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An interorganizational investigation of human resource management practices: The relationship between business strategy, job and task characteristics, and human resource management practices

Delery, John Edouard, Ph.D.

Texas A&M University, 1993

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AN INTERORGANIZATIONAL INVESTIGATION OF HUMAN RESOURCE

MANAGEMENT PRACTICES : THE RELATIONSHIP BETWEEN BUSINESS

STRATEGY, JOB AND TASK CHARACTERISTICS, AND HUMAN RESOURCE

MANAGEMENT PRACTICES

A Dissertation

by

JOHN EDOUARD DELERY

Submitted to the Office of Graduate Studies of
Texas A&M University
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

August 1993

Major Subject: Management

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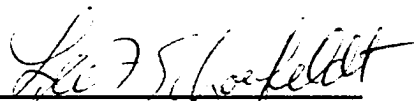
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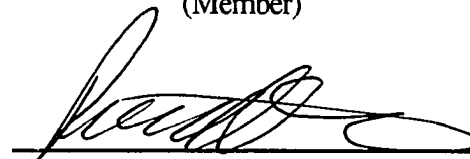
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# ABSTRACT

An Interorganizational Investigation of Human Resource Management Practices : The

Relationship Between Business Strategy, Job and Task Characteristics, and Human

Resource Management Practices. (August 1993)

John Edouard Delery, B.S., Tulane University;

M.S., Memphis State University

Chair of Advisory Committee: Dr. Lyle F. Schoenfeldt

Over the past decade there has been a dramatic shift in emphasis in the field of human resource management. This shift has broadened the focus of human resource (HR) research from the more micro analytic research that dominated the field to a more macro or strategic perspective. A strategic perspective of HR has grown out of the desire to demonstrate the importance of HR practices to the performance of the organization.

The present study attempted to move beyond previous research efforts by investigating both interorganizational differences and intraorganizational differences in HR practices. Specifically, the impact of business-level strategy and job/task characteristics on the use of HR practices is examined. It was proposed that both business-level strategy and job/task characteristics have a direct influence on the types of employment systems used in organizations.

The hypotheses were tested using data obtained from questionnaires sent to a stratified random sample of 1050 U.S. banks. In all, the results of this study were inconclusive. They showed that bank strategy was, to a degree, related to a number of HR practices, but this effect was only significant for the job of loan officer. Specifically, strategy was related to the staffing, training, and job security practices for the job of loan officer. Banks that followed a business strategy that more closely

resembled the prospector strategy were more likely to have well defined internal career paths, have formalized training programs, and were less likely to provide job security for their loan officers than banks following a strategy that more closely resembled the defender. The findings in regards to staffing and training are in direct opposition to the hypothesized relationships. However, the findings in regards to job security are consistent with the proposed theory.

# ACKNOWLEDGMENTS

There have been many people who have helped make this dissertation a reality. First, I owe so much to my chairman Lyle Schoenfeldt. I was a naive and immature 24 year old doctoral student when I first knocked on his door. He agreed to serve as my chairman and continued to give me his support throughout the five long years that led to this dissertation. He managed to get me on track when I was in trouble, and encourage me once I was there. It was his insistence that I go up to the blackboard during my oral prelims and draw my model of strategic human resource management that has led to this dissertation. Also, when it was apparent that the dissertation would cost much more than expected, he generously contributed. Thank you so much for being there.

I would also like to thank Stuart Youngblood who is now at Texas Christian University. Stu let me into this program and was there when I needed help. Without Stu's support I may never have finished. And, by the way, I finished in May!

I would also like to thank Don Hellriegel for finding the time to serve on my committee. He helped me put things in perspective and was always there to listen during the tough times. This dissertation has greatly benefited from his advice.

I would also like to thank Pat Wright for stepping in when Stu left for TCU. Thanks for the insight into SHRM, and for helping design a better study.

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A number of colleagues at A&M helped me make it through when times were tough. First, during my first year Tommy Lasseigne was there for me when I needed someone to listen. Micki Kacmar helped me by showing me what it would take to succeed (and telling me the way it was!). During the last few years I have to thank Gary McMahan for constantly amusing me. I thank him also for helping with the mailing of the questionnaires for this study while I was in Arkansas.

During my decade of college I have so often relied on my friends in New Orleans to provide me with a reality check and show me that there is life outside of school. For their friendship and support I am forever grateful. Thanks Pat, Louis, David, John, and Kevin.

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I also owe so much to my parents Oliver and Winifred Delery. They have been there every time I needed help, encouragement, or a reality check. I cannot count the number of hours I have spent on the phone with them over the last seven years since I left New Orleans. Thanks Mom and Dad. I would also like to thank my sisters, Wendy, Anne, and Joyce, and my brother Oliver for their continued help through my decade of college.

As the culmination of my education, this dissertation is just a small part of the lifelong process that was begun so long ago in Montessori school. Throughout this time, two of the people who have been my strongest advocates have been my grandparents, Claude and Winifred Kelly. They were always interested in my progress

and continued to emphasize education as the most important thing in life. Their continued support and drive is no small reason for my continued success in education. I only wish that I could have completed this degree while my grandfather was here to see it. But somehow, I know that he is still here in the spirit he has given us.

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# CHAPTER I

## INTRODUCTION

Over the past decade there has been a dramatic shift in emphasis in the field of human resource management. This shift has broadened the focus of HR research from the more micro analytic research that dominated the field to a more macro or strategic perspective. A strategic perspective of HR has grown out of the desire to demonstrate the importance of HR practices to the performance of the organization.

Previous research has focused on distinct HR functional areas such as selection and training because each seemed to be something from which the organization could benefit. There was little regard for how certain practices actually fit into the organization's strategy or effect firm performance. Recent research efforts, however, have attempted to show how a number of HR practices fit different strategic positions (Miles & Snow, 1984; Schuler & Jackson, 1987a) and how these practices relate to firm performance (Kleiner, Block, Roomkin, & Salsburg, 1987). In addition, other research efforts have attempted to explain the development of systems of HR practices within and across organizations (Althauser, 1989; Baron, Davis-Blake, & Bielby, 1986; Bills, 1987; Osterman, 1984, 1987a; Pfeffer & Cohen, 1984). The latter line of research has emerged from the areas of economics and sociology and as such has taken an almost exclusively macro perspective on the management of human resources.

The following dissertation will examine these new strategic and macro lines of inquiry. In Chapter II, a review of the relevant theoretical positions and the strategic human resource management (SHRM) research associated with each position will be

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The journal used as a model for style and format is the Academy of Management Journal.

presented. In Chapter III, the literature focusing on HR strategies and employment systems is reviewed, and a conceptualization of employment systems is put forth. The specific purpose of the present study, along with the hypotheses that were tested is given in Chapter IV. The design of the study and the methodology are presented in Chapter V. Chapter VI contains the empirical findings of the study. Finally, a discussion of these results as well as directions for future research are presented in Chapter VII.

## Strategic Human Resource Management

The line of research emerging from the desire to show the relevance of human resource practices to firm performance has been labeled Strategic Human Resource Management (SHRM). The basic idea behind SHRM is that organizations operating within the framework of a given organizational strategy require different HR practices than organizations operating with alternate strategies. SHRM is exemplified by the writings of Dyer (1984a: 1984b), Fombrum, Tichy, and Devanna (1984) and Schuler and his colleagues (Schuler & Jackson, 1987a; Schuler and Jackson 1987b; Schuler & Jackson, 1988; Schuler & MacMillan, 1984).

If this assumption is correct, much of the variation in HR practices across organizations should be explained by the strategy the organization employs. Schuler & Jackson (1988) have, in fact, shown some evidence that organizations following different strategies utilize different HR practices. In addition, they found that HR practices differed more within organizations than across organizations. However, the Schuler and Jackson (1988) study failed to take into account anything other than the specific strategy typology invoked by the authors. Although this was an important first step in the research of SHRM, previous research has shown that there are many

influences other than strategy, such as the legal environment or values of the organization, that have profound impacts on which HR practices are employed in organizations (Barron, Dobbin, & Jennings, 1986; Barron, Jennings, & Dobbin, 1988). To fully investigate the determinants of HR systems and their usefulness to the organization, it is important to consider these factors as well.

The field is defined as including any research that attempts to investigate the reasons why HR practices are used by organizations and how these practices have spread across organizations and industries, not just research focused on the organizational strategy - HR practice link. Therefore, the field of SHRM takes in many lines of research, including those in organization theory, economics, and sociology, in addition to those that focus solely on strategy. Focusing on a single determinant of HR systems or practices could be misleading, given that there are a number of factors that lead to an organization's adoption of certain practices.

The following chapter gives a review of the major theoretical perspectives that have been used to date in the study of SHRM.

CHAPTER II

LITERATURE REVIEW

The logic used by many writers in SHRM as to why practices should vary depending on the organization's strategy is that the organization can use these different practices to elicit certain employee role behaviors that are consistent with the business strategy (Schuler & Jackson, 1988). These theorists have taken what they call a behavioral perspective. It is then assumed that these employee role behaviors will enable organizations to perform more effectively. However, to date, virtually all of the macro level research in HR has limited its scope to investigate specific HR practices themselves, and not employee behaviors that are assumed to be brought about by the use of these practices.

Other researchers have borrowed from finance and economics and are using agency theory and transaction costs (Eisenhardt, 1988; Jensen & Meckling, 1976; Jones, 1974; Jones & Wright, in press; Williamson, 1975) to explain the development of HR practices in organizations. This research is clearly strategic since organizations are thought to minimize transaction and agency costs, and thereby increase profits.

In addition, there is a growing area of research that attempts to show how HR practices vary across industries, organizations, and job levels without specifically looking at organizational strategy (Pfeffer & Cohen, 1984; Cohen & Pfeffer, 1986; Wholey, 1985; Baron, Davis-Blake, & Bielby, 1986; Sheets & Ting, 1988; Williams, 1990). These non-strategic perspectives come from the broad area of organization theory and include the resource dependence perspective (Pfeffer & Salancik, 1978), and the institutional perspective (Meyer & Rowan, 1977).

It is argued in this paper that this research is clearly SHRM. Although the emphasis in some studies may be strategy and in others organizational structure, what is important is the attempt to investigate how and why HR practices are used. There is a need to move beyond purely micro analytic concerns to the broader issues of how HR fits into the organization, and how HR can enable organizations to run more effectively. The following sections will review the different theoretical perspectives and the research conducted under each.

## Behavioral Perspective

The behavioral perspective is exemplified by the writings of Schuler and Jackson (1987a) and Jackson, et al. (1989). According to Jackson, et al. (1989), the behavioral perspective "assumes that employers use personnel practices as a means for eliciting and controlling employee attitudes and behaviors." Therefore the reason that HR practices differ is that different employee role behaviors are required from employees.

Schuler and Jackson (1987a) presented a list of employee role behaviors that are thought to correspond to Porter's competitive strategies of innovation, quality-enhancement, and cost-reduction. This list included such behaviors as predictability, concern for quality, flexibility, and involvement. The types of behaviors needed from organizational members is thought to vary depending on the particular strategy employed (Schuler & Jackson, 1987b) as well as other organizational characteristics (Jackson et al., 1989). Therefore, organizations following different strategies and having different characteristics would employ different HR practices within.

This proposition was tested by Schuler and Jackson (1987b) in a sample of 304 business units. In this study differences were investigated across the three strategies of dynamic growth, extract profit, and turnaround. While this article only presented

descriptive statistics and did not present statistical tests of the hypotheses, it was concluded that organizations following different strategies did in fact utilize different HR practices. For instance, organizations pursuing a dynamic growth strategy appeared to use performance appraisal more often for developmental purposes. However, given that full results and statistical analyses were not presented it is difficult to tell how accurate the authors' claims are, and precisely how HR practices differed across the organizational strategies.

## Transaction Costs/Agency Theory

Agency theory (Fama, 1980; Fama & Jensen, 1983a; Fama & Jensen, 1983b; Jensen & Meckling, 1976) has developed from work in economics and finance and has most often been used to address forms of managerial control used in organizations. The focus of the theory is on the relationship between the owner, or principal, and the employee, or agent. It is assumed that the principal and the agent are individuals who may have goals that conflict. This is because they are both seen as maximizing their own utility. The idea behind agency theory is that the principal will recognize the possible conflict of interest and consequently set up control systems in an attempt to align the two parties' interests. This alignment may come in a number of ways, but the most common method seen in the HR literature is when an employer ties an employee's pay directly to that employee's performance. Since the employer would like the employee to perform at a high level, and the employee is now likely to also perform at a high level in order to get the reward (pay), the two parties' interests are now aligned.

However, the employer now must monitor the performance of the employee. By monitoring the employee more closely, be it through output or behavior control, the employer incurs what are called monitoring costs. These are a form of transaction costs. The key for the employer is to align the interests of the employee to those of the

organization, while at the same time incurring the least amount of transaction costs. If behavior is easily monitored, then the cost associated with this are lower and behavior control will be used. This type of control could take the form of greater supervision with punishment or reward tied to the employee's behavior.

However, if the behaviors employees must engage in are complex and difficult to measure, employers will likely resort to using output controls. As jobs in organizations become more complex, there may be less knowledge of what behaviors are necessary to produce a particular output. In this case, monitoring behavior becomes extremely costly and unreliable. Therefore, output measures will likely be used to align interests (Ouchi, 1979; Ouchi, 1980; Ouchi & Maguire, 1975).

Eisenhardt (1988) presented empirical support for agency theory predictions of compensation policies in retail establishments. She hypothesized that for jobs that were highly programmable, and therefore behavior was easily monitored, employers would likely use salaries more often than commissions. In addition, she hypothesized that span of control and outcome uncertainty would be strongly related to the use of commissions because behavior was more difficult to monitor. The results supported all of her hypotheses and showed that for jobs that were highly programmable, span of control and outcome uncertainty had little impact on the type of compensation used.

Also consistent with agency theory and transaction cost explanations, Brown (1990) found in large firms, where monitoring costs were thought to be great, employees were more likely to be paid by a straight salary than by an incentive system. However, jobs that required a variety of duties were more likely to have an incentive component to their compensation than jobs that required routine and narrow duties.

Sheets and Ting (1988) argued from a transaction cost perspective that a firm's termination policies and procedures would be affected by firm-specific and other critical skills. It was hypothesized that firms would attempt to develop employment systems

that protected employees from dismissal in order to keep employee loyalty high and therefore reduce turnover and the loss of critical skills. They found that, in fact, firms that invested in firm specific training and those with large concentrations of managers were likely to have more formal policies that protected employees.

## Institutional Theory

The institutional perspective puts forth the idea that organizations are the way they are not strictly because of economic issues, but organizations structure themselves in ways that gain legitimacy with certain constituents (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 1987). As such, organizations become isomorphic. DiMaggio and Powell (1983) offered three mechanisms by which this isomorphism occurs. First, organizations can be coerced to take on particular forms or practices. This most often is the case through government intervention and regulation. Second, organizations can mimic other successful organizations. This process would result in organizations in the same industry having very similar structures and rules. Third, certain practices or structures could evolve as particular groups become professionalized. It is commonly seen in professional groups that there are specific practices associated with the profession.

Scott (1987) outlined five institutional explanations for the development of organizational structures. First, structure can be imposed by an outside force such as the government. Second, organizations may structure themselves in such a way as to gain legitimacy. This is the case when organizations such as hospitals and universities seek to gain accreditation. Third, organizations can be induced into structuring in a particular way. Wright and McMahan (1992) point out that this could be the case as organizations strive to win the Malcomb Baldrige Quality Award. Organizations by attempting to win the award may try to change to resemble more closely the "quality"

organization. Fourth, organizations can simply model their structures after other organizations. This should occur more often within the same industry or sector. Fifth, organizations can develop structure by the process of imprinting. Organizations are thought to take on the practices and structure that was most common at the time of their founding. Therefore, organizations founded in the same time period are likely to have similar structures long afterward.

Some of the most interesting empirical work investigating human resource practices from an institutional perspective was conducted using historical data collected by the National Industrial Conference Board in the 1930s and 1940s (Baron, Dobbin, & Jennings, 1986; Baron, Jennings, & Dobbin, 1988). In these two studies Baron et al. (1986; 1988) researched the development of modern day bureaucratic control mechanisms in organizations. Baron et al. (1986) showed that the institutional environment had a much greater impact on the development of these systems than did what they labeled efficiency or control explanations.

Eisenhardt (1988), in addition to agency theory explanations of compensation policies, developed and tested hypotheses based on institutional theory. As is common in studies based on institutional theory, age of the store was hypothesized to have an impact on the use of commissions in sales establishments. She reviewed historical accounts of the development of this industry and found that only recently had the use of salaries become commonplace. Therefore, older stores should be more likely to have practices paying commissions. This was found to be the case.

Eisenhardt (1988) also showed that in the shoe industry commissions had been more common than it was in other sales jobs. The results of her analyses confirm that shoe sales establishments were more likely to pay commissions than other sales establishments.

## Resource Dependence Perspective

The resource dependence perspective developed by Pfeffer and Salancik (1978) is a theory of organization that focuses on the resources organizations need to survive, and the control of those resources. Originally the main area of interest was the organization-environment link. Organizations needed resources from the environment and were assumed to attempt to control those resources. However, this perspective has been expanded to include intraorganizational resources and the individuals or groups who control these (Pfeffer & Moore, 1980). Those organizations or groups who control valuable resources are viewed as having greater power than those who do not control those resources (Pfeffer, 1980). In addition, the more valued the resource, the greater the power. The implications for HR are that those organizations with power or those groups in organizations with power are able to shape HR practices to their liking.

Pfeffer and Davis-Blake (1987) conducted one of the more creative studies attempting to explain wage structures from a resource dependence approach. In this study they were able to show differences across private and public colleges and universities in the wage structures of key employee groups. They argued that in private institutions the positions of chief development officer, alumni affairs director, admissions director, and chief business officer should be more important and influential than these positions in public institutions due to the dependence on tuition and donations for funding in these institutions. However, in public institutions, the positions of director of community services, chief public relations officer, athletic director, and student placement director would be more influential and powerful than their counterparts in private institutions given their dependence on the public community for support and funding. The results of the study confirmed that wage structures were partially predicted by the criticality of the position. Those positions most critical to public institutions were higher paid than their counterparts in private

institutions and those positions most critical to private institutions were higher paid than their counterparts in public institutions.

## Models of Human Resource Management

From the discussion to this point it should be clear that there is a fundamental problem with most research focused on the effectiveness of HR systems in organizations. This problem is the lack of a coherent and explicit conceptual model of how HR practices are formed and how they effect the performance of organizations. Most writers give very little attention to the development of a coherent theory or conceptual model. For example, Jackson, Schuler, & Rivero (1990) present a mass of correlation coefficients relating specific HR practices to a number of organizational level variables without a clear presentation of the theoretical justification. As previously mentioned, although they state early on that they are adopting a behavioral theoretical position, they devote very little space to the precise articulation of what this entails. They also did not present any conceptual model from which to view the hypotheses.

Some writers, however, have begun to develop more comprehensive conceptual models of the determinants and consequences of HR practices. For example, Fombrum, Tichy, and DeVanna (1984) presented the model in Figure 1. They picture HR practices as being influenced by forces outside the organization, such as political, economic, and cultural influence from the geographic location of the organization, as well as the organization's mission, strategy, and structure. However, they fail to discuss precisely how HR effects performance of the organization.

Butler, Ferris, & Napier (1991) devoted an entire volume to the strategic management of human resources. They present a number of process models of strategic human resource management. The most elaborate of these is presented in Figure 2. As can be seen from an examination of the model, it is highly confusing and

FIGURE 1

Strategic Management and Environmental Pressures [a]



Political
forces

Economic
forces

Cultural
forces

Mission and
strategy

Firm

Organization
structure

Human
resource
management
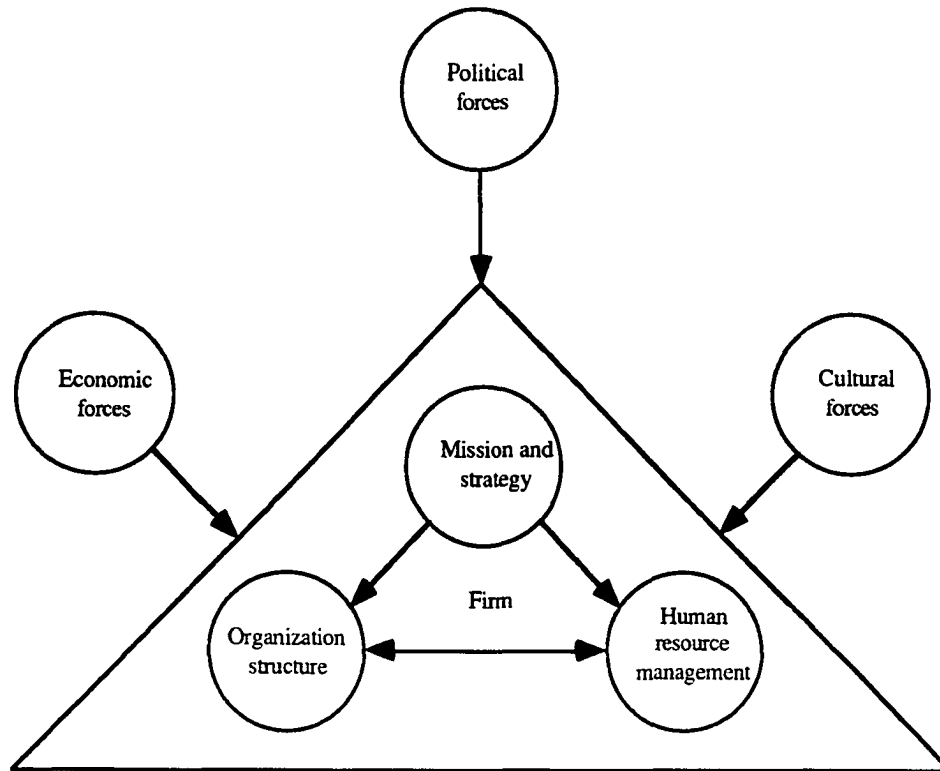
[a] From *Strategic human resource management.* by C.J. Fombrum, N.M. Tichy, and M.A. Devanna (1984). New York: Wiley.

of very little help to researchers who wish to study the determinants and consequences of HR strategies. Not only is their not a clear linkage from the HR practices to organizationally relevant outcomes, but also it is very difficult to determine exactly how HR practices are developed and implemented.

In the compensation literature, Milkovich (1988) presented a model of strategic compensation in which organizational strategy, internal environment, and the external environment combined to determine the compensation strategy. This model is presented in Figure 3 and shows the interrelationship between strategy and the internal and external environment. Later in the article he presented a second model of the consequences of compensation strategies. In this conceptualization, organizational strategy-compensation strategy fit is thought to directly lead to organization performance and work behaviors.

As can be seen, the conceptual models devoted to the explication of the determinants and consequences of HR practices have varied greatly in their usefulness. Although none of the previous models are thought to be comprehensive enough to guide future SHRM research, they do suggest a more comprehensive model. Figure 4 presents a model that attempts to incorporate relevant aspects from previous micro and macro organizational work into a coherent and more complete conceptualization of the determinants and consequences of HR practices in organizations.

This model incorporates those variables proposed by many different theoretical perspectives into a more comprehensive conceptualization to guide future research. As can be seen, the organization does not exist in a vacuum, but rather in a complex and multifaceted environment. There are economic conditions, including the available labor supply, political and legal influences, and cultural influences that together have an impact on the organization and its choice of mission and strategy. While the model shows a direct link from organizational strategy to the human resource systems it

# FIGURE 2

## Complete Linkages Required for an Effective SHRM Process [a]
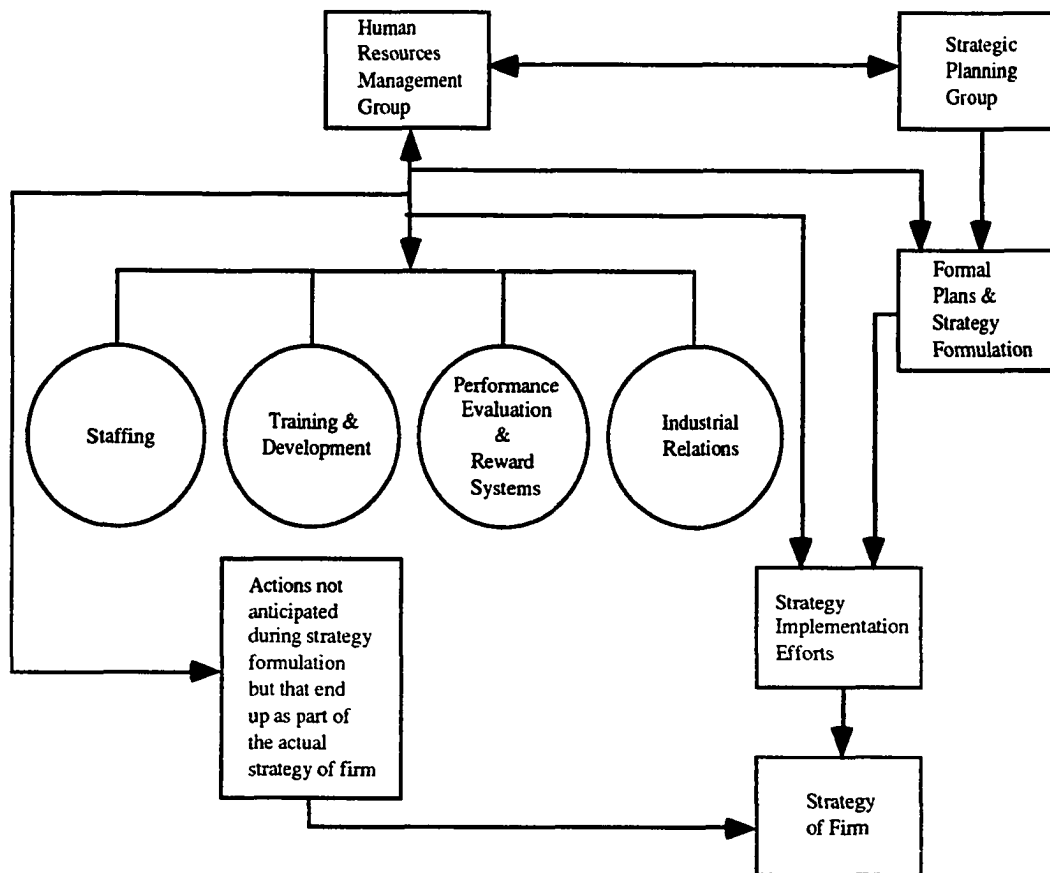


[a] From *Strategy and human resources management* by J.E. Butler, G.R. Ferris, and N.K. Napier (1991). Cincinatti, OH: South-Western Publishing Company.

FIGURE 3

Determinants of Compensation Policy [a]



**Organization Strategies**

- Corporate
- Business Unit
- Human Resources

**Internal Environment**

- Organization Types
- Internal Labor Markets
- Size
- Profitability
- Labor Costs/Total Costs

**External Environment**

- Legislative Changes
- Labor Unions
- Product Market Pressures
- Labor Market Pressures

**Compensation Strategy**

- Critical Decisions
- Critical Occupations
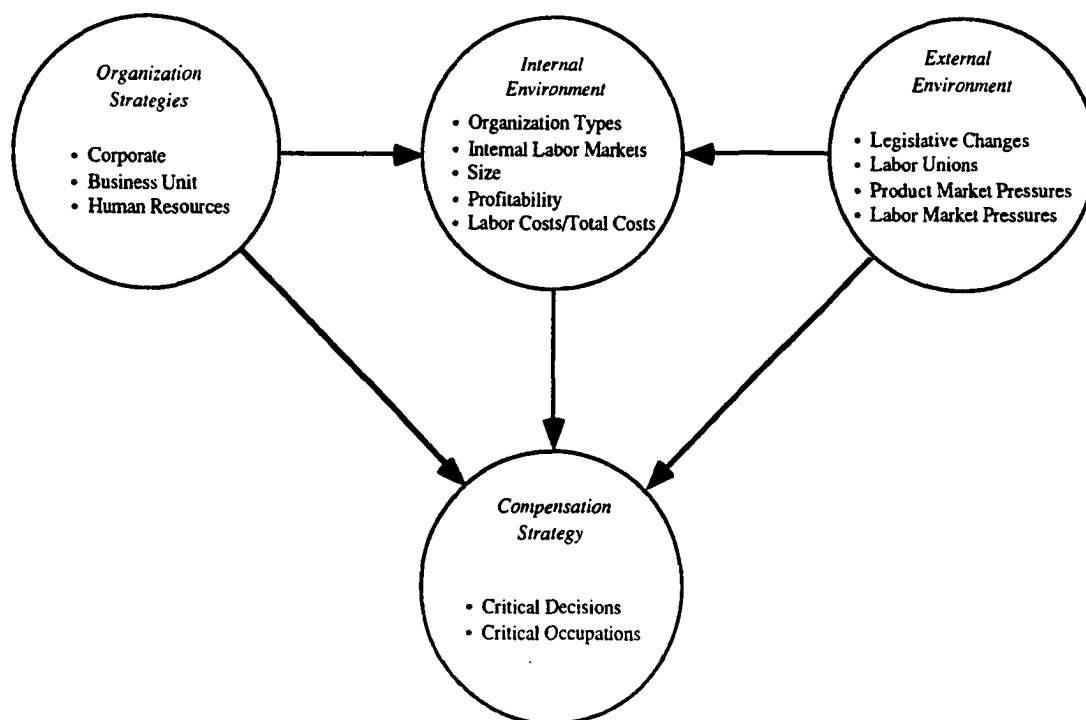
[a] From A strategic perspective on compensation management by G.T. Milkovich, 1988. In G.R. Ferris, & K.M. Rowland (Eds.) *Research in Personnel and Human Resource Management*, 6: 263-288.

FIGURE 4

A Conceptual Model of Strategic Human Resource Management

| Environment | | |
|---|---|---|
| Economic | Political/Legal | Cultural |

**Organizational Mission and Strategy**

**Human Resources Department/Function**

**Human Resource Management Policies and Procedures**

Employment Systems

**Job/Task Characteristics**

**Individual/Employee Differences**

- Locus of Control
- Tolerance of Ambiguity
- Education
- Growth Needs Strength
- Etc.

**Employee Role Behaviors and Attitudes**

- Individual and Group Performance
- Organizational Citizenship Behavior
- Organizational Commitment
- Satisfaction
- Retention

**Organization Performance**

employs, there is no doubt that environmental variables also have a meaningful and at times a direct impact on these system choices, given that the environment also influences strategy.

Consistent with a power/resource dependence perspective, the existence and make-up of personnel departments in organizations may also play a role in the adoption of both an organizational strategy and human resource or employment systems.

Another set of variables that are proposed to have a direct impact on the choice of employment systems are the characteristics of the jobs in the organization. This has often been overlooked in SHRM research, however, in other macro HR and organizational theory research they have been theorized (Ouchi, 1977) and shown to have a significant impact on the utilization of HR practices (Eisenhardt, 1988).

The main focus of this paper is the examination of the determinants of HR systems in organizations. However, if this research is to be considered SHRM, it is important to develop a model that considers the process by which these HR systems impact the functioning of organizations. Consistent with the behavioral perspective, it is proposed that these HR systems have a direct impact on employee role behavior. It is then the behavior of organizational citizens that results in organizational performance. In addition, consistent with psychological research, individual differences are thought to have an impact on how individual employees react to specific HR systems. It can be argued that organizations select individuals so that they employ only those individuals that will respond appropriately to the HR systems. However, organizations cannot obtain complete information on all prospective employees and there is likely enough variation in individual differences in organizations so that all employees will not respond as predicted. It could also be argued that individuals will select a particular organization because of the HR system employed (Schneider, 1987; Sonnenfeld & Peiperl, 1988). Again, individuals will not likely possess full knowledge about the

organization and could likely end up working under a HR system that they had not expected. This would also result in unpredictable individual differences within organizations.

