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# Designing a transparent and fair promotion process

Master thesis			
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## **Preface (in Dutch)**

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Het document dat voor u ligt is het tastbare eindproduct van mijn afstudeerperiode binnen de human resource development afdeling van Tempo-Team. Na 3 jaar kwam ik weer in contact met deze organisatie waarin ik in het verleden een praktijkstage heb doorlopen. Dit weerzien voelde, ondanks dat het overgrote deel van de toenmalige collega's de organisatie hadden verlaten, toch vertrouwd. De Tempo-Team cultuur die ik typeer als persoonlijk, informeel en prestatiegericht bleek gelukkig onveranderd. In dit voorwoord zou ik graag alle collega's van de vestiging Almelo en iedereen van Tempo-Team die zijn of haar medewerking aan dit onderzoek heeft verleend willen bedanken. In het bijzonder Remco de Ruig en Nicolette Basch voor de uitstekende begeleiding tijdens de stageperiode. Ik heb er vertrouwen in dat jullie inspanningen zullen worden beloond en dat TOP een succes gaat worden! Naast mensen van Tempo-Team wil ik bij deze Sander Tijhuis bedanken voor de humorvolle klankbordmomenten gedurende de onderzoeksperiode. Ik ben van mening dat het afstuderen, voor ons allebei nadrukkelijk toegevoegde waarde heeft gehad.

Tot slot wil ik in bij deze Martijn van Velzen en Dries Faems van de Universiteit Twente bedanken. Ik heb onze bijeenkomsten tijdens de onderzoeksperiode prettig en bovenal zeer leerzaam ervaren.

Sjoerd Messersmid

14-05-2008

## Management Summary

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### *Introduction*

Tempo-Team, the second largest temporary work agency in the Netherlands currently (2008) experiences problems with attracting new employees and maintaining present staff. Moreover the organization struggles with a high rate of employee turnover, which is expensive. To overcome these problems the management wishes to introduce a 'talent management strategy'. Tempo-Team's human resource development (HRD) department is concerned with developing this strategy, which they call the talent development program (TDP). One of the objectives of the TDP is to improve the self motivation of (new) consultants to develop themselves within Tempo-Team. But in order to achieve this objective some problems have to be solved. By means of exit interview it was found out that the primary reason for employees to leave the company is the lack of clear career perspectives, which is mainly caused by the absenteeism of a clear promotion process for consultant to senior consultant. The function as staffing consultant can be considered as 'the port of entry' of Tempo-Team and the transfer to senior consultant must be made in order to become a manager. So to overcome the problems, a new promotion process for consultants must be introduced, as part of the TDP program. The objective of this research is focused on designing this new promotion process. The process must be transparent, fair and fit within the organization. Therefore the following central question is formulated and answered during the research:

*'How can the promotion process from consultant to senior consultant at Tempo-Team become more transparent and fair?'*

In order to answer the central question, four manageable sub-questions are formulated and a design-strategy is applied. With use of this strategy, practical elements and decisions made by Tempo-Team and theoretical insights are integrated into a new promotion process, which is tested by means of a one-group pretest-posttest. This resulted in a new promotion process.

### *The new promotion process*

The new promotion process includes three phases in which a consultant is selected, monitored and appraised. The indicative timeline of this procedure is 6 months. There are three criteria for becoming a senior consultant, which end-users perceived as more clear. The capabilities and performance of a consultant are monitored and appraised by means of a type of 360° feedback tool. The process is associated with a process manual which instructs managers and consultants how to use the process and helps to prevent fairness and fairness threats, which can occur at a local office. Furthermore a decision

matrix is designed which instructs managers how to use the 360° feedback tool and prevents problems with monitoring the behavior of a consultant.

### *Conclusion*

The intention of designing a promotion process for Tempo-Team that is perceived by consultants as transparent and fair is partly achieved. Because of the design-oriented character of the research and the context in which it was conducted, the research objective is not fully achieved. Due to the wishes of Tempo-Team not all of the theoretical findings that have a positive influence on the perception of transparency and fairness could be integrated in the process. Moreover, the process includes pragmatic elements that do not have a proven value for increasing a consultant's perception on transparency and fairness. Furthermore this research was part of the TDP project and the deadline for this program had to be taken into consideration. This time pressure hindered thorough testing and evaluation of the new design. Besides these limitations, the research did result in an acceptable design. The promotion process is an improvement and innovation for Tempo-Team, because it does include several theoretical aspects that have a positive effect on a consultant's perception of transparency and fairness and is perceived by the test population as an improvement.

The research also resulted into four recommendations for Tempo-Team. These recommendations are:

1. Tempo-Team should adequately inform and instruct all end-users about the new promotion process (in addition to the process manual and decision matrix).
2. The management should reconsider introducing 'real' 360° feedback assessments for monitoring the performance and behavior of employees.
3. The new promotion process should be tested more thoroughly during real life situations, which could lead to improvements to the original design.
4. Tempo-Team ought to apply one uniform unambiguous policy for appraising employees within the organization.

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## Chapter 1 Introduction

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### 1.1 Introduction

Attracting new employees and maintaining a stable workforce is, according to a survey by the Boston Consulting Group among 1,355 HR executives from 27 countries, the main challenge for European companies in the next 15 years (appendix 1). In order to maintain a stable workforce and attract new employees, organizations must have a clear strategy. Talent management is the most recent strategy, which organizations adopt in order to reach this objective. Talent management gained popularity in the late 1990s after publication of a rapport by McKinsey & Company and it refers to the process of developing and fostering new workers through onboarding, developing and keeping current workers and attracting highly skilled workers to work for your company. Talent management's focus on developing and fostering is not randomly chosen. In a survey by the Intelligence Group among 662 employees, 32% of the respondents indicated that adequate information about career development perspectives is the most important factor for switching-over (press release Intelligence Group, 7 February 2008). This survey shows how job seekers value career development perspectives, next to wages and other incentives.

Tempo-Team, the second largest temporary work agency in the Netherlands, is an organization, which decided in June 2007 to adopt a talent management strategy (this choice was not made as a fashion statement, but as a necessity). Tempo-Team, a HR-specialist in helping other companies with their staffing problems (appendix.2), experiences problems to attract new employees and maintain current staff for their internal organization. Tempo-Team struggles with a high rate of employee turnover among its permanent staff. This high turnover is caused by a high introduction employee turnover (49%). In case of Tempo-Team this concerns the function of staffing consultant<sup>1</sup>, which can be considered as the "port of entry" (Doeringer & Piore, 1971) of the company. The high rate of employee turnover at consultant level has not only as consequence that the so-called "ports of entry" jobs remain vacant, but also the remainder of jobs within the internal labor market (Doeringer & Piore, 1971)<sup>2</sup>, cannot be filled-in by promotion. For Tempo-Team this high turnover rate among consultants is expensive, because a consultant who leaves the company after nine months is still in the learning phase and enrolled in an in-house training program, but is at this stage not yet fully profitable for the organization. Moreover this high turnover leads to a disruption of the supply of well-trained, ambitious

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<sup>1</sup> The function of staffing consultant will in this paper be referred to as consultant.

<sup>2</sup> "Rules and procedures characterize work practices that secure job rights, restrict hiring to particular jobs, classify job ladders and promotion paths, and affect wage structure" (Doeringer and Piore, 1971 pp1-2).

candidates who can grow to managerial functions. As a consequence Tempo-Team has to deal with a lot of vacancies throughout the organization and must therefore try to attract managers from the external labor market. This is not in line with Tempo-Team's internal policy, which states that 80 % of its managers should be recruited inside the company. Insiders tend to be less expensive, better skilled and experienced specifically to the company.

Although the problem with the high employee turnover occurred during times of a tight labor market<sup>3</sup>, the unusual high rate of employee turnover and especially the associated high costs made Tempo-Team's management realize that something had to be changed. To find out what caused the high turnover, exit-interviews were examined. This resulted in a top-ten list of departing reasons (appendix 3). The three main departing reasons are: lack of career development perspectives, the scarcity of education and training opportunities and absenteeism of support from the management. This research focuses on the primary departing reason: the problem with the lack of clear career development perspectives.

The human resource development department (HRD) of Tempo-Team started, on the basis of the top-ten departing reasons, with the development of a talent management strategy, called talent development program (TDP). One of the objectives of the TDP is to improve the self-motivation of (new) consultants to develop their talents (in their own pace) within Tempo-Team. This way Tempo-Team hopes that (new) consultants will remain longer within the organization (by means of psychological contracting, Schein, 1978, Kotter, 1973, Herriot & Pemberton, 1995) and that the employee turnover reduces from 49% to at least 30%.

In order to improve the career perspectives the TDP presents (new) consultants with the possibility to join a career development plan. During this career development plan consultants will be able to initiate their own career development by making use of several personal training facilities. In this manner the consultants should be able to develop themselves more purposefully, which enhances the opportunities to successfully grow into more senior and management roles. In order to obtain the desired personal career plan, a supervisor will be appointed to each employee. But to accomplish this goal, the discrepancy about the lack of career perspective must be overcome. The HRD department concluded that the main cause of the lack of career perspectives is the absenteeism of a clear promotion process from consultant to senior consultant. This transfer is important, because most employees of Tempo-Team are consultants and all (new) employees with ambition for managerial functions have to become senior consultant before they get promoted to a sales, account or office manager.

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<sup>3</sup> The Dutch labor market counted 236.000 vacancies (CBS press report 12 February 2008) and an unemployment rate of 4% (336.000 unemployed, CBS press report 17 April 2008).



Nowadays, Tempo-Team's promotion policy consists of vague descriptions like 'a consultant must have the will to win, display passion for results and must be an example for colleagues' (appendix 4). Thus there is in fact no real policy. The result of these vague descriptions is a lot of disturbance and irritation among employees. Consultants are clueless about what it takes to become a senior and in their opinion the qualification for a promotion is too subjective and based on favoritism of the manager rather than on objective criteria (more info in top-ten departing reasons, appendix 3).

## **1.2 Problem definition**

In order to overcome the problems with the promotion process, the HRD department wishes to introduce a new promotion process for consultants, as part of the TDP. Their desire is to promote consultants to senior on the basis of criteria that measure a consultant's capabilities and performance. This means that every capable consultant must have the chance to become a senior. In scientific terms, it can be concluded that Tempo-Team currently lacks institutional rules, which regulate movement within internal market and award members of internal labor markets certain rights concerning job security and career perspective that outsiders cannot claim (Doeringer and Piore, 1971). This means that a new promotion process must be designed. This new promotion process must be transparent, fair and fit within the organization. Transparency means that the actual promotion decision is understandable to every member of the organization and also uniformly practices (more in definition of concepts, Section 2.2). Moreover, the problems with Tempo-Team are not only caused by a lack of transparency, but are also related to organizational justice. Organizational justice (also referred to as fairness, terms are used interchangeably) is widely accepted with Greenberg's (1987) definition of "peoples perceptions of fairness in organizations". Concerns about organizational justice are reflected in several different facets of employees' working lives. Workers are for example concerned about the fairness of distributions, like the outcome of a promotion process. This is known as distributive justice (Homans; 1961, Adams, 1963, Deutsch, 1975; and Leventhal, 1975). People are also attending to the fairness of the decision-making procedures that lead to those outcomes. This is referred to as procedural justice (Thibaut & Walker, 1975; Leventhal, 1980 and Karuza & Fry, 1980). Finally, individuals are also concerned with the nature of the interpersonal treatment received from others, especially key organizational authorities. This is called interactional justice (Bies & Moag, 1986 and Greenberg, 1993).

The problems with the promotion process at Tempo-Team can be divided into these facets of organizational justice. There are complaints about the process itself (vagueness: procedural justice) and the promotion decision (outcome of decision not objective/ wrong person gets promoted: distributive justice) and how consultants experience this decision (favoritism: interactional justice). Empirical and

laboratory studies described that procedural justice and distributive justice are related, but are also separate constructs ((Walker et al., 1974; Folger et al., 1979; Sweeney & McFarlin, 1993; Greenberg 1987; Cohen-Charash and Spector, 2001; Colquitt et al, 2001; Bies, 2001; Bobocel & Holmvall, 2001). When people experience the procedure to be fair, they are also more positive about the outcome of the decision. Or as Brockner and Wiesenfeld (1996, p189) summarized: “The effects of what you do depend on how you do it”. With this knowledge of organizational justice in mind this research will focus on improving the consultant’s perception about fairness of the promotion process itself (procedural justice), which should consequently improve their perception of fairness about the outcome (the promotion decision). To summarize this section, the research will focus on designing a transparent and fair promotion process that fits the organization of Tempo-Team.

