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HRM PRACTICES IN SERVICE-BASED ORGANIZATIONS: A ROLE THEORY PERSPECTIVE

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ABSTRACT

Increasingly, service firms are pursuing strategies that feature a greater customer-orientation. In the implementation of these strategies, service firms are recognizing that getting customer-oriented behaviors from their employees is critical. Because these behaviors are often different from those exhibited by the employees in the past, service firms are utilizing their human resource practices to stimulate and reinforce the behaviors needed for the successful implementation of greater customer-oriented strategies. This article describes human resource practices being used in service firms pursuing customer-oriented strategies. After presenting the findings of an extensive questionnaire survey, a specific case study is offered. The case study illustrates how a firm tailors its human resource practices to get very specific behaviors from employees in order to implement a customer-oriented strategy.

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INTRODUCTION

Human resource management (HRM) practices are being increasingly treated as dependent rather than independent variables. Whereas in the past researchers focused almost exclusively on how changes in HRM practices affect employee performance or satisfaction, researchers are now beginning to ask how organizational conditions shape HRM practices (e.g., design, staffing, performance appraisal, compensation, and training and development). Examples of organizational conditions hypothesized to impact HRM practices include strategy (Hambrick and Snow 1987; Snow and Hrebiniak 1980; Olian and Rynes 1984; Lawler 1984; Hambrick and Mason 1984; Gupta and Govindarajan 1984a, b; and Miller, Kets de Vries and Toulouse 1982), organizational life cycle stage (Kochan and Chalykoff 1987; Kerr 1982, 1985), technological change, union presence, internal labor markets and even whether or not an organization has a personnel department (Osterman 1984; Pfeffer and Cohen 1984; Cohen and Pfeffer 1986). Consistent with this line of research investigating the relationship between organizational conditions and HRM practices, this article focuses on HRM practice in service-based organizations.

The role behavior theory perspective (Naylor, Pritchard and Ilgen 1980) provides useful insights for understanding and explaining inter-organizational differences in HRM practices and consequent organizational behaviors. Application of the perspective is built on two fundamental assumptions: (1) HRM practices are a primary means for defining, communicating and rewarding desired role behaviors and (2) desired role behaviors are a function of organizational characteristics.

To illustrate the research agenda suggested by the role behavior theory perspective, empirical tests of several specific hypotheses about service-based organizations using data collected from 267 companies are presented. These data indicate that a role behavior theory perspective holds promise as an explanation for HRM practices used in service firms. To provide richer detail for the role theory perspective, an example of its application is described in an intensive case study. While providing many implications for practical application, the case study, along with the survey results, reveals that more research is needed to develop and refine understanding of the linkages between organizational conditions, roles, HRM practices and employees' behaviors.

ALTERNATIVE PERSPECTIVES FOR UNDERSTANDING THE IMPACT OF ORGANIZATIONAL CONDITIONS ON HRM PRACTICES

In their description of organizational determinants of selection and hiring practices, Cohen and Pfeffer (1986) described four perspectives for explaining inter-organizational differences in HRM practices: the *technical, control, institutional* and *political* perspectives. A fifth perspective, *economic,* has also been invoked to explain variations in HRM practices (Kochan and Chalykoff 1987). Each of these perspectives focuses researchers' attention on somewhat different aspects of organizational phenomena, and each can contribute to an improved understanding of HRM practices and organizational behavior.

Until recently almost all HRM research was dominated by the *technical* perspective. The technical perspective presumes that organizations wish to plan, staff, appraise, compensate, train and develop their employees in order to ensure that the right people (skill-wise) are in the right place (job) at the right time (Collins 1979). The technical perspective leads to research designed to develop techniques for maximizing the match between employees' knowledge, skills and abilities on the one hand and the demands of the jobs on the other (Schneider 1985). The presumed result of good matching is organizational effectiveness, from which individual employees and the organization as a whole both benefit.

The *control* perspective views HRM practices as a means for organizations to ensure the predictability and reliability of social interactions. The goal is to ensure that employees behave as solid citizens, living according to organizationally approved norms and values (Noland and Bakke 1949; Hollingshead 1949; Bowles and Gintish 1976; Edwards 1976; Collins 1979). This perspective recognizes that organizations attempt to govern social performances in addition to job performance. Desirable social behaviors presumably include getting along well with others and acting as a good citizen who shows concern for the organization's functioning.

The *institutional* perspective posits two major explanations as to why organizations use particular HRM practices: organizations copy the practices they see being used by others, and/or they adopt practices to gain legitimacy and acceptance (Meyer and Rowan 1977; Zucker 1977; Meyer 1980). The institutional perspective assumes that legitimacy and acceptance are important objectives for most organizations because constituencies have the power to offer and withhold resources which, in the long run, may determine the firm's economic performance.

The *political* perspective holds that HRM practices reflect the distribution of power in an organization. For example, having an extensive set of HRM practices implies a powerful personnel department upon which others must depend when making personnel-related decisions (Osterman 1984; Pfeffer and Cohen 1984). But existence of other powerful groups-such as unions or competitors who minimize their labor costs-may act to countervail or suppress the expression of the personnel department's wishes (Doeringer and Piore 1971).

As suggested by Kochan and Chalykoff (1987) the *economic* perspective can also explain variations in HRM practices. Relatively affluent conditions in an organization permit it to pay higher wages. This in turn enables an organization to attract more job applicants and be more selective. Higher selectivity (lower selection ratios) diminishes the need to train employees. Furthermore, the attraction of more highly qualified individuals may lead to conditions that give more power and discretion to the employees, thus reducing the attractiveness to them of collective bargaining. The reverse scenario holds under less affluent economic conditions (Osterman 1984).

Each of the five perspectives previously presented helps explain some of the variation and similarity in HRM practices across organizations although additional variation and similarity remain to be explained (Jackson, Schuler and Rivero 1989). In presenting another perspective, the role theory behavior perspective, the authors of this article hope to contribute in a theoretical and empirical way to this growing body of research. The desired goal is to develop a framework that can be used to explain individual behavior in and across organizations by providing an explanation for inter-organizational variations in the HRM practices that presumably shape behavior.

A ROLE THEORY PERSPECTIVE FOR UNDERSTANDING AND GUIDING HRM PRACTICES

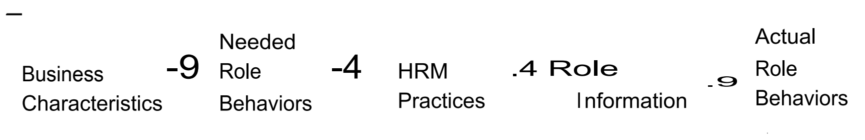
Role theory has served as a valuable conceptual and theoretical framework for the study of individual behavior in organizations (Kahn et al. 1964; Katz and Kahn 1978). Roles have been seen as the boundaries between individuals and organizations. More specifically they have been viewed as conveyors of information to individuals in the organization.

Role theory research has often focused on the dysfunctional nature of roles. In particular, roles that are ambiguous and roles that create conflict for the role receiver have been shown to be dysfunctional to both individuals and organizations (Kahn et al. 1964; Rizzo, House and Lirtzman 1970; Jackson and Schuler 1985). Corresponding to this line of research has been a heavy reliance on extremely general measures of role characteristics, primarily the measures of role conflict and ambiguity developed by Rizzo et al. (1970). In contrast, Naylor, Pritchard and Ilgen (1980) and Dougherty and Pritchard (1985) have conceptualized more specific role measures in their theory of behavior in organizations. According to their theory, the basic unit of behavior is an act. Because the time and effort put into an act are not always observable, the critical unit in the theory is the product, the result of the act. The products most central to the theory are those evaluated by an observer, e.g., a role sender such as a supervisor or customer. The evaluation in turn results in outcomes, positive or negative. The magnitude of the outcomes reflects the importance (relevance) of the products.

