



Organizational commitment in innovative companies

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Abstract

Innovative firms, like start-ups or high technology industries, and innovative projects attract more and more people looking for exciting places to learn rapidly and make a personal impact, for a low number of hierarchical levels, an informal organization chart a weak role differentiation or cross- functional oriented teams.

The first issue we would like to investigate in this paper refers to the nature of the psychological contract, e.g. the beliefs held by individuals about the terms and conditions of a reciprocal exchange relationship between them and their organization : are they transactional contracts - short term agreements with limited involvement, oriented towards economic and performance based considerations - or relational contracts - agreements based on exchanges of both monetizable and socio-emotional elements (affection, loyalty, support) with an open-ended duration, longer-term arrangements and a wide range of obligations on the part of both the organization and its employees?

Our second question, closely tied to the first one, refers to the nature of organizational commitment which prevails in innovative firms : affective commitment (attachment and involvement in the work organization), continuance commitment (commitment due to the costs associated with leaving) or morale commitment (feeling of obligation to remain in the organization)?

On the basis of on our literature review and exploratory empirical study, we argue that the psychological contract linking innovative companies to their employees is a “hybrid” contract composed of transactional and relational contract, with a dominance of the first one because the employee’s identity isn’t closely tied with the organization, but rather derived from his skills and competencies and because there isn’t as much room for mutual loyalty, support, training and career development as in large and established firms.

We also support that affective commitment is dominating in innovative structures although a certain lack of loyalty. We also believe that continuance commitment, representing the opportunity to take advantage from an interesting experience for the future, has decreased since the end of the “new economy dream” but is still higher than morale commitment, due to little job security in the new economical environment.

Key words

Psychological contract, organizational commitment, innovative firms, start up, high technology industries.



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1. THE INNOVATIVE ORGANIZATION

1.1. KEY CHARACTERISTICS OF INNOVATIVE COMPANIES

At first, it is essential to describe the main aspects of innovative companies. Then, it is important to study the main differences between the rationalistic and the innovative organizations as well as the role of employee commitment. Finally, we have to pay attention to the employees' involvement in start-ups and to describe the work climate and relationships in those companies.

Innovative companies are characterized by the following features :

- Strong, clearly expressed shared values
- An appreciation of/for the whole individuals and everything he can bring to the organization
- Cultures that encourage openness and playfulness
- Constant celebration of success
- A strong, clearly communicated sense of history
- Intense customer focus
- Clear focus on trends, even those that do not seem to directly affect current businesses
- Cross- functional and project oriented teams.

Typically, high technology industries comprise many of these organizational characteristics, even if innovation is not the apanage of technology and is, for example, also very present in companies of services (Bernasconi, Monsted and *al*, 2000). High Technology companies are generally small industrial firms because their specific type of management and access to resources necessitate a small size is, even if it can grow after the period of transition (Bernasconi, Monsted and *al*, 2000).

In high technology industries, markets are generally young, sometimes less than a decade old, and instable because technologies, like electronic, information processing, telecommunications or energy evolve very quickly. They have higher levels of R&D expenses than other companies, have very specific financial needs (Business Angels, Capital-risk, etc.) and demand high investments (Albert and Mougnot, 1998).

More precisely, high-tech companies are driven by the following environmental constraints (Langabeer and Stoughton, 2001) : product life cycles are often short, while supply chain lead



times for some components are relatively long; tactical planning is crucial, but requires so much attention that the strategic outlook is sometimes neglected. The rapidity of technological evolution makes long range planning extremely difficult; new developments can create new markets almost overnight, or drive existing products into early obsolescence (Cooper, 1986). Demand for high technology products is not only influenced by the state of the economy, but also by cultural shifts that can be difficult to anticipate. This is emphasized by the fact that there is a lack of historic examples to analyze for anticipating future demand. Indeed, consumers are increasingly demanding unique configurations, especially in the computer hardware industry segment, which creates chaos for procurement and production planners alike. Profit margins often start out high, but quickly fall as competitors enter the new market. Inventory management in the early phases of a new product is therefore very critical. Many key components are manufactured by a relatively limited number of suppliers, who may have to deal with several companies engaged in active competition. Failures to manage forecasts and maintain supplier relations are therefore not only injurious to a manufacturer, but also may inadvertently result in an advantage to its direct competitors (Langabeer and Stoughton, 2001).

As far as start-ups are concerned, they are also innovative - small or medium size - enterprises but with a very rapid growth : some of them entered the stock market after only one year of existence (Azoulay and *al*, 2001). They can be defined as companies which develop a project linked to Internet as far as their organization and relationship to the market is concerned. It is precisely their innovativeness which differentiate them from “traditional” SMEs : their ambition is not to be the best but the first to enter a new market (Ferre, 2000).

Brought to redefine frequently their activity, start-ups cannot have a fixed structure (Azoulay and *al*, 2001). It is rare that they possess a formal organization chart because it would be necessary to reshape it too often. Start-ups establish a spontaneous social network and demand new types of relationships in the sense that people have to stand very close together (Marty, 2002). They offer only unstable links, which are formed according to the variable missions, and don't know relationships forbidden by the organization chart : one can get on easily with all its members.

Start-ups are also characterized by a weak number of hierarchical levels and by their concentric nature. Among the employees who surround the founders, the role differentiation is weaker than in the traditional economy. This structure has consequences on the profession of every employee whose mission is never defined in advance; it is, on the contrary, each



employee's role to find how he can serve the company. He should interminably give evidence of initiative to adapt himself to the evolutions of the company. It is thus more the personality than the competence which is taken into account during the recruitment to form a welded team (Marty, 2002).

