

Technical
security company

Leadership and HRM in a small, growing company



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Auteur: Judith Herwig
Student number: 1104977
Master: Business Administration
Track: Service and Change

1st supervisor: Henk Kroon
2nd supervisor: Peter Schuur

Inhoud

List of Figures.....	1
List of tables	1
Introduction.....	2
Challenges	2
Research question	2
Theory.....	4
Methodology	6
Participant observation	6
Video observation	6
Document analyses	6
Semi-structured interviews	6
Analyzing data	7
Results	8
Conclusion and discussion.....	9
Recommendations	11
References.....	13

List of Figures

Figure 1 research model: relation between HRM, trust n leadership and improved organizational performance.....	3
figure 2 research model: relation between HRM, trust n leadership and improved organizational performance.....	4
figure 3 research model: relation between HRM, trust n leadership and improved organizational performance.....	8

List of tables

Table 1 summary answers to the sub-questions.....	9
Table 2 Recommendations.....	11

Introduction

This research is commissioned by a technical security company that advises customers on a security strategy, delivers the products and executes the installation. The context of this research is a small but growing organization. In this research it will become clear why leadership and HRM can be combined in small organizations and to what outcomes that will lead. In order to address the challenges of the organization relevant literature is gathered and a qualitative field research is performed. In this introduction the challenges and the research questions are introduced. In the theory chapter the relevant theories are mentioned and explained. After that the used research methods are discussed in the methodology chapter. The results that follow from executing these methods are stated in the results chapter. Then the research questions are answered in the conclusion and the research is discussed. Lastly organization specific recommendations are stated in the last chapter. Next to this paper, a report is written specifically for the commissioning company. This company specific report is available for accreditation at the office of the first supervisor, Henk Kroon.

Challenges

The organization choose for the differentiation strategy. However, lately the delivered quality wasn't always consistent with the standard. The director indicated that there are problems with the internal communication and with his time schedule to be able to address these issues. The company is growing and employs mostly young and inexperienced employees. Tasks are sometimes incompletely executed, there is little feedback on the tasks and the director has difficulties delegating tasks. After the first orientations it became clear that the different challenges could be brought back to a leadership problem. The organization is going through a growth crisis and the trust in leadership is low. Low trust in leadership is causing the symptoms of incomplete tasks, little feedback and little delegation. This asks for changes in leadership. It is important to tackle this low trust in leadership problem, since this enlarges the change that tasks aren't completed in the right way. This is a threat to the organizational performance. The intended organizational performance is to deliver a high quality and service. This requires high commitment and good communication from all individuals in the organization. The intention is to improve the understanding of this problem and make a contribution to the solution. Collected and generated data will be used to further understand this real life problem. Therefore this problem will be dealt with by performing an applied research.

Research question

In order to contribute to resolving the organizations challenges research needs to be done on how and why employees follow their leader. Therefore this research will focus on the trust between the leader and the followers. The goal of this research is to improve the organizational performance of a small but growing organization by increasing the trust of followers in their leader. In order to achieve this goal the following research question needs to be answered.

In what way can a leader create trust in leadership in a small, growing company, in order to increase the organizational performance?

In order to be able to answer the main research question five sub-questions are constructed to give direction to the research.

1. *How can the way of leading the employees facilitate more trust between the leader and the followers?*
2. *In which way does the extra trust leads to a better organizational performance?*
3. *In which way is the organization led at this point?*
4. *In which way does an organization structure changes as a result of growth?*
5. *In which way does the organizational structure of this organization change as a result of the growth*

The trust in leadership can be increased by applying different leadership characteristics. These traits are: setting and compelling direction, creation of an enabling structure, create and sustain a supportive context and coaching, and integrity. These characteristics can be achieved in practice by using HRM practices. When this is successfully done this will lead to higher trust in leadership. Looking at the theory this trust in leadership will lead to higher commitment of the followers and improved communication. The intended organizational performance is in this case delivering on high quality products and services, the commitment and communication will contribute to these performances. This result is depicted in the research model that is central in this research (figure 1).