In the service environment, a traditional objective is to serve the customer. Application of the Naylor et al. framework would emphasize the need to consider how that role is differentially carried out by the employees of an organization. For example, the behaviors needed from managers in a service organization are likely to differ from those needed from lower level employees despite the fact that both types of employees are striving to achieve the same goal. As another example, Schuler and Jackson (1987) have described how needed role behaviors vary across organizations pursuing differing competitive strategies.

It is useful to apply role theory as a means to improve understanding of HRM practices used in the service sector. Specifically, it is suggested that (1) human resource management (HRM) practices are used by organizations to convey role information to produce actual role behavior; (2) different HRM practices (of which there are many) convey different role information; and (3) the role information an organization needs to send (and thereby defining needed role behaviors) is in part a function of the business as determined by such characteristics as whether it is in manufacturing or service and the nature of the employee's job, e.g., managerial versus non-managerial. The linkages are illustrated in Figure 1.

Figure 1. A Role Theory Perspective For Understanding HRM Practices



Correspondence between needed and actual role behavior is expected to be associated with effective organizations while lack of correspondence is expected to be associated with ineffective organizations. What follows is a description of these relationships. Role theory rationale are utilized to help explain and predict differences in the relationships. Empirical examination, however, is limited to the relationships between business characteristics and HRM practices. This is a necessary first study in a series of studies needed to completely examine the full model that incorporates needed and actual role behaviors. In this sense, this article describes a partial study of the model.

HRM PRACTICES FOR MANAGERIAL AND HOURLY EMPLOYEES IN SERVICE-BASED AND MANUFACTURING FIRMS

The U.S. economy can be carved into a large number of industry sectors, but the distinction between manufacturing-based and service-based industries is one of the most basic. Service organizations have been described as differing from manufacturing organizations in three ways: (1) their "products" are intangible rather than tangible; (2) customers are actively involved in the production of services; and (3) the consumption of services occurs simultaneously with their production (Bowen and Schneider 1988; Daft 1986; Mills and Margulies 1980; Mills and Moberg 1982; Larsson and Bowen 1989).

The intangible nature of services means that performance is difficult for supervisors to monitor directly, so employees must be trusted to monitor their own performance. The fact that customers are actively involved in the service production process means service providers must be sensitive to clients' needs; they must monitor these needs and use the cues they receive from clients to guide their job behaviors. Because of these characteristics of service jobs, service organizations should be more likely than manufacturers to include both employee input and client input as sources of performance appraisal information (Mills and Morris 1986).

The simultaneity of the production and consumption processes also has implications for HRM practices (Schneider and Schecter 1991). For example, quality control cannot be achieved by the inspect-and-correct method commonly used in manufacturing plants. Instead, quality control occurs at the point of service delivery (Gronroos 1990; Heskett, Sasser and Hart 1990). In order to maintain control over quality, service organizations are likely to seek ways of controlling the process of service production rather than the outputs (Mills and Moberg 1982). They may invest more resources to train new recruits, with the objective of socializing them to be effective monitors of their own service production behaviors (Bowen and Schneider 1988). They could also revise their personnel selection system (Schneider and Schecter 1991). Another way to gain more control over performance would be to use performance appraisal results in making compensation decisions. Job design practices could also be used to enhance service quality. Enriched jobs should encourage self-monitoring because employees then feel a greater sense of responsibility for their performance and they are more aware of their significance to the firm (Hackman and Oldham 1980).

This line of reasoning implies that the following practices would be more prevalent in service-based firms:

- Job designs that are "enriched," in that they are characterized by autonomy, variety and interdependence;

- Employee input into performance appraisals;
- Client input into performance appraisals;
- Use of performance appraisal results to assess training needs;
- Extensive training of new employees, with emphasis on performance on their current jobs; and
- Use of performance appraisal results in determining compensation.

It should be noted here that in comparing service-based and manufacturing firms, these predicted differences would be found for both managerial employees and lower-level employees. However, the differences are likely to be greater for lower-level employees whereas differences in the tasks performed by service-based employees and manufacturing employees are particularly pronounced.

HRM PRACTICES FOR MANAGERIAL AND HOURLY EMPLOYEES IN SERVICE ORGANIZATIONS

A large literature addresses the nature of the managerial position. According to this literature, the jobs of managers comprise several roles. Mintzberg (1973), for example, described 10 managerial roles clustered into three categories: interpersonal, informational and decisional. While allowing for differences in situations, taken together, these 10 roles characterize the job of manager as being linked with others, taking some risks, focusing on results and process, managing the activities and jobs of others, dealing with unpredictable events and monitoring the environment of the group or unit being managed. Jacques' (1989) concept of the time span of discretion adds another distinguishing feature to this picture of managerial jobs. The time span of discretion refers to the length of time it takes for results of a contribution to become known. For managers, this time span is usually relatively long.

Using the Mintzberg role distinctions and Jacques' time span of discretion, managerial jobs can be compared and contrasted with hourly or non-managerial jobs. While managerial and non-managerial jobs are similar in that both are remunerated and are important to organizational effectiveness, managerial jobs are generally filled with more unpredictability, risk-taking, results-orientation, interdependence and a longer time span of discretion, in comparison to hourly jobs. These differences may diminish, however, as service organizations reduce layers of management, decentralize and push more responsibility down to lower organizational levels.

Organizations use their HRM practices to encourage the behaviors needed to successfully carry out the managerial role. Given that the managerial role is different from the roles of lower-level employees in organizations, it is reasonable to expect that organizations would use somewhat different human resource management practices for the two groups of employees. Specifically, given the nature of the managerial role as previously described, it is probable that compared to hourly employees in service-based organizations, managers would be more likely to be influenced by the following practices:

- Jobs with greater skill variety and responsibility;
- Performance appraisals that focus on results;
- Performance appraisals that focus on projects that take a longer period of time;
- Compensation schemes based on company-wide bonuses;
- Training that is provided for longer-term and broader skill development; and
- More training hours per year.

HRM PRACTICES FOR MANAGERIAL AND HOURLY EMPLOYEES IN EFFECTIVE AND INEFFECTIVE SERVICE-BASED FIRMS

The general hypothesis that predicts major differences in human resource practices used in the manufacturing and service industries follows from a deterministic view of the relationship between environments and organizational forms (Hannan and Freeman 1977). Thus, for example, population ecologists would point to the different niches that are the relevant environments for these two industry sectors and argue that the characteristics of the two environments dictate the forms of the organizations that populate them (Aldrich 1979).

