

Psychological contracts: The unwritten promises of veterinary employment

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There are many factors involved in increasing staff retention. In this article, Joe Hill and Jenny Moffett discuss a commonly overlooked component – the psychological contract – and explores what veterinary practices can do to strengthen the employer-employee relationship.

Background

The veterinary media have highlighted a shortage of experienced veterinary surgeons and veterinary nurses within UK clinical practice over the past 12-18 months (Anon 2015; Kidd 2015). The impact of this shortage is easily observed at a practice level, with veterinary employers struggling to source clinic staff and meet the requirements of busy work rotas.

This challenging recruitment environment means that it is increasingly important for veterinary employers to address talent management, i.e. attracting, engaging and retaining the right employees. Although emphasis is often put on the former two tasks (i.e. recruitment marketing, and the interview process), overlooking the latter can, according to business experts, be a costly mistake. This is because decreased staff retention (i.e. increased staff turnover) incurs recruitment and short-term labour costs, it also impacts negatively on business output. A recent report by UK thinktank Oxford Economics suggests that new employees take, on average, 28 weeks to reach optimum productivity (HR Review 2014). Additionally, high staff turnover can lead to decreased staff morale, interruptions to work flow, and decreased customer satisfaction (ACAS 2014), alongside risks to the business' reputation amongst veterinary clients and potential future staff.

There are countless factors involved in increased staff retention. In this article we will explore one commonly overlooked component, the psychological contract. A psychological contract is defined as 'unwritten expectations about how an employee will perform at work and what they can expect from the organisation in return' (Woods and West 2010). These 'unwritten expectations' bear significant relevance to the veterinary industry at a variety of different levels. For example a veterinary staff member will enter into a psychological contract with his or her employer, whilst also – at the start of his or her career – entering into a psychological contract with the profession. Studies suggest that this latter version of psychological contract has experienced problems in recent years. A joint survey by the RCVS and BVA revealed that only half of veterinary surgeons who graduated within the last eight years say their career has matched their expectations (BVA

2015). Although further research is required, it is possible that this failure of expectations can be linked to a breach of veterinary surgeons's implicit psychological contract with the profession.

Understanding employer-employee psychological contract

With regards to exploring the concept of psychological contract, the more studied form is that of employer-employee. The business literature describes two distinct types of employer-employee psychological contracts: transactional and relational (Behery and others 2012). With transactional contracts, remuneration is the primary incentive for the employee, and there is closed-end time frame associated with specific work duties and objectives. Relational contracts encompass an open-ended relationship involving considerable investments (often emotional as well as economic) by both employees and employers. In reality, most employer-employee relationships are probably best represented by a combination of both types.

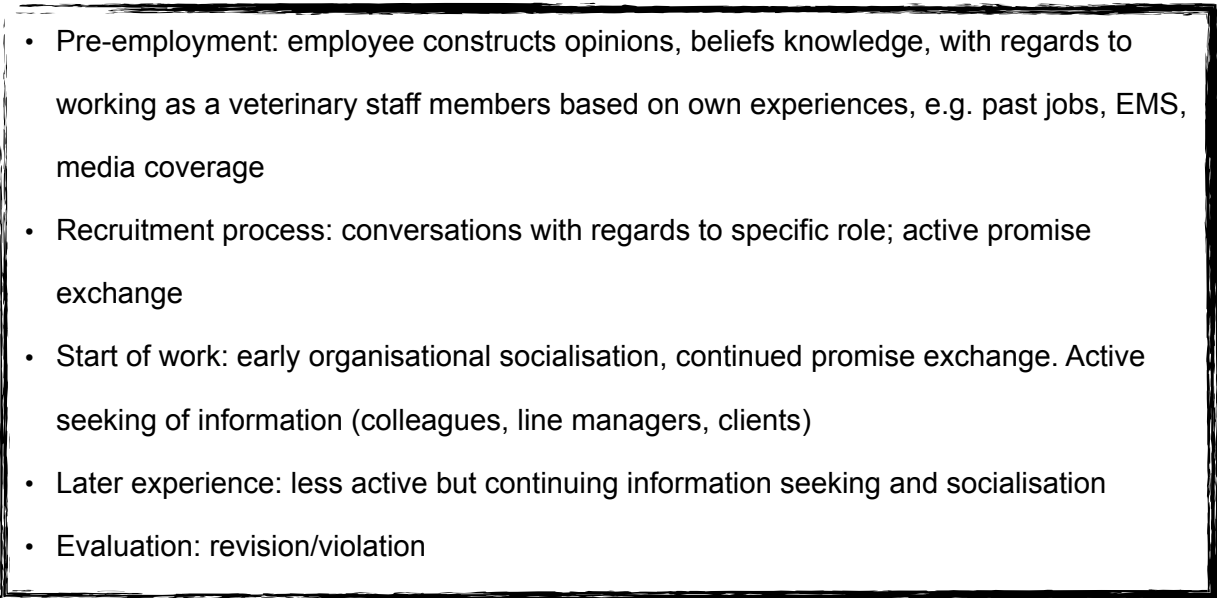
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- Pre-employment: employee constructs opinions, beliefs knowledge, with regards to working as a veterinary staff members based on own experiences, e.g. past jobs, EMS, media coverage
 - Recruitment process: conversations with regards to specific role; active promise exchange
 - Start of work: early organisational socialisation, continued promise exchange. Active seeking of information (colleagues, line managers, clients)
 - Later experience: less active but continuing information seeking and socialisation
 - Evaluation: revision/violation

