

Linking the psychological contract to success in management consulting

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Summary

Our underlying proposition is that self-employed management consultants, who meet the psychological contracts of their clients, are more likely to secure further engagements and referrals than those who meet only the technical assignment requirements. We develop three propositions:

1. The importance of the psychological contract in a consulting assignment depends on the engaging executive's motivation for engaging the consultant.
 2. Skills related to emotional intelligence can help the consultant to understand and reveal the psychological motivation and other psychological expectations of the engaging executive.
 3. The consultant's competencies should be congruent with psychological expectations of the engaging executive's psychological contract for a successful consultancy outcome.
- A conceptual model of the consulting process that incorporates the key ideas in the paper is presented.

Introduction

Our underlying proposition is that self-employed management consultants, who meet the psychological contracts of their clients, are more likely to secure further engagements and referrals than those who meet only the technical assignment requirements.

Some writers such as Czerniawska, (2002:8) argue that there is a perception that technical skills are the most important factor in determining consultant selection by clients. There is growing evidence in the literature of the importance of ‘soft’ skills, which can contribute significantly to a strong consultant – client relationship. It is the exercise of ‘soft’ skills that are most important in discovering and dealing with the psychological contract aspects of the consulting assignment.

We describe the psychological contract and present the case for its relevance in the context of management consulting. We present a model that attempts to clarify and explain how the psychological contract fits into the consulting process.

We put forth three propositions and a methodology to test them. We present a work plan aimed at achieving some progress in the research that can be presented at the conference.

The Psychological Contract

The concept of psychological contract has roots in social exchange theory (Roehling and Boswell, 2004) and its proposition that people expect a balance on exchange relationships. Using this social exchange perspective it has been argued that employees make inferences with regard to their employer’s commitment to them which influences employees’ feelings of obligation to their employer (Eisenberger et al., 1986).

Characteristics of the psychological contract are presented in Table 1. In the human resource management context the psychological contract can be defined as perceived but unwritten mutual obligations between and employee and his or her employer (Rousseau, 2004). Psychological contracts can be viewed as voluntary, subjective, dynamic and informal (Hiltrop, 1996; Rousseau, 1994).

Table 1 Characteristics Psychological Contract	
Characteristics	Authors who mentioned characteristics
Voluntary	Rousseau, 2004
Subjective	Rousseau, 2004
Impossible to figure out psychological expectations at the start of the contract	Rousseau, 2004; Hiltrop, 1996; Schein, 1990
Dynamic (evolves over the contractual period)	Rousseau, 2004; Hiltrop, 1996
Informal/Unwritten	Rousseau, 2004, Martin et al., 2001
Influences both consultant and client attitudes and behaviours	Montes, 2005; Rousseau, 2004; Eisenberger et al., 1986; Martin et al., 2001
Trust as an overarching and binding environmental requirement	May 2004; Joni 2005

The Psychological Contract in Consulting

As early as 1990, Schein emphasized the importance of creating the right kind of psychological contract between the client and the consultant at the very beginning of the engagement process (Schein, 1990). More recently, Martin et al., (2001) affirm that there are unspoken psychological contracts in the client-consultant relationship and define these as the unwritten and unofficial contracts that focus on different expectations of clients and consultants.

Proposition 1

The importance of the psychological contract in a consulting assignment depends on the engaging executive’s motivation (i.e. reason or purpose) for engaging the consultant.

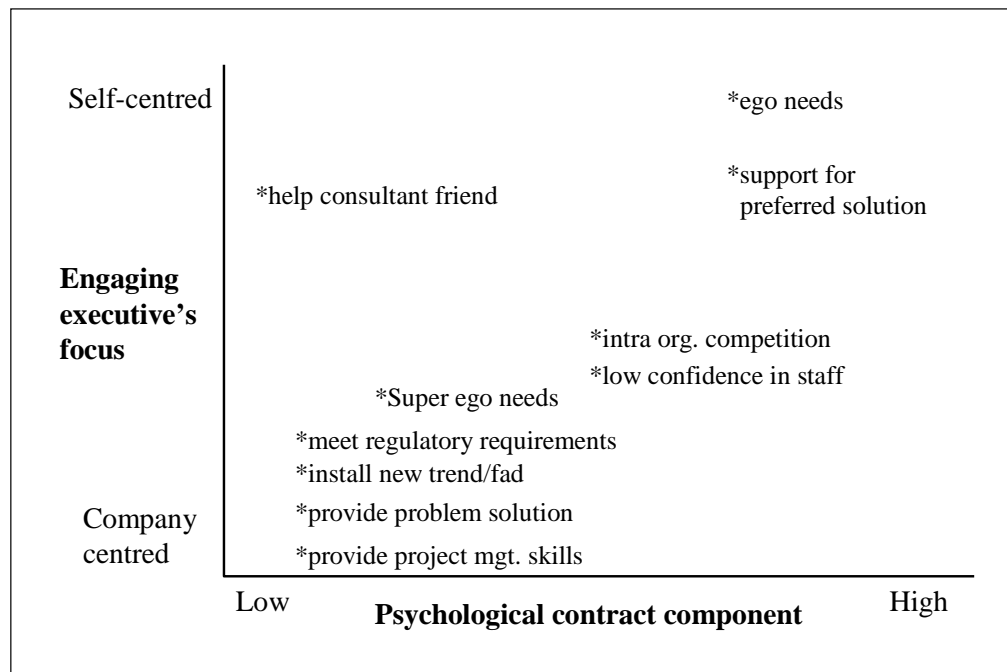
Figure 1 shows a notional plot of different types of motivation. The horizontal axis is a measure of the likely strength of the psychological component of each type of motivation for engagement. The higher the psychological contract component the more important it is for the consultant to comprehend and respond appropriately to the psychological expectations of the engaging executive. It is also hypothesised that motivations with a higher psychological contract component will generally have a greater focus on satisfying personal needs of the engaging executive and this variable is used on the vertical axis of Figure 1.

