



**University of Twente**  
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**Aligning Organizational Strategy and Employee Role  
Behavior with the help of Performance Management in a  
Dutch Human Capital Solutions firm**

**Thesis**

**of**

**MASTER OF BUSINESS ADMINISTRATION  
HRM TRACK**

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## **Preface**

All the good things come to an end. Looking back at the struggles and the challenges I can say that it will be the most important part for the further development of my life. I am glad to have fulfilled this assignment and grateful for the people who put me through.

Thanks to Avancos who offered me the opportunity to learn and perform this assignment. Also thanks to my university supervisors for their patience and pointing me in the right directions.

Finally I would like to take this opportunity to thank the following people for their contribution to the successful completion of my Academic Study:

- Els ter Haar, wonderful girlfriend, for your emotional support, professional comments and for taking the ups and downs.
- Both my parents for the support (financial and otherwise) and encouragement.
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- The Board of Avancos for offering me the opportunity to do this assignment.
- All my friends who believed and encouraged my persistence.

## **Abstract**

This study is focused on the strengthening of the coherence between organizational strategy and the behaviour of employees through performance management. Performance management can be defined as a bundle of consistent HR practices (e.g. careful selection, periodically setting of targets, appraisal of results, and based on that development and rewards) aiming at the increase of the contribution of employees to the organization. Central in this study is the question to what extent performance management can contribute to a better alignment between organizational strategy and the matching employee role behaviour and how this performance management can be designed in the best way.

Based on the literature, first an instrument has been developed in which a bundle of consistent HR practices are presented for different strategies. It is assumed that a better alignment between HR policy and organizational strategy (the so called vertical alignment) combined with internally consistent HR practices (so called horizontal alignment) positively influences the contribution of employees to the organization. Subsequently this instrument is applied in a case study for a Dutch office of a European human capital solutions firm Avancos.

The organizational strategy has been investigated by means of a questionnaire based on the work of Beal (2000) derived from the Porter typologies. The HR practices are mainly derived from Schuler and Jackson's "HR Practices Menu".

The employee role behavior in this study is used to bridge the gap between organizational objectives and the contribution of employees to meet these objectives or to implement the organizational strategy.

From the results can be concluded that organizational strategy which the management has indicated to pursue, is in line with the perception of the employees. The matching employee role behavior that the management expects from his employees is most in line with the process/quality differentiation strategy. Employees however show consistency in their perception of expected role behavior that is in line with the organizational strategy of service differentiation.

This report provides recommendations for HR practices that can be implemented specifically to support the service differentiation strategy. Managing (new) employees involve clear target setting through cascading down overall company goals. These goals can consists of a combination of hard and soft targets to aid in the implementation of the service strategy (including e.g. customer satisfaction and team cooperative behavior). Development plans must be provided to in order to equip employees with the right knowledge and skills aimed at meeting client expectations. Creative problem solving capabilities and communicative skills and specific branch knowledge could be considered here with the aim of increasing responsibility for the client and taking ownership. Monitoring results and progress is managed differently in a service strategy type of organization then for a cost-leadership type or organization. The latter emphasizes quantity for instance output per person of work that is usually more standardize. For a service strategy type of company quality, further defined by the client also plays a role. Regular feedback to monitor quality and to devise new strategies to reach speed and quality are desirable for a service type of organization. More control type of management can be at the expense of flexibility, feelings of freedom in how to achieve results and the willingness to assume responsibility for the client and the job/task. Finally performance management is about evaluating former set targets through regular performance appraisals during the year and rewarding accordingly. Reward schemes can facilitate increased ownership by rewarding own acquisition proving good services from the past.

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**Appendix 1 Research survey question**

# 1 Introduction

## 1.1 Background

To stay ahead of competitors, a company needs to be distinctive in quality and costs. Performing, the individual working behaviour of employees and the results of it become more important critical success factors. A condition to achieve the predetermined goals on a short term as well as on a long-term is that employees on all levels have the required knowledge and competences or develop these. To improve the knowledge, skills and attitudes of employees and with that the enlarged competitiveness of the company, it is important to be able to measure the right things. One way to achieve this is to design an efficient and coherent bundle HR practices that really contribute to the goals. Such a coherent bundle of HR practices is also called performance management. Performance management in that sense can bridge the gap between strategy and policy at organisational level and the aligned performance at individual level.

This study introduces the performance management that can be seen as a bundle of coherent HR practices that influences the employee role behaviour introduced by Schuler & Jackson (1987) that is needed to implement a specific strategy. The focus in this report will be on the alignment between employer and employee about perceived organizational strategy and perceived employee role behaviour. The outcome will serve as fundament for the performance management system because the goal of performance management is to change employee behaviour in a way that is best suited and benefits the organization. Perceived organizational strategy is measured because companies that follow a specific strategy outperform those companies without one consistent strategy. Furthermore, without strategy and organizational goals you can not manage and steer the individual performance. In the next section the company will be described, the needs of the company, the research objectives and research design.

## 1.2 Avancos

Avancos, formerly know as PrincetonOne, established itself in the market as a professional company in delivering staffing solutions to a broad range of client companies. Staffing solutions varies from placing high level executives to professionals that fit a scarce demand in job characteristics. They distinguish themselves from traditional recruit companies by their expertise in finding the right candidates within a certain time frame. As recruit companies usually are specified in lower level positions, candidates easier to find and often focused on a short term solution, clients of Avancos demand tailor made solutions for their future staffing needs, focused on the strategic objectives and the long term. Avancos diversified their business in Recruitment Process Management (RPM), executive search and Candidate Sourcing Program (CSP).

The business activities require professional consultants that can act as sparring partners with clients through extensive branch knowledge and a high expertise in sourcing and recruitment strategies.

Fast, efficient and accurate work ethics determines the results and the future partnership with client companies. Not surprisingly consultants also need to possess commercial skills as they are responsible for the client contacts and represent the company. Quality in this manner represents the fit of selected candidates for the open positions who are screened thoroughly in advance by one of the consultant. Service means flexibility towards the client's demands and being responsive towards clients. Avancos established their core values of professionalism, mutual trust, transparency, responsiveness, respect for the individual and strength through diversity to ensure their service level and quality are met.

*"...One of our clients faced a large scale re-organization. Their change of strategy requested 20 professionals for fresh department that had to be delivered on a short run in order to continue their business. Due to the teamwork of Avancos sourcing specialists with the branch knowledge of the consultants they were able to meet the client staffing needs and deliver within 60 days"(CEO Avancos).*

In Europe there are two offices, one in Spain and one in the Netherlands. This case study is executed in the Dutch based company. The company has employed about 13 people consisting of staff (finance and HR) sourcing specialist, salesmen and consultants. The Dutch (top) management board consists of the CEO, SVP and the CFO. Two other managers are responsible for sourcing and executive search. Because the company is relatively small, service oriented, and the level of education of most employees is very high, the company is heavily dependant on its human capital. As the managing director mentioned:

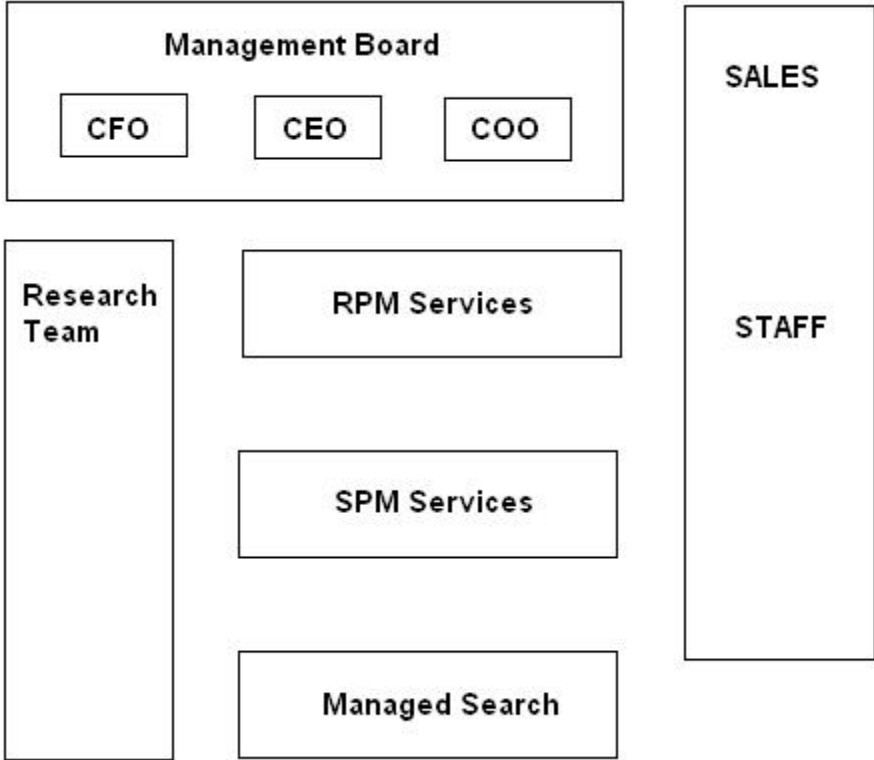
*“Every company needs a strategy and every company needs to set goals to accomplish. In running the business with a lot of experience you learn that the people in your organization are your most valuable asset. It is their creativity, commitment, motivation and capabilities that finally produce the output. They are responsible for the implementation of the strategy.”(Roots, D. – CEO)*

In fig. 1 is the structure of the organization presented.

**Figure 1**

*Avancos company structure*

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**1.3 The need for a Performance Management System**

The people of Avancos are highly educated and highly experienced and of great importance to the success of the company. Not surprisingly employee abilities, knowledge and skills make the difference and can be considered as most valuable asset. The culture of the company is very open partly thanks to the ‘short lines’. The company is looking for ways to control and improve the performance of the employees because they are responsible for the (financial) performance of the company. This is the main driver for the company to have initially a performance measurement system in place. But after careful collaboration about this performance measurement topic, it became clear that we should start focusing on improving and managing employee performance. So it was decided to distinguish between

a performance measurement system on a company level and performance management on an individual level.

