



AUSTRALIAN and NEW ZEALAND
ACADEMY of MANAGEMENT



The Effects of The Psychological Contract in Executive Coaching

Sebastian Salicru

B.App.Sc. (Psych), (CURTIN), MSc (SUNY), MMR (UWA)

Business Psychologist

PhD Candidate, Curtin University, Perth (Western Australia)

and

Colin Beames

BA (Hons) QLD, BEng (Hons), MBA, MAPS

Corporate Psychologist

4 December 2009

Facts/Claims About Coaching

Business coaching is all about improving performance in real time. Unlike the traditional training and development in business, coaching is a proven strategy to increase business results.

No wonder this exploding industry has estimated annual expenditures over \$1 billion.

Facts/Claims About Coaching (cont.)

The Manchester Survey of 140 companies shows 9 in 10 executives believe coaching to be worth their time and money with the average return being more than \$5 for each \$1 spent.

Results:

- 570% return on investment for 100 coached professionals
- 53% productivity improvement
- 48% quality improvement
- 77% work relationships

Source: Manchester Survey

Facts/Claims About Coaching (cont.)

A 2001 survey conducted by Metrix Global in 2001 supports these numbers. This survey indicated that coaching generated a 529% return on investment.

These numbers have resulted in the projected growth rate of 40% for the coaching industry.

Increases in franchises such as The Growth Coach from 6 in 2003 to 131 in 2006 support these projections.

The Australian Institute of Management revealed that coaches are hired by 70% of its member companies.

If business coaching or executive coaching sounds like a good strategy for you to increase business performance, then what criteria should you consider in hiring an executive coach?

The case/need for a relational model of coaching

A recent review of the emerging coaching literature identified inattention to:

- The coaching contract
- Research into client (coachee) engagement and retention
- Causes of client drop-out or premature termination of coaching; and
- Criticism that the coaching literature is not sufficiently informed by substantive empirical research

(Ellinger *et al.*, 2008; Feldman and Lankau, 2005; Kilburg, 1996, 2001).

A scientific approach

1 Measurement



2 Diagnosis

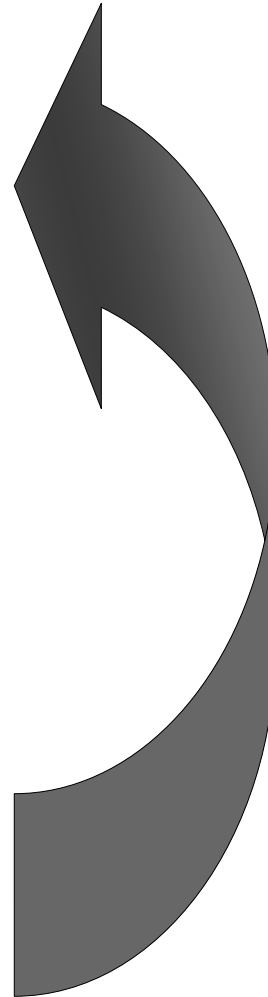


3 Intervention



4 Evaluation

(Measure and compare)



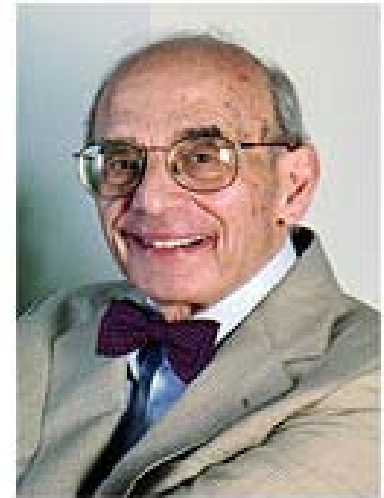
The Psychological Contract (PC)

Literature Review

The "psychological contract"

The notion of the "psychological work contract" was first coined by Harvard's Business School Professor Chris Argyris (1960) to refer to:

“Employer and employee expectations of the employment relationship (i.e. mutual obligations, values, expectations and aspirations that operate over and above the formal contract of employment)” .



The "psychological contract"

“Unwritten set of expectations operating at all times between every member of an organization and the various managers and others in that organization” (Schein, 1980).