Some examples demonstrate our rationale on positioning motivations on Figure 1. The group of items at the bottom left e.g. to implement a new trend or solve a problem, are likely to be company focused with a relatively low psychological contract component. At the other extreme is ‘ego needs’. Heller (2002) suggests that unspoken political motives of the client could include ‘ego’ needs and ‘super ego’ needs, evasion of responsibility and intra-organizational competition. ‘Ego’ need motives include those aspirations of

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managers to enhance personal image and is especially useful for promotions or to avoid losing one's job. Ego needs are clearly self-centered and are likely to contain a significant psychological contract component. 'Super ego' needs related to an aim to get the organisation to achieve what it set out to do e.g. achieving its strategic goals. So 'super ego' is positioned somewhere in the middle. The intra-organizational competition motive involves an intention to overthrow an internal competitor or to obtain influence in a coalition whereby a consultant may be appointed to run a performance check on internal competitors then suggest their performance is below par. This motivation may also be positioned somewhere in the middle.

Figure 1. Importance of engaging executive's motives



Proposition 2

Skills related to emotional intelligence can help the consultant to understand and reveal the psychological motivation and other psychological expectations of the engaging executive.

Mayer and Salovey (1997) define the abilities of emotional intelligence as: a) the ability to both accurately perceive and express emotion, b) the ability to access emotion in facilitating thought, c) the ability to understand and analyze emotion, and d) the ability to regulate emotion in the self and others.

There is considerable interest in the idea of emotional intelligence, but relatively little attention has been given to its application in management consulting. Lundberg and

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Young (2001) explain how consultants can provide emotional help to the client manager in different consulting situations, particularly in stressful situations such as where there is danger, injustice, goal blockage, conflict and uncertainty. More generally, having abilities in emotional intelligence should help a consultant to tease out the elements of the psychological contract in discussions with the engaging executive prior to engagement. Also, emotional intelligence skills should enable the consultant to further unravel the psychological contract by developing an empathetic and trustful (see May, 2004 and Joni, 2005 for models of trust) relationship with the engaging executive after engagement. Advice on skills for promoting emotional intelligence of potential use to consultants, is provided by Goleman (1995), the originator of the emotional intelligence concept.

Proposition 3

For a successful consultancy outcome that leads to new work, additional work and referrals, the consultant's competencies should be congruent with psychological expectations of the engaging executive's psychological contract.

We are proposing that what the consultant needs to provide in order to satisfy the psychological contract depends on the specific psychological expectations embedded in the psychological contract.

There are lots of ideas, advice and anecdotal evidence in consulting literature on strategies, personal characteristics, skills and behaviours that consultants need in order to perform well (see Table 2). Some of these are particularly relevant to satisfying psychological aspects of consulting. Some are associated with concepts of limited scopes such as 'going the extra mile' and the idea of identifying and catering to the engaging executive's 'pet peeves'. Other factors are associated with broader concepts such as personal style or professional contribution found in the consulting literature. Some examples of these follow.

Bergholz (1999) defines personal style as the consultants ability to fit into the organisation by reading the environment of the client. Examples of content involved are: being enjoyable to spend time with; listening and emphasizing with the client and providing some counsel without charging additional fees.

Professional contribution is described by Bergholz (1999) as satisfying unspoken expectation of extra contributions such as: engaging the executives personal agenda; providing supplementary advise without charge and transferring some competencies to client's staff without charge.

Providing emotional help that may be associated with the psychological contract, is described by Lundberg and Young (2001). They define 5 types of emotional help consultants can provide clients.

Going the extra mile is described by Simon and Kumar (2001:370) as:

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voluntarily engaging in extra-role behaviours which benefits the organization. This idea is similar to organizational citizenship behaviour or OCB (Turnipseed and Rassuli, 2005; Bateman and Organ, 1983).

Constructs like professional contribution, personal style and going the extra mile are useful in conveying a set of skills and behaviours in a concise way. However, when these are deconstructed it is evident that some of the contributing ideas overlap e.g. doing extra work for no extra payment. This overlap provides an opportunity to develop a more parsimonious repertoire of strategies and behaviours as part of this research.

