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SOCIAL RECOGNITION AND EMPLOYEES' ORGANIZATIONAL SUPPORT

The Impact of Social Recognition on Organizational
Commitment, Intent to Stay, Service Effort, and Service
Improvements in an Icelandic Service Setting

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Abstract

Title: Social Recognition and Employees' Organizational Support—The Impact of Social Recognition on Organizational Commitment, Intent to Stay, Service Effort, and Service Improvements in an Icelandic Service Setting

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The focal point of this study is to explore the support service employees give to their organization. Its main objective is to define the concept of organizational support and to examine its causes, in particular to investigate the effects of social recognition on employees' organizational support. Three separate questions are examined: the definition of employees' organizational support; the effects of social recognition on employees' organizational support; and whether the causes of organizational support are the same in different service settings.

In defining organizational support from service employees, a four dimensional view is proposed, comprising organizational commitment, intent to stay, service effort, and service improvements. The choice of these four dimensions is motivated by the importance of employee commitment, retention, and service performances for the competitive edge of service organizations.

In examining the origins of employees' organizational support, main emphasis is placed on "social recognition." Social recognition is argued to be of fundamental importance for employees, as it contributes to perceptions of self-worth and identity. Social recognition is proposed to comprise "influence," "skill-utilization," and "approval." The process in which social recognition elicits employees' support is explained through reciprocity mechanisms; that employees reciprocate social recognition with their supportive attitudes and behaviors.

Diverse management strategies are applied within the service sector, affecting employees' opportunities for receiving recognition at work and allegedly their organizational support. It is proposed that levels of social recognition and employees' organizational support will vary according to the type of services provided. It is also proposed that social recognition is a general reward that elicits employees' organizational support in similar ways in different service settings.

Confirmatory factor analysis using data from two service organizations (N=929 and N=227) confirms a four-factor structure of employees' organizational support and three-factor structure of social recognition, as proposed. Results from four structural equation models specifying the relations between demographic variables, social recognition, and employees' organizational support using data from one service organization (N=929) indicate that social recognition is of importance in explaining levels of employees' support. Skill-utilization and influence have positive effects on organizational commitment, and approval has an indirect positive effect on organizational commitment through skill-utilization and influence. Organizational commitment and skill-utilization have positive effects on intent to stay and service effort. Influence is found to have positive effects on service improvements.

Examination of mean differences between three service divisions; a retail division (N=307), a support division (N=146) and a manual-maintenance division (N=383), indicate that retail employees have less influence and utilize their skills to a lesser degree than employees in the other divisions, as expected. Levels of employees' organizational support are, however, not found to vary in similar ways between the three divisions, contrary to what was expected. Using structural equation models, the applicability of the four models across the three service divisions was supported, indicating the importance of social recognition for eliciting organizational support from employees in different service settings.

The main contribution of this thesis is to show that social recognition elicits organizational support from service employees in different service settings.

Key words: Services, Reciprocity, Organizational Commitment, Intent to Stay, Service effort, Service Improvements, Social Recognition, Influence, Skill-utilization, Approval.

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Preface

This work started with a very broad and general question: what explains the existence, growth, and decline of organizations? Why do some organizations succeed when others fail? This is a key question for business organizations, voluntary organizations, and even communities and nations.

In the past years there has been a growing interest in the role played by human resources in the creation of sustainable organizational advantage. One way in which human resources influence organizational functioning is through its member's dedication and support. What is it that elicits member's commitment, loyalty, and performances within organizations?

This question is not new, but its importance has been further elevated due to the increasing awareness of the role played by human resources in the creation of organizational success.

I started my quest by exploring Durkheim's theory of social integration, mainly focusing on the concept of mechanical solidarity. I had access to Swedish data that I used for examining the effects of various social factors, such as friendship and social support, on job satisfaction and employee turnover intents. Unfortunately, I had to leave my studies due to family reasons and move to Iceland where I worked as a manager for four years.

Later, when I started working as a researcher and consultant at IMG (now Capacent) doing organizational research, I repeatedly discovered the same patterns in the data: job design factors were usually one of the main determinants of employees' organizational support (measured as organizational commitment and turnover intents). Why was this so?

This puzzled me and also motivated me to resume my dissertation. I turned my back to my original hypothesis and instead began examining the effects of job design on commitment and employee turnover: why were these effects so strong and why were they so stable?

There are several research traditions that have emphasized the role played by design of work for human motivation. However, these perspectives either made further claims about human nature than I was ready to make or they lacked clarity in explaining how work-design elicits employees' support to the organization. So I kept searching for alternative explanations. This thesis is the result of that search.

I would like to express my sincere gratitude to the teachers and staff of Göteborg University. In particular, I would like to thank my supervisor Dan Jonsson who never seemed to lose faith in me. Furthermore, I would like to thank Bengt Furåker and Tiiu Soidre for their support and comments on previous drafts of this thesis that proved very helpful to me. Without their patience and encouragements I would not have found the motivation to continue this work. I would also like to thank Ulla Björnberg and her family for their friendship and loving support to my family; Per Sjöstrand for his guidance during my first steps at the institution; Jan Carle and Freddy Castro for their friendship and finally Birgit Jörn for all her support in helping us handling the paperwork from abroad.

I had an internship, both at the Centre for Work Science and at the Sociological Institution at Göteborg University, which made it possible for me to focus on my studies during my stay in Sweden. For that I am very grateful.

The companionship of my fellow students was both enjoyable and helpful. Of those I want in particular to mention Tommy Isidorsson, Kristina Håkansson, Kristina Bartley, Monica Nordstörn, Ann-Britt Sand, and Christer Theandersson. Of course, there are many others who deserve to be mentioned who made my stay in Sweden both enjoyable and educative.

I would also like to thank TECH's human resource department for providing me with information about their turnover rates and allowing me to use their data for this thesis. I would also like to thank my colleagues at Capacent who encouraged me to finish my task. Finally, I would like to thank my family, particularly my friend and spouse Guðný, my two loving sons Bjarni and Siggí, my loving mother Maria, and my dear late father Bjarni. Also Igor and Castro deserve to be mentioned for keeping my spirits up and my body in motion.

In my work as a manager and consultant I have seen the importance of employees' support to their organization and the damage done both to organizations and employees when organizations fail to recognize their employees' contribution. I dedicate this thesis to those lacking recognition of their work.

Göteborg, July 2008

Tómas Bjarnason

1. Introduction

Organizations are key actors in our societies and most of our daily routines, whether trivial or important, happen within their context. Organizations complete tasks far greater and of higher complexity than individuals would ever manage to do by themselves or in semi-structured groups. Somewhat paradoxically, organizational performance is still dependent on the support from the individuals they employ.

While organizational advantage is dependent on multiple factors, the focus in recent years has shifted from structural factors, such as location, technology, products, and processes, towards the more tacit capital of organizations—namely their employees (see Stewart, 1997; Fitz-enz, 2000; O'Reilly & Pfeffer, 2000). Thus, Fitz-enz (2000) states that in the closing years of the twentieth century, “management has come to accept that people, not cash, buildings, or equipment, are the critical differentiators of every business enterprise” (p. 1).

While this statement has become somewhat of a cliché, it points to the increasing awareness of the role played by human resources in developing and maintaining organizational advantage. Consequently there is an increased interest in management strategies that elicit the support, engagement, loyalty, commitment, and performances of employees (see e.g. Arthur, 1994; Huselid, 1995; Reichheld, 1996; Pfeiffer & Veiga, 1999; Buckingham & Coffman, 1999; O'Reilly & Pfeffer 2000).

While this literature is both vast and diverse there is also a common thread; for organizations to improve their competitive edge, they have to utilize their employees' capacities, skills, knowledge, and talents to a greater degree than before and in a superior way than their competitors. Accordingly, O'Reilly and Pfeffer (2000) argue that, while talent is obviously important for organizations, organizational success is rather based on the organization's abilities to make use of the talent it has or to be able to “energize” its members to, “produce extraordinary results from almost everybody” (p. 2). An organization that is able to “energize” the talent and resources of its workforce is using one of its most fundamental resources in creating an organization's advantage, they argue. The interest in human resources is further elevated as an advantage built on human resources is difficult to copy and, therefore, likely to give a more long-lived

benefit for organizations than advantages based on structural factors (Wright & McMahan, 1992; Reichheld, 1996).

This shift in awareness towards human resources is connected to various social changes. Expansion of the service industry in particular, but also growing importance of information and knowledge, globalization, increasing competition, growth in the use of information technology, and more flexible economic policies, have made employee contributions more important for organizations than before.

Through services, employees become directly involved in the creation of value both for customers and for the organization, thereby having a direct effect on the organization's market performance. Service employees can affect their customer's experience by e.g. "delighting" customers, customizing services or products, or by building relationships with the organization's customers.

But how do organizations "energize" their service employees? Numerous theories focus on means for eliciting the motivation, dedication, commitment, retention, and performances of employees. One type of such theories focuses on design of work as a means to elicit employee motivation. In distinction to job design theories that generally explain the effect of job design through psychological mechanisms, there is a theoretical tradition in sociology and psychology explaining relationships and interaction through social exchange and norms of reciprocity. In this theoretical tradition employees are seen as adjusting their support to the organization to the levels of support they perceive they receive from the organization (see e.g. Zetterberg *et al.*, 1984). Elements of this exchange can include material benefits as well as socio-emotional benefits, such as justice or respect (see e.g. Schminke *et al.*, 2002).

The theoretical departure taken in this thesis is to argue that employees exchange their support to the organization for the social recognition they receive from the organization. The more recognition they receive, the more support they are ready to give to the organization. Recognition is argued to be an important reward that employees experience through their membership in the organization. It is argued that job design is a key element for experiencing social recognition in the organization. Social recognition is experienced through management strategies that highlight employees' contributions, accomplishments, and individuality. Employees reciprocate these experiences with their support to maintain balance in their exchange with the organization.

Despite the gains of dedicated service employees, emphasized above, there is a large disagreement in the literature regarding the standing of service employees within service organizations. Thus, while some have defined the service economy in terms of a growth of "post-industrial"

occupations high in occupational authority (see e.g. Bell, 1973), others have perceived the same industrial development rather as a manifestation of a growth of simple and repetitive service work, low in skill content (see e.g. Braverman, 1974; Ritzer, 2000; 2002a). While contradictory, these diverse views support the diversity of work and management strategies applied within the service sector. Therefore, the question arises whether similar conceptual and causal models can be applied across the service sector or whether different perspectives and causal models are necessary for understanding the employee-organizational relationship in different service settings.

The focal point of this study concerns employees' organizational support. Its main objective is to define the concept of organizational support and to examine its causes, in particular the effects of social recognition on employees' organizational support. This main objective falls into three derivative research questions. The first research question is concerned with the conceptualization and definition of employees' support. As this conceptualization needs to mirror the needs of the service economy, different dimensions will be discussed and their choice motivated:

- 1) *How should employees' support to the organization be conceptualized in the service economy—what should be its main dimensions?*

The second research question concerns the causes of employees' support. A main objective of this thesis is to examine the effects of social recognition on employees' organizational support. The concept of social recognition is discussed and defined. It is explained why social recognition is important and how it elicits organizational support from employees:

- 2) *What is social recognition, how and to what degree does social recognition elicit employees' support to the organization?*

The third research question concerns the application of causal models across different service environments. Thus, if social recognition is of importance for explaining levels of employees' support, it should affect employees in diverse service environments. Therefore it will be tested if the causal models developed examining the effects of social recognition on employees' organizational support can be applied across different service settings:

- 3) *Can the causal models, testing the effects of social recognition on employees' organizational support, be applied across different service settings?*

The existence of organizations is in fact a mystery whereas the support employees give their organizations is one of the building blocks for understanding their existence and success. The concept of organizational support touches upon the basis of our social being, of why we more generally join, participate, stay within, and exert effort in groups and

collectives and as a result, how social organization is possible in the first place.

The first six chapters of this thesis are devoted to the theoretical framework of the study, hypotheses development, method and data. Chapter two focuses on the concept of employees' organizational support. Its importance for organizations is discussed and its main dimensions are explored and defined. Chapter three is devoted to explaining the origins of employees' organizational support, where the concept of social recognition is introduced and defined. Also in chapter three, different perspectives regarding the implications of the service economy for levels of social recognition is discussed. In chapter four, the hypotheses of the study are formulated and presented. In chapter five, some main characteristics of Icelandic society and labor market are discussed for the reader to understand the context of the study. In chapter six the data and methods are presented.

Results of the study are introduced in chapters seven, eight, and nine. In chapter seven, results from a confirmatory factor analysis are examined, first for employees' organizational support and then for social recognition. In chapter eight, results from the causal analysis are presented. Causal models are designed, and then the effect of social recognition on employees' support to the organization is tested using structural equation models. In chapter nine, differences between different service environments are explored. Mean differences in social recognition and organizational support are examined, and then it is tested whether the causal models developed in chapter eight can be applied across service settings. Finally, chapter ten includes a summary and a concluding discussion.

2. Employees' Organizational Support in a Service Context

Throughout the Western world, there has been a continued shift from manufacturing and primary industries towards services. In 1999, roughly 75 percent of the workforce was employed in the service sector in Iceland compared to 80 percent in Norway, 78 percent in Denmark, 79 percent in Sweden, and 72 percent in Finland (see *NSY*, 2000). Service employees, such as shop and sales-workers, tellers, customer advisors, and various professionals perform vital services in all kinds of organizations. In Iceland, service and shop workers were the single largest occupational category at the end of the 1990s (*Landshagir*, 2002).

With the growth of services, employee contributions and support is of increasing importance for organizational functioning as employees become directly involved in the creation of value for customers, having a direct effect on the organization's market performance. Still, there is no agreed upon definition of how employees' organizational support should be conceptualized or what elements of such a support should be regarded of greatest importance in the service economy.

There is a considerable consensus, though, that employee commitment, or similar constructs such as engagement or dedication, are critical elements for the success and survival of organizations (see e.g. Stewart, 1997; Pfeiffer & Veiga, 1999; Buckingham & Coffman, 1999; Fitz-enz, 2000; O'Reilly & Pfeffer, 2000). Similar elements have also been regarded as being vital for the survival of social systems more generally. E.g. Kanter (1968) argues that there are three problems which social systems must solve, that of "cohesion"—defined as the group's ability to withstand disruptive forces and threats from outside; "continuation"—or the retention of its members; and "control"—or ensuring the predictability and conformity of its members. Employee commitment and retention are accordingly frequently used as indicators of members' support and are generally regarded as critical for an organization's success and survival.

However, when selecting and defining support from service employees, the particularities of services need to be considered. While services can be difficult to distinguish from other activities, the concepts of "intangibility," "inseparability," and "perishability" are frequently used for describing the particularities of services (see e.g. Stewart, 1997; Lashley &

Taylor, 1998; Grönroos, 2000). “Intangibility” refers to the immateriality of service outcomes; “inseparability” refers to the creation of value in an interaction between people where services are produced and consumed simultaneously; and “perishability” refers to the impossibility of keeping services in stock or in store until another day.

These concepts draw attention to the particularities of services and the importance of the employee-customer interaction. One factor specific to the work of front-line service employees, such as retail workers, tellers, customer advisors, nurses, and teachers, who constitute a considerable proportion of the service population, is that they operate in direct contact with customers. They are directly involved in creating customer perceptions; the customer’s perceptions of value, satisfaction, and their experience of commerce in general with that particular organization. Several researchers have accordingly emphasized the crucial role played by front-line service employees in determining customer satisfaction and customer loyalty, and thereby the organization’s market performance (Reichheld, 1996; Heskett *et al.*, 1994; Pritchard *et al.*, 1999; Grönroos, 2000). Research has accordingly provided evidence for a relationship between employee attitudes, such as commitment, and customer satisfaction (see Gelade & Young, 2005).

Several other social and industrial changes have important implications for how we understand and define organizational support from employees. These include such factors as globalization, growth of information technology, and economic deregulations. These changes have made it possible for organizations to choose their location for production and operation more freely, increasing the competition between organizations and the pace of organizational change. Structural elements, such as superior technical solutions and closeness to resources of various kinds, provide more short-lived advantages now than when organizations had stronger barriers of time and space between them. In this new environment, organizational advantage has to be maintained through a process of inventing and reinventing the organization’s competitive edge where the employees’ support, effort, improvements, and innovations play a key part.

The rise of the service economy places employees in a central position for organizations, since they are directly involved in the value creation for both the customer and the organization. The service encounter brings opportunities for organizations to “delight” customers, to customize, or in other ways to provide extraordinary services. In addition, shorter life-spans of products and services place increasing pressure on organizations to improve and innovate. Thus, some have in particular emphasized innovations and improvements for the development of organizational advantage (see e.g. Scott & Bruce, 1994; Tidd *et al.*, 1997). In this new

economy, service employees hold a critical role in the organization in order to translate customer needs into new processes, products, or services through proposing improvements in service processes or even new services.

While employee retention has generally been considered essential for organization's survival and success, the critical role played by service employees for the competitive edge of organizations places an ever increased importance on holding on to employees' knowledge, experience, and relationships with customers. Accordingly, some have in particular emphasized employee retention as being of fundamental importance for service organizations' market performance (Heskett *et al.*, 1994; Reichheld, 1996). Thus, Reichheld (1996) argues that retention is important as it takes time to build skills and relationships with customers, and that development of employee' skills and relationships affects organizations profits through customer retention.

The claims made regarding the importance of employee dedication, retention, and performances for the success and survival of organizations, harmonizes with the resource based view of the firm. According to this perspective, the organization achieves sustained competitive advantage by building on internal resources that are valuable, difficult to copy, and equivalent substitutes are unavailable so that the organization achieves its objectives in a more efficient ways than its competitors (see Barney, 1991). It is argued here that employees' organizational support is such a resource, and that its importance is elevated by economic, social, and industrial change.

How then should employees' organizational support be conceptualized in the service economy? While organizational support from service employees can be seen as taking different forms, it can be argued that it can be expressed in employee attitudes as well as employee behaviors. General attitudes of employees can have a focus on the organization or on the job; these can be global or more specific. Numerous concepts have accordingly been constructed to describe the commitment, devotion, loyalty, involvement, engagement, motivation, and attachment of employees to their work and organizations, where the concepts of job satisfaction and organizational commitment have been the most common.

Employees' support can also take the form of more specific behaviors and behavioral intents that benefit the organization, such as intent to stay, attendance, compliance to organizational rules, regulations and standards, service-mindedness, customer care, or through improvements, initiative, suggestions, and innovations.

In this chapter different forms of employees' support to the organization are discussed and defined, i.e. attitudinal as well as behavioral

forms of support. The choice of particular forms of support is made and motivated.

2.1. Employees' Attitudinal Support

In the work and organizational literature, attitudes to work and the organization are considered to be of a fundamental importance in its own right as well as for explaining more particular behaviors, such as turnover, absenteeism, and performance of individuals within organizations (see e.g. Vroom, 1964; Steers & Porter, 1975; Katz & Kahn, 1978; Meyer & Allen, 1997; Judge *et al.*, 2001).

The concept of *organizational commitment* has enjoyed a widespread popularity and has received increased attention in recent years. This increased attention is partly generated by an interest in the development of new organizational control forms and partly by an interest in changing employment practices (Lincoln & Kalleberg, 1990). Partly this interest is generated by an increased attention given to the role played by human resources in value creation and organizational advantage.

Committed employees, as suggested by some scholars, are argued to be a competitive advantage for organizations (see e.g., Whitener, 2001). This claim is supported by the fact that commitment is found to be related to organizational outcomes and various efficiency-related variables such as turnover, absenteeism, performance, tardiness, and extra-role behaviors (see e.g. Morris & Sherman, 1981; Mowday *et al.*, 1979; Bluedorn, 1982; Shore & Martin, 1989; Putti *et al.*, 1989; Gaertner & Nollen, 1989; Meyer & Allen, 1997; Cohen, 1999).

Other organizational benefits of commitment have been demonstrated. Thus, the Watson Wyatt organization found that companies with a highly committed workforce experienced greater 3-year total returns to shareholders than those with lower commitment (see Whitener, 2001). And Gelade and Young (2005) found branch-level organizational commitment to be correlated with both aggregated levels of customer satisfaction and employees' sales-achievement.

The reason for this effect of commitment on organizational outcomes may be, as research suggests, that committed employees work harder and perform better than less committed employees (Meyer & Allen, 1997). Lincoln and Kalleberg (1990) in addition point out that a committed employee becomes, "conscious of the needs of the organization and sensitive to how his or her actions contribute to the fulfillment of those needs" (p. 22). Further, they argue that the employee is, "willing to expend effort for the sake of the company, and the firm's performance is experienced as a personal success or failure as well" (p. 22). This could

suggest that organizations with highly committed employees are more successful than its competitors, because high commitment enables the organization to execute its strategy in a more efficient way than if commitment was lower. Execution of corporate strategy is more generally regarded as being fundamental for organizational success and the most important non-financial variable when evaluating a firm's value (see Becker *et al.*, 2001).

The concept of job satisfaction, similarly to the concept of organizational commitment, has enjoyed a widespread popularity and is perhaps the most studied of all attitudes towards work (see Lincoln & Kalleberg, 1990). It has similarly been widely used as an indicator of employee motivation and organizational effectiveness. Furthermore, it is seen as an important antecedent to critical employee behaviors, i.e. absenteeism, turnover, and behavioral intentions, such as intent to leave (see e.g., Vroom, 1964; Steers & Porter, 1975; Price & Mueller, 1981; Klenke-Hamel & Mathieu, 1990).

These two concepts, organizational commitment and job satisfaction, are strongly related both conceptually and empirically. Both are concerned with employees' overall affective response to the organization to which she or he is employed. However, organizational commitment is more concerned with attitudes towards the organization at large, while job satisfaction is concerned more with attitudes towards the job. Thus, Mowday *et al.* (1979) argue that organizational commitment, "is more global, reflecting a general affective response to the organization as a whole" (p. 226). Job satisfaction, on the other hand, "reflects one's response either to one's job or to certain aspects of one's job" (p. 226). They further argue that organizational commitment develops slowly, but consistently, over time and is more stable than job satisfaction, which reflects more, "immediate reactions to specific and tangible aspects of the work environment" (p. 226).

Therefore, it is concluded that the concept of organizational commitment closely resembles the conceptualization of attitudinal support to the organization that has been advocated here. It is a global concept that focuses on the relationship employees have with the organization as a whole. Furthermore, it is argued to be more stable than job satisfaction and as a consequence a more reliable indicator of the employee-organizational relationship. Finally, claims made on the importance of organizational commitment for organizations suggest that this concept should be used as an indicator of employees' attitudinal organizational support.

2.1.1 Different Forms of Organizational Commitment

While the concept of organizational commitment has been the subject of research for decades, the definition and conceptualization of the concept has differed somewhat between researchers (see e.g. Becker, 1960; Etzioni, 1961; Kanter, 1968; Mowday *et al.*, 1979; Meyer & Allen, 1997). However, common to these definitions is that they all relate to employees' strength of relations with employing organizations.

An early but important contribution to the literature on organizational commitment is made by Etzioni (1961). He conceptualizes the involvement of members as a dimension ranging from the greatest positive involvement or psychological investment (commitment) to the most negative involvement (alienation). Three zones of individual involvement are distinguished: "moral," "calculative," and "alienative."

Many have followed Etzioni's lead and suggested a threefold division of organizational commitment. The work of Kanter (1968) has been especially influential for the development of the concept. In contrast to Etzioni, who regards employee involvement as a single dimension ranging from commitment to alienation, Kanter regards the three types, i.e. "continuance," "cohesive," and "control" commitment, as separate dimensions. Kanter's concept of "continuance commitment" refers to a disposition where membership has a positive or a negative valence on a cognitive level rather than on an emotional level, where individuals act, "in terms of rewards and punishments, profits and costs" (p. 501). Kanter's "cohesion commitment" refers to affection for the group, identification with it and willingness to "sticking together" (p. 501). Finally, "control commitment" refers to a moral obligation towards a social system; an "inner conviction" that obligates the individual, the demands of the systems are regarded as being "right" and "moral" and in accordance with the individual's conception of his or her self-identity, so that obedience to the demands of the system becomes a normative necessity. According to Kanter, all these three types of commitments can be simultaneously active, and organizations may use all of them simultaneously.

Similarly to Kanter (1968), Meyer and Allen (1991; 1997) suggest three forms of commitments: "affective," "continuance," and "normative." Meyer and Allen's "affective commitment" refers approximately to Kanter's "cohesion commitment" and is defined as an emotional attachment to, identification with, and involvement in the organization. Meyer and Allen's "continuance commitment" similarly to Kanter's "continuance commitment" refers to awareness of the costs associated with leaving the organization. Meyer and Allen's (1997) conceptualization of normative commitment is slightly different from Kanter's (1968) conceptualization of control commitment and is more concerned with a

general “loyalty norm” that describes loyalty towards organizations in general, rather than obligations to a specific organization.

While general work attitudes, such as loyalty norms, have not proven to be a good predictor of organizational specific behaviors (see Marsh & Mannari, 1977), Meyer and Allen (1997) argue that normative commitment could be a better predictor of organizational outcomes than affective commitment, “in collectivist cultures that emphasize strong social ties (and obligations) and in cultures characterized by uncertainty avoidance where loyalty is considered a virtue” (p. 108).

The validity of Meyer’s and Allen’s distinction between affective, continuance and normative commitments has been empirically supported (Meyer *et al.*, 1993; Bolon, 1997; Kwantes, 2003) lending support to the discriminate validity of different types of commitments.

Organizational commitment as an affect

The most frequent conceptualization of organizational commitment in the literature is that it is an emotional response by employees to the organization they work for, indicating support to, identification with, and involvement in the organization. This conceptualization of organizational commitment is closely related to Kanter’s (1968) “cohesive commitment,” and was later conceptualized as “affective organizational commitment” by Mowday *et al.* (1979) as well as Meyer and Allen (1997).

The work of Mowday *et al.* (1979) has been very influential in commitment research in the past decades. They define organizational commitment as, “the relative strength of an individual’s identification with and involvement in a particular organization” (p. 226). Identification is further explained as congruence between the goals of the organization and those of the individual. This conceptualization of organizational commitment is well accepted. Thus, Yoon *et al.* (1994) argue that commitment is an “emotional attachment” to the organization, “identification with the values or goals of the organization” and is demonstrated by loyalty and a certain amount of voluntary obligation to the organization (p. 332). Colquitt *et al.* (2001) similarly argue that organizational commitment assesses, “the degree to which employees identify with the company and make the company’s goals their own” (p. 429). Likewise, Gaertner and Nollen (1989) define commitment as a non-instrumental, affective attraction to the firm by the employee; referring to identification with company goals and values, and internalization of these values.

In conclusion, the most usual conceptualization of organizational commitment is as an affect. According to this conceptualization, organizational commitment is concerned with the relationship employees

have with the organization where they are employed and is defined as an emotional response of employees, indicating their positive evaluation of, their support to, identification with, and involvement in the organization for which they work. This conceptualization is argued to fit the objectives of this thesis as an important form of employees' support to their employing organization. .

Empirical findings have further shown the concept to be, “distinguishable from job satisfaction, job involvement, career salience, occupational commitment, turnover intention, work group attachment, and the Protestant work ethic” (Meyer & Allen, 1997: 17) supporting the discriminate validity of the concept and legitimizing its study as a separate and distinct phenomenon.

Conflicting or supporting commitments?

In the work context, it is possible to distinguish between commitments to an organization, to an occupation, to a profession, to supervisors, to colleagues or work groups (see e.g. Morrow; 1983; Meyer *et al.*, 1993; Lincoln & Kalleberg, 1990; Meyer & Allen, 1997; Cohen, 1999).

Some have argued that a commitment to a profession may be directly antithetical to commitment to an organization (Morrow, 1983). Lincoln and Kalleberg (1990) similarly point out that commitments to professions or subgroups within the firm are likely to conflict with organizational commitment and that high organizational commitment involves surrendering of alternative commitments, such as that to a profession or subgroups within the firm. Accordingly Shore and Martin (1989) argue that the attitudes of professionals may be less predictive of intentions to leave or stay in the organization because, “professionals’ primary commitment is to the occupation rather than to the organization” (p. 634).

It is, however, possible to visualize an alignment between occupational and organizational commitments, in particular when professional and organizational interests are mutually supportive and intervened. Accordingly, Meyer *et al.* (1993), studying both occupational and organizational commitment, found each type of organizational commitment—*affective*, *continuance*, and *normative*—to have high positive correlations with corresponding occupational commitments, suggesting their mutual supportive relations. However, as organizational commitments and commitments to occupations, professions or carrier, can be conflicting as well as in alignment, some have distinguished between the “*dually committed*,” those committed both to their careers and their organizations; “*organizationists*” committed primarily to their organization; “*careerists*” committed primarily to their careers; and the “*uncommitted*” (see Somers & Birnbaum, 2000).

In addition, employees have commitments to various non-work contexts, such as their family, friends, or other social groups and communities. These can similarly be in alignment or conflict with the commitment individuals have with their employing organization.

While these commitments are all without doubt important, it is impossible to take into account all of them. Rather, it is argued here that the commitment individuals have to their employing organization can be studied as a phenomenon separate from other commitments despite the possible limitations of ignoring these.

Organizational commitment and individual well-being

While the importance of employees' organizational support has been highlighted above, the question regarding the effects of this support on individual well-being has not been addressed.

Etzioni's (1961) concept of involvement ranging from alienation to commitment suggests more positive employee responses and well-being as employees move from alienation towards commitment. Etzioni expects white-collar employees to be less alienated than blue collar workers partly because their job has higher prestige, partly because they have closer contact with management, and partly because they experience greater intrinsic satisfaction from their job.

Employee satisfaction is frequently assumed to be indicative of employee well being, not only employee motivation. Due to the strong conceptual resemblance of the concepts of organizational commitment and job satisfaction, there is also a strong reason to expect a strong positive correlation between the two. Research has accordingly found a strong positive correlation between job satisfaction and organizational commitment, while factor analysis has supported their discriminate validity (Davy *et al.*, 1997). The literature also more generally supports a positive relationship between affective organizational commitment and other employee attitudes or responses usually regarded as being positive for employees. Thus, Meyer and Allen (1997) report evidence of a negative relationship between affective commitment, "and various self-reported indices of psychological, physical, and work-related stress" (p. 37). They also report evidence that affective commitment may work as a "buffer" against the impact of stress. Finally, they report evidence of positive correlations between organizational commitment and both, "career satisfaction and nonwork satisfaction" (p. 38).

In sum, affective organizational commitment describes employees' attachment to an organization (want to) and as a consequence organizational commitment is likely to be a product of positive experiences and to be related to individual well-being and other indicators of positive affect.

2.2. Employees' Behavioral Support

There is a widespread agreement regarding the importance of various employee behaviors for organizational functioning. This applies to such behaviors as employee retention, innovations, suggestions, improvements, conscientiousness, network-building, referrals, and service effort.

In particular, it is argued here that the success of service organizations in providing superior services is strongly related to the abilities of organizations to retain their front-line employees, thus enabling development of employee skills and building customer relations (Heskett *et al.*, 1994; Reichheld, 1996; Grönroos, 2000). The “service value chain” emphasizes the importance of employee satisfaction and retention in the creation of customer value. Increased customer value, as a consequence, promotes customer retention, and customer retention in turn increases the organization’s profits (Heskett *et al.*, 1994). With the increasing importance of services the opportunities rise for organizations to create organizational advantage through superior services. Accordingly, the importance of front-line service employees’ performance increases. Front-line service employees are in the position to add and subtract value in the service delivery; “delighting” customers and improving or customizing services. Gustafsson and Johnsson (2003) argue accordingly that service maintenance, improvements, and innovations are the building blocks of effective service delivery and market success. Improvements and innovations are concerned with e.g. adding things in the service delivery, improving service processes, or the service supply which gives customers additional reasons to stay.

For organizations to achieve success in the service environment, they need to be able to hold on to the knowledge and talents of their service employees; they need to elicit their employees’ effort in serving customers and they need to elicit their employees’ creativity and dedication in improving service processes and the service supply.

2.2.1 Employee Retention

The survival and success of service organizations is dependent on being able to recruit individuals, selecting right employees, retaining them, and finally eliciting their effort and dedication. Employee retention is a basis for employees’ development and learning, for building of relationships with customers, and therefore employee performances.

Employee turnover has frequently been used as an indicator of employee cooperation and participation. The underlying question in the analysis of turnover is often a more general concern about what motivates

employees in their work and what determines their performance within organizations (see March & Simon, 1967; Hirschman, 1970; Sheridan, 1985; Mobley, 1977; Withey & Cooper, 1989; Vandenberg, 1999).

From an individual perspective, turnover involves both risks and opportunities for the individual in question. Among the risks associated with turnover, is the risk of unemployment, loss of seniority, income, and other rights. Yet, sometimes, individuals may regard the risks of leaving as insignificant in comparison with the hurtful experience associated with staying with the organization. Thus Blau (1964: 164) points out that the, “mobility of individuals between organizations and groupings ... is the most important protection against being ruined by competitive conflicts among powers beyond one’s control” (p. 164). Employee turnover is also a way in which individuals improve their quality of life as opposed to just withdrawing from less than ideal conditions. Mobility between occupations and workplaces may bring opportunities for individuals for increasing their wages, developing and utilizing their capacities, skills and talents.

Leaving an organization is an easily distinguished behavior from the organization’s point of view, but a part of a complex individual history, logically related to other choices and preferences of the individual. From a decision-making perspective, individuals are confronted with a series of choices throughout their lives, i.e. choosing education, building a family, selecting a line of work, finding a place to live, etc. As a result, the choice of and between workplaces can be logically related to other choices and preferences of individuals in which the experience within the organization is just one factor of many affecting these choices.

Retention and organizational efficiency

Few topics have received as much attention as turnover in organizational research. A driving force in the study of employee turnover has been the negative economic and social consequences of high turnover. These negative implications have stimulated much of the research in this field (see e.g. Mitchel, 1981; Fang & Baba, 1993; Reichheld, 1996; Cascio, 2000; Fitz-enz, 2000; Mor Barak *et al.*, 2001). While turnover can both be seen as having positive and negative implications for organizations (Park *et al.*, 1994), the common interpretation of turnover is that it is detrimental for organizational efficiency (Vandenberg, 1999). The negative effects of turnover have gained increased attention due to the critical role played by service workers in affecting the organization’s market performance (see Heskett *et al.*, 1994; Reichheld, 1996).

The organizational costs associated with turnover are both direct and indirect. The direct costs associated with turnover are such as costs of

recruitment (attracting a pool of job seekers with, e.g. advertisements) and selection (tests, interviews and administrative costs, replacement costs, vacancy costs, etc), training and education. In sum, the costs of advertising, agency fees, employee referral bonuses, applicant and staff travel, relocations costs, and recruiter salaries, was estimated at the end of the nineties to be on average \$7,000-\$10,000 for recruiting each exempt external employee in the US (Fisher *et al.*, 1999).

There are, however, additional costs that are indirect. These costs have to do with production loss during training periods, decreased quality in service or production, declining effectiveness, disruption in communication, loss of intellectual capital and experience, and negative effects on customer acquisition and retention (see e.g. Fisher *et al.*, 1999; Fitz-enz, 2000). Results indicate that the total costs for each departing employee who prematurely leaves the organization is estimated to be around 1-2.5 times the annual wage of the departing person's salary, depending on the employee's skill level and responsibility (see Cascio, 2000).

Others have specifically emphasized the costs related to the turnover of qualified labor; e.g. managers and health care professionals, due to the high cost of replacement in these areas, and the negative effects of turnover on the consistency and quality of service (see Mitchel, 1981; Fang & Baba, 1993; Mor Barak *et al.*, 2001). Thus, Fang and Baba (1993) argue that turnover in the nursing profession can have negative effects on the quality of health care that causes extensive economic expenditures due to the replacement of staff. Similarly Mor Barak *et al.* (2001) argue that turnover in many social and human services has been a major concern, because of the implications high turnover has in regards to the, "quality, consistency, and stability of services provided to the people who use child welfare and social work services" (p. 626).

Employee retention has accordingly been suggested to contribute to organizational efficiency by enhancing service quality and customer satisfaction (Heskett *et al.*, 1994; Reichheld, 1996; Joseph, 1996). Reichheld (1996) has in particular emphasized the importance of employee retention in the service sector by showing a direct link between employee retention, and profits and productivity through customer acquisition and retention. According to Reichheld there are stronger motives for organizations to hold on to their human resources in the service industry than in manufacturing for a number of reasons. One major reason is that as it takes time to build relationships, employee retention is of fundamental value for creating solid business relationships that add value both for the customer as well as the organization. As service is based on relationships, service productivity is dependent on developing this relationship. A main

element in this development is to learn about the customer's needs in order to maximize customer satisfaction and minimize errors and service failures.

Another reason mentioned by Reichheld, is that training and development is unable to pay off unless employees stay and apply their learning and skills. In the beginning of their employment, employees make too many mistakes and their productivity is too low. Aside from the simplest jobs, employees need to remain employed for some time before training starts to pay off; i.e. only if organizations are able to retain their employees can they expect to gain from training and development.

A further reason is that organizational learning is hampered by high turnover rates. A learning environment is necessary for enabling improvements in services, the development of new products, and for quality management. Finally, an important reason mentioned by Reichheld is that retention is related to experience and as employees gain experience, they are more productive and efficient. With time people learn to work more intelligently and need less supervision. Both these factors save time and money for the organization. In conclusion, retention of front-line service employees is fundamental for organizations in creating service differential and it allows the organization to execute its service strategy more efficiently.

Turnover and intent to stay

While turnover is an objective measurable behavior, it has a subjective side, which is the employees' intent to leave—or its direct opposite—the employees' *intent to stay* within the organization. Such intents are continually used as indicators of employee turnover and as preceding turnover in causal and longitudinal analysis. It ranges from high intent to leave at the one end; to high intent to stay at the other end (while often the opposite applies). Intent to leave or stay describes readiness, willingness, or plans for the future and is less constrained by job opportunities than actual turnover. It may also fluctuate more dependent on changes in attitudes and mood-swings than actual behavior and it describes a more voluntary disposition than turnover.

For this reason intent to leave cannot automatically be assumed to lead to turnover and turnover can also take place in the absence of intent to leave. An example of non-intended turnover is family-related turnover, turnover due to sickness, accidents, and involuntary turnover (requested resignation and layoffs).

Factors that can hinder turnover in the presence of intent to leave are: e.g. lack of opportunities, family obligations, costs of moving, or costs of exit. Deterioration or improvements of the work environment can induce changes in people's preferences and thereby affect withdrawal behaviors.

Intent to leave has, however, proven to be the strongest predictor of actual turnover, while the strength of the intent-turnover relationship has varied somewhat between studies. While some studies suggest a fairly strong relationship between intent to leave and actual turnover (e.g., Price & Mueller, 1981; Bluedorn, 1982; O'Reilly & Chatman, 1986; see also a review by Shore & Martin, 1989 and a review by Naumann *et al.*, 2000), some studies report a non-existing or only a weak relationship between the two (see Kirshenbaum & Weisberg, 1990, Marsh & Mannari, 1977). Studies have accordingly found that the relationship of intent and turnover varies greatly between studies, with explained variance ranging between 6 and 75 percent (Vandenberg, 1999).

Variations in the relationship between intent and behavior imply that this relationship is not as clear cut as might be assumed beforehand. Studies on occupational choice have similarly found a discrepancy between individual preferences and behaviors (see Vroom, 1964). These studies suggest that people do not act on their preferences if subjective probabilities of attaining them are low or if the expected costs of attainment are high. At least three other processes can distort the relations between intent and turnover: (1) the time-span under consideration; (2) repair processes; and (3) group pressures and other group memberships. First, if the period is short, those with a strong intent to leave may not have had opportunities to fulfill their intent and actually leave. If the period under consideration is long, a number of people not initially intending to leave may have quit for different reasons. Second, some have pointed out the importance of "repairing processes" in the relations of individuals and organizations (Hirschman, 1970; Vandenberg, 1999). As employee turnover is expensive for organizations, management may try to repair the relationship between the organization and the employee, i.e. if the management becomes aware of the employee's intent and dissatisfaction. Similarly, employees may engage in repairing processes regarding relationships they care about. Thus, dissatisfaction and intent to leave may lead to "voice" (Hirschman, 1970) and attempts by the individual and/or the organization to "fix" the relationship instead of ending it. Finally, a factor affecting the relation of intent to leave and turnover is group membership, both within the organization and membership in other social organizations such as the family. Therefore, research has found that a birth of a child may induce mothers to quit their job while it may induce fathers to increase their labor market participation to compensate for the loss of the mother's income (see review by Grint, 1998).