Figure 1: Stages of psychological contract (Rousseau, 2001)

The formation of psychological contract follows a series of stages (Figure 1). When a job becomes available at a practice, employees and employers enter into an interaction resulting in a series of implied intentions leading to an active exchange of promises from both parties. Some of these commitments will inevitably enter the formal contract, but many remain unwritten although deemed of equal importance. In reality, the expectations of both parties will be influenced before this negotiating stage. Prospective employees will invariably have preformed ideas of what to expect from a potential job based on past work experiences, and their research on the new employer, i.e. how a practice portrays itself through its website and social media presence. Equally, an employer will have certain expectations of a prospective employee based on their CV, face-to-face or telephone interactions, and social media. Once established, the psychological contract is dynamic and continues to develop through both formal (e.g. appraisals) and informal (e.g. meetings and conversations both inside and outside of the work environment) situations. Table 1 demonstrates some common components of employer-employee psychological contracts.

Employees promise to:	Employers promise to provide:
Work hard	Pay commensurate with performance
Uphold company reputation	Opportunities for training and development
Maintain high levels of attendance and punctuality	Opportunities for promotion
Show loyalty to the organisation	Recognition for innovation or new idea
Work extra hours when required	Feedback on performance
Develop new skills and update old ones	Interesting tasks
Be flexible, for example by taking on a colleague's work	An attractive benefits package
Be courteous to clients and colleagues	Respectful treatment
Be honest	Reasonable job security
Come up with new ideas	A pleasant and safe working environment

Table 1: Common components of psychological contracts (CIPD 2014):

As these elements of the contract are implicit they are open to interpretation by both parties and the fulfilment of these unwritten 'promises' is through trust alone. The majority of the employee 'promises', such as working extra hours when required, being flexible and showing loyalty to the business fall within the definition of organisational citizenship behaviour (OCB). This collection of activities fall outside of the job description of the employee and invariably are not rewarded by an employer through a system of formal rewards. These behaviours are important because they act as a measure of employee engagement, and thus are an indicator of how content an individual is within the organization or practice. A greater level of motivation and job satisfaction is synonymous with more OCB behaviour.

The creation of psychological contracts are an inevitable consequence of human interaction and occur where there is incomplete information regarding all facets of an employer or employee relationship leading to the formation of particular expectations (Rosseau 2001). If components of these contracts are not fulfilled there is the potential for major problems to develop. This can result from either party, e.g., a failure for an employee to continue their professional development in a previously stated direction, or from an employer that implies that a wage rise is a formality but then decides that it is not warranted.

