# UKG

# *Invisible Ink: The Psychological Contract & the Employee Experience*

**Julie Develin, MSHRD, GTML, SHRM-SCP**

UKG

"Why are you the way that you are?"
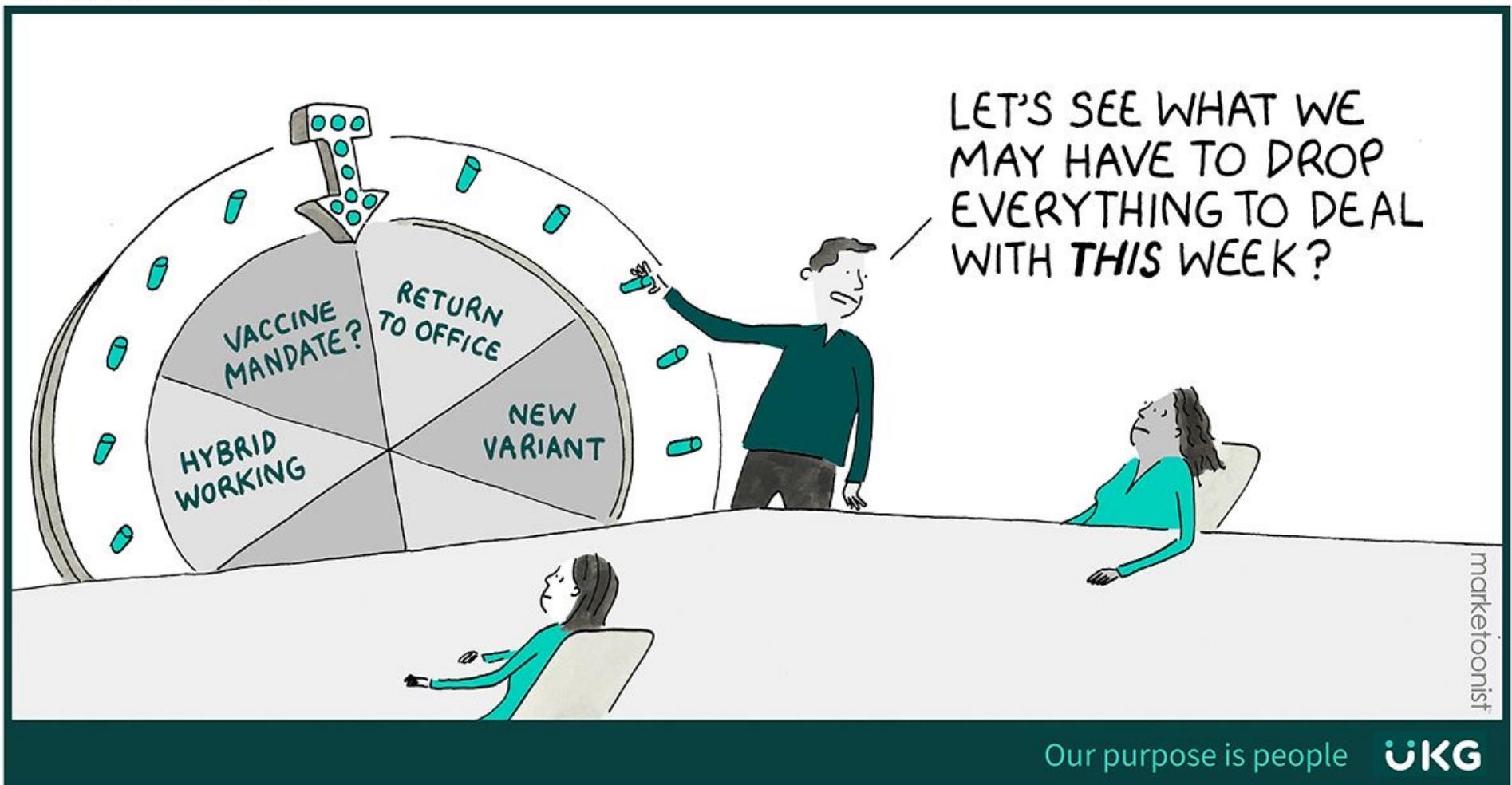
# Changing World of HR