Despite the above limitations, intent to stay or leave is frequently used as an indicator of turnover. Mor Barak *et al.* (2001) argue that there are three reasons for this: first, that workers typically make a conscious decision to leave the organization; second, that intent has proved to be the,

“single strongest predictor of turnover” (p. 630); and third, that intent can be turned into a measurable indicator of turnover and thereby making it available for examination in a cross-sectional study.

2.2.2 Service Behaviors

Organizations are by nature and definition co-operative constructs and there are numerous behaviors that are performed by employees that are not prescribed by the organizational role, but are still considered necessary or important for the organization’s functioning (Katz, 1964). Partly, their importance is due to contingencies in the internal or external environment of the organization or in human behaviors and needs, which is impossible to predict or account for in advance, Katz argues. Examples include such behaviors as: “innovative and spontaneous behavior,” “cooperation,” “protection,” “constructive ideas,” and “self-training.” All of which are not necessarily a part of the prescribed role of employees in the organization, but still fundamental for organizational functioning.

Later research and theories have developed several additional concepts and behaviors that are argued to be functional for the organization, e.g. pro-social behaviors, extra-role behaviors, altruistic behaviors, and organizational citizenship behaviors [OCB] (see e.g. Bateman & Organ, 1983; Brief & Motowidlo, 1986). The concept of OCB refers to voluntary behavior that is not explicitly acknowledged or prescribed by the formal reward system while still assumed to add to organizational effectiveness (Bateman & Organ, 1983; Organ, 1990; Konovsky & Organ, 1996; Van Yperen *et al.*, 1999).

A fairly recent approach to service quality has highlighted the role of front-line service employees by emphasizing customer orientations of employees as an important element for explaining the organization’s market performance. This approach argues that customer-oriented organizations outperform competitors by better serving the needs of the customer, e.g. by providing goods or services with superior value, thus contributing to customer satisfaction. A key element in explaining the organization’s performance, according to this perspective, is the customer orientation of its employees (see Saxe & Weitz, 1982; Testa, 2001; Brady & Cronin, 2001; Bell & Menguc, 2002; van Dolen *et al.*, 2002; Grönfeldt, 2003).

Customer orientation is a disposition where employees are focused on acting in the interest of the customer and are directed towards satisfying customer needs. Further, highly customer-oriented salespeople are argued to avoid behaviors which might result in customer dissatisfaction, and avoid actions which sacrifice customer interest for making an immediate

sale (Saxe & Weitz, 1982). Such orientation is seen by this perspective not as limited to external customers, but as a general tendency of employees towards both internal and external customers (see Joseph, 1996; Grönroos, 2000; Grönfeldt, 2003). Similar implications are reflected in the portrayal of service work as “emotional labor” after Hochschild (in Ashforth & Humphrey, 1993) or the act of expressing socially desired or appropriate emotions during service transactions.

While an alignment between organizational goals and customer satisfaction is strived for, some tension can be expected to exist between the two. The concept of “boundary spanning roles” emphasizes the placement of service workers as acting as mediators between the organization and its environment. Service workers are simultaneously involved in the creation of customer satisfaction, meeting organizational objectives and service standards. They have thus been regarded by some as placed in a “three-cornered fight” for control with management and customers (see Lashley & Taylor, 1998).

Another element of importance regarding organizational performance is innovations and improvements made by employees. Innovations and improvements have increasingly been seen as the driving force in creating value within the economy (Stewart, 1997; Castells, 2000; Crant, 2000; Tidd *et al.*, 2001). Several management models emphasize continuous improvements as ways for organizations for maintaining organizational advantage, e.g. lean-production (Womack *et al.*, 1991). Similarly, in the service literature, improvements in services are argued as being important for enhancing the organization’s service quality, thereby affecting the organizations’ future success and competitiveness (Gustafsson & Johnsson, 2003).

In accordance with the above discussion, Peccei and Rosenthal point out two dimensions of service orientations that are of importance in the service context; *service efforts* and *service improvements*. Their definition of customer oriented behavior reflects these two dimensions, defining these as, “the relative propensity of an individual to engage in continuous improvement and to exert effort on the job for the benefit of the customer” (Peccei & Rosenthal in Grönfeldt, 2003: 35). While both are identified as behaviors intended to satisfy customers, Grönfeldt (2003) argues that the relationship between “service effort” and “service improvements” is not as clear cut as assumed by Pecci and Rosenthal, but that these should rather be conceptualized as two sub-dimensions of customer oriented behavior. Thus, service efforts are pro-social acts directed towards customers in the purpose of “delighting” customers while, in contrast, service improvements are “pro-active behaviors,” directed towards improvements and constructive ideas, that is improvements of the organization’s service processes and service supply.

While innovations and improvements are increasingly regarded as important for organizations, such behaviors can be argued to be a more distant role of employees than helping behaviors such as service effort. Thus, Katz (1964) notes that while some organizations encourage improvement behavior, “coming up with good ideas for the organization and formulating them to management is not the typical role of the worker” (p. 129). Furthermore, Katz argues that a paradox of social organization is that it simultaneously must reduce human variability while still encouraging flexibility in behavior for dealing with environmental change and variability. This view is in accordance with assumptions made in the social psychological literature (see e.g. Wrightsman, 1977) where conforming behavior and attitudes are seen as antithetical to independence in behavior and attitudes. To some degree employee commitment and proactive behaviors should be treated as being partly contradictory and partly synonymous; part identification with the organization and part distance from it and readiness to take a critical or challenging approach to some component of it.

The service effort and service improvement concepts, similarly to the concept of OCB, are normative dispositions, i.e. the focus of these concepts is on the employees’ intentions and orientations rather than on the behavior itself or its outcome, again drawing attention to the social and normative nature of these behaviors. Further, these behaviors are regarded as functional and positive both from the organization’s perspective as well as from the customer’s perspective. They illustrate employees’ focus on services, improvements of services and service efforts in the customer interface, making them important indicators of employees’ organizational support in service organizations.

Service effort is a special type of employee orientation that is directed towards satisfying the organization’s internal and external customers. Engaging in service efforts signifies the employees’ support to the organization through exceptional service orientation and concern for the organization’s customers. Service improvement is a pro-active employee orientation, focused on improving services and/or the service supply of the organization. This orientation is suggested to improve the competitive edge of the service organization in the long run. Service improvement orientation indicates a concern for the organization’s service performance beyond that of duty, signifying a high degree of support from employees to their organization.

Service intentions and service outcomes

While studies have highlighted the importance of customer orientation for customer satisfaction and customer retention, these relations can be

distorted by a number of mechanisms such as lack of service skills, lack of resources, and a misalignment of service behaviors with the organizational strategy. Thus, employees may lack the necessary skills, training, or knowledge for providing adequate service to customers, despite their willingness to do so. Also, in some cases employees may lack the necessary resources and support, such as information and technology that are critical for successful service delivery. Finally, sometimes employees engage in “wrong” behaviors; i.e. employees may want to serve customers and participate in improvements, but their behavior is not in accordance with the organization’s strategy or customer expectations and thus, possibly ineffective for the organization.

While training, resources, or knowledge of strategy is important for service delivery, it is useless by itself. Without employees’ readiness to delight customers, to give their best in serving customers, and being willing to participate in service improvements, then information, resources, or training, are of no value. Thus, the usefulness of the concepts of service effort and service improvement is advocated even if additional elements are important for successful service delivery.

2.3. Conclusion

It is argued in this thesis that the concept of organizational support from service employees should include supportive attitudes as well as supportive behaviors.

Affective organizational commitment is advocated as an indicator of attitudinal organizational support from service employees due to its alleged relations with organizational efficiency and relations with organizationally important behaviors, such as turnover, absenteeism, and various organizational citizenship behaviors. Regarding behaviors, the success of service organizations in providing superior services is argued to be particularly related to the organizations abilities for eliciting three types of employee behaviors: employee retention, service effort, and service improvements. Employee retention is argued to be particularly important as abilities of organizations to retain their front-line employees enables the development of employee skills and building of relationship with customers. Employee service efforts are similarly argued to be important as service employees are in a position to add and withdraw value in the customer interface. Finally, improvements in the service supply are argued to be important for strengthening the long-term competitive edge of the organization.

A total of four concepts are chosen as indicators of employees’ organizational support: (1) “organizational commitment,” indicating

employees’ emotional attachment to the organization, since it is important for organizations to elicit their employees basic support and dedication; (2) willingness to remain with the organization or “intent to stay,” due to the relationship of employee retention with service performance and building relationships with customers; (3) “service effort,” due to the importance of front-line service employees performances and the relationship between employee service effort and customer perceptions; (4) “service improvements,” due to the importance of improvements, customizations and innovations for long-term market success and the creation of sustainable competitive advantage. These four dimensions are seen as important, although partial, indicators of employees’ organizational support in service-oriented organizations. The following table shows the relationship of the concepts and their indicators:

Table 2.1: Conceptualization and indicators of employees’ support to their organization

Types of support	Conceptualizations of employees’ support to the organization	Indicators of organizational support used in this study
Attitudinal support	Employees’ emotional attachment to, and identification with the organization that contributes to organizational efficiency through affecting employee dedication as well as affecting more specific behaviors important for organizational functioning.	Organizational Commitment
Behavioral support	Intended behaviors that have positive consequences for the organization, its functioning and efficiency.	Intent to Stay Service Effort Service Improvements

While several other attitudes and behaviors can also be considered vital for organizational functioning, it is argued here that the above four indicators are particularly important for organizational functioning in the service economy.

3. Explaining Employees' Support to the Organization—the Importance of Social Recognition

Why are employees committed to their organization, why do they continue their membership, engage in service improvements, and give their best in serving customers? These questions are of key importance for understanding organizational success. They also relate to the larger question of how the phenomenon of social organization is possible in the first place.

A vast and diverse field of literature maintains that the organizational environment, management strategies, and job design are fundamental determinants of employees' supportive attitudes, retention, and performances (see e.g. Hackman & Oldham, 1980; Lincoln & Kalleberg, 1990; Arthur, 1994; Huselid, 1995; Pfeiffer & Veiga, 1999; Buckingham & Coffman, 1999; O'Reilly & Pfeiffer, 2000). Some of these theoretical perspectives emphasize organization of work as being of critical importance for employee motivation as well as organizational outcomes. The best known such model is perhaps the *job characteristics model*¹ developed by e.g. Lawler and Hackman (1971), Hackman *et al.* (1975), and Hackman and Oldham (1980). The more recent *empowerment* theories similarly emphasize job design as central for employee motivation (see e.g. Thomas & Velthouse, 1990).

The *job characteristics* model is based on the assumption that performance and satisfaction result from work content. Seven job characteristics are considered critical; “skill variety,” “task identity,” “task significance,” “autonomy,” “job feedback,” “feedback from agents” and “dealing with others” (Hackman & Oldham, 1980). These seven job characteristics are seen as affecting three psychological states: “meaningfulness,” “experienced responsibility,” and “knowledge of results.” When these three psychological states are present they lead to high internal work motivation, high growth satisfaction, high general job satisfaction, and high work effectiveness. When these states are absent the

¹ The Job Characteristic Model is known also under the heading of JDS (Job Diagnostic Survey), Theories of Work Redesign, and Job Enrichment.

opposite applies. Thus, Hackman and Oldham (1980) argue that “most people exhibit “motivational problems” at work when their tasks are designed so that they have little meaning, when they experience little responsibility for the work outcomes, or when they are protected from data about how well they are performing” (Hackman & Oldham, 1980: 76).

The more recent theories of empowerment, similarly to the job characteristic model, emphasize job design as a fundamental contributor to employee motivation. While the concept of empowerment has varying meanings in the literature (Velthouse, 1990), most regard empowerment as referring to some form of “sharing of power” between management and employees (see e.g. Herrenkohl *et al.*, 1999). Others have taken a broader view of empowerment, such as Conger and Kanungo (1988) who argue that empowerment is a motivational concept referring to enabling rather than delegating strategies that create conditions for heightening motivation from tasks through development of personal efficacy and removal of conditions that foster powerlessness.

A much cited work in empowerment literature is that of Thomas and Velthouse (1990) defining empowerment as, “intrinsic task motivation” referring to, “positively valued experiences that individuals derive directly from a task” (p. 668). Employee assessment of a task, rather than the objective task design, is seen as energizing and sustaining the individual’s behavior and leading to empowerment. Thomas and Velthouse (1990) argue that four cognitions are the foundation of empowerment: employees’ sense of (1) “meaning,” (2) “competence,” (3) “choice,” and (4) “impact.” Further, that empowerment is high: (1) when work has a personal meaning for employees; (2) when employees feel competent and can perform the job skillfully; (3) when employees have autonomy or self-determination in choosing how to perform the job; and (4) when employees feel that work has an impact beyond the immediate job, i.e. that they experience that the job is seen as “making a difference.” Furthermore, these four dimensions combine additively to the overall construct of psychological empowerment. Empowerment is seen as a set of cognitions shaped mainly by the working environment, while these are seen as being subjective interpretations or social constructions rather than derived directly from the objective work environment.

The job characteristic model, similarly to empowerment theory, explains the effect of the work environment through its effect on employees’ psychological states. Thus, Hackman *et al.* (1975) offer two related explanations for how job characteristics affect behavior. They argue that work becomes fun or exciting, like play, when the three psychological states are present. Further, they argue that the three psychological states help employees feel good about themselves and that this feeling is generated by doing well.

The above explanation for explaining motivation is basically psychological in nature. First, the two mental states: “fun” and “feeling good about one self” are elicited only by the employees’ own activities and the feedback generated by these activities; i.e. the individual’s behavior is regarded as “self-reinforced” (Hackman & Oldham, 1980). Second, the standards to which people judge their situation are also assumed to be psychological in nature. No relationship is expected to exist between employee motivation and the social environment, such as due to differences in expectations generated by comparisons with groups within or external to the organization. Third, the effects of the work environment are assumed to be general, while mediated by differences in growth-needs, individual capacities, and satisfaction with various work contexts. Also, these mediating factors have no social reference in their theory. While Thomas and Velthouse’ (1990) empowerment theory allows for subjective interpretations of objective situations, these interpretations are seen as affected by factors that have no clear social reference. Thus, it is concluded that empowerment theory, as developed by Thomas and Velthouse, also relies on psychological rather than social factors for explaining differences and changes in employee attitudes and behavior caused by job design.

Several other theories emphasize the importance of job design and job content for individual and organizational outcomes. The majority of such theories explain the effects of job design on motivation by referring to the existence of some form of need (psychological and/or cognitive). Through satisfaction of these needs, organization of work contributes to motivation and individual well being exemplified with feelings of competency, responsibility, recognition, personal achievement and growth (see e.g. Herzberg in Steers & Porter, 1975; Deci *et al.*, 1975; Deci & Ryan, 1980).

As these theories use explanations that operate on a psychological level, there is a problem in utilizing them to understand normative dispositions, such as commitment or intended supportive (social/normative) behaviors. Thus, according to both job content theories and empowerment theories, motivation is derived from the task employees are performing. It is by no means obvious why positive psychological experiences derived from a task lead to organizational commitment, concern for organizational outcomes, or intentions to engage in supportive behaviors for the organization or its customers. Additional elements have to be added to these theories in order to adequately explain how a rewarding psychological experience from a task elicits support to and concern for an organization and its customers. Accordingly, Mathieu and Zajac (1990) argue that as of yet there has not been a theoretical model proposed to

explain why job characteristics and organizational commitment should be related.

Organizations are social constructs and employees are social beings and have to be examined accordingly. In contrast to motivational theories, the employee-organizational relationship is conceptualized here as a social exchange, where maintaining a balance in the exchange is important for the maintenance and development of this exchange. As social beings, we are defined by our social environment, and a critical element of our social being is to develop and maintain our individual identity.

In difference to job design and empowerment theory, the theoretical departure taken in this thesis is to understand job characteristics as social rewards; e.g. having autonomy is important to employees because it communicates to employees that the organization finds their input valuable and that the organization has confidence in the employees' judgment and discretion. This experience touches upon important elements of employees' self-worth and identity and is as such an important reward for employees.

It is further argued that the employees' support to the organization is elicited through reciprocity, where employees provide their support to the organization as a means for maintaining a balance in their exchange with the organization. As social recognition is an important reward for employees, they reciprocate the organization's recognition with their commitment, loyalty, and service performances.

Still further, it is argued that as social beings we judge our situation, rewards, and contribution from the perspective of others. Assessment of the employee-organization exchange has no objective frame of reference, but has to be evaluated through comparisons with those others we take as referents. Thus, rather than assuming that the same rewards would have the same effect across groups of individuals, employees are assumed to judge their situation in relation to what they expect or find acceptable through various comparisons.

The aim of this chapter is to develop a theory on how *social recognition* elicits employees' organizational support. This chapter starts by a discussion and definition of the concept of social recognition through development of Mead's (1967) and Honneth's (1995) concept of recognition. The concept of social recognition is utilized for gaining an understanding of how job design is rewarding for employees and can elicit employees' support to the organization. Then, Blau's (1964) theory of social exchange is examined. Blau's concept of reciprocity is used for gaining an understanding of the mechanisms through which organizational support from employees is elicited. Furthermore, theories of social comparison are explored for understanding how employees create

perceptions of the social recognition they receive. Finally, the relationship of different types of services and social recognition is discussed. First, contrasting perspectives are examined regarding the implications of service work for employees' opportunities for receiving social recognition at work. Then the effect of social recognition on employees' organizational support in different service environments is discussed.²

3.1. Social Recognition

While employees' support is seen as being of fundamental importance to service organizations, this support is a subtle and intangible element that organizations cannot approach or affect directly. Rather, organizations must elicit their employees' support indirectly through producing rewarding and supporting environment for their employees. The rewards offered by organizations are of many kinds, from being tangible; in the form of wages, tools, or equipment, to being intangible; symbolic, emotional, or social.

Employees similarly expect to be rewarded for their membership and contribution; to receive wages, resources, recognition, support, etc. The organization's recognition is argued to be a critical reward afforded by organizations to employees. This recognition is critical because it partially answers the question of identity; of who the individual is; what talents she or he has; what role she or he plays in the life of others; what accomplishments she or he has made; and how she or he contributes to the organization's goals and success.

Recognition by the organization becomes more important in light of the fact that most modern accomplishments are in fact organizational accomplishments, not individual ones. Through organizational membership, employees reach goals and complete tasks they would never acquire by themselves or in semi-structured groups. Through their membership and participation they acquire a part in the organization's status and success. Membership in work-organizations has become even more important for individuals in recent decades because of the growth of formal work-organizations and the decline of other social organizations.³ In this light, the recognition by the organization of the individual's

² Since this a synthesis of theoretical perspectives, it will not give a full account of each theoretical perspective. Also the author acknowledges that the theoretical perspective developed could be elaborated in many different ways from what is done here.

³ For discussion on declining participation in political and other voluntary organization, see Putnam (2000) and for information regarding the declining number of marriages and number of children in the Nordic countries see *MSY* (1999-2001). See also discussion by Beck and Beck-Gernsheim (2001) on the decline of various collective identities.

contribution must be considered to be of critical importance for identity development and perceptions of self-worth.

It is assumed in this thesis that individuals are self-conscious; that they develop ideas about themselves; who they are (identity) and how they feel about who they are. These assumptions are based on the social-psychology of Mead (1967) that regards the development of the self as based on responses received from the social environment. Mead regards individuals as being self-conscious, meaning that individuals can become objects to themselves by taking into account others' attitudes toward themselves. Individuals experience themselves not directly but indirectly, "from the particular standpoints of other individual members of the same social group, or from the generalized standpoint of the social group as a whole to which [she or] he belongs" (p. 138). Social control comes from individuals assuming the same attitude towards themselves as the community has towards them. Individuals take this attitude into account and act accordingly. The ability of individuals to put themselves in other people's shoes gives them cues as to what they should do under a specific situation.

According to Mead (1967) the self has both an element that is common to others as well as particular elements that distinguish it from others, e.g. perceptions of individual rights rest on the perceptions of what individuals have in common with others. Thus, according to this perspective it can be assumed that it is rewarding for individuals to confirm to their obligations.

Individuals also have particular characteristics that distinguish them from others. A key aspect, for the development of individuality, according to Mead (1967), is that these particular characteristics are recognized as distinguishing elements of the self—elements that make the individual who she or he is. Thus, Mead argues, that since the self is a social self, "it is a self that is realized in its relationship with others. It must be recognized by others to have the very values which we want to have belong to it. It realizes itself in some sense through its superiority to others, as it recognizes its inferiorities in comparison with others" (p. 204).

Genuine superiority, for Mead (1967), is of functional nature. It refers to such elements as talents, knowledge, or skills, which the individual makes use of in the community to which she or he belongs. While such superiorities can seem to be a very trivial character, they are still of great importance to the individual and Mead sees immense gratification steaming from the recognition of these superiorities by the community which the individual belongs to. The usefulness of these characteristics for the community in which the individual exists highlights these characteristics and legitimizes their superiority, and thus, the

individual's individuality. The individual's identity is thus partly based on the community's recognition of the elements of which distinguishes her or him from others.

Honneth (1995; 1997), basing his work partly on Mead's social psychology,⁴ argues that recognition is central to our social being and to identity formation. Similarly to Mead, Honneth argues that people owe their identity construction to the affirmation of other people. He distinguishes three modes of recognition: the development of self-confidence through love in the parent-child relationship; development of self-respect through universal rights granted by law; and development of self-worth through recognition of the individual's particular talents, traits, and abilities, that are considered valuable in the realization of societal goals, e.g. through the sphere of work. The process of recognition, for Honneth (1995), is related to social emotions—to honor and dignity, when recognition is present, and to denigration and insult when individuals feel that they have been denied the recognition they regard as legitimate. According to Honneth (2004), to become a full member of society the individual is dependent on being, “gradually assured of the specific abilities and needs constituting his or her personality through the approving patterns of reaction by generalized interaction partners” (p. 354). The absence of recognition, on the other hand, will be, “followed by experience of disrespect and humiliation that cannot be without damaging consequences for the single individual's identity formation” (p. 354).

Mead (1967) argues that recognition of individuality is a characteristic of modern societies in contrast to more primitive ones. In contrast to modern societies, primitive societies offer much less scope for individuality, “for original, unique, or creative thinking and behavior on the part of the individual self within it or belonging to it ...” (p. 221). Honneth (1995) similarly argues that the process from where recognition is based on membership in status groups, to being based on recognition of individual capacities, goes hand in hand with the development of individualization and the disappearance of the traditional hierarchy of values. Consequently, individuals increasingly seek their identity through recognition of their particular talents, abilities, and accomplishments due to changes in the social environment that both allows and encourages the development of such unique characteristics.

While growing individual differences can operate as disintegrative elements, these can also operate as integrative elements through mutual recognition of these differences. Thus, Durkheim (1964) argues that while individual differences in modern societies were increasing due to the

⁴ It should be noted that Honneth later partly turned away from Mead's social psychology (see Honneth, 2002).

growing division of labor, this did not lead to disintegration but to a change in the nature of integration. He argues that this new type of integration is created through interaction of individuals that are different from each other, while still being mutually dependent on each other. Interaction of individuals with different roles, interests, and characteristics was possible only through an ethic based on respect for the individual and his or her distinctive characteristics. The solidarity of modern societies he refers to as “organic” in contrast to the “mechanic solidarity” of societies where integration is based on sameness. Integration based on sameness, in contrast, means that there is a strict adherence to common beliefs and practices existing in the community and condemnation of those deviating from these practices.

Honneth (1995), in somewhat similar ways to Durkheim (1964), regards solidarity in modern societies as being based on mutual recognition—that individuals are recognized by someone they see as deserving recognition. Honneth (2004) identifies two related processes affecting social integration; the process of individualization and the process of inclusion. In the former process more and more sides of the individual are regarded as legitimate aspects of individuality and thus deserving recognition. In the latter process more and more people become full members of society through recognition.

In sum, it is argued from the above that a key element for the development of individuality is recognition of the individual’s particular characteristics. Second, a strong motivational element is associated with being recognized for having such unique characteristics; e.g. having skills, talents, or making other valuable contributions to the community in which the individual exists. Third, there is an increasing trend towards individualization, i.e. a social process encouraging development of unique individual characteristics, intensifying the need for recognition of the corresponding kind. Finally, individualization can operate as an integrative element through a process of mutual recognition of the individuals unique characteristics.

3.1.1 Social Recognition in the Organizational Context

In the organizational context, recognition of the employees’ judgments, accomplishments, traits, and abilities, signifies to employees that they are valuable contributors to organizational goals and important participants and members of the organization. As these experiences signal to employees their uniqueness and individuality, they relate directly to the employees’ self-worth and identity.

Recognition is delivered to employees by means of interaction—formal as well as informal, verbal as well as non-verbal, by means of things said as well as things left unsaid. It is delivered by means of communication, rules, processes, job design, goals, values, and information. Recognition is a multifaceted experience that can be difficult to grasp and define. It is argued in this thesis that the most critical ingredients of recognition are experiences that emphasize the individual's contributions in, for and to the organization: the employee's particular talents, judgments, inputs, and accomplishments. These experiences signal to employees that they contribute in some unique way to the organization, and thus their individuality. This experience is social and is thus referred to as "social recognition." Three main dimensions of social recognition are emphasized as crucial: recognition of the employee's judgment and role within the organization through giving employees opportunities to *influence* the organization; recognition of the individual's skills and abilities through *utilization of skills*; and recognition of employees' accomplishments through *approval* of these. These experiences are regarded as key aspects of social recognition that individuals can experience to small or large degree.

When employees experience that they have an influence within the organization, it means that the employee perceives that she or he has something unique to offer. It signals to the employee that her or his judgments, inputs, opinions, perspectives, knowledge, etc. is valued by the organization and should be accounted for by other members within the organization. The need for employee influence, autonomy, and empowerment for successful service delivery has been frequently emphasized (see e.g. Stewart, 1997; Appelbaum et al., 1999; Grönroos, 2000). Influence is here regarded of particular importance for service employees for enabling them to deal with variability in customer needs and thus to exercise their judgment and discretion.

Fewer things come closer to personality than the skills, talents and expertise held by a person. When employees experience that their skills and abilities are utilized, it signifies that these are of value and thus, the employee's individuality. Some service skills, such as empathy, listening skills, selling skills, persuasion skills, etc., often lack objective verifications and recognition by the educational system. Other skills are more objective and their value is more generally accepted. In either case the perception of having skills that play a part in the success of the organization is considered to be extremely valuable and to contribute to the affirmation of the employees' identity and individuality.

Finally, receiving approval and encouragement means that the employee experiences that her or his inputs are noted and appreciated, contributing to a sense of accomplishment. Approval symbolizes the

organization's recognition of these contributions, that these matter, and thus, that the individual matters. While some have downplayed the role of social feedback for employee motivation (e.g. Hackman *et al.*, 1975), it is argued here that receiving approval from those whom the employee looks up to is to be considered extremely valuable. Approval from supervisors or more experienced employees is also considered of key importance in the service sector, due to the intangible nature of services that creates a demand for approval from those holding insight into critical dimensions of employee service performances. Success in the service delivery is socially constructed and has to be defined through social interactions.

Not much direct evidence exists for the effect of social recognition on employees' support to their organizations in the literature. Indirect evidence of its importance on employees is, however, widely found. Empirical evidence is found in studies based on theories of job design and empowerment. Monotonous and repetitive work has e.g. consistently been found to be related to various negative outcomes, both individual and organizational. Simply stated, the job specialization thesis argues that monotonous and repetitive jobs create a number of problems; it has bad effects on the mental and physical health of workers, it leads to boredom, decreases satisfaction, and increases absenteeism and turnover (Vroom, 1964; Lawler & Hackman, 1971; Hackman & Lawler, 1971; Mowday & Spencer, 1981). Hackman and Oldham (1980) similarly argue that studies, even those done early in the twentieth century when levels of education were much lower than today, showed that employees doing simplified, routinized jobs, "restricted their productivity. Or they did not show up for work on time. Or they sabotaged their work or their equipment" (p. 51).

Studies in the field of welfare corporatism have similarly emphasized the importance of employee participation in the creation of commitment (see Gaertner & Nollen, 1989; Lincoln & Kalleberg, 1990). And studies on work commitment have similarly emphasized the negative effects of assembly line work on normative and expressive commitments (Rose, 1994a). All these research traditions strongly support the importance of job design that enables employee participation and utilization of employees' talents on employee's organizationally supportive attitudes and behavior.

Other aspects of social recognition

Some would argue that pay and benefits should also be regarded as social recognition. However, pay and benefits are not recognition as such, but can symbolize recognition or humiliation when levels of pay fail to meet employee expectations. The concept of recognition thus, refers to perceptions of rightness in the distribution of material resources as misrecognition refers to violations of well founded claims in the

distribution of material resources (Honneth, 2003). Similarly, Venrice (2003) argues that tangible rewards are not recognition, but can be used as a “vehicle for *delivering* recognition ...” (p. 12).

Alternative forms of social recognition to those already discussed are possible. Alternative forms include: providing employees with valuable information; providing them with the right resources; providing opportunities for learning and development; promoting employees; or knowing and taking an account of employees’ particular needs and circumstances. Arguably, these rewards can also represent the organization’s social recognition. However, the definition of social recognition in this thesis is limited to influence, skill-utilization, and approval for three reasons. First, past research has persistently found organization of work to be of critical importance for employee motivation, pointing to the importance of these factors in the social exchange of employees and employers. Second, it is argued that these three types of social recognition signal most clearly the organization’s recognition of the employee’s particular input to the exchange with the organization. It is argued that experiences derived from being able to influence the organization, being able to utilize skills, and receiving approval for accomplishments, are factors that continually affect employees in their day to day work. These experiences are consequently more important than, e.g. training that happens too infrequently to affect employees’ experiences every day. It is also argued to be more important than wage-equity that employees would partly attribute to results of collective bargaining processes. It is also argued to be more important than future possibilities, policies, or practices that either affects employees only occasionally or indirectly through other factors. Finally, this choice is also made for reasons of simplicity.

3.2. *Employees’ Support to the Organization through Reciprocity*

A widespread view of the origins of commitment and pro-social behaviors is that it rises in a reciprocal relationship where employees are seen as adjusting their support to the levels of support they perceive they receive from the organization (Zetterberg *et al.*, 1984; O’Reilly & Chatman, 1986; Gaertner & Nollen, 1989). These assumptions are often implicitly based on Blau’s (1964) social exchange theory.

Blau (1964) argues that favors generate social obligations and that for a person to discharge such obligations, the person must, “furnish benefits to the first in return” (p. 89). Thus, for maintaining balance between inputs and outputs and staying out of debt, individuals must strive

toward reciprocity in their transactions. However, reciprocity can be established without balance in exchange due to an imbalance of power. Thus, Blau argues that imbalance both creates and maintains power differences where the provision of one-sided benefits enables accumulation of capital of compliance; a favor, which a person is unable to reciprocate directly with another favor can reciprocate with his or hers compliance and loyalty.

In the organizational context, this means that benefits provided by the organization are seen as either favoring positive actions by the employee in return for the benefits received or as creating compliance to the benefactor. The more the employee receives from the organization, the more extensively she or he has to reciprocate to the organization to maintain balance in the exchange and the more likely that employees have to reciprocate with their support to the organization; commitment, loyalty, and service performances.

Blau (1964) argues that social exchange, in contrast to purely economic exchange, entails unspecified or diffuse obligations. It is argued in this thesis that the exchange between employees and the organization should be defined largely as a “social exchange” even if the work contract includes economic transactions and is a more formal type of social relations than many other social interactions and social settings. There is a considerable degree of free-space in the exchange of employees and organizations that involves risks and opportunities for the development of the relationship. Duties and obligations of employees and employers can never be explained in such detail that there exists no room for interpretation, reflection, extensions or reduction of obligations.

The conceptualization of the employment contract as a “social exchange” entailing diffuse obligations is similar to the conceptualization of the employee-employer relationship as an “invisible contract” (Zetterberg *et al.*, 1984), or “psychological contract” (Putti *et al.*, 1989; Rousseau & Wade-Benzoni, 1994; Chang, 1999), where the employee-employer relationship is seen as consisting of beliefs in the reciprocity, obligations, and trust between the two parties.

The psychological contract literature regards the employee-employer exchange as including both a “transactional” and a “relational” element. The former refers to the exchange of labor for money, while the latter refers to “open-ended relationships” involving mutual investments by both employees and employers (Rousseau & Wade-Benzoni, 1994). These two elements of the contract correspond approximately to Blau’s (1964) distinction between “economic exchange” and “social exchange.”

3.2.1 Sources of Social Recognition

Social recognition emanates from different experiences and actors within the organization, such as from managers, colleagues, and the organization's structure and culture. Social recognition can stream from these different medium in different proportions.

All organizational experiences are elements of the employees' social exchange with the organization, and the perception of this exchange will therefore impact employees' support to that particular organization. Work design, decision making processes, rules, reward systems, flow of information, etc. are argued to be critical elements of this exchange. These are elements that both signal and reproduce the organization's values and its treatment of its employees. Design of work, in particular, creates continuation in employees' experiences of their exchange with the organization and is therefore argued to be critical for their perceptions of this exchange.

Interaction with coworker and managers also make up a vital part of the social exchange between employees and the organization. Of those managers are in particular the bearers of the organization's values. At work they symbolize the organization and act in its name. Thus, their actions are partly the organization's actions in relations to their subordinates.

It is argued that employee's experience of social recognition from the organization is reciprocated to the organization. Such a process is plausible considering that employees form generalized assumptions about the organization—even attribute "human-like attributions" to the organization base on the treatment they receive (see Whitener, 2001).

3.2.2 Social Recognition, Reciprocity and Organizational Control

According to Blau (1964), reciprocity is a strictly enforced norm and failures to reciprocate favors are likely to result in social condemnation. Mauss (1990) had earlier and more strongly argued that to refuse to reciprocate is, "tantamount to declaring war; it is to reject the bond of alliance and commonality" (p. 13), pointing out the fundamental role of reciprocity in the creation and maintenance of social relations.

However, as societies have become more open and mobile there seems to be less risk for individuals not to reciprocate the rewards they receive and some individuals would be tempted to utilize sources of recognition from the organization without reciprocation. While this is true, there are elements in the design of work-organizations that counter "free-

riding.” First, employment-organizations are relatively closed social systems, where employees are in close contact with each other and their supervisors. Employees are usually under a much closer supervision than in informal social settings. In addition, the rights of work-organizations to monitor, reward, sanction, and reject individuals are generally accepted as legitimate. Specific control devices are utilized in work-organizations for differentiate between employees, for allocating rewards to members relative to various criteria, and limiting employees’ repertoire of action (see Mintzberg, 1983; Perrow, 1986; Hechter, 1987). Being excluded, experiencing loss of status, or being found incompetent are possible punishments for free-riding the organization. Each of these experiences is a painful experience for employees, causing humiliation and feelings of disrespect. Consequently, employees are more constrained to reciprocate rewarding experiences to the organization than they would be in other less-formal social settings.

While some employees might oppose organizational mechanisms that infringe limitations on their behavior, the Milgram (1974) experiments suggest that for a newcomer in an organization, in most cases it will be natural for her or him to accept the rules of the organization and comply with them. Particularly, if they seem to be in harmony with the frames of reference the individual has been acquainted with before. Ashforth and Saks (1996) argue accordingly that people, “are particularly susceptible to influence during role transitions, such as organizational entry, because of the great uncertainty regarding role requirements” (p. 149). Thus, due to the susceptibility of employees to an organization’s demands, the organization’s effort to change, reinforce, or constrain employee’s behavior are generally seen as being effective.

Organizational investments in employees that are not reciprocated can be seen as bad investments, which call for the use of informal or formal sanctions and eventually exclusion of the employee. This is understood by employees and implied in the organization’s membership affecting the susceptibility of employees and their readiness to adapt to organizational demands; to accept the limitations placed on their behavior and thought and to reciprocate the rewards they receive from the organization. Thus, the more social recognition employees receive at work, the larger the constraints upon the employee to reciprocate as the individual would otherwise risk losing these rewards and the status and respect that accompanies it.

Furthermore, it is argued that the importance of social recognition is elevated as its supply is limited and sought after. Alternative sources of social recognition as defined here are few. Opportunities for work-organizations to offer social recognition to their members are much greater than is possible in the modern family or in voluntary organizations. The

superior standing of the modern work organization in these respects can be seen in the abilities of organizations to grant authority to their employees, to affect their social status, and to develop and utilize their talent. As work organizations have become “the actor” in the modern social landscape, they have similarly become the main source of recognition for individuals and thus for the development of their identity and self-worth.

3.2.3 Social Recognition and Social Comparisons

While social recognition is an important reward for individuals which affect their perceptions of self-worth, individuals need some points of reference for evaluating the recognition they receive. Honneth (1995; 2003) points out that the process of recognizing specific traits and abilities cannot be seen as being without problems or without conflict. Rather, receiving recognition from another individual is dependent on that these individuals share ideas about what type of contribution deserves recognition, and thus, that they share ideas about what success consists of in general. What is considered valuable at any given time is, however, not uniformly agreed upon. Partly, because there exists a plurality of value systems, and partly because groups differ in how successful they are in publicly interpreting their activities and accomplishments in a way that demonstrates their value. Achievements and accomplishments are, in other words, ideologically defined and anchored to a hegemonic value system.

According to Honneth (1995) emotions steaming from disrespect and denigration can operate as motivational elements in the “struggle for recognition” where groups or individuals struggle for receiving acknowledgment for accomplishments that have not been deemed eligible for recognition by the institutionalized value system. Further Honneth (2003) argues that “[w]hat motivates individuals or social groups to call the prevailing social order into question and to engage in practical resistance is the *moral* conviction that, with respect to their own situations or particularities, the recognition principles considered legitimate are incorrectly or inadequately applied” (p. 157).

In difference to Honneth, the experience of recognition or misrecognition in the organization in this thesis is expected to affect employees’ support to the organization defined as organizational commitment, intent to stay, service effort or service improvements. Yet, how do employees evaluate the recognition they receive from the organization where they are employed? How do employees create perceptions of being recognized or misrecognized when there are no objective frames of references for evaluating recognition?

Organizations are by definition fairly stable phenomena. Organizations have formal structures, which are materialized in its office design, technology, job descriptions, reward systems, hierarchy, rules, processes, etc. These structures are the basis for continuance in the organization's performance, and customer and employee experiences. Similarly, organizations are usually regarded to have some stability in its culture. Thus, Schein (1985) defines organizational culture as learned, deep, and stable. The most stable elements of the culture, according to Schein, are "basic assumptions" that are "[u]nconscious, taken-for-granted beliefs, perceptions, thoughts, and feelings" (p. 17). These basic assumptions are not doubted. They have developed because the responses, decisions, or actions from which they have evolved have proven to be successful in the past and so, are taken for granted. Consequently, the organization's structure is likely to be designed according to these basic assumptions. Therefore, it is assumed that some general value system exists in organizations that includes a definition of what counts as an achievement, and consequently what kind of accomplishments, talents, or contribution deserve recognition.

Several elements in the organizations structure and culture will be central for employees to gain an understanding of their input to the exchange with the organization; of what kind of contributions that are valued by the organization, such as the organization's service objectives, and its reward and control mechanisms. The organization's objectives are mediated to employees in various ways. These messages include information about what kind of experience the organization aims to create for its customers and the value of these customer experiences for the organization. Through training, education, and the organization's reward and control systems employees gain understanding of what the organization regards as central elements in its employees' thoughts, attitudes and behaviors.

To complicate things, however, individual performances and achievements are always contextual. The value of an accomplishment cannot be defined solely from what was accomplished. Rather, the value of the accomplishment depends on the circumstances: the effort exerted; the context in which the accomplishment is made; and the person making the accomplishment. Therefore, organizational objectives, strategies, rewards, and other organizational systems will be important, although most often insufficient, for gaining a good understanding of the recognition employees receive and deserve for their input, membership, and contributions. More important for the development of employee perceptions are argued to be various comparisons with individuals or groups considered similar in regards to what is compared.

An important perspective in social theory is that people acquire a conception of themselves and their situation through comparisons of different kinds (see e.g. Festinger, 1954; Adams, 1965; Merton, 1968). Since individual aspirations, expectations, desires, and opinions have no objective point of reference their “correctness” must be established with comparisons with others.