Stock options are only one of the factors that appeal to people (Portnoy and Moltzen, 2000). Beyond that, it is especially the good atmosphere that attract employees and makes acceptable the instability of the work. Marty (2002) notes that, in order to compensate the absence of rules characterizing start-ups, employees must develop a strong identification to the company's project as well as to the team driving it.

The start-up culture is a culture of innovation, a young and high tech culture. People are 25-year-old in average, belong to the "fun board, skateboard, snowboard, surf, roller" generation (Marty, 2002, p. 10) and generally come from a privileged milieu (Jacquet, 2001). They Moreover the clothing carelessness is an important characteristic of this universe as well as the flexibility of the timetable, which is often moved of half a day. Employees often meet themselves in bars after their work. They see their social networks merging around their start-up.

But if the population of start-ups is rather homogeneous, their motivations are heterogeneous. Some are fond of new technologies whereas others just intend to earn a lot of money (Marty, 2002), even if this kind of motivation has decreased since 2001 due to the end of the "new economy dream".

1.2. TO WHAT EXTENT SHOULD WE DIFFERENTIATE TRADITIONAL AND INNOVATIVE ORGANIZATIONS?

At an organizational level, we have to separate the traditional from the innovative organization because the first one has a goal-oriented rationalistic form suitable for a stable and predictable environment, whereas the second one has an organic form appropriate for changing conditions, problems, and unforeseen requirements for action (Hedlund, 1994). Start-ups, for example, are characterized by a permanent reorganization of their structure in order to keep the focus on customers' needs, by a large power delegation and by a post-control of the individuals' performance, which is not the case in traditional SMEs (Azoulay and *al*, 2001). Information technology (IT) support for managing competence is generally based on a rationalistic view of competence (Lindgren and *al*, 2001). While these competence systems might work in rationalistic organizations, the interest-informed actions that capture



the emergent competencies of tomorrow in innovative organizations require different types of IT support.

According to Lindgren and al (2001), the traditional organization includes characteristics from Taylor's scientific management, bureaucracy (Weber, 1947), mechanistic systems, goal-directed rationalistic organizations (Pfeffer, 1982), and a perspective on organizations as closed and stable systems (Thompson, 1967).

The rationalistic organization is knowledge-routinized or expert-dependent. It has well-established recurrent activities characterized by repetitive tasks and known problems, and is driven by an ambition to optimize performance and eliminate redundancy (Blackler, 1995). Competence is therefore either defined as the knowledge and experience of the technologies, the rules and procedures required to perform the repetitive tasks, or as the expertise for more qualified tasks. Making competence visible is thought of as a way to enhance performance. Since future tasks and problems are presumed to be known, competence is defined and categorized in advance.

The innovative organization, in contrast, depends on a different sort of rationality that includes characteristics of organic organizations (Burns and Stalker, 1961), emergent, almost-random organizations (Pfeffer, 1982), and a perspective on organizations as open and dynamic systems (Burns and Stalker, 1961). Innovative organizations have little or no prior knowledge regarding the requirements of tomorrow. The objective is to replace recurrence and redundancy by the creation of a surplus of innovative ideas that can guide knowledge workers when developing new solutions. In innovative organizations, competence has to be associated with processes of change. Competence must be seen as dynamic, emergent, and situated in constantly changing practices, and is therefore hard to define precisely. Communication and collaboration are key processes (Blackler, 1995).

However, it is important to note that traditional and innovative organizations do not necessarily have to be mutually exclusive. We often find both models in the same organization, in different areas, departments, or layers in the establishment (Nonaka, 1994).

The following figure aims at clarifying the links between traditional SME's, start-ups, High-Tech companies and innovative firms.

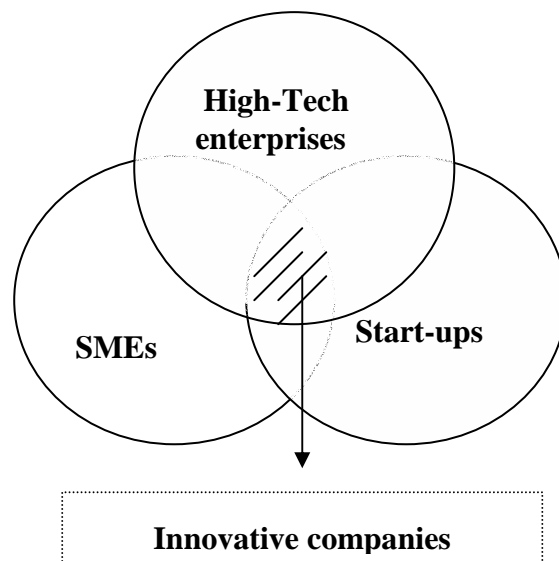


Fig. 1: Innovative organizations share characteristics with High-Tech Companies, start-ups and SMEs

Now, we would like to investigate the nature of the link existing between an individual and its company. For this, we would like to clarify the notions of “psychological contract” and “organizational commitment”, and to understand how they interact.

2. THE LINK BETWEEN THE INDIVIDUAL AND ITS COMPANY

2.1. PSYCHOLOGICAL CONTRACT

Several definitions of the psychological contract have been proposed. Levinson (1962) describes it as the sum of mutual expectations between the organization and the employee. Rousseau (1995) define it as an individual’s belief regarding the terms and conditions of a reciprocal exchange relationship between him and his organization. A psychological contract emerges when one party believes that a promise of future returns has been made and thus an obligation has been created to provide future benefits (Flood and *al*, 2001).