**People Operations**

*Process Champions*

**Human Insights**

*People Scientists*

**Cliché Busters**

*Optimists*
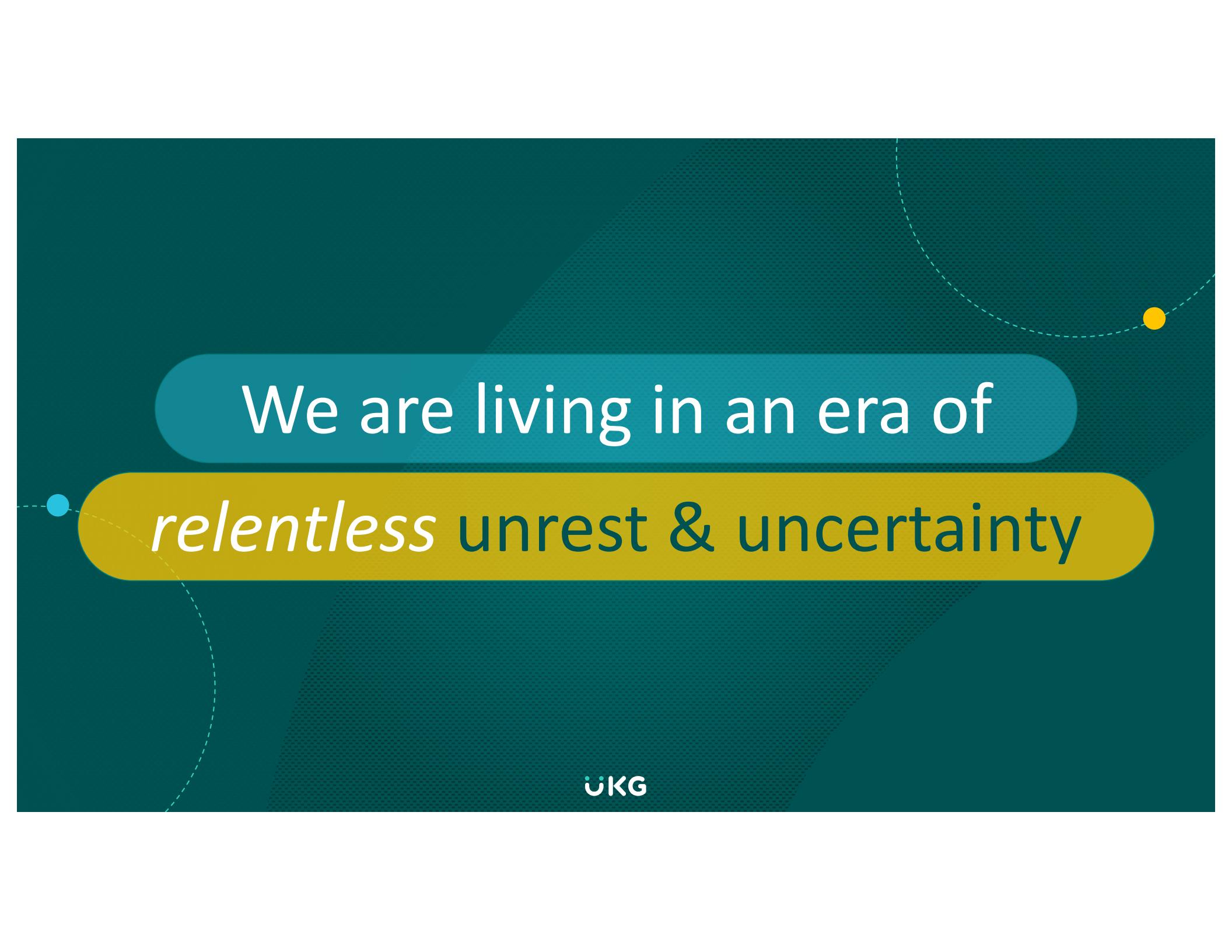
Mental and emotional health are deteriorating at an **unsustainable rate**.

Employers must do *everything* in their power to support their people as we weather this Human Energy Crisis.

# What is "Human Energy"?

**hu·man en·er·gy**

*noun*

1. Share of head space

2. The capacity to absorb and process information

3. The ability to apply discretionary effort

UKG

# Surge Capacity
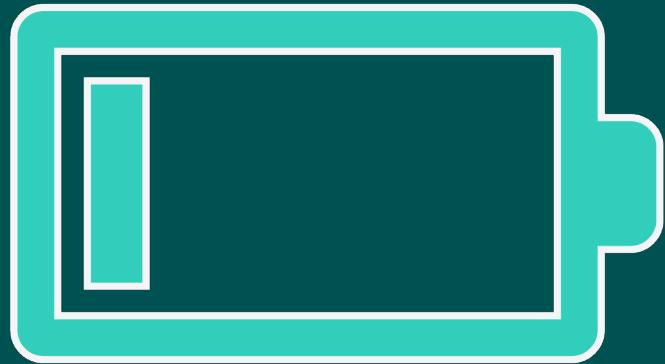
- **It's been depleted!**
- **Struggles of pushing past the limits**
- **"Just" take a vacation!**

UKG

# People Show Up Differently Now

**Yesterday's** View of Work

**Today's** View of Work

Outside Interests

Work

Outside Interests

Work

# A Unique Time for HR

*Never* have we faced such opportunity to improve and positively impact the lives of so many people.