At the start of this project it seemed not quite clear what the management wanted to measure. Apparently there were employee activities measured, like the number of candidates being identified, contacted, interviewed, and presented and finally the candidates placed. But this was not sufficient because the company observed a gap between the individual performance measured and the observed company results. So this resulted in the need for more transparency in the relation between individual performance and the performance of the company. The management wanted to have some sort of measurement system installed that enabled the management and the employees to track their own performance to see where there is room for improvement and use goal-setting theory to increase performance. The management also expects to increase the commitment of employees by setting clear goals and evaluate on the progress on a regular basis through a performance measurement system. The information gained from such a system could idealistic also be used for individual career planning and to have the right people at the right place/job. During the conversation it became clear that there was more need for a performance management system at the individual level although they were still keen on having organizational measurement indicators involved or embedded. Because from a company level perspective, a performance measurement system helps to show external stakeholders (partners, customers, and client companies) what the company is doing and to show that they are able to implement and follow their strategy successfully. A balanced performance measurement system not only looks at the historical financial figures but it also evaluates on the successful implementation of the organizational strategy.

This is one of the main reasons for the company to have performance management being installed. So after careful consideration with the management it was decided to first look after performance management and to bridge the gap between the increases in individual performance and the lack of increase in organizational performance before starting off with a performance measurement system. Performance management is aimed at getting their efforts directed into achieving objectives which are aligned with those of the organization, whilst exemplifying the organization's values in their behavior. It also addresses issues arising when people leave. Here also is the focus on individual performance and personal development. The organization wants to be more supportive and that is the driver for a performance management system being installed. Through such a system the company has in mind to better understand the strengths and the weaknesses of employees to be able to be supportive in training needs and regular feedback.

#### **1.4 Research objectives**

The goal of this study is to investigate the possible contribution of performance management to a better alignment of organizational strategy and employee role behavior. For this reason first an instrument will be developed, based on theory. Subsequently this instrument will be applied to assess the current situation of Avancos. The objective is to illustrate the gap between the current situation and a desired future situation. Based on this, recommendations for a performance management system will be provided. This study will start with investigating organizational strategy and employee perceptions on strategy of the company. Being able to implement a successful strategy is important for the long-term survival. Gibcus and Kemp (2003) found that in SME's, companies who pursued one strategy (after the typology of Porter and Miles and Snow) outperformed those companies that followed no strategy or were operating in the middle of two strategies. Once the strategy that the company wants to pursue is determined, the matching employee role behavior will be examined. This case study intends to look at the organizational level and individual level. At organizational level will be investigated what the intended organizational strategy is according to the management staff and what they expect from the employees about desired role behavior. Ideally the intended strategy should match the desired employee role behavior as expected from the management.

At individual level will be examined what people believe that the organizational strategy is and what they think that the management is expected from them regarding desired role behavior.

Once this information is gathered it will be analyzed and applied to the theoretical framework which starts with discussing the subject of HRM in general and the relevance of HRM to this company in particular. Then the subject of performance management will be discussed in order to answer



questions like, what is the use of performance management, how is it used in practice and what are the pitfalls in practice.

The formulation of the problem is:

*What can Performance Management at Avancos contribute to a better alignment between management expectations and employee perceptions regarding organizational strategy and employee role behaviour?*

Subquestions:

- a. What can we learn from theory about performance management and its contribution to a better alignment of organizational strategy and employee role behaviour?
- b. Are employee perceptions regarding organizational strategy in line with the actual organizational strategy?
- c. Is the expected employee role behaviour by the management in line with the perception of these by the employees?
- d. Is the expected employee role behaviour in line with the strategy of the organization?

## **1.5 Structure of the report**

In chapter two a theoretical basis will be provided regarding the definition of HRM and the contribution of performance management to the alignment of organizational strategy and employee role behaviour. In chapter three the case study design will be presented and the instrument will be introduced about organizational strategic types, HR practices and employee role behaviour. In chapter four I will discuss the company strategy and the identified employee role behaviour. As a result the outcome will be used in chapter five to identify HR practices that can possibly contribute to a better alignment between organizational strategy and employee role behaviour.

## 2 HRM, performance management and organizational performance

### 2.1 HRM, definition and development

Human Resource Management (HRM) can be defined as “all management decisions and actions that affect the nature of the relationship between organization and its employees- its human resources” (Beer et al, 1984). Most organizations have a personnel department or a single personnel manager. Nowadays the term HRM is used representing anything that affects the people in the organization. However, the traditional personnel management must not be mistaken with practicing HRM. An organization with a personnel department that is occupied with activities like recruitment and selection, career planning, employment conditions, and executing a personnel planning does not necessarily mean that the organization is practicing HRM. One of the most important characteristics of what is nowadays meant with HRM is the idea that employees can be seen as a source for competitive advantage: behaviour and quality of employees determine the accomplishment of organizational goals and objectives.

Guest (1987) provides stereotypes to distinguish traditional personnel management from HRM (table 1). Traditional personnel management is characterised by its short term, reactive and ad-hoc behaviour. The focus on managing personnel is on minimizing costs, with external control mechanisms that assumes that the psychological contract (representing the mutual beliefs, perceptions, and informal obligations between an employee and an employer) consists of compliance. HRM on the other hand is largely integrated into the line management and less bureaucratic with a long term vision and acting more proactive and showing strategic behaviour. HRM is evaluated on maximum utilization of the human capital and the psychological contract is based on commitment of the employee and therefore the control systems are self-controlling (reaching targets and not working hours). An overview is provided in table 1 below:

**Table 1**

*Stereotypes of traditional personnel management and HRM*

	Traditional personnel management	Human Resource Management
Time and Planning	Short- term Reactive Ad-hoc Marginal	Long- term Proactive Strategic Integrated
Psychological contract	Compliance	Commitment
Control systems	External controls	Self control
Employee relations perspective	Pluralist Collective Low trust	Unitarist Individual High trust
Preferred structure/systems	Bureaucratic/ mechanistic Centralized Formal defined roles	Organic Devolved Flexible roles
Roles	Specialist/ professional	Largely integrated into line management
Evaluation criteria	Cost-minimization	Maximum utilization (human asset accounting)

From: Guest (1987) HRM and industrial relations, Journal of Management Studies, 24(5), p. 507.

Acting operational (administration, payroll) or strategic is a substantial difference between personnel management and HRM. While HRM creates the conditions to achieve strategic organizational goals,

by influencing employee attributes (competencies and behaviours), traditional personnel management is more administrative and operational in nature and focused on controlling human capital.

Despite the term HRM is widely used nowadays, it is hard to provide one concrete definition for HRM. According to Manders & Vloeberghs (1993) five labels can be provided for HRM

1. The idea that human capital is not an expense but a benefit. Employees are the key for success of the organization. Legge (Manders & Vloeberghs) states: individual characteristics are considered as source for competitive advantage that can be optimally utilised when a consistent aligned policy is set in place emphasizing commitment”.
2. There is a matter of mutual influence by integration of HR policy and the strategic policy of the organization.
3. The HR policy is integrated into the line management. The line management is end responsible for the executed HR policy and the personnel officer acts as advisor regarding the HR policy.
4. The HR policy concerns a long term vision. Legge states that a consistent, pro-active HRM creates a strong impulse to enhance development and improvement of organizational culture.
5. There is (horizontal) alignment between HR instruments.

In HRM, much more autonomy is given to employees. Reaching optimal commitment is a central theme. Organizational structure is much more organic, in which the HR policy is integrated into the line as much as possible.

## **2.2 HRM and performance**

The relationship between HRM and (firm) performance has been the topic of debate over the last decade (e.g. Wright & Snell, 1998). Studies in this area often report positive relationships between integrated bundles of HRM practices and different measures of organisational performance (e.g. Delery & Doty, 1996; Huselid, 1995). However, these studies mainly involve large corporations. For example, large companies are managed differently than small medium sized companies and also HR instruments in large companies vary from those in smaller companies in size and scale. There are different approaches to examine the relationship between HRM and performance. Two primary perspectives – a *contingency* approach and a *universal* approach have been used to describe the link between HRM and firm performance. According to the contingency approach, it is assumed that there exists a vertical alignment between organizational goals and strategy and the HR policy. The universal, or “best practices” perspective assumes a direct relationship between particular approaches to human resources and performance. Some argue that both perspectives are rather complementary than competing. Evidence suggest that individual HR practices, as well as internally consistent systems or bundles of HR practices directly influence organizational performance (Arthur, 1994; Huselid, 1995; McDuffie, 1995). Moreover, other evidence suggests that the impact of HR practices on firm performance may be further enhanced when practices are aligned the competitive requirements of the firm’s strategic position (Miles & Snow, 1984). When HR policies and instruments are aligned with an organization’s strategic objectives, the system can be described as “vertically integrated” (Schuler/Jackson 1999). In this case study is chosen to also look at the process role of HRM: strategy influences HR and HR communicates how employees are expected to contribute to the organization. Schuler and Jackson (1987) assume that employee role behaviour can be seen as instrument for the implementation of a competitive strategy.

In the following section I will start with organizational strategy to elaborate the importance of it to this assignment.

### **2.2.1 Organizational strategy**

Earlier research demonstrated that firms that follow a clear strategy, for example quality differentiation or cost leadership, outperform those firms that pursue a mixed strategy (Rangone, 1999; Gibcus & Kemp, 2003; Cunha & Cunha, 2004). Many authors have developed typologies in their studies on strategy, which are often a subject under discussion (Gibcus & Kemp, 2003). The typologies of Miles & Snow (1984) and Porter (1980, 1985, in Schuler & Jackson, 1987) are mostly used in HR research. The typology of Miles and Snow (1984) divides organisations into prospector,

defender, analyser and reactor types. Porter (1980, 1985, in Schuler & Jackson, 1987) distinguishes three generic strategies to gain competitive advantage, namely:

**1. Focus strategy**

The focus strategy emphasizes the importance of serving a specific target very well. This is achieved by focusing on a particular buyer group, or a segment of a product line, or geographic market.

**2. Cost reduction strategy**

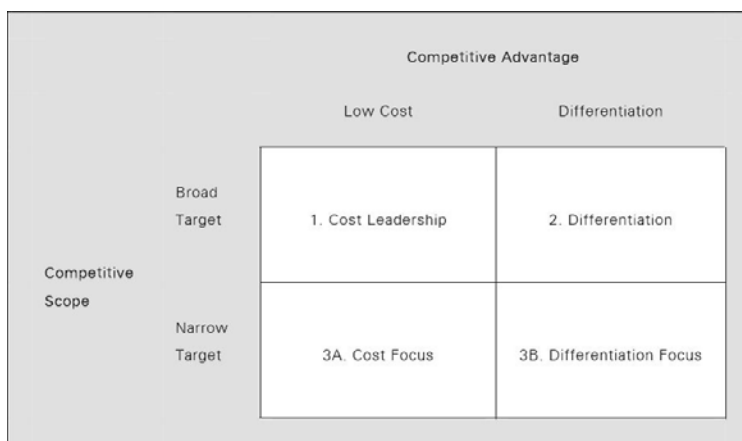
Firms following this strategy seek to gain competitive advantage by being the lowest cost producer. In doing so they are able to obtain a larger profit margin and are more able to face a price war.