Edgar Schein

MIT Sloan School of Management

The "psychological contract"



“individual beliefs, shaped by the organization, regarding terms of an exchange between individuals and their organization”

(Rousseau, 1995)

Denise Rousseau

**Professor of Organizational Behavior and Public Policy
Carnegie Mellon University**

The "psychological contract"



“The perceptions of both parties to the employment relationship, organisation and individual of the reciprocal promises and obligations implied in the relationship”

Guest and Conway (2000)

David Guest

**Professor of Organisational Psychology and Human Resource Management
King's College, University of London**

Guest, D.E. (1998) Is the psychological contract worth taking seriously? *Journal of Organizational Behavior*, 19(1): 649-664.

The literature on the psychological contract (PC) is extensive and growing. In fact, the PC has been identified as the most emergent area in organisational research (DelCampo, 2007).

DelCampo, R. (2007) Psychological contract violation: An individual difference perspective. *International Journal of Management*, 24(1), 43-52.

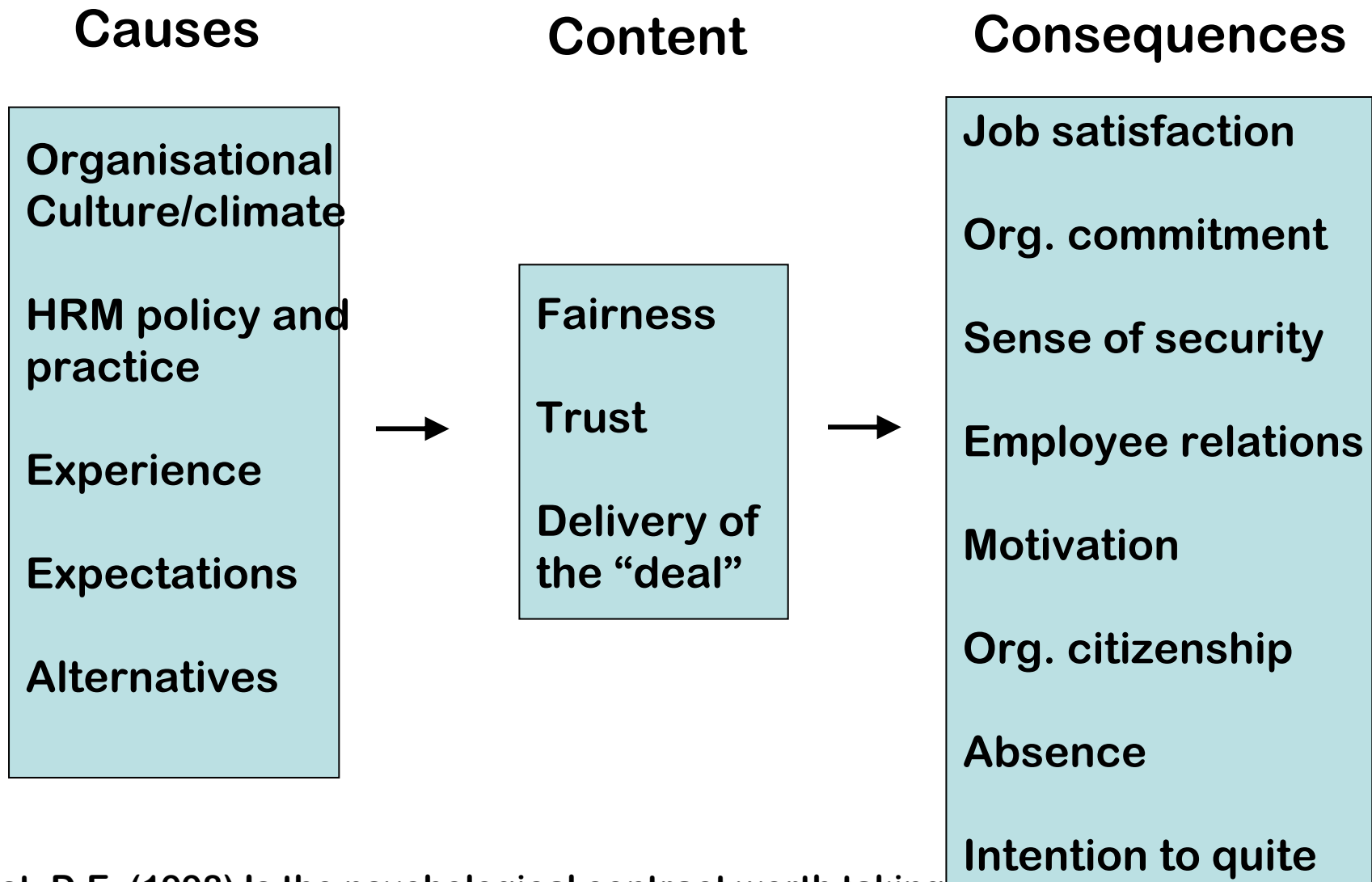
Despite the fact that most of the PC research has focused on employee–employer relationships, it is reasonable and even desirable to extend evaluation of this theory to other fields and relationships (Hill et al., 2009).

