

Mental contracts

At all times, employees hold in their mind a *mental contract*: a set of rules that they *believe* regulate their relationship with the firm. **Whether this contract is respected determines their engagement or lack thereof.**

Mental contracts are subjective. One employee might believe that his contract says, “if I work hard, I will get promoted,” whereas another might think that his says, “even if I work hard, nothing good will happen to me.”

Employees build the mental model for their mental contract using their manager’s action as a starting point, then filling it with his words (but only if they trust him) and with their beliefs and past experiences.

An employee’s mental contract might or might not be correct. If it’s incorrect, he will get frustrated, lose motivation, and disengage whenever there is a discrepancy between what he thinks should happen and what happened in the real world. This applies to both positive and negative surprises.

A significant part of a manager’s job is to ensure that the mental contract their employees have in their minds is correct. Only this way, time brings trust and engagement, rather than distrust and disengagement.

Managers can achieve that by being unambiguously clear (not just clear enough so that they can be understood, but so clear that they cannot be misunderstood).

If managers aren’t unambiguously clear, they generate gray areas that the employee can fill with his preconceptions. This is bad because it creates mental contracts that cannot be respected.

Managers must also validate their words with congruent action. Until then, it’s the employee’s choice on whether to believe their manager and how to interpret them.

Summing it up: be clear; otherwise, your employees will confabulate mental contracts that are bad for them and their organization or that cannot be respected, leading to disengagement.