

Question:

1. In order to manage the **individual-organizational context**, the concept of psychological contract has been presented in the textbook. Describe **what the psychological contract is, how it is created and what happens if it is violated or broken** (6p, 400-500 words).

Answer:

The psychological contract is a concept used to describe and define the expectations and beliefs employees hold about the mutual obligations between themselves and the organization employing them. These often go above and beyond the simple contractual agreement (though these can also have a role in the shaping of psychological contracts too) and tends to include things such as an employee expects fair pay, career opportunities, weekends off, to be spoken to respectfully interesting work and training opportunities. Being mutual in nature, there are also expectations from the employer's side which want to see good work performed, the following of company values/ cultures, varying degrees of loyalty- all of which vary in definition from one organization to another. It is a subjective concept based on the beliefs and perceptions of individuals- for instance some individuals may hope/expect long term employment even where no written contract specifies this, while others are purely working for pay on a short term basis. As such this type of contract is also unique to each individual's own interpretations, experiences and perceptions about their relationship to their employer.

The creation and shaping of Psychological contracts can be both concrete and fluid and is built up of a complex set of factors. Several expectations of the employee are likely to be laid out in the employment contract as well as in documents such as: a company's working policies, statement of values or mission, pledges to employees (or toward a given cause such as corporate social responsibility), in company statements and on things like application forms where for instance it may state: "by applying for this job you agree to" . It can also be shaped by several less formal factors: Comments made during interviews/recruitment or while working, verbal promises, financial or other made by managers, observing how other employee's communicate the culture between managers or between managers and staff or how rules on how breaks and work hours are treated can all play roles in shaping the employee's perception of their employment expectations.

There are 3 main different types of psychological contract:

Transactional- a basic work for pay is expected and tends to have clear and simple rules. Violation may lead to termination of employment or severe warning;

Relational- which on top of transactional a career, training and interesting work are expected in exchange for excellent work and commitment, here, issues or working inline with company values/culture require more complex policy. Since it is more complex, violation unless extreme may lead to deterioration of the employment relationship relegating it to a more transactional type, warnings or negotiations to clarify issues;

Ideological- high level commitment is expected and passion inline with the mission, work as a calling, a complex framework including moral issues shape expectations. Violation

may be negotiable but given the passionate culture it can lead to strained issues of principle and long term issues.

This is naturally a simplified framework, in reality responses are highly subjective to each organization and scenario.

Question:

2. Read the case study in Appendix 1. Analyze the situation from **ONE** of the following theoretical perspectives:

1. **Psychological Contract Theory:** Assume that you are a consultant who have the assignment to give recommendations to Matthiew about how he should “re-establish” the psychological contract between the management team and the employees. What would you recommend Matthiew to do? Motivate your answers.
2. **Team development:** Assume that you are a consultant who have the assignment to give recommendations to Matthiew about how **he should manage his new management team.** What would you recommend Matthiew to do? Motivate your answers.
3. **International business and cross-cultural communication:** Assume that you are a consultant who have the assignment to give recommendations to Matthiew, who by the way origins from England, should cope with the Swedish culture. What would you recommend Matthiew to do? Motivate your answers. (6p, 400-500 words).

2.2: Team Development:

Answer:

For strategic change, according to models such as ISM and others, defining the problems we're facing is needed to make analysis and aim for improvement. So I will begin by making clear my interpretation of the context. Having laid out my assumptions I will evaluate the situation and present some strategies to work with supported by relevant theory.

Briefly put, some key issues are: Performance in a local branch is bad despite some growth; Mathew has fired several employees a while back leaving the company in a mess and employees scared/ timid. I get the impression the person works with little creativity, responsibility and simply aims to do enough to keep their job, perhaps a form of functional stupidity- not thinking, just producing what's asked of them and keeping quiet; New ambitious targets have been set which is going to require a change in the way work is done; To add to this demanding situation, several members of the newly formed team of 22 are to lose their jobs; Mathew is a disciplined leader, setting standards; The atmosphere is terrible.