In other words, the psychological contract can be defined as the stated and implied set of expectations, obligations, and understandings operating between employees and their employer; it defines the “essence” of the employment relationship. It is not a legal document, but it is nevertheless “real” in the minds of employees and employers. It is a broader concept than that of employment agreement or contract, and includes both what has been written, said, and observed. The psychological contract comprises both tangibles (pay) and intangibles (support, training, advancement). It is a powerful determinant of employees' behaviours. Many researchers have emphasized the importance of honouring psychological contracts (Snell, 2002; Turnley and *al*, 2003).



There are three categories of psychological contracts :

- Transactional contracts : they are oriented towards economic and performance based considerations, with finite time frames and clearly defined work roles and responsibilities. An individual's identity is said to be derived from his skills and competencies, rather than being closely tied with the organisation. As such, people are likely to display lower levels of citizenship behaviour, and lower levels of collaboration and teamwork.
- Relational contracts : they are more open ended, longer-term arrangements, with a wider range of obligations on the part of both the organisation and its employees. The exchange between employer and employee involves monetary and non-monetary benefits (mutual loyalty, support, training, career development, etc.). Under such arrangements, employers expect greater flexibility and loyalty from employees, including a commitment to the community and purpose of the organisation. Employees also come to identify with the organisation through promotion, mentoring, and socialisation. There is a higher degree of mutual interdependences and barriers to exit.
- Hybrid contracts : many organisations are opting for a hybrid contract, which incorporates a blending of elements of both of transactional and relational contract. The hybrid contract incorporates shared values and commitments, as well as specified results and time frames.

New deal employment relationships are based on a win-win outcome for both parties (Swales, 2002). They are more “exchange based”, being characterised by greater flexibility, mobility, self-reliance, enhanced, value added performance, trust and openness and adult-adult attitudes and responsibilities (Anderson and Schalk, 1998).

In new deal employment relationships, there is an emphasis on commitment to the organisation's vision, values and goals (as opposed to blind loyalty), the quality of working relationships, including attachment or cohesion with teams, career prospects and employability (as opposed to job security), a greater involvement and voice in what is going on and support from management (which includes a greater focus on the individual and their needs).

It is now fitting to define the notion of organizational commitment, to identify its different dimensions and to understand its antecedents and consequences, in order to investigate its nature within the framework of innovative structures.



2.2. ORGANIZATIONAL COMMITMENT

Commitment can be defined as the identification and the attachment to an organization and implies three elements : a strong belief/acceptation of the organization's objectives and values, the willingness to exert strong efforts for it and the firm intention to stay within the organization (Mowday and *al*, 1982). It is the process through which the organization's goals and the individual's goals get more and more integrated (Hall et *al*, 1970).

Several researchers have studied the link existing between commitment and loyalty. According to Kanter (1968), for example, commitment refers to the individuals' willingness to give their energy and loyalty to social systems. For Hirschman (1972), being loyal to an organization is necessary to express one's dissatisfaction in a positive way and to help the institution to progress instead of leaving it. As a consequence, loyalty has a major influence on the individual's choice between « voice » (expressing one's grievance) and « exit » (resigning).

Applying Hirschman's theory, Cannings (1989) states that only the attachment derived from « voice » leads to a superior performance; attachment derived from barriers to exit, like age or lack of qualifications, covers only the last dimension of Mowday et *al*'s definition (intention to stay).

Organizational commitment has been at the centre of studies into individual and organizational performance for several decades. If Swailes (2002) criticizes the fact that researchers have ignored the new context of employee-organization linkages when they investigate the issue of commitment measurement, he argues for its continued importance to understand the new deals signed between employers and employees.

Social psychologists have situated organizational commitment downstream from motivation. According to them, it causes the mobilization of all the capacities of the employee to achieve the goals laid down by the company and prohibits any separation between employee and organization.

Organizational commitment must be differentiated from job satisfaction : whereas job satisfaction results from an individual relation to work, organizational commitment controls and guides the person in the organization (Estay, 2001).

Workers can be autonomous and can have integrational facilities, but they can use these faculties outside or against their company. For instance, autonomy can lead employees to quit their enterprises to find better remuneration. Organizational commitment can reduce this kind



of turnover. It can also lead people to think in the direction of company interest and make decisions to develop their organization.

We know that an employee's commitment increases when he takes responsibilities and when he is empowered because he has the feeling that his work belongs to him (Matejka and Liebowitz, 1989). More precisely, organizational commitment is influenced by three categories of factors : worker characteristics (Mottaz, 1988 ; Meyer et Allen, 1990 ; Michel, 1989), job task characteristics (Mowday and *al*, 1974 ; Meyer and Allen, 1990, Thevenet, 1992) and structural characteristics (Rhodes and Steers, 1981 ; Morris and Steers, 1980; Steers, 1977; Gaertner and Nollen, 1989). We will only develop the two last categories because we are looking for the structural characteristics – and not the individual ones - which might impact organizations commitment in an innovative context.

Job task characteristics cover task autonomy, task significance, opportunity for social interaction in completing tasks and skill variety. They also concern job scope – the more the job represents a challenge, is important to the organization and receives feed-back the more the employee commits himself -, clarity of objectives, which is positively correlated to involvement, and work overload, which reinforces commitment if objectives are clear and challenging but which decrease in situations of conflict or stress.

The organizational characteristics which are positively correlated with involvement cover distributive justice, participation in decision making, degree of formalization and degree of decentralization, opportunities for internal mobility and training, and employment security.

We should mention that involvement also depends on career development. Mowday and *al* (1982) identify three periods in an individual's career dynamic : the period before the hiring process (what are the factors that encouraged the individual to make this choice ?), the very first months within the company and the following period, where factors of involvement are linked to the representation the individual has on the “investments” he has done within the company.

