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**MANAGERS' ROLE IN ACHIEVING BALANCE  
BETWEEN PEOPLE AND ORGANIZATION**

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***Abstract:** Due to the importance of the human subsystem for the organization, the problem of mutual balance between people (employees) and organizations, their needs, requirements and expectations, becomes more significant. After emphasizing the function of the human subsystem for the organization, the paper determines the psychological contract and its content and specifies the role that managers have in its realization and in establishing a balance between people and the organization.*

***Keywords:** people, organization, psychological contract, managers.*

**1. Introduction**

Organizational and management theory and practice treat people as one of the most important organizational resources. People's knowledge and skills significantly influence the effectiveness of other organizational resources utilization. Ultimately, the quality of the human factor affects the level of achievement of organizational goals, organizational mission, vision and strategy of the organization. Due to this, during the last decades, a great deal of attention has been paid to people within the organization, as well as to the various problems associated with them.

One of the problems concerns the establishment of a balance between people (organizational members) and the organization to which they belong. It is a balance between the needs, expectations and requirements that employees and organizations have in relation to each other. The perception and the level of understanding of the mutual exchange of the organization and its members make the content of the so-called psychological contract. The key role in the implementation of the psychological contract content, as well as in matching

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people and organization, belongs to the managers. After emphasizing the importance of the human subsystem for the organization, the paper determines the psychological contract and its content and specifies the role that managers have in its implementation and in establishing a balance between people and the organization.

## 2. People as a critical organizational subsystem

Many centuries ago it was noticed that some things in life can only be achieved with the support of other, that is if a number of people unite their physical and mental efforts (Rollinson, 2008, p. 4), creating an elementary assumption for the emergence of organizations. As a kind of structure composed of people, organizations exist for the purpose of achieving those goals that can not be accomplished by the individual endeavors of their members (Mullins, 2016, p. 14). Author Laurie J. Mullins considers people within the organization as one of the critical organizational subsystems that together with other organizational subsystems (structure, task, technology) are consciously coordinated by the management of the organization with the ultimate goal to achieve a harmonious functioning of the entire organization (Mullins, 2016, p. 114).

As one of the most vital organizational subsystems, people are also identified by many other authors (for more details see: Leavitt & Bahrani, 1988, p. 29; Hersey et al., 2012, p. 7 etc.). For example, Frederick E. Emery and Eric L. Trist (1960) treat organizations as social and technical systems with people (a social component of organization) and technology and machines (a technical component of organization) as their key subsystems (Mele et al., 2010, p. 128). On the other side, Fremont Ellsworth Kast and James Erwin Rosenzweig point out that critical organizational subsystems are: goals and values, technical, structural, psychosocial and managerial (Kast & Rosenzweig, 1972, p. 460). More than half a century ago, Philip Selznick (1957) emphasized that the organization was primarily a "collection of human beings" (Rollinson, 2008, p. 5). The human factor is still considered to be important for survival and for the successful functioning of the organization. According to Derek Rollinson, organizations are social collectives and whatever is done within the organization, or with the help of the organization, is ultimately the result of human action (Rollinson, 2008, p. 6).

By analyzing the components of the management system relevant for improving the functioning of the organization in modern business conditions, Kenneth A. Potocki and Richard C. Brokato identify employees, i.e. their active involvement within the organization, as one of the critical subsystems (Figure 1). In addition, under active involvement, these authors have in mind the systemic process that encourages collaboration within the organization and the manifestation of the creative potentials of its members. Through the empowerment of employees and the formation of specific partnerships between them and managers, the performance of employees and their commitment to the organizational goals can be improved (Potocki & Brokato, 1995, p. 404).

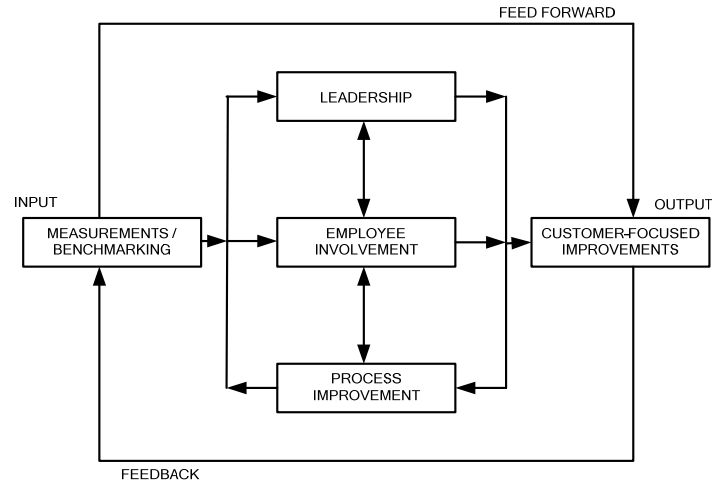
Due to the great importance of the human subsystem for the organization, some authors claim that people are the cornerstone of organizational and management science (Wren & Voich, 1994, p. 66). Over the past few decades, many organizational and management theorists have increasingly emphasized the importance of a balance between people and organizations. In essence, that balance should ensure a more successful functioning of the people as well as of the organizations to which they belong.