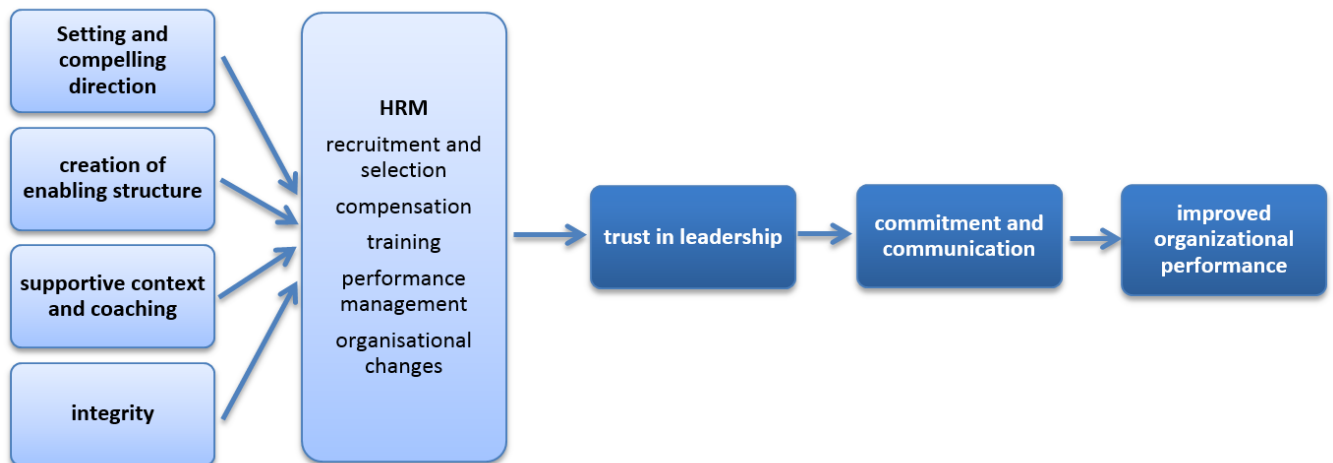


Figure 1 research model: relation between HRM, trust n leadership and improved organizational performance.

Theory

After establishing the research problem a literature research is performed to learn about the theory behind this problem. The first, second and fourth research question will be answered using these theories. First it needs to be established what leadership is. Leadership is a broad term with not one clear definition and there is no universal list of traits that all good leaders must possess (Tidd & Bessant 2009). Many different but overlapping definitions are used within the organizational field. John Hayes (Hayes 2014) discusses the role of leadership in change management and sees the leadership as a process that involves influencing others in order to achieve certain pre-set goals. According to Cameron and Green (2012) a leader should be well rounded and should be aware of getting stuck in one way of doing things. Tidd and Bessant (2009) say a successful leader had the technical expertise to influence group performance and broader cognitive ability, such as creative problem solving and information processing skills. A dynamic model was made by Westly and Mintzberg (1989) what depicts that leaders follow a path of repetition, representation and assistance. Taken these views into account it can be concluded that the leader has to set the direction and should accompany and support the followers towards this direction. In small organizations there is not a full time HRM manager present. Therefore the HRM tasks belongs to leader and mostly in the same time the owner. HRM aspects have a lot of overlap with leadership aspects an can be easily combined because of that (Drath et al 2008; Mazzarol 2003; Cardon en Stevens 2004).

Burke at al. (2007) combined all the previous research about trust in leadership and made a model of what leadership characteristics can be used to improve the trust in leadership. However this model lack a practical method of how the characteristics can be developed in practice. When leadership and HRM is executed by the same person the HRM practices can be used to practically use the leadership characteristics of Burke et al (2007). This new model of creating trust in leadership is depicted in figure 2.