Meyer and Allen (1984) suggested a three-dimensional measurement of organizational commitment showing that this attitude could be better understood as a multidimensional concept. They defined the three dimensions as:

- Affective commitment, e.g. “positive feelings of identification with, attachment to, and involvement in the work organization”.



- Continuance commitment, e.g. “the extent to which employees feel committed to their organizations by virtue of the costs that they feel are associated with leaving (investments or lack of attractive alternatives)”.
- Morale commitment, e.g. “the employees’ feelings of obligation to remain in the organization”.

Evidence generally supports the theory that affective commitment is positively associated with certain desired outcomes while continuance commitment generally has negative associations. Only preliminary studies have been conducted in the area of morale commitment. This knowledge reinforced the importance of studying the affective commitment of core and contract employees.

More precisely, researchers showed that organizational commitment enhances the individuals’ performance (Meyer *et al*, 1989) and reduces turnover (Siegel *et Ruth*, 1973) and absenteeism (Patchen, 1965). But it also facilitates the acceptance of changes in a new environment (Handy, 1989, Thevenet, 1992).

To conclude this part, we would like to clarify the links existing between psychological contracts and organizational commitment. Latest research in social psychology has confirmed that aligned and healthy psychological contracts contribute to enhanced commitment (including affective commitment which is positively related to higher performance), job satisfaction (which is related to higher motivation, lower workplace stress and more satisfied customers) and intention to stay with the organisation (retention).

Indeed, according to Coyle-Shapiro (2002), perceived employer obligations explains the three dimensions of what is called “citizenship behaviour” : helping, advocacy and, more important for us, functional participation. More precisely, psychological contract fulfilment is more strongly related to citizenship behavior directed at the organization than to citizenship behavior directed at one’s colleagues (Turnley and *al*, 2003).

Flood and *al* (2001), who developed a causal model of the causes and consequences of psychological contract in leading high-technology software companies, found support for the idea that psychological contracts have a direct effect on employee commitment and intention to remain with the organization. In other words, organizational commitment is a consequence of psychological contracts’ fulfilment, as shown in the flow-chart below.

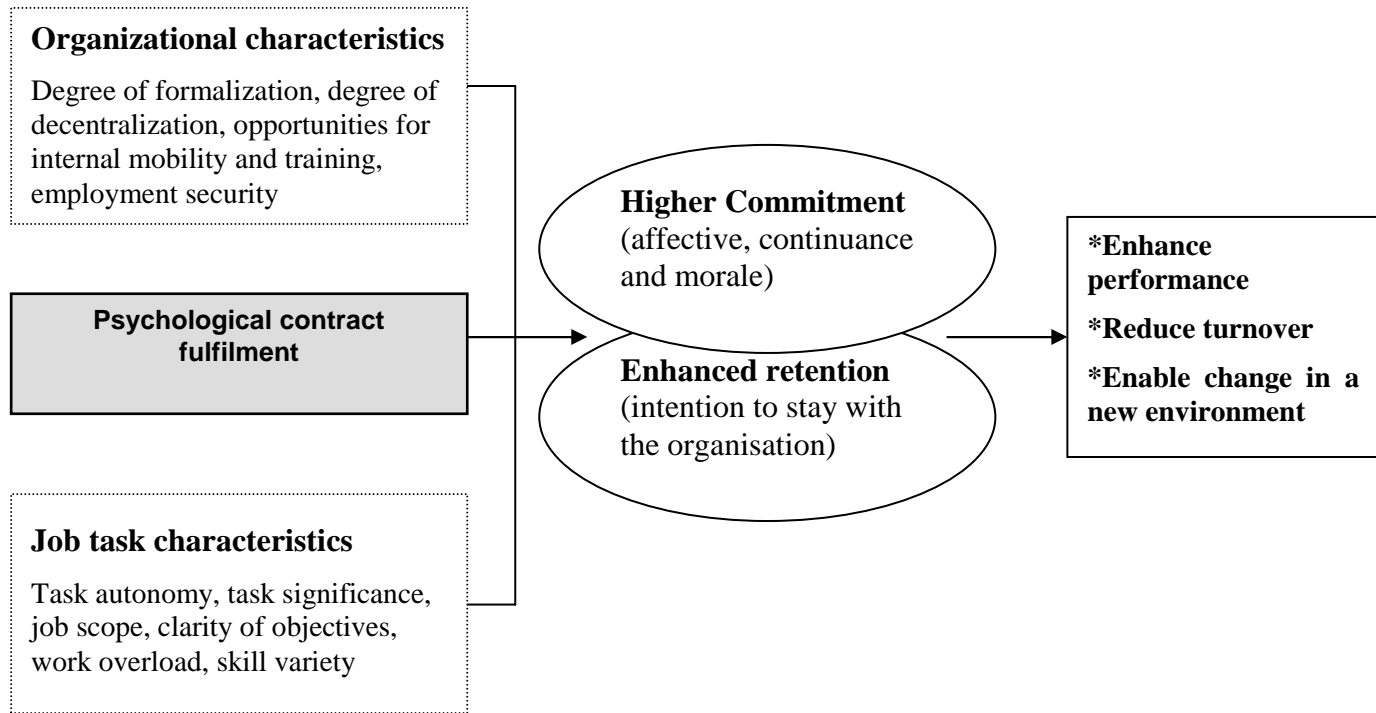


Fig 2. Antecedents and consequences of organizational commitment

3. EMPLOYEE’S PARTICIPATION IN INNOVATIVE COMPANIES

Now that we have defined the notions of innovative structure, organizational commitment and psychological contract, we can try to answer our research question (what are the characteristics of employees’ participation in innovative structures ?), illustrated by the following figure :

