On psychological contracts, context and evidence-based management: a conversation with Dr. Denise Rousseau

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In our previous issue, we started an initiative to interview thought leaders in management research to enrich scholarship in the area of comparative business management. Our first interview featured Dr. Gordon Redding who shared his thoughts on the progress that has been made in the comparative space since the publication of his influential paper on comparative management theory published in *Organization Studies*. He also discussed the importance of comparative investigation and the concept of societal processes.

In this issue, our Editor-in-Chief, Dr. Vishwanath V. Baba, sat down with renowned management theorist Dr. Denise Rousseau. Named one of the great minds of management for developing the theory of the psychological contract, her work addresses the powerful reach that the individual worker's understanding of the employment relationship has on work groups, firms, and society.

Dr. Rousseau has held many notable roles during her career. She is a past President of the Academy of Management and served as the Editor-in-Chief of the *Journal of Organizational Behavior* (*JOB*) from 1998 to 2007. She also founded the Evidence-Based Management Collaborative, a network of scholars, consultants, and practicing managers to promote evidence-informed organisational practices and decision-making. She has served on panels for the Institute of Medicine, the National Science Foundation, and the National Institute for Education among others. Currently, she holds the title of H.J. Heinz II University Professor of Organizational Behavior and Public Policy at Carnegie Mellon University's Heinz College of Information Systems and Public Policy and the Tepper School of Business.

The following is a thought-provoking discussion on the psychological contract theory, the importance of context, the value of comparative research, and the future of evidence-based management theory. We hope this discourse will inspire our readers to explore some of the concepts discussed herein.

Vishwanath Baba:

Denise, you have a fairly large footprint already in the management landscape, and it is becoming more prominent as we speak. It is indeed a privilege for readers of the *International Journal of Comparative Management* to access your thoughts on this issue.

It's always been a pleasure to chat with you when we meet at the Academy of Management conferences, but of course, the pandemic put a stop to that. So, the next best thing is to meet on Zoom and engage in a conversation that makes up for the past couple of years. More importantly, a conversation that will ignite curiosity among our readers. I know we both are curious, so now, on to curiosity.

My first question to you is about your theory of the psychological contract. This theory has been enormously influential in generating research for decades and is still going strong. In fact, I'm working with it as a framework for a new interpretation of presenteeism that I'm studying with a colleague of mine.

People have compared the psychological contract between individuals, compared organisations in the way they manage the psychological contract, and compared the meaning of psychological contract across cultures; you know, the list is long. We both know I could fill a whole volume of *IJCM* with ideas about the psychological contract. However, to focus, I would specifically like your thoughts on the psychological contract theory in the context of comparison: how can we incorporate comparison within the psychological contract?

My question is, at what level will psychological contract theory impact management optimally? What would you like to see in psychological contract theory research and why?

Denise Rousseau:

Such a rich set of questions! I think the idea here is, how does psychological contract theory get the legs to walk its way into how we approach problems in organisations and expand the options employees have for meeting their needs? The critical idea is that a psychological contract refers to "the deal in the head," that is, the lens through which an actor – usually the employee, but sometimes a manager, a team, or a community – holds about what they're owed, and what they owe in return. It's a function of experiences that the person or the people in a relationship have with another party – their organisation, advisor, or their team. And the idea that we act based on not just the foreground of what we see now, but the backstory of the experiences we've had previously.

I think one of the critical aspects for practice to follow is to recognise that, when I am a manager or a senior leader, I have exchange relationships with lots of parties inside and outside my organisation. I contribute to the psychological contract of each person I influence. I am shaping how individual employees believe they should act now and in the future, and what they think they are owed in return. At the same time, for every team or work group I communicate with or offer certain incentives, I, as a manager, am influencing their team-level psychological contract.

And we know that within the scholarly and scientific communities, people hold views regarding their obligations – as scientists to other scientists, to newcomers or doctoral students coming in – that reflect psychological contracts.

From a practice perspective, it helps to keep in mind that you are interacting with people who can hold different lenses about what your exchange relationship means. How, then should you talk to them? Can you gather information regarding the obligations they feel party to? How might you clarify what they can expect from you and what you expect from them? And how do you acknowledge the past commitments that you or your predecessor have made to them and take that into account in honouring the deals that people already rely upon?

Most employees and teams have a backstory of prior experiences and exchanges. The thoughtful manager must consider that because people cannot easily ignore past commitments and contributions. We need to acknowledge these previous experiences in team contracts, individual contracts, and contracts in the community and then target our communications to the parties in a way that is relevant to them. One thing we are learning is that the psychological contract of individuals and of teams often involves different obligations. We shouldn't necessarily make the same commitments to teams we do to individuals since teams may be more concerned with the fair treatment of the group as a whole, which can differ from what people think is fair to themselves individually. The team may see an obligation to keep the group together if they do good work, while the individual anticipates advancement for their own contributions. It's that lens I would like practitioners to have when they're thinking about creating more effective reward systems and supportive environments for both teams and individuals.