# A Question to Ponder...In Business

*Disruption! Change!*

Status Quo

**3** Build Back Stronger

**2** Recoup Status Quo

**1** Perpetual Decline

UKG
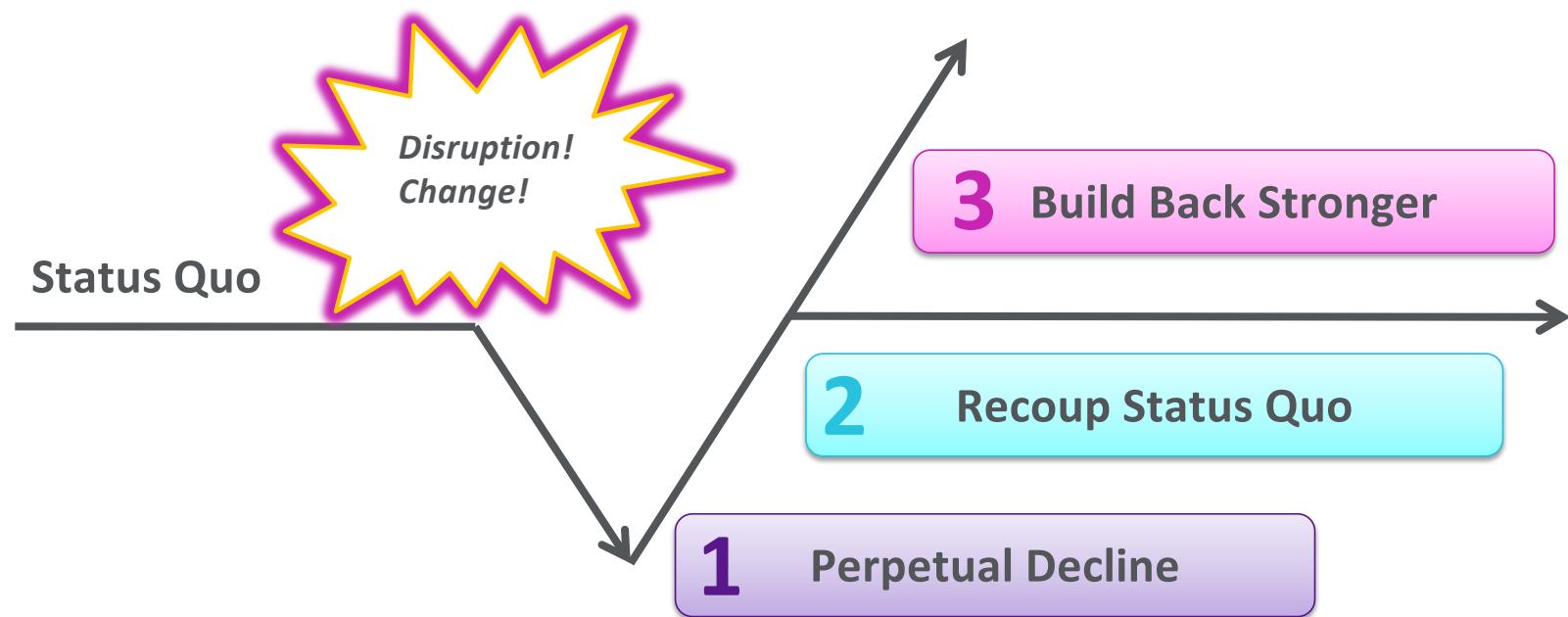
# A Question to Ponder...Personally, Too

Disruption!
Change!