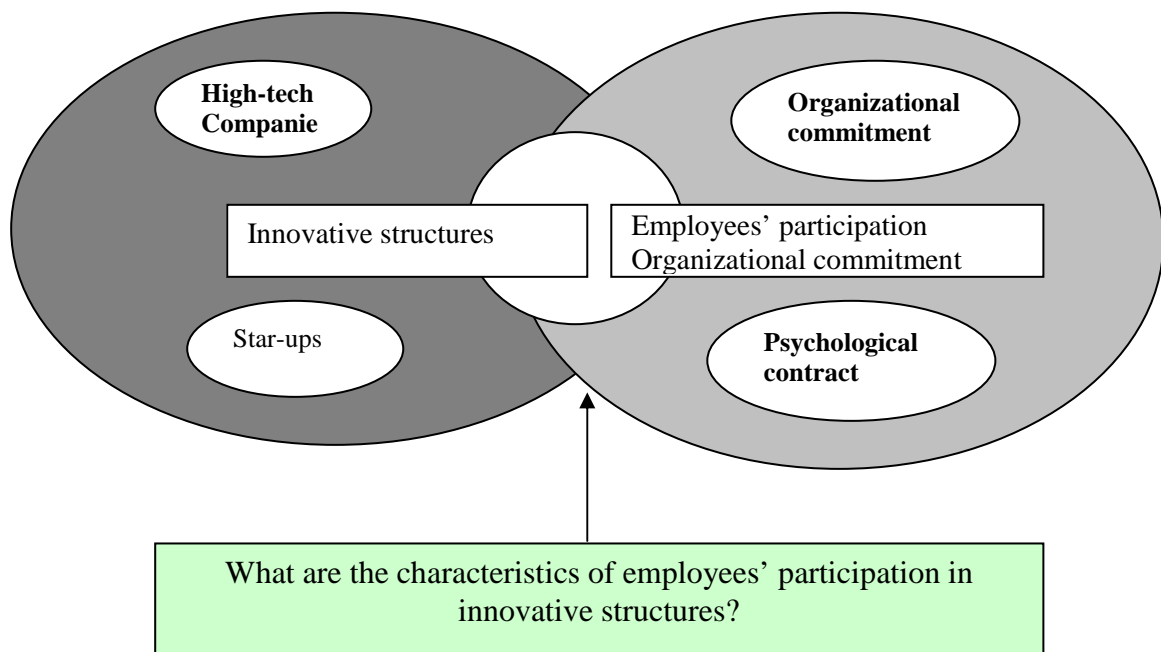


Fig 3. Our research question : what are the characteristics of employees’ participation in innovative structures?



To understand the characteristics of employees' commitment in innovative organizations, it is fitting to pay attention to the consequences of the recent shift from relational to transactional contracts in High-tech companies. Then it is important to study the reasons why start-ups attract more people than traditional companies, at least for part of a certain category of people.

3.1. EMERGENT FORMS OF PSYCHOLOGICAL CONTRACTS IN HIGH-TECH COMPANIES

Employees and employers expectations at work have changed over the last five or more years. The IT industry is in a constant state of change and ways of working are continually evolving because of technological advances. In such an environment one can expect that the nature of psychological contract would be different from that of a more stable industry (Davidson, 2001).

During the 1980's, organizations moved towards a new psychological contract : the emphasis shifted from length of service and job security to performance-based reward and a more short-term employment relationship.

These changes occurred against a background of economic hardship; redundancies were widespread, unemployment increasing and government focused on reducing trade union power. The outcome was a more vulnerable workforce. The economic climate forced companies to examine cost reduction as a means of sustaining or increasing profits. Human Resources policies had to be cost-effective rather than paternalistic. Staff were increasingly seen as resources, useful for a specific role and either adaptable or replaceable when that role ended. In this climate it is not surprising that psychological contract violations increased substantially (Davidson, 2001).

Anderson and Schalk (1998) also emphasize the changes in the traditional form of the psychological contract, characterized by job security and loyalty to company within a context of relatively predictable job structures and promotion opportunities. In traditional psychological contracts, employees exchange their satisfaction of met expectations on behalf or the company against a conformance behaviour - they meet certain minimally acceptable standards - and, hence, organizational commitment (Flood and *al*, 2010). In other words, the greater the degree to which employee expectations have been met, at least at a basic level, the more likely they are to feel an *obligation to conform* and, consequently, to commit themselves in the organization.



The emergent form of psychological contract suggested by Anderson and Schalk (1998) is characterized by an equitable exchange with regard to both the inherent interest and variety of the work and explicit rewards and benefits. Such contracts are more relational than transactional (Milward and Hopkins, 1998) and facilitate re-negotiations because of the changing market circumstances and employees' contribution over time.

Its underlying basis is likely to depend on the added value contributed by the employee to the organization, in particular when the individuals' knowledge is private and tacit (which is the case in high-tech firms), because one cannot benefit from such knowledge unless the employee is willing to share it on a voluntary basis. In this type of psychological contracts, employees exchange their satisfaction of met expectations against a *contribution behaviour* - being a team player and expending extra effort as needed (Flood and *al*, 2001). In other words, the greater the degree to which employee expectations have been met, the more employees are likely to feel an obligation to contribute to the organization, which in turn will likely result in a higher level of commitment to the organization and a greater propensity to stay with the organization.

In High-tech industries, individuals have to confront paradoxes and dilemmas linked to the uncertainty and creativity of the people involved, as well as to the fear of managerial anarchy (Hastings, 1993). This is why managers hesitate between hierarchy and absence of hierarchy and between high levels and low levels of empowerment since they have to create, free and amplify people's creative energy.