This conceptual model is thought to be a constructive guide for future research into the effectiveness of HR systems in organizations. One of the most important aspects of the model is the idea that individuals inside organizations work under systems of HR practices. It is the focus on systems of practices that is one of the major goals of this paper. The following section attempts to define more precisely why this concept is important and better defines what is meant by systems of HR practices.

# CHAPTER III

# HUMAN RESOURCE MANAGEMENT STRATEGIES

## Defining HR Strategies

As can be seen from the review of the literature, most research to date has focused on only a single HR practice such as selection or compensation and not on patterns of practices. Even when more than one practice is studied, the results are presented independently. However, according to Dyer (1984b) a HR strategy is a pattern of practices, not a single practice. Likewise, Wright and McMahan (1992) define strategic HR as "the pattern of planned human resource deployments and activities that enable an organization to achieve its goals."

Clearly these researchers emphasize that we should be concerned about HR practices in concert with each other. However, when researchers broaden the focus to look at more than one practice, the results of their studies are still presented independently of other practices (e.g., Jackson, et al., 1990). This must change in order for the HR function to prove its worth. Block, Kleiner, Roomkin, and Salsburg (1987) point out that organizations implement numerous HR practices simultaneously and that these practices follow patterns and are organized into clusters in accordance with a company's culture. However, virtually all authors have tended to investigate or discuss how a single HR function can be used strategically (i.e., "strategic staffing" or "strategic appraisal"). The problem with this approach is that HR practices should be a coherent bundle that fit together, not independent actions that stand alone. If we continue to look at individual practices in isolation, we may underestimate the true impact of HR on organizational performance.

**Fit of HR practices.** One way to view this issue is to think of SHRM as being concerned with two types of "fit." The first "fit" could be called vertical fit and is an assessment of how HR practices fit with the particular organizational strategy or the external environment. This is the fit most often discussed and tested in the literature. Miles and Snow (1984) are a good example of this. They presented a listing of HR practices that would be emphasized by organizations following two of the strategy types (defender and prospector) outlined in Miles and Snow (1978). In other words, they presented specific HR practice choices for recruitment, selection, training and development, performance appraisal, and compensation that would be followed by defenders, prospectors, and organizations following a mix of the two strategies. In a similar fashion, Schuler and Jackson (1987a) presented a list of HR practice choices that were hypothesized to be followed by organizations with specific competitive strategies. However, in both of these articles very little is said about how these practices work together.

Alternatively, there is a second fit that should concern HR specialists. This fit involves an assessment of how the particular HR practices mesh with each other. In other words, do the separate HR practices work in concert together, or do they oppose each other. For instance, if an organization was to tie compensation tightly to a supervisory rating of performance, and this supervisory rating was invalid for some reason (e.g., inadequate training in the rating process) these practices do not appear to have a great deal of fit. What is assessed here could be labeled horizontal fit. This type of fit has until now been given very little attention in the empirical literature, however, it could be crucial to the success of any HR program. Milliman, Von Glinow, and Nathan (1991) discuss the idea of fit at length in their article on international strategic human resource management. In their terms, horizontal fit is referred to as internal-within organizational unit fit. Gomez-Mejia and Welbourne (1989) also indirectly

discuss issues of horizontal fit by providing a description of two compensation strategies. While they limit themselves to compensation, they still make a valuable contribution by attempting to integrate the numerous HR practice choices involved in rewarding employees. However, it is the premise of this paper that what is needed are groupings across the HR functional areas, not simply within each. In other words, what needs to be done is to develop HR systems, or groupings of practices, that employees work under. An employee does not work only under a specific compensation policy, but also under promotion, development, socialization, and other policies. It is this system of policies that is viewed here as important.

**Alternate conceptualizations of the HR function.** Other recent work has realized the problem of focusing on a single HR practice and begun to develop alternative ways to view the HR function. Instead of viewing each individual practice in isolation, these writers have begun to develop a more refined and smaller set of functions that HR practices serve. For instance, Beer, Spector, Lawrence, Mills, & Walton (1985) view HR as managing employee influence, employee flows, reward systems, and work systems. The practice of selection would therefore be considered most directly a part of the function of managing employee flows in the organization. Likewise, the practice of compensation is most associated with the function of rewarding employees (reward systems).

Wright & Snell (1991) have presented yet another view of the HR function. They view HR as managing competencies and behaviors in the organization. Competency management could be achieved through selection and training, whereas behavior management could be achieved through such practices as appraisal and compensation. If we use these new frameworks, the important question now shifts from how do organizations use specific HR practices within the organization, to a larger perspective of how are HR practices utilized in organizations to fulfill certain

functions. This moves the focus of HR from investigating how certain selection or compensation practices influence individuals and the organization, to a focus on more broad HR functional areas, such as competency management, each composed of the more micro level functions. However, this may lead to very little improvement over the more traditional practice areas (Schuler & Jackson, 1987a) such as selection or compensation. What is needed is a focus on systems of practices.

Employees work under a number of practices simultaneously, and therefore it may be more appropriate to investigate these systems of employment (Osterman, 1987a). It is argued here that for HR to prove its worth to organizations, it is essential that such a perspective be taken. Selection or compensation practices do not exist in isolation from other HR practices and should not be treated as if they did. Competency management practices do not exist in isolation from behavior management practices, and employee voice mechanisms do not exist in isolation from reward systems. Any attempt to prove the worth of HR to the organization must take this perspective into account.

Given that HR practices and organizational cultures are so intertwined (Yeung, Brockbank, & Ulrich, 1992) the changing of a single HR practice may have unpredictable and possibly disastrous effects on the organization. For this reason, the following section will be devoted to a review of the theoretical and descriptive work in the area of employment systems. Based on this review, a new conceptualization of employment systems will be presented.


**Employment Systems**

A handful of researchers have focused on employment systems (Kerr & Slocum, 1987; Osterman, 1987a; Sonnenfeld & Peiperl, 1988). They have begun the difficult task of developing classifications for the various systems of HR and other

related practices under which all employees work. As mentioned earlier, one way to investigate HR practices in the organization is to focus on fit. When discussing employment systems, the major emphasis is placed on what has been labeled horizontal fit. That is, these systems attempt to characterize different degrees of horizontal fit among HR practices.

The most comprehensive writing in this area has been that of Osterman (1987a) in his research on the formation of internal labor markets in organizations. Osterman (1987a) discusses what he labels "employment subsystems" in the context of alternative occupational arrangements in internal labor markets. According to Osterman, there are four basic employment subsystems that characterize most of the choices available to organizations in the structuring of employment relationships inside the organization: industrial, salaried, craft, and secondary. Osterman refers to these as subsystems because he believes that they may coexist in a single organization. For instance, the organization may set up one system for a core of employees and another system for employees on the periphery. There are four HR practice dimensions on which these systems are thought to be based. The first dimension refers to the degree to which jobs are defined. For instance, some jobs are defined very narrowly, whereas others have broad definitions. In addition, job definitions may be considered rigid or loose, depending on whether a person is expected or can do things that are not precisely defined in their job description.

A second dimension deals with how labor is deployed throughout the organization. In some firms, there may be rigid rules that govern the deployment of individuals. This is particularly the case for unionized employees who in some cases may refuse to be moved throughout the organization. On the other hand, some organizations may have total discretion in the deployment of personnel.

The third practice dimension is the degree to which an employee is offered employment security. Some organizations may retain the right to hire and fire at will and expand or contract employment during changes in the external market. Other employers offer greater security to their employees. IBM had been the classic example of an organization that offered its employees a high degree of security. Until recently, IBM had not initiated a major layoff of workers. During slack times, they attempted to retrain employees and keep them on in different capacities. This practice has changed dramatically during the past year.

The fourth dimension primarily deals with whether wages are attached to the job or to the individual. If wages are attached to the job, all employees performing that job receive the same wage. If the wages are attached to the individual, employees with higher skill levels or greater seniority are usually paid more than employees with lower skill levels and less seniority.

According to Osterman, these four HR practice dimensions should ideally fit together with a coherent logic within each subsystem. The four employment subsystems, based upon the combinations of practice dimensions, are detailed in Table 1 and a brief description of each is presented below.

**Industrial.** In the industrial subsystem, jobs are tightly defined and have explicit rules and responsibilities. Management usually does not have total control in the deployment of employees in the organization. In some instances it may be required that workers agree to transfers throughout the organization. Wages in this system are attached to jobs, not individuals. Also, no guarantee of employment is given. These employees may be discharged frequently as the conditions in the product market dictate. However, Osterman noted that when layoffs do occur, they are usually organized by seniority, with those with the least seniority laid off first. Osterman also explains that

TABLE 1

Employment "Subsystems" [a]

| Employment "subsystem" | Industrial | Salaried | Craft | Secondary |
|---|---|---|---|---|
| Job definitions | Tightly defined | Loosely defined Subject to revision | (Tightly defined) | (Tightly defined) |
| Labor deployment | Management controlled | Management controlled Frequent changes | (Management controlled) | (Management controlled) |
| Job security | None | Greater degree | (Little) | (Little) |
| Wage rules | Attached to jobs | Attached to individuals | (Attached to individuals) | (Attached to jobs) |

[a] This table developed from Osterman (1987a).

although this model emerged from the spread of unionism, it has spread beyond unionized firms as nonunion establishments imitate the practices of unionized firms.

**Salaried.** The salary model defined by Osterman is thought to include not only salaried workers, but also some blue-collar workers in innovative employment settings. These systems foster a high degree of commitment to the organization, and provide greater job security to the employee. There is no formal career path or job ladder, and employees may be switched from job to job and asked to perform work that is not expressly written in the job description. Job descriptions are constantly subject to revision. In addition, wages are to a greater extent based on individual merit, consequently, individuals in the same job may, and probably do, receive different levels of pay.

According to Osterman (1987a), these two 'subsystems' characterize the systems that the largest number of workers in the United States work under today. The industrial model most clearly describes typical blue-collar jobs in the industrial setting, and the salaried subsystem describes most of the jobs in white-collar jobs. The final two subsystems describe a smaller portion of the jobs today.

**Craft.** In the craft system there is less loyalty or commitment to a single employer. Instead, employees feel a sense of belonging to a profession. Consequently, there is a greater degree of turnover caused by employees leaving organizations for better opportunities elsewhere. Also, organizations will likely hire outside individuals to fill openings at all levels of the organization. A formal career path inside the organization will most likely not exist. The skills employees acquire are usually acquired outside the organization and are not firm specific, thus aiding in an individual's mobility.

**Secondary.** The final subsystem identified by Osterman is the secondary system. This system is comprised of all jobs that have no career opportunities both

within and outside the organization. In other words, individuals in this system are not likely to move up in an organization. As Osterman stated, these jobs "lack clear linkages to future jobs." One of the most obvious characteristics of jobs in this system is that they require very low skills. Individuals in these jobs are also poorly paid.

Osterman (1987a) identified a number of decision rules that govern which systems are used in organizations. This will be discussed at greater length later in this paper, however, a brief description is presented here. He believes that organizations make these decisions by a careful analysis of the goals of the organization and the constraints on the implementation of the systems. He identified three major goals that organizations may have when implementing a system: cost effectiveness, maximizing predictability, and flexibility. In addition, there are four constraints: physical technology, social technology, the nature of the labor force, and the role of government. The goal of the article was to put forward a model centered on employment systems, rather than individual practices, in hopes that it would guide future research.

## Career Systems

Other researchers have also begun to put forward models built around systems. Sonnenfeld and Peiperl (1988) presented a typology of what they label career systems. The typology is a four cell typology developed using two dimensions of staffing policy. However, the typology proposed by Sonnenfeld and Peiperl (1988) actually deals with issues that are very similar to those of the Osterman (1987a) typology which did not solely look at staffing policy. According to Sonnenfeld and Peiperl (1988), career systems are "the collections of policies, priorities, and actions that organizations use to manage the flow of their membership into, through, and out of the organizations over time." It should be clear that these systems have much in common with those

proposed by Osterman (1987a). However, these career systems are thought to be organization wide systems, whereas Osterman's (1987) subsystems are more directly linked to jobs in the organization. Therefore, while Osterman's (1987) subsystems are thought to coexist in a single organization, Sonnenfeld and Peiperl's (1988) career systems are defined at the organizational level.

The two dimensions or properties of career systems are labeled, the supply flow, and the assignment flow. The supply flow is concerned with movement in and out of the organization. For instance, does the organization restrict the hiring at upper levels to members in the organization, and as such rely solely on an internal market, or does the organization openly recruit and hire externally at all levels of the organization? This has implications for the deployment of individuals in the organization, as well as the degree of job security an individual is likely to have. The use of internal labor markets usually creates an environment where job security is given in exchange for greater loyalty and commitment to the organization.

The second dimension, assignment flow, deals with the career pipeline in the organization. Sonnenfeld and Peiperl (1988) believe that organizations make a choice between assigning individuals in the organization "primarily based on their individual performance or on the basis of their contribution to the general group." This appears to be more similar to a reward structure than a staffing policy and because of this it could be argued that this typology could be more precisely labeled an employment system rather than simply a career system.

Using these two dimensions Sonnenfeld and Peiperl (1988) present a four quadrant model representing what they believe to be the four major career systems. These are labeled the Academy, the Baseball team, the Club, and the Fortress and are described below. Table 2 is lists the main features of each of the systems.

TABLE 2

Career System Properties [a]

| | Academies | Clubs | Baseball Teams | Fortresses |
|---|---|---|---|---|
| Strategic Mission | Analyzers | Defenders | Prospectors | Reactors |
| Career System Priority | Developing firm-specific functional specialists | Retention firm-specific generalists | Recruitment celebrity talent/ expertise specialists | Retrenchment turnaround expertise flexible generalists |
| Supply Flow | Exclusive entry at early career | Emphasis on early career entry | Entry throughout career stages | Entry is limited to recruitment of turnaround expertise and cheap replacement labor |
| | Exit at retirement | Exit at retirement | Exit through push due to poor individual performance or pull of outside opportunities | Exit due to poor corporate performance: layoffs/ dismissals early retirements |
| Assignment Flow | Individual contribution | Group contribution | Individual contribution | Group contribution |
| | Internal tournament drives advancement through job ladders | Corporate service | Internal and external contest for advancement | Corporate contribution |
| | | Loyalty/ Length of service | Performance always at peak | Corporate sacrifice |
| | | Special assignments | | Flexibility to handle multiple tasks |
| | | Relocation Age grading | | Willingness to change |
| | | | | Survival under stress |

TABLE 2 (Cont.)

|  | Academies | Clubs | Baseball Teams | Fortresses |
|---|---|---|---|---|
| Training and Development | Constant retraining with job moves | Training for general enrichment | Very little training due to portability of skill | No training due to financial hardship and high turnover |

[a] From Staffing policy as a strategic response: A typology of career systems by J.A. Sonnenfeld and M.A. Peiperl, 1988. *Academy of Management Review*, 13: 588-600.

**The academy**. This career system is one in which individuals are hired into the organization at lower levels and have the opportunity to move up career ladders. While these ladders may very greatly in the degree of establishment, they are all internal. Recruitment and selection for jobs at higher levels in the organization are strictly limited to internal sources. Also, individuals are rewarded for their individual effort in helping the group or organization reach its goals. There is a high degree of firm-specific skill, and very low turnover. In addition, there is likely a high degree of socialization going on throughout the organization. Employees feel a high degree of commitment and attachment to the organization.

**The club**. The club works much like the academy, except that less emphasis is placed on personal development and performance. There is a high degree of belongingness and low turnover. While the club emphasizes hiring from within, the career paths are much slower than in the academy.

**The baseball team**. The baseball team, unlike the first two systems, emphasizes entry at all levels from outside the organization. Consequently there is less of a need for firm-specific skills and less emphasis is placed on individual development than in the Academy. Movement through the organization, or more commonly across organizations is mainly based on individual performance. In addition, there is high turnover and a very low sense of commitment to the organization. Rather, individuals in these systems appear to be more attached to the profession, than the organization. In this sense, this career system appears to be very similar to the craft system Osterman (1987a) has proposed.

**The fortress**. The fortress is characterized by the use of an external supply of labor, but it may have difficulty attracting quality employees. Sonnenfeld and Peiperl (1988) state that organizations using this type of system are in a struggle for survival,

and that these systems are probably used more often in a period of transition. The fact that one of the characteristics of this system is high number of layoffs backs this up.

Sonnenfeld and Peiperl (1988) bring the idea of career systems further by detailing which systems would work best under the business level strategies proposed by Miles and Snow (1978). Like Osterman (1988), they also attempt to develop hypotheses concerning their typology, however, they add that certain types of individuals would be more likely to seek out one system as opposed to another.

It is interesting that Sonnenfeld and Peiperl (1988) relate their typology to the business level strategies of Miles and Snow (1978) given that Miles and Snow (1984) developed their own human resource systems to correspond to three of their four strategies. While Miles and Snow (1984) did not name the three resulting systems, they clearly resemble the systems outlined in Sonnenfeld and Peiperl (1988). These systems are outlined in Table 3. As can be seen from the Table, the three HR systems are very similar to their counterparts in Sonnenfeld and Peiperl (1988). In addition, these systems (particularly the defender and prospector) are quite similar to a taxonomy of reward systems developed by Kerr and Slocum (1987).

## Reward/Control Systems

Kerr and Slocum (1987) refer to these systems as reward systems. However, it is felt they, as the career systems of Sonnenfeld and Peiperl (1988), are much more than simply reward systems. Kerr and Slocum (1987) built on the earlier work of Ouchi (1978) and Ouchi and Maguire (1975) that attempted to explain organizational use of control systems. The two systems outline in by Kerr and Slocum (1987) were labeled the corporate hierarchy and the performance-based reward system. A brief description of each is presented below and a summary is shown in Table 4.

TABLE 3

Human Resource Management Systems [a]

| Human Resource Management System | Type A (Defender) | Type B (Prospector) | Type AB (Analyzer) |
|---|---|---|---|
| Basic strategy | Building human resources | Acquiring human resources | Allocating human resources |
| Recruitment selection, and placement | Emphasis: "make" Little recruitment above entry level Selection based on weeding out undesirable employees | Emphasis: "buy" Sophisticated recruiting at all levels Selection may involve pre-employment psychological testing | Mixed recruiting and selection approaches |
| Staff planning Training and development | Formal, extensive Skill building Extensive training programs | Informal, limited Skill identification and acquisition Limited training programs | Formal, extensive Skill building and acquisition Extensive training programs Limited outside recruitment |

TABLE 3 (Cont.)

| Human Resource Management System | Type A (Defender) | Type B (Prospector) | Type AB (Analyzer) |
|---|---|---|---|
| Performance appraisal | Process-oriented procedure (for example, based on critical incidents or production targets) Identification of training needs Individual/group performance evaluations Time-series comparisons (for example, previous years' performance) | Results-oriented procedure (for example, management by objectives or profit targets) Identification of staffing needs Division/corporate performance evaluations Cross-sectional comparisons (for example, other companies during same period) | Mostly process-oriented procedure Identification of training and staffing needs Individual/group/ division performance evaluations Mostly time-series, some cross-sectional comparisons |
| Compensation | Oriented toward position in organization hierarchy Internal consistency Total compensation heavily oriented toward cash and driven by superior/subordina te differentials | Oriented toward performance External competitiveness Total compensation heavily oriented toward incentives and driven by recruitment needs | Mostly oriented toward hierarchy, some performance considerations Internal consistency and external competitiveness Cash and incentive compensation |

[a] From Designing strategic human resource systems by R.E. Miles and C.C. Snow 1984. *Organizational Dynamics*, 13: 36-52.

TABLE 4

Reward Systems [a]

| Reward System | Hierarchy-based | Performance-based |
| --- | --- | --- |
| Performance | Defined quantitatively and qualitatively | Defined quantitatively |
| Job Definitions | Defined broadly and subtly | Defined specifically |
| Training and Development | Great deal of mentoring | No socialization or mentoring |
| | Supervisors provide training, socialization feedback, and rewards | Feedback is erratic and evaluative not developmental |
| Rewards/ Compensation | Reward teams | Reward individuals |
| | Formal salary plans | Bonuses are frequent and based on output |
| | Salary increases based on seniority and subjective performance | Base salary determined by external labor market |
| | Perquisites are very common | |
| Staffing | Promotion from within almost exclusively | Hire almost exclusively from outside at all levels |
| | Frequent promotions for development | Few promotions from within |

[a] This table developed from Kerr and Slocum (1987).

**The corporate hierarchy.** This system appears to be somewhat of a hybrid

of the Academy and the Club systems outlined in Sonnenfeld and Peiperl (1988),

although it more closely resembles the Club. This system also appears to be identical to

the Type A (defender) system and very similar to the Type AB (analyzer) system of

Miles and Snow (1984). Internal promotion ladders are the rule, compensation is

based mostly on seniority, however, if bonuses are given, they are likely to be based

on firm performance or measures of individual behavior (not output). Jobs are

somewhat broadly defined and performance is evaluated by supervisors usually in a

highly subjective manner. These systems foster high commitment to the organization

and low turnover.

**The performance-based reward system.** In this system, individuals are

rewarded for individual contributions. Performance is based on objective output

measures if they are available, and compensation is directly tied to these measures.

Using external sources of labor is common and there is a high degree of turnover and

low commitment to the organization.

Kerr and Slocum (1987) argue that from these two reward systems emerge two

distinct organizational cultures: clan and market. While the clan culture is characterized

by a fraternal atmosphere and a sense of long term commitment on the part of the

employees and the organization, the market culture is built on contractual relationships

with very little commitment on either side. Kerr and Slocum (1987) also argue that

each of these systems/cultures is appropriate for a particular organizational strategy.

They state that organizations following a steady state strategy would be better served

using a hierarchy-based reward system, and those organizations following an

evolutionary strategy would be better served to use a performance-based reward

system. In essence, they are linking a system of HR practices to particular business

strategies. While their systems of HR practices are defined as reward systems, they in

fact contain suggestions of other HR practices as well. Organizational development, socialization, and staffing are all actually a part of their reward systems, though not stated directly as such. Hierarchy-based reward systems imply the use of a strong internal labor market, formalized socialization practices, and possibly a greater use of team management. It appears that the use of the title "reward systems" may be somewhat misleading.

## Overview of Employment Systems

The latter three typologies (Kerr & Slocum, 1987; Miles & Snow, 1984; Sonnenfeld & Peiperl, 1988) are primarily focused on the organizational level of analysis rather than on the job level. They hold a somewhat implicit assumption that within organizations the structure of the employment relationship should be the same for individuals at all levels. Although Sonnenfeld and Peiperl (1988) argue that in some instances different systems may appear in the same organization, they view this variation as somewhat inconsequential. Other research has shown, however, that there is great variety within the organization as to how the employment relationship is structured (Baron, Davis-Blake, & Bielby, 1986; Schuler & Jackson, 1987b). In fact, Osterman (1984, 1987) argues that these systems should vary within organizations because of the different nature of jobs.

Osterman (1987a) proposed four constraints on the choice of employment system within the organization: physical technology, social technology, the nature of the labor force, and the role of government. It is obvious that different jobs in the organization may require the use of different technologies and may be under different regulations (especially under union control). What Osterman (1987a) was referring to by social technology is the idea that there are some jobs that are more crucial to the fundamental operation of the organization. Crucial jobs are those where the

organization places most of its emphasis. Pfeffer and Baron (1988) state that "if a company is to build an internal culture around its expertise, say, as a marketing company, it may find it more convenient to de-emphasize - and perhaps externalize altogether - those functions that are rather peripheral to this core activity of the organization." This is in line with the idea presented by Thompson (1967) that organizations buffer their technological core from the external environment.

In addition, this is consistent with empirical results presented by Pfeffer and Davis-Blake (1987) that showed that critical employee groups were compensated differently than other employees in the same organization. It can, therefore, be assumed that different employment systems are likely to appear in the same organization.

The emphasis throughout the remainder of this paper will be on the development of a precise articulation of possible employment system choices and the factors that influence which of these systems is chosen for given occupational or job clusters inside organizations. Writings in the area of the development of internal labor markets (Bills, 1987; Osterman, 1984; Pfeffer and Cohen, 1984) and the externalization of employment (Pfeffer & Baron, 1988) have provided a number of factors that influence the development of specific types of employment systems. Although these works were mainly focused on the development of specific career ladders in organizations, they provide great insight to the determinants of more complete employment systems. Given that internal career ladders are related to a number of other HR practices (i.e, compensation and training and development) this literature appears particularly relevant.

Factors studied as determinants include both organizational and economic factors. Most of the theoretical work focuses on transaction cost, institutional, and resource dependence explanations for the development of employment systems.

Individual factors include organization size, presence of a personnel function, technology, meterability of tasks, firm-specific skills, firm-specific training, occupational and industry norms, organizational purpose and mission, unions, governmental regulation, and internal and external labor markets. Organizational strategy has not been studied in relation to internal labor markets yet it may also have a direct impact on the selection of employment systems. The main argument made in this paper is that SHRM deals with the structuring of the employment relationship within the organization. SHRM is not "strategic staffing" or "strategic compensation," rather SHRM is the strategic design of employment systems composed of both staffing and compensation practices in addition to others.

## Employment System Dimensions

From prior research and theory development, there appear to be some aspects of the HR system that can be strategic and others that are not (Milkovich, 1988). For instance, Schuler and Jackson (1987a) present a menu of possible HR practice choices. However, it is likely that only a small portion of these practice choices could be used strategically. As can be seen in Table 5, the number of possible HR practice choices is rather large, and it appears that some of the choices are so similar that there may not be a meaningful difference. However, it is important to note the five general categories. There appears to be general support for most of the five, as can be seen in numerous texts and in other research (Yeung, et al., 1992).

Yeung, et al. (1992) studied the correlation between HR practices and organizational culture. The general practices studied, and the specific aspects of each practice, are presented in Table 6. In this study, the emphasis is placed on the extent to which the business focuses on the practice at the operational and strategic levels. This

## TABLE 5

### Human Resource Management Practice Menus [a]

#### Planning Choices

| | |
|---|---|
| Informal | ——— Formal |
| Short Term | ——— Long Term |
| Explicit Job Analysis | ——— Implicit Job Analysis |
| Job Simplification | ——— Job Enrichment |
| Low Employee Involvement | ——— High Employee Involvement |

#### Staffing Choices

| | |
|---|---|
| Internal Sources | ——— External Sources |
| Narrow Paths | ——— Broad Paths |
| Single Ladder | ——— Multiple Ladders |
| Explicit Criteria | ——— Implicit Criteria |
| Limited Socialization | ——— Extensive Socialization |
| Closed Procedures | ——— Open Procedures |

#### Appraising Choices

| | |
|---|---|
| Behavioral Criteria | ——— Results Criteria |
| Purposes: Development, Remedial, Maintenance | |
| Low Employee Participation | ——— High Employee Participation |
| Short-Term Criteria | ——— Long-Term Criteria |
| Individual Criteria | ——— Group Criteria |

#### Compensation Choices

| | |
|---|---|
| Low Base Salaries | ——— High Base Salaries |
| Internal Equity | ——— External Equity |
| Few Perks | ——— Many Perks |
| Standard, Fixed Package | ——— Flexible Package |
| Low Participation | ——— High Participation |
| No Incentives | ——— Many Incentives |
| Short-Term | ——— Long-Term Incentives |
| No Employment Security | ——— High Employment Security |
| Hierarchical | ——— High Participation |

#### Training and Development

| | |
|---|---|
| Short Term | ——— Long Term |
| Narrow Application | ——— Broad Application |
| Productivity Emphasis | ——— Quality of Work Life Emphasis |
| Spontaneous, Unplanned | ——— Planned, Systematic |
| Individual Orientation | ——— Group Orientation |
| Low Participation | ——— High Participation |

[a] From Linking competitive strategies with human resource management practices by R.S. Schuler and S.E. Jackson, S.E 1987. *Academy of Management Executive*, 1: 207-219.

# TABLE 6

## Human Resource Practices [a]

For each practice organizations were asked to indicate the extent to which the business focuses on the practices at the (a) operational level and (b) strategic level.

Staffing
    Attract appropriate people
    Promote appropriate people
    Outplace appropriate people

Development
    Offer training programs
    Design development programs that facilitate change
    Prepare talent through cross functional moves or task
    force assignments

Performance Appraisal
    Facilitate establishment of clear performance standards
    Design feedback processes
    Design performance appraisal systems to differentiate
    performance
    Design performance appraisal systems for career planning

Rewards
    Design compensation systems
    Design benefits systems
    Design non-financial reward/recognition systems

Communication
    Facilitate design of internal communication processes
    Help explain why business practices exist
    Work with managers to send clear and consistent messages

Organization design
    Help create reporting relationships
    Facilitate accountability for accomplishing work
    Facilitate the process of restructuring the organization
    Facilitate the integration of different business
    functions

[a] From Organizational culture and human resource practices: An empirical assessment by A.K.O. Yeung, J.W. Brockbank, and D.O. Ulrich 1991. In R. Woodman & W. Pasmore (Eds.), *Research in organizational change and development*, Vol. 5. Greenwich, CT: JAI Press.

is somewhat different from previous conceptualizations that emphasize the use of each practice, and as such, does not actually describe an employment system, but the degree to which the organization emphasizes its HR function.

Snell (1991) uses yet another method of studying HR practices in the organization. Instead of focusing on specific HR practices and the extent to which they are used in organizations, Snell grouped these practices into three separate types of control in the organization. These are presented in Table 7. Input control is the extent to which organizations attempt to control the inputs of human resources and the necessary skills into the organization. Behavior control is the degree to which organizations measure and reward employee behaviors in organizations. Finally, output control is the degree to which organizations measure and reward outputs of employee behaviors. While this conceptualization is innovative and appealing, what is actually being measured are the types of staffing, appraisal, and reward systems in use in the organization. It might therefore be more appropriate to base the development of a conceptualization of employment systems on key features of the specific individual HR systems, such as staffing and appraisal.

Cummings (1984) discussed five HR systems that are thought to influence executive behavior. These systems are presented in Table 8. This is one of the first attempts to look at the idea of internal fit of HR practices. Cummings (1984) discussed the idea that the growth stage of the company and the other four HR systems in the organization (promotion, competency development, control, and decision-making) combine to influence the type of compensation system that is most effective for the organization. While the idea of effectiveness is beyond the scope of this paper, it is important to note that the five HR systems proposed to influence executive behavior are very similar to other HR choices previously discussed.

TABLE 7

Control Systems in HRM [a]

## Input Control System in HRM

1. Managers receive substantial training before they assume responsibility.
2. We have gone to great lengths to establish the best staffing procedure possible.
3. After being on the job for years, managers are involved in skill development.
4. Individuals must undergo a series of evaluations before they are hired.
5. My team of managers are given ample opportunity to broaden their range of talents.
6. We take pride in the fact that we hire the very best people for a job.
7. We have a strong commitment to training and developing skilled managers.

## Behavior Control System in HRM

1. Primary weight in evaluations is placed on behavior.
2. Subordinates are held accountable for their actions, regardless of results.
3. I do not generally concern myself with particular procedures and methods my subordinates use on the job.
4. My managers and I consult with one another in setting standards.
5. Performance programs are imposed top-down.
6. Frequent meetings are held with subordinates to discuss their performance.
7. Subordinates assume responsibility for setting their own performance goals.
8. Members of this organization receive frequent performance feedback.
9. Long lag periods are required for feedback.

TABLE 7 (Cont.)