### **1.3 Relevance**

This research can be characterized as a design-oriented research (Verschuren & Doorewaard, 2005), which is focused on finding a solution for a problem. The result of this research is a new promotion process for consultant to senior consultant within Tempo-Team. This process must be perceived as more transparent and fair. Moreover this process might possibly contribute, in association with the other elements of the talent development program, to a reduction of the employee turnover, because “when employees view their work organizations as operating and treating them in procedurally fair ways, they infer that the organization is one that they can be proud of and that they are respected members of the organization” (Greenberg & Colquitt, 2005). This cannot however be tested during this research due to the time restrictions.

The research concerns a ‘real world’ topic, but also attempts to answer a question which has scientific value.<sup>4</sup> This research attempts to answer the question of “how to design a transparent and fair promotion process”. Because a standard format for improving transparency and fairness of a promotion process does not exist, multiple theoretical insights of other disciplines will be applied to answer this question. These theoretical insights are derived from: human resource management related theories on the disciplines of performance appraisal; selection processes, promotion processes; organizational psychology and organizational behavior in the context of human resource management on topics like organizational justice and procedural fairness in selection and appraisal context; social psychology related theories on topics like impression management; self-assessment and self-monitoring.

Although the design process of this research is focused on the organization of Tempo-Team, the multiple theoretical insights can also be valuable for other organizations. If talent management has top priority for European companies, problems with offering clear career perspectives will not be exclusive

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<sup>4</sup> One of the prerequisites of qualitative scientific research (King, Keohane & Verba 1994).

to the organization of Tempo-Team. There are probably numerous organizations that struggle with transparency and fairness problems in the context of a promotion process. This research can be used as an example for other organizations to overcome these problems.

More information about how this research attempts to overcome the problems with the promotion process at Tempo-Team will be discussed in the next chapter.

## Chapter 2 Research Design

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*In this chapter the research design is described. The research design structures the research and consists of a research objective, a definition of concepts, research questions, research method and the data collection method. All these components of the research design will be outlined in the next sections.*

### 2.1 Research Objective

On the basis of the problem definition a research objective is formulated. The main objective of this research is: *‘to design a promotion process for Tempo-Team that will improve the consultants’ perception of transparency and fairness’*

In order to evaluate if the promotion process is transparent and fair the definition of these words must be known. The next section will therefore focus more on the definition of a transparent and fair promotion process.

### 2.2 Definition of concepts

An effective research objective should be clear and informative (Verschuren & Doorewaard, 2005) and for this reason, three components in the research objective need further explanation.

#### *Promotion process*

In this research a promotion process concerns the entire procedure that a consultant has to follow to become a senior. This is more than just the promotion decision. A promotion process is the total time frame, which starts by determining if a consultant qualifies for a promotion and finishes with the actual promotion decision. Bilikopf (1997) distinguishes two types of promotions. A promotion based on time: an employee gets promoted after a certain amount of time, and a promotion based on merits. Merits in the context of a promotion refer to relevant qualifications as well as effectiveness of past performance. This research focuses on developing a merits-based promotion process (more in Chapter 4, Section 4.1)

#### *Transparent*

The objective to develop a transparent promotion process is extracted from the problems with the current vague criteria for promotion. The word transparent is chosen by the HRD-department. Transparent, according to the HRD department, refers to uniformity and clarity. The promotion process is deemed to be transparent when consultant and managers have the feeling that every member is treated in the same manner. Moreover in the dictionary transparent is referred as ‘understandable or clear’.

Although these descriptions are comprehensive, they are also meaningful. The promotion process can therefore also be considered as transparent when it is understandable and clear for every member of the company.

### *Fair*

This research focuses on procedural fairness, which refers to Thibaut & Walker (1975) psychology and law study toward third part decision-making and legal procedures. Leventhal (1980) explored the construct of procedural justice during allocative processes in the organizational context. According to this author an allocative process is deemed to be fair when it exhibit six criteria. These six criteria are:

- § Consistency, the allocative procedure must be applied consistently for every member of the organization
- § Bias suppression, the allocative procedure must include a mechanism that thwarts the ease of faking (also Greenberg & Colquit 2005)
- § Accuracy, information on which the allocation is based must be accurate and right
- § Correctability, the allocative procedure must include a mechanism that can make wrong decisions undone.
- § Representativeness, all interested parties must be involved
- § Ethical and moral, the procedure must be ethical and morally justified.

The new promotion process is considered as fair, when its exhibits these six characteristics.

In order to obtain the research objective, research question are formulated. These research questions will be outlined in the next section.

### **2.3 Research Questions**

To get manageable and operational research components, the research objective is divided into a central research question and five sub-questions. These research questions are based on the basic cycle for designing of Roozenburg & Eekels (2003) (see Figure 2.1, page 17), which formed the foundation of this research design.

The central research question of this research is:

*‘How can the promotion process from consultant to senior consultant at Tempo-Team become transparent and fair?’*

In the problem definition was stated that the promotion process must fit within Tempo-Team. This research is part of the talent development program and therefore several decision and adaptations that

were made prior and during this research period (TDP started in July 2007 and this research begun in October 2007) must be taken into account. For that reason the first sub-question is:

1. *'Which practical adaptations and decisions derived from Talent Development Program must be taken into consideration before designing a new promotion process?'*

With these adaptations and decision from the talent development program in mind, the next research phase focuses on finding scientific insights which can be used to answer the central research question. Consequently the second research question is:

2. *'What insights from literature can be used to develop a more transparent and fair promotion process?'*

The findings of the situation of Tempo-Team and the literature must be combined in order to result in a new promotion process. This process will be evaluated by means of the definitions of transparency and fairness. As outcome the next research question focuses on:

3. *'How can the criteria from the talent development program and the insights from the literature be combined into a new promotion process that is transparent and fair?'*

The new promotion process is an integration of theoretical and practical elements. Combining these elements will probably have consequences for the perception of transparency and fairness, which must be taken into account when using the process. The goal is to describe each consequence and if possible propose a solution how to overcome the negative effects on the perception of transparency and fairness. Therefore the last sub-question is:

4. *'What are the consequences for the perception of transparency and fairness and how can these be overcome?'*

Sub-questions 3 and 4 will result in the development of an instruction manual and a decision matrix for managers. These elements are part of the promotion process and help to prevent transparency and fairness problems.

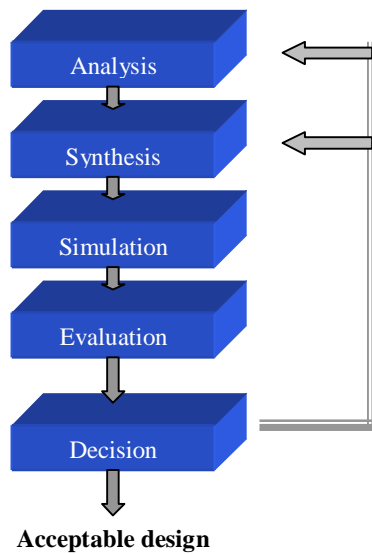
In order to answer the central research question and the sub questions a research method and data collection techniques are essential. These topics will be outlined in the next two sections.

## 2.4 Research method

The purpose of a research design is to structure the research process (Verschuren & Doorewaard, 2003). An important part of this research design is the research strategy, which gives direction to the research. Vennix (2001) distinguishes three types of empirical research strategies: a case study, a survey and an experiment. Roozenburg & Eekels (2003) propose in addition the so-called design focused research strategy. The characteristics of this research display the most similarities with a case study and a design focused research. This has consequences for the structure of the research process is. The graduation assignment is focused on one element, namely the organization Tempo-Team. This element is investigated for getting an understanding of the talent management program and its influence on the promotion process. These characteristics have many similarities with the definition of a case study of Yin (1989).

The design-focused research strategy of Roozenburg & Eekels (2003) is used for structuring the design of a 'new product'. Developing of a promotion process can be compared to designing a 'new product'. According to these authors the objective of this strategy is to solve a 'practical problem' by preparing an intervention for a problematic situation. This intervention is carried out by going through several design steps and attempts to solve the discrepancy between the desired and current situation. Because the cycle is intended for designing a 'real' product, not all phases were exactly followed during this research. The analysis phases in the design cycle, in which the designer tries to map all problems and basic criteria, focuses on formulating criteria by gaining insights in the practical components of the TDP and literature insights. During the synthesis phase, referring to the critical process of combining separate elements into a new product, the practical TDP components and the literature insights are combined and described for the first time. The simulation phase, when the preliminary design or idea is tested, will results in collecting data regarding the opinion of the end-users about the preliminary design. During the evaluation phase, data from the simulation will be compared to the predetermined criteria. In this research the evaluation of the test data will not only result changes to the preliminary design, but also to the development of an instruction manual. The decision phase is the last phase of the design cycle and refers to the decision if the concept design meets the predetermined criteria and is ready to be elaborated in further detail. This phase is observable in the conclusion of this research.

Figure 1.2 The basic design cycle of Roozenburg & Eekels (2003, p120)



## 2.5 Data Collection

Because of the iterative character of designing, multiple data collection methods are used throughout the research. The following paragraphs will describe these data collection techniques and outline their contribution to the research.

### *Content analysis*

In order to get an understanding of the adaptations and decision made during the first 4 months of TDP, several internal documents are studied by means of a content analysis. The internal documents that are subjected for analysis are: TDP objective form, job description of a (senior) consultant, appraisal methods, new job ladders and the appraisal form.

### *Literature study*

The purpose of the literature study is to find theoretical insights that will improve the transparency and fairness of a promotion process. In order to extract the necessary insights the literature study is subject-focused and data is collected from books, articles and other scientific sources using search engines like JSTOR and journals like the journal of HRM, journal of career development, HRM magazine and HRM issue papers, journal of management inquiry, journal of business ethics and the European journal of work & organizational psychology. The literature study focuses on subjects related to the research problem. The used theories are extracted from literature sources concerning business administration, organizational psychology and social psychology. The main subjects of the literature study are: internal



labor markets; promotion systems; career development; procedural fairness and performance appraisal methods.

### *Interviewing*

Two 'face-to-face interviews' (Emans, 2002) were conducted with the manager corporate recruitment and an HR-manager of Tempo-Team. These interviewees are internally considered as experts on the subject of a promotion and within a 'semi structured' interview setting (Baarda & de Goede, 2000) they answered questions for the purpose to extract detailed information about feasible promotion systems and appraisal methods within the context of Tempo-Team. A memo recorder was used and the results noted down (results interviews, appendix 6).

### *Walking the floor*

This research is part of the TDP project and during this project, information is gathered which contribute to and affect the development of a promotion process. This method called walking the floor (Yin, 1989) and is applied throughout the research (as member of TDP project). The walking-the-floor technique consists of talking to interested parties, observing their actions and join meetings related to the topic of this research. The most remarkable citations derived from these actions are noted down and can be found in appendix 7.

### *Testing*

In order to collect data about the opinion of the end-users regarding the preliminary design (do consultants and manager experience the preliminary design as improvement) as well as the content and arrangement of the design, a one-group pretest posttest design (Shadish, Cook & Campbell, 2002) is applied. This quasi-experimental test includes a single pretest observation on a sample of 18 consultants (selection made by Tempo-Teams HR-department) across the Netherlands, which are operational for at least one year at Tempo-Team, treatment then occurs and a single posttest observation on the same measures and same group of consultants follows.

The pretest and posttest (appendix 5) test included (the same) direct measures (Lind and Tyler, 1988) of transparency and fairness by asking consultants the following questions: 1) "Are you aware of the performance and skills that a consultant must display in order to become a senior consultant?" "If so, could you describe some of these aspects?" 2) "What is your opinion about the way a promotion is communicated and determined?" 3) "Do you think that every consultant gets a fair chance to qualify for a promotion?" 4) "Which aspects of the preliminary promotion process should be changed?"

These questions are extracted from the insights of the situation of Tempo-Team and the literature review (chapter 2 & 3). The questions cannot be considered valid questions for measuring perceptions on procedural justice and transparency, but do give a considerable reliable impression about the consultant's opinion in the current situation and the situation outlined in the preliminary design (the reason for using this test and associated questions will be discussed in the conclusion of this chapter). Beside consultants, a sample of six managers is also part of the test procedure, but they do not fill-in the pretest, because they already received information about the TDP program. This prevented internal validity problems like selection & maturation (Campbell, 1957, 1986), which could influence the results of the pretest posttest. The managers filled-in a posttest questionnaire in which their opinion was asked about usability and the content and structure of the preliminary design. The practical construct and all results of the tests can be found in appendix 5, 8 & 9. Remarkable results will also be referred to throughout this paper.