**3. Differentiation strategy.**

Firms following this strategy seek to develop products or services different from those of the competitors. The main concern of firms following this strategy is to offer products or services that have attributes that are perceived by consumers to be superior to those offered by other firms

**Figure 2**

*Porter competitive strategies*



Gibcus and Kemp (2003) show an extensive overview of empirical studies on strategy in SMEs . It shows that the typology of Miles and Snow and the typology of Porter are widely used in research to describe the strategy of the organization. Gibcus and Kemp (2003) argues that the main conclusion of research, based on the typology of Miles and Snow, is that consistent strategic types (defenders, analysers and prospectors) outperform the reactor strategy and that proactive owners/managers can influence the goals and direction of their organisations by employing a prospector strategy. The latter especially influences the growth of a company. The main conclusion, following from the review of the research based on the typology of Porter, is that there are some indications that suggest that commitment to at least one of the three generic strategies will result in higher performance than if the firm fails to develop and follow a generic strategy. In addition, it was found that characteristics of the environment and the environment itself are very important for the selection of the optimum strategy and the resultant performance (Gibcus & Kemp, 2003).

Beal (2000) further develops Porter’s differentiation strategy. Beal distinguishes four different differentiation strategies, namely innovation, service, marketing and quality/process differentiation. According to Beal, differentiation is an especially practicable strategy for SMEs which are usually too small to pursue a cost leadership strategy. Therefore, this case study will use Beal’s classification of strategies because it will give the opportunity to distinguish more precisely possible strategies of SMEs. I will provide a brief description of main characteristics for each strategy.

*Innovation differentiation* involves the production and marketing of new products with unique features or performance characteristics. The operating characteristics for this strategy consist of marketing new

products; developing new manufacturing processes; R&D of new products and improving existing products. An example is 3M who developed an informal doctrine of allowing employees to “bootleg” 15% their time on their own projects to encourage as many employees as possible to be innovative.

*Service differentiators* distinguish the firm from its competitors by emphasizing customer services before, during, and after purchase. The five competitive methods are strict product quality control; improving customer service; product improvements in meeting customer expectations; immediate resolution customer problems and improving customer care.

Emphasis on superiority in reliability and durability is the hallmark of *quality differentiators*. A firm pursuing such a strategy is benchmarking best manufacturing processes in the industry and benchmarks the best manufacturing processes anywhere.

Firms pursuing *low cost leadership* seek to secure a low-cost position within their markets. The following items are indicators for this type of strategy: reducing overall costs and reducing manufacturing costs. In the following section I will introduce HR practices and employee role behaviour. HR practices vary on which strategy the company is pursuing as will turn out in the following examples.

### **2.2.2 HR practices and employee role behavior**

HRM creates the conditions to achieve strategic organizational goals, by influencing employee attributes. Different studies have emphasized the contribution of HR practices to firm performance (e.g. Huselid, 1995; Huselid et al., 1997; Gratton & Truss, 2003; Cunha & Cunha, 2004; Lepak et al., 2004). These studies, which focus on the impact of a single HR practice or bundles of HR practices, emphasize the content of the HR systems. When deciding what human resource practices to use to link with competitive strategy, organizations can choose from six human resource practice "menus" (Schuler & Jackson, 1987). Each of the six menus concerns a different aspect of human resource management. These aspects are planning, staffing, appraising, compensating, and training and development. A summary of these menus is shown in table 2.

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Tabel 2

***Human Resource Practices Menu***

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<b><i>Planning Choices</i></b>	
Informal -----	Formal
Short Term -----	Long Term
Explicit Job Analysis -----	Implicit Job Analysis
Job Simplification -----	Job Enrichment
Low Employee Involvement -----	High Employee Involvement
<b><i>Staffing Choices</i></b>	
Internal Sources -----	External Sources
Narrow Paths -----	Broad Paths
Single Ladder -----	Multiple Ladders
Explicit Criteria -----	Implicit Criteria
Limited Socialization -----	Extensive Socialization
Closed Procedures -----	Open Procedures
<b><i>Appraising Choices</i></b>	
Behavioral Criteria -----	Results Criteria
Purposes: Development, Remedial, Maintenance	
Low Employee Participation -----	High Employee Participation
Short-Term Criteria -----	Long-Term Criteria
Individual Criteria -----	Group Criteria
<b><i>Compensating Choices</i></b>	
Low Base Salaries -----	High Base Salaries
Internal Equity -----	External Equity
Few Perks -----	Many Perks
Standard, Fixed Package -----	Flexible Package
Low Participation -----	High Participation
No Incentives -----	Many Incentives
Short-Term Incentives -----	Long-Term Incentives
No Employment Security -----	High Employment Security
Hierarchical -----	High Participation
<b><i>Training and Development</i></b>	
Short Term -----	Long Term
Narrow Application -----	Broad Application
Productivity Emphasis -----	Quality of Work Life Emphasis
Spontaneous, Unplanned -----	Planned, Systematic
Individual Orientation -----	Group Orientation
Low Participation -----	High Participation

---

Adapted from R. S. Schuler, "Human Resource Management Practice Choices," in R. S. Schuler, S. A. Youngblood, and V. L. Huber (Eds.) *Readings in Personnel and Human Resource Management*, 3rd Ed., St. Paul, MN: West Publishing, 1988.

Firms pursuing the innovation strategy are likely to have the following characteristics: (1) jobs that require close interaction and coordination among groups of individuals, (2) performance appraisals that are more likely to reflect longer-term and group-based achievements, (3) jobs that allow employees to develop skills that can be used in other positions in the firm, (4) compensation systems that emphasize internal equity rather than external or market-based equity, (5) pay rates that tend to be low, but that allow employees to be stockholders and have more freedom to choose the mix of components (salary, bonus, stock options) that make up their pay package, and (6) broad career paths to reinforce the development of a broad range of skills. These practices facilitate cooperative, interdependent behavior that is oriented toward the longer term, and foster exchange of ideas and risk taking.

In attempting to gain competitive advantage by pursuing a strategy of cost reduction, key human resource practice choices include (1) relatively fixed (stable) and explicit job descriptions that allow little room for ambiguity, (2) narrowly designed jobs and narrowly defined career paths that encourage specialization, expertise, and efficiency, (3) short-term, results-oriented performance appraisals, (4) close monitoring of market pay levels for use in making compensation decisions, and (5) minimal levels of employee training and development. These practices maximize efficiency by providing means for management to monitor and control closely the activities of employees.

These two examples illustrate the impact and contribution of the HR system. A complete overview is presented in the instrument in chapter three in which specific HR practices and employee role behaviors are put together for specific organizational differentiation strategies.

The features of the process through which the HR systems helps employees in making sense of what is expected from them have not been well addressed (Cunha & Cunha, 2004). Bowen and Ostroff (2004) propose that this shared meaning represents the ‘strength of the HRM system’. This construct represents a set of process characteristics that send an effective message about HRM content to all employees, clarifying what strategic goals are important and what employee behaviours are expected. Lepak et al. (2004) also stress the process role of HRM: strategy influences HR which communicates how employees are expected to contribute toward that strategy.

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**Figure 3**

*Process role of HRM*



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In addition, Schuler and Jackson (1987) assume that employee role behaviours will be instrumental in the implementation of competitive strategies.

### **2.2.3 Vertical alignment between organizational strategy and employee role behaviour**

In small and medium-sized organisations, the owner or managing director plays an important role in the formulating process of the organizational strategy. After all, the owner or managing director (and in medium-sized organisations, a small management team) is responsible for the strategic decisions of the company and is usually the person who has the vision. Therefore, the strategy is often implicit, top-down, informal and intuitive (Mintzberg, 1989, in Gibcus & Kemp, 2003). If so, then an important question arises. Consistent with the contingency perspective, when human resources are one of the organisation’s sustainable competitive advantages, there must be a vertical fit between the strategy and personnel management of the organisation. However, small organisations have less sophisticated or formal HR practices than large organizations have (De Kok et al., 2003). Consequently, the vertical alignment between organizational strategy and the HR practices could also be implicit, informal and intuitive. Through introducing the employee role behaviours instead of the HR practices, this study is coming to meet the difficulties with the informal approach. Some scholars argue that an informal approach is more suited to the small firm so that they are able to cope with higher levels of environmental uncertainty (Hill & Stewart, 1999, in De Kok et al., 2003; Chandler & McEvoy, 2000; Cassell et al., 2002).

Many authors discuss the importance of the link between organizational strategy and HRM (e.g. Schuler & Jackson, 1987; Wright & Snell, 1998; Gratton & Truss, 2003; Lepak et al., 2004). The evidence however for this link that gathered is mainly inconclusive. For example, Huselid (1995) found little evidence for external fit whereas Chandler & McEvoy (2000) found that in a small manufacturing setting, production strategy is a key variable in the determination of which HR practices should be adopted. Cunha and Cunha (2004) found that strategic management orientation have an impact on the HRM system.

In spite of the inconclusive evidence the represented importance of the link between organizational strategy and HRM, and its impact on performance, is quite comprehensible. If the strategy-HRM link is not a value added to the organization then the question arises in which direction human resources can contribute to the organization’s sustainable competitive advantage. This study uses the alignment between strategy and HRM.

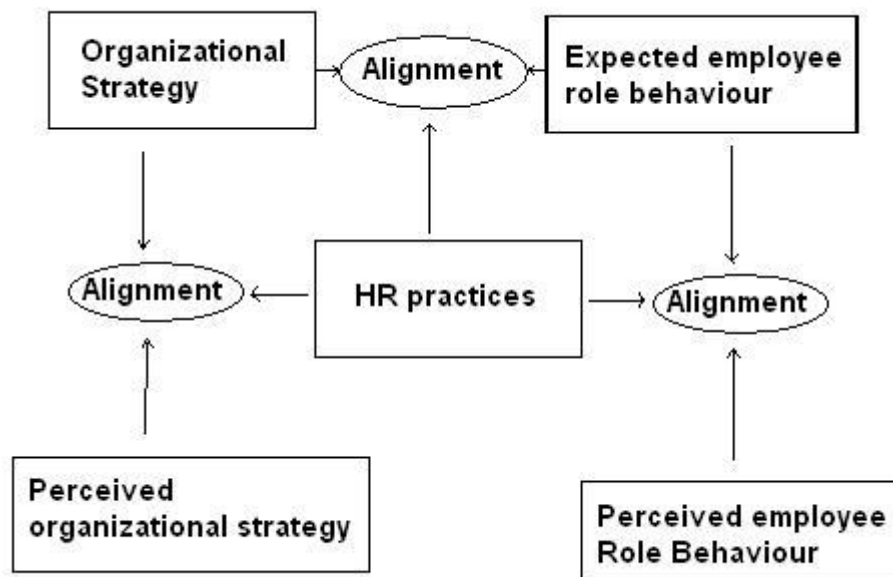
The alignment will be examined by using the framework of Schuler and Jackson (1987), in which employee role behaviours and HRM archetypes are linked with Porter's strategies.