Models that emphasize the role of managerial decision-making and choice represent an alternative perspective for generating hypotheses about how organizations are likely to differ in their management practices. The strategic choice perspective assumes that organizations face numerous design options and that the form of management an organization adopts represents decisions made by management. These may be made within some constraints, however, such as the constraints related to operating within the manufacturing or service industry (see Hrebiniak and Joyce 1985). A strategic choice perspective recognizes that multiple design options are often available to organizations, but does not necessarily assume that all options are equally effective within a given environment (e.g., Porter 1980, 1985). Thus, inappropriate managerial decisions can create organizational practices that are less than optimal, in which case organizational effectiveness is likely to suffer. When applied to the issue of human resource management systems, this view of organizational adaptation leads to the prediction that when organizations operating *within* a given industry sector are compared, those that are more effective will be the organizations that have adopted HRM practices consistent with the demands of the industry.

Based on the previous discussion and the literature, several differences would be expected between the human resource practices in more effective service firms in comparison to less effective service firms. Specifically, the more effective the service firm the more likely that-

- Job designs will be characterized by skill variety and autonomy;
- Employees will have input into their performance appraisals;
- Clients will have input on appraisals;
- Performance appraisal results will be used in determining training needs;
- There will be a great deal of training of new employees; and
- Performance appraisal results will be used in compensation decisions.

METHOD

Questionnaires designed to assess organizational characteristics and personnel practices were sent to human resource managers in 1,300 U.S. organizations. Names and addresses of human resource managers were obtained from two national membership directories for professional associations related to the field of personnel. A random sampling procedure was used with the restrictions imposed that (1) the title of the person contacted be that of manager, director or vice president and (2) the title did not indicate that the person served as a specialist (e.g., in compensation or training). Two hundred sixty-seven managers returned fully completed questionnaires usable for this study. Human resource managers who completed and returned the questionnaire were then asked to provide the name of the top line manager in their organization. One hundred eighty-three human resource managers complied with this request. In order to obtain information that could be used to establish interrater reliability for the measures of organizational characteristics, the top line managers were sent a short questionnaire. Completed surveys were returned by 156 line managers.

The design of this study sought to include organizations with diverse characteristics in order to increase confidence in the generalizability of the results. Forty different specific industries were represented and no specific industry comprised more that nine percent of the total sample.' However, it cannot be claimed that the sample is statistically representative of the population of all U.S. business organizations. Organizations in the sample were larger (median = 472 employees) than the typical U.S. business establishment (median = 20; World Almanac 1989) and differ in other ways as well.

MEASURES

Industry Sector

Human resource managers answered two questions to assess the extent to which their organizations were involved in manufacturing and service activities. One question presented descriptions of 11 types of business activities that could be classified as manufacturing (seven activities) or service (four activities) and asked respondents to indicate which one was most descriptive of their organization. A second question asked respondents to estimate the percentage of sales for their organization that were derived from four types of activity: non- manufacturing activities, and manufacturing activities based. on small batches, large batches and continuous processing (definitions of each were provided). An organization was classified as a manufacturer if the human resource manager indicated it was primarily engaged in one of the seven manufacturing activities on the first question *and* it derived at least 80 percent of sales from the three manufacturing activities in the second question (N = 118). An organization was classified as a service-based business if the human resource manager indicated it was engaged primarily in one of the four service activities on the first question *and* it derived at least 80 percent of sales from non-manufacturing activities (N = 68). The resulting classification of organizations derived from the responses of human resource managers corresponded 100 percent with classification derived from line managers' responses.

Human Resource Management Practices

Human resource managers were asked to describe several HRM practices. Items consisted of brief descriptions such as "performance appraisal results are used to determine compensation" and "employees receive bonuses for company- wide productivity improvements or profitability gains."

For most items, respondents were asked to indicate the percentage of employees covered by the practice described. They were instructed as follows: "Below are descriptions of several HRM practices. For each item, indicate the percentage of employees for whom the statement is currently true in your firm/ division. Give separate percentage estimates for each category of employees." Estimates were requested for top managers, other managers and supervisors, nonexempt salaried employees and hourly employees.

For a few items, a different format was used. The alternative format asked respondents to divide a total of 100 points among several response categories. Thus, to assess the extent to which performance appraisals focused on short-term versus long-term projects, respondents were asked to divide 100 points to indicate the percentage of "appraisals (that) focus on projects or assignments that take less than 6 months to do, 6 to 12 months to do, 12 to 24 months, and 2 years or more."

Similarly, to determine the extent to which performance appraisals took into account the evaluations of various alternative sources of information, respondents were given the following instructions: "Performance appraisals can be based on input from various sources, such as supervisors, peers, clients, etc. For each type of employee, indicate how much input each source has in the performance appraisal process." The 100 points were to be distributed among six sources: supervisor, supervisor's boss, peers, self, subordinates and clients.

A third item using this type of format assessed the percentage 'of pay employees received from three sources. Instructions were as follows: "For each category of employee, indicate the percentage of compensation that was (a) guaranteed income (pay from guaranteed source such as salary or hourly wages), (b) incentive pay based on annual performance, (c) incentive pay based on long-term (more than one year) performance."

Finally, for two items, respondents estimated the number of hours of training received. The questions were "The typical employee received how many hours of training during the past 12 months (exclude new hires)?" and "The typical new hire received how many hours of training during the past 12 months?"

HRM practices for the two managerial categories were highly correlated (median $r = .76$), so responses for these two categories were combined by computing a weighted average that took into account the relative proportion of managers from each of the two categories. Practices used for management employees and hourly employees were not highly correlated.

Whereas most of the items describing personnel practices were not sufficiently intercorrelated to justify combining items into indices, a few multi-item indices were judged to be appropriate due to high intercorrelations between items. These indices are described next.

The degree to which the jobs held by employees were enriched was assessed by three items that were combined to form a job design index (alpha = .79 and .83 for hourly and managerial employees, respectively). The percentage of pay based on incentives was obtained by summing the percentages of pay from short-term and long-term incentives (alpha = .84 and .71, respectively). The percentage of employees for whom job/employment security was almost guaranteed was obtained by averaging the percentages of employees for whom "job security is almost guaranteed" and "employment security is almost guaranteed" (alpha = .80 and .84, respectively). The percentage of employees for whom training is given to develop skills needed in current job or skills needed in the near future was obtained by averaging the percentages of employees who "During the past 12 months ... attended training programs designed to: (a) immediately improve performance in their current job, excluding training for new hires, (b) teach new hires the skills they need to perform their jobs, and (c) teach skills that will be needed in the near future" (alpha = .73 and .75, respectively). The percentage of employees for whom training is given to develop skills needed for promotion, transfer and/or future company needs was obtained by averaging the percentage of employees who "During the past 12 months... attended programs designed to (d) teach skills for other jobs within the firm in order to increase lateral mobility, (e) teach skills for other jobs within the firm in order to increase promotability, and (f) teach skills for jobs that do not yet exist, in anticipation of future company need" (alpha = .83 and .88, respectively).

Organizational Effectiveness

Five items were summed to assess organizational effectiveness (alpha = .65): growth rate, market share, return on investment, quality and employee enthusiasm. Responses could range from 1, "very low relative to what is desired-inadequate," to 4, "excellent, we are really in good shape."

RESULTS

Several characteristics of the organizations in this sample were evaluated to determine whether the dimension of service versus manufacturing firm was correlated with other potentially confounding characteristics (see Jackson et al. 1989 for details of these measures). Analyses revealed a slight tendency for service organizations to be structured on the basis of functions rather than divisions, in comparison to manufacturers ($r = .28$). In addition, service organizations were less likely to have unionized employees in comparison to manufacturers ($r = .21$). However, manufacturers and service organizations did not differ in size ($r = .12$). The small magnitude of these associations increases the confidence that the comparisons reported primarily reflect differences attributable to the distinction of interest to the authors of this article.

