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Editorial: Interdependence between People and Organization

Management studies have always been occupied with the question regarding the interdependence between people and organization. Interdependence was the basis for the development of social systems in early management approaches, such as the Stimulus Contribution Theory by Chester Barnard (1938). Emphasis was however simultaneously placed on the organization's independence from the individual, by for instance Max Weber (1922), whose view of the organization, which he calls bureaucracy, refers to rules and structure with which the organization detaches itself from dependence on specific persons. Incidentally, this situation can be stated without creating a fundamental contradiction between these approaches. Instead, they adopt varying perspectives: the Stimulus Contribution Theory by Barnard places the emphasis on the organization's exchange with actor groups; this point of view concerns every bureaucracy. Weber's perspective states that the organizational processes of these bureaucracies can and must occur actor-independent in the personified sense. The divergence of the approaches results from the level of consideration, which can be based on the rule system of the organization or the contractual exchange between people and organization.

If one currently highlights the interdependence between employees and the organization, the focus will lie on the exchange between the organization and the working force facing developments in the employment relationship and coping with the challenges of a new employment relationship (Cooper/Burke 2002; Sparrow/Cooper 2003; Rousseau 2006; Cappelli 2008; Coyle-Shapiro et al. 2008). An increasing flexibility of the labor market (Muffels 2008) favors the development of new employment contract models and relationships beyond normal employment relationships. New models of employment relationship include aspects of the formal contractual conditions as well as mental orientations. A new type of work force is thus discussed, characterized as "contingent workers" (Gallagher 2002), "entrepreneurs – the self-entrepreneurial work force" (Pongratz/Voß 2003) or "Freelancers" (Süß 2006). These employees also call themselves "Independent Professionals" in their profession related networks. The scientific debate reflects the consequences these developments may have for organizations and employees and how risk factors could be cushioned. Increasing emphasis is given to the phenomena of weak ties and loosely coupled relationships between organizations and individuals not only in formal but also in cogni-

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tive and affective aspects (Wilkens 2006). The focus is on the emerging new psychological contract (Anderson/Schalk 1998; Sparrow/Cooper 2003; Conway/Briner 2009). The employees' expectations and beliefs regarding a series of mutual obligations in the employee-employer-relationship (Levinson et al. 1962; Rousseau 1990) shift: especially job security on the basis of long-term employment contracts is no longer the main component in the new psychological employment contract, expected as a reward for loyalty and performance. For employees regarding themselves as Independent Professionals, the independence from specific employers through individual employability becomes more significant in order to protect against job-related biographical risks through personal competence development and profession-based communities of practice (Wilkens 2008). This development is recognizable for a part of the employees with frequent organization changes and post-organizational career patterns (Mayrhofer et al. 2005; Inkson 2006), but should not be misunderstood as a general detachment of the traditional psychological contract. The individual's implied growing independence from the organization is not independence. Instead, the light is on "new individual-organizational linkages" (Sparrow/Cooper 2003) and trans-organizational exchange patterns which, in contrast to normal employment relationships and the traditional psychological contract, display altered exchange characteristics. However, this is not about neglecting unequal power constellations between employers and employees but rather about considerations on exchange stability and instability, as well as the reflection of fairness rules and reciprocity in new psychological contracts.

The interdependency or independency between people and the organization can therefore be analyzed from an organizational-theoretic as well as an exchange-theoretic perspective. This background forms the basis for the question regarding the respective state of the art as well as for the open research issues in the research areas discussed. However, the question also arises whether the organizational-theoretic and exchange-theoretic discussions only co-exist and reflect interdependencies and independencies from varying perspectives or whether they are not contextually and theoretically interlinked when analyzed more closely; or whether it may seem worthwhile to interlink them (Shore et al. 2008). The approaches do interlink, especially when considering the consequences which new models in employment relations may have on organizational level. Before this background we will take up exchange-theoretical and organizational-theoretical perspectives, substantiate these perspectives in their current problem analyses through contributions of the Special Issue and finally, supported by a further contribution, interlink these lines of research.