*Alignments between employer perceptions and employee perceptions in strategy and role behaviours and performance management*

Despite a strong alignment between organizational strategy and expected role behaviours, employees can perceive the strategy and the expected behaviours different from which is intended by the employer. Consequently, behaviours of employees would not contribute significantly to achieving the strategic goals (Lambooi, 2005). A good communication about the HR system will motivate employees to show desired behaviour. It seems important, in line with Bowen and Ostroff (2004), to strive after an organizational shared meaning about organizational strategic behaviour. Organizational attention to strategic goals seems related to strategic behaviour. De Jong and Den Hartog (2005) found that strategic attention to innovation relates positively to innovative behaviour of employees.

**Figure 4.**

*Alignments between organizational strategy and employee role behaviour*



**2.2.4 Conclusion**

Current research links HRM to organisational performance (e.g. Boselie, Paauwe, & Jansen, 2001). Obviously there is a link between HRM and performance management. Taking a performance management approach involves aligned consistent HRM practices in such a way that they maximise current as well as future employee performance, which in turn is expected to affect organisational performance. Performance management embraces both the vertical as the horizontal alignment through HR practices. Performance management involves aligning HRM practices horizontally so that employee performance and development are enhanced, with the aim of maximising organisational performance.

In the next section I will go more into performance management and discuss its definitions, its purpose and practical use.



## **2.3 Performance management**

This section starts with introducing definitions performance management. Then the purpose of using performance management will be discussed and finally the main characteristics of performance management.

### **2.3.1 Definition of performance management**

The exact meaning of ‘performance management’ is not very clear. Some authors use a very limited meaning, like managing individual performance through linking individual performance indicators with organizational performance.

In fact they confuse PM with performance measurement. Other authors use a very broad definition. An example of this is Armstrong and Baron (1998), who define performance management as a strategic and integrated approach to delivering sustained success to organizations by improving the performing of the people who work in them by developing the capabilities of teams and individual contributors”.

In this meaning PM fully overlaps with (ideal) HRM. Compared to that the definition by DeNisi (2000, in Boselie et. al. (2004)) “performance management refers to a range of activities in which an organization engages to increase the performance of a specific person or group with the ultimate goal to improve organizational effectiveness”, seems to be more realistic. Performance management is not the same as HRM as a whole, but consists of a specific combinations of consistent HR practices that aim at the improvement of the contribution of the employees to organizational effectiveness. Boselie et. al (2004) give an overview of possible involved HR practices:

*“Performance management involves the setting of corporate, departmental, team, and individual objectives (sometimes labeled “policy deployment”, the cascading down of strategic objectives to a meaningful set of targets for every individual involved); the use of performance appraisal systems; appropriate reward strategies and schemes; training and development strategies and plans; feedback, communication, and coaching; individual career planning; mechanisms for monitoring the effectiveness of performance management system and interventions and even culture management. Thus, performance management involves the day-to-day management, as well as the support and development of people. (Boselie et. al, 2004:558)”*

These HR practices then need to be consistent (horizontal alignment) to strengthen the system as a whole and be aligned with the organizational strategy (vertical alignment). Different organizational strategies have different goals and objectives. Internal resources should therefore be utilised and only to implement a strategy successfully.

### **2.3.2 Purpose and characteristics of performance management in practice**

As there is no clear definition for performance management, there are also a numerous amounts of purposes of performance management.

*Traditionally, performance appraisal has been used as a guide for employee performance. Lately, it has been supplanted in more and more companies with performance management (PM), a more comprehensive human resource management process. Through goal setting, performance appraisal and feedback, continuous training and development efforts, and performance-related pay, PM can help companies incorporate strategy into individual employee efforts and turn employees’ potential into the desired results (Delery & Doty, 1996; Sparrow & Hiltrop 1994). Other purposes of PM are that it can assist in motivating employees for good performance and can strengthen their commitment to the organization. Furthermore, it can assist in other organizational processes that are important to a company’s long-term success, such as organizational learning, knowledge management, change management, and succession management. Thus, good performance management provides a company with the basis for managing its business today and preparing for its future through the performance of its people (Williams, 1991). (in Tahvanaian, 2000)*

Performance management is for example about:

- Managing both organizational and employee expectations
- Facilitating the integration of corporate and individual objectives, starting with establishing a formal agreement or goal setting

Performance management systems are “concerned not only with *what* is achieved but also with *how* it is achieved” (De Waal, 2003). The main reason for having a performance management system in place is proposed by Armstrong & Baron (1998) as being that people perform best when they know what is expected of them and have helped in setting the expectations. In addition to that, the main question in this study is how performance management can contribute to a better alignment between organizational strategy and employee contribution through the employee role behaviour. In line with the behavioural approach, performance management signals a message to employees that is comprehensive, unambiguous and consistent. When they know what role behaviour is expected from them and how they can contribute to the organizational objectives, the organization would benefit from higher efficiency and effectiveness regarding organizational performance and the implementation of organizational strategy. People are better able to perform and realize expectations within their reach of capability, and within a supportive organizational structure (i.e. people are encouraged to cooperate and share information).

We can now look at the specific characteristics of performance management that is successfully applied in practice. There is widespread agreement that success or failure in performance management depends on at least three criteria:

- Organisational philosophies,
- The attitudes and skills of those responsible for its implementation, acceptance, commitment and ownership of appraisers and appraisees (Lawler 1967), and
- The endorsement of the notions of ‘procedural fairness’ and ‘distributive justice’ (Gabris & Ihrke 2000). ‘Procedural fairness’ refers to the employees’ perception of the program’s overall process equity, and where ‘distributive justice’ is linked to perceptions of the fairness of associated rewards and recognition outcomes.

### *Role of the manager*

The success of performance management applied in practice depends for a large part on the capabilities of the manager. de Waal (2001) determines that managers have to do three things in the performance management process:

- (1) Determining performance which means setting targets, determining how these targets will be assessed and continually assessing the progress of individuals in reaching their targets.
- (2) Facilitating performance and
- (3) Encouraging performance.

Implementing successful performance management is a complex process and depends on several factors. These are the principle steps that must be implemented to ensure the effective functioning of the system.

According to De Waal (2001), an organization has to organize three things well:

- Define the characteristics of good – as opposed to average or bad – performance
- Enable employees to perform on their tasks (by removing obstacles)
- Encourage good performance through any form of rewards

### *Fairness*

One of the most important aspects of “fairness” in performance appraisal is how those being evaluated (ratees) perceive those doing the rating (raters). That is, do ratees feel those evaluating their performance are honest, accurate, objective, unbiased, and trustworthy? A main character of performance management that applies to most systems is the style of managing based on facts and feedback. The consistence, fairness and skills with which they use these tools behold appraisal interviews and consultations and will determine to what extent the tools will succeed in enhancing workers passion and workers performance. The use of the tools and the relation between managers and

employees will play a key role in the success of performance management. Trust in the system among the users is even so important (Gratton & Truss, 2003).

#### *Acceptance*

Some suggest that many organizations and their senior managers still regard performance management as a mechanistic annual ritual which is not necessary evil, but has little relevance to their 'bottom line'. Overall, there has been minimal recognition and understanding of the power of performance management practice. This phenomenon is not surprising given the findings of earlier studies indicating that business managers, generally, have less than a full appreciation of the role of HRM in their organization nor do these managers see HRM as particularly strategic in nature.

### **3 Case study design**

This chapter describes the methodology for this research. As mentioned before the goal of this project is to evaluate the current performance management system and to bring up recommendations for a future more professionalised PMS. In order to do so, first must be found out what the organizational strategy is and what the perceived organizational strategy is by the employees. Assumed is the stronger the alignment the better. Secondly the same will be investigated for desired employee role behaviour.

#### **3.1 Kind of research**

A possible recommendation for the design of a performance management system is partly based on the literature. Before collecting literature a plan has been drawn up together with the management of Avancos and the University. Then the university library and the internet have been used extensively to find relevant literature. The focus of search lied in performance management background and literature overviews, Performance Management System design, individual performance management and HRM, linking the organizational objectives to the individual objectives.

As mentioned before, the goal is to evaluate the current performance management at Avancos and to provide recommendations for improvements. There is chosen to focus on employee role behaviour representing directions on the work floor and organizational strategy representing directions for the company future.

#### **3.2 Data Collection**

This section covers information regarding respondents and the composition of the questionnaire, data from interviews and observations.

##### **3.2.1 Organizational structure**

Avancos consists of a Suzlon team, responsible for all the position at Suzlon locations, a sourcing team and executive search. Staff departments consist of finance/human resources and sales mainly managed by the management. Two function levels can be distinguished: Sourcing specialist and (RPM) consultant (junior and senior).

The main tasks of the departments are to fill open positions at client companies.

##### **3.2.2 Composition of the workforce**

The management team consists of five people. The sourcing team consist of three people. The Suzlon team consists of five people and the executive search consists of three people. 18.8% is female and 72.2% is male. The average age of the employees is 31. The period that people are employed at Avancos varies from two weeks to 5 à 6 years however eight people work less than a year at Avancos which is more than 50%.

##### **3.2.3 Questionnaire**

The questionnaire is derived from the Beal questionnaire (2000) and from the questionnaire 'Employee Role Behaviours for Competitive Strategies' (Schuler & Jackson, 1987).

In Appendix x the edited used survey is presented.

The questionnaire was handed over to the managers and all employees. First a paper version was provided, but when it turned out that the response rate was too low it was agreed with the rest of the people that they would fill out a digital version send over the e-mail. Three out of five managers have filled out the complete survey and eleven employees. Two employees were excluded because they were staff and worked at Avancos since two months.