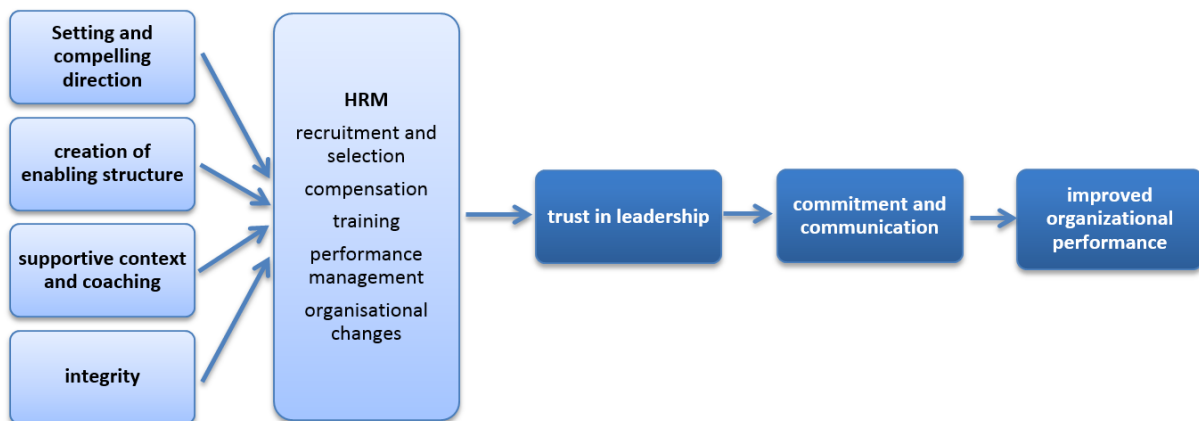


figure 2 research model: relation between HRM, trust n leadership and improved organizational performance.

After the literature research on the subject of trust in leadership the model as depicted in figure 1 was established. This model is based on the model of Burke et al (2007) which explains that a leader can get the trust of his followers by performing the leadership characteristics (figure 1). setting and compelling direction is explained as that the leader is responsible to set a clear and confirmative direction for the organization. By installing the right structure a leader can show his capability and win trust in that way. An enabling culture consists out of a good allocation of resources, clear core norms of behavior and the team composition. A supportive context can be created by applying transactional leadership, transformational leadership and coaching. In that way the leader can be a benevolent

leader that genuinely cares about his employees and acts this out. Responsibility, perceptions of justice and congruence of values determine the integrity of the leader. However the original model is lacking a practical method to transform the characteristics to be practical achievable. It can be taken from the literature that HRM practices can be deployed for the same goals as the leadership characteristics. In this way a leader can use the HRM practices to realize a certain leadership style. HRM practices are more tangible and more practical than leadership characteristics and can be practically applied in the organization. In the research model the HRM practices as mentioned by Cardon and Stevens (2004) are used, because these HRM practices are usable and present in small organizations. These practices are: recruitment and selection, compensation, training, performance management and organizational changes. To recruitment and selection belongs everything around finding and hiring the right staff. Compensation contains all decisions about rewarding the employees, both in the form of money and other reward forms are included. Training means the training and development of employees in the form of tutoring and improving the skills. This can include the formal training programs and also the informal organizational socialization like integrating within the organization. Performance management is evaluating the performances, performing disciplinary procedures and letting go of employees. Organizational changes are changes of the composition of the organization. The first, second and fourth sub-question could be answered using the theory. With this the research model is constructed (figure 1) to find the right theory to be able answer the research questions.

When an organization grows it is important for the leader to have a clear long term direction (Mazzarol 2003). When a certain strategy is chosen, the challenge to get the entire organization aligned to work according to the strategy has started. When employees aren't motivated to follow the strategy the leader will have to find a way to make a will for it among the employees. Organizations can choose different strategies to differentiate themselves from the competition. One of these strategies is to differentiate from the competitors by being unique, for example by using the newest technologies and delivering high quality products and services. This is called the differentiation strategy (Porter 2008). This strategy is combined with a higher price and this has to be in proportion to the delivered quality. When an organization fails to deliver the promised quality while customers pay a higher price, they will look for alternatives and the customers are lost. It is therefore important that the organization is and maintains capable of delivering that quality.

Methodology

For the third and fifth research question information from the practice of the organization is required. In order to research the current leadership a mix of multiple qualitative research methods is used to get a complete picture. The methods of participant observation, video observation, in-depth interview and document analyses are used.