According to Festinger (1954), individuals acquire such an understanding by comparing their opinions and abilities with the opinions and abilities of others. Lack of opportunities for such comparisons leaves individuals in a vacuum regarding the correctness of their opinions and the levels of their performances. Merton (1968) extended the individual’s comparison to “reference groups,” which are groups that the individual does not necessarily belong to but still provide, “a frame of reference for self-evaluation and attitude formation” (p. 337). According to Morrison (1971) expectations are created through comparisons with some point of reference, individuals or groups (reference groups), whose inputs or investments are perceived as similar to the individual’s, and as a result no more deserving of certain rewards than the individual in question. *Relative deprivation*, or discontent over one’s situation, is created when expectations or desires perceived as legitimate are not met, i.e. when the returns of individuals or groups whose inputs are similar are greater than the individual’s in question. Rousseau and Greller (1994) in similar ways argue that as the social exchange between employers and employees entails unspecified or diffuse obligations, both employees and employers are left to “fill in the blanks.” Employees fill in missing information through e.g. paying attention to the statements and actions made by the company’s management, observing colleagues and co-workers, and noticing, “what produces benefits from the system in which they work” (p. 386).

Because social recognition is an important reward that relates to the individual’s identity and perceptions of self-worth, there is an inherent tension between the social recognition employees feel they deserve and the social recognition they receive. In this manner, people engage in multiple comparisons in order to make sense of their contribution and the recognition they get and deserve.

Employee evaluations of the recognition they receive in the organization are perceptions of how their expectations regarding social recognition are met. Employee expectations, however, are not static and can change due to changes in the employee's situation, changes in the situation of the comparison group, or due to changes made in comparisons. Thus, upward or positive comparisons (with those better off) heighten levels of aspiration, while downward or negative comparisons (with those worse off) lower them. "Inflation" in the levels of expectations will have to be met by the organization in order to maintain levels in their employees' evaluation.

Comparison processes

Then how are these expectations created? The creation of expectations is a complex process. Employees enter organizations with some ideas about what recognition they can expect in return for their input and contribution, based on past experiences; information from the job interview; information from the company's homepage; discussion with someone they know in the company; or even from the media. These expectations are then confirmed, modified, or disconfirmed through experience and comparisons with groups within the organization, groups external to the organization, through information given to employees by the organization, or other information employees come across.

Festinger's (1954) theory of social comparisons can give some indication of what kind of comparisons employees are likely to engage in. He points out that the larger the differences between individual abilities the less likely that it is that these will be accurately evaluated. Thus, the most valid comparison is achieved with those similar to one self in respect to what is compared. This suggests that in cases where an employee's contribution is similar, slightly better or slightly worse than the contribution of others, the comparison processes are likely to be straight forward. Employees contributing in similar ways as others, will make similar claims as others regarding social recognition; they will make more claims when their contribution is superior to that of others, and less claims when their contribution is inferior to that of others.

Similarly to Festinger, other theorists have emphasized the importance of realistic expectations for identity development. Setting expectations too high is likely to result in feelings of bitterness and disappointments that are negative for the self-concept (Durkheim, 1964; Marini, 1992). Festinger further reports that finding ones abilities superior to a group ordinarily considered inferior, has no effect on levels of aspiration. This implies that setting the expectations too low, in contrast, results in goals that are too easily achievable to contribute to perceptions of

accomplishments and thus to maintain or strengthen the self-concept.

Festinger's (1954) results also suggests that clear status differences are likely to limit comparisons between status levels and promote comparisons either within status levels or with similar status levels in other organizations. Consequently, elements which create legitimate social divisions, such as educational merits, clear division of labor, and organizational particularities are likely to create barriers to comparisons and reduce the risk of relative deprivation resulting from negative and unfavorable comparisons.

In the face of large differences in performances or opinions, according to Festinger (1954), valid comparisons are more difficult to make. Employees are in these cases likely to refrain from comparison, or if a comparison is made, it is less likely to have a strong effect on employees' perceptions.

Comparison groups

Employees can look for cues for evaluating their contribution and the recognition they receive within the organization as well as external to the organization. This comparison is most likely multifaceted and can vary from one time to another.

It is argued that the most important group for comparison will generally be the closest colleagues of the employee; those who perform similar jobs under similar circumstances. These employees will be in the best position to understand and evaluate the employee's contributions and therefore achieve a good perception of the recognition the employee's contributions deserve. The better the employees understand what is needed for successful service delivery, the easier it is for them to acquire an understanding of their contribution and the recognition it deserves while still taking into consideration various contexts that may affect the perception of their contribution.

When such a comparison is unavailable, it is argued that employees are likely to search for alternative comparisons, such as among groups that contribute a little more or little less than the employee in question. Since there exists in our society a "push for doing better and better" (Festinger, 1954), comparison with levels right above the employee is more likely than those right below the employee. A further reason is that because organizations usually encourage employee development and advancement, employees tend to define their situation in relations to the higher levels of the organization to which they aspire (see Merton, 1968). Employees would then accept receiving less recognition than employees above them, if they also accepted that these employees contributed more or in some unique way to the organization. If, on the other hand, employees do not

accept that these employees contribute to the organization in a way that legitimizes their higher levels of recognition, this would create a situation of relative deprivation. Large differences in recognition between different groups of employees and status levels are thus likely to contribute to relative deprivation, because such differences will generally be more difficult to justify with reference to differences in contribution than when such differences are smaller. Thus, Lincoln and Kalleberg (1990) point out that an element in the success of Japanese organizations in integrating employees is considered to be their endeavors in minimizing inequality.

Employees have also an opportunity to engage in comparison with employees employed in other organizations, although such comparison will be more reserved, as it will be more difficult for employees to account for various contingencies regarding contributions as well as the recognition given and received. The best opportunities for external comparisons will generally be those employed in competing organizations (organizations similar to the one employing the individual) and those performing similar jobs or belonging to the same occupation as the employee. Competing organizations are likely to have similar structural constraints and will consider similar accomplishments, skills, and contributions to be of value and hence worthy of recognition. The same applies to occupational comparisons. Such comparison will be a source of information for employees, as similar contributions will be regarded as valuable, although organizational, industrial, and regional differences will have to be taken into account by employees.

In the absence of both internal and external comparisons, employees might compare her or his ratio of contribution to recognition to what they have previously experienced. They might compare this ratio with information from friends or relatives or any other person or group that can give information regarding the equity of their exchange with the organization.

Individuation of the employee's situation makes evaluations less valid and it is thus likely to encourage comparison with the standards, goals and values set by the organizations, comparison with the individual's previous situation, comparison with higher levels in the organization, or comparison with similar occupational groups in other organizations. Individuation of the employees' situation is thus likely to give the organization a larger control over the employee's perceptions. Accordingly, Lincoln and Kalleberg (1990) argue that strategies that individuate employees; e.g. through diffuse job specifications and status levels, dissolve solidarities based on class and occupations and serve to foster organizational commitment.

To sum up, when organizations offer less recognition to employees

than they feel they deserve, a negative experience or “relative deprivation” is created. Employees consider that the organization does not fully recognize their contribution. The opposite also applies. When employees receive recognition in larger quantities than they expect, a positive experience or a “relative profit” is created—affecting their perception positively. Thus social recognition is here conceptualized as a scale ranging from being very negative when less social recognition is afforded to employees than they expect, to being very positive when more social recognition is afforded to employees than they expect. In between the two are attitudes that are created when employees feel that they approximately receive the recognition they deserve.

Comparisons and types of recognition

As the nature of the three forms of social recognition differ (approval, skill-utilization, and influence), so do the comparison processes. In the case of “approval” it is suggested that employees ask themselves: “are my accomplishments appreciated?” Employees then seek to compare the approval they receive for their accomplishments with others they perceive contributing as they do.

As accomplishments in the service economy are contextual and, based on a subjective judgment, employees are dependent on a group of peers contributing in a very similar way as they do for accurately evaluating the rightness of the recognition they receive. However, as approval is often provided to employees privately in one-to-one conversations, there is a lack of opportunity for accurately evaluating levels of approval given to others and thus the rightness in the distribution of approval. As a result, employee perceptions are likely to be “unstable,” using Festinger’s (1954) vocabulary, and easily subject to change in the face of new information.

Organizations increasingly use systematic ways for reviewing employee performances. Feedback sessions, or regular performance appraisals, that include discussions on employees’ performances, opportunities for development, followed by goal setting, help employees to understand what is expected of them and what they can expect in return for their accomplishments (Tziner & Latham, 1989). Although employees lack opportunities for comparing the approval they receive to what others receive, they are likely to use the information from such feedback sessions as means for gaining understanding of the recognition they currently receive, what recognition they deserve, and what recognition they can expect to receive for future accomplishments. Such feedback sessions are therefore an opportunity both for employees and the organization. It is an opportunity for the organization as means to affect employee perceptions

through encouraging comparison of the employee's contribution with the organizations goals and standards and/or with the employee's previous situation, and discouraging comparison with co-workers. It is an opportunity also for the employee for gaining understanding of her or his situation, and to make sense of the recognition she or he receives and deserves. In addition to performance reviews, employees might base their assessment of approval on some established frames of reference, or equity norms, such as what can generally be consider appropriate approval in turn for their effort. The importance of feedback can possibly differ between organizations, and could have a larger impact in larger and more bureaucratic organizations, where the definition of performance is more stable and easier to a build coherent system of advancement and recognition.

There is a larger agreement by employers and employees alike about the value of different skills than about the value of performances that differ from organization to organization and context to context. Different skills have different market value, and there is some agreement regarding what certain skills deserve in terms of tasks, responsibility, authority, and rewards. Consequently employees' perception of whether their skills are recognized is founded on a more objective assessment. This assessment can be based on comparison with groups within as well as external to the organization. It is suggested that employees ask themselves: "are my capacities, talents, and skills recognized to the degree they should in this organization?" Perceptions of skill-utilization are then constructed through the individual's assessment of her or his capacities and how these are recognized in terms of receiving tasks and responsibility to what the individual considers worthy.

Employees can both engage in external and internal comparison regarding recognition of their skills. The degree to which individuals can engage in external comparisons is, however, affected by the transferability of the skills they hold. Higher transferability means that there is a larger agreement on the value of their skills and what they deserve in return for it. Lower transferability limits the comparison with a smaller numbers of significant others preferably within the organization. In the literature, the former is referred to as "general skills," the latter as "firm-specific" skills. Firm-specific skills have a criterion that is organization-specific and cannot easily be transferred from organizations to organization, thus there is less agreement regarding to what recognition these skills deserve and therefore for individuals to form legitimate expectations based on comparison with others. Consequently, firm-specific skills have been found to be of importance for the development of stronger linkages between employees and organizations (see Holmlund, 1984; Lincoln & Kalleberg, 1990; Cohen & Hudecek, 1993). General skills, often indicated by educational merits,

can be transferred from organization to organization. Therefore, general skills are seen as decreasing the cost of exit and increasing the risk of turnover (Lincoln & Kalleberg, 1990; Cohen & Hudecek, 1993).

Here, it is argued that general skills decrease commitment not only because it decreases the cost of exit, but also because general skills extend opportunities for comparisons to those holding similar skills in other organizations. Thus, in addition to decreasing employees' cost of exit, general skill increase the risk of engaging in negative comparisons, causing relative deprivation in regards to recognition of skills. Firm-specific skills, on the other hand, limit opportunities for external comparisons, reducing the risk of relative deprivation. The same applies to some service skills, such as oral skills, empathy, selling skills, and persuasion skills. These skills can be considered valuable in certain service settings, while in other service settings they are not. These service skills, while important, are thus regarded as being firm-specific because they lack general acceptance as being valuable.

Finally, in regards to influence, employees can be considered to have some idea about what they can expect in terms of influence, autonomy, or authority at work when they enter an organization. Particularly, professionals are likely to assess their levels of influence in relations to the occupational standards of their profession. A key element in the definition of professionals is a presence of legitimized theoretical knowledge (Bell, 1973) and the use of judgmental decisions at a critical moment, based on reflection, reason and theoretical understandings that cannot be standardized (Johnson, 1977). Craftsmen are also equipped with vocational standards important for assessing occupational authority. They would similarly to professionals have some idea about what they can expect in terms of autonomy and influence at work. They are similarly likely to claim recognition of their judgments based on their education, while these claims lack the theoretical legitimization of the professional occupations. In contrast, the occupational authority of some service employees, such as those in retail, has not been legitimized by the educational system to the same degree as among professionals or craftsmen. As a consequence such groups lack occupational standards and are therefore more dependent on situation specific comparisons for evaluating the social recognition they receive and deserve.

While occupational standards are of importance when assessing levels of influence, it is argued here that employees assess their levels of influence not only with relations to occupational standards but with relations to various organizational circumstances. In other words, claims for and perception of influence is both occupationally and organizationally anchored.

Opportunities to influence an organization differ from organization to organization, due to e.g. different degree of specialization, formalization, and hierarchy of authority. Organizations low on formalization gives employees many opportunities to influence the organization, while these opportunities are not formally secured. Other organizations are higher on formalization where written rules, descriptions, and documentation control and limit employees' repertoires of action. Formalization can, however, also secure ways for employees to have an impact within the organization.⁵ Thus, in some organizations most of the organization's structure is open for debate to most of the employees, while in other organizations, the elements open to debate are few and limited to a particular group of employees. Opportunities to influence a small organization are also generally larger than opportunities to influence a large organization. In contrast decisions are likely to have a greater impact in larger organizations, due to the size and power of larger organizations. It is argued that employees will consider such circumstances before making an assessment and to assess their influence in relations to the influence they consider available more generally. Therefore it is impossible for individuals to base their expectations regarding the degree of influence they deserve on occupational standards alone. Rather, it is suggested that employees ask themselves: "Are my judgments regarded as a source of value in this organization?" It is argued that when employees answer this question, they assess their "relative influence"; i.e. the influence they hold in comparison with the influence others have, considering the nature of their job, their status, and education.

Opportunities for occupational comparisons, more notable among professionals, give employees opportunities for assessing their levels of recognition from an independent standpoint which is likely to increase the risks of negative comparison in regards to levels of influence. Some other groups of service employees, however, lack a legitimate base of standards and knowledge on which such expectations can be based.

In conclusion, individuals evaluate their social exchange with organizations through comparison both with groups within the organizations as well as groups external to it. Evaluation of approval is dependent on the existence of individuals doing similar work in similar circumstances within the organization for engaging in comparisons. In regards to influence, it is argued that individuals partly evaluate their influence within the organization by assessing its level in relation to the influence others have within the organization, or the influence they consider available within the organization more generally. In contrast,

⁵ Discussion on how bureaucracy both protects employees as well as limits employees' repertoire of action can be found in Perrow (1996).

some skills offer opportunities for a wider and more objective comparison with both groups within the organization as well as external to it, giving employee more objective perceptions of the organization's utilization of their skills. While the comparison processes differ for different forms of social recognition, the mechanism for eliciting organizational support from employees is the same: most positive evaluations are created when organizations exceed employees' expectations; most negative evaluation is created when organizations fail to meet employees' expectations. Individuals experiencing a high degree of social recognition do so because they acknowledge the exclusiveness of the social exchange with the organization where they are employed.

3.3. Services and Social Recognition

Theories of post-industrialism, post-Fordism, and flexible specialization maintain that the decline of mass markets and the rise of more variable customer demand has meant the return to craft industry, batch productions and customization due to a strategy based on flexible production technology away from production on scale (see e.g. Piore & Sabel, 1984; Callaghan, 1997). In relation to these industrial developments, some argue that industrial change has created jobs of higher skill (the technical, managerial and professional strata) that enable fuller use of an individual's capacities and increases the use of an individual's judgment, control and responsibility. This transition influences employees' attitudes and commitment to work, as they enable employees' self-development and self-actualization (see e.g. Toffler, 1981; Zetterberg *et al.*, 1984; Clegg, 1990; Rose, 1994a).

Some have in particular emphasized differences in rationality between services and manufacturing and how these differences have affected management strategies that favor employees and offer new opportunities for recognition of individual accomplishments and talents previously discarded (Bell, 1973; Reichheld, 1996; Grönroos, 2000). E.g. Grönroos (2000) emphasizes the importance of relationships in services and the creation of value in the interaction between customer and service provider, "because the way these interactions are managed has an impact on the purchasing behavior of customers" (p. 21). Similarly, Reichheld (1996) argues that what drives costs and profits in services are how employees manage their customer relations. New skills are also emphasized as of importance in driving value creation in the service economy; i.e. interaction competencies as well as social, organizing, and analytical skills (see Bell, 1973; Offe, 1985; Rose, 1994b).

As different behaviors and skills are seen as driving value creation in

services than in manufacturing, new management strategies are argued to be needed for eliciting the support from knowledge and service workers. Therefore, when organizations are dependent on employee performances, organizations have to adapt their management strategies as a result. Common amongst these strategies is the movement of responsibility from management to service employees, autonomy of employees to respond to variable customer demand, to form relationships, and to utilize their knowledge and competencies. Commitment and employees' loyalty is similarly valued as employees are seen as a resource contributing to the organization's market performance (see e.g. Bell, 1973; Gallie, 1994; Reichheld, 1996; Stewart, 1997; Grönroos, 2000). Thus, Bell (1973) argues that as production in manufacturing could be quantified and improvements in efficiency led automatically to increased quantities and consequently, profits, resulted in a treatment of the semi-skilled worker as she or he was a machine or a thing. In contrast, services involve interaction and social communication between persons, Bell argues, needing new forms of management where a similar assumption about a relationship between quantity and profit cannot be made.

Similarly to theories of post-industrialism, some more recent empirical studies in the field of recognition have found that a shift in the organization of work has increased employees' opportunities for receiving recognition (see review by Heidegren, 2004). Thus, while Tayloristic organization of work sees the employees' contribution as a disturbing factor causing, "disrespect for the worker in his or her feeling, thinking and social capacities" (p. 368), the increasing "subjectivation" of work regards these same factors rather as potentially productive factors. As a consequence, the possibilities for employees to invest in and express their subjectivity are elevated, creating opportunities for recognition for their thinking and social capacities.

While the literature highlights the need for new management strategies in the service era than in the manufacturing era, the literature largely disagrees to what degree service employees enjoy a privileged situation compared to manufacturing workers. Thus, some regard the rise of the service industry as important in contributing to deskilling and declining occupational authority of employees. Braverman (1974), in particular, associated the growth of services with the process of increasing degradation of work, through the use of standardization and Tayloristic strategies. The growth of services meant for him a major alteration of the nature of services, associated with more advanced management techniques, the separation of management from operators and a change in the relative standing of service workers compared to other classes. The main growth of jobs was, according to Braverman, occurring in simple service jobs, where training prerequisites are minimal, job-ladders nonexistent, and wages

lower than average.

Similarly, Ritzer's (2000) more recent concept of McDonaldization describes a process of rationalization in the service industry that exemplifies the downgrading of work in similar ways as Braverman. For Ritzer, McDonaldization is a part of a larger process of rationalization characterized by: bureaucratic structures, Tayloristic work organization, management of the labor process by time and motion studies, and a Fordist production system based on the principles of the assembly line, where workers movements and complexity of tasks are reduced to the minimum and mechanization is carried out to the maximum. Ritzer (2002b) argues that "McJobs"—the jobs resulting from the McDonaldization process—reach new levels of deskilling from earlier rationalizations of work, due in particular to the routinization and standardization of interaction or what he calls, "scripting," where, "employees' ability to speak and interact with customers is now being limited and controlled" (p. 143). The scripted interactions have the purpose of creating intimacy but are in fact a "false" and degraded version of intimacy.

Inherent in service work is a tension between meeting customer needs while simultaneously having to meet organizational goals and service standards (see Offe, 1985; see also Mukherjee & Malhotra, 2006). These particularities of service work direct attention to the importance of job design for successful service delivery. Being able to take into an account particularities of situations and individuals is fundamental for meeting customer needs (Offe, 1985). In contrast, management practices that rely heavily on standardization reduce the possibilities to adapt to variability in situations and customer preferences and thus of positive service outcomes.

Opportunities for receiving recognition is similarly tied to opportunities to being able to uniquely contribute at work and that such a contribution is seen as valuable by the organization. Thus, some front-line retail employees, for example, may have very good product knowledge, while other retail workers are good at solving conflicts. Some may have superior persuasion skills, while others have good organizing skills. Still others have a superior eye for design, or are skillful in finding new ways for meeting customer needs. If employees experience that their judgment is considered to be of value in these areas, if they experience utilization of these skills, and if they receive approval for accomplishments made in these areas—then they consequently experience social recognition. Thus, even if employees have much in common, each employee can experience that she or he contributes in some unique way to the organization in a way that deserves recognition, given that the organization's management strategies allow for and encourage such unique contributions. The more standardized the environment the less room for individual differences and thereby, for recognizing individual contributions. Thus, Offe (1985) argues

that standardization restricts employee involvement as it eliminates social factors like pride and recognition from work. Standardized environments and “scripting” of interaction have also been suggested to lead to role ambiguity and stress among service employees in boundary positions (see Mukherjee and Malhotra, 2006).

Similarly to the post-industrialists, a more recent critical perspective has acknowledged and emphasized changes in organization of work characterized by e.g. increasing flexibility and autonomy. In contrast to the post-industrialists, however, these theorists maintain that these changes have been paving ways for new forms of domination, rather than providing employees with opportunities for recognition (see review by Petersen & Willig, 2004). Thus, rather than seeing individualization, and the resulting changes in organization of work, as an opportunity, Beck and Beck-Gernsheim (2001) argue that individuals are, “condemned to individualization” (p. 4), referring to the demands placed on individuals in creating their own biography and their social relations; the individual’s continuous adjustments to the conditions of the labour market and other social institutions. This development is related to the decline of various collective identities, and the rise of an ethic of the individual’s self-fulfilment and achievement. With increasing opportunities for choice and autonomy, the number of choices increases and thereby the risks associated with each choice. This situation makes new claims and demands on individual talents and personalities, such as having a capacity for long-term planning; to be able to organize; to be able to bounce back from failures; and to have tolerance for uncertainty and frustration. Another consequence of this development is the individualization of social risks where social problems are increasingly perceived in terms of personal failures. These changes are argued to lead to feelings of guilt and anxiety (Beck & Beck-Gernsheim, 2001).

Similar claims have been made by several scholars. These argue that changes in the design of work manifested by growing autonomy, flexibility, and mobility have weakened opportunities for individual and collective identity formation. Individualization has instead broken down possibilities for collective struggles with the decline of shared and collective experiences. The individual is instead alone and competing for recognition with other individuals. These scholars therefore claim that new ways of organizing work have led to an increase in pathological illness, stress, and depression through illusionary ideas of self-realization (see Petersen & Willig, 2004).

This perspective contradicts previous research on the effects of job design, in particular in regards to the effects of autonomy or control on stress (see Karasek & Theorell, 1990 and a review by Meyer & Allen, 1997). This perspective, similarly to the post-industrial theories, holds that

there is a trend towards increasing individualization in working life, resulting from changes in management strategies. In contrast to the post-industrial theories, however, the above perspective rather regards this development as a risk both in regards to recognition as well as in regards to collective identity formation. In this thesis this same process is regarded as an opportunity for social recognition; for the development of identity, self-worth, and commitment to the organization. In regards to other collective identity formations, however, the perspective of this thesis and the above perspective are in harmony. If individualized situations generate opportunities for social recognition and strengthen the employees' organizational identities, this process is accordingly likely to weaken alternative identity formations. In turn, weakening collective identity formations are likely to increase the dependency of employees on their employing organization and to magnify the impact of organizational experiences on the individual. In other respects the effect of this development is outside the scope of this thesis.

3.3.1 The Heterogeneity of Services

While services have clear distinguishing features, as noted by the terms “intangibility,” “inseparability,” and “perishability,” the term “service” still includes a very diverse set of activities such as selling, caring, consulting, designing, delivering, teaching, etc. Similarly, the term “service organization” applies to diverse types of organizations such as fast-food outlets, retail companies, transporting companies, auditing companies, schools, and hospitals. Due to the heterogeneity of services and situations of service employees, the question arises if causal models illustrating the origins of employees' organizational support hold across different service environments.

As seen above, the literature is fundamentally contradictory in regards to the use of management strategies in services and the status of services workers. Consequently there is a large disagreement regarding the opportunities for service workers for receiving social recognition at work and consequently the support they are ready to give to their employing organization. Two main scenarios of service employees' situation is highlighted in the literature; a situation where service workers enjoy a privileged situation; where work is high in skill content and occupational authority, as among the technical, professional, and managerial strata, and a situation where service workers situation is disadvantaged; where work is deskilled, degraded and low in occupational authority; as in retail and the fast-food industry.

While some scholars emphasize the importance of new skills in the

service economy as a basis for creating value, others in contrast have suggested that the value of some personal and social skills utilized by service workers may be undervalued. Thus, e.g. Burchell *et al.* (1994) found that while managers and employees roughly agreed overall on the skills employees needed in their jobs, they found that in lower production and service work, management underrated the need for various skills, such as clerical abilities, social and organizing skills in comparison with what employees doing these jobs considered important.

The literature also indicates that despite the gains of dedicated service employees, turnover amongst some front-line service employees, such as in retail, is higher than in other employee groups (Brown & Mitchell, 1993; Babin & Boles, 1998; Benediktsdóttir & Bjarnason, 2000; Bjarnadóttir *et al.*, 2003). This suggests that many organizations may be using management strategies that actually hamper the development of support from their employees.

While these perspectives on the situations of service workers seem contradictory, these opposing views are here rather argued to point to a large diversity of work and management strategies applied within the service sector. Accordingly, Sayer and Walker (1992) argue that the “service economy” has created both “good” jobs in, e.g., design, planning, communication and cooperation, and low-paying, monotonous, dead-end jobs at the bottom of the service sector. Thus, the growth of the service sector is seen as creating a new dichotomy in regards to quality of work, rather than generating a uniform development in one direction or the other. The growth of service and shop workers as well as professionals and associate professionals in the Icelandic labor market in the early new millennium reflects this perspective. Due to the heterogeneous situation in which service workers work, the question arises whether similar causal models can be applied across different service settings or if different models have to be constructed that apply to particular service settings.

In addition to the diversity in the situation of service workers and management strategies applied in services, there is also a considerable diversity in the background of service employees in different service settings; e.g. in terms of education, tenure, age, and gender. Thus while women constitute a majority of the service sector in general, men constitute a majority of some services, like real estate and business services. Women, on the other hand, constitute the great majority of employees in health services, education, and financial services. Men also constitute the majority of senior officers and managers, while women constitute the great majority of clerks, and service and shop workers. Tenure is similarly considerably lower in the hospitality and the retail industry than in e.g. public administration, education, and financial services, indicating high employee turnover in these service areas (see *Landshagir*, 2002).

As the background of employees differs between service settings and employees' evaluations of their working environment is affected by comparisons of different kinds, then consequently employee expectations and interpretations are likely to differ depending on both the service setting as well as on the service worker's background. Research, accordingly, shows that attitudes and orientations to work vary according to the background of individuals, such as their industrial belonging; gender; age; socio-economic status; and education (see e.g. Rose, 1994a; Nordenmark, 1999; Theandersson, 2000; Berglund, 2001).

Two main approaches are possible in regards to the alleged divide in service workers' situation. The former approach is to argue, that despite differences in service employees' situation, social recognition is still an important element for eliciting employees' organizational support, whether or not employees belong to a privileged or a disadvantageous group of service employees. The alternative is to argue that each group of service employees must be approached through a specific theoretical framework for fully understanding the development of employees' organizational support.

In this thesis, it is argued that despite differences in service employees' situation, the framework for understanding employees' organizational support and the impact of social recognition on employees' support should be the same. Employees' organizational support is an important disposition that concerns all organizations. All organizations must ensure their members' basic support. It is further argued that employees' dedication, retention, and service orientation is especially important to service organization for their market performance and generation of sustainable competitive advantage. The concept of social recognition, similarly, describes an element of importance for all employees; for development of identity, self-worth, and general well-being. Social recognition is not something that should be of a special importance to a particular group of employees. Rather, it is argued that social recognition is a general social element of importance to all employees that is likely to elicit organizational support from service employees in different service settings.

3.4. *Conclusion: Social Recognition and Employees' Organizational Support*

The employee-organization relationship is conceptualized as a social exchange where employees' organizational support is elicited through reciprocal mechanisms. The organization offers rewards which employees reciprocate with their support to maintain a balance in the exchange with

the organization, through their commitment, loyalty, and through service behaviors that they believe will benefit the organization and its customers.

While the organization offer various rewards to its employees, it is argued that social recognition is a critical element in the social exchange between employees and the organization and fundamental for eliciting support from employees. It is argued that the more social recognition employees receive—the more support they give to their employing organization.

Three forms of social recognition are highlighted: recognition of the employee's role by giving employees opportunities to influence the organization; recognition of skills and abilities by making use of these skills and abilities; and recognition of employees' efforts and performances by approving, noticing and encouraging these. It is argued that these factors elicit employees support because they signal to employees that they are valuable contributors to organizational goals—important for perceptions of self-worth and identity.

In contrast to job content and empowerment theories that conceptualize the effects of job content in motivational terms, perceptions of social recognition are argued to be constructed through various comparisons. Each type of social recognition is affected by different comparison processes. Thus, rather than assuming that the same rewards would have the same effect across groups of individuals, employees are assumed to judge their situation in relation to what they expect or see possible through comparisons of various kinds. The table below shows each type of social recognition and the comparison process affecting employees' perceptions of social recognition:

Table 3.1: Types of social recognition, conceptualizations, and comparison processes

Types of Social Recognition	Conceptualizations of Social Recognition	Comparison Processes
Approval	Fosters the perception that the employee's accomplishments are important and valuable	Assessed through comparison with others within the organization, general frames of reference, or frames created by the organization.
Skill-utilization	Fosters the perception that the employee holds valuable and important skills.	Assessed through comparison with others holding similar skills both within the organization as well as external to the organization.
Influence	Fosters the perception that the organization trusts the judgment of the employee, and that the employee plays an important role in the organization.	Assessed in relation to the influence held by others in the organization, considering the individual's job, education, and status in the organization.

Social recognition is conceptualized as a scale ranging from being very negative when less social recognition is afforded to employees than they expect, to being very positive when more social recognition is afforded to employees than they expect. Positive evaluations, resulting from favorable comparisons, mean that individuals realize the value and exclusiveness of their exchange with the organization. As employees are interested in maintaining a balance in their social exchange with the organization, they reciprocate these rewards with their supportive attitudes and behaviors. In contrast, negative evaluations resulting from not receiving the recognition employees feel they deserve alleviate the pressure on employees to reciprocate with their supportive attitudes and behaviors.

The importance of social recognition from the organization is elevated by the importance of wage labor and work-organizations in the modern social landscape; the scarcity of social recognition, as defined here, and its relationship to everyday experiences. As social recognition emanates from the organization, employees respond by increasing their supportive attitudes and behaviors maintaining the social exchange with the organization or risk exclusion otherwise.

While the literature highlights the importance of new management strategies for eliciting the support of knowledge and service workers, there is a large disagreement in the literature in regards to the status of service workers. While contradictory, these opposing views support the diversity of work and management strategies applied within the service sector. Despite these differences, it is argued here that the nature and causes of employees' organizational support should be approached through a general theoretical framework rather than a specific one specially aimed at particular service settings.

4. Hypotheses Development

In this chapter, the hypotheses of the study are formulated and presented. The chapter starts with a discussion and operationalization of the concept of organizational support from service employees. This discussion is followed by a discussion and operationalization of the concept of social recognition. Hypotheses are formulated regarding the factor structure of both concepts. Then, the focus turns to the causes of employees' organizational support. First, the impact of social recognition on employees' organizational support is discussed, and then, the effects of some personal and work-related demographics on both social recognition and organizational support are examined. Hypotheses are then formulated regarding the causal relations of personal and work-related demographics, social recognition, and employees' organizational support.

4.1. *Employees' Organizational Support* —A Definition

Four dimensions of employees' support to their organization are highlighted as being important, albeit partial, indicators of their support in the service economy. Below, these four indicators are defined and their relationship is examined. Then, a hypothesis regarding their relationship is formulated.

4.1.1 Attitudinal Support: Organizational Commitment

There has been considerable variation in the operationalization of affective organizational commitment through the years. Mowday *et al.* (1979) in validating and defining the concept argue that little systematic research has been carried out and, moreover, that “studies of commitment have been made more difficult by a general lack of agreement concerning how best to conceptualize and measure the concept” (p. 225).

Mowday *et al.* (1979) argue that organizational commitment is indicated by: “(1) a strong belief in and acceptance of the organization's goals and values; (2) a willingness to exert considerable effort on behalf of

the organization; and (3) a strong desire to maintain membership in the organization” (p. 226). Organizational commitment, according to this definition, “represents something beyond mere passive loyalty to an organization. It involves an active relationship with the organization such that individuals are willing to give something of themselves in order to contribute to the organization’s well being” (p. 226).

Buchanan (1979), similarly, argues that organizational commitment indicates willingness to exert high levels of effort on behalf of the organization, desire to stay in the organization, high degree of belongingness with the organization, acceptance of its major goals and values, and positive evaluation of the organization. In contrast, Gaertner and Nollen (1989) use a more restrictive approach, and define organizational commitment purely as an attitude towards the organization; identification with the goals and values of the organization and internalization of these goals and values.

Porter’s *et al.* (1974) and Mowday’s *et al.* (1979) organizational commitment questionnaire [OCQ] has been influential and probably the most accepted definition and measurement of organizational commitment. The scale includes 15 items and it, or moderated versions of it, has been widely used (see e.g., Price & Mueller, 1981; Bluedorn, 1982; O’Reilly & Caldwell, 1980; Shore & Martin, 1989; Gaertner & Nollen, 1989; Putti, *et al.*, 1989; Lincoln & Kalleberg, 1990; Huselid & Day, 1991).

The OCQ is based on the definition that organizational commitment describes the strength of employee’s identification with and involvement in a particular organization (Mowday *et al.*, 1979). It includes items concerning: e.g. value congruence between the organization and the employee; satisfaction with the organization; care for the fate of the organization; willingness of employees to exert extra effort on behalf of the organization; intrinsic value of membership (pride); willingness to advocate the organization to others; and willingness to remain within the organization.

According to Mowday *et al.* (1979), tests have proven the scale to be a reliable measurement, with an Alpha (α) median of .90. Factor analysis has resulted in a single factor solution which supports the conclusion that, “the items are measuring a single common underlying construct” (p. 232). Validations of the instrument have also been positive and have shown strong correlations with instruments intended to measure intent to stay or leave the organization.

However, while empirical analysis has shown a correlation between OCQ and turnover and turnover related variables this may partly be due to the fact that the scale includes items measuring turnover intentions. Thus, O’Reilly and Chatman (1986) argue that previous research has failed to

study commitment as a distinct concept from other psychological concepts and that scales measuring commitment have included items that both can be seen as its antecedents and its consequences. Gaertner and Nollen (1989) similarly argue that the OCQ scale is in fact two constructs and that these two constructs behave differently when separated.

Similar criticisms can be applied to several other scales that have been popular such as the Meyer and Allen's (1997) "affective commitment scale" that similarly includes items concerning employees' desire to remain a member of the organization. Similarly Yoon *et al.* (1994) include a question on employees' intent to leave in their measurement of organizational commitment. A six-item scale from Cook and Wall has been used in some studies and includes items of identification (feeling part of the organization), intrinsic value of membership (pride), willingness to recommend the company to others, and three items describing the willingness to exert extra effort for the organization (see e.g. Grönfeldt, 2003). This overwhelming emphasis on "willingness to exert effort" creates bias towards behavior that may make it difficult to distinguish from scales measuring helping behaviors.

Despite differences in the definition and operationalization of affective organizational commitment, the most frequently used indicators of affective organizational commitment usually emphasize some or all of the following five dimensions: satisfaction with the organization; intrinsic value of membership (such as pride); identification with the goals or values of the organization; readiness to exert effort for the organization; and loyalty to the organization. Here, it is argued that the first four dimensions (satisfaction, pride, identification with goals, and readiness to exert effort) should be used in the operationalization of organizational commitment, while it is argued that the fifth dimension, loyalty, should be excluded in the measurement of organizational commitment. Rather it is proposed that intent to stay is a separate dimension of employees' support to their organization.

4.1.2 Behavioral Support: Intent to Stay, Service Effort, and Service Improvements

Various positive behaviors or behavioral intentions are important in the workplace and for the functioning of the organization. In this study three types of behavioral support are emphasized: service effort, service improvements, and intent to stay with the organization.

Intent to stay is frequently used as an indicator of employee support to the organization. Intent to stay is a subjective side of turnover, describing employees' willingness to remain within the organization. Low

intent to stay in contrast is regarded as signifying willingness to leave the organization, and is regarded as predicting turnover in a longitudinal analysis. Intent to stay is therefore argued to be a key indicator of employees' organizational support. Research has accordingly demonstrated a link between intent to stay (or its direct opposite; intent to leave) and turnover (see e.g., Price & Mueller, 1981; Bluedorn, 1982), while review of research shows that the relationship of intent and turnover varies considerably between studies (Vandenberg, 1999).

Several researchers have studied and measured service oriented behaviors (see e.g. Saxe & Weitz, 1982; Testa, 2001; Grönfeldt, 2003). The concept of "customer oriented behavior," as developed by Peccei and Rosenthal (in Grönfeldt, 2003) includes both "service effort" directed at customers as well as "improvement behaviors" directed at improvements in the service delivery. The concept is behaviorally based and measures, "the extent to which employees engage in specific service behaviors designed to satisfy customers" (Grönfeldt, 2003: 6). While the concept has been applied and conceptualized as a single dimension by Peccei and Rosenthal, Grönfeldt (2003) found that service effort and service improvement behaviors were two separate factors, or sub-dimensions of customer oriented behavior. The former dimension measures the propensity of employees to exert effort on the job for the benefit of customers and the latter dimension measures the relative propensity of an individual to engage in continuous improvements in a service context. These two dimensions, effort and suggestions, correspond to short-term and long-term dimensions of customer service. The former has to do with the "here and now" while the latter has to do with organization's future competitiveness. The following hypothesis regarding the factor structure of employees' organizational support is thus formulated:

f 1: Four separate dimensions of employees' organizational support can be distinguished corresponding to: Organizational Commitment; Intent to Stay; Service Effort; and Service Improvements.

4.2. Social Recognition—A Definition

Social recognition is argued to be of fundamental importance for eliciting support from employees in this thesis. Social recognition is a special type of social rewards concerned with acknowledging and rewarding the individual's contributions, talents, judgments, and accomplishments in the organization. Social recognition is of importance as it highlights the unique contribution of the employee in the organization and thus her or his individuality. As such it relates directly to the individual's self-worth and identity. Social recognition is defined as: (1) the recognition of the

individual's role and contribution to the organization by enabling individuals to influence the organization (influence), (2) through recognition of the individual's talents and skills, through utilization of these skills (skill-utilization), and (3) through approving, noticing, and encouraging the individual's contributions (approval).

This definition is inspired by theories of recognition, empowerment, work-design, and research on control and skill-utilization. "Influence" refers to opportunities individuals have to impact the organization; to shape their work environment; to affect decision making; and to use their judgment and discretion at work. It symbolizes the organization's recognition of the employee's role, contribution, and trust in the employees' judgment and discretion. "Skill-utilization" refers to the utilization of the individual's capacities within the organization. It symbolizes the organization's recognition of the individual's talents and skills—that these are considered important and valuable to the organization. "Approval" refers to acknowledgement of individual accomplishments and performances, that these matter and are of value to the organization and thus, that the individual's contribution matters.

Theories of work design and empowerment emphasize similar dimensions as being of key importance for employee motivation (see Hackman & Oldham, 1980; Thomas & Velthouse, 1990; Niehoff *et al.*, 2001). In most models indicators of "autonomy" are kept distinct from indicators of opportunities for utilizing skills and indicators of feedback.⁶ The following hypothesis is thus proposed regarding the factor structure of social recognition:

f2: Three separate dimensions of social recognition can be distinguished corresponding to: Influence, Skill-Utilization, and Approval.

4.3. Sources of Employees' Organizational Support

A key element in organizational studies has been to study the causes of organizational attitudes and behaviors. Similarly it is an important element of this thesis to study the causes of employees' organizational support.

4.3.1 A Brief Overview

The empirical work on the antecedents of organizational commitment is vast and impossible to review in detail. The most common perspective in

⁶ The work of Karasek and Theorell (1990) is an exception. They see the decision latitude as consisting both of autonomy and skill-utilization.

the literature is, however, that organizational commitment is elicited through positive employee experiences mainly generated by employment and management practices (O'Reilly & Caldwell, 1980; Mottaz, 1987; Gaertner & Nollen, 1989; Putti *et al.*, 1989; Lincoln & Kalleberg, 1990; Yoon *et al.*, 1994; Robertson & Tang, 1995).