## Output Control System in HRM

1. Performance evaluations place primary weight on results.
2. Performance targets are written in stone.
3. Pay consists of performance-based rewards.
4. Pre-established targets are used as a benchmark for evaluations.
5. Numerical records are used as the chief index of effectiveness.
6. Differences in pay among my subordinates represent differences in performance levels.
7. Regardless of what subordinates are like personally, their performance is judged by results achieved.
8. The rewards my managers receive are linked to results.
9. It is infeasible to lock into my subordinates into fixed targets.
10. My team of managers are paid on straight salary.
11. Those who do not reach objectives receive a low rating.
12. Regardless of their absolute accomplishments, appraisals are based on whether they reach their goals.

[a] From Control theory in strategic human resource management: The mediating effect of administrative information by S.A. Snell 1992. *Academy of Management Journal*, 35: 292-327.

TABLE 8

Systems Influencing Executive Behavior [a]

1. Compensation
   - Salary
   - Benefits
   - Perquisites
   - Short-term incentives
   - Long-term incentives

2. Promotion System
   - Criteria
   - Time patterns

3. Competency Development System
   - Formal developmental programs
   - On-the-job enrichment

4. Control System
   - Performance appraisal
     DAP (development action program)
     MAP (maintenance action program)
     RAP (remedial action program)
   - Behavioral or outcome focus

5. Decision-Making System
   - Focus on individual or group (consensus) decision processes
   - Focus on value or factual premises

[a] From Compensation, culture, and motivation: A systems perspective by L.L. Cummings. *Organizational Dynamics*, 12: 33-44.

Before presenting specific hypotheses regarding the determinants of employment systems, it is necessary to address this point by specifying the defining dimensions of employment systems. As previously discussed, Osterman (1987a) presented four basic dimensions on which his framework was developed. Using the theoretical work of Osterman (1987a), Sonnenfeld and Peiperl (1988), and Kerr and Slocum (1987), it is possible to put forth dimensions on which there appears to be agreement.

First, organizations can develop internal labor markets or rely more heavily on the external market. A defining characteristic of internal labor markets is the notion of hiring from within rather than from outside the organization. When organizations choose to develop an internal labor market, they provide individuals in the organization with an internal career ladder, or progression of jobs through which organizational members progress. Therefore, the most important aspect of this dimension is whether or not the job is in an internal labor market (career ladder) or not. This includes the degree to which individuals are hired into the job from within the organization, and also the degree to which individuals in that job leave that job to go on to other jobs in the organization.

Second, the degree to which organizations provide training can be a strategic dimension. Organizations can provide extensive and formal training or rely on acquiring skills through selection and limited socialization practices. Obviously this dimension and the first are related in that organizations hiring mainly from outside the organization will less likely provide extensive training to their newly hired employees given that they can hire based on whether or not the individual possess needed skills. Some organizations may also wish to provide limited formal training and use other techniques, such as socialization, to ensure the required knowledge, skills, and abilities are present.

Third, employees can be appraised through the use of behavior, output, or some combination of these measures (Ouchi, 1977). Behavior-based appraisals focus on the behaviors of individuals necessary to perform the job effectively, whereas output-based appraisals focus merely on the consequences of those behaviors. It is unlikely that an organization would rely solely on either one of these types of measures. However, it is likely that organizations do emphasize one more than the other. This is a fundamental component of both the Sonnenfeld and Peiperl (1988) and Kerr and Slocum (1987) typologies.

The fourth dimension involves compensating employees. There are really four basic compensation practice choices to choose from. The first is a piece rate system, where employees are paid for only that which they produce. Second, a similar method would be to pay employees a low base compensation in the form of a salary and have a variable amount of pay determined by individual performance. Third, organizations can pay simply a straight salary. Fourth, organizations can provide a base salary in addition to a variable amount of pay determined by organization or group performance. The important components here are the degree to which compensation is tied to performance and whether it is tied to group or individual performance.

The fifth dimension is the degree to which employees are given employment security. It is logical that some employees, particularly in the core jobs, would be given a greater degree of job security than other employees. While it is apparent in today's economic times that even the most senior employees are not free from layoffs, there are particular groups of employees in organizations who undoubtedly have a greater sense of security in their jobs than other employees. This does not always imply a written policy protecting these workers. The sense of security might come from a tradition in the organization of having few layoffs or at least fewer layoffs for that particular group of employees.

The sixth dimension deals with the degree to which employees are given voice mechanisms. Are there formal grievance procedures? To what degree are employees involved in the decision making processes of the organization? In this sense, voice is viewed as the degree to which employees are allowed to speak out and have input and the degree to which the organization values and requests their input.

The seventh and final dimension is the degree to which jobs are defined. Osterman (1987a) and Kerr and Slocum (1987) both mention this in their typologies of employment systems. Osterman viewed jobs as loosely defined in the salaried subsystem as compared to the industrial subsystem. Kerr and Slocum (1987) proposed that jobs were more tightly defined in the performance-based system than in the hierarchy-based system. Tightly defined jobs are those where the employees know exactly the content of their jobs. The job is limited in scope, and duties that are not considered part of the job are not performed by incumbents. Loosely defined jobs, on the other hand, have many duties that are not explicitly defined. Employees in these jobs perform a wide variety of duties, some of which may not appear to be part of their jobs.

These dimensions that are viewed as the defining characteristics of employment systems in organizations. This list is much shorter than the list of HR practice choices presented in Schuler and Jackson (1987a) because it is thought that these seven dimensions more accurately and concisely represent the major strategic HR choices in organizations. A typology based on these seven dimensions may be beyond the scope of this piece of work given the number of dimensions and possible combinations of practices. However, two extreme systems can be articulated as shown in Table 9. They are very similar to the two systems presented by Kerr and Slocum (1987), the Academy and the Baseball team presented by Sonnenfeld and Peiperl (1988), and the Type A and Type B systems presented by Miles and Snow (1984).

TABLE 9

Employment Systems

| | Market-type System | Internal System |
|---|---|---|
| Staffing | Hire almost exclusively from outside the organization<br>Very little use of internal career ladders | Hire mainly from within the organization<br>Extensive use of well defined career ladders |
| Training | No formal training provided<br>Little if any socialization taking place within the organization | Extensive formal training provided<br>Great amount of socialization within the organization |
| Appraisal | Performance measured by quantifiable output or results oriented measures<br>Feedback is in the form of numbers and is evaluative in nature | Performance measured by behavior oriented measures<br>Feedback is more for developmental purposes |
| Compensation | Compensation is tied as tightly to individual performance as possible | Compensation is usually based on tenure with the organization and the job title<br>When incentives are used they are tied to group performance measures or to behavior rather than output |
| Job Security | Very little job security is given | There is a great deal of job security among those who make it through the initial trial period<br>Extensive benefits to those outplaced<br>Formal dismissal policies exist |
| Employee Voice | Employees are given little voice in the organization | Employees will likely have access to grievance systems<br>Employees will be more likely to participate in decision-making |
| Job Descriptions | Jobs are very tightly defined | Jobs are not clearly defined<br>Job definitions are loose |

The market-type system is characterized by hiring from outside the organization, providing little training, and evaluating performance through the use of results measures. Employees who work under this system are compensated or rewarded for individual performance as measured by the output measures. They are given little job security and voice, and their jobs are usually tightly defined. This system is similar to the performance-based system outlined by Kerr and Slocum (1987), the baseball teams of Sonnenfeld and Peiperl (1988), and the Type B system of Miles and Snow (1984).

The internal system is characterized by the existence of an internal labor market. Extensive socialization and training are common. Performance is assessed through behavior, and appraisal feedback is given for developmental purposes rather than evaluative purposes. A rather high degree of job security is given. Employees are viewed as valuable sources of information and provided a great deal of voice. Individuals in these jobs are often required to go beyond the job description and perform duties that may not be directly related to their main jobs in the organization.

These are merely the two extreme employment systems. It is likely that other "subsystems" are somewhere in between these two extremes. However, they are useful in that they are similar to other typologies previously presented and represent theoretically relevant practices. Hypotheses attempting to relate these systems and their determinants are presented in the next section.

CHAPTER IV

THEORY AND HYPOTHESES

## Purpose of the Present Research

The present study attempts to expand upon our knowledge of the development and utilization of HR practices in organizations by focusing on the concept of employment systems. Previous research has begun to explore the many determinants of HR practices in organizations. However, that research has been limited both conceptually and empirically. Researchers have rarely put forth a conceptual model of the determinants upon which to base their research. In addition, much of the research has been flawed due to the focus on organization-wide HR practices. It is known that HR practices vary within organizations and therefore many of the studies that only looked at practices at the organizational level miss an important aspect of HR. Some studies have tried to address this by investigating practices within organizations across broad occupational categories (i.e., managers, professional/technical, clerical employees, etc.) (Jackson, Schuler, & Rivero, 1989; Schuler & Jackson, 1987a). However, the rationale for differences across these groups is that jobs within these categories differ in important aspects. This brings the question of why individual jobs are not the focus of investigation instead of these occupational categories.

The results of one of the most well conducted studies in the area of internal labor markets shows that investigating both interorganizational differences at a broad level and intraorganizational differences at the level of the individual job is extremely promising for future research (Baron, Davis-Blake, & Bielby, 1986). However, Baron, Davis-Blake, and Bielby (1986) failed to look at a broad range of HR practices.

Instead they focused on only one aspect, namely promotion ladders within organizations.

The present study attempted to move beyond previous research efforts by investigating both interorganizational differences, and intraorganizational differences by focusing at the level of the job. Specifically, the impact of business-level strategy and job/task characteristics on the use of HR practices is examined. Figure 5 shows the theoretical linkages of the comprehensive model that are empirically investigated here. It is proposed that business-level strategy has a direct influence on the types of employment systems used in organization. However, there are constraints that limit the ability of an organization to completely fit the HR practices with the business-level strategy. These constraints are in the form of job and task characteristics.

This study attempted to empirically test the relationship of both job/task characteristics and business-level strategy and the employment systems used within and across organizations. This is an important step towards a more complete understanding of the role HR practices play in organizations. This study makes two important contributions to the literature. First, to date no study has empirically assessed the relationship between strategy and theoretically defined systems of HR practices. Schuler and his colleagues have investigated the relationship between specific strategies and a number of different practices. However, their view of HR practices is limited in that the hypotheses and analyses were focused on individual HR practices, and therefore, ignored that fact that individuals work under a system of practices.

Second, by focusing at the job level, this study is the first to investigate relationships between strategy, job/task characteristics and employment systems. Previous research has shown that there is a great deal of variation in the HR practices utilized within organizations. But, there have been no investigations of factors that may account for this intraorganizational variation. By focusing on individual jobs as

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FIGURE 5

The Impact of Strategy and Job/task Characteristics

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┌─────────────────────────────┐
│      Organizational          │
│   Mission and Strategy       │
└─────────────────────────────┘
              │
              ▼
┌────────────────────────────────────┐      ┌──────────────────────┐
│  Human Resource Management          │◄─────│      Job/Task         │
│   Policies and Procedures           │      │   Characteristics     │
├────────────────────────────────────┤      └──────────────────────┘
│                                     │
│      Employment Systems             │
│                                     │
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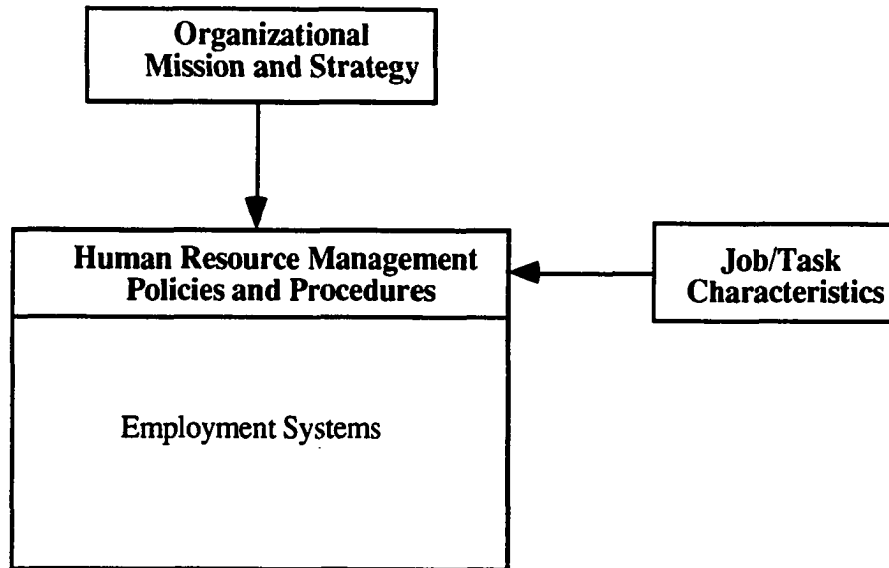
opposed to occupational categories, it is possible to put forth a number of hypotheses relating specific aspects of jobs to employment systems. These hypotheses are presented in the next section.

## Hypotheses

From the prior review and discussion, it is possible to develop a set of testable hypotheses related to the use of employment systems in critical jobs in the organization. These hypotheses are presented below.

The argument has been made that employment systems vary more at the job or intraorganizatonal level due to constraints of particular jobs. However, there are variations in employment systems that can be explained across organizations as well. This is especially true for those jobs in the core of the business that are most critical to the success of the organization (Pfeffer & Davis-Blake, 1987). The first hypothesis focuses on a particularly important organizational characteristic, business strategy. The remainder of the hypotheses focus on specific aspects of the jobs that have a direct impact on the development of employment systems. These hypotheses are based around a small, but important, part of the comprehensive model in Figure 4. Figure 5 shows the specific links for which hypotheses are being presented.

### Business Level Strategy

Fundamental to the study of SHRM is the belief that an organization's HR practices should be aligned with its strategy. This is the basis of all of the research most closely associated with SHRM (Schuler & Jackson, 1987a; Jackson, et al., 1989). Most often the theoretical perspective used to explain this relationship is the behavioral perspective. As previously discussed, the behavioral perspective asserts that

organizations align their HR practices with business strategy in order to have employees behave in ways consistent with that strategy.

An agency theory explanation would predict a similar relationship. Given that an employer knows what behaviors it wants to elicit from its membership, the goal would be to develop policies and procedures to ensure that these behaviors are witnessed. In agency theory terms, the organization would simply be aligning the interests of the principal and agent.

One method of getting employees to behave appropriately is through selection. Individuals with certain characteristics are selected for their ability to fit with the specific goals and strategy of the organization. Alternately, organizations can utilize practices within the organization that will force or encourage employees to behave in ways consistent with the organization's goals and strategy. Most research conducted from a behavioral or agency theory perspective has taken the latter approach, hypothesizing that organizations set up types of reward or control systems in organizations to bring about certain types of behavior. However, Kerr and Jackofsky (1989) argue that selection may be appropriate given a particular strategy.

Kerr and Jackofsky (1989) use the organizational growth strategies described by Leontiades (1980) to illustrate how under a specific strategy it may be more useful to pursue a HR strategy of selection versus one of development. They argue that "effectiveness will be greater for steady-state firms utilizing development to align managers with strategies." Also, they hypothesize that evolutionary firms will be more effective utilizing selection to align managers to strategies.

Firms that are classified as steady state are those which grow through internal growth or related diversification and compete and survive based on their knowledge of their current business. These firms operate in long term environments. As such, they should utilize HR practices that enable them to keep individuals with valued knowledge

and skills in the organization. Kerr and Jackofsky (1989) argue that the most efficient way to do this is to emphasize employee development.

On the other hand, organizations that are following an evolutionary strategy grow through acquisitions and mergers. They change quickly and are less concerned with long term commitment. Therefore, these organizations need managers with diverse knowledge and skills. This diversity is not likely to be gained by development. Kerr and Jackofsky (1989) suggest that selection is the best way to ensure that the appropriate knowledge and skills are in the organization.

Schuler and Jackson (1987b) conducted an empirical study to investigate the link between three business strategies and numerous HR practices. The three business strategies were dynamic growth, extract profit, and turnaround. A brief description of each strategy is presented in Table 10. Although Schuler and Jackson (1987b) collected valuable data, appropriate statistical tests of the hypotheses were not presented. Therefore, although they argue that most of the hypotheses were supported, it is not possible to be conclusive.

Schuler and Jackson (1988) presented another test of the link between business strategy and a particular HR practice, compensation. They proposed that a competitive strategy with a focus on innovation had the most clear and direct impact on the behaviors needed of organizational. They hypothesized that organizations pursuing a high innovation competitive strategy would 1) emphasize longer-term incentives, 2) offer more employment security, 3) base pay decisions on internal equity, 4) offer employees ownership, 5) give employees greater choices in their compensation package, and 6) have lower base pay than organizations pursuing a low innovation strategy. They found partial support for their hypotheses. Organizations pursuing a high innovation strategy focused more on internal equity, gave employees more choice in their compensation package, and had base pay rates lower than their competitors.

TABLE 10

Corporate Strategy and Business Concerns [a]

**Dynamic Growth Strategy**: here risk taking on projects is modest. There is a constant dilemma between doing current work and building support for the future. Policies and procedures are starting to be written as there is need for more control and structure.

**Extract Profit Strategy**: The focus here is on maintaining existing profit levels. Modest cost cutting efforts and employee terminations may be occurring. Control systems and structure are well developed along with an extensive set of policies and procedures.

**Turnaround Strategy**: The focus of this strategy is to save the operation. Although cost cutting efforts and employee reductions are made, they are short term programs for long run survival. Workers morale may be somewhat depressed.

[a] From Organizational strategy and organizational level as determinants of human resource management practices by R.S. Schuler and S.E. Jackson 1987. *Human Resource Planning*, 10: 125-141.

This study lends support, at least in part, to the idea that organizational strategy does influence human resource management practices. However, this study is limited in that organizations were classified into only two groups (high and low on innovation) and only one HR practice (compensation) was studied.

There is some research in support of the strategy - HR practice relationship (Schuler & Jackson, 1987b; Jackson, et al., 1989). However, this research is limited both conceptually and empirically. The authors have looked at only a small number of business strategies and relatively few HR practices. In addition, these strategies and practices seemed to be chosen with very little justification. Although this is a good starting place, it is important to investigate the relation of strategy and HR practices using other strategy typologies and a more theoretically supported group of HR practices. This is especially true given that the typology of business strategies presented by Miles and Snow (1978) has been utilized in recent theoretical works (Miles & Snow, 1984; Sonnenfeld & Peiperl, 1988).

One of the most often used categorizations of business strategy is that proposed by Miles and Snow (1978). Miles and Snow (1978) believed that all organizations could be classified into one of four categories based on their strategic behavior and characteristics. The first three categories (defender, prospector, and analyzer), represent three consistent strategic choices in organizations. The fourth category contains those firms that lack a consistent strategy. The three strategic categories are briefly discussed below and Table 11 presents a summary of their characteristics.

**Defender**. Defenders have narrow and stable product-market domains. These organizations' focus is narrow and as such they are experts in their areas. They seldom make major adjustments in their technology or structure. The emphasis in these organizations is on better and more efficient ways to produce the same product. They

TABLE 11

Business Strategies [a]

| Organizational/ Managerial Characteristics | Type A (Defender) | Type B (Prospector) | Type AB (Analyzer) |
|---|---|---|---|
| Product-market strategy | Limited, stable product line<br>Predictable markets<br>Growth through market penetration<br>Emphasis: "deep" | Broad, changing product line<br>Changing markets<br>Growth through product development and market development<br>Emphasis: "Broad" | Stable and changing product line<br>Predictable and changing markets<br>Growth mostly through market development<br>Emphasis: "deep" and "focused" |
| Research and development | Limited mostly to product improvement | Extensive, emphasis on "first-to-market" | Focused, emphasis on "second-to-market" |
| Production | High volume-low cost<br>Emphasis on efficiency and process engineering | Customized and prototypical<br>Emphasis on effectiveness and product design | High volume, low cost; some prototypical<br>Emphasis on process engineering and product or brand management |
| Marketing | Limited mostly to sales | Focused heavily on market research | Utilizes extensive marketing campaigns |
| Organization structure | Functional | Divisional | Functional and matrix |

TABLE 11 (Cont.)

| Organizational/ Managerial Characteristics | Type A (Defender) | Type B (Prospector) | Type AB (Analyzer) |
|---|---|---|---|
| Control process | Centralized | Decentralized | Mostly centralized, but decentralized in marketing and brand management |
| Dominant coalition | CEO Production Finance/accounting | CEO Product research and development Market research | CEO Marketing Process engineering |
| Business planning sequence | Plan - Act - Evaluate | Act - Evaluate - Plan | Evaluate - Plan - Act |

[a] From Designing strategic human resource systems by R.E. Miles and C.C. Snow 1984. *Organizational Dynamics*, 13: 36-52.

are concerned with "defending" their market. They do little research and development. When they do pursue new products, they bring in the technology from outside the organization.

**Prospector.** A major characteristic of prospectors is their constant search for new products and markets. They continually experiment with new product lines and venture into new markets. Miles and Snow (1984) point out that these organizations are the creators of change in their markets and are the forces to which competitors must respond. Where the defenders focus on efficiency, the prospectors are more concerned with searching for new opportunities and will likely not be as efficient.

**Analyzer.** Analyzers have characteristics of both defenders and prospectors. They usually operate in both stable product domains, similar to defenders, and new changing product domains, similar to the prospectors. They are usually not the initiators of change like prospectors, but they follow the changes much more rapidly than defenders.

Because of the emphasis of defenders is to concentrate on current products and markets by becoming more efficient in these areas, the employment practices should emphasize a long term commitment to the organization. Inside the organization, employees should possess a great amount of firm and product specific skill and knowledge. This skill and knowledge is valued by the organization. Because of this, the organization should develop practices to keep these individuals in the organization. Turnover could be extremely costly to the organization. To limit voluntary dysfunctional (Dalton & Todor, 1982) turnover, employees will be given a greater amount of employment security and voice.

Since the emphasis is on becoming more efficient, performance appraisal and feedback should be of a developmental nature, emphasizing employee behaviors instead of results. Training will be used to a great extent to ensure that the specific knowledge,

skills, and abilities are present. To continue the employment relationship, defenders will promote from within and have well established career paths for individuals in the organization. These practices together should create an environment that fosters longer term commitment to the organization, and therefore, reduces costs associated with replacement of workers and the knowledge, skills, and abilities they possess. In all, defenders should develop employment systems similar to the internal system.

On the other hand, prospectors are constantly changing. They emphasize exploration into products and markets in which they traditionally have had little or no experience. Therefore, they are less aware of the specific behaviors that are necessary to perform well in these areas. Consequently, they will not be able to look inside their current organization for the necessary skills and will have to hire from the outside. Because of the constant change in the organization, there will be little emphasis on long term commitment to the organization. The organization is constantly trying out new products and markets and will likely move on quickly if it appears that there is little opportunity for profit in an area. This will create a results oriented system that measures performance on bottom line measures. In all, the employment system of prospectors should more closely resemble the market-type system.

Hypothesis 1:    Organizations following different business level strategies will have different employment systems.

Hypothesis 1a:    Organizations following a defender business level strategy will have employment systems similar to the internal system.

Hypothesis 1b:    Organizations following a prospector business level

strategy will have employment systems similar to the

market-type system.

Hypothesis 1c:    Organizations following an analyzer business level strategy

will have a combination of the two employment systems.

Although strategy is likely to have a substantial impact on the choice of

employment system within organizations, it has been suggested throughout this paper

that great variability remains in the systems inside organizations. This variability is

thought to be a direct result of differences across jobs within the organization that

constrain the choices in employment systems. The following section outlines the major

job-level issues and hypotheses.

## Job and Task Characteristics

**Crystallized standards of desirable performance.** Consistent with

transaction cost economics and control (Ouchi, 1977; Ouchi & Maguire, 1975), it is

proposed that jobs that produce an easily accessible and reliable measure of

performance will more likely fall under an output control mechanism. This is due to the

low cost of obtaining such information. Ouchi (1979; 1980) identified this type of

control system as a market mechanism. Because the relationship is easily monitored by

both the employee and employer, more bureaucratic forms of control are not needed.

Accordingly, these jobs may not even be structured into the organization. Instead

organizations may opt to externalize these jobs.

In addition, if these jobs are internalized, it is rather easy to control agent (employee) opportunistic behavior through the use of incentive or even piece rate methods of compensation. To control behavior in this way, appraisals will likely focus on quantifiable output measures. Feedback will be evaluative, as opposed to developmental, in nature. Consistent with this argument, Snell (1991) found that the use of output control was significantly related to the availability of crystallized standards of desirable performance. Accordingly, hypothesis 2 states:

Hypothesis 2: The more crystallized the standards of desirable performance on the job the more likely the employment system will resemble the market-type system.

**Task complexity.** Task complexity should also have a significant impact on the choice of employment system. Complexity can be viewed in a number of ways. Campbell (1988) presented a typology of task complexity where there are thought to be four sources of complexity. First, a task was viewed as complex if there are a number of paths to the desired end state or performance. This simply refers to the notion that if there are a number of different ways to accomplish the job, this job is more complex than if there is only one correct method of task accomplishment.

Second, a task is complex if there are multiple desired end states. Third, complexity can be in the form of conflicting interdependence between the tasks. Finally, tasks are more complex when there is uncertainty about the linkages between behavior and performance outcomes. This last dimension is similar to what Thompson (1967) labeled knowledge of "cause/effect relations."

In terms of agency theory and transaction costs, task complexity, particularly the cause/effect knowledge dimension, will have an impact on the type of control

mechanisms in use (Ouchi, 1977). The more incomplete the knowledge of cause/effect relations, the more likely according to Ouchi (1977; 1978) organizations will use output or clan control type mechanisms. However, given the other factors that determine complexity, it is likely that the more complex the job, the more likely a form of clan control will be used. As the job becomes more complex, defining the job and controlling the behavior of individuals in it is also more difficult. Costs associated with attempting to monitor employees behavior and attempts to collect output or results information also become greater. It is, therefore, argued that organizations will attempt to internalize this job as much as possible by placing it into an internal labor market. This type of control system is more similar to the internal employment system presented here. Accordingly, hypothesis 3 states:

Hypothesis 3:    The more complex the task, the more closely the
                 employment system will resemble the internal system.

**Skill type.** The degree to which a job requires firm-specific skills is also thought to partially determine what types of HR practices are most appropriate. Organizations may find it necessary to provide formal training to their employees to ensure that they have the firm specific skills required to perform their jobs. Specific training is aimed at developing skills that are valuable only to that particular employer and of little use outside that firm. Since this type of skill acquisition is of little use to the employee if they were to leave the organization, the burden of payment will likely fall on the employer. However, because of this investment in the employee, the employer will attempt to share this burden with the employee by providing wage premiums to employees after they have received the training. Mitchell (1989) argues that these premiums will be paid to workers who acquire firm specific skills and that

this in turn will lead to greater employer-employee attachments and a longer duration of the employment relationship.

In a similar fashion, Pfeffer and Cohen (1984) argue from a transaction cost perspective (Williamson, 1981) that a firm supplying firm-specific training to their employees will establish protective governance structures so that the employment relationship is not severed. The emphasis is that policies and procedures will be developed to ensure that the employment relationship continues. Accordingly, hypothesis 4 states:

> Hypothesis 4:     Jobs that require a great deal of firm specific knowledge
> and skill will have employment systems that more closely
> resemble the internal system.

**Available labor supply.** A final factor that has received very little attention in the empirical literature, but should have a substantial impact on the development of HR systems for a job is the available supply of labor. For jobs where the available supply of labor is small, whether this is because the job is extremely difficult and requires great skill or because there are simply few individuals in the available labor pool, organizations are thought to engage in practices that attempt to keep individuals in these jobs. This is consistent with the resource dependence perspective in that organizations will actively seek to control their valued resources, in this case employees.

Osterman (1987a) uses an economic perspective to argue how the available labor pool will impact the type of internal labor market structure. He states "the firm can be characterized as estimating a potential wage bill for each arrangement [choice of employment system] ... and then choosing the systems with the lowest bill for a given

set of technological choices and labor market conditions" (Osterman, 1987a: 54). Osterman then describes a situation where an internal labor market could even be set up for secretarial staff in order to reduce turnover and selection costs.

Other evidence for the impact of the availability of labor as an important factor was presented by Bills (1987). In his study, Bills (1987) described three internal labor markets in three separate organizations. Two of the three internal labor markets appeared to have surfaced at least partly due to a lack of skilled labor. The most interesting of these was a job ladder among nurses in a hospital setting. These nurses were given the opportunity to develop long term relationships with the hospital and participate in training to upgrade their skills. The hospital was thought to have established this internal labor market because of the realization that nurses with high levels of skill were hard to attract.

Pfeffer and Cohen (1984) represent one of the only tests of the notion that firms will choose to create internal career paths for those jobs where labor is scarce. The results showed that there was no relationship between their measure of labor scarcity and the measure of the strength of the internal labor market at the organizational level. Althauser (1989) points out that this was an inappropriate test of the proposition given that labor markets for different jobs in the organization are likely to vary greatly. Accordingly, hypothesis 5 states:

Hypothesis 5:     Jobs for which there is traditionally a labor shortage will have employment systems that more closely resemble the internal system.

CHAPTER V

METHOD

**Sample**

A sample of human resource executives in 1050 federal and state chartered banks were surveyed. It was necessary to select a single industry for control purposes. The banking industry was chosen for a number of reasons. The banking industry is one where it is likely that there is great variance in strategy due to the loosening of regulations over the past decade. Some banks offer a wide variety of services to a diverse set of customers, whereas others offer a limited set of services to a largely homogeneous set of customers. Also, in banking there are a relatively stable set of jobs that are seen across the industry. It is, therefore, possible to compare employment systems across banks with some control at the job level. It is also possible to investigate differences in job characteristics for the same job across banks. However, no hypotheses are presented in this paper for such possible differences. Finally, a list of banks is easily obtainable from an electronic directory of banks, the McFadden Bankers Directory.

The sample of 1050 banks was drawn from the database using the following criteria. The total population of banks was stratified into three categories based on total assets, assets greater than $25 million and less than or equal to $100 million, assets greater than $100 million and less than or equal to $300 million, and assets greater than $300 million. From each of the three asset size categories 350 banks were randomly selected for a total of 1050 banks. Table 12 gives a summary of the sampling procedure. There were a total of 5,685 banks in the category of banks with total assets greater than $25 million and less than or equal to $100 million. The category of banks

TABLE 12

Sampling Procedure

| Assets | Total number in the population | Number selected | Percent selected |
|--------|-------------------------------|-----------------|------------------|
| $25M-$100M | 5,685 | 350 | 6.16 |
| $101M-$300M | 2,055 | 350 | 17.03 |
| $301M-up | 1,031 | 350 | 33.95 |
| Total | 8,771 | 1050 | 11.97 |

with total assets greater than $100 million and less than or equal to $300 million had 2,055 banks. There were 1,031 banks in the United States with total assets greater than $300 million. From this information it is determined that for this study 6.16 percent of the banks in the small category, 17.03 percent of the banks in the medium size category, and 33.95 percent of the banks in the largest size category were sampled.

In addition to assets, the McFadden Bankers Directory contains other information on all banks in the United States. This information includes the name of the bank, address, phone number, names of top managers, and a small amount of financial data for each bank. McFadden gathers this information directly from each bank every six months. The information obtained for this study was updated as of June, 1992. The process McFadden follows is outlined below.

1) Every institution receives a questionnaire by mail. This questionnaire contains a reproduction of the institution's previously reported information. Changes to the old data are noted on the questionnaire, which is then returned to McFadden in a postage paid envelope.

2) Institutions that do not respond to the first questionnaire are mailed a second questionnaire. Non-respondents to the second questionnaire are phoned by a McFadden employee who attempts to get the information over the phone.

3) Institutions that do not respond to the call are matched against a database of financial institutions published by the Federal government. Although very little of the data that is published by McFadden is contained in these government databases, finding a match at least confirms that the institution existed at the time the government database was published.

McFadden claims to average over 96 percent returned questionnaires from the first mailing, and less than one percent total non-response.