Participant observation

The participant observation method is chosen because this will enable the researcher to get an inside view of the organization and its processes. Motivation is part of the culture and isn't always showing in official documents or official interviews. A participant observation of the daily routine could give more insight about the background culture and the accompanying motivation. The observations are set up ethnographically and with this the researcher will examine attitudes, opinions, perceptions, emotions and values.

The researcher will be working at the office and is introduced as a researcher who will fulfill the support function. This means that the participants know what the researcher is set to do and it has to be taken into account that this will influence their behavior. There is a work station available among the other employees what makes the treatment equal. Next to that the researcher will join on site job to get a better view of how the lone-workers work. Since the research is commissioned by the director the employees could take the alleged ties with the director into account when working with the researcher (Babbie 2010). Also because the researcher is working inside the organization the processes will be influenced by her work. While keeping this limitations in mind this method is useful to get an inside view of the organization and its processes (Aken et al. 2007)

Video observation

In order to observe the leadership style of the director the weekly job meetings are being videotaped. These meetings are between the director, the mechanics and the planner. Video observations are more complete since every second is recorded. The researcher can watch the material multiple times to make a thorough analyses of the behavior. The sudden presence of a video camera can influence the behavior of the participants. In order to minimize this effect multiple meetings will be recorded. Recording multiple meetings is also necessary to avoid recording an exception.

Document analyses

Looking into existing documents can reveal information that the organization members have partly of completely forgotten (Aken et al 2007). In this research the work notes, financial reports, procedures, employee files and the quality manual can be used for additional information. A limitation of documentation is that there is no opportunity to ask additional questions. When the information from the documentation is complemented with information from other qualitative research methods this limitation can be minimized.

Semi-structured interviews

When investigating leadership it is a logical step to have an interview with the leader himself. This interview can give some insights in the ideas and motivations of the leader. In order to see how the followers perceive the ideas of the leader, the employees will also be interviewed about the same topics. The interviews are semi-structured to get the most qualitative information (Aken et al 2007). The structure is needed so the results from the different interviews can be compared with one another. They are however not completely structured so that there is more room for answers that the researcher doesn't expect.

Analyzing data

When using a qualitative method to gather the data it is appropriate to also use a qualitative method to analyze the data. This means that the observations will be examined and interpreted in a non-numerical way, in order to discover the underlying meaning and patterns of relationships (Babbie 2010).

Qualitative data is mostly very chaotic and needs to be structured before conclusions can be drawn. One way of doing this is coding the observation notes and the interview results. The data from the document analyses can be structured by categorizing and putting the data into clear tables. After the data is coded and organized, this can be reviewed to look for answers to the research questions. In order to do this it would be useful to allocate the structured data per research question and sub research questions. This will give a nice overview of the data per question and makes it easier to draw conclusions. The results that followed from analyzing the data from the different methods are compared to each other and combined into one description of the situation. In order to research the current organization structure and the changes that took and take place in this, mostly document analyses is used. Next to that the in-depth interviews are used to generate more background information on the documents. By analyzing all the data from the different qualitative methods the research model (figure 1) is used in order to categorize the data. In this way the data can be easily used to construct answers to the research questions.

Results

With third and fifth research questions the current situation of the leadership and the organizational structure, within the organization is looked at. The methods of the previous chapter are applied at the company. During the analyses the gathered data is combined with the theory from the literature research. The results concern the light blue boxes of the research model (figure 2). There are results per leadership characteristic and the accompanying HRM practices. The dark blue boxes are the expected outcomes due to changes in the light blue boxes.

