



WRDI Institute




The Psychological Contract

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About Colin Beames

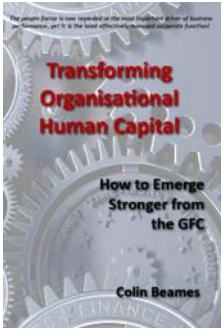


- Engineer in first career, senior mgt & consulting roles in the resources sector
- Psychology honours thesis on mid-life career change
- General HR consulting, adult career guidance (career change)
- MBA dissertation / thesis on the psychological contract & the WRDI®
- Developed & commercialised the WRDI®, including a licensee network of HR consultants, coaches, etc.
- Adapted a skills based workforce segmentation – job evaluation model / questionnaire (SS-JEQ)
- Written and published a book
- Consulting, workshops & speaking

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New Book



- Log on to web site: www.wrdi-institute.com
- Download Introduction and Table of Contents FOC
- Purchase book off the web site

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Some of the things we do



- Employment strategies, workforce segmentation, job evaluation (SS-JEQ)
- Employee engagement & retention risk surveys (WRDI®)
- Career development, on-boarding, diagnostic exit interviews
- Human capital strategic plans and reporting
- Other relationship surveys (alliances, franchisor/franchisee)


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Some WRDI® clients

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The Psychological Contract (PC)



- Not a written document
- The 'essence' of the employer / employee relationship
- Relationships fundamentally important
- Based on stated or implied promises or understandings
- Comprises a mix of **tangibles** & **intangibles** (the 'deal')

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The Psych Contract: A Way Forward?

WRDI
Workplace Relationship Development Indicator

- **Hottest research topic in organisational psychology (DelCampo, 2007, Rousseau & Guest)**
- Offers an overarching & comprehensive approach (relationship)
- Strategic - links EVP with engagement & retention
- Basis for structuring, measuring, diagnosing & aligning various 'deals' and relationships with various workforce segments

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A Psychological Contract (PC) model

WRDI
Workplace Relationship Development Indicator

The WRDI® - based on Guest's model of the PC & a model of turnover & performance

- Includes the 4 "holy grail" workforce measures
- Engagement AND retention risk

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Case study: Post Recruitment

Case Study 1

- Individual - new recruit (9 months)
- Headed up a new consultancy arm for a global organisation (Critical)
- Looking for a tool that drilled down to better understand engagement / retention risk
- Completed the WRDI® survey & then individual report generated (3 Profiles)

WRDI
Workplace Relationship Development Indicator

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The 'deal'

Case Study 1

WRDI PART A™ - EXTENT OF EXPECTATIONS

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The delivery of the 'deal'

Case Study 1

WRDI PART A™ - WEIGHTED FULFILMENT OF EXPECTATIONS

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The Psych Contract: Health & consequences


Case Study 1

WRDI PART A™ - PSYCHOLOGICAL CONTRACT - HEALTH AND CONSEQUENCES

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Outcomes

Case Study 1



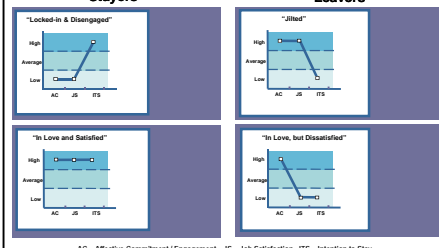
- Individual resigned 2 months later (Push)
- Note. Important to categorise leavers into Push, Pull or Personal reasons for leaving. Then address the Push factors

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Selective retention

Are you retaining the right people? How many fit these profiles?



- Can't collapse scales to a single index (psychometrically flawed)

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Dashboard indicators

Flight risk cost for 10 leavers is calculated at \$936,000 (patented methodology)

Employee #	Norm	Actual	Employee Retention Risk
31	70%	64%	Indicating intention of "staying"
8	15%	16%	Indicating "at risk of leaving"
10	15%	20%	Indicating intention of "leaving"

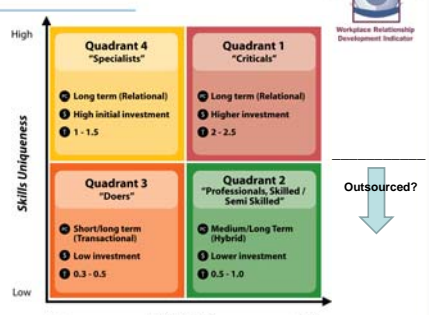
Employee #	Norm	Actual	Employee Alignment
32	60%	65%	Committed with Organisation & Satisfied with Job
5	15%	10%	Committed with Organisation - Dissatisfied with Job
6	10%	12%	Uncommitted with Organisation - Satisfied with Job
6	15%	12%	Uncommitted with Organisation - Dissatisfied with Job

'Push' = 7
'Pull' = 1
'Personal' = 2

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Workforce Segmentation Implications



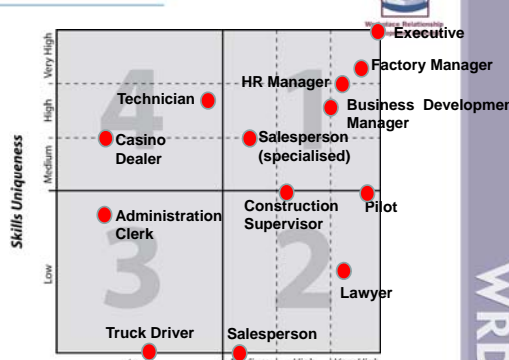
Outsourced?

PC = Psychological Contract; \$ = Level of investment in employees
T = Turnover multiple of the salary of the job
Lepak & Snell (1999, 2002)

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Examples of roles / jobs



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Retention risk by Skills Quadrant

Retention Risk	Q 1 Criticals	Q 2 Prof. Skilled	Q 3 Doers	Q 4 Specialists
# Stayers	24	97	98	23
# Moderate Leaving Risk	6	16	25	10
# High Leaving Risk	6	21	20	16

Estimated T/O \$	576k	756k	120k	269k
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- Above turnover cost estimate determined by retention risk assessment (WRDI® survey findings) & patented methodology

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The WRDI® - with the lot!



- Career development, coaching, on-boarding
- Evaluation of selection & recruitment effectiveness
- Retention risk (talent)
- Exit interview
- Engagement AND retention survey
- HR initiatives , ROI (e.g., leadership development)

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Thankyou



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