## Chapter 3 Situation at Tempo-Team

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*This chapter presents an overview of the collected data at Tempo-Team, which must be taken into account before insights from the literature are discussed (chapter 4). This data can be considered as practical predetermined criteria that a researcher formulates during the analysis phase (Roozenburg & Eekels, 2003). The collected data concerns the addition of two job levels, a modification in the appraisal system and decisions regarding the promotion appraisal authority new promotion process that were made prior and during this research. These topics will be discussed in the next sections and the chapter finishes with an overview of these elements.*

### 3.1 Job levels

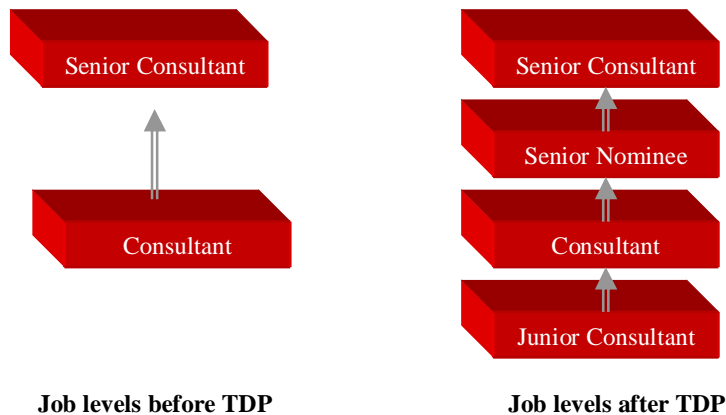
As mentioned in the problem statement, Tempo-Team would like to overcome the problems that consultants experience with the current promotion process by introducing a uniform promotion process in which every consultant is promoted on the basis of criteria that measure their qualifications and performance. Therefore HRD department introduced three (uniform) criteria, which a consultant must meet in order to qualify for a promotion. These criteria are outlined in Section 3.3, 3.4 and 3.5. Before these three criteria are addressed the introduction of two new job levels is described.

The sub goal of the talent development program (TDP) is to develop consultants in a transparent and uniform way. This goal required fundamental changes regarding the career-paths and appraisal system of consultants. The latter will be discussed in Section 3.3-3.5. The major change in career-paths is the introduction of two extra job-levels in the job-ladder of a consultant (Figure 3.1). In the former situation Tempo-Team distinguished a consultant and senior consultant level. In the new situation two extra levels, the junior consultant and senior consultant level are added. The junior phase refers to the training- phase in which a consultant does not have a permanent contract. The senior nominee level is the phase in which a consultant has qualified for a promotion, but a promotion is not yet granted. This senior nominee level is considered as more of a transition phase than an actual job-level. The purpose of these two new levels is to provide (new) consultants more career perspective and clarity about the phases in which he or she operates. This will, according to the HRD department, enhance the feeling of transparency<sup>5</sup> and must therefore be part of the new promotion process.

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<sup>5</sup> Some respondents who filled-out the posttest indicated that it will only make the procedure more complicated

**Figure 3.1 Changed job levels TDP**



Appended with the two additional job levels the HRD department presented an indicative timeline of 2.5 years for the entire process and a maximum of six months for the transfer of consultant to senior consultant (the senior nominee phase). This research focuses strictly on this transfer and therefore the senior nominee level and the maximum of six months must be included in the new promotion process.

The HRD department also introduced three criteria that consultants must meet in order to qualify for a promotion to senior nominee and a senior nominee to be promoted to senior consultant. The first criteria, key performance indicators (KPI) will be discussed in the next section. In Sections 3.4, 3.5 the other criteria will be outlined.

### **3.3 Key performance indicators**

Tempo-Team uses key performance indicators (KPI) as performance measures (Neely et al. 1995)<sup>6</sup>, for measuring the performance of a consultant. The HRD department wants KPI to be part of promotion criteria, because *“these key performance indicators represent in quantitative terms the effort and success of a consultant”*. A consultant qualifies for a promotion by achieving excellent results (10%-15% above target) on the KPI and a senior nominee gets promoted to senior consultant when these excellent results are continued. The next paragraph will further explore the nature of these KPI.

Tempo-Team distinguishes KPI at managerial level, agency level and unit level. The performance of consultants is determined on unit level. A unit at Tempo-Team refers to the specific industry in which the local office (the employment agency) and consultant operates. Although KPI are uniform as a

<sup>6</sup> “A performance measure can be defined as a metric used to quantify the efficiency and/or effectiveness of action. A performance measurement system can be defined as the set of metrics used to quantify both the efficiency and effectiveness of actions” (Neely et al. 1995 p 5-6).

measure, every six months a (office) manager and a consultant determine new and personal KPI-targets for next six months. These KPI-targets are determined by means of backward planning. This method uses statistics of earlier periods in order to determine new targets. The following KPI are used to determine the personal targets: operational revenue/ turnover; number of vacancies; percentage of filled-in vacancies; number of active customers; number of business appointments; number of offers made to potential customers; turnover temporary employees at unit level; total market share (account process).

To illustrate, a consultant and a manager can decide that the KPI: 'number of active customers, number of business appointments and turnover of temporary employees' need extra attention in the next six months. Then personal targets by means of back planning are set, which will be evaluated after another period of six months.

The second criterion for a promotion that the HRD department introduced is: displaying desired behavior on the basis of behavior profiles. This subject will be elaborated in the next section.

### **3.4 Behavior Profiles**

Because Tempo-Team desires promoting consultants on the basis of capabilities, these capabilities must be known. Therefore HRD department developed behavior profiles in which all the desired behavior of a consultant is described. The 'perfect' consultant meets all the required behavior. The HRD department developed three separate profiles containing 95 to 120 detailed behavioral aspects for the junior consultant, consultant and senior consultant level. Because the senior nominee level is considered as more of a transition phase, this job level does not have an own profile. The desired behavior in the profile is divided into three roles and six work processes that cover all the activities of a consultant. These three roles are: Sales leader; focuses at being the sales leader in the market, Process manager; focuses at improving efficiency of internal processes, reducing costs, People manager; focuses at development and improving the performance of colleagues and temporary employees.

The six work processes are: acquisition & relation management, purchase of temporary workers, tuning of market needs and wishes, administrative effectiveness, managing temporary workers and activities at the office. The behavior profile of a senior consultant also includes five aspects concerning overall behavior.

But how can these behavior profiles be applied as promotion criteria? For this purpose the HRD department and the management decided that a consultant qualifies for a promotion to senior nominee (new level) when this person regularly demonstrates the desired behavior in the senior consultant profile

(appendix 10). During the nominee phase a consultant must develop oneself at weaker behavioral aspects. Or as the HR-manager argued: *“a senior nominee must be promoted to senior consultant on the factor in which the employee of subject develops oneself (on basis of the behavior) during the promotion process.”* Besides this citation of the HR-manager both interviewed experts have the same opinion in which they state that displaying the desired behavior and develop oneself on this behavior is the most important measure of a promotion decision.

The question how can this uniform standard of ‘displaying behavior and development on behavior’ be measured and how does it contributes to improving transparency and fairness are one of the important topics of this research. Moreover the above uniform standards need more clarity (e.g. what is meant with regularly displaying some behavior?) and an additional measuring method. The insights of the literature review, in chapter 4 will further explore these topics.

The third criterion concerns personal objectives that a manager and consultant determine after a consultant has qualified for the senior nominee level. These personal objectives will be discussed next.

### **3.4 Personal objectives**

Besides KPI and displaying desired behavior from the profiles, Tempo-Team’s management insists that a senior nominee (the qualified consultant) joins a special project or receives a personal assignment during the promotion process. Before starting with the project or assignment the manager and consultant must agree on personal objectives which they evaluate at the end of the promotion process. These personal objectives must be part of the actual promotion decision.

Next to the introduction of two new job levels and three criteria, the management also has certain demands regarding the appraisal authority. These demands must be taken into account during the development of a new promotion process and will therefore be explored in more detail in Section 3.6.

### **3.5 Appraisal authority**

Tempo-Team’s management desires managers to retain final authority for a promotion decision. This means that the manager is authorized to give a good reference to a higher operational manager, which grants the actual promotion. This supervisor-system was also present in the former situation. Regarding this supervisor-system the manager corporate recruitment emphasizes the importance of adequate communication between manager and consultant. It is possible that a consultant and manager both have a different perspective on the performance and the potential of the employee of subject. To prevent problems and irritation with appraising, a manager must communicate adequately if a consultant even qualifies for a promotion before starting a promotion process. Or in words of the manager corporate

recruitment: “*the promotion appraisal must not be used by means of an excuse for poor communication in an earlier phase*”. This topic will also be discussed in chapter 4, 5 and 6.

The decision that a manager retains final authority for the actual promotion is the last element derived from the talent management program. The next section will give a comprehensive overview of all the elements discussed in this chapter.

### **3.6 Overview of criteria new promotion process**

The first sub-question of this chapter was: ‘*Which practical adaptations and decisions derived from Talent Development Program must be taken into consideration before designing a new promotion process?*’ The answer to this question is given in the next paragraph which summarizes the main findings of this chapter:

- § Tempo-Team desires a promotion process in which a consultant is promoted on the basis of qualifications and performance, and the HRD department added an explicit senior nominee phase with an indicative timeline of 6 months
- § A consultant qualifies for a promotion by displaying good performance results, measured by key performance indicators (KPI). A senior nominee gets promoted when the results are continued
- § When a consultant is regularly displaying behavior of a senior, according to the detailed behavior profile of a senior consultant, he should be promoted to senior nominee. A senior nominee gets promoted on the development of the points of improvement
- § A senior nominee must join a special project or receives an assignment, which is evaluated by means of personal objectives
- § The (office) manager retains the final authority for the appraisal of the consultant and senior nominee.

Chapter 3 presented an overview of the adaptations and decisions made by Tempo-Team’s management and HRD department. These adaptations and decisions must be taken into account in order to develop a new promotion process, but also introduces new challenges (like measuring and appraising all the criteria), which need to be overcome. Moreover this new promotion process must be perceived as transparent and fair. For these purposes insights from the literature are gathered, which will be discussed in the next chapter.

## Chapter 4 Theoretical background

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*The fourth chapter of this research presents an overview of the data gathered during the literature study. The objective of this literature review is to provide feasible (regarding the findings from the previous chapter), theoretical insights in order to design a promotion process that exhibits the characteristics which of transparency and fairness (described in definition of concepts). Therefore this chapter describes how such promotion process must be designed as well as how the perception on transparency and fairness can be improved. First the required type of promotion process and promotion criteria are addressed. Subsequently the appraisal of the behavior criterion is outlined and an overall theoretical model for a new promotion process is discussed. This chapter finishes with an overview of the main findings.*

### 4.1 Promotion systems designs

In the introduction of this paper was mentioned that Tempo-Team's internal labor market (Doeringer & Piore, 1971) lacks institutional rules for career movement. This first section will further explore this topic and discuss how a promotion system designs can improve an individual's perception on transparency and fairness.

In the context of a promotion process Osterman (1987) refers to Doeringer and Priore's institutional rules as career development rules. He argues that these rules provide guidelines by which more senior or more rewarding jobs are reserved for insiders to provide some basis of career development or career expectations. The way organizations interpret these career development rules and elements differ and result into several promotion system designs (empirical findings). The next paragraph focuses on these promotion systems. It will discuss Tempo-Team's former promotion process and how transparency and fairness can be improved by introducing a different promotion system design.

The current vague promotion process of Tempo-Team displays similarities with the promotion system design of rank-order tournaments to elicit effort, which was proposed by Lazear and Rosen (1981). In such a rank-order tournaments design, a firm attaches higher wages to higher jobs and workers compete for future positions on the current job and exert optimal levels of effort in their strive for a promotion to a higher job-level, which is associated with a wage premium. This kind of rank-order tournaments is a manner to stimulate employees to improve their productivity and reward them with a promotion, but this system also has a negative effect on the transparency and fairness. One of the problems of a competition-based promotion system is that "supervisors are more inclined to act on favoritism rather than the firm's objectives" (Prendergast and Topel, 1996). Thus not always the best capable person is rewarded with a promotion, which will negatively influence the perception on transparency and fairness



of other employees. Consultants at Tempo-Team also felt that a promotion was often based on favoritism rather than objective criteria (results pretest, appendix 5).

The objective of this research is to prevent competition-based problems by introducing a transparent and fair promotion process in which employees are promoted on the basis of their capabilities and performance. What kind of promotion system design matches with this desire? And will such a promotion system design prevent problems that occurred during the current promotion system design? The following paragraphs will further explore these questions.

The promotion system design of Gibbons & Waldmann (1999) states that the assignment of a worker to a different position, which initiates career mobility only occurs when candidates meet the knowledge and skill requirements for the new positions. This design matches closest to the desire of Tempo-Team and appears to more ethically (characteristic of fairness, Leventhal, 1980) than a rank-order tournament design. A consultant can earn a promotion when he or she is capable, which excludes favoritism of a manager. In case of Tempo-Team this can be considered as ethically, because Tempo-Team is an organization that depends on making profit in order to survive and therefore some form of competition on capabilities and performance is essential. An internal market with a promotion system design in which no standard for capability and performance is determined can result in a distortion known as the Peter Principle<sup>7</sup>, which is not an option for Tempo-Team.

