

Contracting In The New Economy

Approaching negotiation from a relational perspective.

Formal Relational Contracts

	Transactional Contract	Relational Contract
Focus	Commercial Transaction	Relationship
Trust-Control Dimension	Control	Trust
Value Perspective	Value Division	Value Expansion
Relationship	Arm's length, contractually defined	Partnership, shared goals
Risk Management	Enforceable contractual obligations	Continuous Alignment of Interests
Planning	Plan to cover all future events	Fair, balanced and flexible framework

Psychological Contracts

Brand	Customer
Promises benefits	Forms subjective value expectations
Requires customer "work" (opportunity cost)	Weighs relative value versus alternative satisfactions
Aims to facilitate value	Creates value (situations, contexts)
Continuous value monitoring	Continuous adjustment of expectations

Employer	Employee
Employment contract	Unwritten psychological expectations
Requires employee work to objective standards	Subjective expectations extend beyond stated standards
HR Policies and Practices	Attitudinal consequences
Objective assessment and review	Continuous scan of subjectively more valuable alternatives



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