Status Quo

**3** Build Back Stronger

**2** Recoup Status Quo

**1** Perpetual Decline

UKG
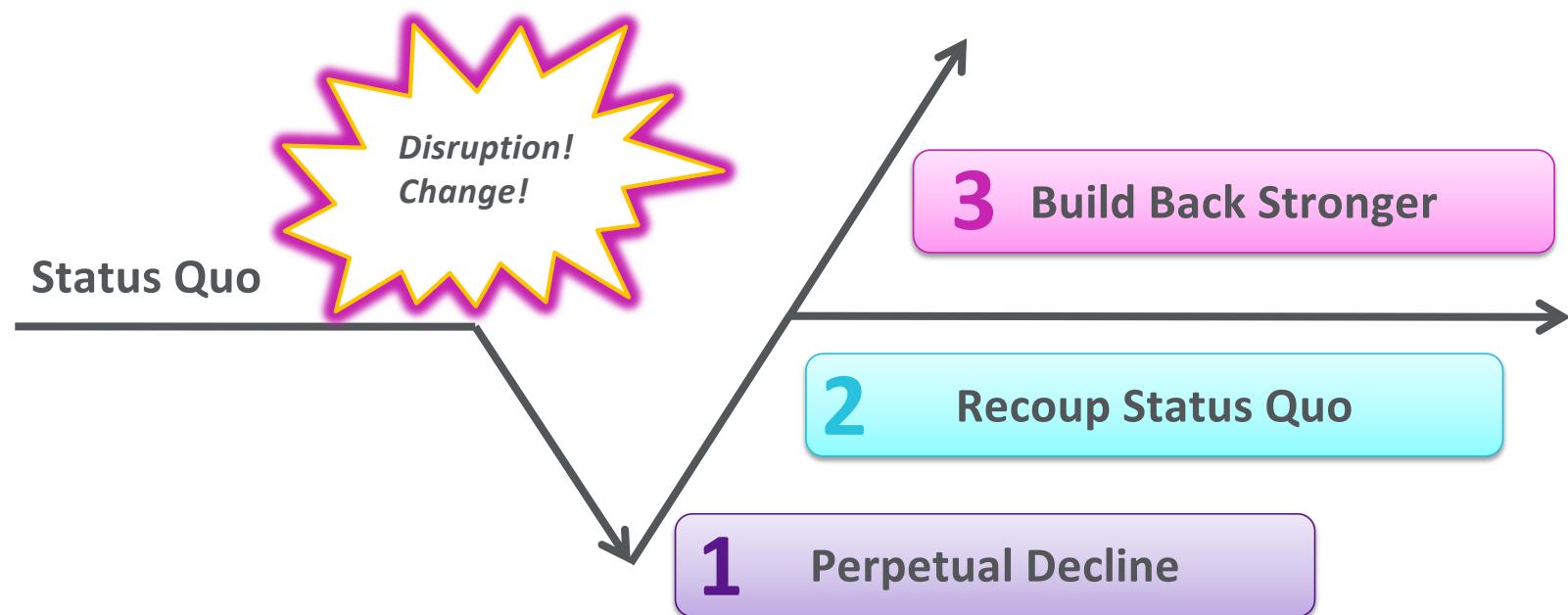
334m Businesses Worldwide

Why Should they Choose Your Business?

33m American Businesses

*Never* have we faced such opportunity to improve and impact the careers of so many people.

# Employees are Generally Not Engaged.

Global engagement has nearly *doubled* over the past 15 years...**but** that increase is from 12% to 23%.

**Global Breakdown:**

**South Asia (33%)**
**US and Canada (31%)**
**LATAM and the Caribbean (31%)**
**Europe (13%)**
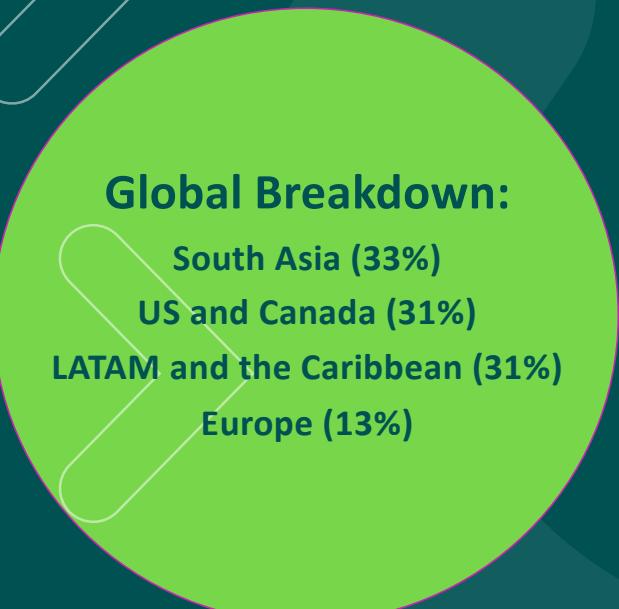
Globally, employees who are *not engaged* or *actively disengaged* represent $8.8 trillion in untapped productivity.