Thus the promotion system design proposed by Gibbons & Waldmann (1999) is the best alternative for Tempo-Team, but this design also has some associated conditions that must be taken into account in order to exhibit the characteristics of transparency and fairness. First the introduction of this promotion system design must be explicitly communicated. Every consultant in the organization must become aware that they can qualify for a promotion on basis of qualification and performance and every consultant must have the possibility to speak-out his ambition in order to qualify for a promotion. Moreover the organization must provide employees assistance, like coaching to help individual's reach their career development goals. These two conditions prevent transparency and fairness problems like a lack of clarity, uniformity and consistency.

Furthermore a firm must base its staffing decision on a judgment of relative capabilities and productivity of potential job candidates (Gibbons & Waldmann, 1999). In other words, the firm has to

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<sup>7</sup> The term Peter Principle goes back to the account of Peter and Hull (1969), who argued that workers are promoted to their level of incompetence. The Peter Principle becomes a relevant concern if workers are risk-averse. The firm then has to consciously assign some workers to higher job levels in order to provide sufficient incentives for effort provision although these workers would be more productive on the lower level.

determine which worker is best suited for a particular job. This not only requires uniform, accurate measurements of relative capabilities and productivity, but also a measuring method that suppresses biasness, has a mechanism of correctability and is representative (like mentioned in the definitions of concepts).

Measurements in the context of a promotion are referred to as promotion criteria (London & Stumpf, 1980, Osterman 1987) and will simultaneously with the associated measuring methods be discussed in the next section.

#### **4.2 Promotion criteria**

In 1980, London & Stumpf already identified that an effective promotion policy is based on criteria that include the employee's future performance (capabilities) and past performance, like the organizational unit's success along such dimensions as profitability, growth, technological leadership, and return on investment. This is similar to Bilikopf's (1997) description of a merit-based promotion. Defining effective promotion criteria are important for improving an individual's perception on a transparent and fair promotion process. Campbell (1980) outlined the influence of missing clear transparent goals by stating: "if you don't know where you are going, you'll probably end up somewhere else". An employee does end up somewhere else when vague promotion criteria are used. "Terms like no-team player, no risk-taker or no assertive person will not help someone to understand what he must develop" (McCall jr., 1998 p157). Clear measurable promotion criteria are therefore crucial, because employees are likely to view a decision with a greater sense of fairness if they understand the factors that went into the decision (Kovnovsky & Brockner, 1993).

But can the three promotion criteria brought forward by Tempo-Team be considered as clear effective promotion criteria that positively influence a consultant's perceptions of transparency and fairness? The next paragraph will focus on this question.

The three promotion criteria brought forward by Tempo-Team are key performance indicators (KPI), displaying desired behavior described in the senior consultant profile and personal objectives (chapter 3, paragraphs 3.1, 3.2 and 3.3). These criteria can, according to the description of an effective promotion policy by London and Stumpf (1980), be divided into future and past performance. Displaying desired behavior according to the senior consultant profile can be considered as future performance (capabilities) and the KPI and personal objectives as past performance.

The KPI (as past performance measures) can be considered as accurate performance measures and the measuring method as fair. Managers and consultants can effortlessly measure, check and judge if a consultant achieves excellent results (10%-15% above target). The KPI also suppress biasness, because consultants cannot fake their performance on the indicators (Chapter 3, Section 3.1). KPI are also representative because both consultant as well as manager is involved during the determination of the targets.

The personal objectives for an assignment or a project do not exhibit the characteristics of transparency and fairness, especially not the requirement of uniformity and consistency. Although the criteria will be consistently and uniformly applied for every senior nominee (goal of Tempo-Team's management), the nature of the project and assignment can vary. This means that the assignment and projects will not be evenly complex for every consultant during the senior nominee phase. This problem is difficult to exclude, but can be minimized by signifying less priority to these personal objectives during the actual promotion decision. These personal objectives are also subjected to biasness and accuracy problems. This can be partly overcome by instructing managers to formulate "clear concrete objectives that prevent vagueness" (McCall jr., 1998 p157) and are difficult to fake.

The future performance criterion, displaying desired behavior according to the profile of a senior consultant, was indicated as high priority criterion (Chapter 3, Section 3.3). But this criteria brought forward by Tempo-Team is not a criterion at all. It is just a set of papers with the desired behavior written on it. Because Tempo-Team wants displaying desired behavior to be a uniform determinative criterion for qualification to the senior nominee phase and for the actual promotion decision to senior (development of behavior), other theoretical insights are necessary. This topic concerns behavior and therefore insights were found in literature concerning competency management and assessment methods, which will be discussed in Section 4.4. Before these insights are outlined, is first the changed organizational context discussed. This changed context will explain the choice for applying insights from competency management and assessment theories, and will therefore be addressed first.

### **4.3 Changed organizational context**

Empowered project teams, decentralization and self-regulations characterize the new organizational context. This trend towards decentralization and self-regulation started during the 1990's in the Netherlands and has lead to the development of an organization that provides career-driven jobs with associated training and education. In this way, organizations create opportunities for a "gradual approach in which the individual employee takes a much more active role" (De Rijke & Vloeberghs,

2002 p4). In such a work environment employees have a manager who functions as their coach and mentor, but employees are responsible for the “recognition of their own development needs and take advantage of the resources that the organization provides to them” (De Rijke & Vloeberghs, 2002). According to Cappelli (1999, p3) “new young workers ask for an employer that ensures their future employability by providing learning experiences that can be added to their resumes”. Personal development has therefore become the responsibility of the individual himself and it is the responsibility of an individual to take advantage of the provided organizational learning context. Or as Campbell (1998) argues: “Personal development is not the responsibility of someone else, but it helps when an organization or other people show interest. The individual must make choices that influence their own development and make use of the context in which these choices take place”. For this reason organizations introduced tools that are used to measure and stimulate development of an employee. Competency management outlined by authors like De Rijke & Vloeberghs (2002) is one of those tools. Although Tempo-Team’s profile of desired behavior of a senior consultant cannot be considered as traditional competency management (with the four levels of competence: roles, competencies, behavior and person, described in the literature by authors like Hamel et al., Gilbert, Byham and Boyatis), the competency management theory does provide useful insights for transforming the profile into a promotion criterion for measuring the capabilities of a consultant. Moreover theoretical insights from related assessment theories describe how behavior must be measured in order to improve the perception on transparency and fairness of the promotion process. What these assessing methods comprehend and what it can do in order improve the perception on transparency and fairness will be outlined in the next two sections.

#### **4.4 Measuring & assessing behavior**

The main advantage of competency management according to Seegers (2006) is that competencies make skills, behavior and capabilities of employees discussable. This however requires an additional measuring method. This additional measuring method is called the assessment center method. Traditional assessment center method, in which candidates are judged by trained assessors on the basis of their specific behavior in various simulations, have been changed and are frequently used by managers on the work-floor (Vloeberghs,1997). This integrated (on the work-floor) assessment approach means that employees are more often confronted with self-assessments, 360° feedback and self-appraisal and that “monitoring and assessing yourself is becoming a people skill” (Miller & Cardy, 2000 p611).

An assessment center method that can be used for the internal selection of candidates is the promotion assessment. This assessment method is job-specific and therefore no standard format for this type of

assessment is present. Vloeberghs (2002) does describe some guidelines for the promotion assessment. These guidelines are: the decision should concern a yes / no decision, so both a promotion as well as a rejection are possible outcomes, the assessment must assess predetermined clear objectives, after the assessment there must be some form of feedback.

In case of promotion assessments, there is also a noticeable trend of 'other' to 'self-assessment'. Employees themselves take the initiative in order to qualify for a promotion and are judging their own performance (De Rijke & Vloeberghs, 2002).

Before Vloeberghs (2002) guidelines are related to the situation of Tempo-Team, first the advantages of a self-assessment will be addressed.

The main advantage of a promotion process including a self-assessment component is that it allows managers to give feedback and employees to participate in the decision-making process by expressing their view. The latter is in organizational justice terms referred to as the “voice effect” (Folger, 1975). Feedback and the voice effect improve the perception of transparency and especially fairness, which will be discussed in the next paragraphs. Subsequently these topics will be related to Tempo-Team’s behavior profile.

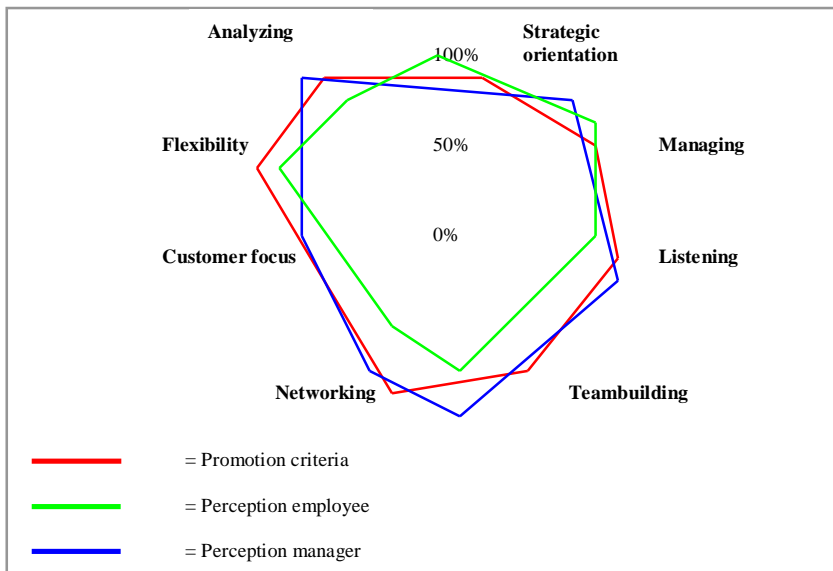
Generating feedback about the behavior of a consultant in the context of a promotion requires a “systematical method of gathering the views of several assessors in the workplace” (De Rijke & Vloeberghs, 2002, p6). 360° feedback is a tool that can be applied to generate this feedback. 360° feedback makes use of evaluators that assess daily behavior over a longer period. Evaluators are: the employee of subject (self-monitoring), the manager, colleagues and sometimes even customers. The advantage of 360° feedback is that “the acceptance of the several opinions is often greater, because the individual is assessed over a longer time period” (Van der Woude, 1996) and moreover “a self-appraisal-component represents a valued additional perspective on performance and may serve to increase employee involvement in the appraisal process” (Wilson, 1994). This involvement will improve an individual’s perception on Leventhal’s (1980) fairness characteristic of representativeness. Furthermore 360° feedback allows employees to give their opinion about a promotion decision. In organizational justice theory, allowing people to respond and react is called the ‘voice effect’ (Folger, 1975) and this will enhance feeling of fairness of a process (Van den Bos, Vermunt & Wilkes 1996, 1997). Research in a performance appraisal context showed that both instrumental voice (i.e. input that has direct influence on a decision outcome) and non-instrumental voice (i.e. the ability to express an opinion regardless of the impact of the ultimate decision) are related to satisfaction with the

performance appraisal (Korsgaard & Robertson, 1995). This means that even when people do not agree with a promotion decision, the opportunity to express themselves and involvement in the decision-making process will increase their feeling of fairness about that decision. Individual perception or ‘the eye of the beholder’ (Adams, 1965) must therefore always be taken into account during an allocative process like a promotion process.

In order for Tempo-Team to make use of the advantages of feedback and the voice-effect, the profile containing the desired behavior of a senior consultant must become a 360° feedback instrument. This tool must be according to Vloeberghs (2002) job-specific and include predetermined objectives. Therefore the profile must be transformed into a questionnaire containing the behavioral aspects (subdivided in the six work process and the three roles) in which feedback is generated by systematically gathering the views of assessors. The questionnaire enables assessors to give a score on each of the behavioral aspects and will result into a structured overview of the opinions of the assessors (like example Figure. 4.1). In order to give a judgmental decision and discuss these scores (the actual behavior), a standard uniform score (as criterion) for qualifying for senior nominee and senior consultant must be determined.

When the behavioral profile of a senior consultant is transformed into a 360° feedback instrument and a standard score for qualification to senior nominee and promotion to senior is determined, the criterion can be considered as more transparent and fair. Subsequently the criterion and tool must be uniformly applied to every consultant (also fairness characteristic: consistency) and communicated explicitly. The 360° feedback instrument improves a consultant’s perception of fairness because it suppresses biased outcomes, thwarts the ease of faking and represents the opinion of all interested parties. This is because multiple assessors (will also be outlined in Chapter 6, Section 6.3) monitor behavior during a longer period of time, allowing managers to give feedback about the capabilities and consultants to be involved in the decision-making process. Moreover the opportunity to give feedback and the ‘voice effect’ (Folger, 1975) complicates a manager to make wrong decisions and therefore correctability problem is prevented, but not completely solved (another option will be discussed in Chapter 5, Section 5.6).