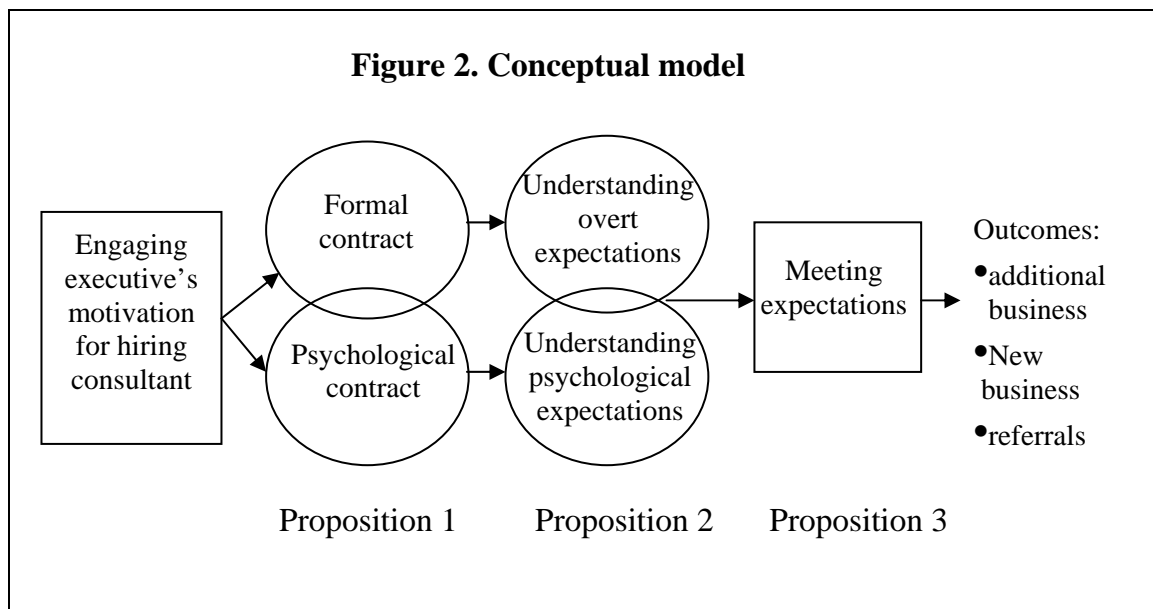
Table 2 Factors identified as success indicators in psychological contracting	
Factors – What consultants need to do.	Authors who mentioned these factors
Needs to clarify psychological expectations at the beginning	Schein, 1990.
Meeting the client's personal agenda or political agenda	Heller, 2002; Bergholz, 1999; Turner, 1982;
Giving free advice/counsel/going the extra mile (OCB)	Simon and Kumar, 2001; Bergholz, 1999; Fullerton and West, 1996; Robinson, Kraatz and Rousseau (1994); Rousseau, 1995; Konovsky and Pugh, 1994; Van Dyne, Graham and Dienesch, 1994; Podsakoff, Mackenzie and Hui, 1993; Bateman and Organ, 1983.
Transferring competencies to staff	Bergholz, 1999; Appelbaum 2004.
Ability to fit in to client's environment	Bergholz, 1999; Appelbaum 2004.
Don't create unrealistic client expectations/manage client's expectations/see the world through the client's eyes	Martin et al., 2001 ; Edvardsson, 1990, Kolb and Frohman, 1970
Be ethical (don't tell clients what they want to hear/place client's interests ahead of personal interest)	Maister, 2003; Smith, 2002; McLachlin, 1999; Kolb and Frohman, 1970
Develop a strategy to deal with matters that irritate the client ('pet peeves')	Knippen and Green, 1997
Providing emotional help e.g. psychological support	Lundberg and Young, 2001

Conceptual model

Figure 2 shows a conceptual model of the consulting process that relates to the three hypotheses explained above. Each hypothesis is located adjacent to the part of the model

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to which it applies. The model acknowledges a link between the psychological contract and the formal contract. An understanding of both psychological expectations and overt expectation will lead to a response from the consultant to meet expectations. The appropriate response from the consultant will depend on the relationship between overt and psychological expectations. For example, some psychological expectations may have a strong emotional help component and require a relational response. Psychological expectations such as 'going the extra mile' may require a transactional response and could be an extension of the formal contract. We acknowledge that the consulting process is dynamic and that learning will take place throughout the process. In particular, a skilled consultant may be able to uncover the psychological contract over time and respond accordingly. It is accepted that not all psychological expectations may come from a single motivation; there may be several motivations and the mix may change over time.



Methodology

We have chosen self-employed consultants as subjects for two main reasons. Firstly, there has been a large increase in the number of contingent workers over the last two decades, including self-employed consultants in this category (Parks et. al., 1998:698). We have extended the application of psychological contracting to self-employed consultants because they are captured within the definition of contingent workers. In other words they are similar to other classes of casual employees who do not have an implicit or explicit expectation that employment will be continuous or on-going (Polivka and Nardone, 1989; Zeytinoglu and Norris, 1995; Parks et. al., 1998). Our short-term plan is to carry out interview with approximately six self-employed consultants to test the three propositions. We intend to present the results at the conference.

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