Hill, J.A., Eckerda, S., Wilson, D., and Greer, B. (2009) The effect of unethical behavior on trust in a buyer–supplier relationship: The mediating role of psychological contract violation. *Journal of Operations Management*, 27(4), 281-293

Application of the PC as theoretical framework

Author(s)	Area of research and application
Blancero & Ellram (1997)	➤ Strategic supplier partnering
Hill <i>et al.</i> (2009)	➤ Buyer-supplier relationships
Kingshott & Pecotich (2007)	➤ Supplier-distribution relationships
Cutcher (2008)	➤ Customer service relations strategy
Stiles <i>et al.</i> (1997)	➤ Performance management
Walker & Hutton (2006)	➤ Workplace safety

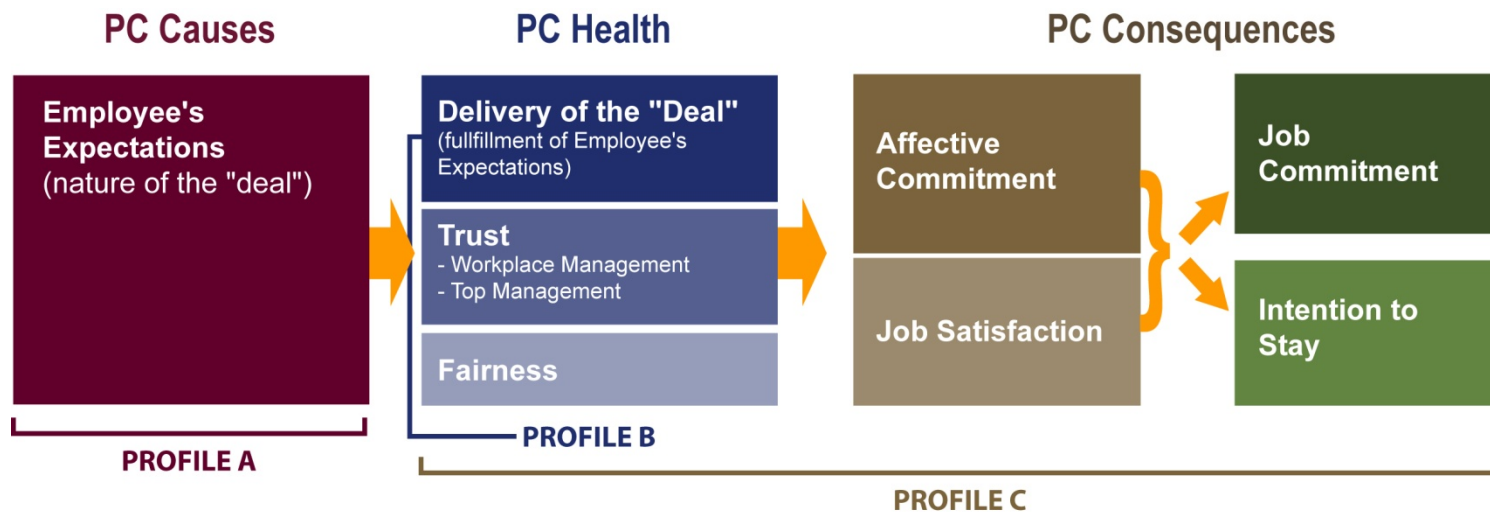
Guest's (1998) Model of the Psychological Contract



Guest, D.E. (1998) Is the psychological contract worth taking seriously? *Journal of Organizational Behavior*, 19(1): 649-664.