Figure 4.1 Example of an overview of 360 ° feedback



So far separate elements of a promotion process are described, but an overall theory, which leads to a complete promotion process, is missing. The next section will describe the performance management model of Seegers (2006) that can serve as basis for a new promotion process in which all separate elements can be integrated.

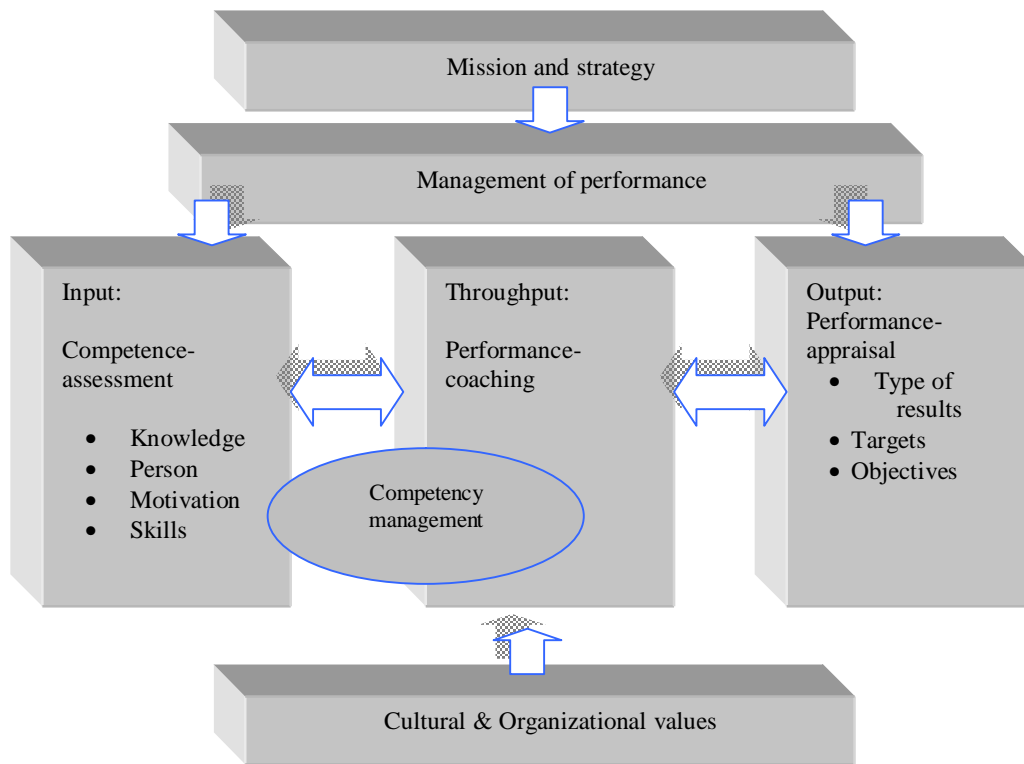
#### 4.5 Overall theoretical model for appraising a promotion

This section will focus on the management of performance model of Seegers (2006). This model (Figure 4.2) is not focused on a promotion process, but on performance appraisal process. Although there are differences between these processes, the model of Seegers (2006) is useful because it includes the elements that are described throughout this chapter. The integration of these elements within the model will be described in the next paragraphs.

In section 4.2 the importance of clear promotion criteria was described. London & Stumpf (1980) argued that an effective promotion policy consists of future (potential) and past performance measures. But is the description of an effective promotion policy by London & Stumpf still useable in the new organizational context? Seegers (2006) study of competency management & performance improvement can provide an answer to this question. Seegers (2006) emphasizes that future-performance can be measured by using a competency assessment and past-performance with use of performance measurements. Both components are related and affect each other. Seegers (2006) perceives competencies of the employee as input for performance. The behavior of the employee during work-activities is considered as throughput and the actual performance as output (see Figure 4.2). In the model of Seegers (2006) competencies of the employee must firstly assessed to give an indication of the future performance (input-phase). After that, during the work activities, the desired behavior must be

stimulated by means of coaching by the manager (in accordance with the new organizational context). Finally, the actual behavior and performance is appraised by means of performance measurements (output). The overall process is called management of performance.

**Figure 4.2 Seegers (2006) management of performance model**



But how can the model of Seegers (2006) that is focused on performance appraisal, be used as a promotion process for Tempo-Team? The following paragraphs will answer this question by relating each phase of the model of Seegers to the situation of Tempo-Team and the theoretical insights discussed in this chapter (will be described in more detail in chapter 5).

*The input phase in a new promotion process*

As mentioned earlier (Section 4.2) the behavior profile of senior manager cannot be considered as traditional competency management, but this profile is useful for measuring future performance (capabilities, as in promotion system of Gibbons and Waldmann). Therefore a job-specific 360° feedback instrument (Vloeberghs 1997) that has positive influence on transparency and fairness should be developed (paragraph 4.4). Consultants should then qualify for a promotion on the basis of capabilities (as input phase) and performance. The capabilities can be measured by multiple assessors



who each give a score on the behavioral aspects mentioned in the behavior profile of a senior consultant (by means of a 360° feedback tool) and the results the consultant achieves on the KPI (as one of the criteria proposed by Tempo-Team).

#### *Throughput phase in a new promotion process*

The throughput phase can be compared to Tempo-Team's senior nominee phase and is influenced by cultural & organizational values. These values must stimulate self-management in which a manager operates as mentor/ coach (as mentioned in Section 4.3). The consultant is responsible for his or her own development during this phase. This means that the consultant is responsible for continuing excellent results on the KPI (10-15% above target), develop oneself on weaker behavioral aspects and work on a assignment or in a project to achieve the personal objectives.

#### *The output phase in a new promotion process*

During the output phase consultants are appraised for a promotion on the basis of their performance during the throughput phase. In case of Tempo-Team this will concern the KPI, the behavior development (personal development on weaker behavioral aspects) and the personal objectives and the development (paragraph 4.2 and chapter 3, paragraphs 3.2, 3.4). These measures are the output of the work activities and personal development of the consultant during the throughput phase.

### **4.6 Overview of criteria from literature insights**

The five previous sections of this chapter discussed all theoretical findings and answered the second research question ('*What insights from literature can be used to develop a more transparent and fair promotion process?*') This paragraph provides a summarized overview of these findings:

- § The promotion process model of Gibbons & Waldmann 1999 in which employee are promoted on bases of capabilities and performance matches closest to the desires of Tempo-Team
- § This promotion system can only be used when effective promotion criteria are used for the promotion decision.
- § According to London & Stumpf, 1980 an effective promotion policy consist of future (desired behavior) and past promotion (KPI and personal objectives) criteria. Clear criteria improve the perception of transparency and fairness
- § The changed organization context also led to the development of tools like 360° feedback which can be used for measuring and discussing behavior

- § Insights regarding 360° feedback and promotion assessment showed that when Tempo-Team's profile of desired behavior is transformed to a job specific 360° feedback tool, it can measure the capabilities of a consultant and this will have positive influence on transparency and fairness
- § The insight of promotion criteria, changed organizational context and 360° feedback assessment are integrated in the model of Seegers (2006), which can serve as foundation for the new promotion process

How these findings are applied in a new promotion process and what the end-users think about it will be outlined in the next chapter

## **Chapter 5      The new promotion process**

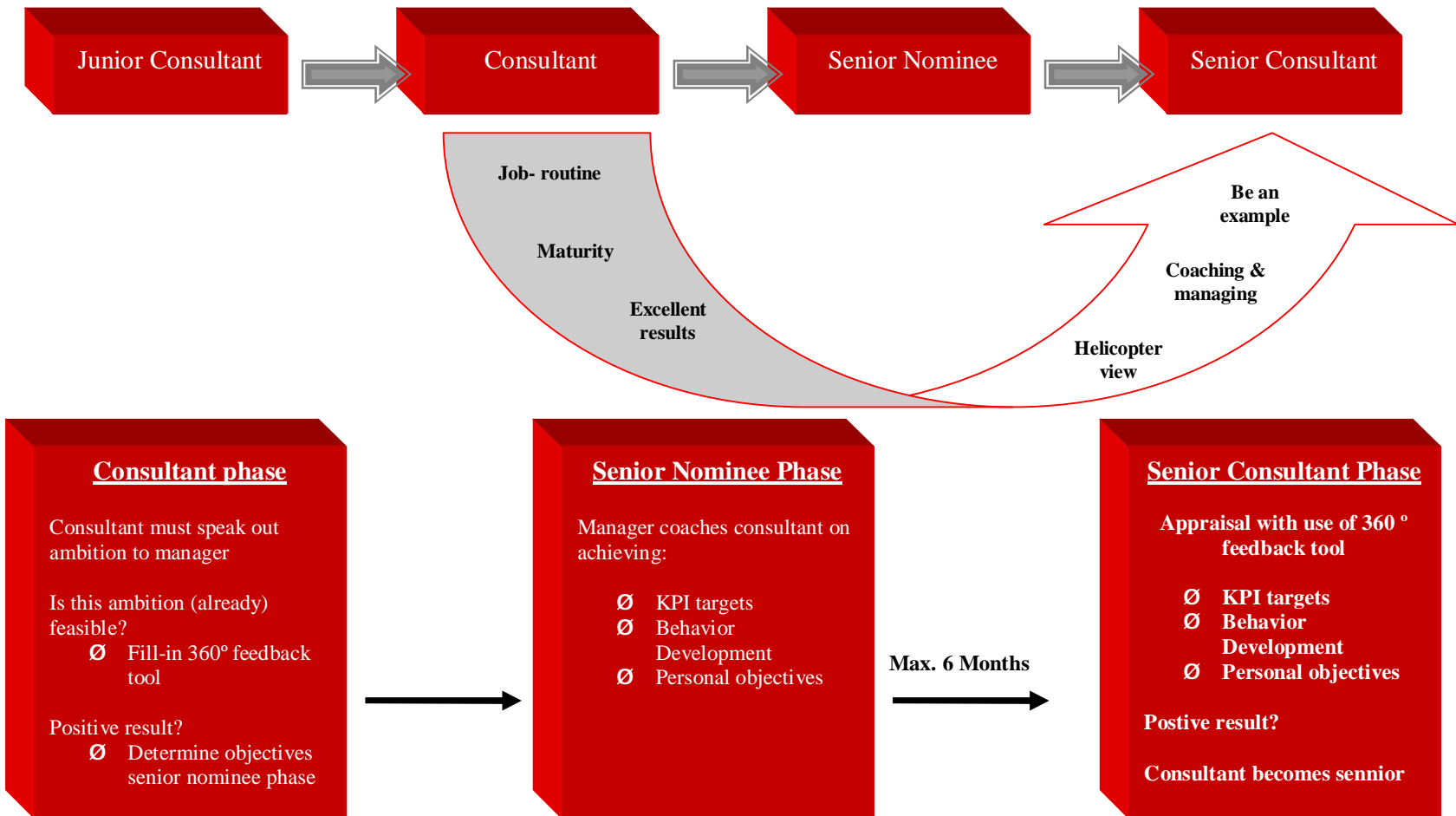
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*This chapter covers the synthesis and test phase of the research design (Roozenburg & Eekels, 2003). This means that the adaptations and decisions made during the talent development program and the insights from the literature are combined into a new promotion process and that this promotion process is tested for its structure (preliminary design) and function (does it exhibit the characteristics of transparency and fairness). First an overview of the new promotion process is outlined. Subsequently the components of this promotion process are described. After that, the results of the process is evaluated.*

### **5.1 Overview new promotion process**

The new promotion process (Figure 5.1) is based on Seegers (2006) model of performance management and consists of an input phase, throughput phase and output phase. These three phases are described as the consultant phase, the nominee phase and senior phase. As mentioned (Chapter 4, Section 4.5), the model of Seegers focusses on performance appraisal and therefore several elements of the new promotion process differ from this model. Besides an overview, the new promotion process is associated with a process manual (appendix 12). The elements of the overview and the process manual are extracted from chapter 3 & 4 and will be discussed in the next sections. First the prominent behavior of a senior consultant is described and subsequently the 3 phases will be addressed.

**Figure 5.1 New promotion process for consultant to senior consultant**



## 5.2 Job-levels & behavioral differences

In Chapter 3, Section 3.1, the addition of two extra job-levels was discussed. The purpose of these two extra job-levels, according to the HRD-department, is to provide (new) consultants more career perspectives and give clarity about the phase in which each consultant operates. This is supposed to increase transparency of the process and therefore these two extra job levels are included in the new promotion process. This research focuses on the promotion of consultant to senior consultant and therefore the differences between these functions will be described next.