Factors that have been regarded as being of importance for explaining organizational commitment, to name a few, are role stressors (see Gaertner & Nollen, 1989; Mottaz, 1987; Bluedorn, 1982; Mathieu & Zajac, 1990; Naumann *et al.*, 2000; Mukherjee & Malhotra, 2006); employee expectations, fairness, and various types of justice (Schappe, 1998; Naumann *et al.*, 2000; Cohen-Charash & Spector, 2001; Colquitt *et al.*, 2001; Paré & Tremblay, 2007); social relations and social support (Mowday *et al.*, 1982; Gaertner & Nollen, 1989; Mathieu & Zajac, 1990; Huselid & Day, 1991; Currivan, 1999; Eby *et al.*, 1999); perceived as well as actual employment practices (Gaertner & Nollen, 1989), as well as pay or pay satisfaction (see Putti *et al.*, 1989; Mathieu & Zajac, 1990; Eby *et al.*, 1999). Several personal and work-related demographics have similarly been found to affect commitment, such as age, tenure, and marital status (Morris & Sherman, 1981; Bluedorn, 1982; Putti *et al.*, 1989; Mathieu & Zajac, 1990; Huselid & Day, 1991; Meyer *et al.*, 1993; Zeffane, 1994; Keller, 1997).

Job content factors have also been found to be of importance in explaining levels of commitment (see Vroom, 1964; Porter & Steers, 1973; Katz & Kahn, 1978; Mathieu & Zajac, 1990; Lincoln & Kalleberg, 1990; Currivan, 1999) while being far from the most popular factors to examine. In Mathieu and Zajac's (1990) extensive meta-analysis examining the antecedents and consequences of organizational commitment published in scientific journals between 1967 and 1987, only six of 174 articles examined skill-variety, only three articles examined autonomy and only three articles examined participatory management. No article examined the effects of approval or feedback on organizational commitment. Paré and Tremblay (2007) more recently examined the effects recognition practices, empowerment practices, and competency development practices on organizational commitment among IT employees. HR practices are likely to give some indication about job design in the organization and their results are thus of relevance here.

Similarly, the empirical work on the causes of turnover and intent to stay is very extensive. Cotton and Tuttle (1986) argue that few areas have received as much attention as turnover in industrial and organizational psychology. Consequently, there is also a considerable diversity in the perspectives applied in turnover research. Some have grouped these perspectives into "push" or "pull" perspectives or a mixture of these (see Lee & Mitchell, 1994). "Push perspectives" emphasizes factors that

influence turnover in the organization where the individual is employed, while “pull perspectives” emphasize attractions in different destinations, such as opportunities and wages.

A fairly common view is to regard turnover or intents to stay or leave as influenced by global attitudes, such as organizational commitment (Bluedorn, 1982; Shore & Martin, 1989; Becker, 1992; Eby *et al.*, 1999). Organizational commitment is usually seen as an intervening variable between turnover (and/or turnover intent) and more specific job contents, job contexts, individual characteristics, job opportunities, and individual characteristics. In push models, “intent to leave or stay” is either found to be last in the causal structure or directly antecedent to turnover, when turnover data is included. Global attitudes, such as organizational commitment or job satisfaction, are placed antecedent to intent to stay, while more specific evaluations are placed antecedent to global attitudes. Various work-related or personal characteristics are then usually placed last in such a causal structure (see e.g. Mobley, 1977; Price & Mueller, 1981; Bluedorn, 1982; Mor Barak *et al.*, 2001).

Factors that have been examined as important antecedents of turnover and intent to stay include job content variables (Bluedorn, 1982; Holmlund, 1984; Eby's *et al.*, 1999; see also review by Vroom, 1964 and Porter & Steers, 1973); opportunity factors, such as vacancies and unemployment (Price & Mueller, 1981; Bluedorn, 1982; Cotton & Tuttle, 1986; Mor Barak *et al.*, 2001), as well as promotional opportunities within the organization (Price & Mueller, 1981; Bluedorn, 1982; Huselid & Day, 1991). Various job contexts have also been found to be important; e.g. social climate, social relations, pay and pay satisfaction (Price & Mueller, 1981; Krackhardt *et al.*, 1981; Holmlund, 1984; Cotton & Tuttle, 1986; Mor Barak *et al.*, 2001). Equity and justice factors have similarly been explored (Van Yperen & Hagedoorn, 1996; Cohen-Charash & Spector, 2001), as well as role stressors (Cotton & Tuttle, 1986) and various forms of burnout (Mor Barak *et al.*, 2001). Individual and work-related demographic characteristics have also frequently been found to be related to turnover and turnover intent, such as abilities, skills, values, tenure, age, gender, education, and family responsibilities (see e.g. Price & Mueller, 1981; Holmlund, 1984; Cotton & Tuttle, 1986; Huselid & Day, 1991).

While the effects of job design on employee motivation is well accepted, the examination of these factors as antecedents of turnover and intent to stay has not been all too common in the past decades. A meta-analysis of 25 articles of human service workers examining the antecedents to retention and turnover among child welfare, social work and other human service employees in articles published in academic journals between 1980 and 2000 (Mor Barak *et al.*, 2001), shows that burnout has been exceptionally frequent in studies of turnover among various human

service employees, e.g. due to the boundary spanning role occupied by service employees. Still only one of the above studies examined the effects of autonomy on turnover. No study examined the effects of skill-utilization or skill-variety on turnover, and no study examined the impact of approval on turnover or intentions to quit.

Similarly in Cotton and Tuttle's (1986) extensive meta-analysis of over 120 datasets, there was no study that examined the impact of feedback or approval on turnover or intent to stay. Only one examined the effect of job autonomy, while three examined the effects of repetitiveness. Paré and Tremblay (2007), however, included recognition practices, empowerment practices, and competency development practices in their study of the antecedents of turnover intentions among IT employees.

While there is no general agreement on the origins of extra-role behaviors, citizenship behaviors, or customer oriented behavior, the most common perspective is to see these behaviors either as originating from affective responses such as organizational commitment, or as reciprocated directly due to positive employee experience within the organization (see e.g. Bateman & Organ, 1983; Ambrose & Kulik, 1999; Wagner & Rush, 2000; Niehoff *et al.*, 2001). While the importance of such behaviors has been stressed for organizations, some argue that fairly little empirical research exists on the work-environment antecedents of front-line employees' extra-role behaviors (Bettencourt & Brown, 1997) and innovative behavior (Scott & Bruce, 1994).

Those emphasizing extra-role behaviors as originating directly from employee experiences in the organization, rather than derived from commitment, have emphasized factors such as justice, equity, and fairness in exchange (Konovsky & Organ, 1996; Schappe, 1998; see also a review by Ambrose & Kulik, 1999; Cohen-Charash & Spector, 2001; Paré & Tremblay, 2007). Others have stressed job contents factors, such as empowerment, influence and participation in decision making (Capelli & Rogovski, 1998; Van Yperen *et al.*, 1999; Niehoff *et al.*, 2001). Still others have emphasized satisfaction with and trust in supervisors (Bateman & Organ, 1983; Wagner & Rush, 2000) and pay satisfaction (Wagner & Rush, 2000).

With regard to service effort and customer oriented behavior more specifically, several factors have been found to be of importance, including job design factors such as job autonomy or empowerment (Spreitzer, 1995; Bell & Menguc, 2002; Grönfeldt, 2003). Some job contexts have similarly been emphasized, such as resource adequacy (Bell & Menguc, 2002; Grönfeldt, 2003); fairness (Bettencourt & Brown, 1997); job competence (Pettijohn *et al.*, 2002; Grönfeldt, 2003); job pressures (Grönfeldt, 2003);

organizational commitment (Testa, 2001; Grönfeldt, 2003); and service values (Grönfeldt, 2003).

4.3.2 Organizational Commitment as a Source of Employees' Supportive Behaviors

Organizational commitment is proposed to be a major contributor to employees' behavioral support in this thesis. Organizational commitment is defined as a generalized affective response towards the organization resulting from employees' overall perception of their social exchange with the organization. This overall perception is expected to direct employees' more specific intents and behaviors towards the good of the organization. Organizational commitment means that to a degree individuals experience satisfaction with the organization, an intrinsic value of membership, a degree of "sameness" with the organizations values, and readiness to spend effort for the organization. More specific behaviors are seen as being elicited by commitment to the organization rather than being caused directly by more specific rewards in the work environment.

Research accordingly supports that employees' commitment to an organization has positive effects on organizational performance through promoting positive behaviors within the organization, such as reducing absenteeism, and improving job performances (Steers, 1977; Morris & Sherman, 1981; Putti *et al.*, 1989; Shore & Martin, 1989; Gaertner & Nollen, 1989; Meyer *et al.*, 1993). Meyer and Allen (1997) similarly report several studies finding affective commitment to be related to independent measures of performance, such as sales figures, and supervisory ratings of job performances. The effect of organizational commitment on turnover and turnover intents is strongly supported (Steers, 1977; Bluedorn, 1982; Shore & Martin, 1989; Becker, 1992; Eby *et al.*, 1999). And existing evidence also supports that organizational commitment promotes front-line service behaviors (Testa, 2001) and various organizational citizenship behaviors (Organ, 1990; Kwantes, 2003).

Intent to stay

Research has clearly demonstrated a negative relationship between organizational commitment and turnover and turnover intentions as well as a positive relationship between organizational commitment and intent to stay.

Meyer and Allen (1997) argue that the relation between commitment and employee retention is "well established" and strongest for affective commitment (Meyer & Allen, 1997: 26). A meta-analysis of over 120 publications conducted by Cotton and Tuttle (1986) accordingly shows that

there is a strong confidence for a negative correlation between organizational commitment and turnover in the literature.

Steers (1977) examined the relationship of organizational commitment with intent to stay in two samples and turnover in one sample. The former sample consisted of hospital employees (N=382) and the latter sample consisted of research scientists and engineers employed by a research laboratory (N=119). In both samples there was a strong positive correlation found between organizational commitment and intent to stay. In the sample of hospital employees there was a significant negative correlation found with turnover. This relationship was not examined in the sample of scientists and engineers.

Mathieu and Zajac's (1990) meta-analysis found evidence for a strong negative relationship between turnover intent and affective organizational commitment and a moderate negative correlation between turnover and affective organizational commitment. These correlations were stronger for affective commitment than calculative commitment. Twenty-seven studies were used for analyzing the relationship of affective organizational commitment and intent to leave and twenty-one studies was used for analyzing the relationship of affective organizational commitment and actual turnover.

Cohen and Hudecek (1993) more cautiously argue that analysis of the relation of organizational commitment and turnover has, "produced few large correlations" (p. 189). One reason for this may be that the commitment-turnover relationship is not direct but modified by other variables, such as perceptions of alternatives. Accordingly Mor Barak *et al.* (2001) in a meta-analysis of twenty-five studies found a strong negative relationship between organizational commitment and intentions to quit in four articles. The relationship with actual turnover was, however, much weaker.

Paré and Tremblay (2007) examined the effects justice, commitment, and various HR high involvement practices on turnover intentions in a sample of Canadian IT employees (N=134). They found affective commitment to predict turnover intentions using structural equation models, while various HR practices were found to have stronger effects on turnover intentions than affective commitment did.

The relationship between organizational commitment and withdrawal behaviors, such as turnover and intent to stay seems robust and to be generalizable across different cultures. Thus, Kwantes (2003) reports that results conducted in China, Japan, Nepal, and Korea (in addition to European studies and studies in the US) support a relationship between organizational commitment and withdrawal behaviors. Results from Kwantes' regression analysis from two samples show that affective

organizational commitment predicted withdrawal behavior (intent to stay and job search) in both an Indian and an US sample.

Service effort and service improvements

Various pro-social behaviors have been found to be related to affective organizational commitment and more strongly to affective commitment than other commitment constructs (Kwantes, 2003). Similarly Meyer and Allen (1997) argue that the relationship of organizational citizenship behavior [OCB] and affective commitment has been supported in, “numerous studies” (p. 34) and further, that, “employees with strong affective commitment appear much more willing to engage in organizational citizenship behavior than those with weak affective commitment” (p. 34). This relationship has been established both with the use of self-reported measurements of OCB and through independent measures, such as peer or supervisory evaluations.

Due to the similarity of customer oriented behaviors and organizational citizenship behaviors; it can be assumed that their antecedents are also similar. Thus, Kelley and Hoffman (1997) argue that altruistic organizational citizenship behaviors should be positively related to customer-oriented behavior, because those who carry out one form of a pro-social act are likely to carry-out other such acts due to values internalized in socialization. Kelley and Hoffman consequently found the altruism dimension of OCB to be positively related to customer oriented behavior. Grönfeldt (2003) similarly found it difficult to empirically separate customer oriented behavior from indicators of citizenship behavior.

In contrast, it is assumed here that the antecedents of different types of organizational citizenship behaviors can vary depending on their nature. Thus, some such behaviors can be seen as being concerned with exceeding formal requirements, while other such behaviors are characterized by taking a more critical standpoint to the way things work in the organization. Thus, it is argued here that service effort has a close association with various forms of altruistic behaviors, while service improvements have a closer resemblance with innovative behaviors.

Grönfeldt’s (2003) separate analysis of the antecedents of service helping behaviors and improvement behaviors, accordingly found these to have partly different origins. Other studies similarly suggest that improvement and innovative behaviors may have different antecedents than other forms of such behaviors (see Meyer & Allen, 1997). Similarly, Scott and Bruce (1994) see innovative behavior partly as originating from “innovative thinking styles” that is conceptually different from “systemic problem solving thinking styles,” which can be seen as inhibiting

innovation as it partly means that people utilize established methods or procedures. In regards to job design factors, some have in particular emphasized empowerment as important for improvement and innovative behaviors (Spreitzer, 1995; Kirkman & Rosen, 1999), while it has more seldom been suggested as an important antecedent of service effort or similar behaviors.

Schappe (1998), using self reported measures of OCB, found that only organizational commitment contributed to OCB, while job satisfaction did not and neither did perceptions of fairness when controlling for the effects of commitment and satisfaction. Van Yperen *et al.* (1999), on the other hand, argue that more results support that OCB is affected by social exchange principles and reciprocity norms directly rather than individual's commitment to, identification with, and involvement in, the organization.

Service effort

Testa (2001) found a strong link between organizational commitment and service effort using a sample of 397 employees in two service organizations. Organizational commitment was measured using the OCQ scale. Service effort was measured with eight items and included two subscales; service intention and service support. Job satisfaction was also measured and placed antecedent to organizational commitment. Organizational commitment was found to explain 22 percent of the variation in service effort.

Pettijohn *et al.* (2002) examining the effects of organizational commitment, job satisfaction, service skills, and training on customer orientation among sales people (N=109), found organizational commitment, job satisfaction and service skills to contribute to customer orientation. The effects of training were, however, found to be minor. The SOCO scale was used for measuring customer orientation. Organizational commitment was measured with four items. Results support the importance of motivation and skills for successful service delivery.

Similarly, Grönfeldt (2003) regards organizational commitment to be an important antecedent of both service helping behaviors and service improvement behaviors. Further, she assumes that behavior is a function of both "willingness" and "capacity." The concept of "willingness" incorporates the concept of commitment and service values, while "capacities" are related to the knowledge and competence of the employee, support from the supervisor, autonomy and variety of the job, and the resources available.

Grönfeldt's results from multiple regression analysis using data from Shell front-line service employees (N=73) showed that job competence, affective service values, and organizational commitment were the strongest predictors of customer oriented behavior (service effort and improvement

behavior combined). All variables had the predicted positive effects. Explained variation in customer oriented behavior proved to be substantial (78%).

A separate regression analysis done only for service effort suggested that service effort (helping behaviors) is most strongly affected by affective service values, followed by job competence, and organizational commitment. All variables had the expected positive effects.

Grönfeldt (2003) repeated the analysis using a larger sample of service employees (N=1190). Results of this multiple regression revealed that the main antecedents of service effort were affective and normative service orientations, followed by job competence. Organizational commitment was however not found to be of importance for explaining service effort in this larger sample.

Service improvements

Some support is found for a positive effect of organizational commitment on employee initiative, improvement behavior, and innovative behavior. Meyer and Allen (1997) report a study finding affective commitment to be significantly correlated with supervisor ratings of employees' dependability and initiative, but unrelated to supervisory ratings of employees' overall performance.

Grönfeldt (2003) also examined the antecedents of service improvements in a sample of Shell employees. Results from a regression analysis indicated that the strongest effects were due to job competence which had positive effects on service improvements. The results further demonstrated a negative effect of job pressure, a positive effect of affective service values, and a positive effect of organizational commitment. Job design (job autonomy, job variety, and routinization) was not found to have any effects on service improvements in this sample.

Grönfeldt (2003) repeated the above analysis using a larger sample of service employees (N=1190). The results indicated that the main antecedents of service improvements were job pressures (having the expected negative effect), followed by positive effects from affective and normative service orientations, and positive effects from job competence. Organizational commitment was not found to be of importance in explaining service improvements in this larger sample, while job design was, although the effect was small.

Grönfeldt's analysis suggests that the antecedents of the two service constructs can differ within as well as between samples. In the Shell sample, organizational commitment was found to be important in explaining service effort and service improvements, while in the larger sample, organizational commitment was not found to be important in

explaining service effort or service improvements. Job design was, however, found to affect service improvement behavior in the larger sample, while it was not found to affect service effort. Job design had no effect on service behaviors in the Shell sample.

Kwantes' (2003) studying the relationship of commitment and OCB behaviors using two samples of engineers, one from the US (N=151) and another from India (N=159) found that affective commitment is an important predictor of OCB behaviors. Organizational commitment was measured with Meyer & Allen's eight item scale assessing all three types of commitments. Four dimensions of citizenship behaviors were measured. Multiple regression was conducted simultaneously entering the different commitment constructs into the regression equation.

Of the different commitment constructs, only affective organizational commitment was found to predict OCB behaviors. Affective commitment was found to predict "individual initiative," (improving either individual or group performances) and "loyal boosterism," (promoting the company to others outside the organization) in both samples. Both these behaviors are conceptually more strongly related to service improvements than the concept of service effort, suggesting that affective organizational commitment could be of importance in explaining service improvement behavior. Less evidence was found regarding the effects of organizational commitment on "interpersonal helping," a concept conceptually close to the service effort construct. Affective commitment was only found to predict "interpersonal helping" in the US sample, but was not of importance in the Indian sample. Moreover the relationship was weak in the US sample, although significant.

Bell and Menguc (2002) found employees' identification with the organization to predict all forms of citizenship behavior (altruism, courtesy, sportsmanship, conscientiousness and civic virtue) measured independently by the employees' manager. As identification is only one of four dimension of organizational commitment, these results are only suggestive here.

Summary

While most research suggests a relationship between organizational commitment and behavioral organizational support, some do not. As a result some have suggested that supportive behaviors are elicited directly from organizational rewards, rather than mediated by global affective responses, such as organizational commitment. Despite this, it is proposed here that organizational commitment is an important contributor of supportive behaviors; intent to stay, service effort, and service improvements. Research strongly supports a link between commitment

and turnover intent. Empirical evidence for a link between service behaviors and commitment is less strong. It is argued here that as organizational commitment refers partly to the employees' value alignment with that of the organization, employees who are committed will spend more effort in satisfying customers and engaging in service improvements. In contrast, low organizational commitment is a sign that the employee distances her or him from the organization and its service strategy, hampering the employee's service effort and service improvements. Thus, the following hypothesis (hypothesis *o*) is proposed:

H o: Organizational Commitment Positively Affects Behavioral Support

This hypothesis falls into three derivative hypotheses:

H o1. Organizational Commitment positively Affects Intent to Stay

H o2. Organizational Commitment positively Affects Service Effort

H o3. Organizational Commitment positively Affects Service Improvements

4.3.3 Social Recognition as a Source of Employees' Organizational Support

While many and diverse factors have been suggested as being important for eliciting employees' organizational support, the main source of employees' support to the organization is in this thesis expected to be the organization's "social recognition" of their employees' contribution. Social recognition is seen as consisting of *influence*, *skill-utilization*, and *approval*. It is argued that these experiences are seen as important by employees since they highlight the employee's individual or particular contributions, relating directly to their self-worth and identity. Further, these factors are argued to be important because they are a part of employees' everyday experience.

Based on social exchange theory, it is argued here that the more rewarding the membership is for employees, the greater the pressures on employees to reciprocate these rewards with their commitment, loyalty, service effort and service improvements in order to maintain balance in their social exchange with the organization. Perceptions of these rewards are affected by comparisons. Receiving more social recognition than can be expected, induces constraints on employees to rectify these rewards with their supportive attitudes and behaviors or else risk losing them.

As the author could not find a large amount of empirical studies focusing on the effects of social recognition on organizational commitment, intent to stay, service effort, and service improvements—evidence for the effects of social recognition on employees' support are sought indirectly through studies examining the effects of autonomy, skill-utilization, skill-

variety, feedback, and empowerment on employees' supportive attitudes and behaviors.

Theories of job design, in particular, emphasize the importance of organization of work for employee motivation (see Vroom, 1964; Hackman & Lawler, 1971; Hackman & Oldham, 1980; Mowday & Spencer, 1981). Various job characteristics have accordingly been found to be of importance for explaining commitment (Steers, 1977; O'Reilly & Caldwell, 1980; Bluedorn, 1982; Meyer & Allen, 1997; Currivan, 1999). Similarly, several job content factors have been found to be related to turnover and turnover intent (see review by Vroom, 1964 and Porter & Steers, 1973). Studies have also found some job design variables to be related to extra-role behaviors (Organ, 1990) and customer oriented behaviors (see Bell & Menguc, 2002).

Influence

When employees are able to influence the organization it means that the organization values their contribution and role within the organization; it signals to employees that their opinions and decisions are respected and sought after; and it signifies trust in the employees' judgments as they are given a say in the fate of the organization. These elements are considered to make an important contribution to the social exchange of employees and the organization.

The concept of "influence" resembles the concept of autonomy, defined by Hackman and Oldham (1980) as, "[t]he degree to which the job provides substantial freedom, independence, and discretion to the individual in scheduling the work and in determining the procedures to be used in carrying it out" (Hackman & Oldham, 1980: 79). It is also similar to the concepts of "self-determination" and "impact" in empowerment theory. The concept of "participation" has been used in comparable ways to the way the concept of "influence" is used here.

Research suggests that employees' "influence," and related concepts such as employee participation and autonomy, is related to affective organizational commitment (Mowday *et al.*, 1982; Mottaz, 1987; Gaertner & Nollen, 1989; Lincoln & Kalleberg, 1990; Mathieu & Zajac, 1990; Kraimer *et al.*, 1999; Somers & Birnbaum, 2000; Paré & Tremblay, 2007).

Meyer and Allen's (1997) review shows that affective commitment is related to various dimensions of influence, such as participation in decision making, but they argue that research shows neither strong nor consistent relations. Mottaz (1987), on the other hand, argues that the majority of research suggests that, "intrinsic rewards such as autonomous, interesting, challenging work, are much stronger determinants of work

attitudes than extrinsic rewards, such as pay, fringe benefits, promotional opportunities and the like” (p. 543).

Mottaz (1987) results from an analysis of the effects of various work characteristics, individual characteristics, and job satisfaction on organizational commitment, showed that intrinsic job rewards, such as autonomy, explain a considerable proportion of the variance in organizational commitment and are more important contributors to commitment than extrinsic rewards and personal characteristics.

Mottaz measured organizational commitment using modified version of the OCQ scale. Three types of intrinsic task rewards were measured; task autonomy, task significance, and task involvement. Six extrinsic rewards were measured; supervisory assistance, colleague assistance, working conditions, pay equity, promotional opportunities, and adequate fringe benefits. Several demographic variables were also included: gender, age, education, income, marital status and job tenure. The data came from one university, five elementary schools, a factory, a small-order processing firm, a hospital and a law enforcement agency in the US. A total of 1,385 full-time employees were included in the study.

Three multiple regressions were performed; one for job satisfaction, one for organizational commitment, and a two-stage regression for organizational commitment where job satisfaction was added to the equation in the second stage. Results of the second multiple regression with organizational commitment as the dependent variable, indicate that by far strongest effects on commitment are attributed to intrinsic task rewards (task involvement, task significance, and task autonomy). Explained variation in organizational commitment was quite high (59%). Intrinsic rewards alone accounted for a good deal of the variation in commitment (31%). Other variables having significant effects on commitment were supervisory assistance, education, co-worker assistance, promotional opportunities, and pay equity. Gender, family income, marital status, job tenure, working conditions, and fringe benefits had no effects on commitment.

Several other empirical studies provide good empirical support for the effect of influence or related variables for organizational commitment across different industries. Thus Mathieu and Zajac’s (1990) meta-analysis found a weak positive relationship between autonomy and commitment in three studies, and a strong positive relationship between participatory leadership and organizational commitment in three studies. And Lincoln and Kalleberg (1990) found autonomy—measured as freedom, choice and judgment—to influence organizational commitment, both directly and indirectly through “intrinsic rewards” both in their Japanese and their US sample, using more than 2,200 responses from each country. They

measured organizational commitment using a modified version of the OCQ scale.

Similarly, research on empowerment clearly indicates that job design is of importance for explaining employees' supportive attitudes and behaviors in the service context. However, as empowerment includes four dimensions, of which only two are similar to the definition of influence used in this thesis (i.e. self-determination and impact), these results are only suggestive here. Appelbaum and Honeggar's (1998) review of two studies in the nursing field indicate that a strong relationship is found between empowerment and organizational commitment. This relationship is supported in several other studies (see Kraimer *et al.*, 1999; Somers & Birnbaum, 2000).

Kraimer *et al.* (1999) examined the effects of empowerment on both organizational commitment and carrier intentions. Results indicated that empowerment was strongly related to organizational commitment. Organizational commitment was assessed using a short version of the OCQ scale and Spreitzer's definition of empowerment was used to measure empowerment. The sample consisted of nurses in community hospital employees (N=175). Results indicated that empowerment was strongly related to organizational commitment, and that a considerable proportion of variation in organizational commitment was explained by empowerment (38%).

Mukherjee and Malhotra (2006) examining the effects or role clarity on organizational commitment and employee-perceived service quality, found autonomy and participation only to be indirectly related to organizational commitment through role clarity in a sample of call centre employees (N=342). Organizational commitment was measured using Meyer and Allen's affective organizational commitment scale. Autonomy was measured with e.g. items concerning freedom in how to do the work. Participation was measured with e.g. items concerning possibilities to influence decisions. Conceptualizations of autonomy and participation are fairly similar to the conceptualization of influence in this thesis. While analysis supported a model where autonomy was placed prior to role clarity in a causal chain, the correlations reported in the study suggest a strong correlation between autonomy and organizational commitment (.44). Apart from job satisfaction, autonomy had the strongest correlation with organizational commitment of all the variables examined.

Paré and Tremblay (2007) using a sample of IT employees, found that "empowerment practices," predicted affective commitment using structural equation models. They included four other dimensions of employment practices in their study: recognition practices; competence development practices; fair rewards practices; and information sharing

practices. They also included continuance commitment, procedural justice, and organizational citizenship behaviors in their analysis. Affective commitment was measured using five items; a short version of commitment proposed by Meyer and Allen. Empowerment practices were measured with three items that concerned employees' perceptions of autonomy and delegation in the organization. Results indicated that empowerment practices had minor effects on affective organizational commitment. Both recognition practices and competency development practices had stronger effects on commitment than did empowerment practices.

Several other studies similarly show that influence may not always be the most important factor in explaining organizational commitment. Studies conducted by Steers (1977), Gaertner and Nollen (1989), and Lincoln and Kalleberg (1990) give only partial support for the importance of influence and other job design variables for explaining variation in levels of commitment. These studies included a diverse set of variables in their analysis so they provide important information about the relative effects of influence on commitment in comparison to other variables.

Steers (1977) found that the largest variation in organizational commitment was explained by "work experiences," although the results also indicated that job design (including task autonomy) was of importance for explaining organizational commitment. Gaertner and Nollen's (1989) results indicated that the most important factor in explaining organizational commitment was "perceptions of employment practices," although autonomy was found to have a significant positive effect on organizational commitment as well. Lincoln and Kalleberg (1990) found autonomy to impact organizational commitment among both Japanese and US employees, although they found "intrinsic rewards," "promotion chances," and "vertical and horizontal tie quality" to have a larger impact on organizational commitment than autonomy did in both samples.

The above studies included diverse groups of employees in their samples supporting the generalizability of the results in different work settings. Steer's sample included various service workers, professionals and non-professionals. Gaertner and Nollen's sample consisted of employees in manufacturing; skilled workers and engineers. Lincoln and Kalleberg's (1990) data included data from various industries; e.g. the electrical, chemical, metal, transport, printing, machinery, and the food industry.

To conclude, fairly good empirical evidence is found supporting the effects of influence on employees' organizational commitment, while some studies indicate that it is not always the most important factor when other variables are included in the analysis.

Decades of research support a link between job content factors and turnover and turnover related variables across different industries and occupations. These results also suggest that the effects of job design on turnover are not strong and that the effects of job design are likely to be mainly indirect through affective variables, behavioral intentions, or both. Porter and Steers (1973) report findings on the relations of skill-variety and job autonomy with turnover and turnover-related variables. Similarly, Mowday and Spencer (1981) argue that several studies, “have found lower turnover and absenteeism among employees in jobs involving high responsibility, autonomy, and variety” (p. 634). Katz and Kahn (1978) argue, on the other hand, that studies on the relationship of job content with various outcomes, confirm that, “these job dimensions are strongly correlated with overall job satisfaction but are only slightly related to various performance, turnover, and absenteeism measures” (p. 705).

Accordingly, Price and Mueller (1981) found participation and routinization only to be indirectly related to turnover through job satisfaction in their sample of service employees. Their data consisted of longitudinal data of 1,091 nurses in seven hospitals. They tested the effects of thirteen variables on turnover, among those “participation” or the degree of power that an individual exercises concerning the job. They found turnover to be mainly determined (calculating both direct and indirect effects) by intent to stay, job opportunities in the organization, general training, job satisfaction and tenure. The explained variation in turnover was, however, rather small (18%). Age did not have any effects on turnover, while tenure did. Intent to stay was in turn determined by job satisfaction, general training, kinship responsibility, pay, job opportunities in the organization, and promotional opportunities in the organization. Explained variation in intent to stay was not very high either (24%). Job satisfaction was then in turn determined by routinization, instrumental communication, promotional opportunities, participation, amount of time worked, age, and job opportunities within the organization.

Mor Barak’s *et al.* (2001) meta-analysis of 25 empirical studies on human service personal on the antecedents of turnover and turnover intention, found that job characteristics such as autonomy and control were related to turnover, while being more strongly related to intent to leave. The strongest predictor of intent to leave was, however, found to be organizational commitment, lending support to that the effect of job content variables on turnover is mainly indirect through commitment.

A more recent study by Paré and Tremblay (2007), cited above, also suggests that empowerment practices are indirectly related to turnover intentions through affective commitment. Empowerment practices were not found to have any direct effect on turnover intent, while competency development practices and information sharing practices had strong

negative effects on turnover intents. Organizational citizenship behaviors, affective commitment, and continuance commitment had also negative effects on turnover intents. The strongest effects on turnover intents, however, were due to recognition practices.

Studies have found some job design variables, particularly empowerment, to be related to customer oriented behavior (see Bell & Menguc, 2002), while some research show that job design factors (job autonomy and job variety) are in some samples not related to either helping behaviors or improvement behaviors, when controlling for other factors (Grönfeldt, 2003).

Feather and Rauter (2004), analyzing different origins of OCB between permanent and fixed-term contract teachers in Australia, found “influence” to be correlated with organizational commitment, but they found no correlation between organizational commitment with OCB in the total sample of teachers (N=154). The study also included measures of skill-utilization and task variety, and all the job design variables (influence, skill-utilization, and task variety) were found to correlate with organizational commitment, while skill-utilization had the strongest correlation with commitment of the three variables. Organizational commitment was measured using the Allen and Meyer scale. The measurement of influence contained items concerned with; e.g. employees’ possibilities to make decisions about the design of the workplace and organization of work. OCB included items such as “I take work home or stay late to finish up work, even if not specifically asked to do so” (p. 85). Organizational identification was the only variable with significant zero-order correlation with OCB in the total sample.

While the direct effects of job design on customer oriented behavior seem inconclusive, some have emphasized empowerment in particular as important in improvement and innovative behaviors. Spreitzer (1995) argues that empowerment (defined as meaning, competence, self-determination and impact) should predict both innovative behavior and managerial efficiency. The data consisted of two samples, 393 managers in an industrial organization and 128 employees from an insurance company. Correlation analysis of the industrial sample showed that the zero-order correlation between self-determination and innovation was low, while stronger for both competence and impact. It was however, lowest for “meaning.” The overall construct of empowerment was, however, found to predict both innovative behavior and managerial effectiveness.

Kirkman and Rosen (1999) report several studies emphasizing the importance of empowerment for “proactive” behaviors, such as scanning for opportunities, showing initiative, taking action on and solving problems. They argue that more empowered employees are more likely to

engage in proactive behavior than less empowered. Grönfeldt's (2003) analysis showed, that job design (autonomy and variety) was related to service improvement in one of two samples of service employees.

The reason for expecting a relationship between measures of employee influence and improvement behavior may be as, Tidd *et al.* (2001) argue, that rigid hierarchical structures are unlikely to be supportive of pro-active behaviors. Or as Spreitzer (1995) argues that since empowered persons are more likely to feel they have an impact, they are also more likely to be creative and innovative. In this thesis, however, it is assumed that having influence symbolizes the organization's recognition of employees' judgment and discretion. Employees reciprocate these rewards partly directly by utilizing their creativity and judgment for the good of the organization by engaging in improvement behaviors and partly indirectly through increasing their commitment to the organization.

Van Yperen *et al.* (1999) results support a link between various forms of organizational citizenship behaviors and participation in a sample of trading company employees. Of the different OCB examined, strongest correlation was found between participation and altruism (providing others with help with tasks or problems), supporting that a link might exist between influence and service effort. Correlation was also found between participation and civic virtue. Although this relationship was less strong, these results indicate that influence is likely to predict service improvements as well. Results from their model indicated, though, that participation in decision-making was only indirectly linked to organizational commitment through perceptions of supervisory support.

To conclude, influence symbolizes the organization's recognition of the employees' opinions, interests, and the role within the organization. Employees assess their levels of influence by comparing their influence to the influence they perceive that others hold in the organization, considering e.g. their education, experience, formal authority, tenure, etc. Influence thus becomes a sign of the value the organization places on them. The more influence the individual has, the stronger these perceptions, and consequently the larger the constraints on employees to reciprocate these rewards or else risk losing them. Research seem to suggest that employees reciprocate these rewards mainly by means of organizational commitment, while less so through supportive behaviors directly. The effects of influence on intent to stay and service effort are expected to lie mainly through organizational commitment. However, strong direct effects are expected between influence and service improvements. Thus, the following hypothesis (hypothesis *i*) is proposed:

H i: Influence Positively Affects Employees' Support to the Organization

This hypothesis falls into four derivative hypotheses:

- H i1. Influence positively affects Organizational Commitment*
- H i2. Influence positively affects Intent to Stay (only weak relations expected)*
- H i3. Influence positively affects Service Effort (only weak relations expected)*
- H i4. Influence positively affects Service Improvements*

Skill-utilization

Higher skill-utilization means that more of the individual's capacities are used and thus, recognized by the organizations. Lower skill-utilization means that the individual perceives some of his or her skills, talents, or knowledge as being wasted. Skill-utilization refers not only to the talents or knowledge individuals bring with them to work, but also to the utilization of firm-specific human capital that has been built up over time. Some individuals can be given an area of expertise by the organization, while other individuals gain an area of expertise through their education. Perceptions of skill-utilization are thus, affected by perceptions of own skills as well as their application in a certain context.

The concept of skill-utilization resembles Hackman and Oldham's (1980) concept of skill-variety. They define skill-variety as "[t]he degree to which a job requires a variety of different activities in carrying out the work, involving the use of a number of different skills and talents of the person" (p. 78). Both concepts are concerned with utilization of the employee's capacities. The concept of routinization, similarly to the concept of skill-variety, relates to situations that hamper the use of skills. Empirical results concerning the relationship between skill-variety and employees' organizational support, and that between routinization and employees' organizational support are thus assumed to be of relevance in this context.

Utilization of skills, as well as related concepts such as skill-variety and routinization, are found to affect general affective responses like job satisfaction and organizational commitment (see Vroom, 1964; Porter & Steers, 1973; Katz & Kahn, 1978; Rose, 1994a; 1994b; Meyer & Allen, 1997; Curri van, 1999; Feldman *et al.*, 2002; Feather & Rauter, 2004). Studies of the relationship between skill-utilization and organizational commitment are not too common. However, due to the strong correlations between organizational commitment and job satisfaction (Bluedorn, 1982; Mottaz, 1987; Mathieu & Zajac, 1990; Meyer *et al.*, 1993), results finding strong effects of skill-utilization and job satisfaction are implied here and assumed to provide evidence regarding the impact of skill-utilization on organizational commitment.

Feldman *et al.* (2002) found a considerably strong correlation between skill-utilization and organizational commitment in a study of underemployment of 517 re-employed executives who had lost their jobs due to downsizing. Skill-utilization was measured through comparing

utilization of skills in nine areas in the past and present job. Organizational commitment was measured using Meyer's and Allen's affective organizational commitment scale.

Rose (1994b), using data from studies of local labor markets in the UK and over 3,000 responses, found job satisfaction to increase with skill levels of the job, while an individual's own skills tended to affect job satisfaction negatively. This mismatch of an individual's own skill and the job's skill levels was found to be strongly related to job satisfaction. It was found that "underqualified" employees—those having less skill than demanded by the job—were much more satisfied with their jobs than those who were underutilizing their skills. Skill-utilization (opportunities for doing what one does best), was similarly found to be one of the most important factors in explaining job satisfaction among young public and private employees in a large study of nationally representative sample of young Americans (DeSantis & Durst, 1996).

Research supports a relationship of organizational commitment with skill-variety. Meyer and Allen (1997) argue that several studies show that a relationship between affective commitment and skill-variety. Steers (1977), as discussed above, found that job characteristics explained a considerable variation in organizational commitment in a sample of service employees and Mathieu and Zajac (1990) similarly found medium positive correlations in a meta-analysis of six studies between skill-variety and organizational commitment.

Paré and Tremblay (2007), cited above, found "competency development practices" defined as development of and employees' application of skills in the organization to predict affective commitment using structural equation models, while the relationship was weak.

Eby's *et al.* (1999) review of specially selected meta-analysis concerned with the relationship between job design variables and commitment and turnover, argue that turnover is correlated with job characteristics. The highest correlations were found with feedback, while lower correlations were found with skill-variety and autonomy.

With regard to routinization, which is concerned with situations that prevent the use of skills, Price and Mueller (1981) found routinization only to be indirectly related to turnover in their sample of service employees. However, it was found to be one of the predictors of turnover in Bluedorn's (1982) study among service employees. Bluedorn included fifteen variables, among those were routinization and organizational commitment. Organizational commitment was measured with the OCQ scale. Data was collected from a large insurance company on two occasions. First, multiple regression was used to reduce the number of variables used in a subsequent regression. Path analysis was conducted using multiple regression that

showed that the most important determinants of turnover were: environmental opportunities, intent to stay, routinization, and age. However, explained variation in turnover was small (12%), but considerably larger in intent to leave (30%).

Cotton and Tuttle (1986), conducting a meta-analysis of over 120 datasets, found only a weak confidence for a relationship between repetitiveness and turnover. The sample included articles, books and book chapters published between 1979 and 1984. Results of correlation analysis show that over 25 variables predict turnover (with significance .05 or lower), among those were task repetitiveness, although this relationship was weak. Stepwise regression was also performed on the data. Strongest predictors of turnover, according to the results, were employment perceptions, the presence of union, pay, overall job satisfaction, satisfaction with work, gender, and number of dependents.

Paré and Tremblay (2007), discussed above, examined the effect of “competency development practices” on turnover intents using structural equation models. They found strong effects of competency development practices on turnover intents. Only recognition practices were found to have stronger effects on turnover intents than competency development practices.