Since all the data is processed anonymous the respondents were expected to fill out the survey truthfully and I assume they have not responded socially desirable.

### 3.3 Measures

#### *Organizational strategy*

The organizational strategy will be measured with the Beal questionnaire (2000). The respondents will be asked to indicate the extent to which their companies emphasized each of the 22 competitive methods in the past three years. The data will be recorded using three point scales with 1 = no emphasis, 2 = reduced emphasis and 3 = much emphasis. The respondents can also answer that they do not know or could not say if they emphasize a certain competitive method. Items are for example: ‘*Selling high priced products*’ and ‘*Reducing of total costs*’.

In the table below the strategy variables from Beal (2000) are displayed with their main characteristics.

**Table 3**

*Strategy variables*

<i>Variables</i>
<b>Innovation differentiation (ID)</b>
Marketing of new products
Developing new manufacturing processes
R&D of new products
Improving existing products
<b>Service differentiation (SD)</b>
Strict product quality control
Improving customer service
Product improvements in meeting customer expectations
Immediate resolution customer problems
Improving customer care
<b>Process differentiation (PD)</b>
Benchmarking best manufacturing processes in the industry
Benchmarking best manufacturing processes anywhere
<b>Cost leadership (CL)</b>
Reducing overall costs
Reducing manufacturing costs

#### *Alignment between organizational strategy and employee role behaviour*

The *alignment* between organizational strategy and perceived organizational strategy by employees, and the *alignment* between expected role behaviour and perceived role behaviour will be calculated by transforming the items to z-scores, calculating and then summing the differences between the employer observations and employee observations.

Linking organizational strategy with HR practices (*vertical alignment*) will derive out of the theory of Schuler and Jackson (1987).

#### *Employee Role behaviours*

To perform a specific task, it requires skills, knowledge and abilities (KSA's). More than this, employee role behaviours represent what is needed from an employee who works with other employees in an organization. Table 4 shows several dimensions along which employees role behaviours can vary. The dimensions shown are the ones for which there are likely to be major differences across competitive strategies. This can be illustrated by describing the various competitive strategies and their necessary organizational conditions in more detail, along with the needed role behaviors from the employees.

**Table 4***Employee role behaviour for competitive strategies*

1. Highly repetitive, predictable behavior	--- Highly creative, innovative behaviour
2. Very short-term focus	--- Very long-term behavior
3. Highly cooperative, interdependent behavior	--- Highly independent, autonomous behavior
4. Very low concern for quality	--- Very high concern for quality
5. Very low concern for quantity	--- Very high concern for quantity
6. Very low risk taking	--- Very high risk taking
7. Very high concern for process	--- Very high concern for results
8. High preference to avoid responsibility	--- High preference to assume responsibility
9. Very inflexible to change	--- Very flexible to change
10. Very comfortable with stability	--- Very tolerant of ambiguity and unpredictability
11. Narrow skill application	--- Broad skill application
12. Low job (firm) involvement	--- High job (firm) involvement

from: Schuler and Jackson (1987)

Each strategy needs to be supported by specific employee role behaviour (Schuler & Jackson, 1987). In choosing the *cost reduction strategy*, firms attempt to gain competitive advantage by being the lowest cost producer. According to Porter (1980, ), the characteristics of the cost-efficiency strategy are tight controls, overhead minimization, and pursuit of economies of scale. HRM priorities' are focused on increasing the efficiency of production/service, thereby lowering the cost of the products/services. Traditionally, when HRM priorities focus on efficiency of productions or services, the impact on HR relations includes lower wages and fringe benefits, restricted employee discretion, increased supervision, fewer employees, larger operations, and increased task specialization. These conditions characterize the traditional approach to HRM. Presumably, these conditions are associated with lower labor costs. They may, however, actually be ineffective in lowering labor costs if they contribute to a decline in employee morale, underutilization of skills, diminished feelings of personal control, and/or increased turnover (Blauner, 1964 in Schuler & Jackson, ). The primary focus is to increase productivity that is output per person. In summary, the profile of employee role behaviors necessary for firms seeking to gain competitive advantage by pursuing the competitive strategy of cost reduction is as follows: (1) relatively repetitive and predictable behaviors, (2) a rather short-term focus, (3) primarily autonomous or individual activity, (4) modest concern for quality, (5) high concern for quantity of output (goods or services), (6) primary concern for results, (7) low risk-taking activity, and (8) a relatively high degree of comfort with stability.

Whereas the cost-efficiency strategy is used to improve the efficiency of production or services and thus to lower the cost of the product/service, the *differentiation strategy* is used to differentiate the product or the company from its competitors (Porter, 1985). For example, although it may not make them more efficient, soccer teams such as Ajax have traditionally used their development systems and internal promotion policies to help differentiate them from their competitors with respect to their supply sources-young talented soccer players. Because the essence in a differentiation strategy is to be the most unique producer, conditions for creativity and innovation are created. HRM priorities then focus on facilitating innovation. The impact here on HR relations may include selecting highly skilled individuals, giving employees substantial discretion, using minimal formal controls, investing in human resources, providing sufficient resources for experimentation, allowing and even rewarding occasional failure, and appraising performance for its long-run implications (Schuler, 1986 in Schuler & Jackson 1989). These conditions characterize the innovative approach to HRM. Potential consequences for the individual of an HRM priority for innovation include enhanced personal control and morale and greater loyalty to self and profession rather than to the employing organization (Schuler & Jackson, 1989). Nonetheless, benefits may increase to the firm as well as the employee as evidenced by the success of innovative firms such as Hewlett-Packard and 3M.

Because the imperative for an organization pursuing an *innovation differentiation strategy* is to be the most unique producer, conditions for innovation must be created. These conditions can be rather varied. They can be created either formally through official corporate policy or more informally. Overall, then, for firms pursuing a competitive strategy of innovation, the profile of employee role

behaviors includes (1) a high degree of creative behavior, (2) a longer-term focus, (3) a relatively high level of cooperative, interdependent behavior, (4) a moderate degree of concern for quality, (5) a moderate concern for and results, (7) a greater degree of risk taking, and (8) a high tolerance of ambiguity and unpredictability.

The profile of employee behaviors necessary for firms pursuing a quality differentiation strategy is (1) relatively repetitive and predictable behaviors, (2) a more long-term or intermediate focus, (3) a modest amount of cooperative, interdependent behavior, (4) a high concern for quality, (5) a modest concern for quantity of output, (6) high concern for process (*how* the goods or services are made or delivered), (7) low risk-taking activity, and (8) commitment to the goals of the organization. Because quality enhancement typically involves greater employee commitment and utilization, fewer employees are needed to produce the same level of output. As quality rises, so does demand, yet this demand can be met with proportionately fewer employees than previously.

The *HR-role behaviours* will be measured with the questionnaire 'Employee Role Behaviours for Competitive Strategies' (Schuler & Jackson, 1987)) with 12 items on five-point scale (see table below).

Items are for example: '*Our employees have specialized and standardized duties focused on good provision of services to the customer. Employees are immune to stress and result driven*' and '*Our employees have specialized and standardized duties focused on delivering products-services to the market. Employees are immune to stress and commercial*'.

### **Linking HR practices to competitive strategies**

The successful implementation of a strategy requires the presence of an appropriate human resource system. To sum up, an overview of key HR practices for matching strategies are provided.

#### *Cost reduction*

The human resource management practices associated with the cost reduction strategy should include:

- a relatively fixed job description which does not allow ambiguities;
- Job design and career definition with great focus, which encourages the professional specialization and efficiency;
- Performance appraisal guided by short-term results;
- Monitoring of market pay levels for its use in the compensation programmes; minimum levels of training and development.

The profile of employee role behaviors necessary for firms seeking to gain competitive advantage by pursuing the competitive strategy of cost reduction is as follows: (1) relatively repetitive and predictable behaviors, (2) a rather short-term focus, (3) primarily autonomous or individual activity, (4) modest concern for quality, (5) high concern for quantity of output (goods or services), (6) primary concern for results, (7) low risk-taking activity, and (8) a relatively high degree of comfort with stability.

#### *Quality differentiation strategy*

The human resource management practices associated with the quality differentiation strategy should include:

- Relatively fixed and explicit job descriptions;
- High levels of employee participation in decisions relevant to immediate work conditions and the job itself;
- A mix of individual and group criteria for performance appraisal that is mostly short-term and results oriented;
- Extensive and continuous training and development of employees.

The profile of employee behaviors necessary for firms pursuing a strategy of quality enhancement is (1) relatively repetitive and predictable behaviors, (2) a more long-term or intermediate focus, (3) a modest amount of cooperative, interdependent behavior, (4) a high concern for quality, (5) a modest concern for quantity of output, (6) high concern for process (*how* the goods or services are made or delivered), (7) low risk-taking activity, and (8) commitment to the goals of the organization.

### *Innovation differentiation strategy*

Companies which pursue an innovation strategy and a competitive priority of flexibility may be characterized by the following features (Schuler and Jackson, 1995):

- Jobs that require close interaction and coordination among groups of individuals;
- Performance appraisals that are more likely to reflect long-term and group-based achievements;
- Jobs that allow employees to develop skills that can be used in other positions in the firm;
- Compensation systems that emphasize internal equity rather than external or market-based equity;
- Broader career paths to reinforce the development of a broad range of skills.

For firms pursuing a competitive strategy of innovation, the profile of employee role behaviors consists of (1) a high degree of creative behavior, (2) a longer-term focus, (3) a relatively high level of cooperative, interdependent behavior, (4) a moderate degree of concern for quality, (5) a moderate concern for quantity, (6) an equal degree of concern for process and results, (7) a greater degree of risk taking, and (8) a high tolerance of ambiguity and unpredictability.

### *Service differentiation strategy*

Following this strategy distinguish the firm from its competitors by emphasizing customer services before, during, and after purchase.

### **Instrument**

The strategy typologies are linked to the HR practices menu from Schuler & Jackson that puts the instrument together. The instrument indicates the characteristics of each specific strategy. Schuler & Jackson elaborated on the quality process differentiation, innovation differentiation and the cost reduction strategy. The other strategy of service differentiation will be clarified according to existing case studies.