In spite of some recent growth a demand has come for better performance. We get the impression that, referring to Vroom's model of decision making, Mathew has been by far the largest influencer and decision maker- keeping power and responsibility to himself in

an autocratic manner. Whilst this has some merits, since higher performance is needed, a new, more participative model is required to utilise the knowledge and expertise of the whole group. A high performing team (or at least functioning well) with committed, engaged members, working creatively, effectively and utilising the body of knowledge held in a larger group should be the goal. It's worth noting this is no easy task- forming a team will need a healthy environment to develop. It will take time to mature through the steps of team development as laid out by Tuckman in his

Forming-Storming-Norming-Performing-Adjourning model or Wheeler's model- both of which would be helpful for Mathew to understand to foresee issues such as friction and conflict in the 'storming phase' amongst other things. Employees need job security if they are to commit and engage, as well as plenty of encouragement and coaching. As Katzenbach & Smith observed, high performing teams require several things including: participative leadership, valuing diversity, defined roles and responsibilities. A final point would be that 22 people is too many for one team so this should be split or kept to max 12 people and others perhaps brought in to consult if expertise is required.

Whilst there is a cost. Establishing this will likely lead to the engagement, creativity and innovation which can benefit branches work. In the long run it is the best way to reach the performance required and hopefully go beyond hopefully even becoming a great place to work. Whilst the theoretical models referenced are simplified and generalized, despite their limitations, understanding them can help to make informed analysis and plans.

Question:

3. The pandemic has increased the **extent of digitalization**, changing the **context** where we work and creating new opportunities and challenges to the work of people and organizations. Use the contents developed in the course to discuss at least **3 challenges and 3 opportunities**. Present a challenge/opportunity at each level: **individual employees, teams and companies**. (10 p, 400-600 words)

Answer:

Individual Employees: One challenging area is Employee engagement defined (Martin & Siebert) on 4 levels. I'll address two :

Work engagement(Schaufeli): the extent employees are immersed and dedicated to their work influences the value and quality of contributions. Being distanced from employers and colleagues while working at home, it's easy to be distracted, far less supervision can lead to reduced accountability. This combined with other factors can lead to poor effectiveness and quality of work.

Engagement with each other: tied in to the notion of social capital and networking amongst employees for group and organizational learning (Gittell). Interaction and task oriented relationships require frequent, high quality communication. Whilst digitized communication has dramatically improved it has many critics- notably during our interview a leader group exercise all leaders mentioned the importance of quality communication and over half were intent on re-establishing in office work as soon as possible and stressed the irreplaceable value of 'face to face communication'.

Meanwhile many individual employees see opportunity for improved work-life balance (Walsh and Bartikowski). Whilst this is a fluid concept with loose definitions, virtual work has provided many with increased flexibility in working hours and with it more ways to integrate work and non-work activities. While there's danger of workaholism and working around the clock when sitting at home, many comment on improved opportunities for family/relational time and enjoy not commuting.

Teams: Teams and High performing teams, as Katzenbach & Smith observed have requirements to work effectively. Challenges brought by covid-19 specifically affect the areas of open communication, maintaining coordinative relationships, managing conflict and ensuring a positive atmosphere. Some might be dismissive of the suggestion that issues arise with digital communication compared to 'in person' but in my experience and observations, the quality of communication does suffer and change the working environment dramatically. Not only does this create strain on the areas mentioned, it can also hinder and slow the maturing process of teams as identified and illustrated by Katzenbach & Smith, tuckman, wheeler(separate but compatible models), which despite being simple models of observation, are still very applicable in analysing groups.

An opportunity in the team setting is talent acquisition. Several MNC's have changed working methods dramatically- Spotify announced they aim to do the bulk of their development virtually in the future. This means that rather than having to gather talented workers in one place or even nation, digital platforms mean teamwork such as software development can be done by individuals sitting in different locations globally. Especially in software development this is an incredible opportunity- an industry innovation.