In conclusion: studies examining the effects of skill-utilization on commitment are not too common. Still, the existing evidence indicates that skill-utilization and related concepts are likely to be a source of organizational commitment in a service context. Some evidence also support that skill-utilization is related to intent to stay, while more evidence suggests that utilization of skills affects intent to stay only indirectly through commitment. There are, however, strong theoretical motives given in this thesis for assuming that use of skill has an effect on intent to stay, as employees are argued to construct perceptions of skill-utilization through comparison with others, both with employees within the organization and in the labor market in general. Employees, who perceive that their capacities are not recognized in the current organizational membership, will try finding an organization that does. Less evidence is available regarding the effects of skill-utilization on service effort and service improvements. It is however assumed that high skill-utilization indicates that employees perceive they have service skills that are recognized by the organization. Therefore, it is suggested that skill-utilization is related to service effort and service improvements. Skill-utilization is consequently expected to have positive effects on all the dependent variables, while only weak relations are expected with service effort and service improvements. Thus, the following hypothesis (hypothesis *s*) is formulated:

H s: Skill-Utilization has positive effects on Employees' Support to the Organization

This hypothesis falls into four derivative hypotheses:

- H s1.* Skill-utilization positively affects Organizational Commitment
- H s2.* Skill-utilization positively affects Intent to Stay
- H s3.* Skill-utilization positively affects Service Effort (only weak relations expected)
- H s4.* Skill-utilization positively affects Service Improvement (only weak relations expected)

Approval

Within the organization, actions are monitored and judged. Approval of particular accomplishments, efforts, and performances symbolizes the organizations recognition of these, showing employees that these matter and thus, that the individual matters, providing the employee with a perception of an accomplishment.

Furthermore approval clarifies organizational expectations by providing employees with information about what kind of accomplishments the organization values and thereby provides employees with information to continue to receive approval. Two main sources of approval within the organization are co-workers and supervisors. Supervisors have the formal responsibility for subordinate performances; for employees' training and development, as well as for setting standards for employees' performances and advancement. For this reason supervisors are regarded as the main source of approval for subordinates.

A related concept to approval is the concept of "feedback." For Hackman and Oldham (1980) feedback is important for individuals in developing a sense of competence and contributing to "knowledge of results." This experience contributes to perceptions of having control and is likely to have positive effects on effort as well, by making end results and their impact visible. Krackhardt *et al.* (1981), in particular, emphasize the importance of supervisory feedback for the newcomers' experience on the job, due to the newcomer's need for social cues for orientating themselves in new circumstances. The importance of feedback in the service setting has similarly been emphasized as means for resolving role ambiguity and thus for elevating service performances (see Mukherjee & Malhotra, 2006).

Despite the suggested importance of approval on employees' organizational support and the vast evidence for the importance of feedback in changing behaviors (see e.g. review by Daniels, 2000), the evidence for the effect of approval, or related variables such as feedback, on commitment, intent to stay, and service behaviors is fairly limited. In

several studies in the field of front-line services, feedback is considered contributing to increased role clarity rather than affecting organizational commitment or service behaviors directly (see e.g. Mukherjee & Malhotra, 2006).

Porter and Steers (1973) report some evidence for the effect of supervisor's support and feedback on turnover and some empirical evidence is found for the importance of feedback in Steers (1977). Steers examined the impact of work experiences, job characteristics, and personal characteristics on organizational commitment. Although Steers' results (previously discussed above in more detail) indicated that work experiences were of greater importance than job characteristics for explaining organizational commitment, results of multiple regression analysis suggested that feedback was one of the most important antecedents of organizational commitment, in the sample of scientists and engineers. In the sample of hospital employees, however, the effect of feedback was not significant when taking an account of other variables.

Some empirical evidence is found for the effects of approval on organizational commitment in Gaertner and Nollen (1989). They included a measure of "supervisory relations" operationalized as feedback, communication, and encouragements from supervisors, in their study of 600 employees in a manufacturing firm. While multiple regression analysis showed that the strongest contributors to organizational commitment were "perceptions of employment practices" (security, mobility, and training), the impact of supervisory relations on organizational commitment was quite strong as well, and similar to that of training.

Mukherjee and Malhotra (2006), previously cited above, found feedback only to be indirectly related to organizational commitment through role clarity. Feedback was measured with items e.g. concerning praise and recognition from supervisors and is fairly similar to the conceptualization of approval in this thesis.

Strong evidence for the effect of approval on organizational commitment is found in Eby *et al.* (1999). They examined selected meta-analysis', and found commitment to correlate with autonomy, skill-variety, and feedback, while the highest correlation was found with feedback. Existing data sets were used to calculate correlations between the three job design variables and various outcomes, such as organizational commitment. They also conducted a structural equation modeling for explaining affective organizational commitment, intrinsic motivation, job satisfaction, turnover and absenteeism. The indicator of commitment was in most cases affective organizational commitment though in some cases intrinsic motivation was used as a surrogate for commitment when

information about correlation with organizational commitment was missing. In addition to the three job design variables, two job contexts were also included in the analysis; supervisory satisfaction and pay satisfaction. According to the results from the structural equation model, feedback was found to have the strongest net effects on commitment of the variables tested when controlling for other factors. Feedback was also found to correlate with turnover, while it was only found to have indirect effects on turnover through organizational commitment in a multivariate causal analysis.

Strong evidence is also found for the effects of approval on both affective commitment and turnover intents in Paré and Tremblay (2007). They studied the effects of various HR practices on organizational citizenship behaviors, affective commitment, continuance commitment, and turnover intents using structural equation models in a study of Canadian IT employees.

Recognition practices were measured using six items concerned with the organization appreciating, congratulating, and recognizing employees' contributions and efforts. Recognition practices were found to have the strongest effect on affective commitment and the far strongest effects on turnover intents of the four HR practices examined. While recognition practices refer to employee perceptions of management practices within the organization, the concept in other ways corresponds to the concept of "approval" as it has been defined in this thesis.

Tziner and Latham (1989) found feedback followed by goal-setting to increase satisfaction and organizational commitment more so than feedback alone. Organizational commitment was measured using the OCQ scale. Organizational commitment was measured at two points in time, first one month before the performance appraisal and then one month after it had been completed. Data was obtained from a field experiment of 125 subordinates and 20 managers employed in an Israeli airport. The managers received intensive training in giving performance review to subordinates. After the training, the managers were assigned randomly to four conditions using different types of feedback and feedback with and without goal setting. Results show that feedback increases organizational commitment, although the effect was not large, while feedback followed by goal-setting increased organizational commitment more so than performance review comprising feedback only.

Indirect evidence for the importance of feedback on OCB is found in several publications through evaluation of supervisory support. E.g. Bateman and Organ (1983) found that citizenship behaviors were strongly related to supervisory satisfaction. As supervisors are a source of

information, feedback and support, these results are suggestive for the possible influence of approval on improvements

In sum: evidence for the effect of approval on employees' organizational support, as conceptualized here, is not all too common. Although some evidence are found for the indirect and direct effects of approval on organizational support more generally. In this thesis it is proposed that due to the intangible nature of services, feedback is of key importance for employees and their experience of recognition. Because the outcomes of services are intangible, employees need feedback, directions, and praise in order to understand how their behaviors and attitudes contribute to organizational goals and outcomes. Here it is proposed that approval affects service behaviors and turnover mainly indirectly through organizational commitment, while also having some direct effects on employees' behavioral support. Thus, the following hypothesis (hypothesis *a*) is formulated:

H a: Approval Positively Affects Employees' Support to the Organization

This hypothesis falls into four derivative hypotheses:

- H a1.* Approval positively affects Organizational Commitment
- H a2.* Approval positively affects Intent to Stay (only weak relations expected)
- H a3.* Approval positively affects Service Effort (only weak relations expected)
- H a4.* Approval positively affects Service Improvements (only weak relations expected)

4.3.4 Personal and Work-Related Demographics

The literature generally assumes that a relationship exists between the organizational environment and individual attitudes, motivations, orientations, and commitments (see e.g. Etzioni, 1961; Blauner, 1964; Argyris, 1964; Hackman & Oldham, 1980; Karasek & Theorell, 1990). However, as people acquire a conception of themselves and their standing through comparisons with others, evaluations of the organizational environment are affected by comparisons with other individuals and groups they perceive as similar, rather than by its objective nature alone.

Personal as well as work-related demographics—such as being male or female, holding a management position, or having a university education—have all been found to be importance for explaining employee attitudes. It is often assumed, that because attitudes vary by demographic variables, that they give an indication about the employees' objective situation at work. It is acknowledged here that personal and work-related characteristics affect risks and opportunities of individuals, but in this thesis these characteristics are mainly seen as being social categories that

influence how people define themselves and consequently for their choice of reference groups. These social categories are therefore expected to give an indication of individual expectations derived from various comparisons, rather than providing information about the employees' objective situation at work.

Comparison processes are argued to be central for the development of the expectations individuals bring with them to each situation. Comparisons are made both with groups within the organization and with groups outside the organization. While comparisons with groups within the organization are considered most important for the development of individual expectations, some groups are more likely to be outward looking and therefore, to rely more on external references than other groups. Professionals, in particular, are argued to be more likely than other groups to seek external reference due to their general training and consequently, have larger opportunities to engage in comparisons with others. The match or mismatch between employee's expectations and the employee's experience with the exchange with the organization is the ground from which individual evaluations spring.

Several personal and work-related demographics have been found to be related to both commitment and turnover, while there is less evidence for a relationship between personal and work-related demographics and service behaviors. In the following pages hypotheses regarding the effects of personal and work-related demographics (hypotheses *p* and *w*) on social recognition and employees' organizational support will be formulated.

Age

The employees' age has frequently been found to predict organizational commitment and turnover. The effect of age on turnover is well established (Rundblad, 1964; Porter & Steers, 1973; Price & Mueller, 1981; Holmlund, 1984; Kirshenbaum & Weisberg, 1990; Huselid & Day, 1991), where turnover and risk of turnover decreases with higher age. There are also well-researched effects of age on organizational commitment (Morris & Sherman, 1981; Bluedorn, 1982; Mathieu & Zajac, 1990; Meyer *et al.*, 1993), where commitment is found to increase with age. However, not much research exists on the relation of age and either helping behaviors or improvement behaviors.

The most common interpretations of the effects of age (the same interpretation applies in many instances to the effects of tenure) on organizational attitudes and behavior is that it describes some form of investment in skills, investments in relationships, or that it represents declining opportunities in the labor market. Some see age as an indicator of firm-specific skills and knowledge that has developed over time and

increases the employee's costs of exit (see e.g. Bartel, 1979; Mor Barak, 2001). This interpretation is prevalent in human capital theories and is supported by research showing decreasing mobility with age, tenure, and longer residence. Another interpretation of the effects of age and tenure is that these signify an extension of the social exchange between employees and organizations (Zetterberg *et al.*, 1984; O'Reilly & Chatman, 1986; Gaertner & Nollen, 1989). A related interpretation is to see age and tenure as being indicators of socialization or time spent within the organization where long-term employment is seen as promoting identification with the values and goals of the firm (O'Reilly & Chatman, 1986; Gaertner and Nollen, 1989; Meyer & Allen, 1997). In addition, the effects of age and tenure are sometimes interpreted as being indicators of declining job opportunities and thus of employees' increasing cost of exit (see Mowday *et al.*, 1982; Holmlund, 1984).

Age is an important element in various contexts, as much as resources, rights and obligations are age-related. Older cohorts have advantage over younger cohorts, since these have had more time to accumulate capital, gain experience, resources, skills, power, relationships, and a higher status, while younger cohorts have the advantage of having new knowledge and skills, being less constrained by social relations, and being less concerned with maintaining status and dignity. Thus, older employees are seen as experiencing more positive experiences relative to younger employees within the organization in regards to organizational rewards and decreasing opportunities for receiving such rewards elsewhere. The following hypotheses are thus formulated: age affects the likelihood of gaining management position, while no direct causal line is expected to exist between age and social recognition. Rather, age is expected to affect organizational commitment and intent to stay directly, since age represents increasing investment made within the organization by employees and increasing cost of exit due to declining job opportunities. No direct causal line is expected to exist between age and service effort and no direct causal line is expected to exist between age and service improvements:

- H p1. Age positively affects formal authority (holding management position)*
- H p2. Age positively affects Organizational Commitment*
- H p3. Age positively affects Intent to Stay*

Gender

Gender is a central experience of individuals that continuously affects their social being, expectations, and resources. Gender relations are produced and reproduced in; e.g. household labor, labor market experiences and in the current organizational membership (Sayer & Walker, 1992).

Consequently a considerable difference is found between the situation of men and women in organizations. Women are in general found to hold less rewarding positions than men; to be employed in more routinized work, to have less control over their work, and to be controlled by machines to a larger degree than men. Women are also found to be under a closer supervision than men (Karasek & Theorell, 1990; Lincoln & Kalleberg, 1990; Gallie, 1994). Karasek and Theorell (1990) found the majority of “male occupations” to be “active jobs,” i.e. to be high both in control and in demands. In contrast, they found a higher proportion of high-stress jobs among women, due to their lack of control at work.

Gallie (1994) found women to be more often in jobs that require no qualifications and no training. Fewer women than men regard their work as skilled, and more men than women hold supervisory positions. These results hold irrespective of occupational groups and irrespective of the technological use required for the job. Further, Walby (1990) argues that women’s work generally receives less social and economic recognition than men’s despite their work being skilled in the technical sense. In contrast, Horrell *et al.* (1994) found little differences between men’s and women’s perceptions of discretion and autonomy in their jobs.

Official statistics also illustrate differences in men’s and women’s labor market participation and work hours (see *Vinnumarkaður*, various years; *NSY*, various years). These differences are often explained with reference to dissimilarity in household responsibilities between the genders. A usual claim is that family formation has opposite effects on the labor market participation of men and women—encouraging men’s employment patterns while discouraging women’s participation in paid work (see e.g. review by Grint, 1998). Studies have supported such assumptions by showing that women’s working hours in the household are considerably longer than those of men (e.g. Galinsky *et al.*, 1993; *Efnahagsleg völd kvenna*, 2004).

Compared to men, women generally hold inferior positions within organizations that should lead women to judge their situation as inferior to that of men. However, in difference to age and tenure, which are temporary variables, the labor market is segmented by the lines of gender irrespective of employees’ age and tenure (see *Landshagir*, 2000; 2002). It is thus argued here that the gendered division of labor promotes gender specific comparisons. Such an assumption is supported by studies of job choices that indicate that men and women choose work based on assumptions about what jobs “fit” men or women (see Hollenbeck *et al.*, 1987). Studies of the variances in men’s and women’s wage expectations have accordingly suggested that women have lower wage expectations than men, partly because they aspire to positions that are or have generally been held by other women and that are paid less than positions traditionally held

by men (Major & Konar, 1984). Evidence is also found in research on justice. Perceptions of justice (distributive, procedural, and interactive) have not been found to be strongly related to gender (Cohen-Charash & Spector, 2001) despite differences in the objective situations of men and women. A likely explanation for these results is that despite objective differences in men's and women's work situation, evaluation of the social exchange with the organization is partly affected by comparison processes that are gender based, due to the gendered labor market, where women tend to compare themselves to other women and men to other men. An alternative explanation to differences in women's and men's expectations is that men and women assess work in terms of different factors. Supportive elements of work, such as flexibility and social support, have been suggested to be more important to women than men due to women's household responsibilities, while pay is of more importance to men than to women due to men's breadwinner responsibilities (see e.g. Kovach, 1995).

In this thesis it is, however, assumed that while men have generally been found to having a favored position in the workplace, especially with regards to formal authority and thus, in regards to their abilities to influence the organization, differences in the objective situation of men and women is likely to be softened, while not eliminated, by comparative processes that are gender based and reduce relative deprivation caused by a negative comparisons by women to that of men.

Despite women's structurally inferior position in organizations, studies have not found women to have lower organizational commitment. Mowday *et al.* (1982) argue to the contrary that studies find women to be more committed than men. Lincoln and Kalleberg's (1990) results, also provide evidence that women are more committed to the organization than men are. Mathieu and Zajac's (1990) meta-analysis of 14 studies similarly support that more evidence indicate that women have higher commitment than men, though the effect was small.

The effect of gender on turnover and labor mobility varies somewhat between studies. In some studies women have been found to be less mobile (see review by Sjöstrand, 1968; Lyness & Judiesch, 2001), in some more mobile (Holmlund, 1984), and in some cases no differences have been found in turnover between the genders (Huselid & Day, 1991). Cotton and Tuttle's (1986) meta-analysis, however, found strong evidence for a relationship between gender and turnover. Women were found to be more likely to quit than men in eight studies, while no relationship was found in eleven studies and in one study men were more likely to quit than women. This is in accordance with the argument that women should have higher rates of mobility or withdrawal from work for different reasons, such as household responsibilities, socialization, labor market opportunities, or current working environment. Research accordingly

supports that men and women change jobs for partly different reasons, where family reasons are more common among women than among men (see Light & Ureta, 1992). Lyness and Judiesch's (2001) examination of an archive of more than 26,000 managers found, contrary to what was expected and contrary to the above review, that men were a little more likely to voluntarily terminate managerial employment than women.

Not much research is found on gender differences in service behaviors or orientations. Horrell *et al.* (1994) found that women attached a stronger importance to good relations at work and contacts with clients and customers than men did when assessing the importance of several skills, suggesting that women could exert more service effort at work than men.

Due to a male's favored position in organizations and in society in general, it is expected that males have higher chances of a formal authority position in the organization, that they have more influence, utilize their skills better, and receive more approval than females. Therefore, gender is expected to have only indirect effects on organizational commitment. However, it is expected that gender influence intends to stay both directly and indirectly—directly due to women's household responsibilities and indirectly due to their less favored position in organizations. Regarding service effort, on the other hand, some evidence is found for that women attach more importance to good relationships with customers than men do. Thus it is proposed that women tend to engage more in service effort than men. No direct causal relationship is expected between gender and service improvements. Thus, the following hypotheses are formulated:

- H p4. Gender (being male) positively affects formal authority*
- H p5. Gender (being male) positively affects Influence*
- H p6. Gender (being male) positively affects Skill-utilization*
- H p7. Gender (being male) positively affects Approval*
- H p8. Gender (being male) positively affects Intent to Stay*
- H p9. Gender (being male) negatively affects Service Efforts*

Tenure

Resources and power is acquired with time in the organization. As it takes time to build relationships, higher tenure is likely to provide individuals with a stronger social network, experiences and knowledge within the organization that is likely to be a source of recognition for employees. Thus, employees with higher tenure are seen as experiencing positive comparisons compared to those with lower tenure. Therefore, perceptions of rewards are likely to increase with the length of time spent with the organization and employees are likely to experience decreasing opportunities for receiving similar levels of rewards elsewhere, affecting

perceptions of costs of leaving and investments made within the organization.

Accordingly, tenure is frequently used as an indicator of firm-specific skills and investments that build up over time within organizations increasing the cost of exit (see Lincoln & Kalleberg, 1990; Meyer & Allen, 1997). A further element of tenure is that as organizations generally recruit some proportion of individuals from within the company, higher tenure is likely to go hand in hand with opportunities for promotion and for individuals to gain more beneficial positions compared to others with less tenure. However, tenure may also create opposite effects, as when employees with higher tenure compare unfavorably with employees with lower tenure but receive more rewards and recognition than those with higher tenure.

The beneficial effects of tenure on employees' organizational support have been fairly well established, while few studies have found the opposite to apply. Most studies have found tenure to be inversely related to turnover, while being positively related to affective organizational commitment. Meta-analysis by Mathieu and Zajac (1990) supports the positive correlations of tenure and organizational commitment, although the effect was small. Zeffane (1994) argues that numerous studies report a positive link between higher tenure and higher organizational commitment, although he found tenure to have a positive effect on commitment only among private sector employees, while he found no such effect among public sector employees. Keller (1997) similarly found a positive correlation between tenure and commitment. Yet, some have found tenure to have negative effects on commitment, contrary to most research (Lincoln & Kalleberg, 1990; Naumann *et al.*, 2000). In Lincoln and Kalleberg these negative effects have appeared because age is also included as a predictor of organizational commitment. This suggests that tenure may include two types of effects on organizational commitment; a positive effect due to e.g. investments in social relationships and firm-specific skills and a negative effect accounted for by unrealized expectations or opportunities (see Lincoln & Kalleberg, 1990).

With regard to turnover, the effects of tenure are well established. People with higher tenure have generally lower turnover than people with lower tenure (see e.g., Porter & Steers, 1973; Huselid & Day, 1991). Some have found combined effects of both age and tenure, while some report only significant effects of either of them. Thus, Price and Mueller (1981) found tenure but not age to predict turnover.

In general, tenure is expected to lead to positive direct effects on social recognition, particularly skill-utilization. Therefore, perceptions of skill-utilization develops through socialization, learning skills, increasing

competencies and increased occupational authority of those that have spent more time within the organization compared to those that have spent less time with the organization. The effects of tenure on influence are expected to be indirect through management position. There is some reason to assume negative effects of tenure on approval, as more experienced employees are likely to “mentor” those with less experience and thus, in the position of “approving” rather than receiving approval. However, as the author found no empirical evidence for such an effect, it is thus assumed for now that no relation exists between tenure and approval. Positive effects are expected from tenure on organizational commitment and intent to stay, but there is little reason to expect tenure to be in a direct causal relationship with service effort or service improvements. Tenure is rather expected to have indirect positive effects on organizational support through skill-utilization and influence. Thus, the following hypotheses are formulated:

- H w1. Tenure positively affects formal authority (holding management position)*
- H w2. Tenure positively affects Skill-utilization*
- H w3. Tenure positively affects Organizational Commitment*
- H w4. Tenure positively affects Intent to Stay*

Education

Education represents, creates, and maintains differences in risks and resources between individuals. Levels of education are highly important for activity rates, unemployment rates and prevalence of part-time work in Iceland, as in the other Nordic countries (see *YNS*, various years). Education promotes labor market participation for both men and women in all age groups. Moreover, there is a more consistent and clearer effect of education on labor market participation than the effect of age and gender (*Vinnumarkaður*, 1998).

University education is an indicator of general skills that can be transferred between organizations and thus offer larger opportunities for job mobility and comparisons with others. Professional ethics derived from educational merits also create an independent standpoint from which the exchange with the organization can be judged. Those with a university education are likely to hold better defined claims for recognition due to professional ethics and occupational authority of their profession than those without such memberships. Those with a university education are, in particular, likely to engage in unfavorable comparisons with those holding management positions within the organization. This happens as those holding university education will tend to have similar (or even higher) educational merits than managers, while they lack the formal status of the managers to make and enforce decisions. Examination of the relation between justice and education accordingly, show that perceptions of both

distributive and procedural justice decline with education, while the effect is weak (Cohen-Charash & Spector, 2001). Membership in occupational communities can also take the form of occupational commitment, usually assumed to be stronger among professionals (see e.g. Shore & Martin, 1989) hampering the development of organizational attachments.

Thus, while the more educated hold advantageous positions within the organization and receive more recognition for their contribution, education is seen as having ambiguous effects on organizational support, as professionals' organizational support will tend to be negatively affected by greater opportunities in the labor market due to their general training, and clearer criteria for comparison; increasing risks of unfavorable comparisons both within the organization as well as in the labor market in general. University education also signals the presence of a commitment to a profession, which is likely to weaken commitment to the organization. Education has accordingly been found to be inversely related to commitment (Bluedorn, 1982; Huselid & Day, 1991). Mathieu and Zajac's (1990) meta-analysis support negative effects of education on commitment, but the effect was small.

Similarly, labor mobility has generally been found to increase with education (Rundblad, 1964; Bartel, 1979; Holmlund, 1984). In most cases the explanation for this has been that education is an indicator of general training and thus, of increased labor market opportunities. In this thesis these effects are more generally interpreted as indicating the increased opportunities for comparison (and thus for relative deprivation) and increased labor market opportunities.

In conclusion, education is expected to have negative direct effects on organizational commitment and positive indirect effects (through holding authority positions and having influence) on organizational commitment. Education is expected to have a negative relationship with intent to stay, due to external references of university educated people with their professional groups and their relatively larger opportunities in the labor market—both of these factors increase the likelihood of unfavorable comparisons. With regard to service behaviors, professionals are expected to have a more “rational” stance towards work, which would indicate a positive relationship with improvements but a negative relationship with service effort. Thus, the following hypotheses are formulated:

- H w5. University education positively affects formal authority*
- H w6. University education positively affects Influence*
- H w7. University education positively affects Skill-utilization*
- H w8. University education positively affects Approval*
- H w9. University education negatively affects Organizational Commitment*
- H w10. University education negatively affects Intent to Stay*
- H w11. University education negatively affects Service Effort*
- H w12. University education positively affects Service Improvements*

Formal authority–holding a managerial position

Holding an authority position within organizations is both demanding and rewarding in various respects both directly and indirectly. Sayer and Walker (1992) argue that beneficial positions, such as belonging to the managerial hierarchy or holding expertise positions, allow individuals to, “extract a measure of surplus labor from others, tilting the distribution of income their way ...” (p. 19). The beneficial location of the managerial and professional strata does not just manifest itself in material things. Research also supports that a positive relationship exists between class positions and job attitudes (see Vroom, 1964; Argyris, 1964; Porter & Lawler, 1965) indicating that managers also experience a more rewarding social-psychological environment at work than non-managers.

Porter and Lawler (1965), argue that results generally show that job morale and satisfaction increase with the level of occupation. Vroom (1964) argues that research has shown that the relationship of satisfaction and management has to do with managers having more opportunities to satisfy esteem, autonomy, and self-actualization needs. Similarly, Argyris (1964), reviewing several studies, argues that those in the upper levels of the organization are more satisfied in their work and are more likely to report higher intrinsic work satisfaction. Least job satisfaction is found among the unskilled, clerical workers and sales workers and highest among the professional and managerial strata. Similarly, most studies of commitment show that commitment increases with job level and job status (Yoon *et al.*, 1994; Zeffane, 1994). Mathieu and Zajac’s (1990) meta-analysis, similarly, supports the assumption that commitment increases with job level. Zeffane (1994) found a positive effect of supervisory positions on commitment among both private and public employees, although stronger among private than public employees.

Argyris (1964) argues that a relationship between satisfaction and job level exists due to differences in the organization and design of work between different groups of employees. For the lower level employee, work is, “highly specialized and fractionized; it is broken down to the simplest possible motions” (p. 37). In addition, responsibility of planning work, responsibility over the execution of work, responsibility for evaluating performance and whom to hire or fire are all in the hands of

management. This structural division of authority between management and other employees creates a situation where there exists under-utilization of employees' abilities, where the experience of employees' is that of dependence and submissiveness, and where employees lack control over situations.

More recent studies also support a strong relationship between the measure of class and fundamental characteristics of work, such as control and skills. Thus, Boreham and Hall (1994) found in a study of control of five different occupational levels across several countries a, "near total exclusion of the three lower occupational categories from participation in decision about production" (p. 321). Other studies have similarly found both control and skill-utilization to be related to education levels and other measures of social class (Karasek & Theorell, 1990; Gallie, 1994). Schminke *et al.* (2002), citing several studies, argue that those higher in the organizational hierarchy tend to experience higher levels of distributive and procedural justice; they experience more influence over policies, they perceive more fair treatment, and receive higher pay.

Lincoln and Kalleberg (1990) found managerial position to influence organizational commitment both among Japanese and US employees, although its effect declined when job design variables and social variables were included in the equation. The size of differences found in rewards and attitudes between hierarchal levels can vary, between cultures, however, thus the effect of managerial position on commitment should vary between cultures as well. Less difference are e.g. found between hierarchical levels in Japan than in the US. However, the effect of managerial position on commitment was found to be similar in size in the Japanese and the US sample (Lincoln & Kalleberg, 1990). These results may indicate that the effect of authority positions is due to relative differences rather than objective differences in employee situations.

Employee turnover has also been found to be higher in work of lower status (see Vroom, 1964; Porter & Steers, 1973). Rundblad (1964) found that blue collar workers had twice as many job changes as white collar workers. Research also shows a higher degree of stability in professional occupations and among skilled workers compared to unskilled workers (see review by Sjöstrand, 1968). A large occupational stability has been found in such professions such as nurses and doctors (see *SCB*, 1992). Mor Barak *et al.* (2001) accordingly argue that the higher the job level, the lower one's likelihood is of quitting.

It is argued here that the beneficial location of managers in comparison with their subordinates, provide managers with a positive comparison of their work situation, in particular with regards to social recognition. It is suggested that holding a management position is related

to holding more influence, receiving more approval, and experiencing greater opportunities for utilizing skills in comparison with non-managers in the organization. Holding a management position is, however, expected to positively affect commitment and intent to stay only indirectly through social recognition. With regard to service effort and service improvement, it can be argued that while the role of supervisors and managers can be seen as providing service to their subordinates; e.g. in the form of support, development, and resources, the role of managers is partly to make decisions that require “distancing” and even disciplining. Thus, the relationship between holding a management position and service effort is an ambiguous one. However, since managers are also expected to be a role model for their employees, to engage in improvements, and lead change, and as managers are expected to receive more social recognition than other employees, it is proposed that a relationship exists between management responsibility and service effort and service improvements. Thus, the following hypotheses are formulated:

H w13. Management position positively affects Influence

H w14. Management position positively affects Skill-utilization

H w15. Management position positively affects Approval

H w16. Management position positively affects Service Effort

H w17. Management position positively affects Service Improvements

4.4. Employees’ Organizational Support, and Social Recognition in Different Service Settings

The critical role played by service workers in all kinds of organizations makes it important to understand the origins of organizational support from service employees. Occupational and industrial development similarly draws attention to the importance of service workers in our economies, where various services have become the largest categories of economic activity.

According to official statistics, the single largest occupational category in Iceland at the end of the 1990s was service and shop workers (19%), followed by craft and trade workers (16%), associate professionals (14%), professionals (13%), and clerks (9%). Similarly, wholesale, retail trade and repairs, along with health services were the two single largest categories of economic activity in Iceland, each constituting about 14 percent of those economically active. Occupational and industrial changes at the end of the 1990s and early in the new millennium show continued growth of service work and the service industry and a continued decline in manufacturing and primary industries. The occupational categories that grew the most in this period are professionals and associate professionals,

while in addition there is also found a considerable growth in a group of service and shop workers (see *Landshagir*, 2000).

Due to the heterogeneous nature of services, as seen above, the question arises if causal models designed to analyze the relationship between social recognition and employees' organizational support hold across different service settings.

The literature accordingly seems to hold a fundamentally contradictory view in regards to the use and development of management strategies in services. Two main strategies have been highlighted in the literature. The former strategy refers to a situation where organizations regard employees as resources and invest in their development, empower them and design their work so that it is high in skill content. The latter strategy refers to a situation where work has been specialized and rationalized to the maximum. Accordingly, some have classified human resource management strategies largely into two distinct strategies; "control" and "commitment" strategies. The former emphasizes cost reduction, the latter employees' organizational commitment. The goal of control strategies is to reduce direct labor costs, or improve efficiency, by enforcing employee compliance with specified rules and procedures with the help of simple and well defined tasks, and thus reducing training and costs associated with recruitment, selection, and turnover. In contrast, commitment strategies shape desired employee behaviors and attitudes by forging psychological links between organization and employee goals, developing committed employees who can be trusted to use their discretion to carry out job tasks in ways consistent with organizational goals (Arthur, 1994).

These conflicting perspectives towards the use of management in services are resolved in a contingency approach to organizations. A basic assumption in contingency theories is that organizations have to adapt their internal structures to their external environment in order to be successful. Different management strategies and organizational design are the means for organizations to deal with contingencies (e.g. variability and complexity) in their environment. Organizational success is then seen as being dependent on the "fit" between the organization and its environment. This applies both to organizations at large as well as their internal divisions (Lorch, 1977; Mintzberg, 1983; Morgan, 1997). While some management strategies are more effective than others in particular environments, choices of management strategies are not given (determined), but some organizations or divisions may implement management strategies that prove ineffective (see Ashforth *et al.*, 1998). Thus, while high commitment, low turnover, and high employee performance is generally considered to benefit organizations, some organizations might not see the benefits of such a strategy and would therefore emphasize reductions of costs and the use of

control strategies, while having to deal with lower commitment, higher turnover and less effort from employees in the service encounter.

According to a contingency perspective, organizations utilize commitment strategies because they are interested in creating a committed and loyal workforce; e.g. because customer problems need to be solved by employees in the customer interface and cannot be solved by means of standardization, or that employees hold scarce skills, or that employee skills develop over time, which makes retention more important in service quality and turnover costly. In contrast, organizations use control strategies because they believe they solve their customer's problems better by standardizing the service offer and consequently work processes. Training periods are shorter and employees more easily replaceable in the case of high employee turnover. Commitment is of less value in this situation, because the organization relies more on structural capital (technology, rules, processes, more narrowly defined tasks, etc.) than on human capital in its service supply and for meeting customer needs.

It is argued here that a main element in the choice of management strategy is dependent how management perceives the value of the employee-customer interactions. The more valuable these interactions are perceived to be, the more management is ready to invest in their employees and the more rewards they are ready to offer them.

A key element in services is a choice of to what degree the service supply is "tangible" and "standardized" in contrast to "intangible" and "customized" (Lashley & Taylor, 1998). "Intangibility" refers to the degree to which the focus in the service delivery is on the intangible or immaterial element of services. Levels of intangibility have important implications for employees. High levels of intangibility places employee performances in the center of the value creation for customers. "Customization" refers to the degree employees are seen as being able to be active in adapting and modifying services to customers in the service delivery. Thus, when customization is high, the organization must trust the judgment of employees in choosing and deciding on the main elements of the service delivery. In contrast, organizations generally apply greater control over employees the more standardized and tangible the service supply, through, "prespecification of both the tangible and the intangible inputs" (p. 156).

The combination of the tangible-intangible dimension and the standardized-customization dimension produces a typology of four constellations of service situations:

Table 4.1: Constellations of service situations

Standardization / customization dimension	Tangible-intangible dimension	
	Tangible	Intangible
Standardized	Service factory	Mass service
Customized	Service shop	Professional service

Adapted from Lashley and Taylor (1998: 159), figure 3 and 4.

Lashley and Taylor (1998) associate a specific human resource strategy with each service constellation. In professional services, the HR style is characterized by a high degree of autonomy and discretion over tasks that are seen as highly complex. Management places strong emphasis on selection and recruitment, and long periods of training are used as a means for filtering entrants and ensuring internalization of the proper values. Furthermore, the involvement of employees is likely to be “moral” and leadership styles to facilitate employee performance and with appraisals linked with customer satisfaction. This they call “professional HR style.”

The service-shop is highly standardized in the tangible service supply, while needing customization in the intangible service supply. The labor intensity in the intangible service supply is relatively low, however. The HR style matching this service constellation they call “involvement style.” There exists a moderate predictability in tasks that are fairly simple. There exists some emphasis on training while discretion is low. Control is “external” rather than internal, suggesting commitment to be of a calculative nature, they argue.

In mass service, the HR style is “participative” because, while the customer service offered is generally standardized the service delivery requires some degree of employee participation to meet customer service objectives due to its intangible nature. Employees hold low discretion over tasks and training is simple.

The “command and control” style of the service factory is based on external control of employee performance. Employees have low discretion and limited autonomy. Recruitment and selection are not emphasized and an employee appraisal is based on performance against stringent standards.

The degree of “customization” and “standardization” of the service supply is chosen in relation to the organization’s business strategy, which in turn is based on; e.g. the perceived importance of employee contribution in service delivery. This strategy is translated into HR practices, through design of appropriate, from the organizations point of view, selection mechanisms, training, rewards, performance measurements, etc. (see Argyris, 1964; Katz & Kahn, 1978; Rousseau & Wade-Benzoni, 1994; Morgan, 1997).

In sum, when the service supply is customized and intangible, as

among professionals, the efforts, skills, and knowledge of employees' are considered to be of greatest importance for the organization. Organizations are more likely to utilize management strategies that emphasize employee loyalty and commitment and to spend more time investing in the relationships with their employees. As a consequence organizations will also recognize its employee's contributions to a larger degree. In contrast, higher levels of tangibility and standardization enable the use of control and command strategies; formal rules and technology, as human capital is regarded as interchangeable and not of particular value for the organization. When this is the case, the organization is less likely to spend time and effort investing in their relationship with employees. Furthermore, standardization enables the use of more flexible personal policies such as temporal employment; outsourcing and subcontracting that also can be considered an element in the creation of an organization's competitive edge, while being detrimental for employee opportunities to receive social recognition at work and consequently for their organizational support.

4.4.1 Differences in Levels of Employees' Organizational Support and Social Recognition between Service Settings

Patterns of social recognition and organizational support are expected to reflect the service strategy applied in each case. The more intangible and customized the service offer, the more important the role of the service employee in determining the overall service quality and the more social recognition the employee is likely to receive from the organization and consequently the higher the employees' organizational support. The degree of customization and intangibility are thus seen as having important implications for levels of recognition and organizational support.

While conflicting views exist regarding the status of service workers in the service economy, there is considerable agreement regarding the relatively beneficial standing of management and professionals in the service economy. Bell (1973) has in particular maintained that the service economy is characterized by the growth of "post-industrial" occupations mainly the so-called "knowledge" or "information workers." Bell further argues that the characteristic of the post-industrial society places the professionals at the center of society, with its emphasis on theoretical knowledge.

While the service and management literature emphasizes the critical role of front-line service workers and the importance of new management strategies for eliciting their support, several theories emphasize in contrast the growth of control and command strategies, standardization and

rationalization in service work (Braverman, 1974; Ritzer, 2000). Thus, Braverman (1974) sees the growth of the service sector going hand in hand with deskilling and degradation of work.

It is argued here that professionals and management in particular enjoy a beneficial position within organizations, in absolute terms as well as in relative terms, compared to other service settings. As the service supply is more intangible and customized in a professional service setting, management is likely to utilize more commitment-strategies. Employees are, therefore, likely to experience greater social recognition and to have higher levels of organizational support. In contrast, among lower skilled service employees, such as retail services, the service supply is likely to be more tangible and standardized and management is expected to utilize more control-strategies, where employees would experience less social recognition and have lower organizational support.

Previous research shows that elements associated here with social recognition have been found to be related to status and class. Those of lower class and status are found to experience less autonomy and control than those of higher status and class (Boreham & Hall, 1994; Karasek & Theorell, 1990). Gallie (1994), similarly, found both occupational and industrial differences in utilization of skills. Larger negative discrepancies were found between own skills and required skills in the private service industry than in manufacturing and nationalized industries, indicating that especially in private services people tend to have more skills than is required by the job. Occupational differences also appeared; larger discrepancies between an individual's own skills and required skills were found amongst the unskilled than amongst the skilled and management. Taken together, the lowest utilization of skills was found amongst unskilled workers in private services. Partly, the reason may be that some employee skills in the service sector, such as retail, are undervalued, as some evidence indicates (Burchell *et al.*, 1994). The reason may be partly that some of these skills have not yet been identified as important for the quality of the service delivery, disabling opportunities for recognition of employee contributions.

The retail sector exemplifies services where management is likely to utilize more "control" strategies and where standardization and rationalization is more likely to characterize job design and thus decrease opportunities for recognition of employee contributions. In contrast, the technical, professional and managerial strata exemplifies services of higher skills that enable fuller use of an individual's capacities and increases the use of an individual's judgment, control, and responsibility. Thus, employees in retail services are expected to enjoy less influence, experience less skill-utilization and less approval than employees in professional service settings.

Strong empirical support is found for a relationship between job status and attitudes towards work, where those with higher status also express more positive attitudes (see e.g. Vroom, 1964; Argyris, 1964; Porter & Lawler, 1965; Lincoln & Kalleberg, 1990). In regards to turnover, there are clear industrial and occupational differences in job mobility rates between different types of services (see *SCB*, various years). Data on employee tenure in Iceland shows that tenure is lower in the service sector than in manufacturing and primary industries. In different services, tenure is lower in wholesale, retail and among trade employees than in other services, while being lowest for hotel and restaurant employees. Tenure is considerably higher in transport and communications, public services, and financial services (see *Vinnumarkaður*, 1998). This pattern provides support for applications of different service strategies depending on the service setting. If the same service strategies were applied in all service work, tenure should also be similar in different service settings. Lower tenure in the retail sector suggests that organizations have placed lower importance on the employee-customer encounter in retail and thus applied a corresponding strategy disregarding to some extent the importance of employee commitment, loyalty and service performances.

Here, it is generally expected that levels of organizational support will reflect levels of social recognition. It is also expected that social recognition is lower in retail environments than in professional environments, and that organizational support will be lower in a retail environment than in professional environments.