3.2. ENHANCED COMMITMENT BUT LACK OF LOYALTY IN START-UPS

3.2.1. The attractive power of start-ups

A survey of the Career Innovation Company of one thousand young professionals from around the world found that employers often struggle when managing young talents. It reveals that many established companies are unimaginative places to work. In contrast start-ups emerged as exciting places for talented people to learn rapidly and make a personal impact, attracting the kind of vision and commitment that comes from a sense of personal ownership. Importantly this survey which was conducted in the summer of 2000, just a few months after the crash in technology share prices, shows that the attraction of start-ups has not diminished despite the downturn in the market.



Factor	% of sample
Opportunities for rapid learning and development	78%
Presents a challenge	72%
Opportunity to make a personal impact at work	68%
Good experience for my future career	61%
Right time to take advantage of the new business trend	59%
Creating something from scratch	54%
Young and lively atmosphere in new business	52%
Opportunity to be in control of my own destiny	51%
Managing own work	51%
Working with a good management team	42%

Table 1. Main factors influencing decision to work for a start up

This is not just a view of young professionals but also future employees. A *MORI* survey of children aged 11 to 15 found that 44% would rather work for a small or medium-sized business than a big business and almost a quarter (23%) would rather work in the public sector than work for a business.

The experience of working in a start-up is generally meeting and sometimes exceeding the expectations of young professionals. The Career Innovation Survey 2000 found that people working in start-ups felt that their expectations were exceeded for providing a challenge, for developing opportunities for rapid learning and for affording the opportunity for an employee to make a personal impact at work.

The following table shows the main features that were disappointments for at least 30% of the respondents in either an established company or a start-up. Once again start-ups compare very favourably.



Factors	Established Company (% respondents saying worse than expected)	Start-Up (% respondents saying worse than expected)
Not being in control of my own destiny	30%	20%
The level of stress	30%	31%
Lack of opportunity to work with latest technology	32%	19%
Lack of fair reward for my contribution	34%	24%
Lack of performance-related reward	35%	26%
Lack of opportunity to develop new technology	36%	22%
Poor quality of management team	37%	31%

Table 2. Elements of disappointment expressed in established companies and start-ups

Large companies may not just be losing out in relation to attracting emerging talent. Through their readiness to change, their size and passion for challenge, start-ups have the means to outpace traditional companies for business. Nevertheless, innovative firms suffer from a lack of loyalty, mainly because of a very little job security.

3.2.2. Lack of mutual reliability between the start-up and the employees

The ethics of start-up are different from those of large and established firms because the lines are very unclear. According to Messick (cited by Rosen-Ganot, 2000, p.1), "Start-up firms are fighting for their very lives in a battle to survive. They operate in a climate heavy with fear, struggling with serious financial problems and a thousand and one other worries." Indeed managers of start-up firms examine their professional world in the short term. For Messick, employees of innovative firms, such as technology start-ups, are also very different from their counterparts in stable firms. "These employees do not know if the start-up for which they work will fly or crash. That is why they demonstrate a low level of identity with the firm: they know that in another three months they may have to start looking for another job. So why should they get all emotionally involved and risk disappointment?". Indeed, innovation requires more a spirit of enterprise than a spirit of loyalty to the company (Alter, 1985). As a consequence, employees of new firms develop superficial relationships among themselves. When there is no commitment to the firm or to one's colleagues, rules can become egotistical and unethical.

However, if the start-up creates roots and stability, it grows and develops and even starts to establish itself as a firm. Then its ethics changes.



Many people believe that exorbitant salaries and signing bonuses create loyalty in the dot-com world. Although money is important, it takes more than dollars and cents to foster loyalty in today's fast-paced economy. Loyalty is a function of consent; it can't be purchased. Only when workers' desire to contribute is high can organizational loyalty develop. Yet money, with its real and symbolic value, remains a complex issue. Therefore, economic incentives often attract people to an organization. But it won't keep them. But if money is not the answer, what is?

The answer can be found in many start-up businesses. In the early days, these organizations are full of fun and excitement as people co-create the future together. Owners and employees work side-by-side, building what none of them could build alone. People feel connected to each other and to the organization's purpose. Information is plentiful. Decision-making processes are more transparent than in traditional companies. Coordination with critical resources is often simple. Finally, autonomy abounds, as people feel trusted to do the right thing and make decisions that benefit the company. Not surprisingly, this group of interconnected workers soon becomes a community with the will to get things done (Marty, 2002).

It is the organization's culture that makes an innovative firm distinctive. The company culture attracts superior people who want the opportunity to learn and grow along with the freedom to use their talents in an atmosphere that emphasizes fun and teamwork.

Leaders can no longer take the easy way out by believing that salary, bonuses, stock options and perks are enough to retain talented employees. The difference between staying and leaving is often the extent to which a worker feels he can contribute to the company's development. He wants to make a difference and feel connected to the company and his co-workers.

Let's see now if our exploratory research confirms the characteristics of innovative structures, the factors of motivation prevailing in such companies and the nature of the contract linking individuals to them.

4. EXPLORATORY STUDY

We conducted several semi-structured interviews and administered several questionnaires with employees working for innovating "structures", e.g innovative companies (Ze Bank, where ten interviews were done in the first months of the firm's creation, LogicaCMG, Solving International) or innovative projects within large companies (Accenture, BNP/Paribas, with a project of data processing reorganization). Of course, this study is exploratory in nature, meaning it is an attempt to see if differences do exist in the nature of



the psychological contracts linking individuals to traditional versus innovative companies. It is not intended to act as proof to any model or hypothesis, but to act as a stepping-stone for further research on this topic.