HRM Practices for Managerial and Hourly Employees in Service-Based Organizations Versus Manufacturing Organizations

Table 1 summarizes the practices used for hourly and managerial employees in service-based organizations and manufacturing organizations. Note that the final column of Table 1 indicates whether a practice entered a discriminant analysis equation comparing service and manufacturing firms. For both hourly and managerial employees, discriminant analyses revealed a significant association between industry sector and the human resource practices a firm used: R_c _ .53, $X^2 = 57.52$, $p < .001$, for hourly employees, and $R_c = .49$, $X^2 = 51.73$, $p < .001$, for managerial employees.

Table 1. Comparison of HRM Practices for Hourly and Managerial Employees in Organizations from the Manufacturing and Service Sectors

HRM Practices	*Mfg*	*Serv*	*F*
1. % employees whose skills & abilities are fully utilized			
Hourly	65.02	69.43	
Managerial	76.36	76.55	—
2. % employees whose jobs are highly enriched'			
Hourly	54.57	54.53.	—
Managerial	83.04	84.86	—
3. % employees whose jobs help them acquire skills needed for other jobs in the company			
Hourly	44.64	56.21	
Managerial	64.15	64.72	—
4. % employees who have more than one position available to them for promotion			
Hourly	55.20	59.04	—
Managerial	47.49	43.99	—
5. % employees whose performance appraisals are formalized			
Hourly	71.16	82.90	
Mangerial	80.98	86.31	
6. % employees whose performance appraisal results are used to determine compensation			
Hourly	46.58	71.32	
Managerial	85.91	88.93	
7. % employees whose performance appraisals focus on how job is done, not how well			
Hourly	29.81	27.76	—
Managerial	29.92	23.52	
8. % employees who have a say in the criteria used in their performance appraisal			
Hourly	19.41	27.35	—
Managerial	53.24	52.23	—
9. % employees whose performance appraisals are based on objective quantifiable results			
Hourly	58.50	63.88	—
Managerial	70.91	70.58	—
10. % employees whose performance appraisals are used to identify their training needs			
Hourly	36.67	39.41	—
Managerial	56.20	42.04	

(continued)

Table 1. **(Continued)**

HRM Practices	*Mfg*	*Serv*	*F*
11. % employees whose performance appraisals focus on projects that take 12 months or longer			
Hourly	.89	3.78	*
Managerial	18.74	15.22	
12. % of input to performance appraisal that comes from: °			
a. supervisor			
Hourly	83.80	78.93	
Managerial	69.82	65.43	—
b. supervisor's boss			
Hourly	9.07	9.88	
Managerial	14.38	13.25	
c. peers			
Hourly	1.86	1.73	—
Managerial	3.46	5.35	
d. self			
Hourly	4.55	5.27	—
Managerial	8.49	8.93	—
e. subordinates			
Hourly	.14	.59	*
Managerial	1.81	2.41	
f. clients			
Hourly	.37	2.88	*
Managerial	1.83	4.16	*
13. % employees who are given bonuses based on company-wide productivity or profitability			
Hourly	16.56	19.57	—
Managerial	45.51	46.96	—
14. % employees who are stockholders			
Hourly	22.37	19.43	*
Managerial	43.74	35.21	*
15. % employees paid whatever it takes to attract & retain them			
Hourly	9.28	11.67	*
Managerial	24.29	20.53	*
16. % employees offered flexible benefits packages			
Hourly	11.10	19.50	—
Managerial	16.56	24.61	—

(continued)

Table 1. (Continued)

	HRM Practices	Mfg	Serv	F
17.	% employees who can choose mix of compensation components (e.g., salary, bonus, stock)			
	Hourly	0.24	2.66	*
	Managerial	1.40	7.28	*
18.	% of pay based on incentives rather than from guaranteed wages/ salary'			
	Hourly	2.73	3.27	—
	Managerial	10.65	14.46	
19.	% employees paid 15% or more above the external market			
	Hourly	12.99	11.59	*
	Managerial	11.81	14.03	*
20.	% employees offered deferred compensation			
	Hourly	9.08	6.33	—
	Managerial	16.26	14.18	
21.	% employees whose job/ employment security is almost guaranteed'			
	Hourly	38.33	31.86	
	Managerial	34.55	31.86	—
22.	No. hours training received by typical employees in past 12 months (excludes new hires)			
	Hourly	21.80	34.10	—
	Managerial	32.85	40.39	—
23.	No. hours training received by typical new hire during past 12 months			
	Hourly	49.86	56.54	*
	Managerial	38.46	40.11	*
24.	% employees for whom training is given to develop skills needed for their current job or skills needed in the near future'			
	Hourly	24.35	33.15	*
	Managerial	26.04	33.81	*
25.	% employees for whom training is given to develop skills needed for promotion, transfer and/or future company needs'			
	Hourly	7.10	10.41	—
	Managerial	9.16	10.40	—

Notes: A significant F value indicates that the variable entered the discriminant analysis. Separate discriminant analyses were conducted for hourly and managerial employees.

*p<.05

Index was developed from multiple items. See METHODS for details.

[b] Respondents divided 100 points among the categories.

As predicted, service organizations were more likely to include client input as a part of the performance appraisal process (item 12f) for both hourly and managerial employees although the amount of input from clients was generally quite low. Also as expected, training was more central to service firms: more training was offered to new hires (item 23), and more employees received training relevant to their current jobs (item 24). Contrary to predictions, service employees did not have more input into their performance appraisals (item 12d). The hypothesis that service organizations would be more likely to use performance appraisal results to determine compensation `was supported for both hourly and managerial employees (item 6). In addition, several other differences in compensation practices are apparent in Table 1. For example, service firms are less likely to have employee stockholders (item 14) and to offer deferred compensation (item 20), but they are more likely to offer employees a choice in the design of their pay package (item 17).

HRM Practices for Managerial Versus Hourly Employees in Service-Based Organizations

Comparisons between the HRM practices used by service organizations for managing their hourly and managerial employees are shown in Table 2. The overall pattern of results is that within the service sector, relatively small differences exist in practices applied to these two groups of employees. However, the differences found do correspond to the differences in behaviors needed from the two groups of employees.

The largest difference is in the nature of the jobs. Managerial jobs are considerably more enriched (item 2); that is, managerial jobs are characterized by more autonomy and skill variety. Consistent with their higher status level in organizations, managers are more likely to have a say in the criteria used in their performance appraisals (item 8). The higher level of interdependence that characterizes the managerial role was reflected in the fact that performance evaluations for managers are more likely to include feedback from peers and subordinates (item 12).

Significant differences in compensation practices were also found. Consistent with the organizations' desire for managers to be bottom-line oriented, managerial employees were more likely to have their pay linked to their own performance and the performance of the firm. Managers were more likely to receive bonuses based on productivity (item 13), and they were more likely to be stockholders (item 14). While managers also had a greater percentage of their salary determined by incentives, the total percentage (approximately 13) was not extremely high (item 18). Thus, the comparisons for managerial and hourly employees support the role theory perspective.