However, as that there exist differences in the opportunities between employees in the service environment to express their support to the organization, it is assumed that organizational support among employees in a retail environment is more likely to take the form of service effort than general attitudes, as their behaviors are likely to be, to a larger degree, linked to sales performance which can be measured by its economic value, in contrast to internal services that usually must rely on a more subjective criteria. In contrast, in regards to service improvement, it is likely that employees in professional service environments would engage more in service improvements, due to their position in their organizations, where the focus is more likely to be on long-term results and strategy rather than the outcomes of a particular service delivery. Retail employees would in turn have lower levels of service improvements because they may lack influence, authority and knowledge of the organization's strategy. Thus, the following hypothesis regarding mean differences in social recognition and employee' organizational support between divisions (hypothesis *m*) is formulated:

H m: Levels of social recognition and employees' organizational support vary by service environments, where those in retail receive less social recognition and express in most cases lower organizational support than those in the other service divisions.

This hypothesis falls into seven derivative hypotheses:

- H m1.* Employees in a retail service setting have lower Influence than employees in other service settings
- H m2.* Employees in a retail service setting have lower Skill-Utilization than employees in other service settings
- H m3.* Employees in a retail service setting have lower Approval than employees in other service settings
- H m4.* Employees in a retail service setting have lower Organizational Commitment than employees in other service settings
- H m5.* Employees in a retail service setting have lower Intent to Stay than employees in other service settings
- H m6.* Employees in a retail service setting have higher Service Effort behavior than employees in other service settings
- H m7.* Employees in a retail service setting have lower Service Improvements than employees in other service settings

4.4.2 Variations in Causal Relationships between Service Settings

Due to a large difference between services and situations of service workers, the question arises whether the causal relationships and previously formulated hypotheses, can be applied across different service settings. In particular this applies to what has been defined as a "professional service setting" and a "retail service setting." The former consisting of "post-industrial" occupations, the latter of service occupations often argued to be subject to Taylorization and rationalizations. Can the origins of organizational support be described with the same model for different groups of service employees, or are particular models needed to describe the origins of organizational support for different service settings?

Empirical studies comparing the effects of job design on employee attitudes have shown that these can differ between sub-samples of employees. Thus Steers (1977) results suggest that job design variables may have different effects depending on service settings. He found feedback to be one of the most important determinants of organizational commitment in a sample of scientists and engineers, while it was not found to have any effect in a sample of hospital employees.

A substantive literature also argues that job attitudes are influenced by orientations and values employees bring with them to work, rather than being formed solely by the present job (Goldthorpe *et al.*, 1968; Hulin &

Blood, 1968). Thus, Hulin and Blood (1968) argue of the effects of job design on job satisfaction is dependent to a large degree on the backgrounds of the workers. They argue that some individuals may prefer not to have to make choices and the responsibility that results from it; thus preferring simple and repetitive work. Further, they argue that the positive effects of job enlargement have been overstated and over-generalized and argue that to engage in job enlargement as a means to motivate workers, decrease dissatisfaction, and increase attendance is valid only when applied to certain sections of the work force, in particular white-collar and supervisory workers and other “non-alienated” workers.

The above view has generated several studies aimed at examining the relative strength of different orientations to work, particularly “instrumental” orientation to work, in different demographic and social groups (see e.g. Theanderson, 2000). Theanderson’s (2000) results, as other results in this field, suggest that instrumental attitudes to work are more common among unqualified and less educated blue-collar workers. These results suggest that job design variables are likely to have a larger impact on employees’ organizational support among white-collar workers and professionals who place higher value on intrinsic elements of work than among blue-collar workers that place higher value on pay.

In regards to the causal relationship of organizational commitment and supportive behaviors, there are studies that have examined the relationship of organizational commitment and turnover and intent to stay across occupational groups that are suggestive in this context. Shore and Martin (1989) e.g. found that organizational commitment predicted intent to stay more strongly in a clerical sample than in a sample of professionals. They argue that this relationship is less strong for professionals due to stronger attachment of professionals to their occupation. Cohen and Hudeck (1993) in contrast argue that correlations between commitment and turnover should be stronger for higher-status occupations (e.g. professional employees) than those in lower status occupations (e.g. clerical and administrative staff, and unskilled, semiskilled, and skilled workers). These differences, they argue, reflect different employment opportunities and different types of social contracts each occupation has with the organization. Blue collar workers, they argue, are more dependent on the organization; e.g. due to fewer employment opportunities and more firm-specific skills. Professionals, on the other hand, are less dependent on the organization because of more employment opportunities and more general skills. They therefore argue that, organizational commitment should be more predictive of turnover for white collar employees, especially professionals, than for blue collar workers. Results from meta-analysis indicated that while the correlation was stronger for white-collar than blue-collar workers, no difference was found between the two sub-samples of

white-collar workers; i.e. professionals and non-professionals. They therefore argue that the differences in correlation proposed between white-collar and blue-collar workers may not apply to sub-samples of white-collar workers.

Studies on the antecedents of various organizational citizenship behaviors also demonstrate that the effect of organizational commitment on these behaviors varies between studies. In some, organizational commitment is strongly related to OCB, while in other studies, organizational commitment is not found to be of importance (see e.g. Grönfeldt, 2003).

While empirical results suggest that causal relationships differ between sub-samples, a stronger claim for the purpose of this thesis is to argue that the same causal mechanisms are at work within different sub-samples of service workers. Thus, some findings have suggested that work attitudes, such as organizational commitment, are to a large degree explained by differences in employment practices and organizational structures rather than work values (Lincoln & Kalleberg, 1990). Although work values are found to be important in their study, Lincoln and Kalleberg (1990) conclude that, “[t]he important proposition that work values condition or moderate the effects of job variables on work attitudes found next to no support in our data” (p. 158). Also, empirical evidence is found for the generalizability of job design on organizational commitment across industries and occupations in meta-analysis’ (see e.g. Mathieu & Zajac, 1990; Eby *et al.*, 1999). Empirical analysis regarding the commitment-turnover relationship indicates that this relationship is robust and generalizable across cultures (Kwantes, 2003).

It is thus argued that social recognition is a mechanism that elicits employees’ organizational support in different service settings. This would indicate that the causal models formulated previously in this chapter describe a general process, but not a particular process that is of importance to some service employees. In this thesis, in difference to much of the above cited studies, the applicability of previously developed causal models is tested across different service settings. Thus, rather than assuming differences in causality between work settings, it is tested to what degree the same model fits in different service settings. The following hypothesis regarding the causes of employee’ organizational support (hypothesis c) is formulated:

H c: The Causes of Employees’ Organizational Support are the same in different Service Environments

This general hypothesis falls into four derivative hypotheses:

- H c1. The Causes of Organizational Commitment are the same across service settings*
- H c2. The Causes of Intent to Stay are the same across service settings*
- H c3. The Causes of Service Effort behavior are the same across service settings*
- H c4. The Causes of Service Improvement are the same across service settings*

In sum, the contrary views that exist regarding the situation of service workers and the implications of the growth of services for employees give an indication of a considerable diversity in the conditions and background of service employees within the service sector. The question, therefore, arises if the same model can be applied for adequately illustrating the origins of organizational support across service environments, or if different models need to be designed for different service settings. The third objective of the thesis is to examine differences in levels of social recognition and organizational support between services, and if the same causal model can be applied across different service settings.

4.5. Overview of Hypotheses

The main hypothesis of this thesis is that social recognition is of central importance for the development of employees' organizational support. Social recognition is seen as three dimensional consisting of "skill-utilization," "approval," and "influence." These are seen as important by employees as these relate directly to their perception of self-worth and identity. Furthermore, social recognition is a part of employees' everyday experience that affects individuals persistently. It is argued from social exchange theory that the more recognition employees receive the greater the pressures on employees to reciprocate with their commitment, loyalty, service effort, and service improvements. Organizations are fairly closed social systems with well defined membership that use systematic means for differentiating between employees, measuring their contributions and allocating rewards. As a result employees' failures to reciprocate the organization's recognition may lead to some form of sanctions and eventually exclusion.

Autonomy, empowerment and participation in decision making have been found to be related to commitment, turnover intent, and pro-social behavior. Skill-utilization, skill-variety, and feedback have similarly been found to predict both commitment and turnover. Some argue, however, that empowerment and work content factors have a stronger relation with affective variables, such as commitment, than indicators of behavioral support, such as turnover and turnover intents—suggesting mainly indirect effects of job content variables on supportive behaviors through

organizational commitment. Other research suggests a direct link between job content and supportive behaviors.

Several personal and work-related characteristics such as age, tenure, education, and gender have been found to be related to employees' supportive attitudes and behaviors, though mainly to commitment, turnover, and intent to stay. In regards to organizational commitment, the effect of these variables generally decline when entering affective variables, while some personal and work-related demographic variables retain a portion of their effects on commitment. When considering turnover, in contrast, research has found that age and tenure have strong direct effects on turnover and turnover related variables, even when taking an account of the effects of affective variables. These results suggest that age and tenure have an impact on turnover that is not incorporated in the effects of affective variables. Strong support is found for a positive relationship between job status and commitment, and a fairly strong support is found for a negative relationship between job status and turnover.

Research indicates that the causes of different forms of employees' organizational support (organizational commitment, intent to stay, service effort, and service improvements) are to some degree similar, but notable differences are also evident. Comparison reveals that opportunity factors, such as internal and external opportunities, are more strongly related to turnover and turnover-related factors than to organizational commitment. Individual and work-related demographics, such as age and tenure, have similarly been found to be of fundamental importance in explaining turnover and turnover-related behavior while being of less importance in explaining commitment and relatively unimportant in explaining pro-social behaviors. Evaluations of the work environment, on the other hand, have been found to be more important for explaining commitment to the organization than for explaining turnover or turnover intents. Organizational commitment and evaluations of the work environment have been found to be of importance in explaining service behaviors. Some argue that specific behaviors, such as service behaviors, are caused directly by rewards in the work environment, rather than by overall affective responses. In addition, it is argued, based on research on the antecedents of citizenship and service behaviors, that service effort may have somewhat different antecedents than service improvements.

Past research indicates that attitudes vary by employee level of responsibility and the type of work people do. There is also a considerable agreement of the beneficial position enjoyed by the professional strata in comparison with other service occupations. In contrast, there is a general agreement in the literature that employees in retail services enjoy a disadvantageous position in the labor market compared to service workers

in general. It is therefore assumed that levels of social recognition and employees' organizational support mirror these findings and that employees in retail receive less social recognition and hence offers the organization less support than employees in the other divisions of TECH.

In this thesis, it is argued that the framework for understanding the impact of social recognition on employees' support to the organization should be the same. Social recognition is an element of importance for all employees; for development of self-worth and identity. It is therefore argued that social recognition is likely to elicit organizational support from service employees in similar ways in different service environments.

The main hypothesis of this thesis is that employees' organizational support is elicited through social recognition. A further elaboration of this main hypothesis is that some personal and work-related demographics are also of importance in affecting both social recognition and employees' organizational support. Social recognition is seen as three dimensional consisting of "skill-utilization," "approval," and "influence." These variables are expected to affect organizational commitment directly and intent to stay, service effort, and service improvement, mainly indirectly through organizational commitment, while some direct effects are expected from social recognition on supportive behaviors. Organizational commitment is thus expected to be the main contributor to employees' supportive behaviors; i.e. "intent to stay," "service effort," and "service improvements." Additional hypothesis is that levels of social recognition and employees' organizational support varies between different service settings and is in most cases lower in the retail division. Finally, it is assumed that the causal model developed for the overall company, apply to different service situations, and that the causes of employees' organizational support can be described with the same model across different service settings. The overview of the variables of the study is presented in the table below:

Table 4.2: Variable overview

Personal and work-related Demographics	Social Recognition	Employees' Organizational Support
Age	Influence	Organizational Commitment
Gender	Skill-utilization	Intent to Stay
Tenure	Approval	Service Effort
Education		Service Improvements
Managerial Position		

The main hypothesis of the thesis is that social recognition is an important contributor to employees' organizational support. Two hypotheses were formulated regarding the factor structure of social recognition and

organizational support from employees (factorial hypotheses $f1$ and $f2$). These will be tested in chapter seven.

The main source of employees' behavioral support is expected to be organizational commitment. This general hypothesis falls into three more specific hypotheses of the causal relations of organizational commitment and indicators of behavioral support. The overall general hypothesis (hypothesis o) is specified below. This hypothesis will be tested in chapter eight:

H o: Organizational Commitment Positively Affects Behavioral Support

Three general hypotheses (hypotheses i , s , and a) are proposed regarding the relationship of indicators of social recognition and employees' organizational support, each falls into several more specific hypotheses, all of which will be tested in chapter eight:

H i: Influence Positively Affects Employees' Support to the Organization

H s: Skill-Utilization has positive effects on Employees' Support to the Organization

H a: Approval Positively Affects Employees' Support to the Organization

Several hypotheses regarding the effects of personal and work-related demographics on social recognition and organizational commitment were formulated (hypotheses p and w). In these the effects of age, gender, tenure, education and formal authority on social recognition and employees' organizational support were specified. These will also be tested in chapter eight.

A general hypothesis was formulated (hypothesis m) regarding levels of organizational support and levels of social recognition. It is expected that social recognition and employees' organizational support will be lower in retail environments than in professional environments. This hypothesis will be tested in chapter nine.

H m: Levels of social recognition and employees' organizational support vary by service environments: employees in retail environments experience less social recognition and have in most cases lower organizational support than those in other service divisions.

It is assumed that, because social recognition is a general social force of importance to all employees, it will affect employees' organizational support in similar ways in different service settings. Therefore, it is argued that the same causal mechanisms are at work within different sub-samples of service workers. Thus, a hypothesis is formulated assuming generalizability of the causal models developed for the overall company (hypothesis *c*) that will be tested in chapter nine:

H c: The causes of employees' organizational support are the same in different service environments

5. Iceland—A Brief Examination

Assumingly, the results presented here are colored by their larger context, i.e. the economic and labor market situation existing in Iceland at the time the surveys were conducted. In most respects, Icelandic social and labor market institutions are similar to those of the other Nordic countries, but there are some peculiarities of Icelandic society and economy that need to be briefly examined.

5.1. Icelandic Society, Economy and Labor Market

Iceland is a sparsely populated micro-state with a population of roughly 300 thousand individuals. For the most part, modernization in Iceland has followed a similar development as in the other Nordic nations, except that it started later in Iceland (Ólafsson, 1993; 1999).

Icelandic society has been argued to be laggard in terms of bureaucratization and to be characterized by stronger social ties and nepotism than is common among other western nations. Partly the reason is Iceland's small population, partly strong familial ties, and partly Iceland's rapid industrial development. It is also argued that social mobility has not managed to break familial and primary group relations (Grímsson & Broddason, 1978).

More recent empirical studies support that Icelanders are generally surrounded by a closely knit network of family and friends (Ólafsson, 1990). Comparative studies also show that that Icelanders hold a high degree of trust to most social institutions in comparison with other industrial nations (Ólafsson, 1996). It is therefore suggested that the social exchange between employees and employers in Iceland is characterized to a larger degree by unspecified social elements and to a lesser degree by economic or transactional elements, than in societies where less trust exist in social relations.

This element of Icelandic society is likely to bring both opportunities and risks in the employee-employer relationship. Larger opportunities exist for the parties to redefine or extend the contract and to exceed expectations. Yet, there is also the risk involved that some elements of the contract are taken for granted and never discussed, and that these elements

will later become a source of disappointment and bitterness when they are not realized.

Iceland, as other Nordic nations, has undergone a transition from primary industries and manufacturing towards an increasing proportion of employment in the service industry (*Hagskinna*, 1999). The rise of the service sector in Iceland, like in the other Nordic countries, is inseparably related to the growth of healthcare, education, and other social services. In the Nordic nations, an important characteristic of this development has been the growth of public rather than private services. This development characterizes Iceland to a lesser degree than the other Nordic nations, because, a larger proportion of services belong to the private sector in Iceland compared to the other Nordic nations (see *NSY*, various years).

Labor force participation is high in Iceland and higher than in the other Nordic countries. Iceland has the highest activity rates both among men and women of the Nordic countries and working hours in Iceland are similarly long in comparison (*Vinnumarkaður*, 1998; 2001; *NSY*, various years).

In Iceland, unemployment has been exceptionally low by international standards and the registered unemployment rate has been below one percent for the majority of the post-second world war period. However, as in the other Nordic countries, unemployment levels differ between various social groups and are e.g. higher among younger people than older, while not much variation is found between genders (see *Vinnumarkaður*, 1998; *NSY*, various years).

While some scholars have emphasized growing insecurity in the labor market due to increasing use of flexible personal policies, temporal employment, outsourcing and subcontracting (see e.g., Callaghan, 1997; Morgan, 1997; Castells, 2000), there are little changes seen in key indicators in the official Icelandic labor statistics in the 1990s. Labor force rates for men have been fairly stable during the 1990s, while labor force rates for women have been slightly increasing. There is similarly no sign of increasing prevalence of part-time work and little changes are noted in patterns of working hours in the 1990s. There is some sign of increasing unemployment in this period, with peaks of unemployment in the early 1990s as well as in the middle of the decade, while unemployment continued to be low in international comparison. What is clear in the statistics, however, is that services continue to grow in proportion in the 1990s accompanied with a continued decline in manufacturing and the primary sector. Similarly, professionals, associate professionals, service and shop workers occupied a still larger share of those economically active during the 1990s (*Landshagir*, 2003).

In Iceland, the labor market is segmented by gender, similarly to that of the other Nordic countries, with women concentrated in private and public services and men in manufacturing and managerial work. Employment patterns also differ between men and women, in a similar way as they do in the other Nordic countries. This applies to differences in men's and women's involvement in paid work, what type of work men and women do, and the rewards men and women receive from paid work. Women work shorter hours than men, they have a higher frequency of part-time work and their participation rates are generally a little lower than men's (see *Sögulegt yfirlit hagtalna*, 1997; *Vinnumarkaður*, 1998; *Hagskinna*, 1999; *Landshagir*, 2000). Various laws have been enacted for ensuring equality between men and women. Despite such measures, women generally receive less pay than men, even when taking into account differences in working hours and job responsibility (see *Efnahagsleg völd kvenna*, 2004).

Division of labor in the household is similarly gender based. In a recent study, 68 percent of women in Iceland say they shoulder the main responsibility of housework compared to roughly two percent of men (*Efnahagsleg völd kvenna*, 2004). Icelandic women also adjust their working hours in the household more to the needs of the family than men do (Gallup, 2000).

Levels of education are highly important in regards to activity rates, unemployment rates and the prevalence of part-time work in Iceland, as in the other Nordic countries (see *NSY*, various years). Variations in unemployment rates in Iceland suggest that people with the least education are more sensitive to fluctuations in the economy—an indication of the importance of skills and education for labor market opportunities. In Iceland, education promotes labor market participation of both men and women in all age groups. Moreover, there is a more consistent and clearer effect of education on labor market participation than that of age and gender (*Vinnumarkaður*, 1998).

5.2. Welfare System and Unionization

Various institutions, such as legislation, unemployment benefits, and unions, are recognized as affecting labor market behaviors; i.e. separations (Holmlund, 1984; Layard *et al.*, 1991).

While the Nordic countries are characterized by a relatively generous welfare system, Iceland spends considerably less on social expenditure than the other Nordic countries (see *NSY*, 2000). Characteristics of the Icelandic social security system in comparison to the other Nordic countries is,

“more restricted right in some cases (less eligibility, more waiting-days, more user financing—for example, in dentistry—and more use of means testing), more restricted public provisions of services (except health service), and lower benefit levels in cases of sickness, unemployment, and injury” (Ólafsson, 1993: 70). Income inequality is also greater in Iceland than in the other Nordic countries; partly because public transfers are lower (Ólafsson, 1999).

A similar form of employee-employer relationship exists in Iceland as in the other Nordic countries, where the legislator sets a frame of reference in which the two parties of the labor market (employer and employee unions) engage in collective wage bargaining (Backman & Eydal, 1978).

Unionization is also high in Iceland, or around 85% (see *Vinnumarkaður*, 1998), legitimizing collective bargaining and collective agreements by parties of the labor market. Icelander’s trust in unions is also high in comparison with other industrial nations (Ólafsson, 1996). Unionization is highest in “female” service industries such as education and healthcare, but still very high among non-professional service employees such as sales workers or about 90 percent (see *Vinnumarkaður*, 1998). An increasing number of employees were enrolled in labor federations in the 1990s (*Landshagir*, 2003).

Unionism has often been regarded as being a risk in the employer-employee relations through, “fostering an adversarial industrial relations climate, and provide an alternative anchor for workers’ loyalty and identity” (Lincoln & Kalleberg, 1990: 230). Therefore, union members usually report lower satisfaction, while their intent to stay is usually higher and their quit rate is lower than that found among non-union members. They suggest that union membership politicizes the employment relationship, inflating employee dissatisfaction, while non-union members lack means for expressing their dissatisfaction and so, express their dissatisfaction through quitting. Enterprise unions, in contrast to the traditional occupationally anchored unions, are not expected to induce such a negative effect on employee attitudes.

Despite high unionization, some important differences have been noted between Iceland and the other Nordic countries. Ólafsson (1993) argues that unlike the other Nordic countries, Iceland relies more on market-determination of earnings; wage levels are lower and more responsive to market fluctuation; and regulation of working hours is more lenient. Thus, despite high unionization, unions seem to have had problems in safeguarding employee rights in a similar ways as unions have managed to do in the other Nordic nations. However, the passing of the EES-agreement in 1994 is regarded as having made an important

contribution in ensuring Icelandic employees similar rights as employees hold in other European countries (Grönvold, 2002).

5.3. Work Values and Employee Retention

Studies show that Icelanders hold a fairly high commitment to paid work in comparison with other European nations (Ólafsson, 1996). Ólafsson's analysis of the relationship of work-values and economic prosperity with comparative data of fifteen European countries and the US, shows that Icelanders are among those nations placing the highest ambition in their work. Icelanders also place high importance on work in comparison with other aspects of their lives. Employee satisfaction is also fairly high in Iceland, according to Ólafsson's (1996) analysis, and similar to that in Norway, Canada, Ireland, and the US, but lower than in Sweden and Denmark. Icelanders place higher importance on "interesting job" and "good pay" than most nations, when asked about the importance of various job aspects. Only Swedes place higher importance on the job being interesting and only the US places similar importance on good pay.

A high importance placed on the job being interesting is often regarded as being an indication of a shift in values towards "expressive" or post-materialistic work values, where employees place greater importance on work being intrinsically satisfying (see e.g. Rose, 1994a). High importance on good wages, on the other hand, is often regarded as indicating the prevalence of "instrumental" attitudes towards work, where intrinsically satisfying aspects of work are regarded as secondary in comparison with its pecuniary aspects (see e.g. Goldthorpe *et al.*, 1968; Theanderson, 2000). Thus these results indicate that while Icelanders place high importance on intrinsically satisfying work, they still strongly emphasize the materialistic aspects of work. These results are peculiar for the fifteen countries examined by Ólafsson (1996).

International comparisons of turnover and job-tenure show that turnover figures in Iceland are similar to those of other western countries. Turnover figures, according to the international *CRANET* study of 114 large Icelandic work organizations, found the average turnover to be 13 percent in Iceland, compared to 15 percent in Britain, 12 percent in Holland and 9 percent in Denmark (Bjarnadóttir *et al.*, 2003). Similarly, comparison of job-tenure measured as average years on the job is close to the average of other industrial nations (see Castells, 2000; data for Iceland from *Vinnumarkaður*, 1998).

Turnover and geographical mobility (migration) coexists in many cases. Some migration occurs because people change their jobs, and

people change their jobs because they have migrated. Icelandic migration figures are peculiar in a Nordic perspective for three reasons. First, migration figures for Iceland show that the Icelandic population is a mobile one compared to the other Nordic countries. Second, native migration is a higher proportion of the total migration than alien migration, i.e. there is a considerably higher in-out migration among native Icelanders than among natives in the other Nordic countries. These figures reflect the type of migration that characterizes Icelanders, i.e. temporary migration due to education or work for a particular period, where people return after a period of education or work. A third peculiarity is that net-migration figures fluctuate more in Iceland than in the other Nordic countries. These fluctuations reflect the instability of the Icelandic economy due to its “openness” and its vulnerability to external shocks. To a certain extent, these fluctuations reflect larger effects of the economy on the situations of individuals. These effects may be due to lower proportion of income from social security, lower unemployment benefits, and a relatively higher proportion of wages from overtime. These factors contribute to greater effects of recessions on the economic situation of individuals and families (see *NSY*, various years, partly own calculations).

5.4. Conclusion

In most respects, Icelandic social and labor market institutions are similar to those of other Nordic countries, but there are also some distinctive attributes of Icelandic society that should be noted. In Iceland, there exists a high demand for labor that has existed for most part of the post-second world war period; i.e. high labor market participation, long working hours and low unemployment. A continued growth in service work is noted at the end of the 1990s in Iceland. Icelandic society is argued to be characterized to a larger degree of primary group and familial relations and to a lesser degree by bureaucratization of social relations than other industrial nations. A larger part of the exchange between employers and employees are therefore argued to be social rather than economic in nature in comparison to what is generally the case among other western nations. Market determination of wages and larger wage inequality is more apparent in the Icelandic economy than in other Nordic nations. High demand for labor and large wage-differences are important as these are likely to create conditions for unfavorable comparisons and “inflation” in expectations. High expectations are in turn likely to be a source of relative deprivation and thus lower commitment and higher turnover. In contrast, the more reserved social security and larger fluctuations in the economy increases the risks associated with job changes, particularly among groups with less

marketable skills—affecting job separations negatively. Regarding work attitudes, Icelanders are amongst those nations who report putting most ambition in their work. Icelanders also place high importance on work being interesting. High importance on work being interesting may elevate the importance of job design factors on organizational commitment. Contrary effects can be assumed due to the high importance Icelanders place on good pay. Figures on turnover and tenure are similar to that of other industrial nations, despite higher demand for labor, higher migration figures, and some peculiarities of the institutional arrangements of the Icelandic society.

6. Data and Method

In this chapter the data and method used in this thesis are explained and some methodological considerations of relevance to the study discussed.

6.1. Data

The major part of the analysis is limited to survey data from an organization called TECH. Survey data from another organization, called PROTO, was selected for validating the results from the confirmatory factor analysis using the TECH data. Both names are pseudonyms used to protect the anonymity of the two organizations. The author was responsible for the design, data collection, analysis, and reporting of both surveys as an employee of IMG Iceland (now Capacent). Some of the items in the surveys were selected particularly for the research purpose of this thesis. Also, the reporting and analysis of the data in this thesis is done solely by the author and only for academic purposes.

The TECH Company was selected for exploratory and confirmatory factor analysis, and causal analysis due to a number of features that make it particularly attractive for analysis. First, it is a large company by Icelandic standards, enabling simultaneous causal analysis for a large number of variables. Second, it is a company where employees perform diverse services. TECH has three major divisions: a “retail division” selling relatively specialized products and services; a “support division” including office workers, engineers, strategic management, R&D department, HRM department, finances and IT; and a “manual-maintenance service division” operating in maintenance, assembling, repairs, surveillance, and manual operation. Thus, the data offers opportunities to test factor and causal structures within these three diverse service settings. Finally, the data offers opportunities to test differences in levels of social recognition and organizational support between the three divisions.

6.1.1 Generalizability of the Results

There are both pros and cons in using data from an organizational survey. The pros are that it decreases the variation in the situation between

employees. Thus, the employees of TECH have a number of elements in common with each other. They share similar environmental constraints; they share the organization's history; the content of the information given to them is to some degree the same; they share some elements of the organization's culture; and the management rhetoric is to some degree the same. Secondly, the results can more easily be linked to contexts and situations of particular groups of employees. In contrast, when using a sample of service employees that would include employees from several organizations, the work situation between service workers, even those belonging to the same occupation, could differ considerably. One company could be on the edge of bankruptcy, another one going through re-organization, and still another one experiencing growth and prosperity. Thus, using a sample of service workers would increase the complexity of the analysis considerably, because it would be debatable to what degree differences appearing between groups of service employees or correlations between factors are "statistical artifacts" that appear because of industrial, economic, or organizational differences. By using organizational data, a number of factors are in fact held constant. Relationships or correlations found in the study are thus, more likely to be valid in the sense that correlations describes "real" relations of variables, rather than their relationship being statistical artifacts due to a common variance created by structural variables, such as industrial, occupational, or organizational differences.

The cons are that the question arises; to what degree are the results generalizable across other service organizations or service settings? The data chosen cannot be assumed to be representative for the Icelandic labor market or for service organizations in general. Rather, it describes the situation of service workers in specific large or medium sized service organizations offering professional, retail, and manual services. The situation of service workers within such organizations can be assumed to be atypical in some respects to those employed in small service organizations, while their situation will in many respects be similar to those employed in medium or large service organizations, where mixtures of tangible and intangible services are supplied.

In making some assessment of the generalizability of the results, data from another organization, PROTO, was selected. This data is used to examine the applicability of factor-structures across service companies and, thus, for assessing the generalizability of factor-solutions across service settings. If the factor structures that appear at TECH are also found in PROTO, this would support the robustness of these factors and increase the chances that they would similarly be found in a variety of other service organizations. If not, this would suggest that the factor structures

appearing are likely to result from specific internal or external conditions at TECH.

Another question concerns the generalizability of causal structures across service populations. Are the causal structures likely to apply to some service settings, while being less applicable to other service settings? To examine the generalizability of causal structures, the applicability of the causal structures is tested across three service settings within TECH. Again, if causal structures are generalizable across the three settings, this would provide greater support to the generalizability of these structures across the service sector.

The choice of PROTO for comparison is based on two criteria; first, the use of much the same items as in the TECH survey, and second, that the company should differ considerably from TECH in a number of aspects, while still being a service organization. In regard to the first criterion, the PROTO survey had most of the items used in the TECH survey, and in regard to the second criterion, PROTO is a considerably different company from TECH, while still holding attractive qualities; e.g. including diverse groups of service employees. Within PROTO, a variety of work is performed, such as manual non-skilled work, manual skilled work, service work, and office work. While PROTO belongs also to the service sector, it is a very different company in many respects; i.e. it differs in ownership, in size, in regard to the products it sells and manufactures, and it differs in age, market position, and finally, its organizational structure seems very different, with a small overhead of office workers and managers, and a large group of workers in retail services.

Both companies have in common that they belong to the service sector. Both employ large numbers of retail workers. Both organizations are “work-organizations”; i.e. these are organizations that have to attract employees, retain and elicit their support and effort in order to function properly. Both are “market companies”; i.e. they compete with other organizations for the support of customers, while, their market positions is somewhat different. Around the millennium both companies were seen as successful and strong companies in their market; TECH enjoyed a very stable and strong position in the market, where competitors were few and small, while competition was rapidly growing. TECH belongs to a group of “prominent” Icelandic organizations and at this time it was known for its progressive management and HRM strategies. TECH made substantial investments in employee training and education in this period. PROTO similarly enjoyed a stable and strong position in the market, while it operated in a much more competitive market and competed with other competitors of similar size.

The market position of both companies is to some degree likely to promote standardization in their service supply and thus work processes, as both companies are market leaders aiming at maintaining high market shares and thereby cost reduction for safeguarding themselves from low-end competition. To some degree, TECH and PROTO will also be concerned with maintaining high service quality for retaining customers and limiting competition from higher end services and products, and thus also concerned with intangible and customized services to some degree.

6.1.2 Data Collection

Data collection and survey administration was conducted in similar ways in both organizations. The TECH survey was conducted in 2000 and the PROTO survey in 2001.

Survey administration

Both surveys were conducted in cooperation with the companies' management and on their initiative. The general aims of the surveys, as it is presented to both management and employees, is to find strengths as well as challenges in the internal organizational environment.

Participation in both surveys was limited to those employees who had been employed for at least three months. This is done to ensure that employees have a good knowledge of what they are being asked about. This includes the great majority of the employees in both organizations, as neither company relied on temporary workers to any greater extent.

In both studies, paper-and-pencil questionnaires were personally handed over by the author and an associate employee from IMG to those employees available on site in several staff meetings. Those not available on the day of the distribution of the questionnaire, received it from others; e.g. their colleagues, supervisors, or by mail. Great importance was placed on the participation of all employees, while still emphasizing voluntary participation. The questionnaires were returned by mail directly to IMG.

Particular means were taken to ensure confidentiality throughout the data collection process and analysis of the results. The questionnaires were anonymous. Anonymity was similarly guaranteed in the presentation of the data. This was emphasized when the purpose of the survey and the data collection and analysis was explained.

The survey and its goals were briefly clarified at the time when the questionnaires were distributed to employees. In other regards, the survey was "self-administered," which means that after a short explanation, people filled out the questionnaires themselves. Self-administered surveys have

drawbacks such as that we do not know if the person who received the survey was the one that completed it, and it does not provide opportunities for clarifications (see Edwards *et al.*, 1997). However, people were also given the e-mail address and telephone number of the author in case they needed further clarifications.

Response rate

A total of 929 responses were obtained at TECH and 227 at PROTO. The response rate for TECH was 74 percent and for PROTO 76 percent. A target response rate suggested by Edwards *et al.* (1997) is 50 percent, where a response rate of 50 percent or more is considered adequate, 60 percent is considered good, and a rate of 70 percent or more is very good. No incentives were used in the study, e.g. a lottery, but during data gathering, response-rates were sent to the human resource departments which were asked to send out reminders to employees. "Follow-ups" like these have been found to increase response rates (see Edwards *et al.*, 1997). As the data used contains data from two populations (two organizations) and due to the high response rates, minimal errors are due to sampling. Further, "non-response" bias, a bias resulting from non-participation, is minimized with response-rates of this size.

Response biases

While research supports that attitudes arise spontaneously and without a conscious effort (Ajzen, 2001), several response biases have been identified that describe tendencies, "to respond in certain ways regardless of the question's content" (Edwards *et al.* 1997: 47). Various such errors exist, e.g. "item order effects", where previously asked items affect responses of later items; "Yea and Nay-saying" which is a tendency to, "agree or disagree with survey items regardless of their content" (p. 48); "Acquiescence" where respondents give answers to questions, "based on what they think the survey team or the sponsor of the survey wants to hear" (p. 49) and "social desirability" which is the, "tendency to give socially appropriate answers rather than indicating what they really believe" (p. 49).

Of the above, social desirability is perhaps the most important possible source of error in this context by inflating positive behaviors or attitudes and deflating negative behaviors or attitudes (see Arnold *et al.*, 1985). Edwards *et al.* (1997) argue that using "demand reduction techniques" reduces the bias due to social desirability; e.g. by stressing anonymity and confidentiality. Thus, elements that make questionnaires individually identifiable may affect the responses of the individual. As stated above, confidentiality was emphasized throughout the whole process

of data collection and reporting, in order to minimize effects of social desirability.

6.1.3 Measures

The TECH questionnaire consisted of 84 items and the PROTO questionnaire of 83 items. Only a selected part of these items are used in this analysis. In addition, the questionnaire included several demographic questions: gender, age (four categories), tenure (five categories), education (three categories), and position within the company (manager, non-manager). Items intended to measure the same underlying trait were scattered throughout the questionnaire.

Organizational Commitment

It is argued here, that despite divergent operationalizations of affective organizational commitment, most operationalizations include items concerning: satisfaction with the organization; identification with the goals of the organization; intrinsic value of membership; readiness to exert effort for the organization; and loyalty (intent to stay or leave).

Instead of using pre-constructed scales, that were considered unacceptable due to their length, a scale was created that includes one item from each of the first four dimensions. These four dimensions are in accordance with most conceptualizations of organizational commitment and similar items are frequently used as indicators of affective organizational commitment. The fifth dimension, loyalty, is excluded and seen as a separate dimension of organizational support.

The scale is composed of four items: “OC_1” describing general satisfaction with the organization, “OC_2” indicating willingness to exert extra effort for the organization, “OC_3” indicating intrinsic value of membership or pride working for the organization, and “OC_4” indicating identification with the purpose of the organization. All items are rated on the same five-point scale, ranging from strongly agree to strongly disagree. Items measuring intent to stay or turnover intention were excluded from the scale as one major purpose of this study is to test the relationship of organizational commitment and intent to stay.

Intent to stay

There is a considerable similarity in the items used for measuring intent to leave or stay between studies. For example, Becker (1992) used four items for measuring intent to leave; two items from a Michigan Organizational Assessment Questionnaire: “It is likely that I will actively look for a new

job in the next year,” and, “I often think about quitting,” and two items from OCQ, “It would take very little change in my present circumstances to cause me to leave this organization,” and, “There’s not too much to be gained by sticking with the organization indefinitely.” Day *et al.* (1998) measured propensity to quit with three items: “I will probably look for a new job with another employer within the next year”; “If I were completely free to choose, I would prefer to continue working in this organization” (reverse scoring); and, “If I had to quit work for while, I would return to this organization” (p. 2077). Bluedorn (1982) used a somewhat different approach than those above and asked six questions to measure intent to stay. Respondents were e.g. asked to rate the chances of still working for the company for three, six, and twelve months.

In this study two items were used to measure intent to stay. One item asked for how long people expected to work for the company, with answers given in years (less than 12 months, 1-3 years, etc.), and another item asked about the chances that people would start looking for another job in another organization in the next year, with answers ranging from very likely to very unlikely. These items are not too different from what is used in other studies (see e.g. Shore & Martin, 1989; Bluedorn, 1982; Becker, 1992; Day *et al.* 1998).

Service effort and service improvements

Several researchers have studied and measured service effort, as well as customer and service oriented behaviors (see e.g. Saxe & Weitz, 1982; Testa, 2001; Grönfeldt, 2003). The concept of “customer oriented behavior,” as developed by Peccei and Rosenthal (in Grönfeldt, 2003), however, includes both service effort directed at customers as well as improvement behaviors directed at improvements in the service delivery. The concept is behaviorally based and measures, “the extent to which employees engage in specific service behaviors designed to satisfy customers” (Grönfeldt, 2003: 6). While the concept has been applied and conceptualized as a single dimension, Grönfeldt (2003) found service effort and service improvement to be two separate factors, or sub-dimensions of customer oriented behavior. The former dimension measures the propensity of employees to exert effort on the job for the benefit of customers and the latter dimension measures the relative propensity of an individual to engage in continuous improvements in a service context. The two dimensions of customer oriented behaviors: effort and suggestion of improvements can be seen as being short-term and long-term dimensions of customer service, the former has to do with the “here and now,” while the latter has to do with organization’s future competitiveness.

Two items from the three-item helping behavior scale were selected (Grönfeldt, 2003) and conceptualized as “service effort” (SE): “SE_1”: “I often go out of my way to help customers” and “SE_2”: “I put a lot of effort into my job in trying to satisfy customers.” The items are rated on the same five-point scale, ranging from strongly agree to strongly disagree.

Two items from the three-item continuous improvement scale were selected (Grönfeldt, 2003) and conceptualized as “service improvements” (SI): “SI_1”: “I often make suggestions about how to improve service” and “SI_2”: “I have specific ideas on how to improve service.” The items are rated on the same five-point scale, ranging from strongly agree to strongly disagree.

The term “customer” was defined broadly in the survey and included both external as well as internal customers, as is frequently done in the literature (see Joseph, 1996; Grönroos, 2000).

Social recognition

“Social recognition” is defined here as a recognition of the individual’s contribution in the organization through allowing individuals to influence the organization (influence), through recognition of the individual’s talents and skills by utilizing these skills (skill-utilization), and through approving, noticing, and encouraging particular employee efforts and contributions (approval).

These or similar dimensions are seen to be of major importance in other models, such as work-design models and empowerment models (see Hackman & Oldham, 1980; Spreitzer, 1995; Niehoff *et al.*, 2001). The variables used to measure influence, skill-utilization, and feedback are similar to variables that have been used in previous studies. Similar items are used in Karasek and Theorell’s (1990) measurement of “decision latitude” to the items used to measure influence and skill-utilization here. It is measured with questions; e.g. if the individual has a lot of say about the job; if the individual has freedom to make decisions; if there is variety in the job. A similar construct, “job autonomy,” has been measured with similar items that e.g. relate to autonomy and influence at work (Currivan, 1999; Bell & Menguc, 2002). Similar items are also found in Hackman and Oldham’s (1980) measurements of autonomy, skill-variety, and feedback.

Social recognition was measured with ten items focusing on influence, variety in work, utilization of skills, praise, feedback, and encouragements: Two deal solely with influence at work: “My opinions count at work” and “I am asked for my opinion on things that relate to my work.” One item deals with influence and encouragements: “I am encouraged to bring new ideas on how to do my job better.” Two deal with

autonomy and variability: “I have the freedom / flexibility to decide how to do my job” and “I have the opportunity to do different things in my work.” Two items deal directly with skill-utilization: “I have opportunities at work to do what I do best” and “My knowledge and talents are used well in my work.” Three items deal with praise, encouragements, and feedback: “In the past weeks I have received praise for a job well done,” “My supervisor, or someone at work, encourages my development” and “In the last months, I have talked with someone about my performance.” All the items are rated on the same five-point scale, ranging from strongly agree to strongly disagree.