	From Schuler & Jackson			Case study
	Quality differentiation	Innovation differentiation	Cost reduction	Service differentiation
Performance appraisal	Short-term, results oriented, mix of individual and group-based	*Reflect longer-term and group-based *Appraisal focusing on medium-term and collective achievement	Short term results oriented	Reflect longer-term and group-based
Job description	Relatively fixed and explicit job description	Requires close interaction and coordination among groups of individuals	Relatively fixed and explicit job description	Requires close interaction and coordination among groups of individuals
Training & development	Extensive and continuous training and development	*Broad career paths to reinforce the development of a broad range of skills *High investment in learning and development	*Minimal levels of employee training and development *Predictable career ladder *task-focusing training with short-term payback *limited opportunities for progression and development	*Broad? career paths to reinforce the development
Employee participation	High levels of employee participation in decisions relevant to immediate work conditions and the job itself			High levels of employee participation regarding job/task
Control systems	Relatively high control	Low control	High control	
Reward systems		*mix of individual and collective rewards *use of 'soft' performance measures, periodically monitored *emphasis on medium-term performance *high relative market pay	*Focus on individual rewards *Emphasis on short-term performance *Narrow and rigid pay structure * moderate relative market pay * use of 'hard'	*mix of individual and collective rewards

			performance measures, frequently monitored	
Employee Role behaviours	<ul style="list-style-type: none"> <li>*Relatively repetitive predictable behaviour</li> <li>*long-term or intermediate focus</li> <li>*modest amount of cooperative, interdependent behavior</li> <li>*High concern for quality</li> <li>*modest concern for quantity of output</li> <li>*high concern for process</li> <li>*low risk taking</li> <li>*commitment to organizational goals</li> </ul>	<ul style="list-style-type: none"> <li>*high degree creative behaviour</li> <li>*longer-term focus</li> <li>*relatively high level of cooperative, interdependent behavior</li> <li>*moderate concern for quality</li> <li>*moderate concern for results</li> <li>*greater degree of risk taking</li> <li>*high tolerance of ambiguity and unpredictability</li> </ul>	<ul style="list-style-type: none"> <li>*Relatively repetitive predictable behaviour</li> <li>*rather short-term focus</li> <li>*primarily autonomous or individual activity</li> <li>*moderest concern for quality</li> <li>*high concern for quantity of output</li> <li>*primarily concern for results</li> <li>*low risk-taking activity</li> <li>*relatively high degree comfort with stability</li> </ul>	<ul style="list-style-type: none"> <li>*Relatively repetitive predictable behaviour</li> <li>*intermediate focus</li> <li>*moderate concern for quality</li> <li>*moderate concern for results</li> <li>*high responsibility taking</li> <li>*commitment to the job/task</li> <li>*broad skill application</li> <li>* High commitment to the client</li> </ul>

Strategies, employee role behaviour and HR practices

Schuler & Jackson (1987) elaborated on three strategies namely cost reduction, innovation differentiation and quality/process differentiation from Porter and Beal (2000). The innovation strategy has significant implications for HRM. The innovation differentiation strategy differs from the quality differentiation strategy by managing people who are required to work *differently* whereas people in the quality strategy are required to work *smarter* on the same products or services. The emphasis in managing people from the cost-reduction strategy is to make them work *harder*. To encourage people to work differently, a company can allow its employees to devote 15% of their time on their own projects and to encourage employees to offer suggestions for new and improved ways of doing their job. For the quality differentiation strategy it means getting employees committed to quality and continual improvement. Quality improvement often means changing the processes of production in ways that require workers to be more involved and more flexible. HR practices can contribute in increasing the feelings of commitment to the firm and encourage flexibility from employees to meet quality requirement. Because quality enhancement typically involves greater employee commitment and utilization, fewer employees are needed to produce the same level of output. Often, the characteristics of a firm pursuing the cost-reduction strategy are tight controls, overhead minimization, and pursuit of economies of scale. The primary focus of these measures is to increase productivity, that is, output cost per person.

In the service differentiation strategy an important factor is quality, but contrary to the quality/process differentiation strategy less focus lies in the optimisation of quality of products/services. The service differentiation strategy focuses on the end-user and it often includes an overall package that determines the satisfaction of the product or services. For instance, an airline industry pursues a service differentiation strategy starts from convenient access to online resources to order tickets and save the customer time at the check-in gate until luggage handling at destination. A large responsibility of employees is the contact with the client and thinking on behalf of the client. Banking Industries, Airline industries and supermarkets are examples of industries that have been known to pursue the service differentiation strategy. These examples have in common to work and act in the interest of the client and with the mindset of the client. The impact on HRM must foster commitment to the client. I would like to further elaborate on the case of the airline industry that transforms its strategy into a service strategy. It requires:

- easy access/availability
- flexibility
- client focus
- commitment to the client

High levels of customer support can be created by people who can think for the client and assume high preference of responsibility towards the client. The primary measures of an organization pursuing a service differentiation strategy focus on customer satisfaction. People are allowed to work autonomous and judge each situation to decide what is best for the client.

According to the *employee role behaviors for competitive strategies* from Schuler & Jackson the following continuum from role behaviors are selected and elaborated on:

- Relatively *creative behavior* that focuses on problem solving capabilities.
- It is a *long term focus* (satisfied customers today, is business for tomorrow)
- *Highly cooperative, interdependent behavior*. Competitive behavior on the work floor can sometimes be at the expense of the client.
- *Moderate concern for quality*. If expectations of the client with respect to quality are not met, the client will not be satisfied.
- *High preference to assume responsibility* and in particular responsibility to the client
- *High job involvement*

## 4 Organizational strategy and employee role behaviour at Avancos

This chapter serves to describe the current situation at Avancos. The following sub questions will be answered:

- b. Are employee perceptions regarding organizational strategy in line with the actual organizational strategy?
- c. Is the expected employee role behaviour by the management in line with the perception of these by the employees?
- d. Is the expected employee role behaviour in line with the strategy of the organization?

The pursued organizational strategy and the perception of this strategy by the employees have been measured.

### 4.1 Organizational strategy

Organizational strategy has been investigated by handing out a questionnaire to as well as management as the employees. The questionnaire is based on the work of Beal (2000) who elaborates on the typologies of Porter's differentiation strategy. Four different differentiation strategies are distinguished namely innovation, quality/process, service and marketing. Additionally cost leadership is included although this strategy is often not practicable for small sized companies because economies of scale will not be reached.

A ranking has been made of the most dominant strategies as valued by the management members. Subsequently an equal ranking is made of the employee perception regarding the organizational strategy. Each variable (strategy) consists of x number of items. The ranking is determined by adding up the total score of each member (respectively management and employees) and calculate the mean. This mean is divided by the theoretical mean. The highest figure indicates the most dominant organizational strategy

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**Table 5**

*Ranking of Avancos' dominant strategies*

Strategy	theoretical mean	total mean management score	measure	ranking
Marketing	23	23	1	3
Quality/process	14	11.33	0.81	4
<b>Service</b>	23	25.67	1.12	1
Innovation	17	17.33	1.02	2
Cost leadership	14	10	0.71	5

---

The most dominant strategy indicated by the management turns out to be service differentiation strategy followed by innovation differentiation strategy. Not surprisingly cost reduction shows the lowest score. The same is investigated among the employees. The outcomes are presented are below.

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**Table 6**

*Ranking of Avancos' dominant strategies perceived by the employees*

Strategy	theoretical mean	total mean management score	measure	ranking
Marketing	23	21	0.91	3
Quality/process	14	8.91	0.64	5
<b>Service</b>	23	24.73	1.06	1
Innovation	17	1627	0.96	2
Cost leadership	14	11.55	0.83	4

---

As turns out, the employees perceive the *service differentiation strategy* as most dominant followed by the *innovation differentiation strategy* as well. The work process to achieve quality however receives the lowest score as indicated by the employees.

Avancos wants to be distinctive with offering better service to clients than competitors. The main concern for firms following this strategy is to offer products or services that have attributes that are perceived by consumers to be superior to those offered by other firms (Porter, 1980: 35-40). An organization that excels in offering the best service benefits from mouth-to-mouth advertisement. This strategy is well practiced among for example airline companies in which all the processes are designed to increase traveler's comfort.

In the case of Avancos, the service strategy means that the client is involved to search for the best staffing solutions and to make sure that client expectations are met. Because the consultant has close contact with the client, he or she is also mainly responsible for the success or failure in meeting the client's expectations. The core values are also focused to emphasize the importance of the influence each individual has in determining success or failing. Responsiveness, mutual respect and professionalism are three examples of the core values of the company.

However, the expectations of the client are often closely linked to quality. It takes time to process and screen each applicant. Higher quality of the presented candidates results directly into higher efficiency. Additionally, client expectation might require some flexibility in the way of working of consultants and the company.

## 4.2 Employee role behaviour

Avancos wants to differentiate itself on the basis of superior customer service. An organization-wide energizing vision of service excellence is a powerful source of competitive advantage in service organizations. Such strength can be the bedrock of a quality and service quality sustainable competitive advantage. A service organization that does not have a shared vision and culture of service excellence will have a tough task acquiring it, as it cannot be bought.

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**Table 7**

*Employee role behavior expected by the management*

Strategy	theoretical mean	total mean management score	measure	ranking
Marketing	15	6	0.4	3
Quality/process	15	12	0.80	1
<b>Service</b>	15	4	0.27	4
Innovation	15	7	0.47	2
Cost leadership	15	1	0.07	4

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From the data can be concluded that the management expects from his employees to act with a high concern for the process to reach high quality. Remarkably the service strategy comes at second last place, above cost reduction strategy.

The same is calculated for the employee perceptions however with different outcomes. Employees show more consistency in their perception about strategy of the organization and what role behavior is expected from them.

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**Table 8**

*Employee role behavior perceptions of the employees*

Strategy	theoretical mean	total mean management score	measure	ranking
Marketing	55	24	0.44	3
Quality/process	55	12	0.22	4
<b>Service</b>	55	44	0.80	1
Innovation	55	25	0.45	2
Cost leadership	55	5	0.09	5

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### 4.3 Conclusion

The obtained results give answer to the sub questions. The first data from table 5 represent the ranking of strategies that are most highly pursued by the management. The results tells that the service differentiation strategy is highest valued followed by an innovation type of strategy. The latter strategy should be interpreted as working different from the competitors with continuous renewal of services offered. The perception of employees of this intended pursued strategy corresponds with the service differentiation strategy. Thus, the perception of the employees regarding organizational strategy is in line with the strategy the management intends to pursue.