Table 2. Comparison of HRM Practices for Hourly and Managerial Employees in Service Organizations

	HRM Practices	*Hourly*	*Mgmt*	*t*
1.	% employees whose skills & abilities are fully utilized	69.43	76.55	
2.	% employees whose jobs are highly enriched'	54.53	84.86	
3.	% employees whose jobs help them acquire skills needed for other jobs in the company	56.20	64.73	
4.	% employees who have more than one position available to them for promotion	59.04	43.99'	
5.	% employees whose performance appraisals are formalized	82.90	86.31	
6.	% employees whose performance appraisal results are used to determine compensation	71.32	88.93	
7.	% employees whose performance appraisals focus on how job is done, not how well	27.76	23.52	—
8.	% employees who have a say in the criteria used in their performance appraisal	27.35	52.23	
9.	% employees whose performance appraisals are based on objective quantifiable results	63.88	70.58	—
10.	% employees whose performance appraisals are used to identify their training needs	39.41	42.04	
11.	% employees whose performance appraisals focus on projects that take 12 months or longer	3.78	15.22	
12.	% of input to performance appraisal that comes from:"			
	supervisor	78.93	65.43	*
	supervisor's boss	9.88	13.25	
	peers	1.73	5.35	*
	self	5.27	8.93	*
	subordinates	.59	2.41	*
	clients	2.88	4.16	
13.	% employees who are given bonuses based on company-wide productivity or profitability	19.57	46.96	
14.	% employees who are stockholders	19.43	35.21	
15.	% employees paid whatever it takes to attract & retain them	11.67	20.53	
16.	% employees offered flexible benefits packages	19.50	24.61	—
17.	% employees who can choose mix of compensation components (e.g., salary, bonus, stock)	2.66	7.28	—
18.	% of pay based on incentives rather than from guaranteed wages/ salary'	5.45	12.68	
19.	% employees paid 15% or more above the external market	11.59	14.03	—
20.	% employees offered deferred compensation	6.33	14.17	

(continued)

Table 2. (Continued)

	HRM Practices	Hourly	Mgmt	I
21.	%employees whose job/ employment security is almost guaranteed'	31.86	31.86	—
22.	No. hours training received by typical employees in past 12 months (excludes new hires)	34.09	40.39	—
23.	No. hours training received by typical new hire during past 12 months	56.54	40.11	
24.	% employees for whom training is given to develop skills needed for their current job or skills needed in the near future'	F 33.15	33.81	—
25.	% employees for whom training is given to develop skills needed for promotion, transfer and/or future company needs'	10.41	10.40	—

Notes: Values indicate the mean percentage of employees who were covered by the practice.
• p <.05, 2-tailed paired t-test.
' Indicates a multiple-item index. See METHODS for details.
' Respondents divided 100 points among the categories listed.

HRM Practices for Managerial and Hourly Employees in Effective Versus Ineffective Service-Based Organizations

Several practices were found to differentiate effective and ineffective service organizations, as shown in Table 3. The association between effectiveness and the human resource practices a firm uses is substantial for both hourly ($R_r = .71$, $X^2 = 40.27$, $p < .01$) and managerial employees ($R_r = .70$, $x' = 39.29$, $p < .01$).

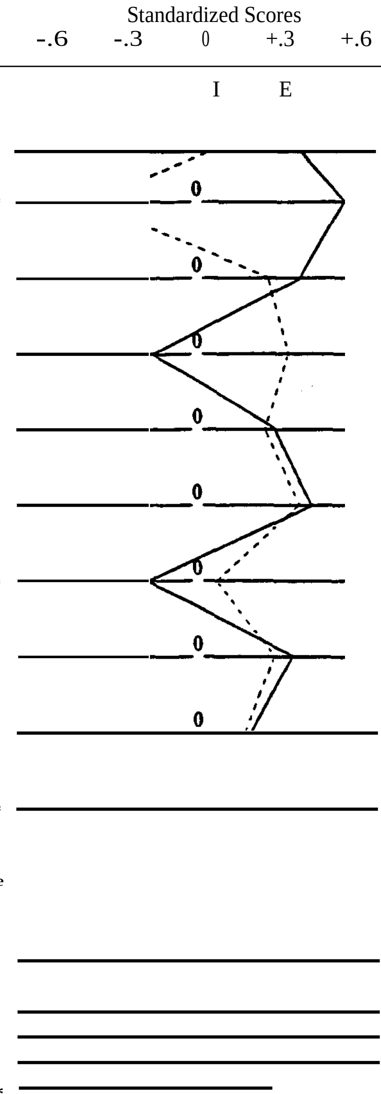
The profiles shown in Tables 3 and 4 were drawn using standardized scores. These scores were derived using the total population of 267 firms in the study. Thus, a standard score of zero represents the mean for the population in general. This method of plotting scores was used because it captures both industry differences and effectiveness differences within the services industry. For example, consider item 6, "performance appraisal results are used to determine compensation." This practice was found to be more prevalent in the service industry than in manufacturing, as shown in Table 1. In Table 3, this result is reflected in the fact that both the effective and ineffective profiles have a standard score that is above the population mean for item 6.

Hourly

As expected, hourly employees in effective service firms held more enriched jobs than their counterparts in less effective service firms (item 2). These enriched jobs apparently exist within organizations that are relatively flat, with the result being that in the more effective organizations, hourly employees have

Table 3. Practices for Hourly Employees in Effective and Ineffective Service Organizations

Practices	Standardized Scores
1. % employees whose sldils and abilities are fully utilized	
2. % employees whose jobs are highly enriched'	*
3. % employees whose jobs help them acquire skills needed for other jobs in the company	
4. % employees who have more than one position available to them for promotion	
5. % employees whose performance appraisals are formalized	
6. % employees whose performance appraisal results are used to determine compensation	
7. % employees whose performance appraisals focus on how their job is done, not how well	*
8. % employees who have a say in the criteria used in their performance appraisal	
9. % employees whose performance appraisals are based on objective quantifiable results	
10. % employees whose performance appraisals are used to identify their training peeds	*
11. % employees whose performance appraisals focus on projects that take twelve months or longer ,e	
12.:$ of input to performance appraisal from: °	
supervisor	
supervisor's boss	
peers	
self	
subordinates	
clients	*



(continued)

fewer opportunities for promotion (item 4). As expected, training is more central to effective firms than to ineffective service firms. Effective firms rely more heavily on performance appraisals to determine training needs (item 10) and more employees receive training to develop the skills they need in their current jobs (item 24). Contrary to expectations, however, client input was given more weight by the ineffective firms than the effective firms (item 12f). Finally, effective firms were more likely to use incentives to improve performance although the magnitude of this difference was not great (item 18). Other compensation practices that were more common in the more effective

Table 3. **(Continued)**

Practices	Standardized Scores: -.6 -.3 0 +.3 +.6
13. % employees who are given bonuses based on **company-wide productivity** or **profitability**	E I
14. % employees who are stockholders	
15. % employees paid whatever it takes to attract & retain them	A 0'
16. % employees offered flexible benefits packages	* ! 0
17. % employees who choose mix of compensation components (e.g., salary, bonus, stock)	; 0
18. % of pay based on incentives rather than **from guaranteed wages/salary**'	t ; ' 0
19. % employees paid 15% or more above the external market	
20. % employees offered deferred compensation	0 ~
21. % employees whose job/employment security is almost guaranteed'	t
22. No. hours training received by typical employees in past 12 months (excludes new hires)	
23. No. hours training received by typical new hire during past 12 months	
24. % employees for whom training is given to develop skills needed for their current job or skills needed in the near future'	
25.'% employees for whom training is **given to** develop skills needed for promotion, transfer, and/or future company needs'	

Notes: • p <.05, 2-tailed paired t-test.
ˡndicates a multiple-item index. See METHODS section for details.
" Respondents divided 100 points among the categories listed.
E = Effective Firms | = Ineffective Firms

service firms were flexible benefits, giving employees a choice regarding the components of their pay and the use of deferred compensation. These differences may reflect a tendency of the more effective firms to focus on the bottom line and a desire to keep the costs of labor relatively low.