Once the information required for this study was obtained from McFadden, the investigator called each of the banks to obtain the name of the most senior HR executive and to check the mailing address. For most of the sample the most senior HR executive had the title of Director of Human Resources, or Human Resources Director, and most of these individuals were Vice-Presidents of the banks. In many of the smaller banks, however, the most senior person that handled HR was the President of the banks. In those cases, that individual was sent the questionnaire.

From calling the banks it was found that ten of the sample of 1050 could not participate in the study. Nine of the ten had been recently closed by the FDIC. The tenth bank appeared to have closed also. The phone number was no longer in service and the operator did not have a new listing. A small number of other banks in the sample had just gone through a takeover or merger and consequently did not exist as the same entity. For these banks an effort was made to get the name of the current HR executive for the bank that they had become part of. Therefore, the final sample included 1040 banks.

## Measures

Three questionnaires were used in this study. Copies of these questionnaires are presented in Appendix A, Appendix B, and Appendix C. An overview summary of each questionnaire is as follows with a more detailed description later in this section.

Appendix A shows the 7-page questionnaire that was sent directly to the HR contact in each of the banks. This questionnaire contained three major sections and a section asking for general information. The first section asked the HR contact to provide information about the bank's business strategy. In the second and third sections of the questionnaire, the HR contact was asked to provide information about specific jobs within their bank. Specifically, the second section asked the respondent to

provide information about the job complexity, performance measurement, skills needed, and available labor supply for each of three jobs. In the third section, respondents were asked to provide information on the seven HR practice choice dimensions for each job.

To make certain that the HR executives would provide responses for the correct jobs, a description of each of the three jobs was provided prior to the second section. These descriptions were an adaptation of the descriptions contained in the Dictionary of Occupational Titles and are provided in Table 13. The process that led to the inclusion of these three jobs will be presented later in this chapter.

The other two questionnaires were constructed from the sections of the main HR contact questionnaire. Appendix B presents the questionnaire sent to the bank presidents, which contained only two sections. The first section was identical to the first section of the HR contact questionnaire and asked about the bank's business strategy. The second section asked for general information.

Appendix C presents the questionnaire sent to the job incumbents and contained three sections. The first two sections were identical to the second and third section of the main HR contact questionnaire. The first section asked incumbents to provide information about the characteristics of their job and the second section asked for information about the HR practices that were used for their job. Again, the final section asked incumbents to provide general information.

The following sections provide a detailed description of the scales contained in the questionnaires. For most of the measures contained in the questionnaires there was no standard scale in the literature. For those measures, a number of items were written specifically for those constructs. In addition, a number of items were adapted from other questionnaires measuring similar constructs.

# TABLE 13

## Descriptions of the Three Jobs Studied

| Job Title | Description: |
|---|---|
| Teller | Receives and pays out money, and keeps records of money and negotiable instruments involved in financial transactions. Receives checks or cash for deposit, verifies amount, and examines check for endorsements. Cashes checks and pays out money after verification of signature and customer balances. Enters customers' transactions into computer to record transactions, and issues computer-generated receipts. Orders daily supply of cash and counts incoming cash. Balances currency, coin, and checks in cash drawer at end of shift. Explains, promotes, or sells products or services, such as travelers checks, savings bonds, money orders, and cashiers checks. |
| Loan Officer | Makes and services a wide variety of business and individual loans, both secured and unsecured. Also cross-sells other bank services such as Cash Management, Trust, Capital Markets, and Corporate Finance Products. Interviews applicants, and examines, evaluates, and authorizes or recommends approval of customer applications for lines or extension of lines of credit, commercial loans, real estate loans, consumer credit loans, or credit card accounts. Interviews applicant and requests specified information for loan application. Analyzes applicant financial status, credit, and property evaluation to determine feasibility of granting loan. Approves loan within specified limits or refers loan to loan committee for approval. Ensures loan agreements are complete and accurate according to policy. May call on potential or existing customers to develop new business and increase or retain existing business. |
| Personal Trust Officer | Directs and coordinates activities relative to creating and administering personal trusts in accordance with the terms of the nominating instrument and in a manner consistent with the needs of principals, beneficiaries, and remainderman. Directs drafting of, drafts, or consults with client's attorney who drafts, and places funds, securities, and other assets in trust account. Contacts and corresponds with persons, agencies, and organizations who have an interest in any aspect of an account. Advises senior officers and members of the trust investment committee on questions concerning the acceptability of trust positions and the proper use of income or principle for accounts being managed. Develops new business from existing customers and prospects. |

More detail will be given about the items of each of the final scales presented below. Whether a new scale or the adaptation of an existing scale, it is important to determine reliability. This was evaluated through a pilot administration which is discussed later in this chapter.

The following is a description of the measures used in that pilot administration. The resulting scales and their internal consistency reliability estimates are presented in Table 14. All items for each scale were answered using a seven-point Likert-type scale. Respondents were asked to rate the degree to which they agreed/disagreed with each item. Higher responses indicated greater agreement with the item.

## Job/Task Characteristics

**Job complexity.** Complexity can be thought of in many ways. One component of complexity is the extent to which the job requires performance of a number of different tasks that may require a variety of skills. A second component is the degree to which the relationship between the actions of an incumbent and the outcomes of that action are stable and observable by a supervisor or other organization member. The items designed to measure job complexity were gathered from a number of sources. The first five items of the pilot questionnaire were adapted from Snell (1991). These items were part of a scale designed to measure what Snell (1992) termed knowledge of cause-effect relations. His scale was an adaptation of the work of Ouchi and Maguire (1975), Ouchi (1978), and Thompson (1967). The remainder of the items were adapted from the Job Characteristics Inventory (Sims, Szilagyi, & Keller, 1976) and Campbell (1988).

After computing an initial estimate of the internal consistency reliability for the entire group of items, there appeared to be more than one factor. The responses from the pilot study were then factor analyzed using a principal components analysis. Two

## TABLE 14

Questionnaire Items and Internal Consistency Reliability Estimates of Scales Obtained

from the Pilot Study

### Job/Task Characteristics

**Job Complexity     alpha = .71**

2. It is difficult to observe most of the duties performed by individuals in this job.
6. There are many ways in which this job could be successfully performed.
7. There are many desirable outcomes that an employee performing this job strives for.
9. A variety of diverse skills is needed to perform this job satisfactorily.

**Knowledge of Cause-Effect Relations     alpha = .70**

R 1. It is easy to distinguish between effective and ineffective employees in this job by watching their actions on the job.
3. The supervisors of employees in this job are not in a position to see exactly what actions the employees take to achieve the results they do.
R 4. The relations between the actions employees in this job take and the outcomes they achieve is stable over time.
R 5. Employees know exactly what it takes to do this job effectively.

**Standards     alpha = .81**

1. Standards of desirable performance are well defined for this job.
2. There are several sources of objective data available that indicate how well employees in this job are performing.
3. Results measures accurately depict how well employees in this job perform.
R 4. Employees in this job do not perform work for which there are quantifiable measures.
R 5. Goals and objectives for employees in this job are ambiguous.

**Firm-Specific Skills     alpha = .79**

R 1. The skills required to perform this job are similar to those needed in other organizations.
2. Employees in this job learn many things that are useful only in this organization.
R 3. Many of the knowledge and skills needed by employees can be acquired prior to entering this organization.
R 4. After working in this organization, individuals could easily perform in other organizations.
5. The knowledge and skills employees pick up in this job are of little value to them if they change jobs/organizations.

TABLE 14 (Cont.)

Available Labor Supply        alpha = .81

1. There are many individuals in the surrounding community who have the skills to perform this job.

2. When there is a vacancy in this position, it is very easy to find a skilled individual to fill the position.

3. There are always more than enough qualified individuals to chose from when hiring for this job.


HR Practices

Staffing        alpha = .72

   2. Individuals in this job have clear career paths within the organization.

R  3. Individuals in this job have very little future within this organization.

   4. Employees' career aspirations within the company are known by their immediate supervisors.

   5. Employees in this job who desire promotion have more than one potential position they could be promoted to.

Training        alpha = .80

   1. Extensive training programs are provided for individuals in this job.

   2. Other employees in this job usually go out of their way to help new employees learn their job.

   3. Employees in this job will normally go through training programs every few years.

   4. There are formal training programs to teach new hires the skills they need to perform their jobs.

   5. Formal training programs are offered to employees in order to increase their promotability in this organization.

Appraisal        alpha = .86

   1. Appraisals usually focus on the bottom line.

R  3. Performance is more often measured with objective quantifiable results.

R  7. Performance appraisals are based on objective, quantifiable results.

Job Security    alpha = .63

   2. It is very difficult to dismiss an employee in this job.

   3. There are formal policies that protect employees in this job from being fired.

   4. An employee's superior must get approval before he/she can fire that employee.

TABLE 14 (Cont.)

**Employee Voice          alpha = .82**

1. There are formal grievance systems for employees in this Job.

2. Employees in this Job are allowed to make many decisions.

3. Employees in this Job are often asked by their superior to participate in decisions.

4. Employees are Provided the opportunity to suggest improvements in the way things are done.

5. Superiors keep open communications with employees in this Job.

**Job Descriptions          alpha = .61**

1. The duties of this Job are clearly defined.

R 2. Employees in this Job are often asked to do things that are not in their Job description.

3. The Job has a current Job description.

4. The Job description for this Job contains all of the duties performed by individual employees.

R 6. The actual Job duties are shaped more by the employee than by a specific Job description.

**Compensation          alpha = .62**

2. Individuals in this Job receive bonuses based on the profit of the organization.

5. Bonuses are paid based on a gainsharing plan.

9. The amount earned during each pay period is determined primarily by an incentive plan rather than by a guaranteed-income plan.

Note: Item number refers to the item number in the questionnaire. An R next to an item indicates it was reverse scored.

factors with eigen values greater than one emerged. Each of these factors were treated as separated scales and internal consistency reliabilities were then computed. The resulting scales and reliability estimates appear in Table 14. The first complexity scale consists of items adapted from Campbell (1988). The second complexity scale consists solely of items adapted from Snell's (1992) measure of the knowledge of cause-effect relations. To obtain a score on the scale, responses on the scale items were averaged. For the first scale, complexity, the higher the score the more complex the job. For the second complexity measure, knowledge of cause-effect relations, the higher the score the greater the knowledge of which behaviors lead to performance.

Because of the relatively low internal consistency reliability estimates, additional items from the Job Characteristics Inventory were added to the questionnaire and other questions were reworded in an effort to improve reliability.

**Crystallized standards of desirable performance.** This measure attempts to quantify the extent to which there are available reliable and valid indexes of desirable performance. Crystallized standards of desirable performance was measured by a five item scale adapted from Snell (1992). A scale score was obtained by averaging the responses on the five items. The higher the scale score, the more crystallized the standards of desirable performance.

**Firm-specific skills.** Firm-specific skills are those that are of no use to the job incumbent if they were to leave the current organization. In other words, these skills are helpful in their present job, but would not help them in any other organization. The degree to which the job required job specific skills was measured by five items asking about the job and organization specific nature of knowledge and skills needed on the job. All of the items for this scale were written specifically for this study. Again, responses on the five items were averaged to obtain a scale score. Higher scores reflect a job which requires a greater amount of firm-specific skill.

**Available labor supply.** This scale attempted to measure the perceived availability of personnel in the area for the job in question. The perceived availability of labor was measured by three items asking about the supply of labor for the job. All three items were written for this study. A scale score was obtained by averaging the responses on the three items. Higher scores reflect a more abundant supply of labor.

## Human Resource Practices

**Staffing.** In the present study the staffing construct is the degree to which there is an internal career ladder or internal labor market. Five items were written to measure the staffing construct. From the analysis of responses in the pilot study it was found that a moderately reliable scale could be obtained by using four of these items. The responses were averaged to obtain a scale score. Higher scores indicated the existence of a more well defined internal career/staffing system.

**Training.** The degree to which training, both formal and informal, was provided for employees in the job was measured using a five item scale. All items were written for the current study. The responses on the items were averaged to obtain a score on the dimension. Higher scores reflect more extensive and formalized training programs for employees in the job.

**Appraisal.** For the present study, appraisal was the degree to which appraisals focused on output or results measures rather than on behavior measures. Eight items were written to measure the appraisal construct. After computing an initial internal consistency reliability estimate it was determined that these items appeared to measure more than one construct. A principal components analysis was performed to determine the exact dimensionality of the items. From this analysis factors with eigen values greater than one were treated as scales. Internal consistency reliability estimates were computed and only a single factor emerged with a reliability estimate greater than

.50. This factor was comprised of the three items listed in Table 14. These items appear to be measuring the extent to which appraisals focus on results measures. A scale score was computed by averaging responses across the three items. Higher values represented a greater reliance on results or output measures for performance appraisal.

**Compensation.** For the present investigation, the compensation construct was the degree to which compensation was tied to performance. In order to measure the compensation dimension, eleven items were included in the pilot study questionnaire. Many of the items were written specifically for this study, however, a number were adapted from Jackson, et. al (1989). An attempt was made to include questions that would measure in particular the degree to which compensation was tied to performance at the individual or group level. However, it seemed possible that there was more than one dimension measured by the items. Once again a principal components analysis was performed. After attempting a number of different factor solutions it was determined that only one interpretable and moderately reliable factor containing three items could be obtained. Because of this finding, for the main study, a number of items were reworded and a few more added to make a total of 13 items dealing with compensation.

A score on the factor was computed by averaging the item responses. Higher score values appear to be measuring the extent to which there is a variable component to the compensation of individuals in the job. Also it appears that this variable component is in some way tied to performance of the organization.

**Job Security.** Job security is the degree to which an employee in the job can expect to stay in that job over an extended period of time. Five items were written to measure the degree of job security employees perceive. From analysis of the pilot study responses it was determined that a scale containing three of these items was the

most internally consistent. Responses on these three items were averaged to obtain a scale score. Higher scores represent a greater degree of job security.

**Employee Voice.** Voice was defined as the degree to which employees are allowed to have input into their work and the degree to which the organization values their input. Five items were written to measure this construct. A scale score was computed by averaging the responses of the five items. Higher scores reflect a greater amount of participation and voice. As can be seen from Table 14, this scale had a relatively high estimated internal consistency reliability.

**Job Description.** Six items were written to measure the extent to which jobs are clearly and precisely defined. From an analysis of the pilot data, it was determined that a reliable scale could be computed using five of the items. Like all other scales, a scale score was computed by averaging responses on the five items. Higher scores reflect a higher degree of description. Jobs that have current job descriptions with lists of respective duties should have higher scores on this dimension.

## Strategy Measure

The measurement of business strategy was based on the questionnaire outlined in Shortell and Zajac (1990). The HR executives were asked to respond to three questions. First, the HR executive was asked to classify the organization on a 7-point scale from low change to high change based on how the organization currently operates. Second, the HR executive was asked to classify the organization using the same scale based on how the organization has operated in the past. Third, again using the same scale, the HR executive was asked to classify the organization based on how it will likely operate in the future. For descriptive purposes, responses to the question asking how the organization currently operates were used to classify the banks into one of four strategy types. Responses of 1 or 2 were identified as defenders, 3 to 5, as

analyzers, 6 or 7, as prospectors, and 8, as reactors. This scale has been used quite frequently in previous research (e.g., McDaniel & Kolari, 1987; Shortell & Zajac, 1990) and has been shown to have relatively good construct validity (Shortell & Zajac, 1990).

Although categorizing banks using this method is quite useful for descriptive purposes, this categorization was not used in all of the statistical analyses. One of the major criticisms of assigning each organization to a specific type is that organizations are not necessarily one or the other. It is possible and likely that many organizations fall somewhere between types. The measurement used here asked respondents to judge the rate at which the bank makes changes in its offerings (products, services, or markets). The anchors along the seven-point continuum are low change and high change. Clearly this measure is measuring a continuous construct and therefore responses should not be arbitrarily split and placed into one of three categories. However, the categorical measure can be used for follow-up descriptive statistics.

## Procedures

**Pilot Study**. The initial questionnaire was pilot tested to obtain an estimate of the internal consistency reliabilities of each of the scales. Because most of the scales were written specifically for this study, it could not be assumed that they would be reliable. A total 29 individuals from eight different organizations, including five banks, served as the sample for the pilot testing. Almost all of the 29 individuals worked in management or supervisory jobs. Five people either currently worked or had worked in a human resource department of a bank. One individual had the title of Executive Vice President of Human Resources. Another person had the title of Senior Vice President of Operations. From this information it was viewed that this sample was very similar to the sample to whom the final questionnaire would be sent.

The main HR contact questionnaire was designed to ask about a number of individual jobs in the organization. Thus, in some cases, responses for more than one job were obtained from participants in the pilot study. The 29 individuals answered the questionnaire for a total of 43 jobs. Only individuals with supervisory duties answered for more than one job, and the largest number of jobs for any one participant was six. Two individuals answered for four jobs, and one answered for three. All other respondents only answered for their current job. A detailed description of the initial scales and reliability estimates obtained in the pilot study has already been presented.

The pilot study was also used to decide on the number of jobs that would be included in the questionnaire and which jobs would be most appropriate for inclusion. In order to make these determinations, a list of jobs in the banking industry was obtained from the Dictionary of Occupational Titles (1991). This list was given to all participants who were employed in the banking industry. They were asked to choose which jobs they felt would be most appropriate for the study. These individuals were informed about the nature of the study, and told that for a job to be included it should be: 1) be a job that will likely be seen across banks, and 2) a job that is important to the performance of the bank.

After participants were given a few days to think about which jobs they thought were appropriate they were contacted either over the phone or in person. They were asked to elaborate on their decisions. From this process, three jobs were chosen for inclusion. Bank officials felt that including a greater number of jobs would increase the length of the questionnaire and not provide much more information.

The three jobs chosen were teller, loan officer, and personal trust officer. All bank officials felt that tellers were important to the bank, particularly since they were the main contact to the majority of bank customers. Also, it was felt that this job would likely be found in most banks. Loan officer was again thought to be extremely

important to the performance of the bank. Loaning money was seen as the main method for the bank to earn money. Again, it was felt that all banks would have individuals in this job.

The third job was chosen because it was also viewed as critical to the performance of banks. Personal Trust Officers were thought to be important because they could generate income by increasing the number of fees paid to the bank. Other than interest on loans, fees represent a large portion of bank income. However, this job was not expected to be present in every bank. Operating trust departments takes a great investment and would most likely be seen in larger banks.

**Bank study**. The entire 7-page survey was sent to the HR executive whose name was obtained from the phone calls. This individual was supplied a postage paid return address envelope to return the survey. Approximately three weeks after the initial mailing, a reminder card was sent to all banks asking them to fill out the questionnaire at that time and return it. Approximately two weeks after the reminder card was sent all nonrespondents were sent a second copy of the survey with a reminder letter informing them of the importance of their participation.

After receiving a response from the HR executive, additional questionnaires were sent to the bank as follows. A short questionnaire containing the first two sections of the first questionnaire (soliciting general information and strategic posture) was sent to either the CEO or President of all respondent banks in order to check interrater reliability. If the bank President had been the one to fill out the initial questionnaire, then another member of top management was selected. If the first questionnaire was completed by anyone other than the President, the President was sent the second questionnaire. These individuals also received a postage paid return address envelope to return the 3-page questionnaire. Approximately four weeks after this

questionnaire was sent, a reminder letter and a second questionnaire were sent to the same individual.

At the end of the questionnaire sent to HR executives, each respondent was told that a second questionnaire would be sent to an individual in each of the three jobs. The HR officer was given the option of listing names and addresses of individuals in each of the three jobs who he or she thought would be willing to complete the second questionnaire, or three copies of the second questionnaire could be mailed directly to the HR executive and they could then pass them out to the appropriate individuals. An employee in each of the three jobs surveyed received a 4-page survey asking about job characteristics and HR practices. Again, they also received a postage paid return address envelope. The names of these individuals were obtained from the original questionnaire.

A number of HR contacts noted that they declined to participate in this portion of the study. A number of other HR contacts failed to respond to this section of the questionnaire. This latter group of respondents were sent the two or three questionnaires and asked to distribute them. Approximately three weeks after this questionnaire was mailed, a second copy of the questionnaire was sent to all nonrespondents.

## Analysis

To analyze the data obtained from the questionnaires, a variety of statistical techniques were used. The following sections briefly describe the statistical techniques used to test the various research questions of the study. All data was analyzed using Statistical Package for the Social Sciences (SPSS) version 4.0 for the Macintosh computer, except for the intraclass correlation coefficients which were computed using INTRACLS (Paulson & Trevisan, 1990).

**Response bias.** To test for response bias, information about all sample banks was obtained from the McFadden Bankers Directory. This included whether the bank was federally chartered or stated chartered, equity, deposits, loans, cash, US securities, other securities, assets, income, whether the bank was part of a holding company or not, and the age of the bank. This data was analyzed using a multivariate analysis of variance (MANOVA) that compared respondents with nonrespondents on all of these variables. This analysis was also repeated within each of the three size stratifications.

**Reliability.** Reliability was estimated in two ways. First, the internal consistency reliability of the scales was estimated by computing Cronbach's coefficient alpha. For this study, this could arguably be considered the most appropriate method of estimating reliability because job incumbents and HR executives may not view things from the same perspective. However, since there was more than one source for all data, interrater reliability was also assessed. This was computed using an intraclass correlation coefficient. The procedure used to compute the intraclass correlation uses an analysis of variance to partition the variance and is outlined in Winer (1971, pp. 288-289). The intraclass correlation coefficient can be interpreted much the same as a Pearson correlation coefficient. The intraclass correlation coefficient can be interpreted as the correlation across two or more raters. A simple Pearson correlation is limited to two ratings/raters. In the case where there are only two ratings, the Pearson correlation and the intraclass correlation are identical. Therefore, for the interrater reliability estimates the Pearson correlations will used. Intraclass correlations were computed to assess the degree to which raters answered the same way across jobs.

**Hypothesis 1.** The first hypothesis stated that organizations following different business strategies would have different employment systems. Three follow-up hypotheses (1a, 1b, and 1c) more specifically predicted how the three strategy types

(defender, prospector, and analyzer) would differ in employment systems. To test these hypotheses a number of analyses were needed. The most appropriate appeared to be to run MANOVAs with the HR practices as the dependent variables and business strategy as the independent variable. These analyses were run separately for each of the three jobs.

There was also more than one source for both the dependent and independent variables. For nearly every bank in the study the HR executive provided information on both bank strategy and HR practices for each job. The bank presidents provided business strategy data, and job incumbents provided a second source of data on HR practices. The resulting 12 analyses are illustrated in Table 15. In Table 15, analysis one refers to the anaylsis using the HR contact perception of strategy and the HR contact perception of HR practices. Analysis 12 refers to the analysis computed using the bank president perception of strategy and the job incumbent perception of HR practices.

However, it could be argued that some sources of information are more appropriate than others. For instance, it is likely that the bank president has a much more informed and accurate assessment of the bank's business strategy. Likewise, the HR executive probably has a more accurate assessment of the HR practices utilized for different jobs in the bank. Therefore, the best test of Hypothesis 1 would be the analyses using the bank presidents' assessment of bank strategy and the HR executives' assessment of HR practices. These are analyses 2, 6, and 10.

The overall analyses were conducted using the continuous measure of business strategy. As previously mentioned, it appears that the measure is actually a continuos measure, not a categorical one. However, because the hypotheses and the theoretical framework were developed for descriptive purposes with strategy as a categorical variable, the follow-up tests were run using the categorical variable for business

TABLE 15

Analysis Design to Test Hypothesis 1

|  | HR Practices | HR Contact Strategy | Bank President Strategy |
|---|---|---|---|
| Teller | HR Contact | 1 | 2 |
|  | Job Incumbent | 3 | 4 |
| Loan Officer | HR Contact | 5 | 6 |
|  | Job Incumbent | 7 | 8 |
| Trust Officer | HR Contact | 9 | 10 |
|  | Job Incumbent | 11 | 12 |

strategy. Again this variable was computed by classifying responses on the strategy measure into one of four groups. The strategy measure asked respondents to consider how the organization currently operates and to classify the organization on a 7-point scale from low change to high change. For descriptive purposes, responses to the question asking how the organization currently operates were used to classify the banks into one of four strategy types. Responses of 1 or 2 were identified as defenders, 3 to 5, as analyzers, 6 or 7, as prospectors, and 8, as reactors. The follow-up tests compared the means of the three strategic groups (prospectors, analyzers, and defenders) on each of the HR practice variables composing the employment systems.

**Hypotheses 2-5.** Hypotheses 2-5 were tested as a set because they represented the job/task characteristics component of the conceptual model. Hypothesis 2 stated that the more crystallized the standards of desirable performance, the more the employment system would resemble the market-type system. Hypothesis 3 stated that the more complex the task, the more closely the employment system would resemble the internal system. Hypothesis 4 stated that the more jobs required firm-specific knowledge and skill, the more closely the employment system would resemble the internal system. Finally, hypothesis 5 stated that the greater the available supply of labor for the job, the more closely the employment system would resemble the internal system.

These hypothesis were tested in much the same way as the first hypothesis. Again there were two sources of data for both the job/task characteristics and the HR practices: HR executives and job incumbents. The analyses were also conducted separately for each of the three jobs. MANOVAs were computed using the HR practices as the dependent variables and the job/task characteristics as the independent variables. (For the MANOVA to run, the independent variables were entered as covariates. This is the appropriate method of entering continuos variables in the

TABLE 16

Analysis Design to Test Hypothesis 2-5

|  | Job/Task Characteristics | HR Contact HR Practices | Job Incumbent HR Practices |
|---|---|---|---|
| Teller | HR Contact | 1 | 2 |
|  | Job Incumbent | 3 | 4 |
| Loan Officer | HR Contact | 5 | 6 |
|  | Job Incumbent | 7 | 8 |
| Trust Officer | HR Contact | 9 | 10 |
|  | Job Incumbent | 11 | 12 |

MANOVA routine.) This resulted in the 12 MANOVA analyses outlined in Table 16. However, previously it was argued that some sources of information are more appropriate than others. For testing of these hypotheses it appears that the most appropriate source of information about the HR practices used is the HR executive and for the job/task characteristics is the job incumbent. Therefore, the most appropriate analyses to test Hypotheses 2-5 would be numbers 3,7, and 11 from Table 16.

**Overall model.** The overall model that conceptualized both business strategy and job/task characteristics as influencing the HR practices employed was tested in the same fashion as the hypotheses. The difference being that both the strategy and job/task characteristics were entered together as independent variables. However, since there are now three sources of data (HR executive, bank president, and job incumbents), there are a total of 24 MANOVAs. Due to the extremely low number of banks where both the bank president and the incumbent trust officer responded to the questionnaire, responses for the job of trust officer were excluded from these analyses. Thus, the final number of MANOVAs was 16, and these are outlined in Table 17. However, since it has been argued that the most appropriate source of information for bank strategy is the bank president, for HR practices is the HR executive, and for job/task characteristics the job incumbent, the focus of the test of the model will be on analyses 4 an 12 from Table 17.

TABLE 17

Analysis Design to Test the Conceptual Model

| | HR Practices | Job/Task Characteristics | HR Contact Strategy | Bank President Strategy |
|---|---|---|---|---|
| Teller | HR Contact | HR Contact | 1 | 2 |
| | HR Contact | Job Incumbent | 3 | 4 |
| | Job Incumbent | HR Contact | 5 | 6 |
| | Job Incumbent | Job Incumbent | 7 | 8 |
| Loan Officer | HR Contact | HR Contact | 9 | 10 |
| | HR Contact | Job Incumbent | 11 | 12 |
| | Job Incumbent | HR Contact | 13 | 14 |
| | Job Incumbent | Job Incumbent | 15 | 16 |

CHAPTER VI

RESULTS

This chapter is divided up into a number of sections. First, tests to detect response bias are presented. Second, descriptive statistics, reliability estimates, and intercorrelations of all measures are presented. Finally, results of the analyses used to test the hypotheses are presented.

## Response Information

A total of 221 usable questionnaires were returned from the HR contact. However, only 216 of these provided the bank name. This represents roughly a 21% response rate. These respondents had an average tenure with their bank of 12.24 years and an average tenure in their job of 5.32 years. A total of 114 usable bank president questionnaires were returned for a response rate of 53%. These respondents had an average tenure with their bank of 13.43 years and an average tenure in their current position of 5.89 years. A total of 238 incumbent questionnaires from 104 banks were returned. A total of 78 of these were from tellers, 83 were from loan officers, 36 were from trust officers, and 33 held a different job. The remainder could not be identified. There were a total of 624 jobs for which information was obtained in the main HR contact questionnaire. Therefore, the response rate for job incumbent surveys was 38%. The average tenure with the bank for tellers was 7.50 years, for loan officers was 8.85 years, and for trust officers was 10.12 . The average tenure in their current position was 3.72 years for tellers, 4.92 years for loan officers, and 4.11 for trust officers.

**Response Bias Check**

To test the representativeness of the sample, a MANOVA was calculated to compare respondent banks with banks that did not respond. There were 11 dependent variables on which the banks could be compared: (1) whether they were federally chartered or stated chartered, (2) equity, (3) deposits, (4) loans, (5) cash, (6) US securities, (7) other securities, (8) assets, (9) income, (10) whether they were part of a holding company or not, and (11) the bank's age. All of these variables were obtained from McFadden Bankers' Directory. The overall results are presented in Table 18. As can be seen from Table 18, the overall test was not significant and only one of the univariate tests was significant. To investigate this further, the MANOVA was run for each of the three size groupings separately. These results are presented in Tables 19-21. As can been seen, there were no significant differences in any of the different groups on any of the dependent variables. From these analyses, it appears that this is a representative sample of banks from the initial sample.

**Reliability**

The following sections report on the interrater and internal consistency reliability of all measures.

**Business strategy.** To investigate the interrater reliability of the strategy measure, a number of techniques were utilized. The results of all techniques are presented in Table 22. If the strategy variable is used as a continuous variable, the correct method of investigating interrater reliability would be to look at the simple correlation between the responses of the HR contact and the bank president. To calculate this, all banks where either the HR contact or the bank president reported that there bank was a reactor were excluded from the analysis. This was done because reactors do not follow a consistent strategy and therefore did not fall on the continuum

TABLE 18

Manova Results Comparing all Respondents and Nonrespondents

| Variable | Participated | Did not participate | F |
|---|---|---|---|
| | (N=217)<br>Mean/SD | (N=833)<br>Mean/SD | (1,1041) |
| Fed/State Chartered | .60<br>.49 | .63<br>.48 | .53 |
| Equity | 34663188<br>90993579.6 | 73101840<br>296193657 | 2.85 |
| Deposits | 418730935<br>1155502505 | 872514190<br>3911787535 | 2.15 |
| Loans | 310513963<br>967027541 | 704141141<br>3476840256 | 2.04 |
| Cash | 42569545<br>190399515 | 92762480<br>560166326 | 1.20 |
| US Securities | 74367101<br>208792693 | 92961877<br>366007647 | .31 |
| Other Securities | 3809905<br>98901803.8 | 103462170<br>759217433 | 4.26* |
| Assets | 520081994<br>1531667115 | 1162000000<br>5547610310 | 2.24 |
| Income | 4302131.6<br>20608656.3 | 5130884.6<br>24923400.7 | .13 |
| Holding Company | .52<br>.50 | .57<br>.50 | 1.48 |
| Age | 66.63<br>39.64 | 68.49<br>42.41 | .34 |

Wilks = .99154, F (11,1031) = .80, n.s.