Ideally the employee role behavior should fit with the intended strategy. Each set of employee role behavior matches with a specific type of strategy. This is investigated in the second part from this chapter. From table 7 can be concluded that the management expects the employee role behavior that is more suited to the quality/process differentiation strategy, instead of the service differentiation strategy. However, the employees indicate that the employee role behavior that is expected from them by the management fits most with the service differentiation strategy from the company. So overall, the employees perceive the right strategy and their perception of the employee role behavior that is expected seems to fit with the intended strategy. The management however indicated to expect a employee role behavior that fits most to the quality/process differentiation strategy and not the service differentiation strategy.

In the next chapter I will look more into a bundle of consistent HR practices that are already in place or should be implemented to strengthen the alignments between organizational strategy and employee role behavior.

## **5 Future state for performance management**

The main question in this report is what performance management can contribute to a better alignment between organizational strategy and employee role behaviour?

What we can learn from theory is that performance management as a set of coherent HR practices should be aligned with the strategic goals of the company and emphasizes employee role behaviour that fits with the organizational strategy. The performance management system as integral part of HRM policy can contribute to create an atmosphere or organizational climate in which people are motivated and encouraged to strive after the organizational strategy.

Although the perceptions of as well as management as employees regarding organizational strategy and employee role behaviour appear to be fairly consistent, findings with respect to the management of employees point at the cost reduction strategy.

Employees perceive the right organizational strategy and the employee role behavior of what they think that is expected from them are aligned with the organizational strategy. The management expects the employee role behavior that is not aligned with the organizational strategy they intend to pursue. The process/quality differentiation strategy was originally applied at the car manufacturer industry. For this industry however the process/quality differentiation strategy can be rather distinguished from the service differentiation strategy.

In many other industries quality (or the process to gain it) needs to be further defined. In the car manufacturing industry the process to reach highly qualitative products relates to the whole process in which a product is manufactured. This is clearly distinctive from a service differentiation strategy in which the client's interests receive top priority.

For the industry in this case service needs to be further defined. The role behavior the management expects from its employees fits the quality/process strategy. However, this is not completely distinct from the service differentiation strategy as the quality of delivered applicants can meet the client's service expectations.

### **Role behaviour**

The major employee role behaviours for the implementing a service differentiation strategy consists of:

- High preference to assume responsibility
- Broad skill application
- Commitment to the job/task
- High commitment to the client
- Cooperating, interdependent behaviour
- Coping with unpredictability

The alignment between a service differentiation strategy and the employee role behaviour can be strengthened with a bundle of coherent HRM practices.

### **5.1 Existing HR Practices and performance management**

The activities of personnel management are especially visible in the selection methods applied to see who fits the organization and who does not and when performance is somehow rated and rewarded in an equal manner and qualifications of knowledge and skills are maintained (development) etc. These are the most visible parts of personnel management. Often these tasks are performed by the supervisor with or without assistance from a personnel department.

According to the behavioral perspective (Miles & Snow, 1984; Schuler & Jackson, 1987), for example, organizational characteristics such as strategy require unique attitudes and role behaviors if performance is to be effective, and HR activities are the primary means used to reinforce the kinds of employee behaviors a firm requires. For this type of organization that tends to pursue a service differentiation strategy output is more sensitive to variations in human skills, knowledge and attitudes and to mental effort rather than physical effort. Their responsibility should only be that of serving the

client with quality and speed which requires activities such as planning, trouble-shooting, problem solving and quality assurance.

The effectiveness of performance management depends for a large part on the implemented HR practices and whether these HR practices are aligned or not. The major HR practices that should be implemented according to the service differentiation strategy are somewhat similar to the HR practices of the innovation strategy. The instrument shows that the main HR instruments are:

- Selecting and hiring new personnel based on (core) competences
- A performance appraisal that reflects the longer term and is group-based.
- Job descriptions that require close interaction and coordination among groups of individuals
- Control systems that are relatively self controlling (peer control)
- Broad career paths to reinforce the development of a broad range of skills

...reflecting this, selective staffing and comprehensive training programs that emphasizes superior interpersonal communicative skills with creative problem solving capabilities and ensuring conformance to customer requirements. HR practices must facilitate team-work, cooperative behavior and taking ownership. People must be encouraged to take responsibility for the client and the job/task. Commitment to the job/task and high commitment to the client go without saying. People can be held accountable for the results, not for the way they achieve results. An autonomous way of working is desirable which gives people freedom to perform on the task the best they could. Tight control mechanisms are counterproductive in providing autonomy and responsibility. Now I will discuss a few HR practices applied to Avancos.

#### *Recruitment and Selection*

The selection, promotion and placement process includes all those activities related to the internal movement of people across positions and the external hiring of new employees. The essential process is to match available human resources to jobs in the organization. It means defining the organization's people needs for particular positions and using the available pool of people to determine the best fit. The company has to devise a wide selection and promotion system which supports the organization's business strategy. A change in strategy might require different capabilities from the capabilities the current employees possess. An overview is provided regarding the traditional methods and the new methods.

#### Differences between traditional and future recruitment- and selection process

##### Traditional selection

Job analysis: match of skills capabilities and knowledge with a well described function

Emphasis on technical-instrumental qualifications

The use of traditional selection methods with a strong emphasis on interviews

Function or job is central

##### Future recruitment-and selection

Organizational analysis: fit between general personal characteristics, needs, interests, values (some competences) and the culture of the organization.

Emphasis on more general competences

Innovative management tools to screen applicants like simulations, on the job observations and training

The interaction person/organization is central

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Avancos should shift some of there current selection methods away from the traditional to the future recruitment- and selection methods. This stage is important for the performance management system.



### *Job descriptions*

Relatively fixed (stable) and explicit job descriptions that allow little room for ambiguity are often applied in a cost reduction strategy. For a service oriented firm on the other hand job descriptions should be less fixed and explicit and focus more on function requirements with needed role behaviour. Job descriptions can consist of mainly *tasks* or *competences*. If work is highly standardized and controlled it is more likely that job descriptions consist of mainly tasks.

People are held accountable for their results. As well as the job description as the final evaluation of employees is carried out based on competences and performance standards that are agreed on in advance.

### *Monitoring*

Work that is standardized is strictly controlled like in a cost reduction type of firm. However if more authority and responsibility is provided to employees, each work activity should be monitored less strict instead the results and progress should be monitored. Regular build-in feedback mechanisms between consultants and clients and among employees can help to assure service quality.

## **Performance Management**

The definition used earlier in this report provides insight of which key elements performance management must contain.

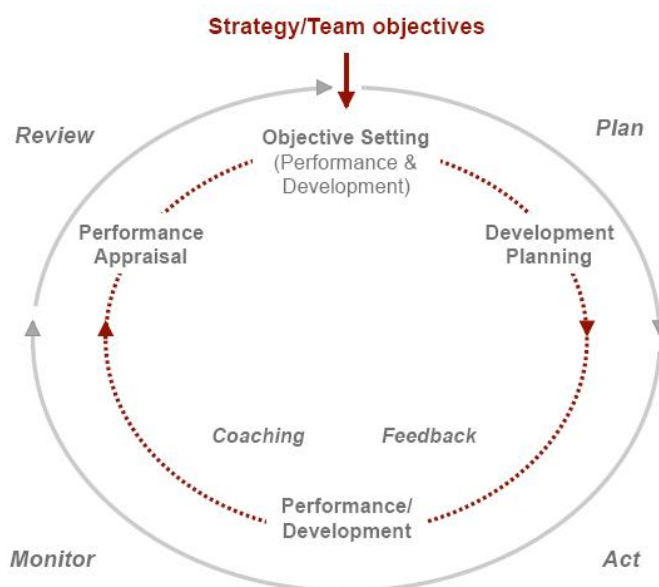
*“Performance management involves the setting of corporate, departmental, team, and individual objectives (sometimes labeled “policy deployment”, the cascading down of strategic objectives to a meaningful set of targets for every individual involved); the use of performance appraisal systems; appropriate reward strategies and schemes; training and development strategies and plans; feedback, communication, and coaching; individual career planning; mechanisms for monitoring the effectiveness of performance management system and interventions and even culture management. Thus, performance management involves the day-to-day management, as well as the support and development of people. (Boselie et. al, 2004:558)”*

The main elements from the definition of performance management are presented in a widely used common model (see fig. 5)

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**Figure 5**

*Model of Performance Management*



### *Target setting- performance agreement*

Team objectives need to be broken down further into individual objectives, which are laid out in a document known as a performance agreement. Starting with this type of top down (from organizational objectives to team objectives to individual objectives) approach provides employees clarity of knowing that their individual goals are in alignment with team goals and with the organizations strategic objectives. This can be a motivating factor in individual performance. Eventually these pre-determined set of standards will be evaluated and by comparing the individual's performance against the standards, shortcomings can be addressed. This indicates that the employee needs further knowledge and skills training in a particular area. However before moving to the training and development area it should be noted that employee shortcomings on performance could be assigned to other factors such as providing the relevant information, giving the individual the right level of responsibility and authority and providing managerial feedback.

Setting targets can contribute in supporting the right employee role behaviors by including for instance customer satisfaction.

### *Development*

Training takes place so far at ad hoc basis. As trainings can be costly, training is task-focused. Task-focused training has the benefit of easily identifying pay-back on the short term. Development of broad skills on the other hand is more beneficial on the longer term.

HRM can contribute in creating a climate in which there is room for employees to optimally execute the service differentiation strategy. How can employees be encouraged to think and act in the clients best interests, should be the question in this matter.

These activities are to ensure that employees are properly equipped with skills and knowledge to perform on their job/tasks. These activities can vary from simple job training for lower level employees to the long term development of senior managers. The three major areas concerning the development are 1) job improvement, developing specific job skills and competences; 2) career planning, focus on individual growth and development in relation to the organizational opportunities; and 3) planning to ensure the supply of human resource talent for future needs based on the strategic plans of the company. The essence is to have a human resource planning system which makes accurate forecasts.

Avancos can use senior experienced consultants who are able to close a deal and ensure that expectations can be met at the same time. The development program includes the specific competences that are required such as communicative skills, sales training and negotiation skills. Branch knowledge can be acquired by sharing knowledge and attending branch related seminars. All-round consultants can overcome the problem of hierarchy in a small sized company.

### *Monitoring*

Work that is standardized is strictly controlled like in a cost reduction type of firm. However if more authority and responsibility is provided to employees, each work activity should be monitored less strict instead the results and progress should be monitored.