4.1. HOW DO RESPONDENTS DEFINE “INNOVATIVE STRUCTURE” AND TO WHAT EXTENT IS IT DIFFERENT FROM TRADITIONAL COMPANIES IN THEIR EYES?

The interviewees consider their project or their company to be innovative because it comprises part or all of the following features : a high degree of adaptation to the market, a high level of reactivity in Human Resources practices (recruitment and promotions) in accordance with the market's evolution, a use of the latest and most performing software, a strong orientation towards advanced processes and technologies (Internet, Web, CRM, etc.), the scarcity or inexistence of training practices, a space for flexibility, autonomy and responsibility, the development of practices of knowledge management, a low degree of formalization and procedures since “everything remains to be done and is constant in evolution”, as well as a spirit of “adventure” and “conquest”. In their eyes, innovative structures have a strong focus on customers, a lack of functional barriers are “highly learning” organizations.

When asked about the difference they would make between “innovative” and “traditional” structures, respondents answered that manager have less power in the first one because turnover is higher, and less influence on their subordinates' career. Innovative companies require more flexibility in the acquisition of new competences and have a more relaxed atmosphere, in order to evacuate pressure. According to our respondents, traditional companies are more structured and hierarchically organized; career evolution is slower and salary scales are more rigid whereas innovative companies offer better salaries and higher wage increases.

4.2. WHAT IS THE NATURE OF THE CONTRACT LINKING INDIVIDUALS TO AN INNOVATIVE STRUCTURE?

First, What are the sources of satisfaction and dissatisfaction in innovative structures? The two main reasons why respondents choose to be recruited in an innovative structure in the first place are the same as the reasons why they have the intention to stay within the organization : their job is enriching and their interest for the tasks high. The last important factor which drove them to enter their company is profit sharing (or stock options, when there is such an offer).



The main sources of dissatisfaction expressed by the respondents are bad management, lack of definition of their function and instable relationships. But they also complain about the lack of perspectives for the future, the lack of recognition and organizational conflicts.

All respondents describe their link to their company as a contract based on a transactional “give and take” logic. Paradoxically, they all describe a strong sense of belonging and a high level of affective commitment, but a lack of loyalty, which confirms our anticipations.

“To be loyal, one needs to be respected and to develop mutual trust, which isn’t the case.” (Solving International)

“I am ready to exert strong efforts to help the company to succeed, but punctually, I will leave on the day I am given THE crazy mission.” (Accenture)

“I have so much more a sense of belonging as I was there from the beginning, but it won’t prevent me from leaving under certain circumstances... If there isn’t strong signal in terms of career evolution, people will be disappointed and leave.” (Ze Bank)

“I am concerned by the firm’s evolution (...) There are too many constraints and not enough opportunities to learn, so I don’t think it is the best one I could work for” (LogicaCMG)

Respondents feel concerned by the company’s future, but they know from the beginning that uncertainty prevails as far as their own future with the company is concerned. This is why they are ready to leave it if they find a better opportunity elsewhere.

“Yes, I feel rather concerned with the future company’s. Yet, I am ready to look for another job if necessary.” (Solving International)

“Knowledge workers can easily be hired elsewhere, so they might leave when the ‘start-up’ state of mind disappears.” (Ze Bank)

“I knew when I was hired that I shouldn’t get attached to the company, I know that I must be ready to leave at any moment, in case of crisis, indignation, etc.” (Accenture)

“As long as my job remains the same [project manager], I can easily work for another firm.” (BNP/Paribas)

5. DISCUSSION

It seems that employees in innovative structures benefit from the five ‘I’ recommended by consultants to increase the convergence between the organization’s and the employees’ goals : interesting work, information, involvement in the decision-making process, independence and increased visibility. But, in return, they have to pay in terms of higher levels of uncertainty and anxiety.

Indeed, our literature review and exploratory research tend to show that working in an innovative company or for an innovative project goes hand in hand with the following



elements : task autonomy, task significance, large job scope, opportunities to grow and to learn rapidly, participation in decision-making, decentralization, high skill level of subordinates, good opportunities for social interaction, feeling of contribution to the company's development, challenging objectives, feeling of control over one's own destiny, opportunity to develop new technologies, performance-related rewards, high reactivity in human resources practices, low degree of formalization and procedures, a spirit of "adventure" and lack of functional barriers. All these factors should contribute to an enhanced affective commitment (attachment to the work organization) in innovative company as compared to traditional ones. It should also lead to an enhanced continuance commitment (commitment due to the costs associated with leaving) in the sense that barriers to exit are higher since the end of the "new economy dream". Indeed, employees seek to take advantage of a good experience to enable a greater employability in the future because they do not know how much time they will be able to work for their company.

But working in innovative structures also implies unclear role definitions, work overload, situations of conflict and stress, poor management quality (so much more as managers don't have much influence on the career of their subordinates), fewer opportunities for internal mobility, scarcity of training practices, worries about the future, higher turnover, uncertainty about one's own future in the company, unstable links with colleagues and managers. These features should decrease the level of morale commitment (feeling of obligation to remain in the organization) and loyalty in the innovative company as compared to traditional ones.

What about the psychological contract existing between an employee and an innovative structure? It seems to us that the type of contract prevailing in such structures are "hybrid contracts", e.g. a blending of elements of both of transactional and relational contract, with a dominance of the first one. Indeed, the link existing between innovative companies and employees is based on economic and performance considerations, the employee's identity being derived from his skills and competencies rather from the organization per se. In addition, there is no much room for mutual loyalty, support, training and career development in such organizations.