UKG

# A Great Place to Work Means Means ...

...Engaged Employees Who See a Path to Growth at Your Workplace

UKG

# Employee Engagement Matters. Focus Matters. Purpose Matters.
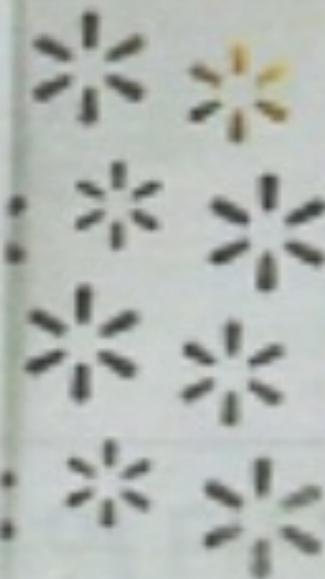
## In Many Ways.
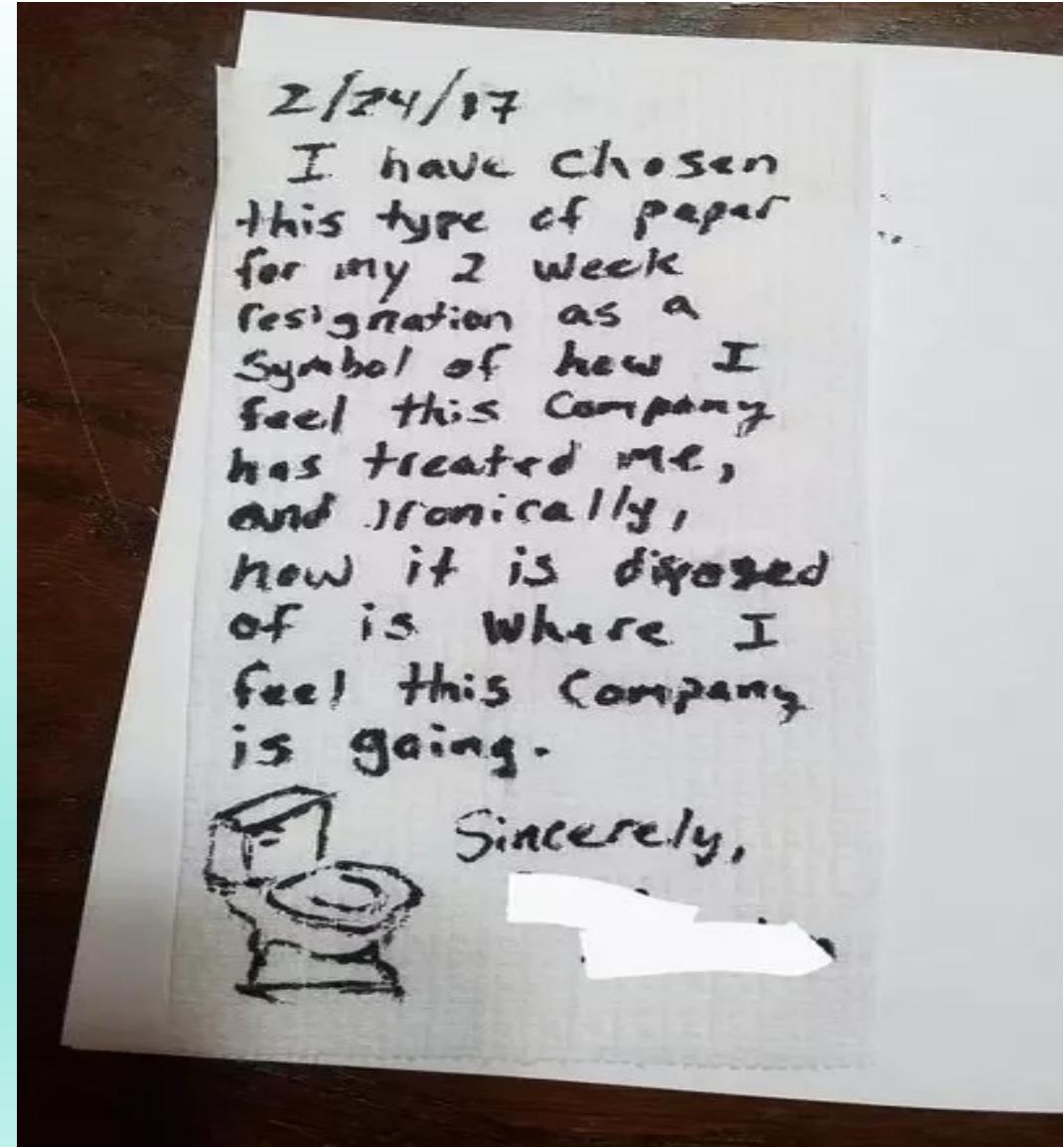
Expectations

Reality

ÜKG

# Moments that Matter

Apply for a job

Interview

Get hired

Onboard

Enroll in Benefits

Get Paid

Set Goals

Access Pay Stub

View Schedule

Request Time Off

Clock In/Out

Retire

Get Promoted

Attain New Skills

Review Performance

Swap a Shift

View Accrued Hours

Take Vacation

Attest to Hours

Submit Timecard

Training & Development

Request LOA

Take a Sick Day

Complete Assigned Tasks

- DAILY
- WEEKLY
- MONTHLY
- YEARLY
- ONCE

UKG

# What do Employees Expect from Employers?

## What do Employers Expect from Employees?

# Employee Experience Expectations

See the Whole Employee

More Flexibility & Options
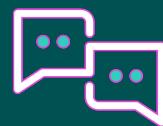
Digital Collaboration

Transparency & Overcommunication

Consistency & Purpose

**We've had to _reconsider_ _everything_ we know about work.**

- **Where will our people work?**

- **When will they work?**

- **How will they work?**

- **Why do they work?**

UKG

# Conveying Purpose

- **Articulate and cultivate a compelling mission and vision**

- **Connect all roles to the "big picture"**

- **Provide autonomy & ownership**

- **Regularly reinforce the organization's purpose...and theirs**

- **Encourage learning and growth**

- **Encourage employees to have a voice**

UKG

# Definition

**What is the psychological contract?**

UKG

# The Psychological Contract

Psychological Contract = The relationship between an employer and its employees, concerning **mutual expectations** of inputs and outcomes. The **fairness** or **balance** as perceived by the employee.

Employee **Expectations**

Everyday **Experiences**

UKG
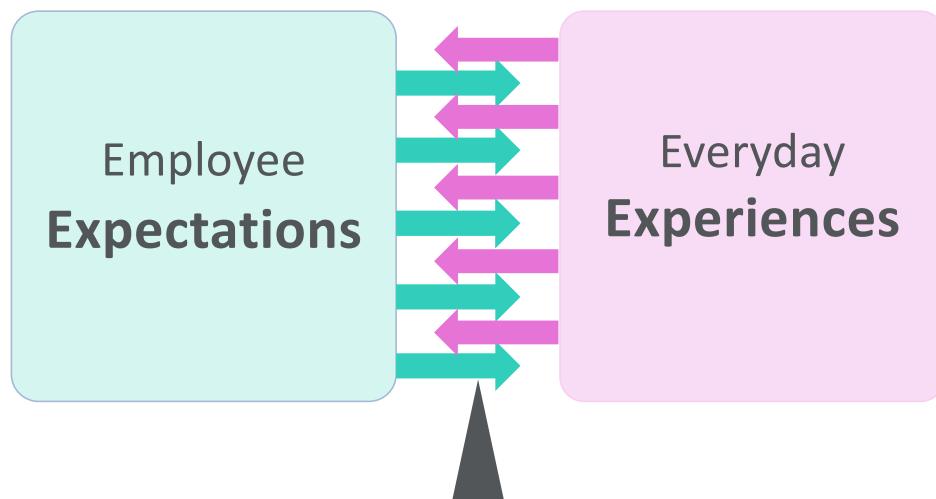
# Invisible Ink: Attributes

- ✓ **Covert**
- ✓ **Imprecise**
- ✓ **Implicit**
- ✓ **Unstable**
- ✓ **Dynamic**