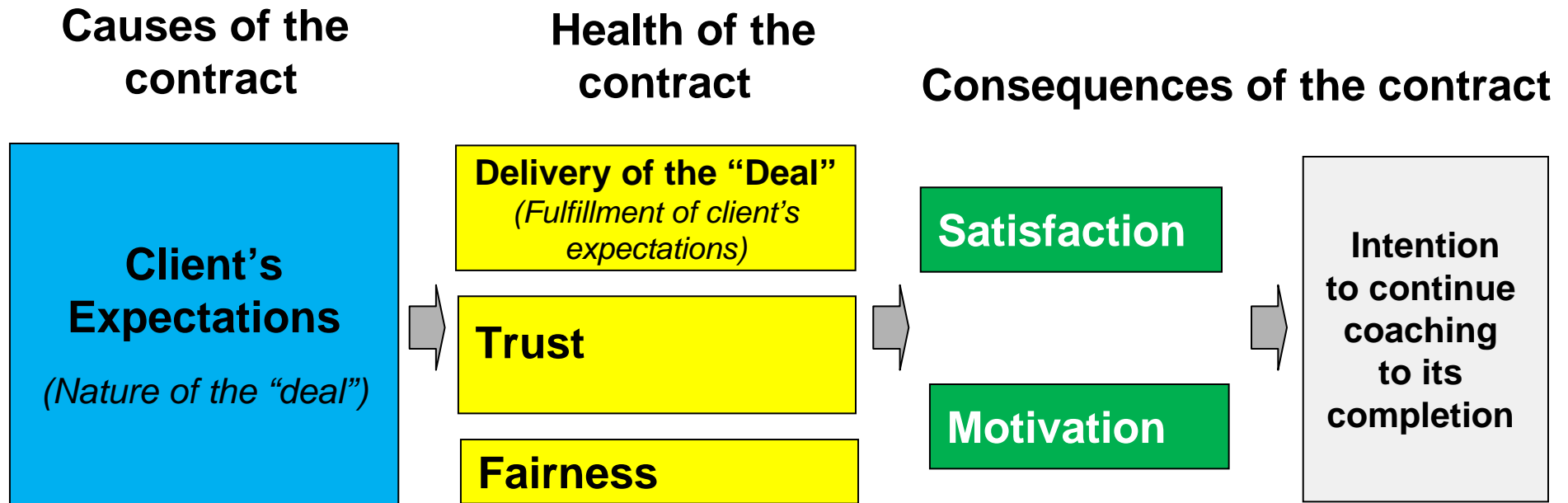
A Relationship Survey Model: The Workplace Relationship Development Indicator (WRDI®)

Based on Guest's model of the Psychological Contract (PC) & a model of turnover



- The WRDI® Model has diagnostic capability (cause / effect)
 - Psychological contract (PC) health factors predict (in part) PC consequences
- The “deal” includes a mix of tangibles and intangibles

The Coaching Psychological Contract



**Breakout groups
(15-20 minutes)**

Client expectations – ‘The deal’ (variable 1 – ID variable)

Definition	Sample items (9)
<p>A set of written and/or unwritten generic expectations most clients would have about the coaching relationship and process, regardless of the orientation/approach used by their coach.</p> <p>* From the literature review and expert interviews.</p>	<p><i>I expect my coach to:</i></p> <ol style="list-style-type: none">1. Genuinely care about me and my concerns.2. Provide me with continuous support.3. Understand my situation, concerns and challenges.4. Be responsive to my needs.5. Be able to put her/himself into my shoes.6. Be direct with me.7. Provide me with useful ideas and/or suggestions.8. Contribute to my personal & professional development.9. Assist me in setting goals & monitoring their achievement.

Fulfillment of client of expectations – ‘Delivery of the deal’ (variable 2 – ID variable)

Definition	Sample items (9)
<p>Client perceptions of whether their expectations about the coaching relationship have been (or are being) fulfilled.</p>	<p><i>My coach:</i></p> <ol style="list-style-type: none">1. Genuinely cares about me and my concerns.2. Provides me with continuous support.3. Understands my situation, concerns and challenges.4. Is responsive to my needs.5. Is able to put her/himself into my shoes.6. Is direct with me.7. Provides me with useful ideas and/or suggestions.8. Contributes to my personal and professional development.9. Assists me in setting goals and monitoring their achievement.