10 of the 18 consultants acknowledge in the pretest that they do not know the differences between a consultant and senior consultant (results pretest & posttest, appendix 5) With this in mind the profiles containing the desired behavior for a consultant and senior consultant (Chapter 3, Section 3.4), developed by the HRD department, were examined in more detail. This examination revealed that Tempo-Team would like to see that a 'normal' consultant displays behavior that is focused on becoming mature in the function of consultant and displays a certain routine in all aspects of the job. This is considered as a prerequisite for every consultant who wants to become a senior nominee. The differences between a consultant and senior consultant are not only achieving excellent results on the key performance indicators (10%-15% above the target), but also displaying behavior that stimulates colleagues to obtain the same excellent results. Stimulating and motivating colleagues means taking initiative in sales-events and appeal to others to do the same in order to improve the performance of the unit and office. A senior consultant also discerns oneself by displaying exemplariness behavior on the three roles (sales leader, process manager and people manager). Moreover senior consultants become allocated with managerial task. These tasks include training of new employees, direct unit meetings and coach and help colleagues with numerous tasks (prominent behavior senior consultant, appendix 13).

The desired changes in behavior for the transfer from consultant to senior consultant is visualized in the bended arrow (see Figure 5.1), which contains key words of this prominent behavior (also in process manual). This arrow exhibits the new promotion process objective of rewarding a capable consultant on criteria that are related to his or her performance, with a promotion to senior (promotion system Gibbons & Waldmann, 1998).

Besides new job levels and an arrow displaying desired behavior, the new promotion system includes an input phase. This input phase is referred to as the consultant phase. During this phase is determined if a consultant possesses the capabilities and achieves the required performance level to become a senior nominee. This phase will be discussed in the next section.

### **5.3 The consultant phase**

A candidate senior nominee qualifies for promotion to the senior nominee phase when he or she meets the capabilities and performance requirements for the new positions (promotion system of Gibbons & Waldmann 1998). But before a consultant even tries to qualify for a promotion, the candidate must determine if he or she would even want to be promoted. Every consultant has the opportunity to become a senior, but some do not want to. They choose to be a ‘normal’ consultant and do not have the ambition for becoming a senior (citation gathered by walking-the-floor, appendix 7). This is not a problem, because good consultants are very valuable for the organization and appreciated by the management. But consultants with ambition to become a senior must initiate their own career development by informing the manager. This is the self-responsibility of the consultant (Campbell, 1998) and this is also indicated clearly in the new promotion process overview and in the process manual.

In order to decide if the consultant is actually ready (because there is no defined timeline for becoming a senior) for a promotion, manager and consultant can make use of a job-specific 360° feedback instrument (also referred to as tool). The content, structure and scoring system of this instrument will be described in the next paragraphs.

#### *360° feedback instrument*

The 360° feedback instrument<sup>8</sup> assists managers and consultants to determine the performance level and capabilities of the senior nominee candidate. The purpose of this 360° feedback tool is to provide an overview of the opinions of both the manager as well as the consultant<sup>9</sup>. This overview will give insights in performance level and into the behavioral strengths and weaknesses of the candidate. The latter helps the manager and consultant to discuss behavior more purposefully and assists both for determining if a consultant is ready for the senior nominee phase.

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<sup>8</sup> Although the instrument is not actually a 360° feedback instrument this tool will be referred to as ‘360° feedback tool/ instrument’. This description is also used by Tempo-Team.

<sup>9</sup> Because of the personal character of a promotion, Tempo-Team’s management insisted that only the manager and consultant fill-in the statements (consequences of this decision will be discussed in section 5.6 and chapter 6)

### *The content & scoring method*

The 360° feedback instrument includes three components: 54 statements about the behavior of the consultant, a table to fill-in and assess the KPI results and personal goals for the assignment or project during the senior nominee phase. For deciding if a consultant qualifies for becoming a senior nominee only the behavior and KPI targets of the consultant of subject are assessed (like mentioned in Chapter 3, Section 3.2, 3.3) The personal goals are filled-in after a consultant qualifies for the senior nominee phase.

In chapter 3, section 3.2 was stated that a consultant qualifies for this senior nominee phase when he or she is displaying results that are 10 to 15% above the target. This can be accurately measured and filled-in by the consultant or manager in the 360° tool. The behavior determining the capabilities of a consultant needed an additional measuring method (Chapter 4, Section 4.4) and this will be outlined in the next paragraphs.

This additional measuring method is a questionnaire which is the first component of the 360° feedback tool. The questionnaire is extracted from the behavior profile of a senior consultant. This questionnaire as part of the 360° feedback tool allows the manager and consultant to give their opinion on the 54 statement by rating this statement from 1 to 5. The statements are divided into 49 statement regarding six work processes (Chapter 3, Section 3.3) and 5 statements regarding overall behavior statements. Beside the classification into work-processes and the questions are subdivided into roles (sales leader, process manager, people manager).

The rating scale from 1-5 and the explanation of these numbers are extracted from the appraisal formulary of Tempo-Team. This rating scale was chosen because it familiar to all employees and meets the characteristics of an effective rating scale emphasized by Oosterveld & Schokker (1998).<sup>10</sup>

In order for a manager, which has the authority to grant a promotion (Chapter 3, Section 3.6), to judge if a consultant possesses the capabilities of a senior nominee, a uniform standard score was determined (also mentioned in chapter 3, paragraph 3.5). This score was determined during a meeting with the HRD department employees and with use of the posttest data. These data include mean scores of the 18 consultants on the statements in the preliminary design and a list of priorities determined by the six managers. The 18 consultants who served as respondents during the test were all at least one year operative within Tempo-Team. 12 were “normal” consultants, 6 were already senior nominees. The mean scores of the respondents of the test were used to give an indication about how they score

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<sup>10</sup> Oosterveld & Schokker (1998) emphasize that the scale of choice should include a negative, a neutral and a positive answer category.

themselves after minimal one year at Tempo-Team, and were taken into consideration for determining a standard score. The mean score of ‘normal’ consultants varied between 3.35 and 3.94 and the mean score of the senior nominees 3.68 and 4.3 (appendix 5). Partly on the basis of these score a minimal score for each of the six work processes and overall behavioral aspect was determined on 3.5 (this score must be tested more thoroughly in real life situations).

During the test-phase, consultants and managers indicated that the 120 statements of the preliminary design were too many and not evenly important. These remarks led to a decrease of statements (120 to 54) and addition of weight factors to each of those statements. The latter was done by asking managers to give priority to each statement of the preliminary design. They were asked the question: “which statement about the behavior do you experience as decisive for a promotion to senior consultant?” This resulted into an overview in which 5 levels of priority can be distinguished. These levels are valued by a weight factor of 0 to 3.

§	1	=	< 3 managers indicated priority
§	1.5	=	3 managers indicated priority
§	2.0	=	4 manager indicated priority
§	2.5	=	5 manager indicated priority
§	3.0	=	all 6 manager indicated priority

The above weight factors were added for each of the 54 statements and subdivided into the six work processes and overall behavior. This weight factor score system enhances the selection of candidates who meet the required (critical) capabilities and also allow consultants who score poorly on statements with low priority to qualify for a promotion to senior nominee (Oosterveld & Schokker, 1998).

For each of the six work processes, the overall behavior and roles, the tool provides an overview of the sub scores of the manager and consultant (like mentioned in Chapter 4, Section 4.5). This overview gives a representation of the strengths and weaknesses of the consultant as well as the differences between the scores of the manager and consultant. The latter allows the participants to discuss behavior before the actual promotion decision to senior nominee is made. A consultant is ready for the senior nominee phase when he or she scores a mean score of 3.5 on all of the six work processes and overall behavior. This mean score is extracted from both mean scores of the manager and consultant (the consequences of using this scoring mechanism will be discussed in chapter 6). When the consultant scores an average of 3.5 is considered to be ready for the senior nominee phase, the manager and consultant will both determine goals for the senior nominee phase. These goals are: Behavioral points of



improvement (weaknesses consultant) extracted from the 360° feedback tool, KPI targets during the senior nominee phase, individual targets for the participation in a project or assignment.

After these goals are determined and agreed on the consultant enters the senior nominee phase, which will be described in the next section.

#### **5.4 The senior nominee phase**

The senior nominee phase can be considered as the throughput phase characterized by Seegers (2006). From the perspective of a consultant, this senior nominee phase should be focused on performing in the best possible way in order to achieve the pre-determined targets. The task of the manager during this phase is to coach the consultant on the points of improvement and the personal objectives (mentor/coach role, Vloeberghs & De Rijk, 2002). The senior nominee phase lasts up to six months. This maximum is determined by the HRD-department (chapter 2, paragraph 2.3) and *“only an extreme weak performance on the predetermined objectives or an unforeseen unusual personal event can occur which cause this period to be exceeded. In such case a consultant will fall back into the consultant phase”* (HRD employee, data gathered by walking the floor, appendix 7). For consultants who achieve excellent results there is no pre-determined time indication for becoming a senior consultant (merit-based promotion system, Bilikopf 1997), but the special project or assignment must first be finished. The length of this project or time needed for the assignment determines the duration of the senior nominee phase.

#### **5.5 The senior consultant phase**

The senior consultant phase is characterized by appraising the actual performance during the senior nominee phase. The efforts of the consultant to improve weaker behavioral aspects, the results on the KPI and the project or assignment during the senior nominee phase are part of this promotion appraisal. In order to judge these criteria, the manager and senior nominee make once again use of the 360° feedback tool. They both fill-in give their opinion about the behavior development, KPI results and personal objectives. The consultant must score an average of 3.5 on the weaker behavioral aspects, must continue excellent results on the KPI and obtain a positive result on the personal objectives. The outcome of both scores of manager and consultant will be discussed and when the score is positive the senior nominee is promoted. When the scores vary, the appraisal of the manager is decisive for the actual promotion, because he or she retains the final authority to recommend the senior nominee at a higher operational manager as a promotion candidate (consequences of using this scoring mechanism will be discussed in chapter 6).

All aspects of the new promotion process are discussed, but does it exhibit the characteristics of transparency and fairness and what are the opinions of the consultants and managers about the process? Do they consider the new promotion process as an improvement? These questions will be answered in the next section.

## **5.6 Evaluation**

The new promotion process consists of practical elements and an integration of multiple theoretical insights which improve the employees' perception on transparency and fairness. But does it exhibit the characteristics of transparency and fairness, which are discussed in the definition of concepts? In order to answer this question the process is compared to the characteristics of transparency and fairness moreover the opinions of the end-users are discussed (as mentioned earlier, the questions in the pretest posttest do not measure procedural justice, but give an impression of how end-users perceive preliminary design). This comparison and the opinions of consultants and managers are described in the next paragraphs.

### *Transparency*

In Chapter 2, Section 2.2 was stated the HRD department considered the new promotion process as transparent when every consultant is treated in the same manner, and is understandable for every member in the company. It can be concluded that in the new process every consultant is treated in the same manner. Consultants can earn a promotion on the basis of their performance (KPI) and capabilities and these criteria are clear (understandable) and apply for every member of the company. The results of the posttest support this statement. Most of the consultants and managers indicate that this type of promotion system (on performance and capabilities) is more transparent. However consultants also indicate that the situation at the local office can have a negative influence on the perception of transparency. A number of consultants indicate that at some offices more senior consultants are active which can hinder managers to grant a promotion to another consultant. The new promotion process does not take this local situation into account (this topic will be discussed in chapter 6).

For the purpose of determining if the promotion process has become fairer, the process is evaluated by means of comparing the new promotion process to the six characteristics (accuracy and bias suppression are simultaneously outlined) of procedural fairness (Leventhal, 1980). This comparison and the opinion of the managers and consultants are highlighted in the next paragraphs.

### *Consistency*

The new promotion process is developed with the intention that all managers and consultants across the Netherlands will make use of it, but some of the respondents of the tests have doubts that this would actually happen. Therefore the HRD-department instructed managers (also in process manual) not to use own procedures or promotion criteria. Some consultants also argue that the process (based on capabilities and performance) will not entirely prevent problems like favoritism and allowance. These consultants indicate that the pace in which a consultant gets promoted also depends on the quality of the relation between a consultant and manager. The process itself can be fair, but when the quality of the consultant-manager relation is poor it will influence the consultant's feeling of fairness (this topic will be discussed further in chapter 6).

