstrong. "Yet they have a feeling there should be advancement."

## LEARNING THE ROPES

On any new job, recent graduates will find it necessary to learn the ropes—the peculiarities of the particular company and its expectations of new workers. To do that, Mr. Lindquist suggests that on visits to prospective employers, job seekers should spend time with potential new colleagues "to see whether this is a group of people with whom you would like to work."

A big mistake is failing to ask questions. "You can expedite the learning process by asking the right questions," Mr. Lindquist advises. New hires also should be wary of "the person who offers all kinds of counsel gratuitously as to what's in and what's not, who's good and who's bad. Very often, this is a discontented employee who hasn't figured out the system and isn't likely to be moving on," Mr. Lindquist says.

Ms. Naimark, the psychologist who studied undergraduates for Catalyst, a non-profit New York City organization that specializes in women's career development issues, says among the 1,000 students she surveyed, "both men and women think they're going to have demanding and exciting careers. They think they're going to increase their salaries, be married and have children and be good parents."

After dealing with the realities of the workplace, she says the students' attitudes change. "What you see is a great growth...of the understanding that there are options and trade-offs."

In other words, the experts say, you can't have it all.



## Premeeting Preparation

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- A. Read "A Cold Slap in the Face."
- B. Read the Topic Introduction.



## Topic Introduction

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All the recent graduates in Campbell's article, "A Cold Slap in the Face" had one thing in common: In each case the psychological contract between the employee and the employer had broken down. When individuals join an organization, they form an unwritten, implicit or (less frequently) explicit, psychological contract with the organization. This contract consists of the mutual expectation employees and employers have of each other. The psychological contract is based upon the perception of both the employee and employer that their contributions obligate the other party to reciprocate. If a new employee is given the impression that hard work will be rewarded with a promotion and raise in the near future and neither are forthcoming, the psychological contract is broken because the organization has failed to meet the employee's expectations about both advancement and credibility. On the other hand, if an organization agrees to pay the cost of an employee's MBA program, her boss may expect her to work harder or be more loyal because the company is contributing more to her than to other employees.

Even though such expectations may never formally be stated, they do exist and they have a tangible impact on the relationship between employee and employer. When the expectations of either side are not fulfilled or when the contract is violated, intense emotional reactions such as outrage, shock, resentment and anger, result.<sup>1</sup> The trust and good faith of the employer-employee relationship is destroyed and cannot easily be rebuilt. The disillusionment over broken psychological contracts affects employee job satisfaction, productivity, and desire to continue with the organization.<sup>2</sup> A company staffed by employees who feel cheated or betrayed cannot expect to be a high performance company.

Psychological contracts differ from employment contracts because they focus upon a dynamic relationship that defines the employees' psychological involvement with their employer. The actions of both parties mutually influence the psychological contract. For example, high company expectations about what employees should contribute to the company can produce increased individual performance; when individuals perform at a high level, they come to expect more than just a paycheck. They may also expect job security, respectful treatment, and challenging jobs and training that will help them develop and grow. From the company's perspective, the key questions are, "How can we manage our human resources so that we can maximize individual contributions?" and "How can we socialize our members to accept our expectations