Trust – ‘Health of the contract’ (variable 3 – ID variable)

Definition	Sample items (6)
<p>Client willingness to make themselves vulnerable to their coach by exposing their true concerns, doubts, fears and challenges.</p> <p>* Adapted from Mayer, Davis and Schoorman (1995).</p>	<ol style="list-style-type: none">1. My coach would never take advantage of me.2. My coach is competent.3. My coach always keeps her/his promises.4. I regard my coach as having a high degree of integrity.5. I have no fears or reservations about sharing important and sensitive information with my coach.6. My coach provides very useful feedback.

Mayer, R.C., Davis, J. H. and Schoorman, F.D. (1995) “An integrative model of organizational trust”, *Academy of Management Review*, Vol. 20 No. 3, pp. 709-734.

Fairness – ‘Health of the contract’ (variable 4 – ID variable)

Definition	Sample items (5)
<p>Client perceptions of their coach’s sense of justice, and ability to make judgments free from prejudice, discrimination or dishonesty.</p> <p>* Based on concept of interactional justice (Greenberg, 1993).</p>	<ol style="list-style-type: none">1. I feel confident that my coach will always treat me fairly.2. My coach plays by the rules of the game.3. My coach follows the appropriate standards of what is right and proper.4. My coach has adopted a reasonable approach in discussions with me.5. Compared to many people I know (and coaches I had previously, if that is the case), my coach has a sound sense of justice.

Greenberg, J. (1993) “The social side of fairness: Interpersonal and informational classes of organizational justice”, in Cropanzano, R (Ed), *Justice in the workplace: Approaching fairness in human resource management*, Erlbaum Hillsdale, NJ, pp. 79–103.

Satisfaction – ‘Consequence of the contract’ (variable 5 – DP variable)

Definition	Sample items (4)
<p>The extent to which clients feel positive or negative about their coaching experience (enjoyment and usefulness).</p> <p>* Based on Hackman and Oldham (1975), and Kirkpatrick (1998).</p>	<ol style="list-style-type: none"> 1. I enjoy my coaching experience. 2. I am pleased when I see the results I am getting when I apply what I have learned. 3. I regret my decision to undertaking coaching (R). 4. I get many benefits out of coaching.

Hackman, J.R. and Oldham, G.R. (1976) “Motivation through the design of work: Test of theory”, *Organizational Behaviour and Human Performance*, Vol. 16 No. 2, p. 250.

Kirkpatrick, D.L. (1998) *Evaluating Training Programs: The Four Levels*, Berrett-Koehler, San Francisco.

Motivation – ‘Consequence of the contract’ (variable 6 – DP variable)

Definition	Sample items (5)
<p>The extent to which clients set goals and apply what they have learned from coaching.</p> <p>* Based on Locke and Latham (1984), Hackman and Oldham (1975), and Kirkpatrick (1998).</p>	<ol style="list-style-type: none">1. I feel challenged when applying my new skills and abilities.2. What I learn from coaching is applicable to my work.3. I regularly monitor my progress towards my goals.4. What I learn from coaching influences my day-to-day work.5. I can easily identify performance improvements as a result of coaching

Locke, E.A. and Latham, G.P. (1984), *Goal Setting: A Motivational Technique that Works*, Prentice Hall, Englewood Cliffs, NJ.

Hackman, J.R. and Oldham, G.R. (1976) “Motivation through the design of work: Test of theory”, *Organizational Behaviour and Human Performance*, Vol. 16 No. 2, p. 250.

Intention to continue – ‘Consequence of the contract’ (variable 7 – DP variable)

Definition	Sample items (5)
<p>Client decision to continue coaching.</p> <p>* Based on Allen and Meyer' (1990) concept of continuance commitment.</p>	<ol style="list-style-type: none">1. I often think about terminating my coaching (R).2. I am determined to continue my coaching to its completion.3. It would be too difficult for me to discontinue coaching now.4. If I could swap my coach, I would.5. I have made a decision to continue coaching to its completion.

Continuance Commitment (Intention to continue/complete coaching)

Allen, N.J. and Meyer, J.P. (1990) “The measurement and antecedents of affective, continuance and normative commitment to the organization”, *Journal of Occupational Psychology*, Vol. 63, pp. 1-18.

Feedback, please

- Comments and Questions