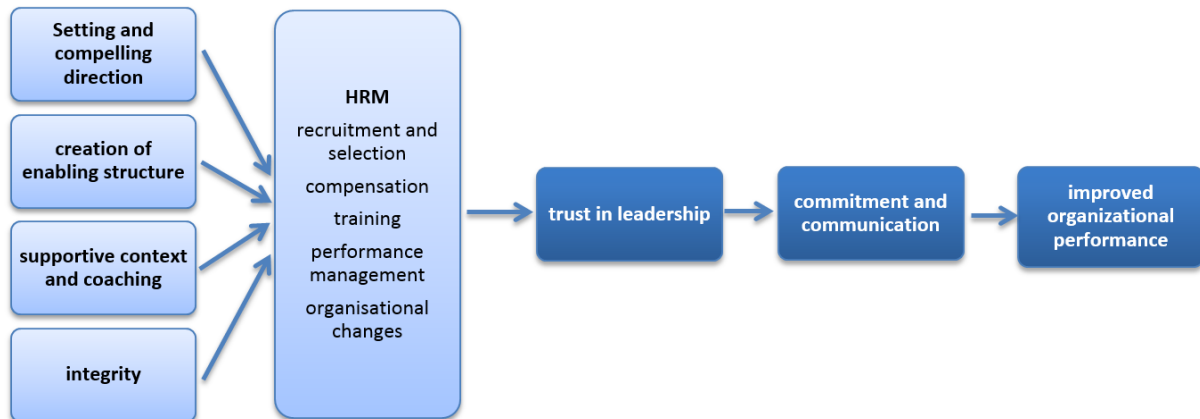


figure 3 research model: relation between HRM, trust in leadership and improved organizational performance.

It is the task of the leader to set the direction and formulate the strategy of the organization. The direction that is set for the organization is made very clear: delivering high quality products and services. The organization is growing and goes through different stages (Scott & Bruce 1987). At this point the company is in the transition between the survival stage and the growth stage. Being in a transition makes it even more important to have a clear direction.

Creating the right enabling structure is a task of the company leader. By doing this the employees increase their trust in the leader and become more motivated to work for the organizational goals. For the right structure it is important that the employees know what their job entails and what responsibilities accompany that. Making clear job descriptions can help defining the jobs. It can also help to find the right person for the job and to compose a team. With informal training a certain organizational culture is created. This shows for example in eating lunch together or discussing personal issues.

The employees can be motivated by the leader building a supportive context and by coaching the employees. When using the supportive context and coaching employees can be motivated without using extra intrinsic rewards. Keeping track of progress of knowledge and skills can motivate since that makes them noticed. Including the employees in big decisions makes them aware of why things are done a certain way and more motivated to act in that way.

Integrity can be divided in responsibility, justice and shared values. When expectations of the leader and the followers are divided the integrity of the leader decreases in the eyes of the followers. A perceived fair pay and equality between the employees increases the integrity and therefore the trust. Perceived justice is formed when there is a respectful way of dealing with one another.

The HRM practices are not consciously in use but unconsciously they are present within the organization.

Conclusion and discussion

To conclude this research the main research question has to be answered. This is done by combining the theory about Leadership and HRM with the results of the current situation within the organization. The main research question is:

In what way can a leader create trust in leadership in a small, growing company, in order to increase the organizational performance?

This trust in leadership can be created or increased by developing the four leadership characteristics: 'setting and compelling direction', 'creation of enabling structure', 'supportive context and coaching' and 'integrity'. In practice these leadership characteristics can be performed using the HRM practices: 'recruitment and selection', 'compensation', 'training', 'performance management' and 'organizational changes'. The dark blue blocks in the research model (figure 1 and 2) are outcomes of developing these leadership characteristics by using the HRM practices. These outcomes are assumptions from the theory and are only visible in the long term. Therefore it can't be stated in what way these outcomes will occur in this case. However looking at the theory it can be expected that these will occur when the recommendations are followed.

In order to answer the main research question, the five sub-questions are also answered as shown in table 1.

Table 1 summary answers to the sub-questions

Sub-question	Summarized answer
<i>How can the way of leading the employees facilitate more trust between the leader and the followers?</i>	The development of the four leadership traits, achieved by using the HRM practices, can facilitate more trust in leadership.
<i>In which way does the extra trust leads to a better organizational performance?</i>	The trust facilitates higher commitment and better communication. This will lead to an improvement of the organizational performance: delivering high quality products and services.
<i>In which way is the organization led at this point?</i>	The transactional leadership style is dominant within the organization. The HRM practices training and performance management leave the most room for improvement.
<i>In which way does an organization structure changes as a result of growth?</i>	A growing organization goes through different stages and in the moments of crisis between these stages the organizational structure is adjusted.
<i>In which way does the organizational structure of this organization change as a result of the growth?</i>	The organization is in a growth crisis towards the growing stage. This means that the number of employees is growing, the division of tasks is changing and the director should delegate more tasks.