Vishwanath Baba:

That's very beautiful, Denise. I appreciate the layers that you have introduced in this conversation. That is what is unique about the psychological contract theory, which is why it has so much currency. You know it pretty much runs our lives, whether in an organisation or even with our siblings, colleagues, and other people that become a part of our lives. This is brilliant, and I'm glad I'm using it in my current work. I'll keep you posted on how it turns out.

Now, I want to move on to another thing that has been on your mind for a very long time, and in fact, you brought it to the attention of OB researchers in a big way. I'm talking about context. When you were editor of the *Journal of Organizational Behavior*, you said you wanted to put a capital O in organisational behaviour. And I remember that well because I served on your editorial board then, and we had a long discussion at your watershed editorial board meeting in Detroit some years ago.

You had introduced innovative features to incorporate context – the context box, if you remember – in *JOB*. And you also had your hand in curating knowledge about context in other outlets as well. All that said, I don't think that we have somehow figured out the optimal location of context in organisational behaviour theory.

For the *International Journal of Comparative Management*, context is the front and centre of what we look for in our publications. Context has been a focus for you for a while and I want to get the benefit of all that curation in your mind out to our readers. So, what are your thoughts on the role of context in management and organisational behaviour research?

Denise Rousseau:

I think context is such a rich frame of reference for a scholar and for people trying to communicate about organisational problems. My hat's off to your former colleague Gary Johns, who did a lot of very good work in that space, when I was editor of *JOB*, a long time ago, before cars.

As you mentioned, the context box at JOB was a sidebar I created as an insert after a paper was accepted. I asked authors to tell us the backstory of what was going on in the organisation studied. First, where was it located? If it's in Chile, is it on the coast, is it in wine country, where is it? And who are the kinds of people in the case? And what's the economy like? And, by the way, what year did you collect this data? Because that could really make a difference. We sometimes are afraid to share that because it makes the study look old. Does it matter in social science how old the data are if the data are valid and have good features? I don't think it is a problem, but knowing the data collection dates could help us situate the observations contained in the study.

Getting people to reveal the backstory is a part of revealing more than authors can report easily in a peer-reviewed article. This backstory also helps future scholars assess what else might be pertinent to study findings – what statisticians call unmeasured heterogeneity. Also, as systematic literature reviews are increasing, providing context for future scholars lets them sort through a set of studies to see whether certain contextual factors contribute to different observed effects. Skill levels of employees, company history regarding labour relations or change, such factors can lead to different observed effects that we later can discern.

And I'm a big believer in context because I'm an evidence-based management proponent. This means looking at the body of evidence, not just single studies. Scientists produce single studies, that's part of our craft, but the purpose of research is not realised in any single study. It's the accumulation of research findings that matter. Contextual information provided by authors lets us ask questions about whether the setting matters, the kind of people involved, the timing, experience with the technology, societal issues, etc. There's a lot of vital information to be had by attending to context: I believe in paying attention to phenomena, and essential phenomena are attached to the context. Maybe we can't know at the time if the context is relevant or important. Perhaps we have some idea, but maybe we don't. When we share the context with our readers, we make it part of the record. This also aids the reuse of our research for new and different questions.

I'm very happy that you're the editor of this journal because we need it, and you have a chance to shape the conversation around the features of how to compare. It's essential to know how to think about and map degrees of similarity and difference. People are very discrepancy-oriented, and something looking really different will be noted, but subtleties may be missed. We need to build the capability to describe and share features of context with readers so that it becomes part of the record.

Vishwanath Baba:

Oh, thank you, that's brilliant, as always. As you said, context gives us a reason for comparison, and so this is something that I always wanted to talk about because we don't yet have a good enough feeling of comparison.

Denise Rousseau:

We don't have a theory of comparison, so we are ad hoc about it right now. Just, "let me tell you what I know about the setting." That's not the same as me being able to capture the things you need to know. If we had a theory of comparative research, we might be able to identify and report more usefully. We need that theory.

Vishwanath Baba:

And that is something that has been on my mind for a very long time, but theory writing is not for the faint of heart, as you know. Now, I want to move on to something that you mentioned in our conversation just a short while ago that is of great interest to both of us: evidence-based management.

It is in our thoughts in so many ways. In Canada, our former Minister for Innovation discussed evidence-based decision-making in one of his first policy statements. And recently, I was listening to a talk at the London School of Economics on evidence-based management of policing practices. On a personal note, I'm sitting in my home, and a hundred yards west of me is where evidence-based anything started. The McMaster University School of Medicine started this whole notion of evidence-based medicine with David Sackett and is now championed by Gordon Guyatt. And then you took it and talked about evidence-based management. I'm an engineer by training, and when you spoke of evidence-based management, it resonated immensely with my thinking. I bought into it right then and there. I was at your presidential speech at the Academy in 2005 when you spoke about it, and I said, hey, here's something that I could run the rest of my career on. And I'm still doing it, Denise.

Evidence-based medicine has been hugely influential around the world. My brother is a physician in India and uses evidence-based medicine concepts in his work. However, we need to do more for evidence-based management to have the same global impact.