Employment Relationship – The Exchange Process in the Zone of Indifference

This perspective explicitly or implicitly presupposes contractual exchange relations between the organization and the employee. The resulting problem is one of the oldest which personnel management research has had to deal with: the transformation problem of labor force, whereby the main question is how the ability to work can be translated into specific work performance aligned to operational targets and how this ability to work can be turned into motivated and committed work. "Why does the worker

work?" (Berger 1995)¹ is one of the questions breaking down this problem. Meanwhile it is common knowledge that this question cannot be simply answered with a reference to payment. The fact that rules of fairness and reciprocity play a role in employment relationships, whereby expected reciprocation could reach far into the future and whereby groups with a comparable social structure are relevant for estimating equity within a relationship, is the focal point of current research (Fehr/Fischbacher 2002; Frese et al. 2007; Göbel et al. 2007; Coyle-Shapiro et al. 2008).

The transformation problem of labor force thus moves around a zone of indifference (Barnard 1938; Berger 1995; Minssen 2006) resulting from the indeterminacy of the employment contract, which cannot fully regulate individual performance and organizational remuneration. Neither requirements to commitment and motivation can be finally specified nor expectations regarding a motivated work organization, a collegial climate or concrete development perspectives. This is the basis for the research of psychological contracts focusing the cognitive interpretations of the parties about mutual obligations since these expectations lie in the zone of indifference.

The currently much discussed and empirically at least partially analyzed question concerning the new psychological contract can be regarded as a consequence of changed formal employment contracts. Various assumptions are conceivable regarding the relocation of the zone of indifference. If employment contracts were to become more transactional, the zone of indifference could become narrower and the employment contract could easily lose stability. The zone of indifference could also broaden in the course of flexibilization, as rules and norms influencing expectations are becoming less specific and social comparison groups more heterogeneous. This however also reveals research requirement concerning further theoretical foundation of the psychological contract research, especially from a procedural perspective (Conway/Briner 2009) in order to further explore the zone of indifference in the contractual relationship.

- In this regard, the first essay of this Special Issue by *Severin Hornung, Jürgen Glaser and Denise Rousseau* "Interdependence as an I(-)Deal: Enhancing Job Autonomy and Distributive Justice via Individual Negotiation" provides a substantial contribution. The authors display how ex-post negotiation after completing the work contract leads to idiosyncratic deals between employees and employers with positive effects on autonomy and distributive justice. The value of this analysis based on the cross-sectional and longitudinal survey data from US hospital employees lies in the fact that evidence is provided for the dynamics in psychological contract relationships – including dynamics between customized conditions and cognitive representation as well as within the field of cognitive representation. Ex-post negotiations can stabilize the employment relationship. Moreover, it becomes evident that employees are "co-creators of the organization, rather than passive job recipients". This process analysis helps to specify the developments within the zone of indifference that characterizes the legal employment contract. The concept of idiosyncratic deals thus contributes to the theoretical basis in psy-

¹ or the official, the employee, the professor, etc.

chological contract research and can substantiate the relation between formal and psychological contracts.

Thus interdependence between people and organizations in employment relations can be conceptualized as a process containing stabilizing but also de-stabilizing influences. The contribution introduced here has enriched prior research by the discussion of actor roles and their active influence in the process.

Organization Theory – Between Commonalities and Idiosyncrasies

While the focus in exchange and contract theoretical research is on the interdependence of the organization with varying actor groups, especially with the employee group, the question of interdependence or independence between employees and the organization is not necessarily explicitly asked as such in organization theory but does play a decisive role indirectly.

Micro-political approaches focused on actor behavior and structural approaches aligned to control systems can thus be contrasted under this aspect. Not only Max Weber indicates that organizations gain their independence from people through rules and structure. Luhmann (1984) is known to have once again radicalized this aspect by conceptualizing social systems as fully independent of people and has even counted these among the environment of social systems. Giddens (1984) not only differentiates but also integrates the structural and action level in order to equally display the organization as a rule and action system.