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## Managers' role in achieving balance between people and organization

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**Figure 1: A system of management for organizational improvement**



*Source: Potocki & Brokato, 1995, p. 404.*

### 3. Psychological contract

People and organizations are indispensable to each other. As its members, people manifest certain expectations from their organization. At the same time, the organization expresses the corresponding demands of its members. Sets of individual and organizational expectations, needs and requirements, create the content of the so-called psychological contract.

The concept of psychological contract was first introduced by Chris Argyris in 1960 (Rousseau et al., 2013, p. 635). Together with the concept of Perceived Organizational Support (POS) and the concept of Employment Relationship (ER) it makes a base for the concept of Employee-organization relationship (EOR), which dominantly explains the relationship between employees and their employers (compare with: Coyle-Shapiro & Shore, 2007, p 168).

After Chris Argyris, Harry Levinson and his colleagues (1962) elaborated the concept of Psychological Contract and defined it as a relationship between employers and employees in which each of the parties has the appropriate expectations in relation to their mutual obligations (Linde, 2015, p. 10). The psychological contract was similarly defined by Jeff Cartwright who claims that the psychological contract is ... basically, the exchange of common beliefs and values, expectations and satisfactions (Cartwright, 1999, p. 39). The relevant characteristics of the psychological contract are also contained in the definition created by Edgar Schein, according to which the psychological contract represents “a set of unwritten expectations present at each moment between each member of the organization and others in the organization” (Anderson & Schalk, 1998, p. 638). Today, one of the most frequently quoted definitions of the psychological contract is the one offered by Denise M. Rousseau, according to which the psychological contract reflects the beliefs about the mutual obligations between employers and employees (Rousseau, 1990, p. 391).

**Table 1: An overview of the possible content of a psychological contract**

EMPLOYEE OBLIGATION	EMPLOYEE PROMISES	EMPLOYER OBLIGATIONS	EMPLOYER PROMISES
JOB PERFORMANCE	Good service Professional manner General honesty Skills development Satisfying performance Team player	Job content	Varied work Limited disturbances Own work fashion Responsibility Right to supervise Right of own opinion Departmental influence
LOYALTY	Protect organizational image Confidentiality Not support competitors	Rewards	Flexibility Fair salary Job security
ETHICS	Honesty with leave Resignation notice Cost-effective		Additional rewards Allowances Recognition
EXTRA-ROLE BEHAVIOUR	Respect company time Innovation Assist others Social participation	Management policy	Procedural fairness Fair discipline Communication structures Information
FLEXIBILITY	Accept transfer Do non-required tasks Work extra hours Geographical mobility	Social aspects	Co-employee relationships Supporting social activities Colleague assistance Good working atmosphere Social network
	Conformity	Career development	Reaching true potential Stimulating work Room for own initiative Suitable work Ability to achieve progress Promotion abilities Skills development Horizontal job mobility Training opportunities Fair work pressure
		Organizational support	Quality products Customer satisfaction Feedback Righteous management Trust in management Efficient organization Good working conditions Good HRM Fair work time Reimbursement of costs Respect for private life

Source: Linde, 2015, pp. 15-16.

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The psychological contract, in fact, "covers" domains of different expectations, demands, and limitations in terms of rights, privileges and obligations, both, organizations and their members. According to Neil Anderson and Rene Schalk - although each psychological contract is unique, each of them, generally speaking, has three basic functions: to reduce the level of uncertainty (in the sense that they are regulated by those relationships between employees and employers that are not regulated by formal contracts), to contribute to the shaping of employees' behavior, to create an impression on employees that they have an impact on what is happening to them within the organization (Anderson & Schalk, 1998, p. 640, 641).

The content of the psychological contract is not unified. It can vary not only in different organizations, but also in the same organization at different times. This is because the demands, expectations and wishes expressed by organizations and their members are changeable. An overview of the possible content of a psychological contract is given in Table 1.

The content of the psychological contract is not formally defined, and is only present in the minds of organizational members. Even in those situations where members of the organization are not fully aware of the content of the psychological contract, it significantly affects their behavior, their interactive relationships, their attitudes towards the organization. Due to the possible conflict between expectations, demands and needs of individuals and organizations, it is necessary to provide appropriate mechanisms for their permanent balancing or alignment. This is necessary because only those organizations that are able to balance correctly the unwritten needs and expectations of their members with their own demands and expectations can be successful (Cartwright, 1999, p. 39). The key role in establishing that balance belongs to the management of the organization.