### *Performance Appraisal process*

The appraisal process is central to the human resource cycle. It contributes to three essential processes:

- Rewards cannot be allocated in relationship to performance unless there is an appraisal system which is able to measure performance. Such appraisal systems range from subjective personal evaluations to objective data based on profitability, market share, client satisfaction and other output measures.
- Human resource planning cannot be accomplished without valid appraisals. First, an assessment cannot be made of the current inventory of talent without a valid appraisal process which indicates who has been performing well and who poorly. In addition, future human resource projections cannot be made unless the appraisal process provides data on the future potential of people in the company.
- The development process is also linked to the appraisal process. Based on an assessment of an individual's performance and assessed potential both the individual and the organization can

plan for future training and development. As with the reward and planning process, a weak data base leads to hit or miss training and development processes.

The company has to develop appraisal processes which are supportive to the business strategy. Avancos can aim at appraisal and incentive systems at assessing and rewarding customer service behaviour. Many companies and organizations work with periodic cyclic interviews in which several elements from performance- and or development management are included. Such a cycle however contain almost ever components of an appraisal- and a workfunction system.

Avancos used to practice weekly one to one sessions between team leader and consultants to discuss progress and setting new targets. Topic of discussion often includes the results achieved and an evaluation of cooperation among team members. The weekly numbers show among others the number of positions that is worked on and the number of candidates that were presented (in expectation of hiring). There are no other techniques used like 360-degree peer appraisal, multi-source appraisal and multi-rater appraisal than the traditional supervisor rating. Performance appraisals can guide employees' behaviors and ultimately influence organizational productivity.

### *Rewards*

The company rewards individually however the company informed to work on team based rewards as well. Individual rewards are based on the number of candidates that are hired by the client. Rewards are always financial. In general, people that are rewarded for their individual performance could act less in the interest of the group or team. Team based rewards on the other hand can work as extra motivator and allow peer pressure.

As can be seen in the human resource cycle rewards are a major factor influencing performance. It is important to do a good job of managing rewards to produce desired employee role behaviour. A major issue with regard to reward systems is how to use the reward system to overcome the problem of short sighted management. Often, reward systems encourage short term achievement at the expense of long term goals. For this reason rewarding (qualitative) output can be at the expense of customer satisfaction which has consequences for future partner agreements.

Sometimes people may feel they are wearing two hats. With one hat numbers measurable output and numbers have to be produced without guarantees for success. The other hat concerns the process at the final stage where the client reviews the quality. The reward process is linked to the appraisal process and rewarding customer satisfaction and cooperative behaviour provides employees the freedom and fosters creative problem solving capabilities to do anything that is necessary which leads to client satisfaction.

### **Summary**

Consistency in HR practices is essential to support desired employee role behavior and to implement organizational strategy. For instance team based cooperative behavior and can be encouraged with team-based rewards. Currently a large part of the rewards are individually based. Pay is market average which partially involves bonuses and job security is not provided. Training programs and career planning can influence a sense of job security and future perspective. Internal career opportunities are limited and trainings are scarce and if provided task focused to improve short term results. Managing employees happens to go along with control. Control mechanisms best fit the cost reduction strategy. From the start it appears that new personnel are selected on tasks, and not on competences. Initially the work tasks are simple, repetitive and under relatively tight control through recording input in the database. Performance standards are set individually though goal setting interviews. Rewards are individually dependent on measurable results.

The way of working guided by consistent HR practices ultimately introduces the concept of performance management. It can change the way people think and behave. Performance management, consisting of coherent HR practices, must be designed to foster the employee role behaviours such as commitment to the client and commitment to the job/task.

## 6 Conclusion

Managing employees with the help of performance management includes setting goals and targets that are not only individual but also linked to organizational goals. Employees need support from co-workers or managers and a development plan needs to be in place in case poor performance is addressed. Then individuals receive regular (e.g. three to four times a year) feedback through performance appraisals in which former set targets will be evaluated and accordingly rewarded. Key performance indicators can be included in the monitoring system which can also be evaluated in during the performance appraisals.

### **Key points for implementing performance management:**

- Excellence in service requires relatively strict quality control. Regular feedback to evaluate progress must be provided to employees. Feedback involves the client, the manager and team co-workers.
- Appropriate reward schemes must be linked to a client satisfaction indicator which also serves the long-term aspect. Others include team-based rewards to ensure cooperative behavior.
- Comprehensive training programs facilitate in communicative skills and creative problem solving capabilities. Focusing on a broad range of skills can provide employees the opportunity to grow into an all-round role.
- The performance management process includes developmental plans for the future.
- Training is provided to managers on how to conduct a performance evaluation meeting.
- The quality of performance appraisals is measured.
- There is a system in place to address and resolve poor performance.
- The performance appraisal includes information other than that based on the judgment of managers.
- The performance review process is consistent across the organization.
- Employees can expect feedback on their performance more than once a year.
- 360 reviews are used to support the performance evaluation process.
- The performance management process includes ongoing goal review and feedback from managers.

It is not necessary to have all key practices, however the more practices an organization implements, the more effective the program. It doesn't matter which practices are implemented as much as how many are implemented. Additionally, the order of implementation should not have any significant impact.

The final comment goes out to the management to carefully consider what employee role behavior they expect from the employees that is aligned with the pursued strategy. As appeared from the questionnaire results, the employee role behavior they expect is more in line with the quality/process differentiation strategy than service differentiation strategy. To much control management must not be at the expense of flexible work processes. Control on numbers does not necessarily guarantee quality and customer satisfaction. Some control is unavoidable but concerns quality and not as much on quantity. Holding employees responsible for their accounts in terms of results and customer satisfaction could increase their feelings of taking ownership and their willingness to assume responsibility.

### **Limitations and Suggestions for Future Research**

The limitations of this study constrain the size of the company and the measurement of effects of the implementation of the new system. Gaining a clearer understanding of the relationships between HR systems, strategy, and performance will require longitudinal analysis.

It is shown that the attitude of the firm's owner(s) towards its employees is a major determinant of the firm's profitability. The effect of HRM philosophy on productivity is smaller, albeit still highly significant.

The instrument that is introduced in this study needs to be further developed and empirical findings are desired. A sample of companies with the same environmental characteristics can be used to further test the models of alignment and the effects on organizational performance. A measure is available to calculate the strength of the alignment between organizational strategy and employee role behavior. Subsequently the `strength` can be linked to performance outcomes and compared among companies from the sample group. This could contribute to the support for the `best practices` approach.

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## APPENDIX 1

### Research survey questions

#### Strategy

In this section we are interested in the strategy / organizational goals of your organization

1. Below several competitive means are presented. Please indicate per mean to what extent your organization has received attention in the last three years. With 'product we mean a product as well as a service.

Please choose from:

- 1 = none
- 2 = little
- 3 = not little/ not much
- 4 = much
- 5 = very much

	1	2	3	4	5
Attentive control of product quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reducing of total costs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reducing costs of company process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Selling high priced products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving service to the client	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving the performance of the sales men	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving existing company processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product improvements to meet better the expectations of the client	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building brand and- company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introducing new products to the market	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing new company processes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Immediately solving problems at the client	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benchmarking own company processes against the best company processes within the branch.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing new products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New service to the client	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Innovative marketing techniques	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Securing reliable distribution channels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Offering wide arsenal of products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Better after sales to the clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benchmarking own company processes against the best company processes anywhere.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Placing ads and other advertising activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving existing products	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



2. In the frame below 5 descriptions are presented of an organizational strategy. Divide 10 points over these five strategies, depending on to what extent each description fits best to your own organization. Allocate the most points to the description that is most applicable to your organization. Ascribe the least points or no points at all to the description that applies the least to your organization. Be sure that the total number is 10 points.

	Our organization is focused on producing and delivering new products to the market.	
	Our organization is focused on creating an image at potential clients that the products of our organization are clearly distinctive from those of our competitors.	
	Our organization is focused on distinguishing our organization compared with competitors by emphasizing our services to the client, as well as in advance as during as afterwards the sale. (Onze organisatie richt zich op het onderscheiden van onze organisatie ten opzichte van onze concurrenten door onze dienstverlening aan de klant, zowel vooraf, tijdens als na afloop van de koop, te benadrukken)	
	Our organization is focused on distinguishing our organization compared with our competitors by benchmarking de best manufacturing/production/service processes. (Onze organisatie richt zich op het onderscheiden van onze organisatie ten opzichte van onze concurrenten door het 'benchmarken' van de beste fabricage/productie/dienstverlening processen)	
	Our organization wants to be distinctive from our competitors by producing products/services with the lowest costs.	
		10 points

### Attitude and Behavior employee

**In this section we are interested in the attitude and behavior of your employees as expected by you (In deze sectie zijn we geïnteresseerd in door u verwacht(e) gedrag en houdingen van uw medewerkers'**

3. In the table below, please mark with a cross to what extent you expect the (role) behaviour from your employees. Kruis in de onderstaande tabel aan in hoeverre u het volgende (rol)gedrag van uw medewerkers verwacht.

Following applies:

- 1 = certainly not applicable
- 2 = usually not applicable
- 3 = sometimes, sometimes not applicable
- 4 = often applicable
- 5 = certainly applicable

	1	2	3	4	5
Commitment to the organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Feeling pleasant-comfortable with stability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Concerned with the number of output (quantity)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Having/taking responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Independent, autonomous behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Creative, innovative behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attention for the process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commitment to the executive/manager	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Attention for quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Concerned with distinctive capabilities of products/services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bringing in wide skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Flexible for/to change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Commitment to profession/work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Repetitive, predictive behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Short term focus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taking risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Concerned with the results	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
cooperating, interdependent behaviour	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Long term focus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commitment to the team	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Commitment to the client	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Able to cope with indistinctness and unpredictability.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Concerned with distinctive ability of the production process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4. In the frame below 5 descriptions are presented about a type of employee. Divide 10 points over these 5 descriptions, dependant to the extent that each description applies to the largest part of your employees. Allocate the most points to the description that is best suitable to your organization. Ascribe the least points or no points at all to the description that applies the least to your organization. Be sure that the total number is 10 points.

	Our employees have mainly simple till average complex duties focused on the quality of the process. Employees are multi employable, they carry out but they also need to coordinate and cooperate.	
	Our employees focus on developing and renewal, mainly within projects. The work process is unique and specialized. Focused on the long-term results.	
	Our employees have specialized and standardized duties focused on good provision of services to the customer. Employees are immune to stress and result driven.	
	Our employees have mainly simple, routine driven duties focused on efficiency. Employees have to carry out, doing, and their job is focused on realizing short term results.	
	Our employees have specialized and standardized duties focused on delivering products-services to the market. Employees are immune to stress and commercial.	
		10 points