*Visible to Each Side*

**Work** **Pay**

**Employee Inputs (Employer Needs)**

Hours worked
Effort
Loyalty
Leadership
Sacrifice
Risk
Commitment
Results

Safety & Security
Training & Development
Recognition
Growth
Work-life Balance
Status
Benefits
Flexibility

**Rewards Given by Employer (Employee Needs)**

*https://www.businessballs.com/building-relationships/the-psychological-contract/*

ÜKG

# Types of Psychological Contracts

**Transactional
(Extrinsic)**

**Relational
(Intrinsic)**

Economic

Emotional

Raises

Subjective

Promotions

Loyalty

Rewards

Job security

UKG

# HR's Role In Managing the Psychological Contract



Employee Tools & Technology

Approachability

Branding

Expectations

UKG

# But Wait, What About the __Employee__ Obligation?

- Yes, it's a thing, too!

- No, it's not ALL on the employer.

- Look inward, ask questions.

- Be honest with yourself.

UKG

# Fixing Expectations: Mending Broken Psychological Contracts

Provide fair and transparent explanations and communications of sudden changes in policy and practices

Whenever possible, involve employees in decisions that affect them

When possible, avoid surprise changes

Explain clearly why expectations may have been or may have not been met

UKG

# The Tools

**What tools help with maintaining the psychological contract?**

UKG

# Tools to Assist with the Psychological Contract

Communication

Technology

AI & Data

Training

UKG

# Communication

Have a plan & defined protocols

Cut through the clutter

Make important messages repetitive

It's not what you say, it's how you say it

UKG

Con

Quick

UKG

What more can HR professionals and leaders do to boost engagement and productivity?

# The Aging Global Population

"Ageing populations in many parts of the world, creating shortages of labor and placing a greater onus on productivity for driving growth."

World Health Organization (WHO)

By 2050, 16% of people in the world and 25% of persons living in Europe and Northern America will be over age 65, up from 10% in 2022.

# Generational Generalizations

Gen Z

Gen A

Gen X

**Age** + **Life Stage** + **Personality Traits** = **Work Style and Expectations**

Boomers

Millennials

Silent Gen

UKG

# Another Piece of the Equation

Age + Life Stage + Personality Traits + Life Experience = Work Style and Expectations

UKG

# Avoid Reductionist Thinking

**Aggregate statistical data means little in relation to individual circumstances.**

**Putting a person in *one category*, based on *one characteristic*, reduces the diversity of their life experiences.**

# Age: The More You Know…

| | | | |
|---|---|---|---|
| **Reaction Time** | **24** | **Creative Thinking** | **25** |
| **Vocabulary** | **71** | **Productivity** | **35** |
| **Arithmetic** | **50** | **Leadership Skills** | **47** |
| **Changing Careers** | **39** | **Concentration** | **43** |
| **Emotional Intelligence** | **60** | **Solving Puzzles** | **27** |

# Employee Work Styles and Expectations

**OPERATORS**

see work as a means to an end and are not particularly focused on status or autonomy.

**GIVERS**

find meaning in work that directly improves the lives of others, and often gravitate towards professions like teaching or medicine.

**ARTISANS**

seek out work that inspires them and are motivated by the pursuit of mastery.

**EXPLORERS**

value freedom and experiences and seek out careers that provide variety and excitement.

**PIONEERS**

want to change things – they have strong views on the way things should be and seek out the control necessary to make that change.