Table 4. Practices for Managerial Employees in Effective and |neffective Service Organizations

Practices	Standardized Scores -.6 -.3 0 +.3 +.6
	I E
1. % employees whose skills and abilities are fully utilized	0
2. % employees whose jobs are highly enriched'	0
3. % employees whose jobs help them acquire skills needed for other jobs in the company	0
4. % employees who have more than one position available to them for promotion	0
5. % employees whose performance appraisals are formalized	0
6. % employees whose performance appraisal results are used to determine compensation	
7. % employees whose performance appraisals focus on how their job is done, not how well	
8. % employees who have a say in the criteria used in their performance appraisal	
9. % employees whose performance appraisals are based on objective quantifiable results	
10. % employees whose performance appraisals are used to identify their training needs	'O
11. % employees whose performance appraisals focus on projects that take twelve months or longer	
12. % of input to performance appraisal from:'	
supervisor	
supervisor's boss	
peers	
self	
subordinates	
clients	

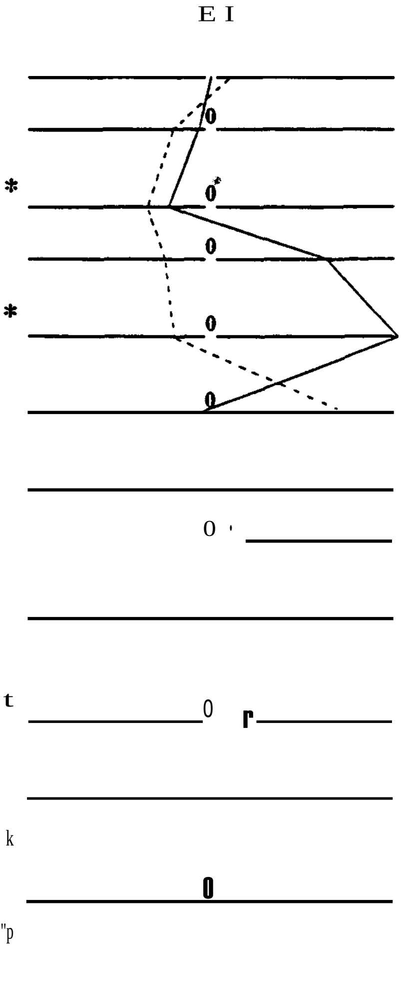
(continued)

Managerial Employees

The degree of job enrichment in managerial jobs did not differ for effective and ineffective firms (item 2). As expected, more effective service firms offered more training to managers (item 23), with a slight emphasis on developing skills that would be needed in the future rather than in their current jobs (items 24 and 25). Regarding compensation, flexible benefits (item 16) and employee choice (item 17) characterized the more effective firms. Contrary to expectations, effective firms used less incentive pay (item 18) than did ineffective

Table 4. **(Continued)**

Practices		Standardized Scores -.6 -.3 0 +.3 +.6
		E I
13. % **employees who are given bonuses based on company-wide productivity or profitability**		
14. % employees who are stockholders		
15. % employees paid whatever it takes to attract & retain them	*	
16. % employees offered **flexible** benefits packages		
17. % employees who choose mix of compensation components (e.g., salary, bonus, stock)	*	
18. % of pay based on incentives rather than from guaranteed wages/salary'		
19. % employees paid 15% or more above the external market		
20. % employees offered deferred compensation		
21. % **employees whose job/employment security is almost guaranteed'**		
22. No. hours training received by typical employees in past 12 months (excludes new hires)	t	
23. No. hours training received by typical new hire during past 12 months		
24. % employees for whom training is given to develop skills needed for their current job or skills needed in the near future'	k	
25. % employees for whom training is given to develop skills needed for promotion, transfer, and/or future company needs'	"p	



Notes: * p < .05, 2-tailed paired t-test.
' Indicates a multiple-item index. See METHODS section for details.
" Respondents divided 100 points among the categories listed.
E = Effective Firms I = Ineffective Firms

firms. Also contrary to expectations, effective firms were less likely to use client feedback in the performance appraisal process (item 12).

DISCUSSION OF EMPIRICAL RESULTS

Role theory was used in this article to develop hypotheses regarding how differences in the nature of the work required in service and manufacturing organizations would influence the types of human resource management practices that organizations use. Immediately following is a summary of the results of this study. The next section presents the findings of an intensive case study that have implications for the role theory perspective and for practical application in service firms. Finally, future research needs are indicated.

Summary of HRM Practices Results for Hourly Employees

Several differences exist in the HRM practices used for hourly employees in service-based firms versus manufacturing firms. In comparison to manufacturing jobs, the jobs of hourly employees in the service sector required the use of more diverse skills and abilities, and the job tasks performed were viewed as relatively more useful for performance on other jobs in the organizations. Consistent with this difference in skill level were differences in the training provided to hourly employees in the two industry sectors. More service employees received training to develop the skills needed in their jobs, and the number of hours of training received was greater for both new hires and those already past the status of new hire. Perhaps in recognition of the importance to the organization's bottom line of the client-employee interactions that characterize service jobs, hourly employees in the service sector were more likely to receive formal performance appraisals and those appraisals were much more likely to be used to determine compensation. Service organizations may communicate the importance of high performance in other ways as well, for example, by being clear that employment security is not something that should be assumed (see Table 1, item 21).

For hourly employees, expectations regarding differences between effective and ineffective firms were partially confirmed. The jobs of hourly employees in effective service organizations were more enriched than the jobs of hourly workers in ineffective service organizations. Furthermore, effective service organizations offered more training to develop skills relevant to current job performance, and effective firms were more likely to use performance appraisals to determine training needs. Also, in effective service firms, incentives represented a slightly higher percentage of hourly workers' pay. Effective and ineffective firms did not differ with respect to how closely compensation was linked to performance appraisal results or how formalized the appraisal process was, however.

Some unexpected differences between effective and ineffective organizations included the much greater use of client input by ineffective organizations and much greater use of flexible compensation packages by effective service firms. The finding regarding client input may indicate that the less effective firms have turned to client input as a means to obtain information to improve effectiveness. The use of flexible compensation packages by the effective firms may reflect the concern these firms have for bottom-line results, including labor costs.

Alternatively, flexible compensation may be a strategy used by the effective organizations to attract the highest quality employees possible.

Summary of HRM Practices Results for Managerial Employees

Several industry effects were found for the human resource management practices in use for managerial employees. Many of these differences paralleled those found for hourly employees. As was the case for hourly employees, managerial employees in the service sector had more formalized performance appraisals, more input was obtained from clients, and the results of these appraisals were more likely to be used to determine compensation in comparison to managers in manufacturing firms. Also, managers in the service sector received more training than did their counterparts in the manufacturing sector. Finally, as was the case for hourly employees, compensation practices appear to be designed to communicate to managers in the service sector the importance of high levels of performance. Compensation for service sector managers is more dependent on the results of performance appraisal and a larger percentage of total pay is based on incentives.