\* $p < .05$
\*\* $p < .01$

TABLE 19

Manova Results Comparing all Respondents and Nonrespondents of Banks with less

than $100 Million in Assets

| Variable | Participated | Did not participate | F |
|---|---|---|---|
| | (N=78)<br>Mean/SD | (N=272)<br>Mean/SD | (1,348) |
| Fed/State Chartered | .64<br>.48 | .70<br>.46 | 1.06 |
| Equity | 5098380.1<br>2410281.43 | 4614283.9<br>2281380.52 | 2.66 |
| Deposits | 50091117<br>16951314.1 | 46362534<br>18333623.8 | 2.59 |
| Loans | 28966111<br>14037264.7 | 27182254<br>14108714.2 | .97 |
| Cash | 2956191.3<br>1636238.83 | 2802085.7<br>2257315.58 | .32 |
| US Securities | 12445795<br>8340902.50 | 11402478<br>10537262.8 | .65 |
| Other Securities | 6893939.2<br>7195021.22 | 5921872.4<br>7492400.61 | 1.04 |
| Assets | 56452432<br>19527627.6 | 52215366<br>20343880.6 | 2.68 |
| Income | 323605.78<br>309449.05 | 359780.60<br>447150.26 | .45 |
| Holding Company | .00<br>.00 | .00<br>.00 | NA |
| Age | 55.13<br>36.75 | 57.49<br>37.41 | .24 |

Wilks = .98050, F (10,339) = .67, n.s.

*   p < .05
**  p < .01

TABLE 20

Manova Results Comparing all Respondents and Nonrespondents of Banks with

Between $100 Million and $300 Million in Assets

| Variable | Participated | Did not participate | F |
|----------|--------------|---------------------|---|
| | (N=79)<br>Mean/SD | (N=271)<br>Mean/SD | (1,347) |
| Fed/State Chartered | .63<br>.49 | .62<br>.49 | .16 |
| Equity | 12744439<br>4414113.26 | 13040808<br>5816532.38 | .18 |
| Deposits | 137787843<br>46114308.9 | 143536914<br>45865248.4 | .81 |
| Loans | 85922208<br>40896619.5 | 88926164<br>40419158.3 | .20 |
| Cash | 7937676.1<br>5317199.04 | 8587547.6<br>7724980.40 | .40 |
| US Securities | 32664942<br>26192381.3 | 31787245<br>25238383.0 | .02 |
| Other Securities | 16402146<br>17702433.7 | 17173857<br>18302040.2 | .08 |
| Assets | 158612499<br>52716434.4 | 162064798<br>52003849.5 | .19 |
| Income | 1035877.4<br>968315.71 | 1382239.7<br>2679792.16 | 1.16 |
| Holding Company | .81<br>.39 | .78<br>.42 | .30 |
| Age | 61.83<br>34.94 | 67.28<br>38.15 | 1.30 |

Wilks = .98384, F (11,337) = .50, n.s.

*   $p < .05$
**  $p < .01$

TABLE 21

Manova Results Comparing all Respondents and Nonrespondents of Banks Having

Greater than $300 Million in Assets

| Variable | Participated | Did not participate | F |
|---|---|---|---|
| | (N=60) Mean/SD | (N=290) Mean/SD | (1,342) |
| Fed/State Chartered | .50 .50 | .58 .50 | .99 |
| Equity | 101957125 154515969 | 193464444 479787630 | 1.63 |
| Deposits | 1.268E+09 1966303511 | 2.329E+09 6386121615 | 1.16 |
| Loans | 972238648 1674355194 | 1.914E+09 5704780114 | 1.17 |
| Cash | 139665532 345557973 | 255799148 928634880 | .59 |
| US Securities | 209772642 364086559 | 226625608 597715774 | .01 |
| Other Securities | 107236016 168967494 | 275583182 1270195118 | 2.77 |
| Assets | 1.599E+09 2634815010 | 3.136E+09 9087849861 | 1.26 |
| Income | 13774783 37776549.2 | 13108895 41023551.0 | .02 |
| Holding Company | .82 .39 | .90 .30 | 3.55 |
| Age | 87.80 41.33 | 80.19 47.60 | 1.32 |

Wilks = .96338, F (11,332) = 1.15, n.s.

\*  $p < .05$
\*\*  $p < .01$

TABLE 22

Strategy Reliability Measures

Strategy Intercorrelations:

A.) Pearson correlation between HR contact assessment of strategy and the bank
president assessment of strategy. Reactors were excluded.

|  | N | Mean | SD |
|---|---|---|---|
| HR Contact Strategy | 87 | 4.18 | 1.46 |
| Bank President Strategy | 87 | 4.15 | 1.40 |

|  | Bank President |
|---|---|
| HR-Strategy | .39** |

B.) Percent Agreement between HR Executive and bank president on strategy
classification: 50.94%.

| HR Contact | Strategy Type | Bank President Defender | Analyzer | Prospector | Reactor | Total |
|---|---|---|---|---|---|---|
|  | Defender | 2 | 8 | 1 | 1 | 12 |
|  | Analyzer | 9 | 43 | 10 | 9 | 71 |
|  | Prospector | 0 | 9 | 5 | 1 | 15 |
|  | Reactor | 0 | 4 | 0 | 4 | 8 |
|  | Total | 11 | 64 | 16 | 15 | 106 |

C.) Coefficient Kappa = .11

measuring strategy. As can be seen from Table 22, there was only a moderate relationship between the HR contact's response and the bank president's response.

A second method for investigating interrater reliability would be to look at percent agreement between the HR contact and president. To do this their responses were categorized as defender, analyzer, prospector, or reactor by using the method described previously. Overall, they agreed 50.94 percent of the time. Again, this shows only moderate agreement.

A third method of investigating interrater reliability also uses the categorical variable. Coefficient Kappa is a statistical measure that is similar to percent agreement. However, it takes into account that there would likely be some agreement purely by chance. This coefficient can range from 0 to 1, with higher values representing greater agreement. As can be seen from Table 22, this coefficient is quite small and thus indicating relatively low agreement.

**HR practice and job/task characteristic scales.** The internal consistency reliabilities of all HR practice and job/task characteristic scales were calculated. For many of the scales, this reliability was low enough to check the dimensionality of the scale. In these cases, a principal components analysis was performed. The resulting factors were investigated for reliability and the scales were modified. The modified scales are presented in Table 23. These modified scales are very similar to the ones developed from the pilot study. However, a few of the scales appear to have a much lower reliability than expected.

The interrater agreement for the scales was computed by correlating the HR contact's responses with those of the incumbent. The overall correlations are presented in Table 24. Tables 25-27 present the interrater correlations by job. As can be seen from Table 24, the interrater correlation is significant for only three of the five job/task

TABLE 23

Questionnaire Items and Internal Consistency Reliability Estimates of Scales Obtained

from the Sample of Banks

## Job/Task Characteristics

### Job Complexity        alpha = .60

2.  Employees in this job are able to act independently of their supervisor in performing their job.
6.  There are many ways in which this job could be successfully performed.
7.  There are many desirable outcomes that an employee performing this job strives for.
9.  A variety of diverse skills is needed to perform this job satisfactorily.

### Knowledge of Cause-Effect Relations        alpha = .61

R   1.  It is easy to distinguish between effective and ineffective employees in this job by watching their actions on the job.
    3.  The supervisors of employees in this job are not in a position to see exactly what actions the employees take to achieve the results they do.
R   4.  The relations between the actions employees in this job take and the outcomes they achieve is stable over time.
R   5.  Employees know exactly what it takes to do this job effectively.
R   8.  Employees have an opportunity to find out how well they are doing on the job.
R   10  Employees have the opportunity to do a job from beginning to end (i.e.. the chance to do a
    .   whole job).

### Standards        alpha = .83

1.  Standards of desirable performance are well defined for this job.
2.  There are several sources of objective data available that indicate how well employees in this job are performing.
3.  Results measures accurately depict how well employees in this job perform.

### Firm-Specific Skills    alpha = .66

R   1.  The skills required to perform this job are similar to those needed in other organizations.
    2.  Employees in this job learn many things that are useful only in this organization.
R   3.  Many of the knowledge and skills needed by employees can be acquired prior to entering this organization.
R   4.  After working in this organization, individuals could easily perform in other organizations.
    5.  The knowledge and skills employees pick up in this job are of little value to them if they change jobs/organizations.

TABLE 23 (Cont.)

Available Labor Supply          alpha = .88

1. There are many individuals in the surrounding community who have the skills to perform this job.

2. When there is a vacancy in this position, it is very easy to find a skilled individual to fill the position.

3. There are always more than enough qualified individuals to chose from when hiring for this job.

HR Practices

Staffing          alpha = .64

  2.   Individuals in this job have clear career paths within the organization.

R 3.   Individuals in this job have very little future within this organization.

  4.   Employees' career aspirations within the company are known by their immediate supervisors.

  5.   Employees in this job who desire promotion have more than one potential position they could be promoted to.

Training          alpha = .83

  1.   Extensive training programs are provided for individuals in this job.

  3.   Employees in this job will normally go through training programs every few years.

  4.   There are formal training programs to teach new hires the skills they need to perform their jobs.

  5.   Formal training programs are offered to employees in order to increase their promotability in this organization.

Appraisal          alpha = .80

R 3.   Performance is more often measured with objective quantifiable results.

R 7.   Performance appraisals are based on objective, quantifiable results.

Job Security     alpha = .66

  1.   Employees in this job can expect to stay in the organization for as long as they wish.

  2.   It is very difficult to dismiss an employee in this job.

  5.   Job security is almost guaranteed to employees in this job.

  6.   If the bank were facing economic problems, employees in this job would be the last to get cut.

## TABLE 23 (Cont.)

Employee Voice         alpha = .80

   2.    Employees in this Job are allowed to make many decisions.

   3.    Employees in this Job are often asked by their superior to participate in decisions.

   4.    Employees are Provided the opportunity to suggest improvements in the way things are done.

   5.    Superiors keep open communications with employees in this Job.

Job Descriptions     alpha = .78

   1.    The duties of this Job are clearly defined.

   3.    This Job has an up-to-date Job description.

   4.    The Job description for this Job contains all of the duties performed by individual employees.

R   6.    The actual Job duties are shaped more by the employee than by a specific Job description.

Compensation     alpha = .62

R   1.    Compensation is solely in the form of base pay.

   2.    Individuals in this Job receive bonuses based on the profit of the organization.

   5.    Bonuses are paid based on a gainsharing plan.

   6.    Employees are given stock (or stock options) in the organization as an incentive.

   9.    The amount earned during each pay period is determined primarily by an incentive plan rather than by a guaranteed-income plan.

  12.   Individuals in this Job receive pay raises on the basis of group performance.

Note:   Item number refers to the item number in the questionnaire. An R next to an item indicates it was reverse scored.

TABLE 24

Pearson Correlation Coefficients for Scales Between Incumbent and HR Executive

| Scale | N | r |
|---|---|---|
| Job Complexity | 214 | -.02 |
| Knowledge of Cause-Effect Relations | 208 | .15* |
| Standards | 220 | .15* |
| Firm-Specific Skills | 218 | .00 |
| Available Labor Supply | 220 | .26** |
| Staffing | 219 | .13* |
| Training | 217 | .29** |
| Appraisal | 202 | .16** |
| Compensation | 193 | .27** |
| Job Security | 211 | .16** |
| Employee Voice | 222 | .21** |
| Job Description | 213 | .12* |

*    p < .05
**   p < .01

TABLE 25

Scale Correlations Between Job Incumbent and HR Contact for the Job of Teller

| Scale | N | r |
|---|---|---|
| Job Complexity | 73 | .04 |
| Knowledge of Cause-Effect Relations | 68 | .29** |
| Standards | 74 | .15 |
| Firm-Specific Skills | 75 | -.11 |
| Available Labor Supply | 76 | .27** |
| Staffing | 75 | .11 |
| Training | 73 | .42** |
| Appraisal | 63 | .13 |
| Compensation | 61 | .27* |
| Job Security | 69 | .06 |
| Employee Voice | 74 | .10 |
| Job Description | 74 | .19 |

\*   p < .05
\*\*  p < .01

TABLE 26

Scale Correlations Between Job Incumbent and HR Contact for the Job of Loan Officer

| Scale | N | r |
|---|---|---|
| Job Complexity | 78 | -.12 |
| Knowledge of Cause-Effect Relations | 77 | .16 |
| Standards | 82 | .13 |
| Firm-Specific Skills | 79 | .02 |
| Available Labor Supply | 80 | .06 |
| Staffing | 82 | .09 |
| Training | 81 | .25** |
| Appraisal | 78 | .17 |
| Compensation | 74 | .31** |
| Job Security | 80 | .30** |
| Employee Voice | 82 | .24** |
| Job Description | 76 | -.04 |

\*   $p < .05$
\*\* $p < .01$

TABLE 27

Scale Correlations Between Job Incumbent and HR Contact for the Job of Trust Officer

| Scale | N | r |
|-------|---|---|
| Job Complexity | 34 | -.13 |
| Knowledge of Cause-Effect Relations | 34 | -.39** |
| Standards | 35 | .03 |
| Firm-Specific Skills | 35 | -.03 |
| Available Labor Supply | 35 | .04 |
| Staffing | 32 | -.10 |
| Training | 35 | -.05 |
| Appraisal | 35 | .09 |
| Compensation | 35 | .01 |
| Job Security | 35 | .16 |
| Employee Voice | 35 | .08 |
| Job Description | 35 | .11 |

\* $p < .05$
\*\* $p < .01$

characteristic scales, and in those cases it is quite low. It is apparent that there was very little overall agreement between the HR contact and the job incumbent about the nature of the job.

The overall interrater correlations for the HR practice scales are all significant. However, they are all much smaller than expected. It does, however, appear that there was more agreement between incumbents and HR executives on the HR practice scales than on the job/task characteristics scales.

## Job Intercorrelations

Intraclass correlations were computed to determine whether or not the HR contact was distinguishing among the three jobs. This procedure produces a statistic that is a correlation coefficient computed across the HR executive responses for the three jobs. These correlations are presented in Table 28. A number of HR contacts failed to complete the survey for the trust officer job. Thus, simple correlations were computed across responses for the jobs of teller and loan officer. These are presented in Table 29.

It appears from these tables that the HR contact tended to answer in a similar fashion for all jobs. To further investigate this finding, two MANOVAs were computed to test for significant differences across the jobs on the HR practices and job/task characteristics. As can be seen from Table 30, both overall MANOVAs were significant. Follow-up tests revealed that HR contacts distinguished across jobs for three of the HR practices and four of the job/task characteristics. Tellers were rated as having lower voice than the other jobs. Teller jobs were more clearly defined than those of the loan officer, and their pay was less likely to be tied to performance. In addition, the job of teller was rated as being less complex than the other two, had more crystallized standards of desirable performance than the trust officer job, and had a

TABLE 28

Intraclass Correlation Coefficients for Scales Across Teller, Loan Officer, and Personal

Trust Officer Computed from HR Surveys

| Scale | N | Intraclass |
|---|---|---|
| Job Complexity | 104 | .51** |
| Knowledge of Cause-Effect Relations | 99 | .57** |
| Standards | 103 | .61** |
| Firm-Specific Skills | 104 | .84** |
| Available Labor Supply | 104 | .55** |
| Staffing | 105 | .53** |
| Training | 104 | .70** |
| Appraisal | 104 | .66** |
| Compensation | 102 | .89** |
| Job Security | 103 | .82** |
| Employee Voice | 105 | .61** |
| Job Description | 102 | .74** |

\*   $p < .05$
\*\*  $p < .01$

TABLE 29

Pearson Correlation Coefficients for Scales Between Teller and Loan Officer Using HR

Executive Responses

| Scale | N | r |
|-------|---|---|
| Job Complexity | 215 | .41** |
| Knowledge of Cause-Effect Relations | 210 | .50** |
| Standards | 217 | .57** |
| Firm-Specific Skills | 218 | .80** |
| Available Labor Supply | 219 | .52** |
| Staffing | 220 | .57** |
| Training | 216 | .73** |
| Appraisal | 214 | .57** |
| Compensation | 212 | .85** |
| Job Security | 215 | .77** |
| Employee Voice | 220 | .58** |
| Job Description | 215 | .79** |

\*    $p < .05$
\*\*   $p < .01$

TABLE 30

Manovas of Differences in HR Practices and Job Characteristics Across Jobs Using

HR Contact Responses

| Scale | Teller (N=202) | Loan Officer (N=201) | Trust Officer (N=98) | F (2,498) |
|---|---|---|---|---|
| | Mean/SD | Mean/SD | Mean/SD | |
| Training | 4.41 1.18 | 4.23 1.16 | 4.14 1.04 | 2.12 |
| Appraisal | 3.38 1.01 | 3.38 1.03 | 3.57 .92 | 1.33 |
| Security | 3.73 1.03 | 3.92 1.12 | 3.76 1.05 | 1.83 |
| Voice | 4.54[a] .92 | 5.38 .76 | 5.34 .69 | 61.82** |
| Description | 4.78[a] 1.08 | 4.48[b] 1.11 | 4.56[ab] .91 | 4.34** |
| Compensation | 2.66[a] 1.06 | 2.99[b] 1.03 | 2.82[ab] 1.03 | 4.93** |
| Staffing | 4.56 .87 | 4.69 .81 | 4.48 .76 | 2.49 |

Wilks = .72778, F (14,984) = 12.10**

TABLE 30 (Cont.)

| Scale | Teller (N=203) | Loan Officer (N=205) | Trust Officer (N=100) | F (2,505) |
|---|---|---|---|---|
| | Mean/SD | Mean/SD | Mean/SD | |
| Complexity | 4.49[a] .90 | 5.40 .70 | 5.38 .67 | 80.611** |
| Knowledge of C/E Relations | 2.69[a] .68 | 3.08 .67 | 3.16 .66 | 24.17** |
| Standards | 5.18[a] 1.12 | 5.02[ab] 1.05 | 4.82[b] .88 | 4.13* |
| Available Labor | 4.21[a] 1.15 | 3.34[b] 1.18 | 3.02[c] 1.07 | 47.23** |
| Firm-Specific Skills | 2.79 .70 | 2.83 .70 | 2.90 .70 | .92 |

Wilks = .61914, F (10,1002) = 27.14**

[a] - denotes significant difference across means.

\* $p < .05$
\*\* $p < .01$

greater available labor supply than the other two jobs. The only significant difference between the loan officer job and the trust officer job was for the available labor supply. The labor supply for the job of loan officer was thought to be higher than that for the job of trust officer.

Although job incumbents completed the questionnaire for their job and no others, the preceding analyses were replicated with the job incumbent data. Intraclass correlations using the three incumbent responses per bank were computed and are presented in Table 31. The number of banks for which there was complete data was relatively low. Once again, simple correlations computed across the jobs of teller and loan officer for a bank were computed. These are presented in Table 32. From these tables, it can be seen that there was a much smaller relationship across the jobs using the incumbent responses than was found using the HR contact data. This was expected because the information obtained was from more than one person.

Two MANOVAs compared HR practices and job/task characteristics. They were computed from the job incumbent responses. The results are shown in Table 33. As with the HR contact responses, both MANOVAs were significant. The follow-up test revealed that incumbent tellers rated their appraisals as focusing more on output than the incumbents of the other jobs rated their job. Also, incumbent tellers rated their job as having less voice and as being more well defined than the incumbents of the other jobs. For the job/task characteristics scales, trust officers rated their job as having less crystallized standards of desirable performance, a greater degree of firm-specific skills, and a less abundant supply of labor than the other two jobs. Tellers rated their job as being one with greater knowledge of cause/effect relations, and having a greater supply of available labor than the other two jobs.

TABLE 31

Intraclass Correlation Coefficients for Scales Across Teller, Loan Officer, and Personal

Trust Officer Computed from Job Incumbent Surveys

| Scale | N | Intraclass |
|---|---|---|
| Job Complexity | 21 | .02 |
| Knowledge of Cause-Effect Relations | 21 | -.03 |
| Standards | 22 | -.21 |
| Firm-Specific Skills | 22 | .01 |
| Available Labor Supply | 22 | .03 |
| Staffing | 19 | .02 |
| Training | 22 | .04 |
| Appraisal | 18 | .01 |
| Compensation | 20 | .34* |
| Job Security | 20 | .22 |
| Employee Voice | 21 | -.03 |
| Job Description | 21 | .31 |

\*  $p < .05$
\*\* $p < .01$

TABLE 32

Pearson Correlation Coefficients for Scales Between Teller and Loan Officer:

Incumbent Data from Same Bank

| Scale | N | r |
|---|---|---|
| Job Complexity | 59 | -.12 |
| Knowledge of Cause-Effect Relations | 57 | -.09 |
| Standards | 59 | -.01 |
| Firm-Specific Skills | 60 | .08 |
| Available Labor Supply | 60 | -.10 |
| Staffing | 60 | -.06 |
| Training | 60 | .15 |
| Appraisal | 52 | .01 |
| Compensation | 51 | .34** |
| Job Security | 58 | .20 |
| Employee Voice | 59 | -.10 |
| Job Description | 57 | .14 |

\*    $p < .05$
\*\*   $p < .01$

TABLE 33

Manovas of Differences in HR Practices and Job Characteristics Across Jobs Using

Job Incumbent Responses

| Scale | Teller (N=61) | Loan Officer (N=76) | Trust Officer (N=31) | F (2,165) |
|---|---|---|---|---|
| | Mean/SD | Mean/SD | Mean/SD | |
| Training | 4.21 1.25 | 3.91 1.24 | 3.82 1.46 | 1.30 |
| Appraisal | 3.39[a] .96 | 3.84 .93 | 3.94 1.36 | 4.33* |
| Security | 4.04 1.14 | 3.77 1.11 | 3.90 1.14 | .93 |
| Voice | 4.70[a] 1.00 | 5.13 1.11 | 5.08 1.10 | 2.95* |
| Description | 4.43[a] 1.02 | 4.01 .95 | 3.77 1.04 | 5.45** |
| Compensation | 3.11 .90 | 3.17 1.08 | 2.90 .87 | .83 |
| Staffing | 4.28 1.06 | 4.29 .78 | 4.08 1.13 | .57 |

Wilks = .78739, F (14,318) = 2.88**

TABLE 33 (Cont.)

| Scale | Teller (N=68) | Loan Officer (N=77) | Trust Officer (N=35) | F (2,177) |
|---|---|---|---|---|
| | Mean/SD | Mean/SD | Mean/SD | |
| Complexity | 5.25 .79 | 5.25 .82 | 5.34 .63 | .21 |
| Knowledge of C/E Relations | 2.84[a] .70 | 3.21 .66 | 3.35 1.02 | 6.97** |
| Standards | 4.71 1.10 | 4.38 1.12 | 3.84[a] 1.22 | 6.79** |
| Available Labor | 4.04[a] 1.28 | 3.49[b] 1.09 | 2.60[c] 1.22 | 16.96** |
| Firm-Specific Skills | 2.87 .84 | 2.95 .65 | 3.33[a] .79 | 4.44** |

Wilks = .74906, F (10,346) = 5.38**

[a] - denotes significant difference across means.

\* $p < .05$
\*\* $p < .01$

## Job/Task Characteristics and HR Practice Intercorrelations

The intercorrelations of the job/task characteristics scales and the HR practices are presented in this section. First, the intercorrelations for the scales using the assessment of HR practices provided by the HR executive and assessments of the job/task characteristics provided by the job incumbents are presented. Second, the intercorrelations using assessments of HR practices and job/task characteristics from the same source will be presented. These latter analyses are exploratory in nature given that it was argued that the most appropriate source of HR practice information is the HR executive and for job/task characteristics is the job incumbent.

**Incumbent and HR contact scales.** Tables 34-37 present the intercorrelations using the assessment of HR practices from the HR executive and the job/task characteristics from the job incumbents. Table 34 presents the overall means, standard deviations and intercorrelations of the scales across all jobs. Tables 35-37 present the identical information for the jobs of teller, loan officer, and trust officer.

Table 38 presents the overall means, standard deviations and intercorrelations of the scales across all jobs using the HR contacts' responses on the job/task characteristics scales and the incumbents' responses on the HR practice scales. The identical analyses for each job are presented in Tables 39-41.

**HR contact scales.** The overall means, standard deviations and intercorrelations of the job/task characteristics and HR practices scales from the HR contact responses are presented in Table 42. However, these correlations may be biased due to the fact that each HR contact responded for more than one job. Tables 43-45 present the same results for each of the three jobs separately. As can be seen, there are a number of significant correlations both within each group of scales and between each group.

TABLE 34

Correlations Between Job Characteristics Provided by the Job Incumbent and HR

Practices Provided by the HR Contact for All Jobs

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 233 | 5.31 | .76 |
| Knowledge of C/E Relations | 229 | 3.06 | .77 |
| Standards | 235 | 4.47 | 1.17 |
| Available Labor | 235 | 3.59 | 1.28 |
| Firm-Specific Skills | 234 | 2.97 | .76 |
| Training | 606 | 4.29 | 1.15 |
| Appraisal | 604 | 3.46 | 1.02 |
| Security | 604 | 3.81 | 1.08 |
| Voice | 619 | 5.03 | .91 |
| Description | 606 | 4.59 | 1.11 |
| Compensation | 596 | 2.81 | 1.04 |
| Staffing | 619 | 4.55 | .84 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | .06 | -.11 | .15* | .00 | -.14* |
| Appraisal | -.01 | .07 | -.13* | .01 | .06 |
| Security | .05 | .01 | .02 | -.04 | .00 |
| Voice | .09 | .09 | .04 | -.25** | -.13* |
| Description | .05 | -.06 | .07 | .06 | -.01 |
| Compensation | .02 | .00 | .01 | -.01 | -.11 |
| Staffing | -.05 | .00 | .03 | -.06 | -.12* |

\* p < .05
\*\* p < .01

TABLE 35

Correlations Between Job Characteristics Provided by the Job Incumbent and HR

Practices Provided by the HR Contact for the Job of Teller

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 76 | 5.24 | .77 |
| Knowledge of C/E Relations | 72 | 2.82 | .70 |
| Standards | 76 | 4.73 | 1.14 |
| Available Labor | 77 | 4.06 | 1.28 |
| Firm-Specific Skills | 77 | 2.84 | .85 |
| Training | 216 | 4.41 | 1.19 |
| Appraisal | 215 | 3.39 | 1.00 |
| Security | 215 | 3.72 | 1.04 |
| Voice | 220 | 4.56 | .90 |
| Description | 216 | 4.79 | 1.08 |
| Compensation | 212 | 2.65 | 1.05 |
| Staffing | 220 | 4.53 | .87 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | .24* | -.17 | .14 | .03 | -.13 |
| Appraisal | -.10 | .25* | -.23* | -.04 | .10 |
| Security | -.07 | -.03 | -.01 | -.09 | -.03 |
| Voice | .24* | -.16 | .10 | -.06 | -.27* |
| Description | .18 | -.12 | .13 | .24* | .09 |
| Compensation | .16 | -.09 | .14 | .14 | -.34** |
| Staffing | .10 | .04 | -.05 | -.07 | -.10 |

\* p < .05
\*\* p < .01

TABLE 36

Correlations Between Job Characteristics Provided by the Job Incumbent and HR

Practices Provided by the HR Contact for the Job of Loan Officer

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 81 | 5.27 | .82 |
| Knowledge of C/E Relations | 82 | 3.20 | .65 |
| Standards | 83 | 4.39 | 1.09 |
| Available Labor | 82 | 3.50 | 1.06 |
| Firm-Specific Skills | 81 | 2.92 | .65 |
| Training | 217 | 4.22 | 1.16 |
| Appraisal | 215 | 3.41 | 1.03 |
| Security | 216 | 3.91 | 1.12 |
| Voice | 221 | 5.37 | .76 |
| Description | 216 | 4.47 | 1.13 |
| Compensation | 213 | 2.97 | 1.02 |
| Staffing | 221 | 4.65 | .81 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | .01 | -.22* | .15 | -.09 | -.22* |
| Appraisal | -.03 | .26* | -.22* | .11 | .06 |
| Security | .15 | -.05 | .05 | -.09 | -.00 |
| Voice | .13 | -.02 | .19* | -.11 | -.29** |
| Description | -.05 | -.09 | .03 | -.03 | -.09 |
| Compensation | -.02 | -.11 | -.03 | -.06 | -.05 |
| Staffing | -.06 | -.14 | .09 | -.07 | -.14 |

\* $p < .05$
\*\* $p < .01$

TABLE 37

Correlations Between Job Characteristics Provided by the Job Incumbent and HR

Practices Provided by the HR Contact for the Job of Trust Officer

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 35 | 5.34 | .63 |
| Knowledge of C/E Relations | 36 | 3.34 | 1.01 |
| Standards | 36 | 3.89 | 1.24 |
| Available Labor | 36 | 2.66 | 1.25 |
| Firm-Specific Skills | 36 | 3.31 | .79 |
| Training | 105 | 4.17 | 1.07 |
| Appraisal | 105 | 3.56 | .90 |
| Security | 104 | 3.74 | 1.03 |
| Voice | 106 | 5.35 | .69 |
| Description | 103 | 4.60 | .95 |
| Compensation | 103 | 2.81 | 1.03 |
| Staffing | 106 | 4.49 | .76 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | -.08 | .34* | -.21 | -.32* | -.03 |
| Appraisal | .05 | -.36* | .32* | .11 | -.21 |
| Security | -.14 | .02 | .03 | .08 | .18 |
| Voice | .09 | .18 | .05 | -.49** | .22 |
| Description | .15 | .12 | .05 | -.26 | .05 |
| Compensation | -.10 | .08 | -.10 | -.20 | .19 |
| Staffing | -.15 | .38* | -.33* | -.10 | .02 |

\* $p < .05$
\*\* $p < .01$

TABLE 38

Correlations Between Job Characteristics Provided by the HR Contact and HR

Practices Provided by the Job Incumbent for all Jobs

| Variable | N | Mean | SD |
|----------|-----|------|------|
| Complexity | 604 | 5.04 | .90 |
| Knowledge of C/E Relations | 591 | 2.93 | .69 |
| Standards | 610 | 5.02 | 1.07 |
| Available Labor | 616 | 3.62 | 1.25 |
| Firm-Specific Skills | 614 | 2.84 | .71 |
| Training | 235 | 3.96 | 1.30 |
| Appraisal | 224 | 3.72 | 1.03 |
| Security | 230 | 3.92 | 1.09 |
| Voice | 235 | 4.93 | 1.13 |
| Description | 231 | 4.14 | 1.07 |
| Compensation | 218 | 3.08 | .93 |
| Staffing | 232 | 4.20 | 1.00 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|----------|-----------|-----------|-----------|-----------|-----------|
| Training | .04 | -.17** | .29** | .01 | -.04 |
| Appraisal | .14* | .06 | -.06 | -.15* | -.08 |
| Security | -.12 | -.03 | -.05 | -.10 | .11* |
| Voice | .08 | -.02 | .08 | -.08 | -.00 |
| Description | -.02 | -.04 | .15* | .16* | -.09 |
| Compensation | .11 | .02 | .00 | -.13* | .04 |
| Staffing | .01 | -.12* | .21** | -.04 | -.09 |

\*   $p < .05$
\*\*  $p < .01$

TABLE 39

Correlations Between Job Characteristics Provided by the HR Contact and HR

Practices Provided by the Job Incumbent for the Job of Teller

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 215 | 4.48 | .89 |
| Knowledge of C/E Relations | 211 | 2.70 | .67 |
| Standards | 218 | 5.17 | 1.13 |
| Available Labor | 220 | 4.21 | 1.18 |
| Firm-Specific Skills | 219 | 2.79 | .72 |
| Training | 76 | 4.23 | 1.24 |
| Appraisal | 68 | 3.41 | .94 |
| Security | 72 | 4.06 | 1.08 |
| Voice | 75 | 4.70 | 1.10 |
| Description | 77 | 4.55 | 1.08 |
| Compensation | 67 | 3.02 | .91 |
| Staffing | 76 | 4.29 | 1.09 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | .20* | -.23* | .35** | -.12 | .02 |
| Appraisal | .04 | .00 | .02 | .04 | -.29** |
| Security | -.28* | .03 | -.02 | -.01 | .16 |
| Voice | -.04 | -.11 | .16 | -.10 | .06 |
| Description | .17 | -.05 | .24* | .06 | -.02 |
| Compensation | .13 | -.00 | .08 | -.32** | .28* |
| Staffing | .02 | -.30** | .32** | -.10 | -.12 |