**STRIVERS**

want to make something of themselves and are motivated by status and compensation.
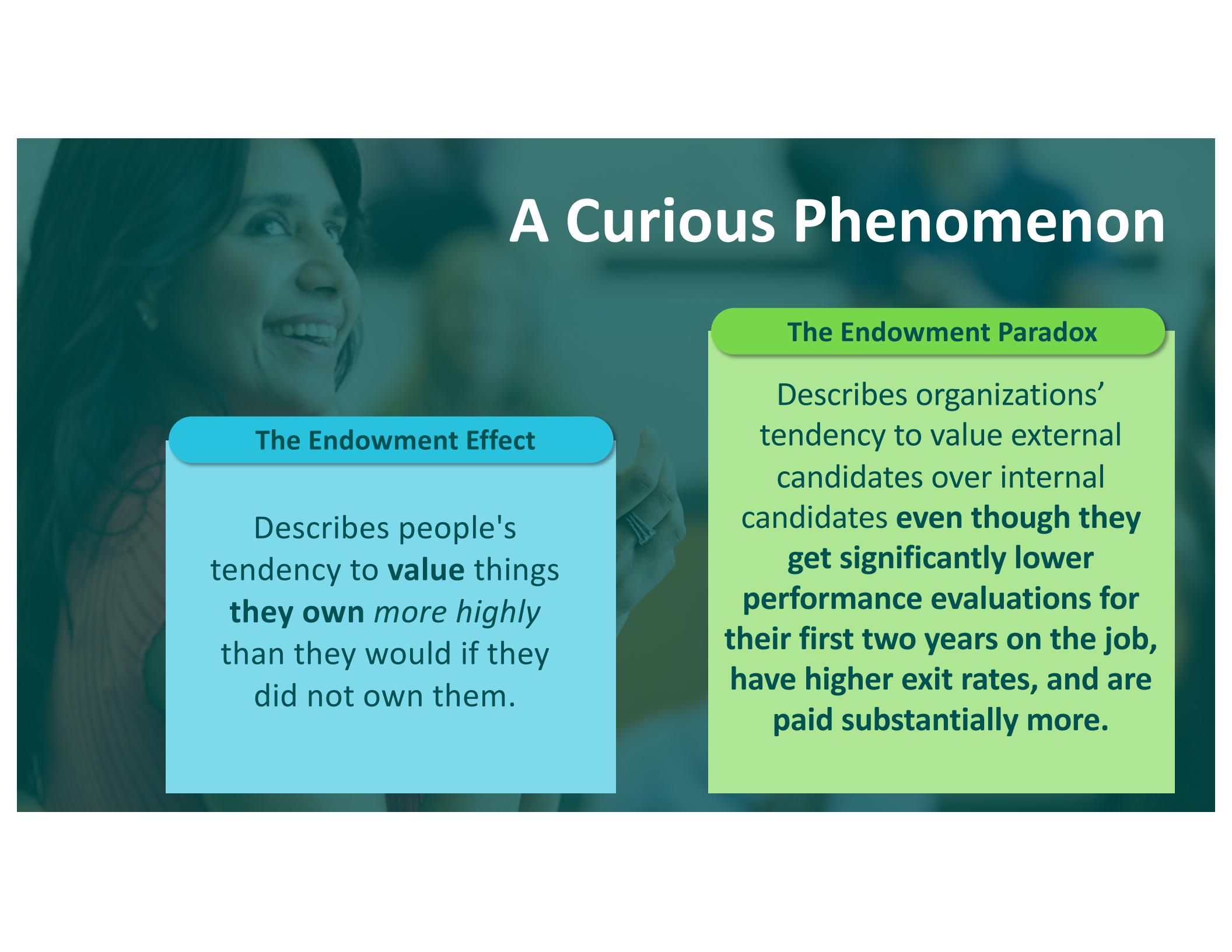
Bain & Company

ŪKG

# A Curious Phenomenon

## The Endowment Effect

Describes people's tendency to **value** things **they own** *more highly* than they would if they did not own them.

## The Endowment Paradox

Describes organizations' tendency to value external candidates over internal candidates **even though they get significantly lower performance evaluations for their first two years on the job, have higher exit rates, and are paid substantially more.**

# Finding your Hidden Talents *Saves Money* and *Boosts Productivity*.

Beyond upskilling and reskilling their current employees, businesses must **mine** their organizations to find critical skills in unexpected places.

UKG

# Looking Ahead

**What can we expect moving forward with the employee/employer relationship?**

# Who owns this?

UKG

# Prioritize to Progress

## Modernizing the Employee Experience

**Increased HR productivity – more time to focus on the big picture**

**Employees can take control of their own experience**

**Contemporary HR solutions identify skills gaps in the workplace**

**Updated HR software helps to foster a sense of connection**

UKG

# Understand Why Employees **Stay**

**Understand Your Employees**

**Hear Your Employees**

UKG

# Hear Your Employees



The first step in understanding why employee's **stay** is **knowing what they care about the most**.

UKG

# Trust in The Modern Workplace

**WORKFORCE INSTITUTE** @UKG

Earned or Given?

Belonging & Mental Health

Employer of Choice

In Person & Virtual Work

https://workforceinstitute.org/

ʊKG

# Tell Me the Truth. Why Are You Leaving?

## A perception chasm exists between people managers and the employees who left them behind.

While employees and managers agree that pay is the #1 reason people quit, there's a significant disconnect about other contributing factors. Are employees not comfortable enough to voice their true feelings about work? Do they trust their boss? Do they have a vehicle to express frustrations and desires? Or are managers simply not paying close enough attention?

| | Top reasons managers *think* their people quit | Top reasons why employees *really* quit |
|---|---|---|
| **1** | Pay/compensation | Pay/compensation |
| **2** | Family/childcare/personal | Did not feel valued or that I belong |
| **3** | Too many COVID precautions | Poor work-life balance/burnout |
| **4** | Poor work-life balance/burnout | Lack of career development opportunities |
| **5** | Lack of career development opportunities | Frustration with executive leadership |
| **6** | Desire for shorter commute | Poor company culture |