In addition to the industry differences in HRM practices found for managers were numerous differences associated with organizational effectiveness. For example, managers in effective service firms were more likely to have jobs that helped them acquire the skills needed for other jobs in the organization and they received more training. However, contrary to expectations, many of the HRM practices used in effective firms were less consistent with the behaviors needed by service firms than were the HRM practices being used by the less effective firms. For example, the less effective service firms were more likely to use performance to identify the training needs of their managers, more likely to include client input as an aspect of performance appraisal and more likely to use performance appraisals to determine compensation. One way to interpret these results is that ineffective organizations are being forced to realign their HRM practices for managers in order to increase their competitiveness. In other words, poor organizational performance may be a necessary condition that convinces those with decision-making power in organizations to assess how management practices can be used to improve their own work performance.

Comparisons of HRM Practices for Hourly and Managerial Employees

These results indicate that differences in employees' organizational status are clearly associated with differences in HRM practices. The performance appraisals of managers focus more on longer term projects, focus more on how well a job is done rather than on process, are somewhat more formalized and are more likely to be used to determine compensation. Compensation based on incentives and including both bonuses and stock ownership further reinforce the message that the behaviors expected of managers are not the same as those expected from hourly employees.

While these survey research results suggest some support for the role behavior perspective, further support could be attained using more sensitive or tailored measures of such concepts as service quality and human resource practices (Parasuraman, Berry and Zeithaml 1991; Luthans and Davis 1990). A greater understanding could also be gained by including needed role behaviors and actual role behaviors. To illustrate this possibility, some results are now presented from an intensive case study.

IMPLICATIONS FOR PRACTICE

While the results of the survey research provide support for the role behavior rationale, clearly many questions are left to be addressed. As suggested by Schneider and Schmitt (1986) and Goldstein (1986), case intensive research might prove to be a useful direction to follow to help address some of those questions, or at least to provide some insights for future work.

Consequently, an intensive case study was undertaken of a service company that was explicitly moving to a high level of customer service. The goal was to see if and how the role theory model of HRM practices would play out in a specific organization that was making an explicit effort to go from a low customer service strategy to a high customer service strategy (as defined by the top management of the firm). The case study illustrates role re-making in action and the alignment of HRM practices to stimulate and reward needed role behaviors. In addition, it provides practical and theoretical insights into role theory, employee role behaviors and HRM practices.

The Case of Grand Union [2]

The Grand Union is a large retail grocery operation with stores up and down the East Coast that employs 20,000 people. The retail stores are primarily located in well-established neighborhoods. In the mid-1980s, a new phenomenon appeared in this traditional retail grocery business: the advent of the super store, the smallest of which was about twice the size of Grand Union's largest store. Top management decided that it had to revise its strategy. Strategic concerns addressed by top management resulted in the new definition of what it meant for Grand Union to be a grocery store. The mission of the firm was more clearly identified as serving the customer. The need for this clarification and re-examination of the strategy was caused by environmental forces, especially new competition and the changing habits and preferences of customers. The strategy was basically changed from a commodity, undifferentiated business to a high quality, customer-driven business (Sellers 1990; Schneider 1990; Mills and Moberg 1990).

The culture of the firm changed to one of prizing the customer and doing everything possible in listening to and serving the customer. Store managers and top management started to provide the leadership Kotter (1990) talks about, i.e., articulating and providing excitement, giving vision and showing confidence in the firm's ability to successfully change in the new, more uncertain environment, and setting objectives that all relate to the new way of doing business.

Under the guidance of the senior vice president of human Rresources, the firm developed an HR philosophy that said the employee was a valuable, long-term source of competitive advantage and that all efforts would be made to provide exciting jobs, promotion opportunities (promotion-from-within) and continuous retraining as needed. This philosophy was described as developmental. It was clearly recognized at this point that the role behaviors needed from all employees would change in order to match the needs of the new business.

While the physical size of the stores remained the same, employees were added because of the new sections and additional staff needed. The new business strategy meant that it was important to keep employees longer so that they could get to know the customer and the store. This resulted in more fully developing the internal labor market (Osterman 1984). But because the stores also needed some new skills, they initially had to go to the external labor market. Here Grand Union found it was competing for new employees with companies different from themselves.

Consistent with the new business, the traditional command and control relationship across all levels was modified to accommodate a more self-directed, self-managed approach. Similarly, an individual orientation was modified to be more team-oriented to better serve the customer. The developmental HR philosophy was carried down to this level because this was the glue that held all the employees together. Key issues were addressed by formalizing all the activities that were occurring to support the new business. Success depended on managing all areas of the business, including human resources, systematically. While there was formality in the establishment of new practices, allowance was made for adapting to local conditions. Regardless of location, however, decision- making authority was pushed down in the organization. Store managers and their staff could make more decisions in the interests of the customer and the needs of the business. The development and enhancement of the internal labor market was seen as a critical determinant in the success of the new business, as predicted by the role behavior perspective.

Needed Role Behaviors

Major effort was directed toward identifying the needed role behaviors of supervisors and the remaining staff. The process required the intense involvement of the employees, with guidance provided by the senior vice president of human resources (Luthans and Davis, 1990). Together, managers and employees identified the needed supervisory and staff role behaviors based on what they saw as characterizing a customer-driven service grocery store. Then these were compared to the status quo.

Supervisory roles. Supervisory role behaviors were identified and redistributed. What occurred here was extremely important. The firm recognized the distinction between supervisors as an employee group and supervisory responsibilities associated with the supervisory role. Recognizing this distinction made it easier to decide how to redistribute the supervisory roles and responsibilities to enhance the level of customer service. Figure 2 illustrates those items identified as being supervisory responsibilities that could be and were redistributed.

Figure 2. Supervisory Responsibilities That Can Be Distributed

- ABSENCE CONTROL
- PERFORMANCE APPRAISAL
- BONUS CALCULATIONS
- DEPLOYMENT OF STAFF
- DISCIPLINE
- DRAWING UP OF SHIFT ROTATIONS
- EMPLOYEE WELFARE
- HANDLING OF GRIEVANCES
- HEALTH AND SAFETY
- INDUCTION TRAINING
- KEEPING OF PERSONNEL RECORDS
- KEEPING OF PRODUCTION RECORDS
- LEADING QUALITY CIRCLES
- PLANNING/ALLOCATING OF WORK
- QUALITY CONTROL
- RECRUITMENT
- TEAM BRIEFING
- TEAM BUILDING
- COMMUNICATOR

Source: Adapted from Schuler (1992).

Figure 3. Before and After Store Characteristics

BEFORE

- NOT KNOW CUSTOMER DESIRES
- LIMITED USE OF CUSTOMERS
- SPACE DRIVEN, NOT CUSTOMER-DRIVEN
- TRADITIONAL DEPARTMENTS, LOW MARGINS, HIGH QUIT RATES
- NO OWNERSHIP OF SERVICE
- LACK OF MANAGEMENT SKILLS

AFTER

- FOCUS GROUPS WITH CUSTOMERS
- CUSTOMER-DRIVEN
- SERVICE IS PART OF THE PRODUCT
- ADDED HIGH MARGIN DEPARTMENTS
- STORES COORDINATE EFFORTS: EXCHANGE BEST PRACTICES
- EXPANDED MANAGEMENT SKILLS

Source: Adapted from Schuler (1992).