\* $p < .05$
\*\* $p < .01$

TABLE 40

Correlations Between Job Characteristics Provided by the HR Contact and HR

Practices Provided by the Job Incumbent for the Job of Loan Officer

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 216 | 5.40 | .71 |
| Knowledge of C/E Relations | 212 | 3.08 | .66 |
| Standards | 218 | 5.04 | 1.05 |
| Available Labor | 220 | 3.34 | 1.17 |
| Firm-Specific Skills | 219 | 2.84 | .70 |
| Training | 83 | 3.87 | 1.24 |
| Appraisal | 82 | 3.83 | .94 |
| Security | 83 | 3.76 | 1.07 |
| Voice | 83 | 5.05 | 1.12 |
| Description | 79 | 3.97 | .97 |
| Compensation | 79 | 3.20 | 1.07 |
| Staffing | 83 | 4.28 | .80 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | .15 | -.15 | .24* | -.08 | -.03 |
| Appraisal | .05 | -.05 | .00 | -.08 | -.05 |
| Security | .19* | -.28** | .14 | -.21* | .01 |
| Voice | .06 | -.03 | .03 | .02 | .01 |
| Description | -.01 | .22* | .01 | .07 | -.01 |
| Compensation | .06 | .03 | -.09 | -.08 | .01 |
| Staffing | .02 | -.01 | .09 | -.11 | -.08 |

\*   $p < .05$
\*\*  $p < .01$

TABLE 41

Correlations Between Job Characteristics Provided by the HR Contact and HR

Practices Provided by the Job Incumbent for the Job of Trust Officer

| Variable | N | Mean | SD |
|---|---|---|---|
| Complexity | 104 | 5.40 | .68 |
| Knowledge of C/E Relations | 101 | 3.16 | .65 |
| Standards | 104 | 4.85 | .90 |
| Available Labor | 105 | 3.04 | 1.06 |
| Firm-Specific Skills | 105 | 2.91 | .69 |
| Training | 36 | 3.83 | 1.43 |
| Appraisal | 36 | 3.94 | 1.30 |
| Security | 36 | 3.88 | 1.08 |
| Voice | 36 | 5.05 | 1.24 |
| Description | 36 | 3.84 | .99 |
| Compensation | 34 | 2.93 | .85 |
| Staffing | 33 | 4.04 | 1.11 |

| | Complexity | Knowledge of C/E Relations | Standards | Available Labor | Firm-Specific Skills |
|---|---|---|---|---|---|
| Training | -.07 | .12 | .21 | .19 | -.09 |
| Appraisal | .17 | -.06 | -.21 | -.02 | .15 |
| Security | -.11 | .48** | -.36* | -.17 | .18 |
| Voice | -.12 | .07 | .23 | .15 | -.27 |
| Description | .16 | .07 | .21 | .14 | -.18 |
| Compensation | .23 | .02 | .10 | -.12 | -.23 |
| Staffing | .07 | .11 | .26 | .01 | -.24 |

\* $p < .05$
\*\* $p < .01$

TABLE 43

Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR

Practice Scales Across all HR Executives for the Job of Teller

| | Variable | N | Mean | StdDev |
|---|---|---|---|---|
| 1. | Complexity | 215 | 4.48 | .89 |
| 2. | Knowledge of C/E Relations | 211 | 2.70 | .67 |
| 3. | Standards | 218 | 5.17 | 1.13 |
| 4. | Available Labor | 220 | 4.21 | 1.18 |
| 5. | Firm-Specific Skills | 219 | 2.79 | .72 |
| 6. | Training | 216 | 4.41 | 1.19 |
| 7. | Appraisal | 215 | 3.39 | 1.00 |
| 8. | Security | 215 | 3.72 | 1.04 |
| 9. | Voice | 220 | 4.56 | .90 |
| 10. | Description | 216 | 4.79 | 1.08 |
| 11. | Compensation | 212 | 2.65 | 1.05 |
| 12. | Staffing | 220 | 4.53 | .87 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | -.08 | 1.00 | | | | | | | | | | |
| 3. | -.06 | -.57** | 1.00 | | | | | | | | | |
| 4. | .02 | -.09 | .21** | 1.00 | | | | | | | | |
| 5. | .06 | .28** | -.27** | -.02 | 1.00 | | | | | | | |
| 6. | .06 | -.19** | .22** | -.02 | .01 | 1.00 | | | | | | |
| 7. | .00 | .25** | -.35** | -.08 | .13* | -.22** | 1.00 | | | | | |
| 8. | .14* | -.01 | -.12* | .03 | .10 | -.10 | -.01 | 1.00 | | | | |
| 9. | .32** | -.29** | .16** | -.01 | -.02 | .21** | -.21** | .07 | 1.00 | | | |
| 10. | -.14* | -.36** | .54** | .06 | -.22** | .29** | -.19** | -.26** | .21** | 1.00 | | |
| 11. | .04 | .13* | -.10 | -.06 | .22** | .11 | -.18** | .06 | .20** | -.13* | 1.00 | |
| 12. | .21** | -.37** | .41** | .04 | -.18** | .37** | -.27** | -.14* | .37** | .35** | .03 | 1.00 |

N=206-220

\* p<.05
\*\* p<.01

TABLE 44

Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR

Practice Scales Across all HR Officers for the Job of Loan Officer

| | Variable | N | Mean | SD |
|---|---|---|---|---|
| 1. | Complexity | 216 | 5.40 | .71 |
| 2. | Knowledge of C/E Relations | 212 | 3.08 | .66 |
| 3. | Standards | 218 | 5.04 | 1.05 |
| 4. | Available Labor | 220 | 3.34 | 1.17 |
| 5. | Firm-Specific Skills | 219 | 2.84 | .70 |
| 6. | Training | 217 | 4.22 | 1.16 |
| 7. | Appraisal | 215 | 3.41 | 1.03 |
| 8. | Security | 216 | 3.91 | 1.12 |
| 9. | Voice | 221 | 5.37 | .76 |
| 10. | Description | 216 | 4.47 | 1.13 |
| 11. | Compensation | 213 | 2.97 | 1.02 |
| 12. | Staffing | 221 | 4.65 | .81 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | -.21** | 1.00 | | | | | | | | | | |
| 3. | .15* | -.38** | 1.00 | | | | | | | | | |
| 4. | -.07 | -.17** | .16** | 1.00 | | | | | | | | |
| 5. | -.17** | .17** | -.17** | -.02 | 1.00 | | | | | | | |
| 6. | .13* | -.16** | .31** | -.02 | .07 | 1.00 | | | | | | |
| 7. | -.09 | .22** | -.43** | -.08 | .14* | -.25** | 1.00 | | | | | |
| 8. | .13* | -.14* | .00 | -.01 | .05 | -.08 | -.02 | 1.00 | | | | |
| 9. | .31** | -.22** | .28** | -.18** | -.15** | .29** | -.20** | .01 | 1.00 | | | |
| 10. | .00 | -.37** | .52** | .13* | -.17** | .30** | -.39** | -.24** | .17** | 1.00 | | |
| 11. | .00 | -.04 | .04 | -.04 | .16** | .13* | -.11* | .05 | .02 | -.01 | 1.00 | |
| 12. | .19** | -.39** | .45** | .05 | -.06 | .41** | -.34** | -.09 | .30** | .35** | .06 | 1.00 |

N=205-221

* p<.05
** p<.01

TABLE 45

Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR

Practice Scales Across all HR Officers for the Job of Personal Trust Officer

| Variable | N | Mean | SD |
|---|---|---|---|
| 1. Complexity | 104 | 5.40 | .69 |
| 2. Knowledge of C/E Relations | 101 | 3.16 | .65 |
| 3. Standards | 104 | 4.85 | .90 |
| 4. Available Labor | 105 | 3.04 | 1.06 |
| 5. Firm-Specific Skills | 105 | 2.91 | .69 |
| 6. Training | 105 | 4.17 | 1.07 |
| 7. Appraisal | 105 | 3.56 | .90 |
| 8. Security | 104 | 3.74 | 1.03 |
| 9. Voice | 106 | 5.35 | .69 |
| 10. Description | 103 | 4.60 | .95 |
| 11. Compensation | 103 | 2.81 | 1.03 |
| 12. Staffing | 106 | 4.49 | .76 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | -.20* | 1.00 | | | | | | | | | | |
| 3. | .26** | -.36** | 1.00 | | | | | | | | | |
| 4. | -.27** | -.03 | -.01 | 1.00 | | | | | | | | |
| 5. | -.22** | .22** | -.14 | .06 | 1.00 | | | | | | | |
| 6. | .10 | -.05 | .21* | -.06 | .07 | 1.00 | | | | | | |
| 7. | -.11 | .09 | -.24** | -.01 | .04 | -.24** | 1.00 | | | | | |
| 8. | .07 | -.07 | .09 | -.02 | .02 | -.08 | .04 | 1.00 | | | | |
| 9. | .30** | -.15 | .13 | -.21* | -.01 | .26** | -.16 | .00 | 1.00 | | | |
| 10. | .17* | -.31** | .41** | .07 | -.14 | .27** | -.25** | -.14 | .10 | 1.00 | | |
| 11. | -.03 | -.07 | -.04 | .05 | .11 | .18* | -.16 | -.07 | .10 | .01 | 1.00 | |
| 12. | .22** | -.24** | .38** | -.15 | .03 | .47** | -.24** | -.06 | .20* | .31** | .04 | 1.00 |

N=98-106

* p<.05
** p<.01

**Job incumbent scales.** The overall means, standard deviations and intercorrelations of the job/task characteristics and HR practices scales from the job incumbent responses are presented in Table 46. Tables 47-49 present the same results for each of the three jobs separately. Once again, there are a number of significant correlations both within and between job/task characteristics and HR practices.

## Business Strategy

The correlations between business strategy and HR practices are presented in Table 50 and Table 51. Table 50 presents the correlation between the business strategy measures collected from the HR contact and the bank president and the HR practice responses of the HR contact. These analyses are present separately for each job. There are significant relationships between strategy and the HR practice responses of the HR contact. For instance, there is a significant positive correlation between strategy (both measures) and staffing, training, and voice. There is a negative correlation between strategy and security.

The same pattern of results does not appear when the job incumbents' responses on the HR practice measures are used. Table 51 shows no consistent pattern of relationships. In many cases, the number of subjects for the analysis is small due to the less than perfect response rate of the job incumbents and bank presidents.

Table 52 and Table 53 present the correlations between strategy and the job/task characteristics. Based on the theory presented earlier, it was expected that there would not be significant relationships between these job/task characteristics. In fact, there appear to be no significant patterns of relationships using any of the sources of data.

## TABLE 46

### Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR Practice Scales Across all Job Incumbents

| | Variable | N | Mean | SD |
|---|---|---|---|---|
| 1. | Complexity | 233 | 5.31 | .76 |
| 2. | Knowledge of C/E Relations | 229 | 3.06 | .77 |
| 3. | Standards | 235 | 4.47 | 1.17 |
| 4. | Available Labor | 235 | 3.59 | 1.28 |
| 5. | Firm-Specific Skills | 234 | 2.97 | .76 |
| 6. | Training | 235 | 3.96 | 1.30 |
| 7. | Appraisal | 224 | 3.72 | 1.03 |
| 8. | Security | 230 | 3.92 | 1.09 |
| 9. | Voice | 235 | 4.93 | 1.13 |
| 10. | Description | 231 | 4.14 | 1.07 |
| 11. | Compensation | 218 | 3.08 | .93 |
| 12. | Staffing | 232 | 4.20 | 1.00 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | -.15* | 1.00 | | | | | | | | | | |
| 3. | .19** | -.63** | 1.00 | | | | | | | | | |
| 4. | .05 | -.10 | .22** | 1.00 | | | | | | | | |
| 5. | -.18** | .20** | -.19** | -.17** | 1.00 | | | | | | | |
| 6. | .19** | -.35** | .48** | .03 | -.11* | 1.00 | | | | | | |
| 7. | -.08 | .26** | -.42** | -.16** | .07 | -.26** | 1.00 | | | | | |
| 8. | .10 | -.11* | .12* | .09 | .04 | .14* | -.06 | 1.00 | | | | |
| 9. | .26** | -.28** | .38** | -.06 | -.19** | .35** | -.20** | .24** | 1.00 | | | |
| 10. | .10 | -.42** | .42** | .18** | -.03 | .39** | -.28** | .01 | .26** | 1.00 | | |
| 11. | -.01 | -.06 | .05 | -.05 | .06 | .27** | -.08 | .12* | .06 | .05 | 1.00 | |
| 12. | .19** | -.38** | .57** | .11* | -.06 | .54** | -.38** | .24** | .48** | .35** | .18** | 1.00 |

N=210-235

\* p<.05
\*\* p<.01

TABLE 47

Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR

Practice Scales Across all Job Incumbents in the Job of Teller

| | Variable | N | Mean | SD |
|---|---|---|---|---|
| 1. | Complexity | 76 | 5.24 | .77 |
| 2. | Knowledge of C/E Relations | 72 | 2.82 | .70 |
| 3. | Standards | 76 | 4.73 | 1.14 |
| 4. | Available Labor | 77 | 4.06 | 1.28 |
| 5. | Firm-Specific Skills | 77 | 2.84 | .85 |
| 6. | Training | 76 | 4.23 | 1.24 |
| 7. | Appraisal | 68 | 3.41 | .94 |
| 8. | Security | 72 | 4.06 | 1.08 |
| 9. | Voice | 75 | 4.70 | 1.10 |
| 10. | Description | 77 | 4.55 | 1.08 |
| 11. | Compensation | 67 | 3.02 | .91 |
| 12. | Staffing | 76 | 4.29 | 1.09 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | -.29** | 1.00 | | | | | | | | | | |
| 3. | .39** | -.60** | 1.00 | | | | | | | | | |
| 4. | .38** | -.11 | .35** | 1.00 | | | | | | | | |
| 5. | -.35** | .22* | -.12 | -.23* | 1.00 | | | | | | | |
| 6. | .29** | -.42** | .58** | .15 | .03 | 1.00 | | | | | | |
| 7. | -.37** | .16 | -.41** | -.27* | .09 | -.12 | 1.00 | | | | | |
| 8. | .13 | -.06 | .32** | .22* | -.04 | .08 | -.19 | 1.00 | | | | |
| 9. | .32** | -.33** | .53** | .27** | -.27** | .41** | -.32** | .35** | 1.00 | | | |
| 10. | .27** | -.39** | .54** | .24* | -.19* | .50** | -.36** | -.01 | .40** | 1.00 | | |
| 11. | .09 | -.08 | -.15 | -.09 | .08 | .26* | .02 | .05 | -.14 | -.11 | 1.00 | |
| 12. | .44** | -.47** | .69** | .28** | -.13 | .52** | -.33** | .38** | .50** | .45** | .03 | 1.00 |

N=62-77

* p<.05
** p<.01

TABLE 48

Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR

Practice Scales Across all Job Incumbents for the Job of Loan Officer

| | Variable | N | Mean | SD |
|---|---|---|---|---|
| 1. | Complexity | 81 | 5.27 | .82 |
| 2. | Knowledge of C/E Relations | 82 | 3.20 | .65 |
| 3. | Standards | 83 | 4.39 | 1.09 |
| 4. | Available Labor | 82 | 3.50 | 1.06 |
| 5. | Firm-Specific Skills | 81 | 2.92 | .65 |
| 6. | Training | 83 | 3.87 | 1.24 |
| 7. | Appraisal | 82 | 3.83 | .94 |
| 8. | Security | 83 | 3.76 | 1.07 |
| 9. | Voice | 83 | 5.05 | 1.12 |
| 10. | Description | 79 | 3.97 | .97 |
| 11. | Compensation | 79 | 3.20 | 1.07 |
| 12. | Staffing | 83 | 4.28 | .80 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | .09 | 1.00 | | | | | | | | | | |
| 3. | .01 | -.54** | 1.00 | | | | | | | | | |
| 4. | -.09 | .26** | -.14 | 1.00 | | | | | | | | |
| 5. | -.25* | .13 | -.13 | .07 | 1.00 | | | | | | | |
| 6. | .04 | -.25* | .39** | -.13 | -.15 | 1.00 | | | | | | |
| 7. | .17 | .27** | -.32** | .06 | .00 | -.28** | 1.00 | | | | | |
| 8. | .04 | -.11 | -.03 | -.20* | .18 | .35** | -.01 | 1.00 | | | | |
| 9. | .23* | -.30** | .39** | -.33** | -.23* | .42** | -.13 | .23* | 1.00 | | | |
| 10. | -.05 | -.39** | .43** | .02 | -.04 | .39** | -.22* | -.02 | .37** | 1.00 | | |
| 11. | -.12 | -.10 | .11 | -.17 | .15 | .28** | -.05 | .30** | .14 | .23* | 1.00 | |
| 12. | -.02 | -.28** | .49** | -.07 | .01 | .61** | -.34** | .25** | .42** | .37** | .38** | 1.00 |

N=77-83

* p<.05
** p<.01

TABLE 49

Means, Standard Deviations, and Intercorrelations for the Job Characteristic and HR

Practice Scales Across all Job Incumbents for the Job of Personal Trust Officer

| | Variable | N | Mean | SD |
|---|---|---|---|---|
| 1. | Complexity | 35 | 5.34 | .63 |
| 2. | Knowledge of C/E Relations | 36 | 3.34 | 1.01 |
| 3. | Standards | 36 | 3.89 | 1.24 |
| 4. | Available Labor | 36 | 2.66 | 1.25 |
| 5. | Firm-Specific Skills | 36 | 3.31 | .79 |
| 6. | Training | 36 | 3.83 | 1.43 |
| 7. | Appraisal | 36 | 3.94 | 1.30 |
| 8. | Security | 36 | 3.88 | 1.08 |
| 9. | Voice | 36 | 5.05 | 1.24 |
| 10. | Description | 36 | 3.84 | .99 |
| 11. | Compensation | 34 | 2.93 | .85 |
| 12. | Staffing | 33 | 4.04 | 1.11 |

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 1.00 | | | | | | | | | | | |
| 2. | -.06 | 1.00 | | | | | | | | | | |
| 3. | .17 | -.71** | 1.00 | | | | | | | | | |
| 4. | -.19 | -.32* | .23 | 1.00 | | | | | | | | |
| 5. | .11 | .25 | -.22 | -.24 | 1.00 | | | | | | | |
| 6. | .50** | -.25 | .31* | -.13 | -.06 | 1.00 | | | | | | |
| 7. | -.21 | .26 | -.35* | .05 | -.02 | -.18 | 1.00 | | | | | |
| 8. | .17 | -.07 | .03 | .25 | -.18 | .02 | -.01 | 1.00 | | | | |
| 9. | .49** | -.28* | .24 | .19 | -.16 | .43** | -.24 | .19 | 1.00 | | | |
| 10. | .20 | -.54** | .52** | .23 | .18 | .20 | -.23 | .09 | .16 | 1.00 | | |
| 11. | .10 | .11 | -.02 | .07 | -.22 | .22 | -.08 | -.07 | .18 | -.10 | 1.00 | |
| 12. | .39** | -.32* | .50** | .01 | .10 | .53** | -.45** | .14 | .50** | .31* | .05 | 1.00 |

N=33-36

* p<.05
** p<.01

TABLE 50

Correlations Between Business Strategy and HR Contact HR Practice Responses

| | Teller | | Loan Officer | | Trust Officer | |
|---|---|---|---|---|---|---|
| | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy |
| Staffing | .12 | .16 | .28** | .31** | .50** | .42** |
| | (194) | (94) | (194) | (94) | (92) | (45) |
| Training | .22** | .24** | .26** | .36** | .23** | .20 |
| | (190) | (92) | (190) | (92) | (91) | (44) |
| Appraisal | .00 | .08 | -.02 | -.07 | .05 | -.02 |
| | (189) | (92) | (188) | (92) | (91) | (44) |
| Security | -.17** | -.22* | -.15* | -.31** | .15 | -.16 |
| | (189) | (91) | (189) | (91) | (90) | (45) |
| Voice | .22** | .00 | .22** | .14 | .37** | -.01 |
| | (194) | (94) | (194) | (94) | (92) | (45) |
| Description | .28** | .10 | .27** | .10 | .18* | .16 |
| | (190) | (92) | (189) | (91) | (89) | (43) |
| Compensation | -.11 | -.13 | -.09 | -.09 | .03 | .02 |
| | (187) | (89) | (187) | (89) | (90) | (44) |

\* P<.05
\*\* p<.01

## TABLE 51

## Correlations Between Business Strategy and Job Incumbent HR Practice Responses

| | Teller | | Loan Officer | | Trust Officer | |
|---|---|---|---|---|---|---|
| | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy |
| Staffing | -.02 | .07 | .15 | .06 | .19 | .23 |
| | (65) | (35) | (69) | (38) | (30) | (13) |
| Training | -.02 | .06 | .28** | .33* | -.13 | -.12 |
| | (65) | (35) | (69) | (38) | (32) | (15) |
| Appraisal | -.09 | -.02 | .10 | .19 | -.06 | -.08 |
| | (60) | (30) | (68) | (38) | (32) | (15) |
| Security | -.10 | .09 | -.22* | .10 | .08 | -.34 |
| | (62) | (34) | (69) | (38) | (32) | (15) |
| Voice | .09 | .15 | .21* | .26 | .28 | .00 |
| | (65) | (35) | (69) | (38) | (32) | (15) |
| Description | .23* | .00 | .13 | .14 | .08 | -.40 |
| | (65) | (36) | (65) | (38) | (32) | (15) |
| Compensation | -.07 | .03 | -.02 | .00 | .05 | .37 |
| | (58) | (32) | (66) | (38) | (31) | (15) |

\*   $P<.05$
\*\* $p<.01$

TABLE 52

Correlations Between Business Strategy and Job Incumbent Job/Task Characteristics

Responses

|  | Teller | | Loan Officer | | Trust Officer | |
|---|---|---|---|---|---|---|
|  | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy |
| Complexity | .12 | .07 | .10 | .07 | .15 | -.21 |
|  | (64) | (37) | (67) | (38) | (32) | (14) |
| Knowledge of | -.02 | -.19 | -.08 | -.27* | .21 | .20 |
| C/E Relations | (61) | (34) | (68) | (38) | (32) | (15) |
| Standards | -.02 | .11 | .25* | .33* | .01 | -.44* |
|  | (65) | (35) | (69) | (38) | (32) | (15) |
| Available | .01 | -.23 | -.04 | .10 | -.13 | -.33 |
| Labor | (65) | (36) | (68) | (38) | (32) | (15) |
| Firm-Specific | -.28** | -.11 | -.29** | -.12 | -.20 | -.48* |
| Skills | (65) | (36) | (68) | (36) | (32) | (15) |

\* P<.05
\*\* p<.01

## TABLE 53

Correlations Between Business Strategy and HR Contact Job/Task Characteristics

Responses

| | Teller | | Loan Officer | | Trust Officer | |
|---|---|---|---|---|---|---|
| | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy | HR Contact Strategy | President Strategy |
| Complexity | .10 | .05 | .02 | .19* | .17 | .17 |
| | (191) | (91) | (191) | (91) | (92) | (45) |
| Knowledge of | -.05 | -.01 | -.09 | .04 | -.12 | -.03 |
| C/E Relations | (185) | (92) | (186) | (92) | (88) | (44) |
| Standards | .12* | .15 | .21** | .17* | .15 | .16 |
| | (192) | (93) | (191) | (93) | (91) | (44) |
| Available | -.05 | .01 | -.04 | -.14 | -.28** | -.29* |
| Labor | (194) | (94) | (193) | (93) | (92) | (45) |
| Firm-Specific | .06 | .01 | -.07 | -.06 | -.03 | .04 |
| Skills | (193) | (93) | (192) | (93) | (92) | (45) |

\* $P<.05$
\*\* $p<.01$

## Hypothesis Tests

The following sections will present the results of the analyses discussed in the previous chapter that were used to test the hypotheses.

**Hypothesis 1.** The first hypothesis stated that organizations following different business strategies would have different employment systems. Hypotheses 1a-1c, more specifically, predicted how the three strategy types (defender, prospector, & analyzer) would differ in employment systems. The two employment systems previously outlined were the market-type and the internal. The market-type system was characterized by: (1) a staffing policy that looked outside of the organization for labor, (2) very little training, (3) appraisal systems that focus on results measures, (4) compensation tied to performance, (5) very little job security, (6) little employee voice, and (7) tightly defined jobs. The internal system is the antithesis of the market-type system. It was hypothesized that banks following a defender strategy would utilize more of the internal employment system. Banks following a prospector strategy were expected to utilize more of the market-type system.

To test Hypothesis 1, a MANOVA was run for each job using the HR practices as dependent variables and the strategy measure as a covariate. This is the equivalent of testing the multivariate significance of a group of individual multiple regression analyses. These analyses were initially performed using the HR executives' assessment of HR practices and the bank presidents' assessment of business strategy. In all, three analyses (one for each job) were computed. However, only one of these analyses, for the job of loan officer, reached the .05 level of significance.

The overall test for the loan officer job was significant (Wilks = .79, F (7,76) = 2.92, p<.01), and strategy was positively related with staffing (r = .27, p<.05) and training (r = .34, p<.01), and negatively related with job security (r = .30, p<.01). This shows that for banks with business strategies that more closely resembled the

prospector strategy, loan officers were more likely to have well defined internal career paths, be provided with formal training, and have lower levels of job security than their counterparts in banks with strategies more closely resembling the defender. The findings with regard to staffing and training are counter to the hypothesized relationships. The finding with regard to job security is in the hypothesized direction. To better visualize these results, this MANOVA was run again using the categorical strategy variable. The results of this analysis are presented in Table 54. As can be seen, the overall MANOVA was not significant. However, prospectors appear to have more well defined career ladders, and provide more training than both analyzers and defenders.

Subsequently, exploratory analyses were performed. These analyses investigated the relationship between strategy and HR practices by utilizing all combinations of data. In all, nine additional MANOVAs were run.

Of the nine additional MANOVAs, only three were significant at the .05 level. The three that were significant were those computed using the HR contact strategy and HR contact responses on the HR practices. For the job of teller, the overall test was significant (Wilks = .80, F (7,169) = 5.93, p<.01), and three of the univariate tests were significant. The strategy variable was positively related with training (r = .27, p<.01) and job description (r = .32, p<.01), and negatively related with job security (r = .20, p<.01). For the loan officer job the overall test was significant (Wilks = .79, F (7,167) = 6.44, p<.01), and strategy was positively related with staffing (r = .29, p<.01), training (r = .31, p<.01), and job description (r = .31, p<.01), and negatively related with job security (r = .18, p<.05). Finally, for the job of trust officer the overall test was significant (Wilks = .59, F (7,77) = 7.54, p<.01), and strategy was positively related with staffing (r = .51, p<.01), training (r = .28, p<.01), and voice (r = .38, p<.01).

TABLE 54

Manovas of Differences in HR Practices Reported by the HR Contact Across Business

Strategy Reported by the Bank President for the Job of Loan Officer

| Scale / Strategy | Defender | Analyzer | Prospector | F (2,174) |
|---|---|---|---|---|
| | Mean/SD (N=8) | Mean/SD (N=60) | Mean/SD (N=16) | |
| Training | 3.63 .87 | 4.03 1.04 | 4.89[a] 1.04 | 5.65** |
| Appraisal | 3.44 .50 | 3.28 1.10 | 3.22 .97 | .12 |
| Security | 4.50[a] 1.44 | 3.85 1.08 | 3.59 .85 | 1.90 |
| Voice | 5.09 .88 | 5.29 .72 | 5.36 .87 | .33 |
| Description | 4.09 1.06 | 4.58 1.14 | 4.39 1.19 | .72 |
| Compensation | 3.79 1.26 | 2.98 1.19 | 3.05 .85 | 1.80 |
| Staffing | 4.34 .48 | 4.55 .84 | 5.09[a] .91 | 3.30* |

Wilks = .74, F (14,150) = 1.72*

[a] - denotes significant difference across means.

* p < .05
** p < .01

To present a more descriptive picture of these results, analyses were performed using the categorical measure of strategy as the independent variable. The results of the three significant MANOVAs were replicated and are presented in Tables 55-57. As can be seen from Table 55, banks following a defender business strategy provided less training, gave greater job security, and were less likely to have well defined job descriptions for the job of teller than were analyzers and prospectors. In addition tellers in defender banks had less voice than there counterparts in banks following a prospector strategy. The findings for job security and job description are in support of the hypothesis, however, the findings for training and voice are counter to the hypothesis.

In Table 56, the analyses that indicate loan officers in banks following a defender strategy are provided less training, given greater job security, and have less well defined job descriptions than their counterparts in banks following analyzer and prospector strategies. Also, loan officers in prospector banks were more likely to have a clear internal career path in the bank than loan officers in the defenders and analyzers. In addition, loan officers in banks following a prospector strategy had greater voice then their counterparts in banks following a defender strategy. Again the findings for job security and job description are in support of the hypothesis. The results for training and staffing are counter to the hypothesis.

Table 57 presents the analyses for the job of trust officer. These results show that trust officers in banks following a defender strategy had less voice than trust officers in banks following either of the other two strategies. Also, trust officers in banks following a prospector strategy had more well defined internal career paths than other trust officers, and trust officers in banks following an analyzer strategy had more well defined career paths than trust officers in defender banks. All findings for the job of trust officer are counter to the hypothesis.

TABLE 55

Manovas of Differences in HR Practices Reported by the HR Contact Across Business

Strategy Reported by the HR Contact for the Job of Teller

| Scale / Strategy | Defender | Analyzer | Prospector | F (2,174) |
|---|---|---|---|---|
| | Mean/SD (N=22) | Mean/SD (N=126) | Mean/SD (N=29) | |
| Training | 3.55[a] 1.17 | 4.46 1.19 | 4.62 1.00 | 6.59** |
| Appraisal | 3.36 1.20 | 3.32 .98 | 3.60 1.07 | .90 |
| Security | 4.47[a] 1.51 | 3.70 .93 | 3.52 .96 | 6.23** |
| Voice | 4.17[a] .96 | 4.60[ab] .90 | 4.70[b] .98 | 2.40 |
| Description | 4.13[a] 1.31 | 4.77 1.04 | 5.12 1.03 | 5.45** |
| Compensation | 2.64 1.21 | 2.72 1.05 | 2.44 .93 | .81 |
| Staffing | 4.21 .83 | 4.63 .86 | 4.60 1.05 | 2.13 |

Wilks = .82, F (14,336) = 2.58**

[a] - denotes significant difference across means.

\*    $p < .05$
\*\*   $p < .01$

TABLE 56

Manovas of Differences in HR Practices Reported by the HR Contact Across Business

Strategy Reported by the HR Contact for the Job of Loan Officer

| Scale/ Strategy | Defender | Analyzer | Prospector | F (2,173) |
|---|---|---|---|---|
| | Mean/SD (N=22) | Mean/SD (N=125) | Mean/SD (N=29) | |
| Training | 3.60[a] 1.01 | 4.28 1.18 | 4.63 .95 | 5.46** |
| Appraisal | 3.50 1.24 | 3.30 .93 | 3.66 1.29 | 1.59 |
| Security | 4.57[a] 1.43 | 3.89 1.05 | 3.83 1.16 | 3.69* |
| Voice | 5.14[a] .80 | 5.41[ab] .73 | 5.59[b] .70 | 2.35 |
| Description | 3.78[a] 1.24 | 4.50 1.06 | 4.84 .97 | 6.22** |
| Compensation | 3.02 1.17 | 3.01 1.04 | 2.93 1.01 | .08 |
| Staffing | 4.48 1.02 | 4.66 .77 | 5.08[a] .89 | 4.05* |

Wilks = .81, F (14,334) = 2.66**

[a] - denotes significant difference across means.