6.2. Data Analysis

In analyzing the data two statistical programs were used; SPSS (version 8 and 12) and AMOS 4.0. SPSS was used in the preparation of the data, such as re-coding and computing and for exploratory factor analysis, while AMOS 4.0 was used for developing and testing the structural equation models: confirmatory factor analysis, causal analysis, and for testing the applicability of causal models across different groups of service employees.

6.2.1 Structural Equation Modeling

Structural Equation Models [SEM] is a powerful statistical method that can be used in a variety of applications, such as for the confirmation of factor structures as well as for causal model testing or model development (Arbuckle & Wothke, 1999). The computer program AMOS 4.0 is used in the analysis of the data. SEM has several distinctive features, while comparable in other ways to ordinary least square [OLS] methods.

Among the distinctive features of SEM are: assessing and correcting for measurement errors, whereas regression methods ignore errors in explanatory variables; allowing for using both observed and latent variables; estimating both indirect and direct effects (Byrne, 2001); and allowing for testing simultaneous, multiple dependent relationships among dependent and independent variables (Nyhan, 2000). SEM uses maximum likelihood estimates instead of OLS estimates, but these can be seen as being identical to the, “standard least-square solution for regression coefficients” (Arbuckle & Wothke, 1999: 41). Standard errors are approximations but, “asymptotically correct” (p. 41) as they are, “generally identical to the conventional estimates” (p. 75). Thus, in distinction to OLS methods, maximum likelihood estimates are “approximations” that may or may not deviate from observed values.

Confirmatory Factor Analysis (CFA)

Confirmatory factor analysis (CFA) is a tool used for hypothesis-testing. In contrast to conventional exploratory factor analysis, CFA takes a confirmatory approach to correlational data, whereas with exploratory factor analysis hypotheses testing is, “difficult, if not impossible” (Byrne, 2001: 3). Whereas, exploratory factor analysis uses the covariance to reduce the number of variables post hoc into theoretical factors based on their factor loadings, CFA specifies the factor structure a priori and tests how well a proposed structure fits the data (Child, 1990; Byrne, 2001).

CFA tests for the existence of underlying factors (latent variables) by analyzing relationships of observed variables. A latent variable is a variable that cannot be measured directly, but different observations can be seen as being both partial and indirect indicators of an unobserved (latent) variable (Byrne, 2001). CFA makes an a priori assumption about the relations of the variables. This “a priori” assumption of the relationship of the variables is defined as “a model.” Then the model’s fit to the data is tested, and finally, on the basis of this test the model is confirmed, rejected or adjusted (Arbuckle & Wothke, 1999; Byrne, 2001).

Causal analysis

Structural equation models are composed of two sub-models: a measurement model where links between observed variables and latent variables are specified (CFA) and a structural model that specifies causal relationships involving two or more latent variables. Structural models can be both recursive; i.e. specifying a direction of cause from only one direction or non-recursive where the model allows for feedback or a “causal loop” (Arbuckle & Wothke, 1999; Byrne, 2001).

Causal processes are represented with single-headed (one-way) arrows specifying the directions of causality. The strength of this causal relationship is described by the size of the structural regression coefficient, and its sign describes whether the dependent variable increases or decreases for one unit change in the independent variable. The regression coefficients can be both standardized and unstandardized. Standardized coefficients are favored as they are easier to interpret and compare.⁷ A two-headed (bi-directional) arrow represents a correlational relationship between variables where, similarly, the size of the correlation determines the size of the relations of the two variables and the sign indicates whether the variables are positively or negatively related (Arbuckle & Wothke, 1999; Byrne, 2001). If no arrow is specified between variables (latent or

⁷ Frequently, only standardized coefficients from SEM analysis are reported (see e.g. Spreitzer, 1995; Testa, 2001; Boles *et al.*, 2001; Feldman *et al.*, 2002) and this is also done in this thesis.

observed) this means that no relationship is assumed to exist between the variables (Arbuckle & Wothke, 1999).

While assumptions of causality can be seen as improper when using cross-sectional data, as is done here, a choice was made to use the most advanced methods available for assessing causal relations with the use of cross-sectional data. Evidence for causal relationships, however, cannot be seen as infallible; rather these are seen as giving an indication of probable ways in which variables are causally related.

Model testing

For testing a structural equation model, constraints need to be added to the model. If no constraints are added to the model, the parameters and the elements in the model are equally many and the degrees of freedom are zero. Such models are called “saturated” models. If constraints are added to the model, the degrees of freedom will be greater than zero; i.e. the number of elements exceeds the number of parameters to be estimated and the model can be identified or tested. These models are called “unsaturated” (see Arbuckle & Wothke, 1999).

The general purpose of model testing is to give an indication of how well a model fits sample data. The estimate of this fit is termed “goodness of fit” and on the basis of the goodness of fit a model can be rejected, confirmed or adjusted. While the SEM is confirmatory in nature, making adjustments to the model is generally accepted in order to locate misfits and find an alternative model that better describes the data (Byrne, 2001). Thus, re-specification of a model can be either data- or theory-driven, but the purpose of such adjustments is to construct a model that is both meaningful and well-fitting. The acceptance of model adjustments is partly practical in nature given the costs of data collections and, “it would be a rare researcher indeed who could afford to terminate his or her research on the basis of a rejected hypothesized model!” (Byrne, 2001: 8).

Various coefficients have been developed for evaluating the goodness of fit of confirmatory models, such as the “Discrepancy,” “CMIN/DF,” and the “RMSEA.” The “discrepancy” is the Chi-Square statistic of the fit, where large Chi-Square values indicate that the proposed hypothesis should be rejected, while an insignificant Chi-Square statistic indicates that the specified model is not significantly worse than a model that perfectly fits the sample data (see Arbuckle & Wothke, 1999; Kraimer *et al.*, 1999). However, although the Chi-Square statistic is significant, it is inflated by sample size. Thus, larger samples are more likely to induce significant Chi-Square statistics than smaller samples (Bentler & Bonnet in Day *et al.*, 1998). A further problem with the Chi-Square statistic is that it decreases with increased complexity of the model. Thus, more complex

models with many parameters will have a better chance of a better fit. As a result of these two problems, it is generally assumed that it is not appropriate to use the Chi-Square statistic as the sole indicator of goodness of fit (see e.g. Day *et al.*, 1998; Pritchard *et al.*, 1999).

The CMIN/DF is the minimum discrepancy divided by the degrees of freedom (Arbuckle & Wothke, 1999). The ratio that has been suggested to be “reasonable” is five or less, while ratios in the range of two to three are indicative of acceptable fit (Carmines & McIver in Arbuckle & Wothke, 1999: 399). A value of five or less is interpreted as the data fits the model well, while higher values are seen as indicating that the model could be improved. Another indicator of goodness of fit is the RMSEA (Root Mean Square Error of Approximation). While some fit measures favor more complex models, the RMSEA adjusts for the effect of model complexity. Arbuckle and Wothke (1999) have suggested values of .05 as a close fit. This figure is based on a subjective judgment, and is not regarded as being infallible or exact, but it is rather assumed that this is a more realistic requirement than the RMSEA being zero, indicating a perfect fit. Brown and Cudeck argue that, “a value of about 0.08 or less for the RMSEA would indicate a reasonable error of approximation and would not want to employ a model with a RMSEA greater than 0.1” (in Arbuckle & Wothke, 1999: 403).

Others have suggested the following guidelines for interpreting RMSEA: perfect fit (.00), good fit (.00-.05), moderate fit (.05-.08), mediocre fit (.08-.10), and poor fit (.10 and larger) (see Wanous *et al.*, 2000). AMOS produces RMSEA and also estimates the departure of the RMSEA coefficient from .05, reported as “PCLOSE.” It tests for the null hypothesis, “that the population RMSEA is no greater than .05” (Arbuckle & Wothke, 1999: 403). RMSEA not significantly departing from .05 is regarded here as suggesting a close fit. A fit of .05 or higher is regarded as suggesting that the model could be improved.

Standardized fit-indices have been developed, less sensitive to sample size, such as NFI (Normed Fit Index), the RFI (Relative Fit Index), and CFI (Comparative Fit Index). Of the standardized indices, only the NFI is, “guaranteed to be between zero and one, with one indicating a perfect fit” (Arbuckle & Wothke, 1999: 407). The interpretation of NFI is, according to Bentler and Bonett (in Arbuckle & Wothke, 1999: 408) that, “models with overall fit indices of less than .9 can usually be improved substantially.”

The use of coefficients for evaluating goodness of fit varies somewhat between authors (see e.g. Babin & Boles, 1998; Day *et al.* 1998; Pritchard *et al.*, 1999; Testa, 2001; Bell & Menguc, 2002) while the Chi-Square statistic, the CMIN/DF, and the RMSEA are used almost without

exception. Regarding the use of standardized coefficients, there is more variation. The NFI (Normed Fit Index) is used here, partly because it is frequently used, and partly because it is guaranteed to be between zero and one. The Chi-Square statistic, the CMIN/DF, and the RMSEA are used as well as these are commonly used.

Comparisons of models is done for the purpose of answering whether or not competing or alternative models, that are theoretically plausible, give a better or worse account of the data. Comparisons can be done between models by comparing their Chi-Square statistic and their degrees of freedom (Arbuckle & Wothke, 1999). While the AMOS program has the ability to make suggestions to improve models, this function cannot be used if the data includes missing values, as is the case here. Instead the improvements made on models in this thesis are based on theory or empirical evidence. The RFI coefficient is used for comparing the model's goodness of fit as it is easy to calculate and interpret.

Missing values

AMOS uses maximum likelihood (ML) estimates for estimating missing values, which is a more efficient way to replace missing values than imputation, or pairwise and listwise deletion. AMOS does not assume that missing values are missing completely at random, as some other methods do, but that their missing can be assessed through other variables in the model (Arbuckle & Wothke, 1999; Byrne, 2001).

Validity and reliability

Results from the confirmatory factor analysis give an indication of the validity and reliability of the measures. Validity refers to the correspondence between the indicators and the reality they are intended to measure. Reliability is usually used to refer to the "consistency" of the instruments, either its internal stability or its stability in time (SPSS, 1990; 1999). Reliability is necessary but not sufficient, to obtain valid measurements. Thus, measurements can be reliable (stable) without being valid (Nunnally & Bernstein, 1994). The emergence of clear and distinguishable factors with high factor loadings is seen as supporting both the convergent and discriminant validity of the instruments. Convergence validity refers to the convergence of item loadings on factors (e.g. their internal consistency) and discriminant validity refers to the distinctiveness of the measurement from other measurements.

The empirical validity of selected variables in the study will also be tested. Empirical validity refers to a relationship of the indicators in the study with either other measurements that are theoretically assumed to be related to the indicators (criterion validity), or a relationship with empirical

data measured at a later time (predictive validity) or at the same point in time (concurrent validity) (see Groves, 1989; Nunnally & Bernstein, 1994).

6.2.2 Exploratory Factor Analysis

In preparation for the confirmatory factor analysis, exploratory factor analysis was performed for the TECH-company. Exploratory factor analysis is used to explore linear regularities in the data, where sets of data or variables are transformed into composite variables or principal components (*SPSS*, 1975). This factor analysis was performed with Principal Component (PC) extraction with eigenvalues greater than 1 and varimax rotation. This method is used for two purposes. First, the purpose of the exploratory factor analysis was to provide a base model or even a “counter hypotheses,” but not necessarily supporting hypotheses to the hypothesized CFA model. Second, this type of factor analysis (PC extraction and varimax rotation) is commonly used in studies and is a generally recognized and accepted way of performing exploratory factor analysis (Child, 1990).

6.3. Conclusion

The main objectives of the study, method, and the data used, are summarized in the table below (table 6.1). First, the concepts of organizational support and social recognition are defined and operationalized, and their factor structure is tested with the use of confirmatory factor analysis using data from both TECH and PROTO. Second, the causal model is tested, using structural equation modeling with data from TECH. When, and if necessary, changes are made to the proposed models to acquire a better fit with the data. Third, levels of social recognition and organizational support are examined within different service divisions of TECH and the applicability of the causal models developed across the service division.

Table 6.1: Overview of goals, methods, and data

Main Goals	Defining and measuring main concepts	Causal ordering of variables	Differences in levels and causes between service divisions
Sub-Goals	<ul style="list-style-type: none"> • Conceptual and operational definitions of employees' organizational support and social recognition • Testing the validity of main concept 	<ul style="list-style-type: none"> • Development of causal models, relating social recognition to employees' organizational support • Empirical test of causal models 	<ul style="list-style-type: none"> • Differences in levels of Organizational Support and Social Recognition across service divisions • Generalizability of factor- and causal structures across service divisions
Method	Confirmatory factor analysis (CFA)	CFA and causal analysis	Differences in means and causal analysis
Data	Data from TECH and PROTO	Data from TECH	Data from TECH

7. Confirmatory Factor Analysis of Employees' Organizational Support and Social Recognition

In this chapter, the results from the factor analyses are reported. Confirmatory factor analysis is conducted to examine if support is found for the previously formulated factor structure of employees' organizational support and social recognition, and further to test whether the suggested dimensions of organizational support from service employees and social recognition make up clear and empirically distinguishable factors. Exploratory factor analysis is also conducted, not only for the purpose of supporting the assumptions made in the confirmatory factor analysis, but also for developing an alternative model to be used for model improvement.

7.1. *Confirmatory Factor Analysis of Employees' Organizational Support*

Confirmatory factor analysis is conducted for assessing the convergent and discriminant validity of employees' organizational support. The analysis is conducted in several steps. First, a model of the affective component of employees' organizational support is estimated. The affective component is conceptualized as "organizational commitment" and its operationalization is based on definitions of this concept in the literature. Second, a three-factor model of the behavioral component of employees' support is estimated: intent to stay, service effort, and service improvements. With the use of confirmatory factor analysis it is tested whether a support is found for dividing behavioral support into three factors. Third, the four-factorial model of employees' organizational support is estimated, i.e. a simultaneous estimation of the affective and the three behavioral components of employees' organizational support. It is tested if support is found for distinguishing four forms of employees' organizational support. Fourth, for assessing the discriminant validity of these four forms of support an alternative model to the four-factorial model is estimated and compared to the four-factor model. If a four-factorial model suggests a better fit than an alternative model with fewer factors, this supports the discriminant validity of the four-factors, i.e. that these are

likely to be distinguishable dimensions of employees' support to the organization. Finally, the criterion validity of employees' support is examined by exploring its relations with the OCQ scale, job satisfaction, and departmental turnover. In order to examine the generalizability of the factor structure across organizations, confirmatory factor analysis is conducted using data from both TECH and PROTO.

7.1.1 Organizational Commitment

The table below shows the descriptive statistics for organizational commitment scale (OC):

Table 7.1: Descriptive statistics for organizational commitment (OC)

Items	Statistics	TECH	PROTO
OC_1 On the whole I am satisfied with X as an employer.	Mean	3,93	3,93
	N	923	222
	Std.dev.	0,86	0,92
OC_2 I am ready to exert all my effort for the company.	Mean	4,45	4,47
	N	922	221
	Std.dev.	0,70	0,67
OC_3 I am proud of working for X.	Mean	3,79	3,85
	N	917	222
	Std.dev.	0,92	1,00
OC_4 The operation and purpose of the company makes me feel like my work is important.	Mean	3,58	3,73
	N	910	220
	Std.dev.	0,99	1,03

Note: All statements have the same five point scale ranging from "strongly agree" to "strongly disagree." X refers to the name of the company.

The table above shows that the highest means are for readiness to exert effort on behalf of the organization; lowest for identifying with the purpose of the organization. The figure below shows the factor structure for organizational commitment and the table shows the standardized factor loadings for organizational commitment for both datasets:

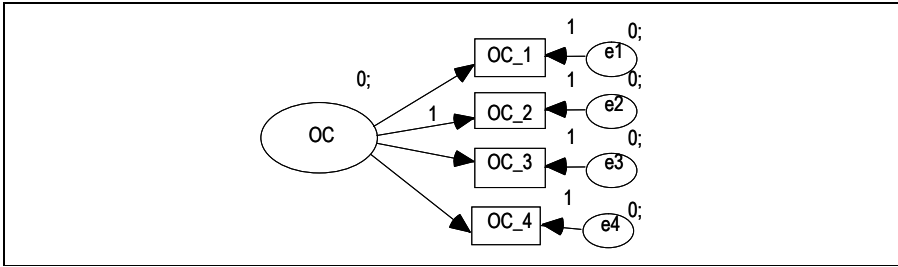


Figure 7.1: Model 1. CFA for organizational commitment (OC)

Note: The factor weight for OC_2 is set to one. Factor weights for the error terms are set to one. Means of latent variables is arbitrarily set to zero.

Table 7.2: Standardized factor weights for organizational commitment (OC)

Items	Factor	TECH	PROTO
OC_1 On the whole I am satisfied with X as an employer	OC	0,755	0,834
OC_2 I am ready to put all of my effort for the company	OC (1)	0,527	0,663
OC_3 I am proud working for X	OC	0,812	0,809
OC_4 The operation and purpose of the company makes me feel like my work is important	OC	0,503	0,569

Note: The factor weight for OC_2 is set to one

As seen in the table above, the factor weights range from being moderate to high. The lowest weight in both data sets belongs to OC_4. At TECH the OC-factor explains roughly 25 percent of the variance in OC_4 where 75 percent remains unexplained and attributed to a unique factor (e4). For PROTO, the factor weights are a little higher, while the lowest factor weight is similarly associated with OC_4. Factor weights below 0.50 have been, by some, considered low and have sometimes been dropped (see e.g., Babin & Boles, 1998).

Table 7.3: Goodness of fit for Organizational Commitment (OC)

Goodness of fit	TECH	PROTO
Discrepancy (χ^2)	4,787	2,087
Df.	2	2
P-value for Chi-Square	0,091	0,352
CMIN/DF	2,394	1,044
NFI	1,000	0,999
RMSEA	0,039	0,014
P-value for RMSEA (PCLOSE)	0,582	0,533

The Chi-Square statistic, for both companies, shows that the model fits the data well and the two p-values show that the model cannot be rejected. The

standardized indicator of the fit of the model indicates a perfect fit (NFI=1.000) for TECH and a near perfect fit (NFI=0.999) for PROTO.

This conceptualization of organizational commitment is similar to that proposed by others (see Buchanan, 1979; Mowday *et al.*, 1979; Meyer & Allen, 1997; Yoon *et al.*, 1994), yet in contrast to frequent operationalizations, “intent to stay” is excluded and assumed to be a separate dimension of organizational support from service employees.

7.1.2 Service Effort, Service Improvements, and Intent to Stay

The table below provides descriptive statistics for behavioral support for TECH as well as PROTO:

Table 7.4: Descriptive statistics for behavioral support

Items	Statistic	TECH	PROTO
SE_1 I often go out of my way to help customers.	Mean	4,08	4,20
	N	903	216
	Std. dev	0,73	0,80
SE_2 I put a lot of effort into my job in trying to satisfy customers.	Mean	4,49	4,45
	N	912	220
	Std. dev	0,63	0,76
SI_1 I often make suggestions about how to improve service.	Mean	3,47	3,63
	N	892	218
	Std. dev	0,96	0,96
SI_2 I have specific ideas on how to improve service.	Mean	3,97	3,95
	N	895	216
	Std. dev	0,81	0,85
INT_1 How likely or unlikely is it that you will try to find another job with another employer in the next year? (reversed scores)	Mean	3,63	3,48
	N	900	218
	Std. dev	1,30	1,38
INT_2 I believe that I will work for X the next: (reversed scores)	Mean	3,45	2,95
	N	831	206
	Std. dev	1,39	1,36

Note: All the statements have the same five point scale ranging from “strongly agree” to “strongly disagree,” except INT_2 that has the following scale: “12 months or less,” (coded as “1”) “The next 1-3 years,” (coded as “2”) “The next 4-6 years,” (coded as 3) “The next 7-10 years,” (coded as 4) and “The next 11 years or longer” (coded as 5).

The three behavioral indicators of employees’ organizational support, i.e. Service effort (SE), Service Intention (SI), and Intent to Stay (INT) are assumed to be three distinguishable forms of employees’ behavioral support. Intent to stay is assumed to be a fairly distant behavior from the

two service behaviors. The two service behaviors, on the other hand, are likely to be more strongly related. However, rather than assuming that they belong to the same underlying factor, like some analysis' has indicated, the two service behaviors are rather assumed to be two distinct dimensions of customer oriented behavior, like Grönfeldt's (2003) analysis suggested. The table below shows standardized factor weights for employees' behavioral support:

Table 7.5: Standardized factor weights for Service Effort, Service Improvements, and Intent to Stay

Items	Factor	TECH	PROTO
SE_1 I often go out of my way to help customers.	SE	0,604	0,573
SE_2 I put a lot of effort into my job in trying to satisfy customers.	SE (1)	0,527	0,543
SI_1 I often make suggestions about how to improve services.	SI (1)	0,593	0,779
SI_2 I have specific ideas on how to improve services.	SI	0,908	0,625
INT_1 How likely or unlikely is it that you will try to find another job with another employer in the next year? (reversed)	INT_1 (1)	0,798	0,790
INT_2 I believe that I will work for x the next:	INT_2	0,645	0,674

Note: The factor weights for SE_2, SI_1, and INT_1 are set to one.

The “Service Effort” (SE) factor is seen as consisting of two items (SE_1 and SE_2). The “Service Improvement” (SI) factor is similarly seen as consisting of two items (SI_1 and SI_2). Finally, “Intent to Stay” is similarly measured with two items (INT_1 and INT_2). As shown in the table above, standardized factor weights are found to be acceptable.

Table 7.6: Goodness of fit for behavioral support

Goodness of fit	TECH	PROTO
Discrepancy (χ^2)	27,444	2,982
Df.	6	6
P-value for Chi-Square	0,000	0,811
CMIN/DF	4,574	0,497
NFI	0,998	0,999
RMSEA	0,062	0,000
P-value for RMSEA (PCLOSE)	0,173	0,940

Overall goodness of fit statistics provides adequate empirical support for the model. NFI is close to one (.998 and .999) in both companies, CMIN/DF, lower than five in both cases, and the RMSEA not significantly higher than .05. While TECH has a significant p-value for the Chi-Square statistic, the Chi-Square statistic is sensitive for sample size and is therefore, considered to be improper sole indicator for goodness of fit for

large samples. The factor weights give an indication of an acceptable discriminant validity of the three factors with factor weights in all cases exceeding 0.50 and goodness of fit statistics supporting a three-factorial model of behavioral support.

7.1.3 Discriminant Validity of Organizational Commitment, Intent to Stay, Service Effort, and Service Improvements

The discriminant validity of the behavioral and affective measures of employees' organizational support is an issue that needs to be addressed, as some indicators of affective employee support have included items measuring behavioral intents, such as intent to stay.

Exploratory factor analysis of the OCQ scale has generally resulted in single factor solutions (see e.g. Mowday *et al.* 1979) supporting the unidimensionality of the scale. Some, such as Gaertner and Nollen (1989), have however argued that the OCQ scale consist of two dimensions; attitudinal and behavioral dimensions that should be kept distinct. Zeffane's (1994) results support this argument. Results from factor analysis of the OCQ 15-item scale resulted in a two-factor solution. These were labeled "loyalty and citizenship" and "attachment"—roughly distinguishing between the behavioral and the affective dimensions of the scale.

Also, one dimension in most conceptualizations of organizational commitment is "willingness to exert effort" for the organization (Mowday's *et al.*, 1979). As service behavior is an effort carried out by employees the question arises if the service behavior dimensions of employees' organizational support are distinguishable from its affective dimension.

As previous studies have mostly relied on exploratory factor analysis' that have been criticized for generating results that favor unidimensionality (see Pritchard *et al.*, 1999), it is possible that previous research has combined concepts that should, both conceptually and empirically, be kept apart (see e.g. discussion by O'Reilly & Chatman, 1986 and Gaertner & Nollen, 1989). In order to examine the discriminant validity of the four-factor solution, exploratory factor analysis was conducted and its results were used to provide an alternative model to the four-factor model.

Result from the exploratory factor analysis of organizational support suggested organizational support to fall into three rather than four factors as assumed a priori. First exploratory factor analysis was conducted for all

the variables. The results from this first solution resulted in two factors; one factor consisting of organizational commitment and intent to stay and another factor consisting of service effort and service improvements. Then two subsequent factor analyses were conducted for each of the factors from the former analysis. This analysis resulted in a single factor solution for organizational commitment and intent to stay and a two factor solution for service effort and service improvements. Results thus indicated that employees' organizational support consisted of three dimensions approximately corresponding to: (1) commitment/loyalty, (2) service effort, and (3) service improvements.

To complicate this picture, however, these three dimensions had some variables in common. One item loaded on both the service effort factor and the service improvement factor and two items loaded both on the organizational commitment factor and the service effort factor (see appendix tables 11.1-11.3).

In the analysis below, the alternative three-factor model of employees' organizational support derived from the exploratory factor analysis is compared to the four-factor model assumed a priori. It is tested whether organizational support is better conceptualized as a three factors rather than as four-factors; i.e. if organizational commitment and intent to stay is better conceptualized as a single dimension rather than as separate dimensions and if part of the commitment variables should load also on service behaviors. The figure below shows the four-factor model assumed a priori:

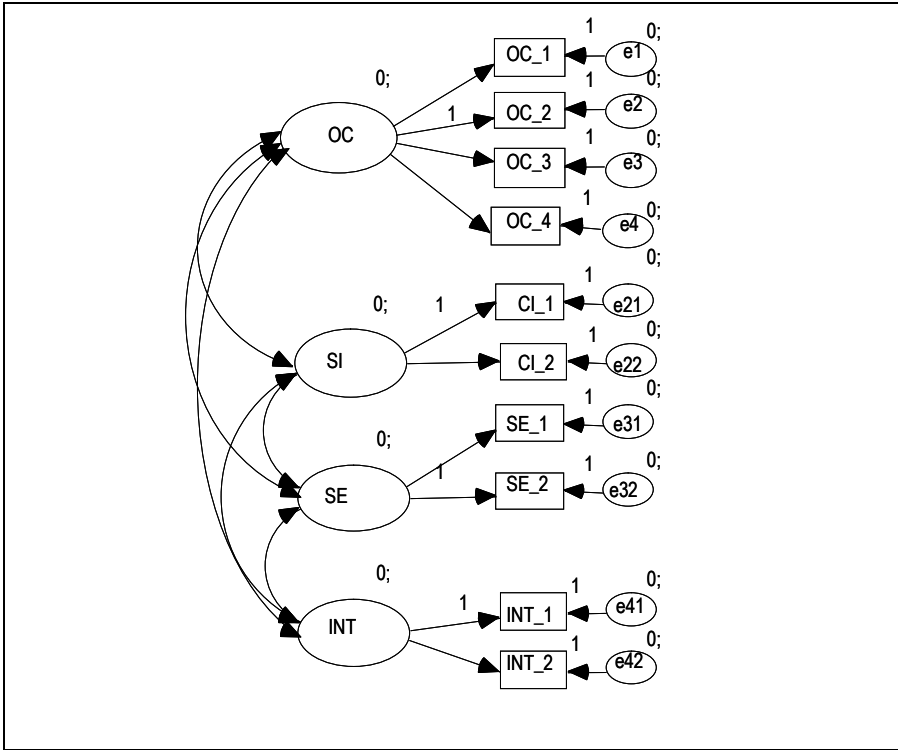


Figure 7.2: Model 1. CFA for a four dimensional view of Organizational Support

Note: The figure shows a four dimensional factor structure of Organizational Support. The factor weights for OC_2, SI_1, SE_2 and INT_1 is set to one. Factor weights for each of the error term are set to one. Means for all of the latent variables is arbitrarily set to zero. In the three dimensional model, OC and INT belong to the same underlying factor, and two items from the OC factor load also the SE factor, and one item from the SI factor also loads on the SE factor.

Model statistics show that the four-factor model assumed a priori receives a considerably larger support than the three-factor model proposed by the exploratory factor analysis in both companies, as shown in the table below (7.7). When comparing the fit statistics of the two models, the four-factor model shows a 35 percent improvement for TECH and 34 percent improvement for PROTO. However, whereas for PROTO, both models could be accepted, while for TECH they should, in fact, both be rejected. For PROTO, both models have a CMIN/DF lower than five and the RMSEA not significantly higher than 0.05. For TECH, both models have a CMIN/DF value higher than five and the RMSEA significantly higher than .05, suggesting that improvements could be made.

Table 7.7: Comparing fit statistics of the three-factor and the four-factor model

Goodness of fit	TECH		PROTO	
	Three-factor model	Four-factor model	Three-factor model	Four-factor model
Discrepancy (χ^2)	258,896	151,828	64,572	38,688
Df	32	29	32	29
P-value for Chi-Square	0,000	0,000	0,001	0,108
CMIN/DF	8,090	5,235	2,018	1,334
NFI	0,991	0,995	0,991	0,994
RMSEA	0,087	0,068	0,067	0,038
P-value for RMSEA (PCLOSE)	0,000	0,003	0,112	0,710
Improvement		35% (p<.001)		34% (p<.001)

Note: The improvement is significant ($p < .001$) for both companies, for TECH ($\Delta\chi^2 = 107$, $\Delta df = 3$) and for PROTO ($\Delta\chi^2 = 26$, $\Delta df = 3$). The four-factor model was also compared to both one- and two-factor models, where most support was found to the four-factor model while both the two- and one-factor models were strongly rejected. For TECH, the improvement from one-factor model was 75 percent and an improvement from two-factor model was 50 percent. For PROTO the improvement from one-factor model was 71 percent and an improvement from two-factor model was 34 percent. Calculations based on the formula: $1 - (\chi^2_{M2} / df_{M2}) / (\chi^2_{M1} / df_{M1})$ where “M2” refers to the model with the higher Chi-Square value and “M1” refers to the model with the lower Chi-Square value (Arbuckle & Wothke, 1999: 408). Model comparisons similar to the one above are e.g. found in Feldman *et al.* (2002).

For the purpose of achieving improvement in the fit statistics of the model, a second four-factor model was constructed (four_factor_model_2). This four-factor model regards the four factors as separate dimensions, while three new factor weights are added to the model; that between OC_2, OC_4 and the SE-factor, and that between SE_2 and the SI-factor. These weights are added based on results from the exploratory factor analysis (shown in the appendix). This factor structure is strongly supported by fit-statistics (see table 7.8).

However, as low factor weights appear between OC_4 and the SE-factor (.13) and that between SE_2 and the SI-factor (.12), these two new weights were again deleted to test the third version of the model (four_factor_model_3). The “four-factor_model_3” is only negligibly inferior to the “four_factor_model_2”, while considerably simpler, as seen in the table below (7.8). The difference between “four_factor_model_1” and “four_factor_model_3” is that only one weight is added, that between OC_2 and the SE-factor. By adding this factor weight the model is considerably improved and cannot be rejected as indicated by the fit statistics (see table 7.9).

Table 7.8: Standardized factor weights for four-factor models of organizational support

Items	Factor	Four-factor model_1	Four-factor model_2	Four-factor model_3
OC_1 Satisfaction with the organization.	OC (1)**	0,770	0,789	0,784
OC_2 Readiness to exert effort.	OC	0,535	0,351	0,375
OC_3 Proud working for the organization.	OC	0,788	0,785	0,785
OC_4 Purpose makes work important.	OC	0,510	0,441	0,506
*OC_2 Readiness to extra effort.	SE	--	0,367	0,333
*OC_4 Purpose makes work important.	SE	--	0,130	--
SE_1 I often go out of my way to help customers.	SE	0,603	0,509	0,602
SE_2 I put a lot of effort into my job in trying to satisfy customers.	SE (1)	0,528	0,553	0,541
*SE_2 I often go out of my way to help customers.	SI	--	0,118	--
SI_1 I often make suggestions about how to improve service.	SI	0,601	0,611	0,593
SI_2 I have specific ideas on how to improve service.	SI (1)	0,897	0,618	0,906
INI_1 How likely is it that you will try to find another job with another employer?	INT (1)	0,840	0,842	0,843
INT_2 I believe that I will work for x the next:	INT	0,612	0,611	0,610

Note: * New factor weights, alterations from four-factor model_1. **In Model_3 the factor loading for OC_1 was set to 1 as OC_2 is expected to load also on the SE factor. In Model_1 and Model_2 the factor weight for OC_2 was set to 1. No change was detected in the standardized factor weights with this change, -- no factor weights assumed or deleted.

The factor weights for each variable are shown in the table above for all three models. Fit statistics show that the “four-factor model_3” is significantly better than the “four-factor model_1” and strongly supported as a solution. The “four-factor model_3” is accepted as a solution over the “four-factor model_2”, due to its greater simplicity, despite slightly worse fit.

Table 7.9: Comparing fit-statistics of the three four-factor models.

Goodness of fit	TECH		
	Four-factor model-1	Four-factor model-2	Four-factor model-3
Discrepancy (χ^2)	151,828	82,508	93,737
Df	29	26	28
P-value for Chi-Square	0,000	0,000	0,000
CMIN/DF	5,235	3,173	3,348
NFI	0,995	0,997	0,997
RMSEA	0,068	0,048	0,050
P-value for RMSEA (PCLOSE)	0,003	0,567	0,462
Improvement		39% (p<.001)	-5% (p<.01)

Note: The 39% improvement from model 1 to model 2 is significant ($p<.001$) ($\Delta\chi^2= 69$, $\Delta df=3$).

The 36% improvement from model 1 to model 3 is significant ($p<.001$) ($\Delta\chi^2= 58$, $\Delta df=1$).

The 5% deterioration from model 2 to model 3 is significant ($p<.01$) ($\Delta\chi^2= 11$, $\Delta df=2$).

Correlations between the four dimensions of organizational support are negligibly affected by the changes made in the models indicating that the above alterations have minor effect on their relations.

Table 7.10: Inter-correlations of factors from four-factor model-3 for TECH

Factors	OC [†]	INT	SE
Intent to stay (INT)	.71***	--	
Service effort (SE)	.43***	.22***	--
Service Improvements (SI)	.08*	-.03	.60***

Note: *** ($p<.001$) **($p<.01$) *($p<.05$), two-tailed probabilities, [†]Organizational commitment (OC).

Strong correlations exist between commitment and intent to stay, as expected. These two dimensions are, however, better described as two factors rather than belonging to the same underlying factor, as indicated by a better fit statistics for a four-factor model compared to a three-factor model. In addition, service effort and service improvements correlate quite strongly, as was expected, while these two dimensions are better described as two factors rather than as belonging to the same underlying factor, as supported both by the exploratory and confirmatory factor analysis. The correlation of intent to stay with service effort and service improvement is found to be fairly low, suggesting that service behaviors and intent to stay are fairly distinct types of behaviors.

7.1.4 Criterion and Predictive Validity of Organizational Support

The empirical validity of the indicators of organizational support needs also to be considered. Do these indicators predict organizational relevant outcomes or correlate with concepts regarded as being organizationally relevant? For examining the predictive and criterion validity of indicators of employees' organizational support the following analyses were conducted: intent to stay was correlated with departmental turnover and organizational commitment was correlated with the OCQ scale (Mowday *et al.*, 1979) and overall job satisfaction. These three tests give an indication of the empirical validity of two of the four dimensions of employees' organizational support.

Departmental turnover was calculated for the year 2000 and gathered from TECH company records, as the study was executed in March 2000. One of the two intent to stay variables (INT_2) asked for how long employees planned to stay with the organization, where people could answer, "the next 12 months or less," "the next 1-3 years," "the next 4-6 years," "the next 7-10 years," and "the next 11 years or longer." Thus, the first alternative of INT_2 gives an estimate of employees' intent to leave in the next 12 months, while other alternatives give an indication that employees intend to stay longer than one year with the organization. The first alternative and annual departmental turnover calculated by the organization, therefore, largely overlap.

The departmental proportion of intent to leave in the next 12 months was calculated for all the departments in the organization (number of departments=54, average intent to leave in the next 12 months was 9%, standard deviation 8%). Lowest intent to leave was zero percent and highest 43 percent.

Departmental turnover was calculated from TECH company records and was based on the end of year number of employees and end of year turnover (average turnover 13%, standard deviation 10%). Lowest turnover was zero percent and highest turnover 40 percent. The Pearson correlation coefficient between departmental turnover and departmental intent to leave was calculated using SPSS.

The correlation between departmental turnover and departmental intent to leave is found to be low (.17) and not significant (using aggregate departmental results, N=54). However, as the departmental intent figures are fairly skewed (skewness=1.5) and since its distribution deviates considerably from normal distribution (kurtosis=2.7) squared intent figures were used (skewness 0.1, kurtosis -1.1). Correlation of squared intent to leave with departmental turnover results in a significant correlation (.29, $p < .05$, N=54). Examining the relationship in greater detail shows that it is

severely affected by two departments that had no turnover while having the highest intent to leave of all the departments (40%). Excluding these two departments produces significant and moderately high correlation between intent to leave in the next 12 months and end of year departmental turnover (.42) using non squared intent figures and a little higher (.47) using the squared intent figures.

The explained variation in departmental turnover rates by squared departmental intent to leave is, however, in the lower range (8-22%) compared to previous research on the relationship of intent and turnover. Several possible explanations are possible for why this is so. First, it may be due the use of aggregate data in contrast to individual data. Second, the turnover data may include enough age related or involuntary turnover to distort the relationship between intent and turnover. Third, either internal or external conditions may have changed from the time of the measurement distorting the relations between intent and turnover; e.g. opportunities may have diminished for actualizing intent to leave, or internal conditions may have improved so that employees have changed their mind about leaving.

In the TECH study, employees were asked to rate their overall job satisfaction. Job satisfaction was measured with one item (“In general, I am satisfied in my job at TECH”) using a five point scale ranging from “strongly agree” to “strongly disagree” (mean 4.0, standard deviation 0.8). Overall job satisfaction was expected to correlate significantly with affective organizational commitment (the four item OC-scale).

The Pearson’s correlation between the single item job satisfaction and the OC-scale is moderately high as expected (.57, $p < .001$) supporting the criterion validity of the OC-scale.

The author could access a separate study using 156 valid cases that included the four OC items used to measure organizational commitment in this thesis (alpha .85) and the OCQ scale (Mowday *et al.*, 1979) using all the fifteen items (alpha .91)⁸ (mean 5.1, standard deviation 1.0). Mean, standard deviation, and internal consistency of the OCQ scale is similar to that reported for hospital employees by Mowday *et al.* (1979). An additive index was made for both indicators of commitment. Then the Pearson correlation coefficient between the OCQ scale (15 items) and the OC-scale (four items) was calculated using SPSS.

Pearson’s correlation between the two additive scales was very high, indicating the close resemblance of these two indicators of organizational commitment (.83 $p < .001$). This correlation strongly supports the criterion validity of the OC-scale as measuring affective organizational commitment.

⁸ Information regarding the study and data gathering can be found from Hildur Katrín Rafnsdóttir (2006).

7.1.5 Conclusion

Four dimensions of employees' organizational support are emphasized as important in the service environment, attitudinal support in the form of affective organizational commitment, and behavioral support in the form of intent to stay, service effort and service improvements. These four dimensions were measured with questionnaire data from two service organizations. Exploratory factor analysis was conducted supporting three-factorial solution of employees' support, while confirmatory factor analysis found significantly greater evidence for a four-factorial solution of organizational support—as predicted—supporting factorial hypotheses one. However, model statistics suggested that the model could be improved and the model was modified based on the subsequent exploratory factor analysis. Substantial improvement was achieved by allowing “readiness to exert effort” to load both on organizational commitment as well as on the service effort factor. This improved the factor solution substantially (36% improvement) and gave acceptable goodness of fit. Correlations between the four factors did not change substantially with this change. The four dimensions can be seen as important, yet partial measures of organizational support from service employees.