At the same time, several elements composing relational contracts are present in innovative structures since agreements are based on exchanges of both monetizable and socio-emotional elements (affection, loyalty, support) with an open-ended duration and a high degree of flexibility. This is why we think that the type of psychological contracts prevailing in such an



environment is a “hybrid” one, incorporating shared values and commitments, as well as specified results and time frames.

Within this hybrid contracts, we think that employees exchange their satisfaction of met expectations against a contribution behaviour - being a team player and expending extra effort as needed – rather than conformance behaviour – meeting certain minimally acceptable standards (to use Flood and *al*'s concepts).

6. CONCLUSION

Many researches have dealt with the notion of organizational commitment and its three dimensions: affective commitment, continuance commitment and morale commitment. We can also find many analyses concerning innovative organizations, like start-ups or high technology industries, described as having an intense customer focus, an appreciation of/for the whole individuals. However, hardly any studies paid attention to the particular aspect of organizational commitment within innovative firms, although they attract more and more people. That is why we have raised the following question : does the psychological contract existing between an organization and its employees have a different nature in an innovative company and a traditional one?

Our answer is “yes” in the sense that the psychological contract should be more transactional, e.g. oriented towards economic and performance based considerations, the employee's identity being derived from his skills and competencies rather than being closely tied with the organization, and less relational, e.g. open ended, with longer-term arrangements, a wide range of obligations on the part of both the organization and its employees, an exchange between employer and employee involving mutual loyalty, support, training, career development.

We also think that the morale commitment and the ethics of innovative companies are weaker than those of large and established firms because the lines are very unclear and turnover is higher. On the contrary, we support that affective commitment is dominating in innovative structures although a certain lack of loyalty. We finally believe that continuance commitment, representing the opportunity to take advantage from an interesting experience for the future, has decreased since the end of the “new economy dream” and that it is higher than morale commitment, due to little job security in the new economical environment.



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APPENDIX A: Questionnaire (administrated to french companies)

Nom :

Prénom :

Age

(facultatif) :

Entreprise :

Fonction exercée :

- 1) Dans quelle mesure qualifieriez-vous la structure dans laquelle vous travaillez de structure « innovante » ?
- 2) Avez-vous une expérience antérieure dans une structure « traditionnelle » ? OUI / NON
- 3) Si oui, pouvez-vous expliquer les principales différences par rapport à votre expérience actuelle (management, éléments de motivation, ambiance de travail, modalités d'acquisition des compétences...)?
- 4) Si non, quelles différences pensez-vous qu'il existe entre une structure traditionnelle et la votre ?
- 5) Pouvez-vous donner votre degré d'accord ou de désaccord sur les affirmations suivantes?

	Pas du tout d'accord	Plutôt pas d'accord	Pas d'accord	Neutre	Plutôt d'accord	D'accord	Tout à fait d'accord	NSP
1) Je suis prêt à faire de très gros efforts, au-delà de ce qui est normalement attendu, pour aider mon entreprise à réussir.								
2) Je parle de cette entreprise à mes amis comme d'une très bonne entreprise pour laquelle travailler.								
3) Je me sens très peu de loyauté à l'égard de cette entreprise								
4) J'accepterais tout autre travail [de cadre] pour pouvoir continuer à travailler dans cette entreprise.								
5) Je trouve que mes valeurs personnelles sont très similaires à celles de l'entreprise.								
6) Je suis fier de dire aux autres que j'appartiens à cette entreprise.								
7) Je pourrais tout aussi bien travailler dans une autre entreprise dans la mesure où mon travail resterait le même.								
8) Cette entreprise me permet de donner le meilleur de moi-même pour accomplir mon travail.								
9) Dans l'état actuel des choses, il faudrait vraiment très peu pour me faire changer d'entreprise.								
10) Je suis très heureux d'avoir choisi, à l'époque de mon recrutement, de travailler pour cette entreprise plutôt que pour une autre.								
11) Il n'y a pas grand chose à gagner à rester indéfiniment dans cette entreprise.								
12) Souvent, je trouve qu'il est difficile d'être d'accord avec les politiques de cette entreprise.								
13) Je me sens vraiment concerné par le futur de cette entreprise.								
14) Pour moi, cette entreprise est la meilleure de celles où je pourrais travailler.								
15) J'ai fait une grave erreur en décidant de travailler dans cette entreprise								



- 6) Classez les éléments ci-dessous selon l'importance que vous leur accordiez lors de votre recrutement dans cette structure innovante (notez + les 2 plus importants et – les 2 moins importants).
- 7) Classez ces mêmes éléments en fonction des sources de satisfaction que vous procure actuellement la structure innovante dans laquelle vous travaillez. (notez + les 2 plus importants et – les 2 moins importants).

	Motivations lors du recrutement	Sources de satisfaction actuelles
Intérêt de la tâche.		
Passion pour les hautes technologies.		
Culture d'entreprise.		
Sécurité de l'emploi.		
Opportunité d'acquérir une expérience enrichissante pour votre carrière future.		
Ambiance jeune et décontractée, relations fusionnelles.		
Autonomie, initiative.		
Reconnaissance, rôle important dans l'entreprise.		
Intéressement aux résultats de l'entreprise, stock-options.		
Contraintes, manques d'alternatives.		

- 8) Classez les éléments suivants de la même façon en fonction de l'insatisfaction que vous procure votre travail dans une structure innovante. (Remplissez le tableau suivant, vous pouvez accorder un même classement à plusieurs items)

	Sources d'insatisfaction actuelles.
Stress, pression.	
Manque de reconnaissance.	
Structure informelle.	
Manque de définition des fonctions.	
Missions instables.	
Liens instables.	
Conflits interpersonnels.	
Conflits organisationnels	
Manque de perspectives d'avenir.	
Management de mauvaise qualité.	
Autre.(expliquer)	