Staff roles. The non-supervisory employees also addressed the question "What does this new business orientation mean for us at the store?" Because the focus was on the customer, they first asked, "How do we currently interact with the customers?" This resulted in a before-and-after analysis of relationships with the customer (Denton 1990). The results of this analysis are shown in Figure 3. In addition, these employees asked, "From the broader, store-viewpoint, what are the characteristics that reflect a solutions-oriented, customer-driven service operation?"

Based on these characteristics, Grand Union analyzed the needed role behaviors vis-a-vis the customer and concluded that substantial changes were in order. The before-and-after role behaviors are listed in Figures 4 and 5.

New Human Resource Practices

In the final stage, the employees identified the HR practices that had to be formulated to match the business based on the role behaviors needed from the employees, especially those in direct contact with the customers. The analysis and formulation resulted in several HR practices that represented significant change.

Figure 4. Customer-Driven Employee Behaviors Before Change

- **BAG PACKERS**
  IGNORE CUSTOMERS
  LOOK AWAY
- **CASHIERS**
  IGNORE CUSTOMERS
  POINT TO CASH REGISTER
- **SHELF STOCKERS**
  IGNORE CUSTOMERS
  DON'T KNOW PRODUCT LOCATION
- **DEPARTMENT WORKERS**
  IGNORE CUSTOMERS
  IGNORE WORKERS
- **DEPARTMENT MANAGERS**
  IGNORE CUSTOMERS
  IGNORE WORKERS
- **STORE MANAGERS**
  IGNORE CUSTOMERS
  STAY IN BOOTH

Source: Adapted from Schuler (1992).

Those practices most affected by change and how they changed are illustrated in Figure 6. While these changes in HR practices were necessitated by what the employees thought was necessary for the business, it was in large part driven by what they thought would enable them to perform as needed by the customer.

Although this brief overview of the Grand Union focused on the HR practices, many other operational policies and practices were also changed. At the conclusion of this case study it was still too early to determine the degree of actual success all these changes were having vis-a-vis customer acceptance and profitability. It appeared, however, that actual role behaviors were beginning to coincide with the needed role behaviors, perhaps the first measure of effectiveness for the role theory of HRM practices.

This intensive case study of the Grand Union is by no means a definitive analysis of the entire process of changing to a high quality service organization. Instead, this description highlights the changes that occurred vis-a-vis the role theory model presented in this article.

The Grand Union case illustrates how a specific and systematic application of role theory significantly expands the identification of such elements as needed role behaviors, which in turn facilitates the identification of specific

Figure 5. Customer-Driven Employee Behaviors After Change

- **BAG PACKERS**
  - GREET CUSTOMERS
  - RESPOND TO CUSTOMER
  - ASK FOR CUSTOMERS
- **CASHIERS**
  - GREET CUSTOMERS
  - RESPOND TO CUSTOMERS
  - ASSIST CUSTOMERS
  - SPEAK CLEARLY
  - CALL CUSTOMERS BY NAME
- **SHELF STOCKERS**
  - RESPOND TO CUSTOMERS
  - HELP CUSTOMER WITH CORRECT INFORMATION
  - KNOWLEDGEABLE ABOUT PRODUCT LOCATION
- **DEPARTMENT WORKERS**
  - RESPOND TO CUSTOMERS
  - KNOW PRODUCTS
  - KNOW STORE
- **DEPARTMENT MANAGERS**
  - RESPOND TO CUSTOMERS
  - REWARD EMPLOYEE FOR RESPONDING TO CUSTOMERS
- **STORE MANAGERS**
  - RESPOND TO CUSTOMERS
  - REWARD EMPLOYEES FOR CUSTOMER SERVICE
  - APPRAISE EMPLOYEES ON CUSTOMER SERVICE

Source: Adapted from Schuler (1992).

HR practices that fit the needed behaviors. A more intense, high quality service strategy depends on a closer customer interaction. This requires modifications in the amount of training, in the nature of the appraisal and compensation systems, and in the staffing practices, as suggested by Brown et al. (1991) and Gronroos (1990).

The Grand Union case also highlights the involvement of all employees in the process of identifying needed role behaviors and the HR practices they think are likely to encourage them to perform these roles. The line employees, more than the personnel manager, may be better able to identify the HR practices needed because they are closer to the action and know what is needed

Figure 6. Human Resource Management Practices Affected by Change

- **HUMAN RESOURCE PLANNING**
  LONGER TERM FOCUS
  TIE TO THE NEEDS OF THE BUSINESS
- **STAFFING**
  MORE SOCIALIZATION
  MORE OPPORTUNITIES
- **PERFORMANCE APPRAISAL**
  CUSTOMER SERVICE MEASURES
  FEEDBACK
- **COMPENSATION**
  RELATE TO PERFORMANCE APPRAISAL
  AWARDS AND CELEBRATION
- **TRAINING AND DEVELOPMENT**
  MORE SKILL TRAINING
  CUSTOMER SERVICE TRAINING

Source: Adapted from Schuler (1992).

to successfully implement a strategy, and they know how they will respond to alternative HR practices (Luthans and Davis 1990).

Thus, in this particular case study the role behavior approach to explaining the content of HR practices seems plausible. It also seems to be a potentially useful way for organizations to make changes to improve the level of their service quality. The implications for the practitioner are rather far reaching and complement the approaches proposed by others (e.g., Zeithaml, Parasuraman and Berry 1990; Heskett et al. 1990; and Bowen, Chase and Cummings 1990).

FUTURE RESEARCH DIRECTIONS

Although the results of this field survey research and the case study are supportive of the role behavior model, there is still room for additional research. The implication of this model is that HR practices that fit the strategy or type of industry (e.g., service versus manufacturing) due to needed role behaviors should result in higher levels of organizational effectiveness than mis-fit situations. In the studies reported in this article, this implicit hypothesis was not tested. Therefore, future research should tackle the challenge of developing and incorporating measures of both needed and actual role behaviors.

Further research might also investigate a broader set of HRM practices. Including more HRM practices (e.g., recruitment and selection methods) might reveal a relationship between selection practices and strategy (e.g., see Olian and Rynes 1984). Because strategy was examined only in the case study, it too could be the subject of a broader field survey. In order to conduct such a study, however, researchers must first develop measures that accurately specify the alternative strategies pursued by service-based firms. Such measurement specification, as well as conceptual understanding, may require that researchers use the case study approach and conduct in-depth discussions with the organizations.

Finally, the Grand Union case study suggests that organizations can benefit from having all employees participate in the establishment of HRM practices and identification of needed role behaviors, assuming they are given the information they need about the firm's strategy. It appears that stronger support for hypothesized relationships between needed role behaviors and HR practices is likely to be found when there is greater understanding and participation by the employees in the organizations being studied. However, this speculation is based on a single case study, so additional research is required before drawing firm conclusions.

ACKNOWLEDGMENT

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NOTES

1. Organizations were classified according to the industry codes used by "Corporate Scoreboard" (1985).
2. This is an abbreviated summary of the case at the Grand Union. It is used for illustrative purposes only and is not meant to be either complete or thorough in presentation of everything done by the firm. It is copyrighted by the second author and is used here by, permission. Exhibits 2 through 6 originally appeared in R.S. Schuler (1992) "Strategic human resource management: Linking the people with the strategic needs of the business." *Organizational Dynamics.* Spring.

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