### *Accuracy & Bias suppression*

It can be concluded that the new process complicates a consultant to fake his performance and capabilities, because it includes three promotion criteria which provide more accurate information about the performance. The consultants who filled-out the test confirm this conclusion<sup>11</sup>. Moreover the 360° feedback tool is also filled-in by the manager, which can provide a counterbalance to prevent bias suppression. However the self-assessment component also allows candidates to give a higher self-score. A consultant is able to give a dishonest higher self-score on the behavioral statements (and personal goals). This means that the behavioral statements are not entirely accurate measures for the capabilities of a consultant. Furthermore consultants indicated in the posttest that managers not always have clear insights in a consultant's performance. Ten out of 18 of the consultants point out that their manager lacks clear overview of their daily activities. This means these managers (who because of the personal character of promotion process must assess the behavior) cannot accurately fill-in the 360° feedback tool. This can cause various bias problems and could result in several types of disputes (will be discussed in chapter 6)

### *Correctability*

The new promotion process does not include a mechanism to undo a incorrect decision, but a incorrect decision is unlikely to occur. A manager and consultant are both involved in the process and this allows both to discuss their (different) perspectives on performance and capabilities. A false decision will

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<sup>11</sup> During the pretest 11 of the 18 consultants could not mention any criteria for becoming a senior. After the treatment occurred, all 18 consultants mentioned criteria for becoming a senior. Moreover 11 consultants explicitly indicated in the posttest that they experienced the criteria as more clear. .

therefore be the responsibility of both. However the perspective on performance and capabilities can also vary too much which could lead to dispute between manager and consultant. In case this dispute escalates, a consultant can appeal to Tempo-Team's disputation committee (also included in process manual). This committee has the authority to make a false decision undone.

### *Representativeness*

Both interested parties (manager and consultant) are involved during the promotion process. The process includes a sort of 360° feedback instrument that allows candidates to give their opinion during the promotion process and managers to give feedback. According to the opinion of the managers and consultants who filled-out the posttest this is the most important improvement for both the transparency and fairness of the new promotion process. It can therefore be concluded that representative in the process is appreciated.

### *Ethics*

In Chapter 4, Section 4.1 was argued that a promotion based on the performance and capabilities of consultants is ethically justified for a profit organization like Tempo-Team. The posttest findings support this statement. Several consultants even suggested adjustments to the preliminary design so it will exclude promotion of consultants who are less capable. Therefore the promotion process can be considered as ethical.

## **5.7 Conclusion**

It can be concluded that the new promotion process exhibits most of the characteristics for transparency and fairness and that therefore the process is considered as an improvement for the organization. However some characteristics are not fully present in the new process, because there are some other aspects that have negative consequences for perception of transparency and fairness. These aspects are: the new promotion process does not take differences in the local situation (at the office) into account; the role of the manager is crucial; managers are not always able to monitor a consultant's behavior. In the next chapter these negative consequences will be further addressed.

## Chapter 6 Consequences for transparency & fairness

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*The previous chapter outlined the new promotion process and evaluated it. In this evaluation consultants and manager indicated that the new promotion process has some consequences which can threaten the perception of transparency. These aspects are: differences in the local situation, the crucial role of the manager and not all managers are able to monitor behavior. This chapter will outlined each of these consequences, discuss feasible solutions and finishes with an overview of a decision matrix which includes several of these solutions.*

### 6.1 The local situation

Although the promotion process will be uniformly introduced across the Netherlands, the posttest results reveal that the local situation can negatively influence the consultants' perception on transparency and fairness. For example, consultants indicated that in some offices there are several senior consultants operative. This situation can have disadvantages for a 'normal' consultant. For this consultant of subject, it can be harder to become a candidate for a promotion, because a manager can decide that two or three senior consultants are sufficient for this office. An office with multiple senior consultants also makes it harder for candidates to display prominent senior behavior. There cannot be two or more people who are an example on the three roles or direct unit meetings and train new employees. By a manager's perspective this situation at the office is also difficult. His or her decision must not only be in line with the company's promotion policy but also with previous promotion decisions, departmental reputation of the employee and various targets that must be obtained (Stumpf, 1981). The decision of a manager can therefore be in accordance with the local situation, but also have negative consequences for a consultant's perception on transparency and fairness of the process and be a reason for a consultant to leave the company. The new promotion process does not take this local situation into account. The process itself can be considered as transparent and fair, but when a capable talented consultant cannot qualify for a promotion due to local circumstances it will have a negative influence on the consultant's perception of the organizational transparency and fairness. Although the new promotion process does not prevent problems on local level, managers can be instructed to recognize these types of problems. Therefore the process manual (appendix 12) includes a paragraph in which managers are warned about these problems that can impede a consultant's career development.

In short, the role of the manager at the office is important and can influence a consultants' perception on transparency and fairness. The next section will focus more on this crucial role of the manager.

## 6.2 Role of the manager

The new promotion process describes how a consultant can qualify for a promotion, which goals must be determined, how these goals must be achieved and how to assess these goals. The manager is involved throughout this procedure. The process describes what a manager must do, but it's a manager's own responsibility how he interprets the process. This freedom of an own working-method is reasonable, but can also negatively influence a consultant's perception on transparency and fairness.

First of all the seriousness of a manager about the promotion to senior can result in different working methods, which can have a negative consequences for the perception of transparency and fairness. A manager can consider the promotion as a regular phenomenon or as a type of reward for a consultant's performance and an incentive to develop oneself within the organization. To illustrate, a consultant who filled-in the posttest indicated that he experiences a promotion as an ordinary symbol of a manager's appreciation and not so much as an indication of the right capabilities and an excellent performance. This is not in line with the opinion of the management. Managers are instructed by the HRD department to consider the promotion as serious business. All managers must uniformly use the promotion process and moreover all current employees of Tempo-Team will be re-classified into the new job-level system (discussed in Chapter 3, Section 3.1). The latter means that employees who are already capable, but did not receive a promotion will nonetheless received it. This way Tempo-Team wishes to enhance the feeling of uniformity and importance about the promotion to senior.

Another crucial aspect is how a manager deals with disappointment. During the new promotion process are consultants promoted on the basis of their capabilities and performance. This is considered as ethical (Chapter 4, Section 4.1), but can also mean that a consultant with the ambition to become a senior is assessed as not yet capable for a promotion (tested by means of the 360° feedback tool). This leads to disappointment and when a consultant perceives the outcome of a decision to be relatively unfavorable, the managerial challenge is to maintain employees support for the decisions, the decision-makers, and the organization (Greenberg & Colquit, 2005). Managers who filled-in the posttest were asked what they would do in such a situation. All six managers answered that they would take special care of the particularly employee by giving constructive feedback on his behavioral strengths and weaknesses, determine personal goals and set-up a time-frame for a new attempt. This is of course the perfect answer, because employees are likely more motivated to engage in career management activities when their manager encourages discussions related to development and career issues, is willing to identify resources to help the employee with specific problems, and assists the employee in setting performance and career goals (Noe, 1996). But in order for a manager to actually accomplish these actions, the relation between the consultant and manager must also be perfect. When this relation is less perfect, the

disappointing news of missing out on a promotion can be a reason for the consultant to leave the company. Thus the quality of the relationship between the consultant and manager can have consequences for the perception of fairness about the procedure. In terms of organizational justice, the perception of fairness on the relationship is referred to as interactional justice. In the introduction of this paper was stated that procedural justice and interactional justice are related, but also separate constructs (Bies, 2001; Bobocel & Holmvall, 2001). Although this research is not focused on testing a theory, the results from the posttest appear to confirm a separation of constructs. There are consultants that consider the promotion process as fair, but also indicate that a bad relationship with the manager can harm this feeling. The quality of the relationship as a part of interactional justice is not covered by the scope of this research, which focuses on procedural justice. However the interactional justice theory does provide insights which can be used to enhance a consultant's perception of fairness about the promotion process itself. Therefore the next paragraph will focus more on interactional justice.

By interactional justice is meant that "people are sensitive to the quality of interpersonal treatment they receive during the enactment of organizational procedure" (Bias & Moag, 1986, p44). Greenberg (1993) separated interactional justice into two separate components: interpersonal justice (respect and propriety) and informational justice (truthfulness and justification). Later studies (Colquitt, 2001) confirmed that this separation. Interpersonal justice refers to the question if employees are treated with dignity in a respectful manner by the authorities that are concerned with the allocation (Colquitt, 2001). Informational justice refers to the level in which employees receive timely, adequate information about the procedure and how this information is adjusted to the needs of the individual (Colquitt, 2001).

Relating these findings to the situation of Tempo-Team it becomes clear that consultants must be treated in a respectful, dignified manner by their manager (a prerequisite) and also be timely and adequately informed about their progress in all phases of the promotion process. The latter can be included within the promotion process. Therefore the new promotion process will include a decision matrix for managers in which is outlined what to do in case of a dispute. This decision-matrix will be discussed in Section 6.4

A good relationship between a manager and consultant is not only essential for dealing with disappointment and preventing disagreement, but also crucial for assessing the capabilities (by means of 360° feedback tool) of a consultant. The posttest results revealed that not all managers have clear insights on the daily activities of a consultant, which can negatively influence a consultant's perception

on transparency and fairness of the behavior assessment. This topic will be discussed in more detail in the next section.

### **6.3 Monitoring**

Half of the consultants who filled-out the posttest indicated that their manager lacks clear insights on their daily behavior. There are multiple reasons for this lack of insight, but the main reasons are that managers are responsible for multiple offices and are not present at a daily basis and that some offices consist of ten or more consultants which make it difficult for a manager to keep track of the behavior of every consultant. This lack of insight has consequences for the behavioral statements in the 360° feedback tool. These statements cannot be considered as an accurate (Leventhal's characteristic) measure for determining the capabilities of a consultant when the manager does not possess the right information about a consultant's behavior.

Tempo-Team's management desires the statements in the 360° feedback instrument about daily behavior to be assessed by the manager and consultant. Other assessors, like colleagues and customers are not included because of the personal character of a promotion. The assessment instrument of Tempo-Team can therefore be considered more as a 180° feedback tool which assists a manager to make the right decision than a 360° feedback tool. A biased score (because of a lack of insight) of a manager can lead to several types of disputes when the opinion of the manager and consultant differ. A manager can give too positive score on the consultant's behavior, because of problems related to a manager's self-fulfilling prophecy and self-expectations (Korsgaard, 1996) Managers can also give a too negative score. To overcome these problems a peer review can be used. Wayne and Ferris (1990) argued that peers spend more time with ratees, have more opportunity to evaluate their performance, and are more immune to influence tactics. Also "observations over time by peers are more correlated with the self rating, than a management impression" (Miller & Cardy 2000, p612).

The HR-manager and manager corporate recruitment indicated that a senior colleague can take over the assessment role (results interviews appendix 7) when a manager is not able to assess a consultant's behavior or when there is a dispute about the results of the 360° feedback tool. These options will be included in the new promotion process, by means of a decision-matrix for managers (Section 6.4).

Biased scores on the capabilities of a consultant are not always caused by the lack of insight of a manager. Employees can also cause biasness. For example, typical findings in self-appraisal research have shown that at least 40 per cent of employees will place themselves in the top category when self-rating their own performance (Meyer, 1980). Self-raters are lenient in order to present themselves in rosy, socially desirable colours (Cascio, 1991; Cooper, 1981; Golden, 1992; Huber & Power, 1985;