# Stay Interviews

**What attracted you to this organization?** → **Do you still feel the same way? Why or why not?** → **Do you feel like you are doing your best work? Why or why not?**

**Where do you see yourself in five years?** → **How can we help you get there?**

UKG

**UKG**

## Resign, Resigned, or Re-sign?

Pandemic-era job quitters and their managers wish they had a do-over

This report is based on a global survey across six countries that compares responses of 1,950 employees who quit their jobs during the COVID-19 pandemic with responses from 1,850 people managers who had employees on their team quit. It examines employee sentiment about quitting, if they regret their decision, the chances they would boomerang back to their old job, and the disconnect between managers and employees about why people are leaving during the Great Resignation.
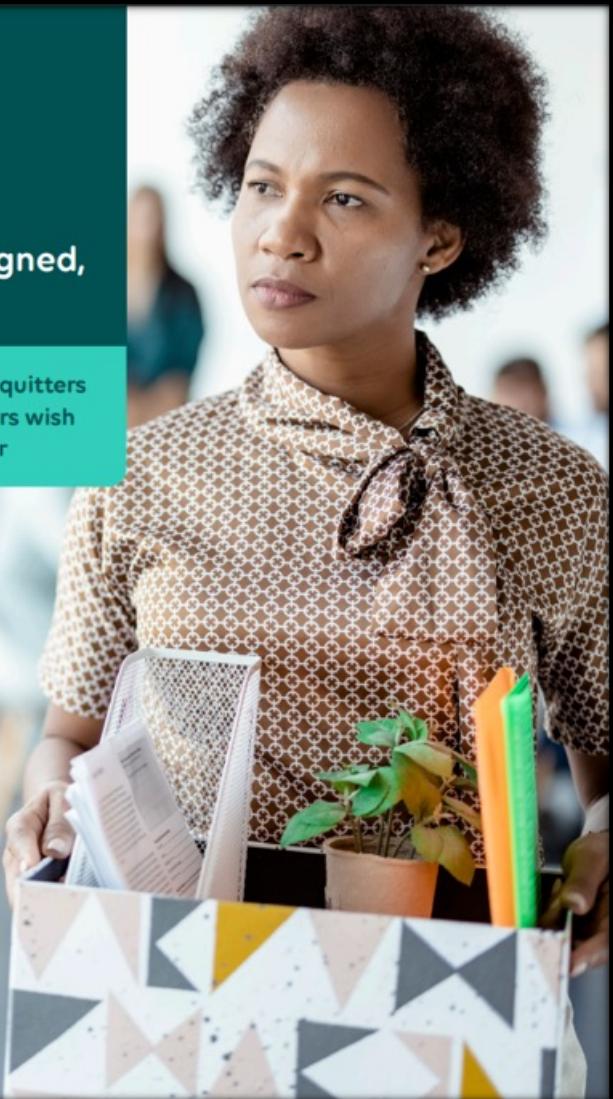
## Of employees whose managers did conduct stay interviews[4]:

| STAY INTERVIEWS | NO STAY INTERVIEWS | |
|---|---|---|
| 76% | 47% | "My manager fostered an environment where I could express my frustrations." |
| 54% | 38% | "I expressed work frustrations before deciding to quit." |
| 56% | 37% | "I miss my old job." |
| 49% | 27% | "I was better off in my old job." |
| 49% | 20% | "I left too quickly." |
| 61% | 28% | "My concerns would be addressed if I went back." |
| 39% | 9% | "I reached out to talk about boomeranging back." |

# *Your Psychological Contract ABC Action Plan*

## Awareness

- Is your C-suite team aware of the psychological contract and its impacts?
- Is your HR team aware of the psychological contract and its impacts?
- Is meeting employee expectations built into your strategic plan?
- Are managers aware of, and trained in the importance of the impacts of the psychological contract, and they role they play in upholding it?

## Building Blocks

- Do you have the policies and procedures in place to meet employee expectations? Do you measure this?
- Are tech and other tools provided and updated regularly to allow employees to perform their job efficiently, and *safely*?
- When considering change, do you take employee sentiment into account?
- Does HR have the tools needed (HR tech, reporting, staff, etc.) to do their job efficiently?

## Communication

- Do you have a two-way communication structure?
- Do managers regularly have one-on-one meetings with employees to learn their unique expectations?
- Do you communicate important messages repeatedly, and by using multiple channels?
- Are teams (including HR) siloed, or collaborative?
- Are you proactive about employee surveys, and not reactive?

UKG

# Looking for more guidance?


From Old-School Managers to People-Centric Leaders: Where Do YOU Stand?


MANAGERS AND THEIR EMPLOYEES' MENTAL HEALTH


What's your level of emotional intelligence?


Mental Health at Work: Managers and Money

Check out our various research, guides and quizzes to provide managers with tools to improve workplace experiences

**PEOPLE PURPOSE PODCAST**

**UKG WORKFORCE INSTITUTE**

For more ways to create a great workplace experience, scan the QR code to get free access to insights you can begin implementing today

# UKG

Our purpose is people