### **4. Implications for managers**

Management is considered to be an integral segment of the people – organization relationship. In this interrelation, the role of managers is, inter alia, reflected in establishing a more stable balance between people and the organization to which they belong. A conceptual model that highlights and interprets this balance is known in the literature as "Person-Organization fit" (Kristof, 1996, p. 1). According to this model, the harmony between people and organization implies their mutual compatibility that can occur in the following situations: (1) when at least one entity provides what other needs; (2) when they share similar fundamental characteristics, or (3) both (Kristof, 1996, p. 4).

By using different mechanisms managers can encourage the achievement of compatibility between people and organizations in these situations. For example, Kathleen Stalker (2000) believes that successful balancing of the relationships between people and organizations can be achieved through the following activities: (1) caring – demonstrating genuine concern for individuals working in the organization; (2) communicating – really taking about what the company is hoping to achieve; (3) listening – hearing not only the words but also what lies behind the words; (4) knowing – the individuals who work for you, their families, personal wishes, desires and ambitions; (4) rewarding – money is not always necessary; a genuine thank you or public recognition can raise moral (Mullins, 2016, p. 37). On the other side, Sutarjo claims that effective balancing between people and organizations can be achieved through: process of hire and selection of employees, deliver communication/message during hire and selection of employees, socialization, intervening

culture, comprehensive training, measure “ideal” and “actual” of organization culture and values, career development process, maintain diversity in the organization, the role of the leader, and focus on both the individual and the organization culture (Sutarjo, 2011, p. 226).

It is obvious that through the most of the aforementioned activities, managers exhibit their human or interpersonal skills. It is a set of managerial skills that is of the crucial importance for all managerial levels (Simić, 2015, p. 25). According to Paul Hersey and Kenneth Blanchard, human or interpersonal managerial skills involve the managerial ability to understand earlier behavior of organizational members, to predict their future behavior, and the ability to adequately direct, change and control the current behavior of organizational members (Hersey et al., 2012, p. 6).

This framework of manifesting managerial human skills could be specified through several levels. Elementary level is reflected in the ability to understand previous behavior of people. This managerial ability is based on a good understanding of a number of variables that affect the people’s behavior, the recognition of the way in which these variables manifest themselves through the behavior of a particular person, and the ability to evaluate the positive and negative effects of specific behavior.

Being familiar with the characteristics of the previous behavior of the members of the organization, as well as the causes that led to the manifestation of such behavior (in a certain period), is the basis for reaching the second, higher level of human managerial skills. It is the level at which managers show the ability to predict the behavior of organizational members in the future. Although it is important for an organization, or its management, to consider how the members of the organization behaved in some previous period, it is far more important to foresee how those members will behave in the future under similar or changed circumstances. The foresight of someone's future behavior is to a large extent based on the abilities of: a careful analysis of his previous behavior, an objective consideration of the causes that led to such behavior, a real consideration of all potential factors that could influence the behavior of a particular person in the future, as well as the prediction of the way to which these factors might be reflected in his behavior.

The highest level in the manifestation of human managerial skills is the ability of managers to direct, monitor, or control the behavior of organizational members. As a person responsible for people within the organization, the manager must be able to "channel" the employees' behavior appropriately and to adapt it to the requirements, needs and expectations of the organization. As Hersey and Blanchard point out: "if you accept the role of managers ... you should also accept the responsibility for the influence of the behavior of organizational members" (Hersey et al., 2012, p. 10).

## **5. Conclusion**

The successful integration of people into their organization is one of the prerequisites for the triumph of management and the prosperity of the organization. The mechanism that allows this implies balancing between the needs, demands and expectations of employees and the needs, demands and expectations of their organizations. The task of the manager is to harmonize them. Their successful matching involves not only a good comprehension of formal organization, but also an excellent understanding of the people’s character, their behavior and the key factors that provoke it. Realization of this managerial task puts human or interpersonal managerial skills into the forefront.

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**ULOGA MENADŽERA U USPOSTAVLJANJU BALANSA  
IZMEĐU LJUDI I ORGANIZACIJE**

**Rezime:** Zbog značaja koji ljudski podsistem ima za organizaciju, na značaju dobija pitanje balansa između zaposlenih i organizacije, prvenstveno između njihovih međusobnih potreba, zahteva i očekivanja. Nakon apostrofiranja značaja koji ljudski podsistem ima za organizaciju, u radu se determinišu psihološki ugovor i njegov sadržaj i specifična uloga menadžera u realizaciji tog sadržaja i u uspostavljanju balansa između ljudi i organizacije.

**Gljučne reči:** ljudi, organizacija, psihološki ugovor, menadžeri.