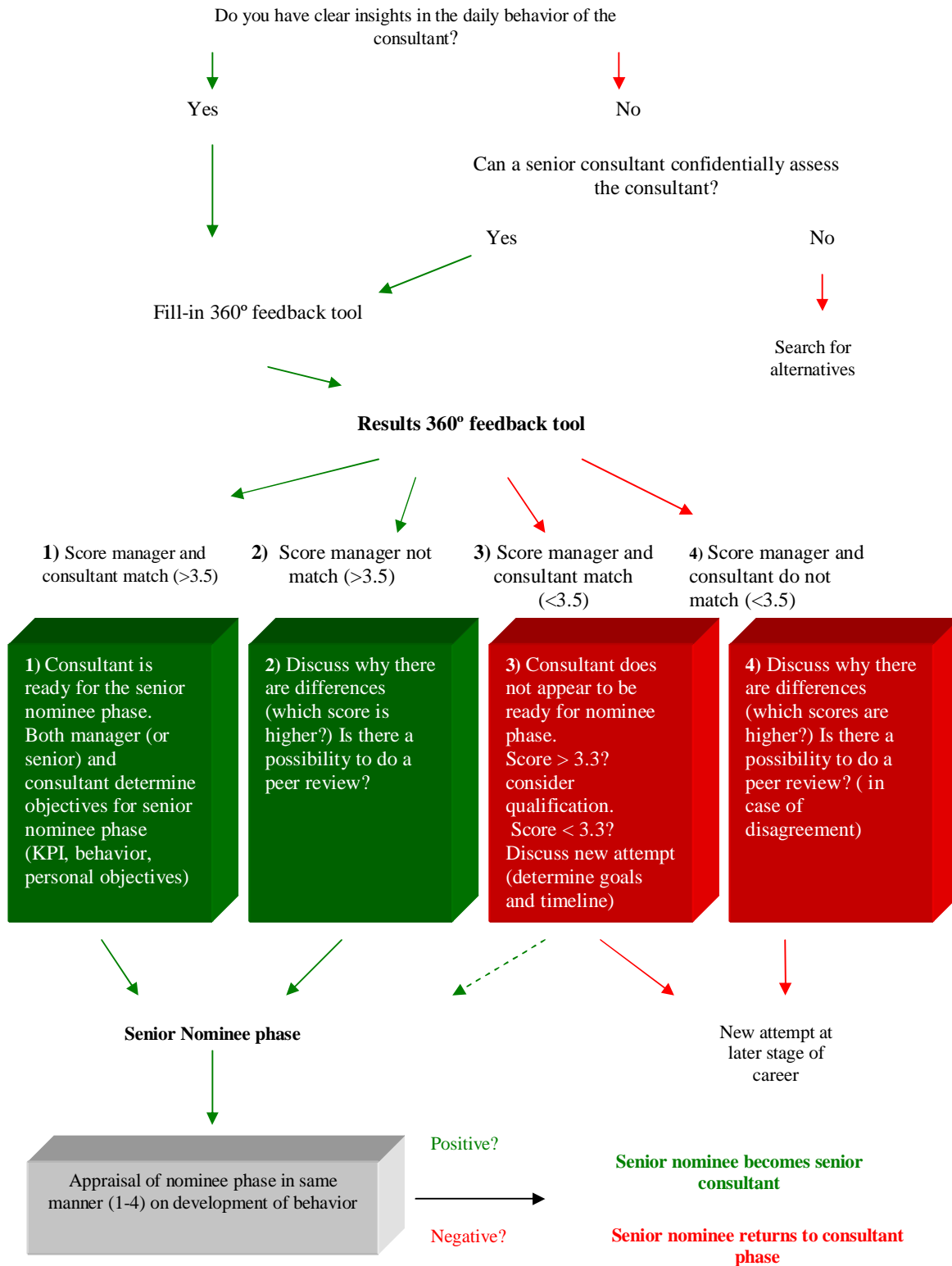


Shore & Thornton, 1986; Thornton, 1980; Tsui & Ohlott, 1988). In case of self-monitoring there can be two types of self-monitors. High self-monitors (HSMs) who adapt their behavior to the requirements of a situation, whereas low self-monitors (LSMs) exhibit more behavioral consistency. Because of a heightened willingness to portray oneself differently across situations, an HSM employee is more likely to view the self-appraisal instrument as one additional weapon in the arsenal that culminates in a positive self-presentation. As a result, an HSM is likely to self-rate higher than a typical LSM worker (Miller & Cardy, 2000). A too high or too low self-score can also result in a disagreement between manager and consultant (probably more likely in case of a HSM). Therefore not only a consultant, but also a manager must be able to get a second opinion by means of a peer review. Because the acceptance of a peer review is often higher this option will also be included in the decision matrix, which will be outlined in the next section.

#### **6.4 Conclusion**

The previous sections gave answer to the last sub-question of this research (*what are the consequences for the perception of transparency and fairness and how can these be prevented?*) by describing the three main consequences for the perception of transparency and fairness. In Section 6.1 was described that the situation at a particularly office can cause problems with transparency and fairness, and that manager will be pointed on these problems by means of the process manual. Section 6.2 discussed the manager's role in a promotion process and that the quality of the relation between a manager and consultant is important for the perception of fairness. Literature regarding informational justice (Colquitt, 2001) showed that timely and moreover adequate information could improve a consultant's perception of fairness. With the latter insight in mind a decision matrix for measuring capabilities of consultants was developed (Figure 6.1). The decision matrix is like the process manual, a practical guide for managers. It includes possibilities for peer reviews that can overcome problems the like lack of insight of managers and prevent disputes about the results, but also how to assess the behavior of a consultant. The decision matrix and process manual are therefore essential elements to instruct managers to make the right promotion decision.

Fig. 6.1 Decision matrix for measuring capabilities



## Chapter 7 Conclusion & Discussion

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*In this last chapter the research outcome and research project are evaluated. In the first section an overall conclusion is stated. Subsequently several recommendations to Tempo-Team are discussed. Furthermore some considerations regarding the research are outlined and the chapter finishes with an overview of future research possibilities.*

### 7.1 Conclusion

The intention of this research was to design a promotion process for Tempo-Team that is perceived by consultants as transparent and fair. Looking back on the research period it can be concluded that this objective is partly achieved. The result of the research is an promotion process that is acceptable for the organization, but the process is not completely transparent and fair. There are several reasons why the research objective is not completely achieved. First of all this research can be characterized as a design-oriented research in which theoretical and practical elements are integrated. Due to the desires of Tempo-Team, which had to be taken into account, not all of the theoretical findings that have a positive influence on the perception of transparency and fairness could be integrated. The research had to comply with the (sometimes ad-hoc) decisions of the management, all pragmatic adaptations of the HRD department and the timeframe of the project. This dependence influenced certain choices throughout this research and affected the research outcome. For example, introducing competency management, which has proven value for organizations, was considered to be a too radical change. As an alternative behavioral profiles were developed. Regarding the former situation, this improves the selection of capable consultants, but does not allow a manager and consultant to discuss behavior on a more abstract level. Moreover the introduction of two extra job levels (junior consultant and senior nominee) had to be taken into account, but the value of these levels is not proven. Instead of enhancing career perspectives (like the opinion of the HRD department) it could also make the process more complicated and less transparent. Furthermore, Tempo-Team appears to clamp on to traditional appraisal methods, which can hinder the acceptance of a promotion decision. A 'real' 360° feedback assessment was not introduced, because a promotion was considered as confidential. Without a 360° feedback assessment in which a peer review is always taken into account, consultants are still dependent on their manager. Data from the one-group pretest posttest clearly indicated that this dependence is experienced by consultants as a negative aspect. Moreover this choice would probably not contribute to a reduction of the employee turnover. All these choices are remarkable for an organization like Tempo-Team that considers oneself as HR-specialist and moreover advises other organizations how to maintain staff.

Another factor that influenced the research was the timeframe in which the design had to finish. This research was part of the TDP project and the deadline for this program was determined on 1 April 2008. This deadline resulted in the decision to test the preliminary design (by means of the one group pretest-posttest design) without using valid questions, regarding procedural fairness. This decision, which was logical at that certain time in the research, also meant that the test results are not entirely reliable.<sup>12</sup> This can be considered as the primary limitation of this research.

Besides the remarkable choices of Tempo-Team and the limitation of the test design, the final version of the promotion process is still an improvement and innovation for the organization of Tempo-Team. The new process can be considered as an acceptable design, because it does include several theoretical aspects that have a positive effect on a consultant's perception of transparency and fairness and it is perceived by most of the end-users (16 of the 18 consultants and all six managers) as an improvement. A consultant is promoted on criteria that are perceived by the end-users as clearer and the process includes a type of 360° tool, which allows consultants to take part in the decision-making process and allows managers to give feedback.

In addition, it can be assumed that the new promotion process offers better perspective on a career as staffing consultant within Tempo-Team. The new promotion process provides information about how someone can become a senior consultant, it indicates a timeline for this process (approximately), and it displays what actions a consultant must carry-out in order to reach this goal. If the enhanced career perspective contributes to a reduction of the employee turnover cannot presumed. Future research towards the effectiveness of the talent development program is therefore essential and will be discussed in Section 7.4.

As mentioned, the new promotion process can be considered as an innovation for the organization. In order for Tempo-Team to successfully introduce the process, some recommendations are outlined in the next paragraphs.

## **7.2 Recommendations**

The first recommendation for Tempo-Team is to adequately inform and instruct all end-users about the new promotion process (in addition to the process manual and decision matrix). The process is innovative for the organization and introduces several changes for managers and consultants. New criteria are introduced and consultants are taking part in the actual decision-making process. This will

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<sup>12</sup> The one-group pretest posttest only represents consultants and managers' opinion about the preliminary design.

affect the present manager-consultant relation. Consultants become more self-responsible (empowerment) and the role of the manager will be more focused at coaching. For the purpose of preventing resilience towards the new promotion process it is recommended that all end-users, especially the present permanent staff are adequately informed about these changes. Moreover is it recommendable to instruct end-users on their new roles.

Secondly, because of the positive effects and positive opinion of the end- users about 360° feedback, it is recommendable for Tempo-Team to reconsider applying a ‘real’ 360° feedback assessment during a promotion process. The data of the test clearly indicated that managers are not always able to reliably assess a consultant’s behavior. Using peers for assessing daily behavior of employee has too much value for the perception of fairness and transparency to be set aside. If 360 ° feedback assessment, which is not a costly instrument, can help to reduce employee turnover intentions, why not introduce it?

Furthermore, the new promotion process needs to be tested more thoroughly during real life situations, which could lead to improvements to the construct (continuous improvement strategy). Especially the standard requirement scores for determining the capabilities of a consultant (which are based upon the sample of 18 consultants) needs further testing. It is recommendable for Tempo-Team to not yet apply the standard score of 3.5 as an absolute minimum for entering the senior nominee phase and appraising the weaker behavioral aspects in the senior consultant phase. It is probably better for Tempo-Team to apply a categorized score, like for example 3.3 to 3.5. Over time, when more consultants have been promoted by means of this process, exact scores can still be determined.

Finally it is recommended for Tempo-Team to apply one uniform unambiguous policy for appraising employees within the organization. For example, the promotion process can be used as example to appraise and grant promotion for managerial functions (transfer of sales/ account/ office manager to senior manager).

### **7.3 Considerations**

Even though the outcome of this research is not a complete transparent and fair promotion process, the design is acceptable for the organization and can be considered as an addition to Tempo-Team’s talent development program. Moreover, it can be assumed that the designed process provides new employees with a better perspective on a career as staffing consultant at Tempo-Team. In the introduction of this paper it was argued that this enhanced perspective could lead, in association with the other elements of

the TDP, to a decrease of the employee turnover. But will the TDP (as talent management strategy) actually result into a reduction of the employee turnover? The TDP does provide new employees with adequate information about career perspectives within Tempo-Team, which at the moment is an important factor for people to start a career within an organization (like mentioned in the survey by the Intelligence Group). This is supposed to enhance Tempo-Team's chances to attract new employees. However, turnover intentions are correlated to job-satisfaction (Allen et al, 2005). It cannot be concluded that better career perspectives (and a transparent and fair promotion process) will increase the job-satisfaction of consultants. Besides concerns if the TDP would reduce the employee turnover, Tempo-Team's uprightness of introducing a talent management strategy can be considered. Cappelli (1999) argues that every company that introduces a talent management strategy is only interested in retaining key talent, and not necessarily all employees. Additionally he states that talent management strategies are focused on improving a company's ability to hire from outside, by which they undermine their own internal market. Tempo-Team's promotion system in which consultants are promoted on their capabilities and performance seems to confirm Capelli's statement (only capable 'talents' are promoted). It would be interesting to investigate what Tempo-Team's management will do when the labor market changes from tight to loose. Nowadays, Tempo-Team certainly does not undermine it's internal market. Besides all elements of the TDP, the organization also introduces a tool which declassifies all present consultants into the new job levels of the TDP. This means that the salaries of present consultants will be adapted and consultants will be promoted to senior when this should have occurred earlier. These facilities are introduced with the purpose to maintain current staff. It would therefore be interesting to examine if Tempo-Team's management would give permanent staff the same treatment in times of a loose labor market.

#### **7.4 Future research possibilities**

Beside future research toward the actions of management in times of a loose labor market, it would also be interesting to investigate the effectiveness of a talent management strategy. "Does the TDP at Tempo-Team really reduce the high employee turnover rate from 42 to 30 %?", and "does the new promotion process contribute to a reduction of the employee turnover rate?" would be interesting questions.

Exploring perceptions of fairness during allocative procedures (like a promotion) is also an interesting topic for future research. Fairness perception during allocative procedures is namely a 'hot issue'. To illustrate, recent studies of Fortin & Fellenz (2008, p2), argued that managers still fail to increase the actual levels of fairness in employment relations. They argue that both organizational justice research in

managerial practices lack reflexivity. *“Justice researchers all have a subjectivist view and deliberately discard normative aspects”*. Organizational justice and normative justice must therefore be combined in order to provide that reflexivity. Woodilla & Forray (2008) also criticize theories of organizational justice as being incomplete, because it lacks consideration of political concerns and dynamics. And Van Olffen & de Cremer (2007) state that any relationship between perceived fairness and organizational attachment will differ between individuals with varying beliefs in personal control and will be stronger for individuals with high interdependent self-construal (ISC). With this in mind it would be interesting to further explore how managers at Tempo-Team try to increase the level of fairness during a promotion process. Interesting questions would be: “Does the new promotion process actually increase the perception of fairness?”, “How does a manager within Tempo-Team cope with the pressure of the company’s objectives and fairness perceptions during a promotion process? and “Does the belief in personal control during the promotion process of Tempo-Team increase the organizational attachment and the perceived fairness?”

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