This research is carried out in request of a specific company what makes the recommendations and implementations very firm specific and not generalizable. However the conclusions could be used as a starting point to write recommendations for a comparable organization. This research will only focus

on small organizations with lone workers. Within this focus this research is concentrated on leadership and organizational structure of organizations with a differentiation strategy. This focus is needed to come with a suitable solution for the problem of the organization. The focus is also needed to meet the time restriction of the researcher, what means that the research should be performed in approximately six months.

Changing leadership and organizational structure require long term processes that exceed the time that the researcher will be at the company. To steer the solution in the right direction, the researcher will write a complete implementation plan and will start with implementing the first steps while still present at the organization. After this a reflection on the first steps will be given and extra recommendations will be made to steer the further steps in the right direction.

The findings in this research can be helpful to other small organizations with lone-workers that deal with similar problems. The problems of the time of the director when the organization grows and the motivational problems when striving for a high pricing strategy aren't firm specific. It is likely that more small but growing organizations have these problems and they could use the outcomes of this research and mold them to fit their specific organization.

For the literature it is interesting to see how different theories can be combined to form a solution for a problem in practice. The different theories and models together form one solution. Since the first steps of the implementation plan are discussed this gives a nice picture of how certain theories work in practice.

Recommendations

As a result of this research organization specific recommendations are formed. By executing these recommendations the trust in leadership will be enlarged. This makes the quality go up, what improves the organizational performance. During the research the leadership characteristics are practically executed through the HRM practices. The recommendations are therefore formed based on the HRM practices.

Table 2 recommendations

Recommendations	Who?	When / term?
Recruitment and selection		
The criteria for selecting new employees are good and can be used as they are to accomplish the intended goals.	director	every time a new employee is recruited.
Job descriptions are missing. Stating clear job descriptions can help to find the right employees and to give the candidates a good representation of the job during the selection process.	director / support	in the first month
Compensation		
Good equipment is always available what helps avoiding frustration.	director / planner	constantly
The wages are fair and fit the chosen strategy. This policy can be continued. .	director / administration	every time wages are discussed..
The change for a bonus is brought negatively now what declines the positive effect. When this change is brought positive the positive effect will be greater.	director	at the new year's presentation or during the performance evaluations.
Training		
The large educational opportunities that are present within the organization is a good motivation.	director / support/ administration	constantly
The current coaching activities can be improved. It is for the director to always be prepared to help the employees and not to leave them alone with their questions.	director	constantly
The director doesn't always takes the time to listen to the employees and to wait for their responses. When he does would take the time, this would be beneficial to the trust and motivation.	director	during conflicts and meetings.
The director can explain decisions made more and be more open to input from the employees.	director	when making decisions that have an impact on employees.
Making an individual education plan per employee gives the employees clarity and direction. The director	director/ support	prior to every performance evaluation.

and the employee execute and deliberate on this plane together.		
Creating a more involved with each other group of employees by engaging in teambuilding activities..	director / support	during the day to day business and the official tem building activities.
Performance management		
During the work meetings the negative points are mostly highlighted. When the positive points are also mentioned the employees can get a sense of what behavior Is expected of them.	director	during every work meeting.
Stating clear goals or KPI's in consultation with the employees.	director/ support	before / during every performance evaluation.
When education plans and KPI's per employee are created, these can be discussed during the performance evaluations. Some KPI's can also be discussed during the work meetings. In this way there is more individual attention and progress is noted and recorded.	director	during the performance evaluations and during the wordk meetings.
Instead of just saying what is wrong, it can be beneficial to make use of constructive criticism so the other person can improve himself. .	director/ everybody	constantly.

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