\*    p < .05
\*\*   p < .01

TABLE 57

Manovas of Differences in HR Practices Reported by the HR Contact Across Business

Strategy Reported by the HR Contact for the Job of Trust Officer

| Scale / Strategy | Defender | Analyzer | Prospector | F (2,173) |
|---|---|---|---|---|
| | Mean/SD (N=5) | Mean/SD (N=62) | Mean/SD (N=19) | |
| Training | 3.80 1.19 | 4.15 1.00 | 4.53 .85 | 1.54 |
| Appraisal | 3.50 .61 | 3.51 .77 | 3.71 1.21 | .40 |
| Security | 3.25 1.09 | 3.80 1.05 | 3.82 1.22 | .60 |
| Voice | 4.65[a] .49 | 5.33 .63 | 5.72 .66 | 6.43** |
| Description | 4.55 .54 | 4.46 .80 | 4.85 .80 | 2.84 |
| Compensation | 2.60 1.04 | 2.84 1.05 | 2.89 .98 | .15 |
| Staffing | 3.70[a] .82 | 4.67[b] .63 | 5.11[c] .81 | 12.11** |

Wilks = .61, F (14,154) = 3.11**

[a] - denotes significant difference across means.

\* p < .05
\*\* p < .01

These results only marginally support the hypothesis that strategy is related to HR practices. Given that none of the analyses using the bank president assessment of strategy and the HR executive assessment of HR practices were significant, and that the analyses that were significant did not always find relationships in the direction they were hypothesized, the link between strategy and employment systems clearly needs further study. However, in the eyes of the individuals in charge of HR for the banks, there was a significant link, although not always in the predicted direction.

**Hypotheses 2-5.** Hypothesis 2 stated that the more crystallized the standards of desirable performance, the more the employment system would resemble the market-type system. Hypothesis 3 stated that more complex the task, the more closely the employment system would resemble the internal system. Hypothesis 4 stated that the more jobs required firm-specific knowledge and skill, the more closely the employment system would resemble the internal system. Finally, hypothesis 5 stated that the greater the available supply of labor for the job, the more closely the employment system would resemble the internal system.

To test the hypotheses regarding job/task characteristics MANOVAs similar to the ones just presented were computed. Initially, three analyses were computed. These analyses included the job incumbent assessment of the job/task characteristics and the HR executive assessment of the HR practices for the three jobs. However, none of the initial analyses was significant.

Because none of the three initial analyses were significant, nine other exploratory analyses were computed using the HR practices as the dependent variables and the job/task characteristics as the dependent variables. These MANOVAs were computed separately for each job and every other combination for the source of the data. Six of these exploratory MANOVAs were significant at the .05 level and one other approached significance. Five of the six analyses that were significant were cases

where there was a common source for both sets of variables. The only MANOVA computed using a common source for both sets of variables that was not significant was the one computed for the job of trust officer using job incumbent responses. There were very few subjects in this analysis, yet it still approached significance. The only analysis using two sources of data that reached significance was the one using the job incumbents assessment of HR practices and the HR executives assessment of job/task characteristics.

The results of all six significant MANOVAs are presented in Tables 58-63. Because the variable used in these MANOVAs were not obtained from the most appropriate source only general results will be discussed. From these analyses it appears that crystallized standards of desirable performance had the strongest relationships with the HR practices. For instance, it appears that the more crystallized the standards of desirable performance, the more likely employees had well defined internal career paths, the more likely employees will receive training, and the more clearly defined are jobs. The first two of these results are counter to Hypothesis 2, however, the third supports Hypothesis 2.

In addition to crystallized standards of desirable performance, knowledge of cause-effect relations was also related to staffing. For jobs with greater knowledge of cause-effect relations, employees were less likely to have well defined internal career paths. This finding is in support of Hypothesis 3.

Job complexity was the final job/task characteristic variable to have a consistent significant relationship with one of the HR practice scales. The more complex the job, the more employees in the job had voice mechanisms. This finding partially supports Hypothesis 3.

TABLE 58

MANOVA and Follow-up Unvariate Regressions for the Relationship Between

Job/Task Characteristics Reported by the HR Contact and HR Practices Reported by

the Job Incumbent for the Job of Teller

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .15 | .27** | .13 | .13 | .07 | .08 | .23* |
| Complexity | -.01 | .21 | .16 | -.37** | -.08 | .11 | .05 |
| Knowledge of C/E Relations | -.15 | .16 | .21 | .01 | -.08 | .16 | .08 |
| Standards | .28 | .57** | -.02 | .11 | .23 | .31 | .37* |
| Firm-Specific Skills | .04 | .15 | -.41** | .17 | .13 | .00 | .36* |
| Available Labor | -.11 | -.15 | .09 | -.11 | .02 | .12 | -.34** |

Wilks = .34, F (35, 179) = 1.50*

N=54

* p<.05
** p<.01

TABLE 59

MANOVA and Follow-up Unvariate Regressions for the Relationship Between

Job/Task Characteristics and HR Practices Both Reported by the HR Contact for the

Job of Teller

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .30** | .07* | .15** | .04 | .23** | .30** | .07 |
| Complexity | .24** | .06 | -.05 | .10 | .35** | -.13* | .06 |
| Knowledge of C/E Relations | -.19** | -.12 | .08 | -.12 | -.25** | -.08 | .07 |
| Standards | .35** | .18* | -.32** | -.14 | .10 | .46** | -.01 |
| Firm-Specific Skills | -.07 | .07 | .06 | .09 | .04 | -.05 | .25** |
| Available Labor | -.07 | -.05 | .00 | .08 | -.06 | .00 | -.05 |

Wilks = .36, F (35, 759) = 5.97**

N=192

\* p<.05
\*\* p<.01

TABLE 60

MANOVA and Follow-up Unvariate Regressions for the Relationship Between

Job/Task Characteristics and HR Practices Both Reported by the HR Contact for the

· Job of Loan Officer

|  | Staffing | Training | Appraisal | Security | Voice | Description | Compensation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .35** | .13** | .20** | .04 | .25** | .32** | .03 |
| Complexity | .10 | .04 | -.04 | .10 | .32** | -.13* | .00 |
| Knowledge of C/E Relations | -.33** | -.10 | .06 | -.14 | -.11 | -.20** | -.04 |
| Standards | .36** | .31** | -.39** | -.04 | .23** | .44** | .08 |
| Firm-Specific Skills | .03 | .12 | .07 | .10 | -.01 | -.11 | .18** |
| Available Labor | -.05 | -.05 | .01 | -.03 | -.17** | .02 | -.04 |

Wilks = .33, F (35, 759) = 6.45**

N=192

\* p<.05
\*\* p<.01

TABLE 61

MANOVA and Follow-up Unvariate Regressions for the Relationship Between

Job/Task Characteristics and HR Practices Both Reported by the HR Contact for the

Job of Trust Officer

|  | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .24** | .06 | .07 | .01 | .14* | .19** | .02 |
| Complexity | .10 | .00 | -.09 | .00 | .31** | .06 | .04 |
| Knowledge of C/E Relations | -.25* | -.10 | .01 | -.08 | -.06 | -.11 | -.10 |
| Standards | .25** | .12 | -.24* | .05 | .07 | .33** | -.01 |
| Firm-Specific Skills | .15 | .12 | -.03 | .06 | .12 | -.03 | .11 |
| Available Labor | -.11 | -.15 | -.07 | -.01 | -.06 | .16 | .07 |

Wilks = .34, F (35, 342) = 1.67**

N=93

* p<.05
** p<.01

TABLE 62

MANOVA and Follow-up Unvariate Regressions for the Relationship Between

Job/Task Characteristics and HR Practices Both Reported by the Job Incumbent for the

Job of Teller

|  | Staffing | Training | Appraisal | Security | Voice | Description | Compensation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .50** | .32** | .27** | .16 | .37** | .34** | .12 |
| Complexity | .23 | .19 | -.21 | -.03 | .06 | .05 | .20 |
| Knowledge of C/E Relations | -.03 | -.24 | -.07 | .16 | -.15 | -.14 | -.28 |
| Standards | .55** | .29 | -.38* | .43* | .25 | .43** | -.39* |
| Firm-Specific Skills | -.03 | .18 | -.01 | .03 | -.16 | -.03 | .11 |
| Available Labor | -.03 | .06 | -.07 | .07 | .28* | .08 | -.03 |

Wilks = .20, F (35, 195) = 2.64**

N=58

* p<.05
** p<.01

TABLE 63

MANOVA and Follow-up Unvariate Regressions for the Relationship Between

Job/Task Characteristics and HR Practices Both Reported by the Job Incumbent for the

Job of Loan Officer

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .23** | .17* | .09 | .13 | .27** | .27** | .09 |
| Complexity | -.01 | .07 | .15 | .13 | .22 | -.04 | -.04 |
| Knowledge of C/E Relations | .01 | -.11 | .07 | -.26 | -.08 | -.28* | -.02 |
| Standards | .50** | .29* | -.22 | -.19 | .23 | .33* | .14* |
| Firm-Specific Skills | .02 | -.08 | -.01 | .22 | -.13 | .13 | .17 |
| Available Labor | .04 | -.06 | .01 | -.20 | -.23* | .07 | -.20 |

Wilks = .33, F (35, 246) = 2.13**

N=70

\* p<.05
\*\* p<.01

## Overall Test of the Model

To test the overall model that predicted that strategy and job/task characteristics together influence HR practices, MANOVAs were computed using the same method as the two previous sections. However, both strategy and job/task characteristics were entered together as covariates. This analysis is simply the multivariate test of the individual multiple regression equations that include both strategy and job/task characteristics as independent variables. Since it was argued that the most appropriate source of information about bank strategy was the bank president, about HR practices was the HR executive, and the job/task characteristics was the job incumbent, the focus of this test was on the MANOVAs using these three sources of information. Again all analyses were performed separately for each job. For the job of trust officer, there were a very small number of banks with complete data. Therefore, the analyses were only performed for teller and loan officer. This resulted in two MANOVAs. Neither of these MANOVAs was significant.

After this initial attempt to test the model, an additional 14 MANOVA analyses, representing every possible combination of sources of information, were computed. Of these, eight were significant at the .05 level. The results of these MANOVAs are presented in Tables 64-71. Since these were exploratory analyses only the general results will be mentioned.

It appears that the HR practices of staffing, training, appraisal, voice, and description are fairly well predicted from this data. The results related to Hypothesis 1 (strategy) appear strongest for training and security. Banks with strategies that more closely resemble the prospector were more likely to provide training, less likely to give job security, and more likely to have well defined job descriptions. The first of these findings is in the opposite direction from that hypothesized, while the latter two findings appear to lend support to Hypothesis 1.

TABLE 64

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Teller Reported by the HR Contact, Using Job/Task Characteristics Reported by the

Job Incumbent and Business Strategy Reported by the HR Contact

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .14 | .16 | .09 | .12 | .17 | .25* | .33** |
| Strategy | .24 | .16 | .26 | -.34* | .04 | .30* | -.43** |
| Complexity | .17 | .30 | -.03 | -.04 | .22 | .16 | .15 |
| Knowledge of C/E Relations | -.09 | -.16 | .14 | -.07 | .05 | -.27 | -.15 |
| Standards | -.15 | -.07 | -.06 | .00 | .21 | -.28 | .03 |
| Firm-Specific Skills | -.04 | .04 | .08 | -.14 | -.23 | .34* | -.41** |
| Available Labor | -.16 | -.24 | .05 | -.08 | -.21 | .33* | -.06 |

Wilks = .27, F (42, 191) = 1.48*

N=53

* p<.05
** p<.01

TABLE 65

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Teller Reported by the Job Incumbent, Using Job/Task Characteristics Reported by

the Job Incumbent and Business Strategy Reported by the HR Contact

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .49** | .37** | .24 | .17 | .32** | .38** | .14 |
| Strategy | -.10 | -.04 | -.07 | -.16 | .06 | .08 | -.12 |
| Complexity | .32* | .26 | -.19 | .09 | .13 | .12 | .22 |
| Knowledge of C/E Relations | -.10 | -.34* | .01 | .15 | -.27 | -.23 | -.38* |
| Standards | .52** | .19 | -.31 | .45* | .13 | .37* | -.36 |
| Firm-Specific Skills | .05 | .26 | .04 | .05 | -.01 | -.01 | .08 |
| Available Labor | -.12 | .07 | -.09 | -.11 | .30* | .07 | .01 |

Wilks = .16. F (42, 177) = 1.98**

N=50

* p<.05
** p<.01

TABLE 66

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Loan Officer Reported by the Job Incumbent, Using Job/Task Characteristics

Reported by the Job Incumbent and Business Strategy Reported by the HR Contact

| | Staffing | Training | Appraisal | Security | Voice | Description | Compensation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .27* | .25* | .12 | .20 | .31** | .33** | .08 |
| Strategy | .09 | .17 | .18 | -.20 | .08 | .06 | .00 |
| Complexity | -.02 | .08 | .21 | .14 | .21 | -.07 | -.03 |
| Knowledge of C/E Relations | -.10 | -.26 | -.01 | -.43** | -.19 | -.33* | -.10 |
| Standards | .40** | .12 | -.27 | -.32* | .13 | .31* | .09 |
| Firm-Specific Skills | -.09 | -.20 | .06 | -.03 | -.14 | .08 | .14 |
| Available Labor | .13 | .03 | .08 | -.06 | -.25* | .01 | -.21 |

Wilks = .21, F (42, 215) = 2.04**

N=58

* p<.05
** p<.01

TABLE 67

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Loan Officer Reported by the HR Contact, Using Job/Task Characteristics Reported

by the HR Contact and Business Strategy Reported by the HR Contact

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .36** | .18** | .22** | .05 | .29** | .42** | .06 |
| Strategy | .21** | .24** | .05 | -.18* | .16* | .23** | -.14 |
| Complexity | .10 | .05 | -.02 | .10 | .32** | -.16** | .00 |
| Knowledge of C/E Relations | -.30** | -.08 | .07 | -.10 | -.08 | -.26** | -.04 |
| Standards | .31** | .27** | -.41** | .03 | .23 | .38** | .14 |
| Firm-Specific Skills | .04 | .12 | .10 | .08 | -.01 | -.14* | .20* |
| Available Labor | -.02 | -.04 | .01 | -.06 | -.16* | .03 | -.06 |

Wilks = .25. F (42, 730) = 5.92**

N=168

\* p<.05
\*\* p<.01

TABLE 68

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Teller Reported by the HR Contact, Using Job/Task Characteristics Reported by the

HR Contact and Business Strategy Reported by the Bank President

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .31** | .24** | .19** | .08 | .18** | .26** | .08 |
| Strategy | .07 | .19 | .17 | -.23* | -.02 | .03 | -.14 |
| Complexity | .27** | .25* | -.11 | .11 | .25* | -.03 | .02 |
| Knowledge of C/E Relations | -.35** | -.16 | -.05 | -.10 | -.24 | -.33** | .19 |
| Standards | .13 | .13 | -.35** | .07 | .07 | .25* | .02 |
| Firm-Specific Skills | -.19 | .26* | .24* | .02 | -.19 | -.02 | .02 |
| Available Labor | -.14 | .02 | .03 | -.03 | -.04 | -.15 | -.15 |

Wilks = .29, F (42, 322) = 2.32**

N=81

* p<.05
** p<.01

TABLE 69

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Loan Officer Reported by the HR Contact, Using Job/Task Characteristics Reported

by the HR Contact and Business Strategy Reported by the HR Contact

| | Staffing | Training | Appraisal | Security | Voice | Description | Compen-sation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .31** | .13** | .18** | .08* | .27** | .39** | .09* |
| Strategy | .08 | .26** | .05 | -.22** | .16* | .32** | -.13 |
| Complexity | .22** | .02 | -.01 | .11 | .34** | -.16** | .06 |
| Knowledge of C/E Relations | -.20* | -.16 | .13 | -.13 | -.27** | -.06 | .07 |
| Standards | .33** | .10 | -.31** | -.08 | .08 | .43** | -.03 |
| Firm-Specific Skills | -.07 | .04 | .08 | .11 | .03 | -.08 | .21** |
| Available Labor | -.06 | .00 | -.03 | .05 | -.04 | .03 | -.05 |

Wilks = .27, F (42, 735) = 5.69**

N=169

* p<.05
** p<.01

TABLE 70

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Loan Officer Reported by the HR Contact, Using Job/Task Characteristics Reported

by the HR Contact and Business Strategy Reported by Bank President

| | Staffing | Training | Appraisal | Security | Voice | Description | Compensation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .37** | .35** | .32** | .13 | .27** | .35** | .05 |
| Strategy | .22* | .33** | .13 | -.32** | -.10 | .01 | -.14 |
| Complexity | .13 | .16 | -.29** | .10 | .30** | .00 | .12 |
| Knowledge of C/E Relations | -.38** | -.16 | .11 | -.12 | -.07 | -.34** | .03 |
| Standards | .26* | .28** | -.30** | -.09 | .35** | .38** | .05 |
| Firm-Specific Skills | .12 | .25** | .21* | -.02 | -.01 | -.05 | .12 |
| Available Labor | -.12 | .01 | .02 | -.07 | -.17 | -.16 | -.12 |

Wilks = .21. F (42, 318) = 3.02**

N=80

* p<.05
** p<.01

TABLE 71

MANOVA and Follow-up Unvariate Regressions Predicting HR Practices for the Job

of Loan Officer Reported by the Job Incumbent, Using Job/Task Characteristics

Reported by the Job Incumbent and Business Strategy Reported by Bank President

| | Staffing | Training | Appraisal | Security | Voice | Description | Compensation |
|---|---|---|---|---|---|---|---|
| $R^2$ | .25 | .18 | .21 | .14 | .36* | .33* | .14 |
| Strategy | -.12 | .22 | .26 | .19 | .21 | -.07 | .04 |
| Complexity | -.05 | .07 | .40* | .05 | .25 | .03 | -.05 |
| Knowledge of C/E Relations | .10 | -.04 | -.02 | -.10 | .21 | -.31 | .19 |
| Standards | .54** | .17 | -.13 | -.28 | .31 | .40* | .20 |
| Firm-Specific Skills | -.10 | -.15 | .17 | .12 | -.16 | .14 | .10 |
| Available Labor | .10 | .09 | -.16 | -.26 | -.26 | .02 | -.34 |

Wilks = .12, F (42, 111) = 1.49*

N=36

\* p<.05
\*\* p<.01

Hypothesis 2 predicted that jobs with more crystallized standards of desirable performance were more likely to have employment systems that resembled the market-type system. From these exploratory analyses it appears that crystallized standards of desirable performance was positively related to staffing, negatively related to appraisal, and positively related to job description. This means that when there were crystallized standards, banks were more likely to have well defined internal career paths, less likely to use results oriented performance appraisals, and more likely to have well defined jobs. Only this last finding with relation to job descriptions is in the direction hypothesized.

Hypothesis 3 focused on the complexity of the job. From these analyses it appears that the only HR practice that is consistently related to job complexity is voice. Jobs that are more complex are likely to have HR practices that give employees greater voice. This gives partial support to the hypothesis. As a second measure of complexity, knowledge of cause-effect relations was consistently related to job description. Jobs where there was greater knowledge of the cause-effect relations appeared to have less well defined descriptions. This is contrary to the hypothesis.

The final two hypotheses focused on firm-specific skills and the available labor supply as predictors of HR practices. These exploratory analyses give no consistent support for either of these hypotheses.

CHAPTER VII

DISCUSSION AND CONCLUSIONS

This chapter begins with a brief review of SHRM. This is followed by a

discussion of the purpose and findings of this study. In addition, the implications of

this study, both for theoretical development and application, are discussed. Finally, the

limitations of this study are noted, along with directions for future research in SHRM.

## SHRM Theory

It was noted in Chapter I that SHRM is an area of research that has grown out

of the desire to demonstrate the importance of HR practices to the performance of the

organization. One step towards this goal is to establish the determinants of HR

practices in organizations. One of the basic ideas presented in the SHRM literature is

that an organization's HR practices should be aligned with the organization strategy.

Therefore, it was thought that one of the determinants of an organization's HR practices

is the organization strategy. Chapter II reviewed research and theory to show that there

may be a link between strategy and HR practices. In addition, a number of other

factors were presented that might also be determinants of practices. For instance, it

was noted that HR practices have been shown to vary both within and between

organizations. This within organization variance could be attributable to job or task

characteristics. Chapter III presented a conceptual model of the determinants and the

outcomes of HR practices. It was developed from prior research and theory.

The major theoretical perspectives that appear to have the most to contribute to

the study of SHRM were the behavioral, transaction cost economics, the institutional

perspective, and the resource dependence perspectives. These theoretical perspectives

were discussed in light of HR practices in organizations. The most basic theoretical perspective, the behavioral (Jackson et al., 1989), proposes that HR practices are used in organizations to elicit behavior that is consistent with the business strategy. This perspective attempts to link micro behavioral theories of how individuals respond to different types of HR practices with the macro literature on organizational strategy. The transaction cost perspective (Fama, 1980; Jenson & Meckling, 1976; Ouchi & Maguire, 1975) proposes that HR practices are used to insure that employee behavior is not in conflict with the interests of the organization. HR practices are thought to align the interests of the employees and the owners of the organization. The institutional perspective (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Scott, 1987) views HR practices as being determined by an organization's attempt to gain legitimacy. HR practices that are viewed as more legitimate (i.e., valid selection systems) are more likely to be used. Finally, the resource dependence perspective (Pfeffer & Salancik, 1978) proposes the HR practices are designed to control a valuable resource for the organization, its employees. From these perspectives, a number of factors that may influence the adoption of HR practices could be hypothesized.

The purpose of the present study was to investigate a small, but important, part of the overall model presented in Chapter III. Specifically, two sets of variables that were hypothesized to be determinants of HR practices were studied. The first was the strategy of the organization. Although there has been previous research to test the link between strategy and HR practices, this research has not been conclusive for a number of reasons. First, most of the research investigated the link by using a very limited aspect of strategy (e.g., Jackson et al., 1989; Schuler & Jackson, 1987b). Although the present study also used a limited measure, this view of strategy had much more theoretical development, particularly in relation to HR practices (Miles & Snow, 1984). Second, the results of some studies (e.g., Jackson et al., 1989; Schuler & Jackson,

1987b) showed that there was great variance in HR practices within organizations across broad job classifications. However, there has been no theoretical development presented to explain this variance.

The second set of variables thought to be determinants of HR practices were job/task characteristics. These job/task characteristics were hypothesized as the dominant determinant of HR practices within organizations.

## Overview of the Results

The present study investigated the HR practices utilized by U.S. banks for the jobs of teller, loan officer, and trust officer. In all, the results of this study were inconclusive. They showed that bank strategy was moderately related to a number of HR practices, but this effect was only significant for the job of loan officer. Strategy was not related to the HR practices used for the jobs of teller and trust officer. Specifically, for the job of loan officer, strategy was related to staffing, training, and job security. Banks with a business strategy that more closely resembled the prospector strategy were more likely to have well defined internal career paths, have formalized training programs, and were less likely to provide job security for their loan officers than banks following a strategy that more closely resembled the defender.

Banks following a prospector strategy were hypothesized to have employment systems that resembled the market-type system. However, banks following a strategy that more closely resembled the defender were hypothesized to have employment systems that resembled the internal system. These systems of employment were thought to best represent the complete package of HR practices under which an employee worked. The market-type system is one where there should not be a well defined internal career system and very little training is likely because of the tendency to hire from outside at all levels. The internal system is the antithesis of the market-type

system. Therefore, the findings in regards to staffing and training are in direct opposition to the hypothesized relationships. However, the market-type system is also characterized by very low levels of job security. This is the only HR practice that appears to be consistent with the strategy.

The banking industry has gone through many changes over the past few years. Many banks have gone out of business and many more threaten to do so each day. In addition, a greater number of banks have merged with or been taken over by others. This may explain the reason there was very little variability in the expressed strategy of the banks. The vast majority of the banks in this sample were self classified as analyzers. Previous research using the exact same measure of bank strategy showed that approximately 55 percent of banks were analyzers (McDaniel & Kolari, 1987). However, 71 percent of the HR executives and bank presidents reported that their bank was an analyzer. One explanation for this apparent change is that banks that were prospectors or analyzers were more likely to fail over the last decade. This, however, is only speculation. It could also be that case that banks have been forced, due to economic conditions, to take a middle of the road strategic posture. If this were true, it may not be that prospector and defender banks failed, but rather they may have changed their strategy. Prospectors and defenders may also have been more likely to merge with other banks. In any case, the lack of variability in strategy most likely decreased the likelihood of finding more significant results.

One explanation for the few significant findings deals with the nature of the banking industry. When banks grow, they most often do so by gaining market share with their existing services, or by expanding into a greater number of geographical locations. They are still offering the same basic package of services. This is not to say that a bank cannot grow through expansion into new market segments, such as trusts or credit cards. But, this may not be the method most often used. With expansion into

new market segments, the projects are often highly related to the banks primary services. Banks that were expanding were most likely labeled as prospectors. Although it was hypothesized that prospector banks would be less likely to have well defined internal career paths, it makes sense that banks that are expanding rapidly into new markets might actually have more well developed career paths for their employees. This particularly makes sense given that most of this expansion might come in a related area. Hiring from inside would reduce the start up time for any new operation such as a new branch. Employees would already know the internal ways of the bank.

These rapidly changing banks might also have a greater need for training. Specifically, one of the consequences of change is that the information technology will change. It is likely that these banks will change computer systems and other information systems more often than other banks. If this is the case, it would probably be more efficient to provide training on these systems to current employees rather than hire new employees that would have to be oriented to the bank.

As for the lower degree of job security, employees in banks that are changing more rapidly were hypothesized to have less job security in line with the market-type employment system. As banks change, they are taking chances. The greater the risk, the more likely a change will fail. When these failures occur, employees are often laid off.

The results for the job/task characteristics variables showed that they do not appear to be highly related to HR practices unless both of these variables were assessed by the same individual. When these exploratory analyses were performed, there was a relatively consistent relationship between the availability of crystallized standards of desirable performance and staffing, training, appraisal, and job description. When standards were available, respondents felt that there was a greater likelihood of internal mobility, more emphasis on training, appraisals that focused on output, and well-

defined jobs. For the most part, these relations are in line with the economical theoretical positions. This is particularly the case for the relationship between standards and output-oriented appraisals. It would be misleading, however, to place too much emphasis on these results due to the common source bias that is apparent in them.

This is the first large survey study that obtained measures of HR practices from both job incumbents and members of the HR department, as well as measures of business strategy obtained from multiple sources. Prior to the data collection, it was not certain whether there would be much agreement between HR executives and job incumbents and bank presidents. It was hoped that these individuals would have the same view of the HR practices used. The findings show that there was very little agreement between these sources of information. This is unfortunate, but not completely unexpected. In particular, it has long been known that HR executives are not always included in the strategy formulation process (Golden & Ramanujam, 1985). This study gives some evidence that this may be true. However, it appears that not only are HR executives left out of the formulation process, but they are not aware of the strategy after its formulation.

One can only speculate as to why HR practitioners and job incumbents did not agree as to the HR practices in use. One explanation could be that the HR practitioners were answering the questionnaire with the "intended" HR practices in mind, while the job incumbents might have been responding with the "realized" HR practices. This lack of agreement between the HR executive and the job incumbents appears to be across the board. They do not appear to agree substantially more on any one of the HR practices than another. They even had very little agreement when asked about job descriptions. This data show that HR departments may not be communicating well with the employees of the organization. Further research should focus on the extent to

which the HR department attempts to communicate with employees and how it can do so.

## Implications for SHRM Theory

Wright and McMahan (1991) categorized the major organization theories into two types. Strategic theories were those that theorized that organization action was the result of a purposeful decision of management. These theories speculated that organizations implement management practices to achieved well defined strategic objectives. In other words, HR practices should be determined through a proactive decision-making process that attempts to support the organization's strategic objectives. In contrast, the non-strategic theories hypothesized that management practices were not developed in a purposeful manner to achieve well defined organizational objectives, but are the result of such chance occurrences as the year the organization was founded, or other institutional or political forces.

The strategic theories previously presented are the behavioral perspective and the transaction cost perspective. These theories clearly state that HR practices are determined through a rational decision-making process. The behavioral perspective views HR practices as the key organizational tools used to elicit employee behaviors that are needed to support the particular business strategy. Clearly, behavioral theorists argue for a rational view of the decision-making process. Likewise, transaction costs explanations emphasize the minimization of transaction costs through rational choices. HR practices are seen as a tool to align the interests of the employee and the organization. The particular practice chosen is determined through a rational decision-making process that attempts to align the interest of the two parties while minimizing the costs associated with this attempt.

The results of this study do not support these strategic theoretical frameworks. Specifically, since there was little agreement between the bank presidents and the HR executives as to the business strategy of the bank, there may not have been a well defined business strategy. If this were the case, then SHRM could not have been practiced in those banks. For SHRM to be possible it is first necessary for there to be a clearly articulated business strategy. If this strategy was not present, a rational decision-making process based on it would not be possible. Although the results of this study do not rule out the possibility that in some banks there is a rational decision-making process focusing on the achievement of a well defined business strategy, it is obvious that this was not the case for all.

This study focused on what could be called the strategic determinants of HR practices. It is clear that theory attempting to explain the development of HR practices within and across organizations must also include institutional and political forces in addition to more strategic variables. The institutional and resource dependence perspectives mentioned above may help in delineating a more comprehensive model of the determinants of HR practices.

## Limitations and Directions for Future Research

One of the greatest limitations of the present study is that it was not possible to gather more information from incumbents in the banks. This study focused on breadth instead of depth. For many of the analyses, the number of subjects was quite low. Since the researcher did not have control of the distribution of the job incumbent questionnaire, it is possible that the results from that questionnaire may be biased. However, HR executives would likely have given the questionnaires to individuals whom they thought were good employees, or maybe were well liked by the HR executive. Presumably, this would have lead to greater agreement between the HR

executive and the job incumbents. This was not the case. Therefore, the sample of job incumbents is likely to be representative of all incumbents.

A second limitation of this study deals with the measures used. Most of the measures were developed specifically for the theoretical framework used in this study. Although these measures had been pilot tested, they did not achieve the levels of internal consistency reliability that were hoped for in the final sample. For instance, the compensation measure did not appear to be significantly related to any of the independent variables. Its low reliability reduced the chance that there would be a significant relation. The reasons for the low reliability vary, but include the fact that many of the items asked about very specific practices. For example, the compensation scales asked about a gainsharing plan, and a profit sharing plan. It may be the that organizations will have one, but not the other. Therefore, answers on these two items would not be highly correlated. Future efforts might gain from generating more abstract compensation concepts, or using the single items to measure the important constructs.

Another limitation of this study is that it focused on three previously selected jobs. Future studies might focus on a greater number of jobs throughout the organization. Studies where there would be great access to job incumbents in a large number of organizations would be the optimal strategy to investigate HR practice differences across jobs. However, these jobs are fairly representative of the various jobs in the banking industry and they were confirmed to be important to the performance of the bank by bank executives. Therefore, it is likely that these jobs were appropriate for this industry.