Here, I have two questions. One: what can be done from the academic side to make evidence-based management a powerful movement that will bridge the two communities – the Academy and the profession? And two: how can we convince the practitioner community that this is something they could benefit from? You know, often people go to business or professional school and are exposed to a body of knowledge through textbooks, which they use in their practice for the rest of their lives. How can you convince people to buy into concrete, evidence-based management so that we can all benefit from doing a better job? Your thoughts, Denise?

Denise Rousseau:

Oh, this is such a rich question. This is a week's conversation, at least. I think a critical idea from the academic perspective is providing cumulative summaries of what is known in basic research areas relevant to practice. That would be enough, in my opinion, over the next ten years if we were to build systematic reviews on basic practice questions. Questions about compensation, burnout and well-being, and what practices support diverse and equitable workplaces. Basic questions. Communicate findings, particularly where the science is clear, summarise what we know, and identify where more research is needed. Then do that research because those are high-value-added areas where people need better evidence. And researchers can have a voice in making scientific knowledge accessible and the evidence base trustworthy.

Our pursuit of novelty as academics is a problem, I think. To make reputations, people often choose a new issue or new concept not particularly grounded in a problem of human well-being or organisational effectiveness. In that pursuit of novelty, academics look for a unique topic, and they're often the only one or two people doing work in that area; when it gets more crowded, they go elsewhere. That doesn't help the practitioner who doesn't need novelty. The practitioner needs trustworthy evidence as guidance, so that would be my main idea.

As you know, I'm the editor of the Business and Management Group of the Campbell Collaboration, which publishes systematic reviews on management and organisational practice. We have a Ph.D. at the Free University of Amsterdam that trains practitioner-scholars to do systematic reviews. So, we're slowly building the systematic review pipeline, but there's a lot of room for participation in this. And I would very much encourage that because once we have an evidence summary, a buzz happens in practice, partly through outlets that practitioners read. And I think it's crucial to get ideas based on trustworthy evidence into the hands of people.

The other issue is that many daily decisions are made in organisations, for which the evidence is actually very fuzzy or downright lousy. Does that mean people cannot make good decisions in those areas? Physicians don't just abandon the patient who's got a condition for which the evidence isn't clear: they use multiple sources of evidence.

So, in organisations, the use of multiple sources of evidence is valuable for improving decisions and reducing uncertainty. This means that we use practical experience and organisational data systematically and carefully, tap other experts, and vet all evidence for their trustworthiness. You can have evidence-based practice without using scientific evidence because, for some decisions, there isn't any. But you can't have evidence-based practice without multiple sources of information vetted for trustworthiness. That's where, I think, in training managers and university undergraduates, we can help them learn how to improve the quality of decisions by searching more sources and vetting the trustworthiness of the evidence they find.

Vishwanath Baba:

This is amazing, and this has also laid the groundwork for what needs to be done in the future, both from our side of the fence and from the practitioner's side. The idea that you just mentioned resonates with me very well because you know, a few years ago, I was on a panel at the Academy of Management discussing what DBA programs do, and one of the things that we were pushing for is that the DBA programs do exactly as you suggested, Denise, to take these pressing questions and write a systematic review. Answer the questions that are pressing management practitioners, and the systematic review will replace the thesis of a Ph.D. student in the DBA program, which is very nice.

As I mentioned, my brother is a physician and accesses the Cochrane collaboration at the press of a button. In contrast, there is no press of a button for management practitioners to access theoretical evidence. This has been bugging me for a while, and we have not been able to sort that out yet. I'd love to have a follow-up conversation with you as to where evidence-based management is going and how we can move forward toward a model that mirrors the healthcare exemplar. In fact, my colleague and I are currently working on a delivery mechanism, much like Wikipedia, to deliver evidence-based management theory.

Denise Rousseau:

Oh, I think that sounds like a fabulous idea, and I say Wikipedia gets a lot of criticism, but it is, I think, very useful. I train my students, when they're trying to do a search through the literature as practitioners, to think about how to find the jargon to figure out that what they're interested in morale is really called commitment, job satisfaction, or whatever it is they are looking for. Wikipedia is your go-to place for that type of idea generation. And Wikipedia, yes here and there, you could be critical, and people know most of the flaws. So why not create a Wikipedia-like website that's searchable on practical topics and summaries of literature?

Some of my young colleagues created a website called Science for Work and they've been organising the meta-analyses that exist in management on practice questions in plain language, and I think Science for Work is a good example of a Wikipedia-like searchable website.

I'm with you, I'll go in with both feet on a new delivery mode of summaries, because I think you're right, what your brother has is what we need.

Vishwanath Baba:

Exactly, and so I've been working on that with a graduate student of mine who happens to be a physician in his previous incarnation, and therefore, he is familiar with the Cochrane collaboration. He says, for management, the key is to develop a Wikipedia-style system with blockchain technology to make sure that the evidence is believable and reliable data. We have a lot more work to do, but we are making progress in that area.

Denise, this conversation has been truly valuable. I'm so happy that you came to talk to us. Thank you very much for sharing your thoughts with me and with the readers of the *International Journal of Comparative Management*.

A video of this interview can be accessed on our website at www.inderscience.com/ijcm.