Problems exist when the psychological contract is broken. Invariably this results when employers do not fulfil a commitment that they have made. This can be the result of a single major incident or, more commonly, a series of events which initially leads to employees reducing their OCB, or leaving employment. Withdrawal of OCB is observed in a variety of ways, but frequently it means

employees revert back to the conditions of their written contract, rather than exhibiting behaviour which would leave them vulnerable to dismissal. For example:

- Individuals no longer stay beyond their contracted hours, a point which is often verbally emphasised to other staff: "I'm not staying, I finish at 6."
- Loyalty to the business reduces. Frequently this manifests as a series of general complaints and grumbling about how things are run or about the 'management'. It can progress to the creation of general disharmony amongst other staff taking the form of active vocal criticism.
- An employee's input into how to improve aspects of the business ceases and there is general disengagement from their work. Individuals simply come in to work for their allotted hours, perform the role stated in their contract, ensure they have their 'legal breaks' and go home. (It is important to note that being unhappy with an employer rarely impacts on the level of clinical work undertaken by staff. This component of professional work is, on the whole, driven by a different set of motivators which align with the reasons an individual chose the career path initially. These factors are often the sole reason why staff stay behind to finish off a clinical case and exist regardless of the environment in which they work.)

The major reasons that people leave an employer tend neither to be financial nor geographical, although these reasons are commonly stated as they are simpler to say and easier to believe. Invariably, there are more personal reasons for leaving where an employee believes that the company has not lived up to their promises such as 'clinical support on a daily basis' or 'creating development and learning opportunities at work'.

Preventing and limiting problems of broken psychological contract

It is unreasonable to expect businesses to be able to fulfil all their ambitions and intentions as there are many facets that are beyond their control. However, it is important to understand how seriously comments from partners and senior management can be taken by employees and thus ensure that there is a clear delineation between what *might* happen and what *will* happen. If this separation is not clear then an organisation is simply setting themselves up to fail. If it is not possible to deliver on implied promises then an explanation of why this has occurred and how the business intends to address the problem needs to be discussed, otherwise trust will be eroded. If we consider the key stages of psychological contract formation (Figure 1), the pre-employment phase is hard for businesses to manage as they are unable to influence an individual's prior experiences. However, employers will have expectations of their potential employees based on their interactions with those they have employed (both in the past and present). These expectations need to be voiced and discussed rather than kept as an invisible benchmark.

The interview process forms the backbone of the psychological contract, and so it is important to ensure that things that have either been suggested or promised are actually met, otherwise long-term talent retention is unlikely to be achieved. The way the interview process is conducted including the format, style of questions, location and the way people dress reflects the culture of both the organisation and the prospective employee. If there appears to be a fit between the two then this often leads to successful employment. One of the problems which exists is that both parties are prone to exaggerate what they offer and how they will behave. The way the business describes itself, how it plans to develop and the available career paths form part of the psychological contract.

Once employment has started, an effective induction program should be implemented which aims to show the practical aspects of the role, and also explains the culture and expectations of the company. Appraisals are a crucial conduit for facilitating the psychological contract. Frequently, many aspects of work are discussed in this process; however, it is important to agree on a set of criteria relating to both the business and the individual that need to remain the same or be altered. If items for change are not agreed or – worse – are agreed and then not acted on, then the appraisal simply becomes a box-ticking exercise that will facilitate erosion of the psychological contract. A well-constructed appraisal has the capacity to increase employee engagement, thus improving the business-employee relationship, and helping to increase the overall performance of the business.

A final consideration in preventing problems associated with the breakdown of psychological contract is the provision of specific professional training in this area. Veterinary industry relies on its human resources to provide the vast majority of its income; thus, managing employees is a crucial skill for a business to foster. For some managers and partners this is an innate skill, but for most it is one that needs to be developed through appropriate training. Examples of key considerations are to:

- Recognise that new graduates face development of a dual role as they are both joining employer and the professional workplace for the first time
- Understand that authoritarian styles of management can have a negative impact on psychological contract (George 2009)
- Cultivate awareness of what constitutes perceived breach or violation of the psychological contract

Psychological contract is a simple and useful concept which reveals an essential, often covert, part of human interaction. Understanding how it is both formed and influenced, and the important role it plays in the employer-employee relationship, will enable greater levels of veterinary staff retention with all its associated benefits.

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