Future studies should attempt to improve upon the definition and measurement of the employment systems presented here. It will take considerable effort to gain access to the large number of organizations required to refine these systems and

improve upon their measurement. Future research should also investigate the links between strategy, HR practices, and performance of the organization. SHRM theory holds that organizations using HR practices that fit with their business strategy will outperform those organizations where the HR practices do not match strategy. Although strategy was not strongly related to HR practices in this study, it could still be the case that banks with HR practices that match their strategy outperform those where such is not the case. In other words, it could be the interaction between strategy and HR practices that significantly affects bank performance.

Finally, future research efforts place more emphasis on the non-strategic determinants of HR practices. Institutional and resource dependence perspectives have suggested a wide range of variables that could be included in future work. These include the year the organization was founded, whether or not there is an established HR department and how high in the organization hierarchy is the most senior HR executive. Given how little is known about the determinants of HR practices it is crucial that the scope of the research be expanded. This is particularly the case given that previous research has shown that the institutional environment may have a much greater impact on the development of HR practices than factors more often associated with efficiency or control explanations (Baron et al., 1986). In addition, Eisenhardt (1988) found that retail stores founded in the same time period were likely to have more similar compensation systems than stores founded in other time periods.

## SHRM Research Problems

There are many problems one experiences when attempting to do research in SHRM. Most of the strategic theoretical frameworks hypothesize determinants of HR practices both within and across organizations. In addition, the non-strategic frameworks hypothesize determinants not only within and across organizations, but

also entire industries. Given the multiple levels of analysis, any research effort that attempts to investigate more than one at a time has a very difficult task at hand. As mentioned above, the ideal design is to gather data from multiple jobs in a large number of organizations. However, before the data are collected it is crucial that researchers pay closer attention to their data needs.

The focus of SHRM research has been on the determinants and outcomes of HR practices. Throughout much of this dissertation it has been argued that it is necessary to focus on a group of HR practices simultaneously. One of the major objectives of this study was the development of scales to measure more theoretically oriented HR practices. A significant problem encountered in this study needs to be addressed by future research. The HR executives and the job incumbents did not agree on the HR practices used for the incumbents' jobs. This questions the meaningfulness of the data collected from both sources. These scales were designed to be objective measures of HR practices. It is obvious from the data that they are, in fact, subjective measures. Should the focus of SHRM research be on the determinants of objective or subjective measures of HR practices? Can researchers obtain objective measures of HR practices? These are questions that need answers. The theories to date have treated HR practices as purely objective measures. If we are to stay with these theories it is important that we examine our measures to see if they are appropriate given the theory.

In addition to the measurement problems, there is a significant problem in obtaining a sufficient amount of data. In the present study, the response rate for job incumbents was significantly lower than what was hoped. Given the multiple levels of analysis and the large number of organizations needed to do a comprehensive study in SHRM, it is very difficult to obtain sufficient data. Eisenhardt (1988) was very creative in her attempt to gather organizational level data. Her use of stores in a

shopping mall shows that creativity and imagination in data collection efforts can have great payoffs for the researcher.

Given that SHRM is a relatively new field of inquiry, there are many obstacles that are still to be overcome. It is emphasized here that we need to more clearly articulate the important constructs of interest. In addition, we need to become even more creative in our attempts to investigate this large and complex field.

## Conclusion

In conclusion, this study potentially contributes to our knowledge of the link between HR practices, business strategy, and job/task characteristics. Although the results were not as strong as expected, they suggest a number of questions. Why was there very little agreement between the president and the HR officer? Why was there very little agreement between the HR officer and the job incumbents? Are there some companies that have their HR practices more closely aligned with business strategy than others? If so, why? Future studies should investigate the relationship between the fit of HR practices to the business strategy and bank performance. In addition, this study has shown that it is possible to develop scales to measure broad HR practice choices. Although the scales used in this study did not show very high reliability, it is likely that with refinement they may prove to be useful in future investigations of HR practices. Future research should be aimed at refining these measures. Finally, this study shows how relatively little is known about the determinants of HR practices in organizations. The relationships tested in this study are complex and will require future studies to be understood.

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APPENDIX A

HUMAN RESOURCE MANAGEMENT EXECUTIVE QUESTIONNAIRE

# Strategic Human Resource Management Questionnaire

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## Section 1: Strategic Posture

*Business-Level Strategy*

Banks can be classified along many different dimensions. The rate at which the bank makes changes in its offerings (its products, services, or markets) is one such dimension. Below are descriptions of how three different banks operate along this dimension. In addition, there is a description of a fourth bank which does not fit as clearly on the continuum. None of the banks described is inherently 'good' or 'bad'. Also, while none of the banks described may be exactly like your bank, please look for similarities.

"Bank A maintains a 'niche' within the industry by offering a relatively stable set of services/products. Generally, Bank A is not at the forefront of new services or market developments in the industry. It tends to ignore changes that have no direct impact on current areas of operation and concentrates instead on doing the best job possible in its existing arena."

"Bank B maintains a relatively stable base of services while at the same time moving to meet selected, promising new service/market/product developments. The bank is seldom 'first in' with new services or products. However, by carefully monitoring the actions of institutions like Bank C (below), Bank B attempts to follow with a more cost-efficient or well-conceived service/product."

"Bank C makes relatively frequent changes in (especially additions to) its set of services/products. It consistently attempts to pioneer by being 'first in' in new areas of service or market activity, even if not all of these efforts ultimately prove to be highly successful. Bank C responds rapidly to early signs of market needs or opportunities."

"Bank D cannot be clearly characterized in terms of its approach to changing its services or products. It doesn't have a consistent pattern on this dimension. Sometimes the bank will be an early entrant into new fields of opportunity, sometimes it will move into new fields only after considerable evidence of potential success, sometimes it will not make service/market/product changes unless forced by external changes."

Banks A, B, and C might be placed on a hypothetical seven-point continuum of 'service/market change' as follows:

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

1. Below please rate (circle) the number which best reflects how your bank now operates along the seven-point continuum (or indicate bank D as most like your organization).

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

2. Below please rate your bank as it operated 2 years ago.

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

3. Below please rate how your bank will likely operate 2 years from now.

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

*Strategic Methods*

Listed below are statements about the competitive methods that may be used by your bank, in addition to other characteristics of your bank. Please indicate the degree to which you agree/disagree with each statement regarding your bank by circling the corresponding number.

| This Bank: | Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|---|
| 1. Is innovative in the way services are delivered. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. Offers a wide variety of services. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. Has a very diverse customer group. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. Is innovative in terms of the number of new services offered. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. Is innovative in terms of the novelty of new services offered. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. Offers high quality services in comparison to the competition. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. Gives customers more for their money than competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. Allots a large amount of resources to marketing. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. Uses rules, regulations, policies, authority, and other bureaucratic mechanisms to control operations. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. Is able to raise large amounts of financial resources for long-term investments. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. Has an abundant supply of human resources. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. Has an abundant supply of material resources. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13. Invests heavily in equipment and facilities. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14. Requires a high level of formal education and training of employees. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 15. Is able to assess organizational performance, focusing on internal trends and developments. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16. Is able to systematically track opportunities and threats in the environment in order to design long-range strategies. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17. Is willing to make commitments which involve many resources and risky projects. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 18. Attempts to shape its environment, as opposed to merely reacting to trends. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 19. Has a large number of employees making strategic decisions in the organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 20. Keeps decision-making authority at upper levels in the organizational hierarchy. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 21. Has a management structure characterized by rules, procedures, and a clear hierarchy of authority. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 22. Has a higher return on equity than most other organizations in the industry. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 23. Has a higher market share than its competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 24. Has a rate of growth of total sales higher than the industry norm. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 25. Is able to raise a large amount of cash on short notice. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 26. Operates highly efficiently. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 27. Is larger than its competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 28. Is older than its competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 29. Has an outstanding reputation in the industry. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 30. Serves a specific geographic market. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 31. Advertises effectively. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

## Section 2: Job Information

In the remaining sections of the questionnaire we would like you to provide information about individual jobs in your organization. We have picked three jobs which are common in the banking industry. These three jobs are listed and described below. We would like you to think of the job in your organization that most closely resembles each of the jobs described and then answer the following items using the scales provided.

If any of the jobs below does not exist in your bank, please mark through that job and pick a similar job found in your bank. When asked for information about the job that does not exist in your bank, please provide information on the substitute job you have chosen. For example, if your bank does not have a Personal Trust Officer, write the substitute job title, for example New Account Representative, in the space beside Personal Trust Officer. Then throughout the survey rate the New Account Representative job everywhere you see Personal Trust Officer. If you choose a substitute job please attach a job description if available.

| Job Title | Description: |
|---|---|
| Teller | Receives and pays out money, and keeps records of money and negotiable instruments involved in financial transactions. Receives checks or cash for deposit, verifies amount, and examines check for endorsements. Cashes checks and pays out money after verification of signature and customer balances. Enters customers' transactions into computer to record transactions, and issues computer-generated receipts. Orders daily supply of cash and counts incoming cash. Balances currency, coin, and checks in cash drawer at end of shift. Explains, promotes, or sells products or services, such as travelers checks, savings bonds, money orders, and cashiers checks. |
| Loan Officer | Makes and services a wide variety of business and individual loans, both secured and unsecured. Also cross-sells other bank services such as Cash Management, Trust, Capital Markets, and Corporate Finance Products. Interviews applicants, and examines, evaluates, and authorizes or recommends approval of customer applications for lines or extension of lines of credit, commercial loans, real estate loans, consumer credit loans, or credit card accounts. Interviews applicant and requests specified information for loan application. Analyzes applicant financial status, credit, and property evaluation to determine feasibility of granting loan. Approves loan within specified limits or refers loan to loan committee for approval. Ensures loan agreements are complete and accurate according to policy. May call on potential or existing customers to develop new business and increase or retain existing business. |
| Personal Trust Officer | Directs and coordinates activities relative to creating and administering personal trusts in accordance with the terms of the nominating instrument and in a manner consistent with the needs of principals, beneficiaries, and remainderman. Directs drafting of, drafts, or consults with client's attorney who drafts, and places funds, securities, and other assets in trust account. Contacts and corresponds with persons, agencies, and organizations who have an interest in any aspect of an account. Advises senior officers and members of the trust investment committee on questions concerning the acceptability of trust positions and the proper use of income or principle for accounts being managed. Develops new business from existing customers and prospects. |

Please list the titles of the jobs in your bank that most closely resemble the descriptions above.

| Teller | Loan Officer | Personal Trust Officer | - |
|---|---|---|---|
| | | | |

| | How closely do the following jobs in your organization resemble the ones described above? | Very Dissimilar | | Somewhat Dissimilar | | Somewhat Similar | | Very Similar |
|---|---|---|---|---|---|---|---|---|
| 1. | Teller | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Loan Officer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Personal Trust Officer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | How critical is the performance of employees in the following jobs to the success of your bank? | Not at all Critical | | Not Critical | | Somewhat Critical | | Extremely Critical |
|---|---|---|---|---|---|---|---|---|
| 4. | Teller | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Loan Officer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. | Personal Trust Officer | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

How many levels in the organization are there between the CEO and the following jobs?

| 7. | Teller | _____ levels |
|---|---|---|
| 8. | Loan Officer | _____ levels |
| 9. | Personal Trust Officer | _____ levels |

In the following sections you will be asked to provide information on all three of the previous jobs by rating the degree to which you agree/disagree with a number of statements about the jobs. There are two strategies you can use to answer the remaining sections of the questionnaire. First, you could go through the remaining sections once for each job rated (three times), or you could answer each question three times (once for each job) as you go through the questionnaire. In either case, all ratings should be made using the scale below. Once you have arrived at a rating for a job you are to respond by marking the appropriate blank with your response. Remember, answer each question for each job.

| Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

|  | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|

*Job Complexity*

1. It is easy to distinguish between effective and ineffective employees in this job by watching their actions on the job.

2. Employees in this job are able to act independently of their supervisor in performing their job.

3. The supervisors of employees in this job are not in a position to see exactly what actions the employees take to achieve the results they do.

4. The relations between the actions employees in this job take and the outcomes they achieve is stable over time.

5. Employees know exactly what it takes to do this job effectively.

6. There are many ways in which this job could be successfully performed.

7. There are many desirable outcomes that an employee performing this job strives for.

8. Employees have an opportunity to find out how well they are doing on the job.

9. A variety of diverse skills is needed to perform this job satisfactorily.

10. Employees have the opportunity to do a job from beginning to end (i.e., the chance to do a whole job).

*Performance Measurement*

1. Standards of desirable performance are well defined for this job.

2. There are several sources of objective data available that indicate how well employees in this job are performing.

3. Results measures accurately depict how well employees in this job perform.

4. Employees in this job do not perform work for which there are quantifiable measures.

5. Goals and objectives for employees in this job are ambiguous.

*Skills Needed*

1. The skills required to perform this job are similar to those needed in other organizations.

2. Employees in this job learn many things that are useful only in this organization.

3. Many of the knowledge and skills needed by employees can be acquired prior to entering this organization.

4. After working in this organization, employees could easily perform in other organizations.

5. The knowledge and skills employees pick up in this job are of little value to them if they change jobs/organizations.

*Available Labor Supply*

1. There are many individuals in the surrounding community who have the skills to perform this job.

2. When there is a vacancy in this position, it is very easy to find a skilled individual to fill the position.

3. There are always more than enough qualified individuals to chose from when hiring for this job.

## Section 3.  Human Resource Management Practices

In this section we would like you to provide information about the human resource management practices used in your organization. This section should be filled out in the same manner as the previous section. Remember, answer each question for each job separately.

| Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

|  | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|

*Staffing*

1.  Most employees in this job were hired from outside the organization. ___ ___ ___

2.  Employees in this job have clear career paths within the organization. ___ ___ ___

3.  Employees in this job have very little future within this organization. ___ ___ ___

4.  Employees' career aspirations within the company are known by their immediate supervisors. ___ ___ ___

5.  Employees in this job who desire promotion have more than one potential position they could be promoted to. ___ ___ ___

*Training*

1.  Extensive training programs are provided for employees in this job. ___ ___ ___

2.  Other employees in this job usually go out of their way to help new employees learn their job. ___ ___ ___

3.  Employees in this job will normally go through training programs every few years. ___ ___ ___

4.  There are formal training programs to teach new hires the skills they need to perform their jobs. ___ ___ ___

5.  Formal training programs are offered to employees in order to increase their promotability in this organization. ___ ___ ___

*Appraisal*

1.  Appraisals usually focus on the bottom line. ___ ___ ___

2.  Appraisal feedback is usually evaluative rather than developmental. ___ ___ ___

3.  Performance is more often measured with objective quantifiable results. ___ ___ ___

4.  The focus of the performance appraisal is the behavior of the employee. ___ ___ ___

5.  The focus of the performance appraisal is on how (in what manner) the job is performed rather than on how well (results). ___ ___ ___

6.  The primary objective of appraisals is to improve performance. ___ ___ ___

7.  Performance appraisals are based on objective, quantifiable results. ___ ___ ___

8.  Performance appraisals are very informal. There is little written documentation. ___ ___ ___

*Compensation*

1.  Compensation is solely in the form of base pay. ___ ___ ___

2.  Employees in this job receive bonuses based on the profit of the organization. ___ ___ ___

3.  All employees in this job are paid approximately the same amount. ___ ___ ___

4.  Employees in this job receive pay raises only on the basis of seniority. ___ ___ ___

5.  Bonuses are paid based on a gainsharing plan. ___ ___ ___

6.  Employees are given stock (or stock options) in the organization as an incentive. ___ ___ ___

7.  Pay rates for this job are determined primarily by market rates for similar jobs in other banks. ___ ___ ___

| Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|---|
| 8. | Pay rates for this job are determined primarily by comparison to other jobs within the organization. | ____ | ____ | ____ |
| 9. | The amount earned during each pay period is determined primarily by an incentive plan rather than by a guaranteed-income plan. | ____ | ____ | ____ |
| 10. | Pay rates for this job are currently above the rates of our major competitors. | ____ | ____ | ____ |
| 11. | Employees in this job receive pay raises on the basis of individual performance. | ____ | ____ | ____ |
| 12. | Employees in this job receive pay raises on the basis of group performance. | ____ | ____ | ____ |
| 13. | Employees in this job receive a considerable amount of time off with pay. | ____ | ____ | ____ |

*Job Security*

| | | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|---|
| 1. | Employees in this job can expect to stay in the organization for as long as they wish. | ____ | ____ | ____ |
| 2. | It is very difficult to dismiss an employee in this job. | ____ | ____ | ____ |
| 3. | There are formal policies that protect employees in this job from being fired. | ____ | ____ | ____ |
| 4. | An employee's superior must get approval before he/she can fire that employee. | ____ | ____ | ____ |
| 5. | Job security is almost guaranteed to employees in this job. | ____ | ____ | ____ |
| 6. | If the bank were facing economic problems, employees in this job would be the last to get cut. | ____ | ____ | ____ |
| 7. | When employees in this job are laid off, they are given comprehensive severance packages. | ____ | ____ | ____ |

*Employee Voice*

| | | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|---|
| 1. | There are formal grievance systems for employees in this job. | ____ | ____ | ____ |
| 2. | Employees in this job are allowed to make many decisions. | ____ | ____ | ____ |
| 3. | Employees in this job are often asked by their superior to participate in decisions. | ____ | ____ | ____ |
| 4. | Employees are provided the opportunity to suggest improvements in the way things are done. | ____ | ____ | ____ |
| 5. | Superiors keep open communications with employees in this job. | ____ | ____ | ____ |

*Job Descriptions*

| | | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|---|
| 1. | The duties of this job are clearly defined. | ____ | ____ | ____ |
| 2. | Employees in this job are often asked to do things that are not in their job description. | ____ | ____ | ____ |
| 3. | This job has an up-to-date job description. | ____ | ____ | ____ |
| 4. | The job description for this job contains all of the duties performed by individual employees. | ____ | ____ | ____ |
| 5. | This job is narrowly defined. | ____ | ____ | ____ |
| 6. | The actual job duties are shaped more by the employee than by a specific job description. | ____ | ____ | ____ |

## Section 4. Comments

After completing this survey, it is likely that you will have a number of comments or suggestions. In the following space please feel free to comment on any part of the survey.

_____

_____

_____

## Section 5. General Information

1. Bank Name: _____

2. Enter the number of employees in your bank who are: _____ Full-time _____ Part-time

3. Enter the number of employees in your bank who are: _____ Unionized

4. Your Name: _____

5. Your Position: _____

6. How long have you been with the bank: _____ years _____ months.

7. How long have you been in your present position: _____ years _____ months.

As part of this research project we would like to have an employee in each of the three jobs in this questionnaire complete a shorter questionnaire asking about job characteristics and HR practices. If you would be willing to distribute the shorter questionnaire to an employee in each of the jobs, please check the space below and we will send the three questionnaires directly to you. If you would rather we sent the questionnaire directly to the employees, please provide the name and address of an employee in each of the jobs who might be willing to complete the shorter questionnaire and we will contact them directly.

_____ Please send me the shorter questionnaires and I will distribute them to an employee in each of the three jobs.
_____ Please send the shorter questionnaire to the employees listed below.

|  | Teller | Loan Officer | Personal Trust Officer |
|---|---|---|---|
| Name/Title: | _____ | _____ | _____ |
| Address: | _____ | _____ | _____ |
|  | _____ | _____ | _____ |
| City, St., Zip: | _____ | _____ | _____ |

We would also appreciate if you could provide us with a current job description for each of the three jobs. (check one)
_____ I have enclosed copies of the three job descriptions.
_____ We have current job descriptions for these jobs, however, I am unable to share them.
_____ We do not have a current job description for these jobs.

We will send you the results of the survey as soon as possible. Please indicate the address to which you would like the results sent.

Name/Title: _____

Bank Name: _____

Street Address: _____

City, State, Zip: _____

**THANK YOU FOR YOUR PARTICIPATION IN THIS PROJECT.**

APPENDIX B

JOB INCUMBENT QUESTIONNAIRE

# Strategic Human Resource Management Questionnaire

John E. Delery
Center for Human Resource Management
Department of Management
Texas A&M University
College Station, TX. 77843-4221

## Section 1: Job Information

In the following sections you will be asked to provide information on your job by rating the degree to which you agree/disagree with a number of statements about your job. Once you have arrived at a rating for your job you are to respond by circling the appropriate number.

*Job Complexity*

|  |  | Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|---|---|
| 1. | It is easy to distinguish between effective and ineffective employees in this job by watching their actions on the job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Employees in this job are able to act independently of their supervisor in performing their job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | The supervisors of employees in this job are not in a position to see exactly what actions the employees take to achieve the results they do. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | The relations between the actions employees in this job take and the outcomes they achieve is stable over time. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Employees know exactly what it takes to do this job effectively. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. | There are many ways in which this job could be successfully performed. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. | There are many desirable outcomes that an employee performing this job strives for. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. | Employees have an opportunity to find out how well they are doing on the job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. | A variety of diverse skills is needed to perform this job satisfactorily. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. | Employees have the opportunity to do a job from beginning to end (i.e., the chance to do a whole job). | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Performance Measurement*

|  |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|
| 1. | Standards of desirable performance are well defined for this job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | There are several sources of objective data available that indicate how well employees in this job are performing. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Results measures accurately depict how well employees in this job perform. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | Employees in this job do not perform work for which there are quantifiable measures. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Goals and objectives for employees in this job are ambiguous. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Skills Needed*

|  |  |  |  |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|
| 1. | The skills required to perform this job are similar to those needed in other organizations. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Employees in this job learn many things that are useful only in this organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Many of the knowledge and skills needed by employees can be acquired prior to entering this organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | After working in this organization, employees could easily perform in other organizations. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | The knowledge and skills employees pick up in this job are of little value to them if they change jobs/organizations. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|---|

*Available Labor Supply*

1. There are many individuals in the surrounding community who have the skills to perform this job.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

2. When there is a vacancy in this position, it is very easy to find a skilled individual to fill the position.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

3. There are always more than enough qualified individuals to chose from when hiring for this job.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

## Section 2. Human Resource Management Practices

In this section we would like you to provide information about the human resource management practices used for your job. This section should be filled out in the same manner as the previous section.

| | Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|---|

*Staffing*

| | | SD | | D | | A | | SA |
|---|---|---|---|---|---|---|---|---|
| 1. | Most employees in this job were hired from outside the organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Employees in this job have clear career paths within the organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Employees in this job have very little future within this organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | Employees' career aspirations within the company are known by their immediate supervisors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Employees in this job who desire promotion have more than one potential position they could be promoted to. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Training*

| | | SD | | D | | A | | SA |
|---|---|---|---|---|---|---|---|---|
| 1. | Extensive training programs are provided for employees in this job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Other employees in this job usually go out of their way to help new employees learn their job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Employees in this job will normally go through training programs every few years. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | There are formal training programs to teach new hires the skills they need to perform their jobs. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Formal training programs are offered to employees in order to increase their promotability in this organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Appraisal*

| | | SD | | D | | A | | SA |
|---|---|---|---|---|---|---|---|---|
| 1. | Appraisals usually focus on the bottom line. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Appraisal feedback is usually evaluative rather than developmental. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Performance is more often measured with objective quantifiable results. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | The focus of the performance appraisal is the behavior of the employee. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | The focus of the performance appraisal is on how (in what manner) the job is performed rather than on how well (results). | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. | The primary objective of appraisals is to improve performance. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. | Performance appraisals are based on objective, quantifiable results. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. | Performance appraisals are very informal. There is little written documentation. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Compensation*

| | | SD | | D | | A | | SA |
|---|---|---|---|---|---|---|---|---|
| 1. | Compensation is solely in the form of base pay. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Employees in this job receive bonuses based on the profit of the organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | All employees in this job are paid approximately the same amount. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | Employees in this job receive pay raises only on the basis of seniority. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Bonuses are paid based on a gainsharing plan. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| | | Strongly Disagree | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|---|
| 6. | Employees are given stock (or stock options) in the organization as an incentive. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. | Pay rates for this job are determined primarily by market rates for similar jobs in other banks. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. | Pay rates for this job are determined primarily by comparison to other jobs within the organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. | The amount earned during each pay period is determined primarily by an incentive plan rather than by a guaranteed-income plan. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. | Pay rates for this job are currently above the rates of our major competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. | Employees in this job receive pay raises on the basis of individual performance. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. | Employees in this job receive pay raises on the basis of group performance. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13. | Employees in this job receive a considerable amount of time off with pay. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Job Security*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. | Employees in this job can expect to stay in the organization for as long as they wish. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | It is very difficult to dismiss an employee in this job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | There are formal policies that protect employees in this job from being fired. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | An employee's superior must get approval before he/she can fire that employee. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Job security is almost guaranteed to employees in this job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. | If the bank were facing economic problems, employees in this job would be the last to get cut. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. | When employees in this job are laid off, they are given comprehensive severance packages. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Employee Voice*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. | There are formal grievance systems for employees in this job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Employees in this job are allowed to make many decisions. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | Employees in this job are often asked by their superior to participate in decisions. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | Employees are provided the opportunity to suggest improvements in the way things are done. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | Superiors keep open communications with employees in this job. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

*Job Descriptions*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. | The duties of this job are clearly defined. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. | Employees in this job are often asked to do things that are not in their job description. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. | This job has an up-to-date job description. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. | The job description for this job contains all of the duties performed by individual employees. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. | This job is narrowly defined. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. | The actual job duties are shaped more by the employee than by a specific job description. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

## Section 3. Comments

After completing this survey, it is likely that you will have a number of comments or suggestions. In the following space please feel free to comment on any part of the survey.

_____

_____

_____

_____

## Section 4. General Information

1.  Bank Name: _____

2.  Your Name: _____

3.  Your Position: _____

4.  How long have you been with the bank: _____ years _____ months.

5.  How long have you been in your present position: _____ years _____ months.

**THANK YOU FOR YOUR PARTICIPATION IN THIS PROJECT.**

APPENDIX C

BANK PRESIDENT QUESTIONNAIRE

# Strategic Human Resource Management Questionnaire

John E. Delery
Center for Human Resource Management
Department of Management
Texas A&M University
College Station, TX. 77843-4221

## Section 1: Strategic Posture

*Business-Level Strategy*

Banks can be classified along many different dimensions. The rate at which the bank makes changes in its offerings (its products, services, or markets) is one such dimension. Below are descriptions of how three different banks operate along this dimension. In addition, there is a description of a fourth bank which does not fit as clearly on the continuum. None of the banks described is inherently 'good' or 'bad'. Also, while none of the banks described may be exactly like your bank, please look for similarities.

"Bank A maintains a 'niche' within the industry by offering a relatively stable set of services/products. Generally, Bank A is not at the forefront of new services or market developments in the industry. It tends to ignore changes that have no direct impact on current areas of operation and concentrates instead on doing the best job possible in its existing arena."

"Bank B maintains a relatively stable base of services while at the same time moving to meet selected, promising new service/market/product developments. The bank is seldom 'first in' with new services or products. However, by carefully monitoring the actions of institutions like Bank C (below), Bank B attempts to follow with a more cost-efficient or well-conceived service/product."

"Bank C makes relatively frequent changes in (especially additions to) its set of services/products. It consistently attempts to pioneer by being 'first in' in new areas of service or market activity, even if not all of these efforts ultimately prove to be highly successful. Bank C responds rapidly to early signs of market needs or opportunities."

"Bank D cannot be clearly characterized in terms of its approach to changing its services or products. It doesn't have a consistent pattern on this dimension. Sometimes the bank will be an early entrant into new fields of opportunity, sometimes it will move into new fields only after considerable evidence of potential success, sometimes it will not make service/market/product changes unless forced by external changes."

Banks A, B, and C might be placed on a hypothetical seven-point continuum of 'service/market change' as follows:

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

1. Below please rate (circle) the number which best reflects how your bank now operates along the seven-point continuum (or indicate bank D as most like your organization).

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

2. Below please rate your bank as it operated 2 years ago.

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

3. Below please rate how your bank will likely operate 2 years from now.

|  | A |  |  | B |  |  | C |  |  |
|---|---|---|---|---|---|---|---|---|---|
| Low change | 1 | 2 | 3 | 4 | 5 | 6 | 7 | High change | D |

*Strategic Methods*

Listed below are statements about the competitive methods that may be used by your bank, in addition to other characteristics of your bank. Please indicate the degree to which you agree/disagree with each statement regarding your bank by circling the corresponding number.

| This Bank: | Strongly Disagree | | Disagree | | Agree | | Strongly Agree |
|---|---|---|---|---|---|---|---|
| 1. Is innovative in the way services are delivered. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. Offers a wide variety of services. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. Has a very diverse customer group. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. Is innovative in terms of the number of new services offered. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. Is innovative in terms of the novelty of new services offered. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. Offers high quality services in comparison to the competition. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. Gives customers more for their money than competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. Allots a large amount of resources to marketing. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. Uses rules, regulations, policies, authority, and other bureaucratic mechanisms to control operations. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. Is able to raise large amounts of financial resources for long-term investments. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. Has an abundant supply of human resources. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. Has an abundant supply of material resources. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 13. Invests heavily in equipment and facilities. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14. Requires a high level of formal education and training of employees. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 15. Is able to assess organizational performance, focusing on internal trends and developments. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 16. Is able to systematically track opportunities and threats in the environment in order to design long-range strategies. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 17. Is willing to make commitments which involve many resources and risky projects. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 18. Attempts to shape its environment, as opposed to merely reacting to trends. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 19. Has a large number of employees making strategic decisions in the organization. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 20. Keeps decision-making authority at upper levels in the organizational hierarchy. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 21. Has a management structure characterized by rules, procedures, and a clear hierarchy of authority. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 22. Has a higher return on equity than most other organizations in the industry. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 23. Has a higher market share than its competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 24. Has a rate of growth of total sales higher than the industry norm. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 25. Is able to raise a large amount of cash on short notice. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 26. Operates highly efficiently. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 27. Is larger than its competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 28. Is older than its competitors. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 29. Has an outstanding reputation in the industry. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 30. Serves a specific geographic market. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 31. Advertises effectively. | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

## Section 2. Comments

After completing this survey, it is likely that you will have a number of comments or suggestions. In the following space please feel free to comment on any part of the survey.

_____

_____

_____

_____

## Section 3. General Information

1. Bank Name: _____

2. Enter the number of employees in your bank who are: _____ Full-time _____ Part-time

3. Enter the number of employees in your bank who are: _____ Unionized

4. Your Name: _____

5. Your Position: _____

6. How long have you been with the bank: _____ years _____ months.

7. How long have you been in your present position: _____ years _____ months.

**THANK YOU FOR YOUR PARTICIPATION IN THIS PROJECT.**

VITA

John Edouard Delery
609 West Adams Street
Fayetteville, AR   72701

Education

Ph.D. (1993), Texas A&M University, Business Administration
Major:  Human Resources Management
Minor:  Industrial/Organizational Psychology

M.S., Memphis State University, Department of Psychology, 1988.
Major:  Industrial/Organizational Psychology

B.S., Tulane University, 1986
Major:  Psychology

Teaching Experience

*Assistant Professor* , University of Arkansas (Fall 1992-present)
        Courses:    Human Resource Management

*Instructor*, Texas A&M University (Spring 1989-Fall 1991)
        Courses:    Human Resource Management

Honors and Awards

Center for Human Resource Management, Texas A&M University, College of
    Business Administration, Doctoral Dissertation Grant, 1992.

Texas A&M University, College of Business Administration and Graduate
    School of Business, Doctoral Dissertation Grant, 1992.

Westinghouse Fellow, Texas A&M University, College of Business
    Administration and Graduate School of Business, 1991-92.

Texas A&M University, College of Business Administration, Graduate
    Fellowship, 1988-89.

Participant in the Academy of Management, Human Resources Management
    Doctoral Student Consortium, Miami, FL, 1991

Participant in the Academy of Management, Southwest Division, Doctoral
    Student/Young Professors Consortium, Houston, TX, 1991.

Participant in the Southern Management Association Doctoral Student
    Consortium, Orlando, FL, 1990