Opportunities/challenges for companies post covid-19: The need for adopting a high-road integration of ICT in organizations has been highlighted and is now required in almost all industries. Martin & Siebert point out obvious benefits of this being: increased flow of information, helping decision making; opportunities of new business models- e-lancing, virtual work, organizational strategies and more; speeding adoption of new techniques and innovation through connecting people.

Whilst these are seemingly obvious benefits, the reality of being forced- for many organizations- to operate virtually has as noted in previous sections other consequences such as changes in the quality of work, responsibility and communication of employees.

Thus the opportunities and challenges are in balance. Huge economic savings can be made if high priced office locations are no longer required and new opportunities for creativity and innovation open up. But maintaining quality of communication, work and developing a HR framework to support this, so that these changes remain a competitive benefit rather than a loss to organizations is the challenge leaders face and should become a future area of research.

Question:

4. The topic of how organization can foster (or not foster) a creative and innovative climate has been discussed in the text book as well as in the two articles "Not-Invited Here" (Katz and Allen, 1982) and "A Stupidity-Based

Based on the book, the articles, and other sources you can find, make a Do's and Don'ts list for an general organization that guides the creation of a good and creative working environment that facilitates and foster creativity and innovation. Please motivate your findings and refer to your sources. (10p, 500-600 words)

Answer:

Do develop High performing Teams:

It's recognized that teams as opposed to individuals generate innovation effectively through the combining of collective expertise and competencies. As Katzenbach & Smith observed these are requirements to develop and maintain. Vroom describes how time and resources are a cost when moving from an autocratic decision making approach to a democratic spread of power with the delegation of responsibility but this results in the development of individuals and the group.

Don't snuff out creativity with short sightedness:

Conservative managers may argue that this use of resources is risky, instead placing more power in fewer more talented individuals is a better approach. However in a climate where new ideas can hold huge value and for organizations with resources it's important to think long term and apply a framework to foster creativity.

Detailed research into the cost effectiveness of these two approaches and when one is more favourable over the other would be interesting- this is touched on in Vroom's article but further development would be very interesting to organizations.

Do manage intellectual workers appropriately:

Working creatively is different in nature to other types of work such as production, or retail/hospitality work. Constantly learning is tiring and it's not sustainable to expect constant levels of high performance- great ideas every day! As suggested by Austin, 2002; Wand & Noe, 2010, iterative work structures suit this work better. An example is the use of Agile methods in software development: here (in brief) work is done in key phases of planning, intense sprints, then slack time allowing workers to have input into what's ahead, be productive, then to have flexibility to rest a read to maintain interests and keep in touch with cutting edge techniques. While applications will vary between industries, Work structures must fit correctly.

Don't apply the wrong EVP to the wrong people:

Linear, traditional incentives (transactional) approaches may be appropriate for certain types of work. Knowledge workers however require more complex psychological contracts to develop collaboration, trust, internal employer brands (which also contribute to becoming an 'employer of choice') to both attract and retain them.

Do allow time, resources and relationships to support creativity:

In KBE's and KIE's, knowledge- the absorption and creation of, are among the most valuable assets. Time and resources must be provided to support creativity. Allowing Networking to develop both within the organization and (counter to NIH thinking) with external experts can be a huge benefit to social capital. This cross pollination of thinking will likely positively influence creativity. Developing communities of practice(Lave & Wenger) is another great method of allowing expertise to flow and help develop

inexperienced employees as well as sharpen the skills/ innovation of leading experts and tends to happen naturally when competence is brought together.

Don't fall into patterns of functional stupidity:

As Avesson & Spicer point out, keeping up production or pumping out the more of the same services an organization outputs can easily lead to the justification of rigid frameworks which can simply put make a work culture of 'just do, don't think'. This may suit machine bureaucracies such as state run departments (Trompenaars 'Eiffel tower's' in his matrix of org. cultures) but it hinders free thinking. Allow and encourage workers to think creatively, to try new things and where possible to work in self managed teams where heterogeneity facilitates mixing of skills and responsibility allows for greater engagement and development. Given this is a relatively new concept, research into what organizations think of it would be really interesting. Some may consciously choose this approach to drive production while others might be unaware they're doing so.