

The Bargain (or Psychological Contract)

We all love a bargain: it makes us feel that we've got ourselves a good deal. In the world of HR and business, the bargain can be defined as *"the deal between each member of staff and the company i.e. what the company can expect from its staff and what their staff will do in return"*.

The term 'psychological contract' is often used to describe this bargain. It effectively tells employees what they are required to do in order to meet their side of the bargain and what they can expect from their employer.

It can be defined as *"the perceptions of the two parties, employee and employer, and their mutual obligations towards each other"*. These obligations will often be informal and imprecise and some obligations may be seen as 'promises' by some people and as 'expectations' by others. The important thing is that they are believed by employees to be part of the relationship with their employer.

Achieving 'the bargain'

Getting the employment relationship right and establishing and maintaining a positive psychological contract results in a positive impact on business performance as research supplied by The Chartered Institute for Personnel and Development (CIPD) has shown.

There are many kinds of commitment employers and employees make to one another that reflect the bargain or psychological contract. They consist of specific promises made by both employees and the employer.

Grapevine HR identifies these promises and helps employers communicate important messages about what they offer their employees.

If the bargain or psychological contract is breached, serious damage to the employment relationship can result. This could result in a negative impact on job satisfaction, lack of commitment of employees and poor employee engagement in general.

To avoid such breakdowns in the psychological contract, and to uphold the bargain, Grapevine HR advises employers of factors that will enhance the bargain such as identifying the right management style, effective employee consultation and the beneficial management of expectations.

The concept of the bargain or psychological contract is a powerful one and if applied correctly with expert help, it can be reinforced with unexpectedly positive results. Employees remain engaged, loyal and committed to your organisation which has to be a considerable plus point. Don't miss out on a bargain: contact Grapevine HR to make it happen!



“Putting the Human into Human Resources”

This article was written by Grania Sweeting, Managing Director of Grapevine HR Ltd. Grania is an experienced, independent HR Consultant providing outsourced HR support to organisations on a retained, project or ad hoc basis.

To obtain further information about this article or if you wish to contact Grania please visit her website or contact her via:

Email: grania@grapevinehr.com **Phone:** 020 8892 9891 **Twitter:** [Follow](#)
Website: www.grapevinehr.com **Skype:** grantiasweeting **LinkedIn:** [Public profile](#)

Alternatively if you have any HR matters within your business that you wish to discuss in confidence, please call for a 30 minute consultation that will only cost your time.