Interdependence and independence between employees and the organization is taken up in a more concrete and more differentiated manner in the resource-based view of the firm and its derivatives. The resource oriented approach thus emphasizes that organizational core competencies for gaining sustainable competitive advantages must be immobile (Barney 1991). The individual employee, who can contractually detach himself from the organization, can therefore not be counted among the core competences from this isolated aspect (zu Knyphausen-Aufseß 1995). To this extent the organization on its competitive basis can be regarded as independent from individual actors. But employee knowledge, coupled with operational work structures and technologies or integrated in team processes, cannot leave the organization in this clustered form and, as a specific resource bundle, can therefore justify a core competence. This creates an interdependency of employees and the organization through the action and work system, which develops a specific cohesive force not only for the individual but also for the collective actor. The dynamic capability approach (Teece et al. 1997; Eisenhardt/Martin 2000) further distinguishes between commonalities and idiosyncrasies. Competitively relevant routine and rule systems, serving organizational renewal, are then ultimately independent of the personifiable actor. Meanwhile the idiosyncrasies, which evoke changed action patterns, are initiated by specific actors. In the light of the dynamic capability approach the interdependence of employees and the organization is the prerequisite for saving sustainable competitive advantages without simultaneously masking independence.

The emphasis of interdependence between employees and the organization is thus most pronounced in connection with organizational renewal and change processes. This is further supported in the approaches of organizational learning, especially

in approaches describing the interlinkage of individual and organizational learning processes (Crossan et al. 1999). Current research specifies learning mechanisms and actor constellations as well as the connections between individual and collective actor levels in competence development (Schreyögg/Kliesch-Eberl 2007; Freiling et al. 2008). The work of both author teams listed below follows this direction.

- *Klaus-Peter Schulz and Silke Geithner* follow an activity-oriented approach related to the work place and work processes with their contribution “Individual and organizational development as interplay”. The activity approach is empirically substantiated by two operative case studies. Learning processes are thus justified via perceived and reflected contradictions in everyday life, especially if discursive processes are not anchored in formal work structures, but communities and reflection platforms are institutionalized instead.
- In their theoretically designed contribution, “Organizational Culture as the Glue between People and Organization: A Competence-based View on Learning and Competence Building”, *Jörg Freiling and Hanno Fichtner* argue that organizational culture contributes to the development of organizational capabilities and show the related process. The authors combine their competence-based theory of the firm with research on organizational culture and concepts of organizational learning. As a result they make propositions how the institutional field of organizational culture promotes the feed forward process from individual knowledge and learning to organizational capabilities and vice versa. They especially show the characteristics of an organizational culture catalyzing learning in competence building. The supportive function of the organization for enhancing individual contributions is pivotal in this article.

Under the perspective of commonalities and idiosyncrasies, this Special Issue thus presents two differently aligned perspectives on interdependence of employees and the organization, the individual as an initiator of change beyond formal structures and the institutional field of organizational culture as catalyst for gaining organizational capabilities from individual knowledge and skills.

Integrating the Employment Relationship Perspective with Organization Theory

The connection between (new) models of employment relationship and commonalities and idiosyncrasies on organizational level, the connection between the exchange theoretical perspective and the perspective from organization theory analyzing the action system and the rule system has not experienced in-depth research (Coyle-Shapiro et al. 2008). This connection deals with questions on the effect which modified exchange patterns in the employment relationship and related psychological contracts may have on organizational processes, especially rules, routines, renewal and the development of capabilities and competitive advantages. How does increasing independence in employment contracts affect organizational goals related to stability on the one hand and dynamics on the other hand? Future research on the interdependence and independence of people and organization might explore this field of discussion. Specific constructs such as perceived organizational support (Eisenberger et al. 1986, 2008), which have already inspired research during the 1980s, could set new impulses when developing a broader understanding of organization including individual actors

such as superiors as well as organizational networks as alternative bases for support. Does perceived organizational support differ according to formal employment contracts (flexible or long-term) or according to traditional respectively new psychological contracts? How does this affect not only individual performance but also organizational development from individual competence to organizational core competence?

- In their contribution “Innovative behavior and the reciprocal exchange between employees and organizations”, based on the Organizational Support Theory, *Alexander Pundt, Erko Martins and Friedemann W. Nerdinger* examine employees’ innovation-relevant contributions, dependent on their perception of being obligated to innovation-relevant performance to the organization. Data result from a standardized survey of 461 employees from various organizations. The analysis is based on a structural equation model. The authors reveal “that reciprocal exchange between organization and employees as described in organization support theory is relevant for explaining employees’ innovative behaviour”.

With this extract, this Special Issue on the interdependence between people and organization pleads for future management research, to further integrate the employment contract perspective and the organizational perspective as prerequisite for a better understanding of the effects of increasing flexibility in the labor market. In the institutional sense, this could be simultaneously interpreted as a plea for further inter-linking research and teaching in personnel management and organization studies.

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