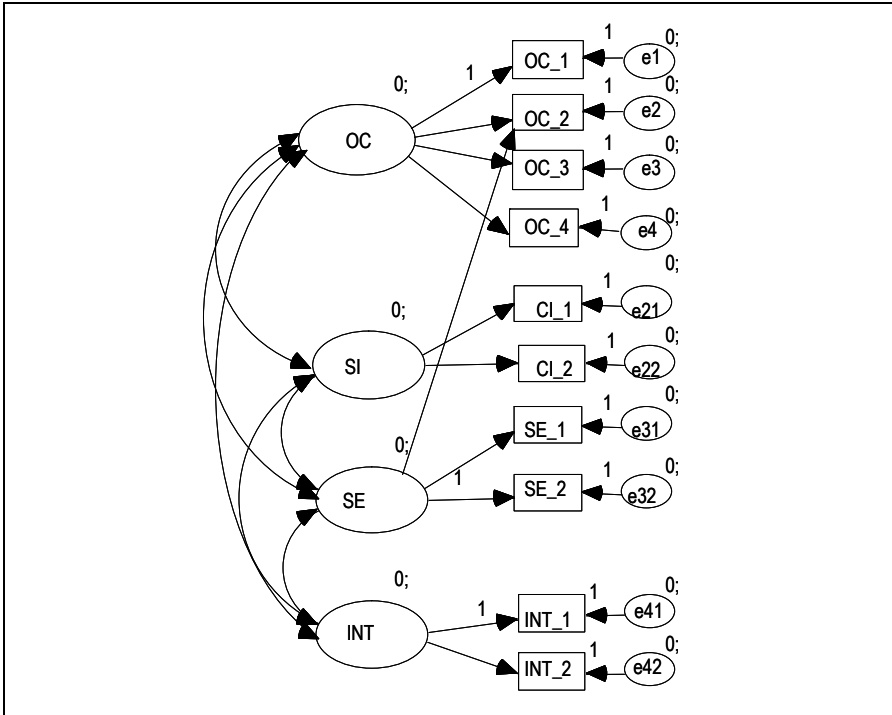


Figure 7.3: Model 3. CFA for a four dimensional view of organizational support

Note: The figure shows a four dimensional factor structure for Organizational support (model 3). The factor weight for OC_1, SI_1, SE_2 and INT_1 is set to one. Factor weights for each of the error terms are set to one. Means for all of the latent variables is arbitrarily set to zero.

The factor analysis supports both the convergent and discriminant validity of the four factors. Support for convergent validity is revealed by considerably high factor weights of each variable on each factor. Support for the discriminant validity of the four dimensions is seen in the improved fit of the four-factor model compared to the three-factor model.

Finally the empirical validity of affective organizational commitment and intent to stay was assessed. The correlation of intent to stay with departmental turnover figures revealed significant correlation of departmental intent to leave with departmental turnover supporting for the predictive validity of the intent variable. The criterion validity of the OC-scale was assessed in two ways, first by correlating the OC-scale with the OCQ scale and secondly by correlating the OC-scale with a single item measuring overall job satisfaction. Both revealed strong positive correlations, supporting the criterion validity of the OC-scale. Overall, these validations provide support for the validity of the indicators of organizational support. Thus, factorial hypothesis one is confirmed.

7.2. Confirmatory Factor Analysis of Social Recognition

Social recognition is measured with ten items relating to influence, variety in work, utilization of skills, praise, feedback, and encouragements. These variables are expected to load on three factors: (1) influence, (2) skill-utilization, and (3) approval.

Five items are expected to load on the “influence” factor. Two deal solely with influence (I_1 and I_2). Both describe the possibilities for individuals to exert influence in the organization and to use their judgment at work. One item deals with experiencing encouragement to do the job better (I_3). This type of encouragement is seen as supporting individual decision making and initiative. Therefore, it is expected to load on the “influence” factor. It is also expected to load on the “approval” factor, because encouragements are likely to function as acknowledgements or praise, as well as being effective in transferring authority to the individual. One item deals with autonomy (I_4) and one item deals with variation in work (I_5). These two items are expected to load on the “influence factor” as well, since autonomy closely resembles the concept of influence and since variability relates also to self-determination at work. Both these items are also expected to load on the “skill-utilization” factor as they are seen as facilitating utilization of skills.

Two items deal solely with the “skill-utilization” (S_1 and S_2): “I have opportunities at work to do what I do best,” and, “My knowledge and talents are used well in my work.” The items dealing with variability and self-determination (S_3 and S_4) are expected to load on the “skill-utilization” factor as skill-utilization is dependent on the variety and autonomy of individuals at work. High skill-utilization means that the individual feels that her or his resources are made use of by the organization and, thus, recognized. Low skill-utilization means that the individual feels that some of his or her talents are wasted and could possibly be of better use elsewhere.

Four items deal with “approval.” These are: (A_1) “In the past weeks I have received praise for a job well done”; (A_2) “In the last months, I have talked with someone about my performance”; (A_3) “My supervisor, or someone at work, encourages my development”; and (A_4) an item that deals with receiving encouragement to bring new ideas on how to do the job better (this item was also expected to load on the “influence” factor). The factor is conceptualized as “approval.” Approval functions as approving and validating individual performances and accomplishments, thus contributing to the perception that the employee is a valuable contributor to organizational goals.

Confirmatory factor analysis is conducted for assessing the convergent and discriminant validity of social recognition. The analysis is conducted in two steps. First, a three-dimensional model of social recognition is tested. Second, for assessing the discriminant validity of the three dimensions an alternative model through using exploratory factor analysis, to the three-dimensional model is estimated and compared to the three-factor model. If a three-factorial model suggests a better fit than an alternative model with fewer factors, this supports the discriminant validity of the three-factors. For examining the generalizability of the factor structure across organizations, the confirmatory factor analysis is conducted also for PROTO.

7.2.1 Three-Factor Structure of Social Recognition

Confirmatory analysis was conducted for the social recognition variables both for TECH and PROTO. By testing the factor structure within two companies, stronger empirical evidence is obtained for the existence of these factor structures in service firms more generally. Results from the factor analysis are seen in the below table:

Table 7.11: Results of the three-factor solution—standardized factor weights

Variables	Factor	TECH	PROTO
I_1 My opinions count at work.	INFLU (1)	0,832	0,749
I_2 I am asked for my opinion on things that relate to my work.	INFLU	0,797	0,783
I_3 / A_4 I am encouraged to bring new ideas on how to do my job better.	INFLU	0,541	0,562
I_4 / S_3 I have the freedom / flexibility to decide how to do my job.	INFLU	0,480	0,240
I_5 / S_4 I have the opportunity to do different things in my work.	INFLU	0,454	0,281
S_1 I have opportunities at work to do what I do best.	SKILL (1)	0,866	0,857
S_2 My knowledge and talents are used well in my work.	SKILL	0,536	0,688
S_3 / I_4 I have the freedom / flexibility to decide how to do my job.	SKILL	0,133	0,443
S_4 / I_5 I have the opportunity to do different things in my work.	SKILL	0,201	0,433
A_1 In the past weeks I have received praise for a job well done.	APPROV (1)	0,744	0,719
A_2 My supervisor, or someone at work, encourages my development.	APPROV	0,756	0,819
A_3 In the last months, I have talked with someone about my performance.	APPROV	0,750	0,698
A_4 / I_3 I am encouraged to bring new ideas on how to do my job better.	APPROV	0,334	0,177

Note: The factor loadings for I_1, S_1, and A_1 are set to one and market with “(1).”

Five items load on the INFLU-factor. At TECH the highest weights apply to being able to exert influence at work (I_1 and I_2) as expected. Encouragement to bring new ideas (I_3) has a somewhat lower factor weight, as this item also loads on the APPROV-factor, as expected. Autonomy (I_4) and variety at work (I_5) also have lower factor weights on the INFLU-factor than I_1 and I_2, while these are considerably higher at TECH than at PROTO.

Four items load on the SKILL-factor. At TECH the highest factor weights apply to doing what one does best (S_1) and utilizing knowledge and talent at work (S_2). The factor weights for the other two items (S_3 and S_4) are considerably lower. At TECH these two items load more strongly on the INFLU-factor than the SKILL-factor, while the opposite applies at PROTO.

Four items load on the APPROV-factor. The highest factor weights apply to encouraging development (A_1), feedback (A_3), and praise (A_4). The lowest factor weight applies to encouraging new ideas.

The patterns of the factor weights are largely similar between the companies, while some differences are noted. The main differences between the two companies appear on the items measuring autonomy (I_4/S_3) and variability (I_5/S_4). These items load mainly on the INFLU-factor at TECH, while loading more heavily on the SKILL-factor at PROTO. In other respects, the factor weights appear similar. While it is tempting to remove S_3 and S_4 from the SKILL-factor at TECH due to their low factor weights, higher factor weights at PROTO suggest that these variables load on both factors and therefore, should be included as indicators of both influence and skill-utilization.

Goodness of fit statistics gives a fairly good support for this factor structure. The CMIN/DF ratio is lower than five in both companies, while the RMSEA is higher than 0.05 in PROTO, while only just so. At TECH the RMSEA is not significantly deviating from the 0.05 criterion giving a good support for the plausibility of this factor structure.

Table 7.12: Goodness of fit for three-factor solution of social recognition

Goodness of fit	TECH	PROTO
Discrepancy (χ^2)	99,485	69,720
Df	29	29
P-value for Chi-Square	0,000	0,000
CMIN/DF	3,431	2,404
NFI	0,996	0,988
RMSEA	0,051	0,079
P-VALUE FOR RMSEA (PCLOSE)	0,410	0,024

High correlations between approval, skill-utilization and influence can be expected, since they are theoretically part of the same underlying construct—social recognition. To be able to use ones talents and skills, one is also likely to have influence. Similarly, individuals that find they have influence and can utilize their skills are likely to perceive that they receive approval for their contribution. Finally, individuals that experience approval for their contribution are likely to perceive they have an impact in the organization.

High correlations appear between the factors, as expected (see table below). The strongest correlations appear between influence and approval, while a little lower correlation appears between influence and skill-utilization, and lowest between skill-utilization and approval.⁹

⁹ Eby *et al.* (1999) examining selected meta-analysis⁷ of e.g. the relationship of job design factors with commitment and turnover, show similarly that different indicators of job design, such as influence, feedback, and skill-variety, are strongly correlated, although the correlations reported here are somewhat higher than the ones reported in Eby *et al.*

Table 7.13: Inter-correlations between the three factors of social recognition for TECH

Factors	INFLU	APPROV
Approval (APPROV)	.73***	--
Skill-utilization (SKILL)	.69***	.55***

Note: *** (p<.001), two-tailed probabilities.

7.2.2 Discriminant Validity of Influence, Skill-Utilization, and Approval

For testing the discriminant validity of “Influence,” “Skill-utilization,” and “Approval,” the three-factor model was tested against a two-factor solution suggested by an exploratory factor analysis. The exploratory factor analysis was conducted for the ten social recognition variables at TECH, using principal component extraction and varimax rotation. Two factors emerged from the exploratory factor analysis (results shown in appendix, table 11.4). The first factor is identified as “approval and influence,” and the second is identified as “skill-utilization and influence.” Each of the two factors has a single factor solution and acceptable alpha values (0.88 and 0.85 respectively).

If the two-factor structure would suggest a better fit than the three-factor solution, this would indicate a poor discriminant validity of the three factors and invalidate their distinction. Fit statistics for the two models are shown in the table below:

Table 7.14: Goodness of fit for Social Recognition—comparing two and three-factor models

Goodness of fit	TECH		PROTO	
	Two-factor model	Three-factor model	Two-factor model	Three-factor model
Discrepancy (χ^2)	187,6	99,5	86,7	69,7
Df	30	29	30	29
P-value for Chi-Square	0,000	0,000	0,000	0,000
CMIN/DF	6,252	3,431	2,889	2,404
NFI	0,992	0,996	0,985	0,988
RMSEA	0,075	0,051	0,091	0,079
P-VALUE FOR RMSEA (PCLOSE)	0,000	0,410	0,002	0,024
Improvement (%)		45% (p<.001)		17% (p<.001)

Note: The change in Chi-Square at TECH is significant ($\Delta\chi^2=89$, $\Delta df=1$; p<.001). The change in Chi-Square change is also significant for PROTO ($\Delta\chi^2=17$, $\Delta df=1$, p<.001). Factor loadings above .30 from the exploratory analysis were used in the two-factor models.

As shown in the table above, considerably larger support is gained for the three-factor model than the two-factor model in both companies. Fit statistic shows a 45 percent improvement at TECH and 17 percent improvement at PROTO. Both improvements are significant.

7.2.3 Criterion Validity of Social Recognition

In examining the criterion validity of social recognition, each of the social recognition factors was correlated with employees' overall evaluation of the organization's appreciation of their contribution. Overall appreciation was measured with one item, "My contribution at work is appreciated," using a five point scale ranging from "strongly agree" to "strongly disagree." Overall evaluation of appreciation of contribution was expected to correlate positively with each of the social recognition factors as "appreciation" is argued to closely resemble the concept of recognition.¹⁰

Pearson's correlation coefficient between each of the factors and the single item of overall appreciation was calculated using SPSS and found to be moderately high for the three pairs, highest for overall appreciation and influence (.59, $p < .001$), then approval (.57, $p < .001$), and lastly skill-utilization (.45 $p < .001$), supporting the criterion validity of social recognition concept. All three relations are significant and in the suggested direction.

7.2.4 Conclusion

It is argued here that social recognition is of fundamental importance for understanding the development and strength of organizational support. Three dimensions of social recognition are suggested: influence, skill-utilization, and approval. These are seen as partial, but important elements of social recognition in work organizations.

Ten variables were used for measuring social recognition, of which two were expected to load solely on the influence factor, two solely on the skill-utilization factor, and three solely on the approval factor. Influence and skill-utilization had two variables in common; variability of work and freedom / flexibility in work. It was expected that these could load on both the skill-utilization factor and on the influence factor. Influence and approval had one variable in common; i.e. "encouragements to bring new

¹⁰ Each of the factors was reproduced, multiplying the individual variable value with the standardized factor weights from the confirmatory factor analysis. This was done to reproduce the relative importance of each of the variables in the index in accordance with the results from the factor analysis. Skewness was also calculated for each variable, and was within the -1 / +1 limits.

ideas” that was expected to load both on approval and on the influence factor. The figure below shows the factor structure of the three dimensions of social recognition:

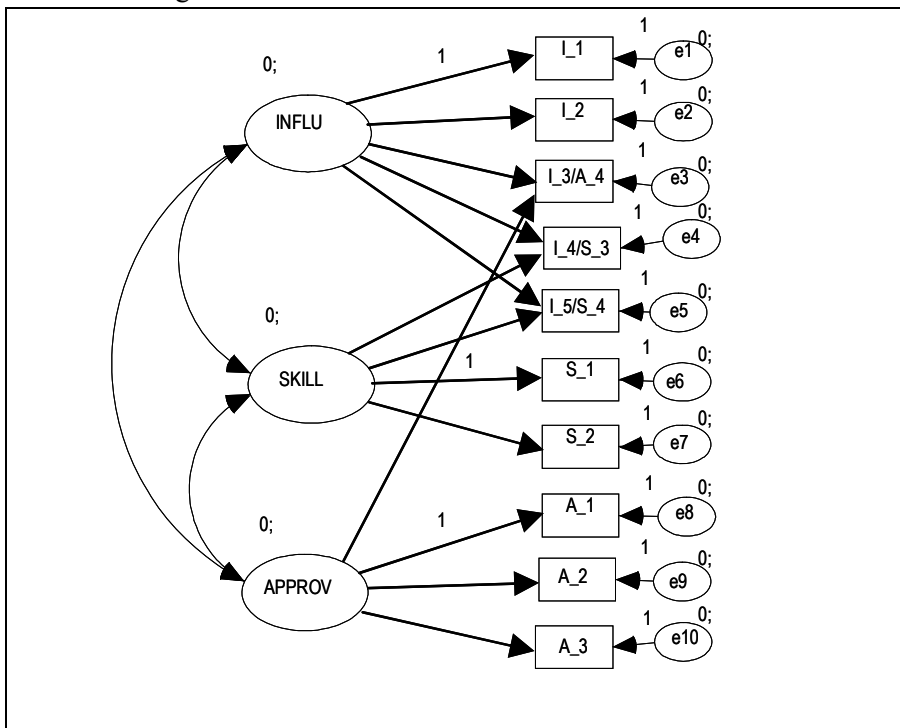


Figure 7.4: CFA for a three-factor structure of Social Recognition

Note: The figure shows a three dimensional factor structure for Social Recognition. The factor weight for I_1, S_1, and A_1 is set to one. Factor weights for the error terms are set to one. Means for all of the latent variables is arbitrarily set to zero.

The factor analysis supports both the convergent and discriminant validity of the three factors. Support for convergent validity is provided by considerably high factor loadings of each variable on each of the factors. Support for the discriminant validity of the three factors is provided by goodness of fit statistics that reveal that the model cannot be rejected. It is also provided by an improved fit of the three-factor model compared to the two-factor model suggested by the exploratory factor analysis. Factorial hypotheses two is thus confirmed.

Criterion validity was assessed by correlating each of the factors with one item measuring overall appreciation of contribution. All correlations were moderately high and in the expected direction, supporting the criterion validity of social recognition.

8. Causal Analysis

In this chapter the causal hypotheses formulated in chapter four are tested using data from TECH. Separate causal analysis is performed for each of the organizational support variables using SEM.

8.1. Results from the Causal Analysis of Organizational Support

The SEM analysis conducted in this chapter is a simultaneous causal and factor analysis. The main objective of the analysis is to test and develop the hypothetical causal relationships formulated in chapter four. The variables included in the analysis are presented in the table below. The first column displays personal and work-related demographic variables, the second column displays the social recognition variables, and the third column displays the organizational support variables:

Table 8.1: Overview of variables for causal analysis of Organizational Support

Personal and work-related demographics	Social Recognition	Employees' Organizational Support
AGE (mean age)	Influence (INFLU)	Organizational Commitment (OC)
GENDER (Male = 1)	Skill-Utilization (SKILL)	Intent to Stay (INT)
TENURE (mean tenure)	Approval (APPROV)	Service Effort (SE)
EDU (University = 1)		Service Improvements (SI)
MANAGER (Manager = 1)		

In the causal models, personal demographics (age and gender) as well as work-related demographics (education, tenure, and managerial responsibilities) are assumed to be antecedent to the social recognition variables, while these are assumed to be antecedent to employees' organizational support.

Men constitute about 61 percent of the employees and women 39 percent.¹¹ Age was a categorical variable but recoded into an interval

¹¹ Men constitute 60% of the employees, according to the TECH annual report.

variable using the midpoint of each age category.¹² The mean age was 39 years. Tenure was similarly a categorical variable and recoded into an interval variable using the midpoint of each category.¹³ Mean tenure was 8 years. Employees with supervisory responsibilities constitute 15 percent of the employees, and employees with a university education constitute 18 percent of the employees. Descriptive statistics for the social recognition and organizational support variables are shown below:

Table 8.2: Descriptive statistics of Social Recognition and Employees' Organizational Support for TECH

Variables	Variable descriptions	N*	Mean	Std. Dev.
INFLU	Influence (<i>five items</i>)	889	3,42	0,93
SKILL	Skill-utilization (<i>four items</i>)	885	3,71	0,79
APPROV	Approval (<i>four items</i>)	882	2,96	1,08
OC	Organizational Commitment (<i>four items</i>)	896	3,92	0,67
INT	Intent to Stay (<i>two items</i>)	812	3,56	1,16
SI	Service Improvements (<i>two items</i>)	877	3,78	0,75
SE	Service Effort (<i>two items</i>)	900	4,27	0,56

Note: All the variables are on a 1-5 scale. Range is 4 in all cases. To be able to report descriptive statistics for the unobserved (latent) variables, new variables were computed multiplying the variable value with the standardized factor weights from the confirmatory factor analysis. This is done for maintaining the relative importance of the variables in the index. This analysis was done using the SPSS program. *The SEM analysis replaces missing data, so that 929 cases are used in all the SEM analysis.

Four separate analyses are performed, one for each of the organizational support variables: first for organizational commitment, a second analysis is performed for intent to stay, a third analysis is conducted for service effort, and finally one analysis is performed for service improvements.

8.1.1 Causes of Organizational Commitment

Three models were tested. The first model is based on the hypotheses presented in chapter four. The figure below (figure 8.1) shows the hypothesized relationship between the variables in the analysis:

¹² Those 30 years and younger were coded as 25 years of age (33%); 31-40 years were coded as 35,5 years of age (22%); 41-50 years were coded as 45,5 years of age (17%) and 51 years and older were coded as 55 years of age (28%). Mean employee age was 39 years, according to the TECH annual report.

¹³ Those working for less than a year (20%) were coded into 0.5 years; those working for 1-3 years (22%) were coded into 2 years; those working for 4-6 years were coded into 5 years (7%); those working for 7-10 years were coded into 8.5 years (7%); and those working for 11 years and longer were coded into 15 years (44%).

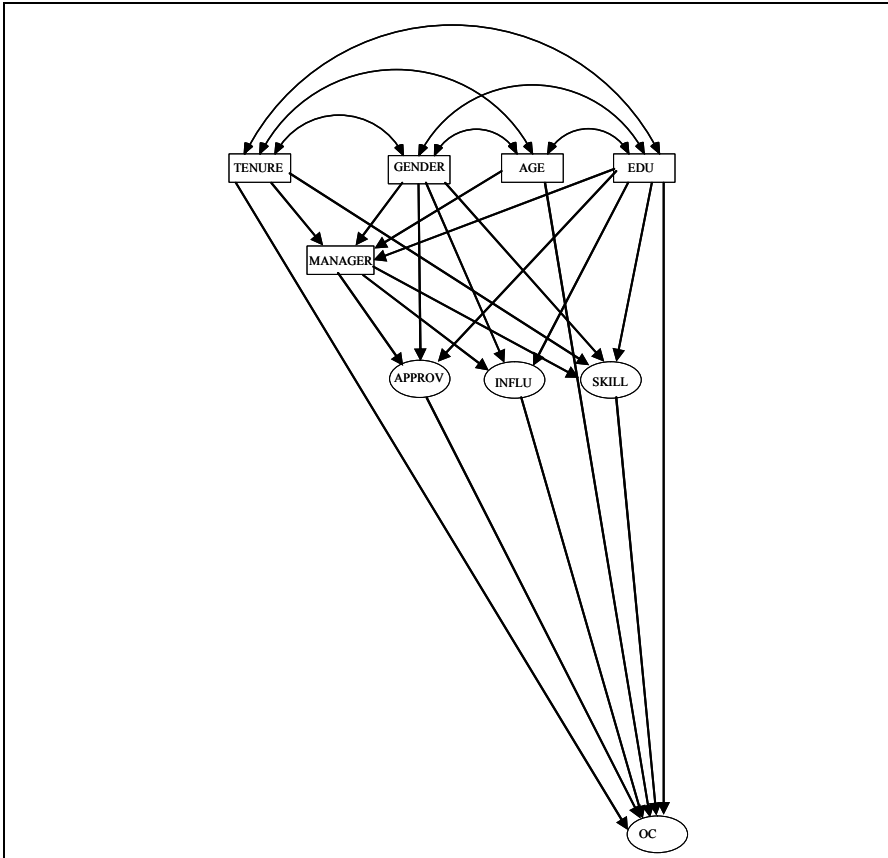


Figure 8.1: Model 1. Causal model for Organizational Commitment

Note: The figure shows only the structural (causal) model (SM) but not the measurement model (CFA). The measurement models have been presented and tested in previous chapters of the thesis, N=929. Goodness of fit statistics refers to the overall model, i.e. both the measurement and the structural model and is a simultaneous test of factor and causal structures.

The model above illustrates the causal relationship of the variables. The analysis performed is a simultaneous test of factor structures and causal relationships (the factorial structures are not shown in the figure, but are the same as tested in the previous chapter). One-headed arrows indicate causal relations, while two-headed arrows indicate correlations where causality is unspecified. Thus, it is expected that correlations exist between tenure, gender, age and education, but the causality between these variables is unspecified. When no relations are assumed to exist between variables, no line is drawn between them. When calculating parameters and goodness of fit for the model these variables are assumed to be unrelated. For instance, this refers to managerial position and organizational commitment.

According to the model, tenure (TENURE) affects formal authority positively (MANAGER), since with time individuals gain experience and skills and can utilize openings within the organization. Tenure is also expected to lead to higher skill-utilization (SKILL), because with time employees adapt to their working situation and gain firm-specific skills. This experience contributes to a perception of advancement as well as a higher relative standing of employees in comparison with those with less tenure. Tenure is also expected to affect organizational commitment (OC) directly as an indicator of relative rewards, trust that builds up with time, and perceptions of costs or investments that would be lost if they left. Gender (GENDER) is expected to affect formal authority positively, indicating that men have higher chances of holding a management position than women. Gender is also expected to affect influence (INFLU), skill-utilization (SKILL), and approval (APPROV) positively, since men generally hold an advantageous position in organizations compared to women. Age (AGE) is expected to affect formal authority, indicating that older employees are more likely to hold managerial positions in the organization. Age is also expected to lead to organizational commitment directly, partly because older employees are likely to hold an advantageous position within the organization compared to younger individuals, and partly because job opportunities decline with age, increasing employees' cost of exit—increasing the relative value of the membership.

Holding a university education (EDU) is expected to be positively related to formal authority, since managers reach their position through educational merits and achievements. University education is expected to affect influence, skill-utilization, and approval positively, since it is more likely for university educated individuals to hold advantageous positions in the organization compared to those without it. The direct negative effects of university education on commitment, on the other hand, are due to either more objective claims professionals can make for recognition and/or the presence of a conflicting commitment to a profession, i.e. in either case these negative effects are due to alternative group references.

Holding a formal authority position (MANAGER) is expected to affect social recognition positively, since managers hold an advantageous position within the organization compared to those who do not. The recognition variables (INFLU, SKILL, and APPROV) are all expected to affect organizational commitment positively.

Results from the analysis are presented in the table below in the column labeled "Model 1."

Table 8.3: Results of causal models for Organizational Commitment

Causal relations	Model 1	Model 2	Model 3
TENURE → MANAGER	0,13**	0,13**	0,13**
TENURE → SKILL	0,13**	0,12**	0,28***
TENURE → APPROV	--	-0,34***	-0,20***
TENURE → OC	-0,18***	-0,18***	-0,18***
GENDER → MANAGER	0,14***	0,14***	0,14***
GENDER → INFLU	0,12**	0,12**	0,10**
GENDER → SKILL	0,05	--	--
GENDER → APPROV	0,04	--	--
AGE → MANAGER	0,17***	0,17***	0,17***
AGE → OC	0,26***	0,25***	0,24***
EDU → MANAGER	0,29***	0,29***	0,29***
EDU → INFLU	0,22***	0,23***	0,14***
EDU → SKILL	0,06	--	--
EDU → APPROV	0,09*	0,17***	0,08*
EDU → OC	-0,11**	-0,10**	-0,09*
MANAGER → INFLU	0,23***	0,22***	0,24***
MANAGER → SKILL	0,21***	0,22***	0,16***
MANAGER → APPROV	0,03	--	--
APPROV → INFLU	--	--	0,74***
APPROV → SKILL	--	--	0,69***
APPROV → OC	0,17***	0,08	--
INFLU → APPROV	--	0,66***	--
INFLU → OC	0,34***	0,36***	0,33***
SKILL → APPROV	--	0,30***	--
SKILL → OC	0,40***	0,39***	0,39***
Squared multiple correlation for OC	0,35	0,37	0,42

Note: The table shows standardized regression coefficients. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities, N=929, -- no causal relationships assumed or deleted causal relationship.

In model one, most of the results are in accordance with the proposed hypotheses except that four of the expected relationships proved insignificant. Men were expected to receive more approval and utilizing their skills to a greater degree than women, but no difference was found between the genders on these factors. Education was expected to have positive effects on skill-utilization, which was not the case. Moreover, managers were expected to receive more approval than those not with managerial responsibilities, which also was not the case (see table above 8.3: the column labeled “Model 1”). Furthermore, the goodness of fit for this model is unacceptable, indicating that the model needs improvement

(see table 8.4: the column labeled “Model 1”). Two additional models, moderated versions of model one, were tested.

The rationale for improving the model is that neither theory nor previous research gives conclusive evidence in all instances regarding the existence or direction of causal relationships. Thus, information from the model results is used for improving the model, while also returning to the theoretical assumptions underlying it. Insignificant causal relationship is regarded as indicating that causal relations are unlikely to exist and should be dropped.¹⁴ Similarly, fit statistics are used for estimating the model’s robustness, where unacceptable fit statistics suggests that improvements could be made, e.g. that causal relations could be changed (reversed, added, or deleted) for improving the fit.

While no relationship was expected between tenure and approval, some of the theoretical assumptions indicate that approval could decline with tenure. Thus, approval might be used more in the beginning of the employee’s membership, while as time passes, the organization sees less return on “investing” in approval to reinforce or modify employee behaviors.¹⁵ This is likely, since in the beginning of an employee’s career, organizations spend considerable time and effort socializing, training and developing an employee. After some time in the organization, however, the organization may expect less return from such an investment, since socialization and alteration of employees’ behavior and thought has already taken place. Thus, it is proposed that tenure affects approval negatively:

Re.H1. Tenure negatively affects Approval

While no causal relationships were specified between the social recognition variables (influence, skill-utilization, and approval), theoretical rationale can be given for such a relationship. Since, employee evaluations are assumed to be social constructs, created in the meeting of employee expectations and organizational opportunities, approval is likely to affect perceptions of influence and skill-utilization. An alternative is that influence and skill-utilization are antecedent to approval. For approval to be possible, a space needs to be created for individuals at work, either through influence or skill-utilization. Thus, the following hypotheses are proposed:

¹⁴ Two-tailed probabilities are used as criteria for significance in order to generate meaningful effect sizes.

¹⁵ Reichheld (1996) e.g. makes this assumption indirectly when arguing that employees with higher tenure need less supervision. It is also logical to assume that employees with lower tenure will be given more feedback than those with higher tenure.

- Re.H2. Influence positively affects Approval*
Re.H3. Skill-Utilization positively affects Approval

In model two, the insignificant relationships from model one (that between gender and approval, gender and skill-utilization, education and skill-utilization, and manager and approval) are deleted. Furthermore, instead of assuming no causal relationship between skill-utilization, influence and approval, it is now assumed that influence and skill-utilization affect approval positively. Moreover, a causal line is added between tenure and approval.

The fit for model two is considerably better than for model one (improvement by 40%), but still unacceptable with the CMIN/DF higher than five and the RMSEA significantly higher than 0.05 (see table 8.4: the column labeled “Model 2”). Surprisingly, the direct effects of approval on organizational commitment become insignificant with this change. These results rather suggest that approval precedes skill-utilization and influence in the causal chain. These results support the assumptions that perceptions of influence and skill-utilization are partly created within the organization through approval. The following hypotheses are thus proposed:

- Re.H4. Approval positively affects Skill-Utilization*
Re.H5. Approval positively affects Influence

In model three, the causal relationship between approval and influence on the one hand and skill-utilization on the other is reversed, as seen in the figure below (figure 8.2). In this model approval is placed antecedent to influence and skill-utilization. Also the insignificant effect of approval on organizational commitment has been deleted. This model assumes that approval of individual contributions and actions is a major source of individuals experiencing influence and the utilization of their skills. This places higher emphasis on the “social construction” of influence, of skills, and the utilization of these skills. These are constructed based on feedback and information individuals receive through others approving and encouraging them within the organization. This model has a considerably better fit than model two (31% improvement) and has more acceptable levels of CMIN/DF of 3.9 while the RMSEA statistic is still significantly higher than five, while only just (see table 8.4: column labeled “Model 3”). Higher regression coefficients between approval, skill-utilization and influence in model three give further support for the causal relations going from approval to skill-utilization and influence rather than vice versa.

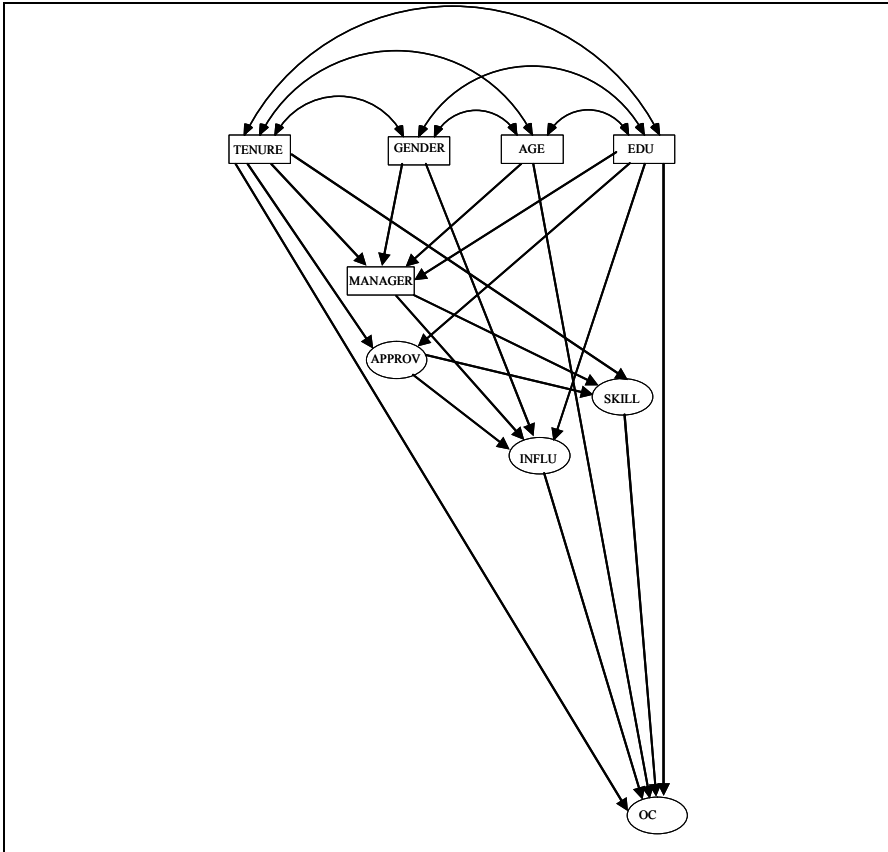


Figure 8.2: Model 3. Causal model for Organizational Commitment

Note: The figure shows only the structural (causal) model (SM) but not the measurement model (CFA). The measurement models have been presented and tested in previous chapters of the thesis, N=929. Goodness of fit statistics refers to the overall model, i.e. both the measurement and the structural model and is a simultaneous test of factor and causal structures.

In other regards, there are only minor variations in the standardized regression coefficients between the three models. In all the models the strongest direct effects on organizational commitment are due to skill-utilization, followed by influence and age—all having the expected positive effects on organizational commitment, while tenure and education in all the three models have significant negative effects on commitment (OC). In model three, approval has strong indirect effects on organizational commitment through influence and skill-utilization. The total effect of approval on organizational commitment is in fact the largest of all the variables in the model (summing up its direct and indirect effects through skill-utilization and influence). The model supports the main hypothesis of the study, that social recognition positively affects organizational commitment.

The table below shows the goodness of fit for the three models where strongest support exists for model three. Model one has unacceptable fit. Model two has a 40 percent better fit than model one, but model statistic still suggest that the model can be improved. CMIN/DF is higher than five and a RMSEA significantly higher than 0.05. Model three has a 31 percent better fit than model two. It has a CMIN/DF lower than five (3.9) while the RMSEA still exceeds 0.05, but only just (0.056). These improvements in Chi-Square are made without reduction in the degrees of freedom.

Table 8.4: Goodness of fit for Organizational Commitment

Model	Model 1	Model 2	Model 3
Discrepancy	1219,8	735,0	509,4
Degrees of freedom	129	129	130
P-value for Chi-Square	0,000	0,000	0,000
CMIN/DF	9,456	5,698	3,919
Normed fit index	0,971	0,983	0,988
RMSEA	0,095	0,071	0,056
P for test of close fit	0,000	0,000	0,025
Improvement (%)	--	40%	31%

Note: The Chi-Square statistic in Model 2 shows a 40% improvement from Model 1 ($\Delta\chi^2= 485$; $\Delta df=0$). The Chi-Square statistic in Model 3 shows a 31% improvement from model 2 ($\Delta\chi^2= 225$, $\Delta df=1$), $N=929$.

Correlations between the exogenous variables were the same for all three models and are shown in a table in the appendix (see table 11.5).

The results of model three are discussed below, as this model yielded the best fit. Influence has a direct and a positive effect on organizational commitment (supporting hypothesis *i1*). Similarly, skill-utilization, positively affects organizational commitment (supporting hypothesis *s1*). No relationship was found between approval and organizational commitment in model two and this relationship was dropped in model three (rejecting hypothesis *a1*). Hypotheses *a2*, *a3*, and *a4* were revised accordingly, and no relationship is now expected between approval and supportive behaviors. Rather, approval is expected to affect organizational commitment and supportive behaviors indirectly through skill-utilization, influence, and organizational commitment. The revised causal effects of approval on skill-utilization and influence are supported (revised hypothesis *Re. H4* and *Re. H5*).

Age was found to be positively related to management position, supporting higher chances of management positions with higher age (supporting hypothesis *p1*). Age is also found to affect organizational commitment directly (supporting hypothesis *p2*).

Gender has positive effects on formal authority positively

(supporting hypotheses *p4*). Men also experience more influence than women in the organization (supporting hypothesis *p5*). No relationship was found between gender and skill-utilization (rejecting hypothesis *p6*) and no relationship was found between gender and approval (rejecting hypothesis *p7*). These insignificant relationships were deleted in models two and three. No direct relationship was expected between gender and organizational commitment. Thus, such a relationship is not tested.¹⁶

Tenure has positive effects holding management position (supporting hypotheses *w1*). Tenure positively affects skill-utilization (supporting hypothesis *w2*) while having negative effects on approval (supporting revised hypothesis Re. H1). This causal relationship was added as a possible relationship in model two and three. Tenure is unexpectedly found to have negative direct effects on organizational commitment (rejecting hypothesis *w3*).

As expected, having a university education positively affects holding a management position or having formal authority (supporting hypothesis *w5*). Education was also found to affect influence positively (supporting hypothesis *w6*). No relationship was found between education and skill-utilization, and this relationship was dropped in models two and three (rejecting hypothesis *w7*). Having a university education means that individuals experience more approval, but this relationship is weak in models one and three, albeit still significant (supporting hypothesis *w8*). Education has the expected direct negative effects on organizational commitment (supporting hypothesis *w9*).

Holding a managerial position affects influence and skill-utilization positively as expected (supporting hypotheses *w13* and *w14*). A management position was also expected to affect approval, but this relationship proved insignificant and was deleted in models two and three (rejecting hypothesis *w15*). No direct relations were expected between formal authority (holding management position) and organizational commitment so this relationship was not tested.

8.1.2 Causes of Intent to Stay

Two models were tested examining the causes of intent to stay. The former model is based on the hypotheses formulated in chapter four and the latter model is a refined version of the former one. The table below shows the standardized regression coefficients for the two models:

¹⁶ Hypotheses *p3*, *p8*, *p9*, *w4*, *w10*, *w11*, *w12*, *w16*, *w17*, as well as all hypotheses that concern the relations of social recognition with intent to stay, service effort and service improvements will be tested and discussed later in this chapter.

Table 8.5: Causal model for Intent to Stay

Causal relations	Model 1	Model 2
TENURE → MANAGER	0,13**	0,13**
TENURE → SKILL	0,29***	0,28***
TENURE → APPROV	-0,20***	-0,20***
TENURE → OC	-0,18***	-0,18***
TENURE → INT	0,13**	0,16***
GENDER → MANAGER	0,14***	0,14***
GENDER → INFLU	0,10***	0,10***
GENDER → INT	0,06	- -
AGE → MANAGER	0,17***	0,17***
AGE → OC	0,24***	0,24***
AGE → INT	0,25***	0,25***
EDU → MANAGER	0,29***	0,29***
EDU → INFLU	0,14***	0,14***
EDU → APPROV	0,08*	0,08*
EDU → OC	-0,09*	-0,09*
EDU → INT	-0,11**	-0,12***
MANAGER → INFLU	0,24***	0,24***
MANAGER → SKILL	0,16***	0,16***
APPROV → INFLU	0,74***	0,74***
APPROV → SKILL	0,70***	0,70***
INFLU → OC	0,31***	0,31***
INFLU → INT	-0,08	- -
SKILL → OC	0,41***	0,41***
SKILL → INT	0,15*	0,10*
OC → INT	0,64***	0,62***
Squared multiple correlations for OC	0,42	0,41
Squared multiple correlations for INT	0,71	0,70

Note: The table shows standardized regression coefficients. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities, N=929, - - causal relationships not assumed or deleted.

The results of model one is in accordance with the hypotheses with two exceptions. Two of the expected relationships proved insignificant; that between gender and intent to stay and that between influence and intent to stay. A positive relationship had been expected in both cases. These relationships were deleted in model two without any major alterations to the other relationships. In both models, the variables having the strongest direct effects on intent to stay are organizational commitment followed by age, tenure, education and skill-utilization. The figure below shows the causal relations between the variables according to model two:

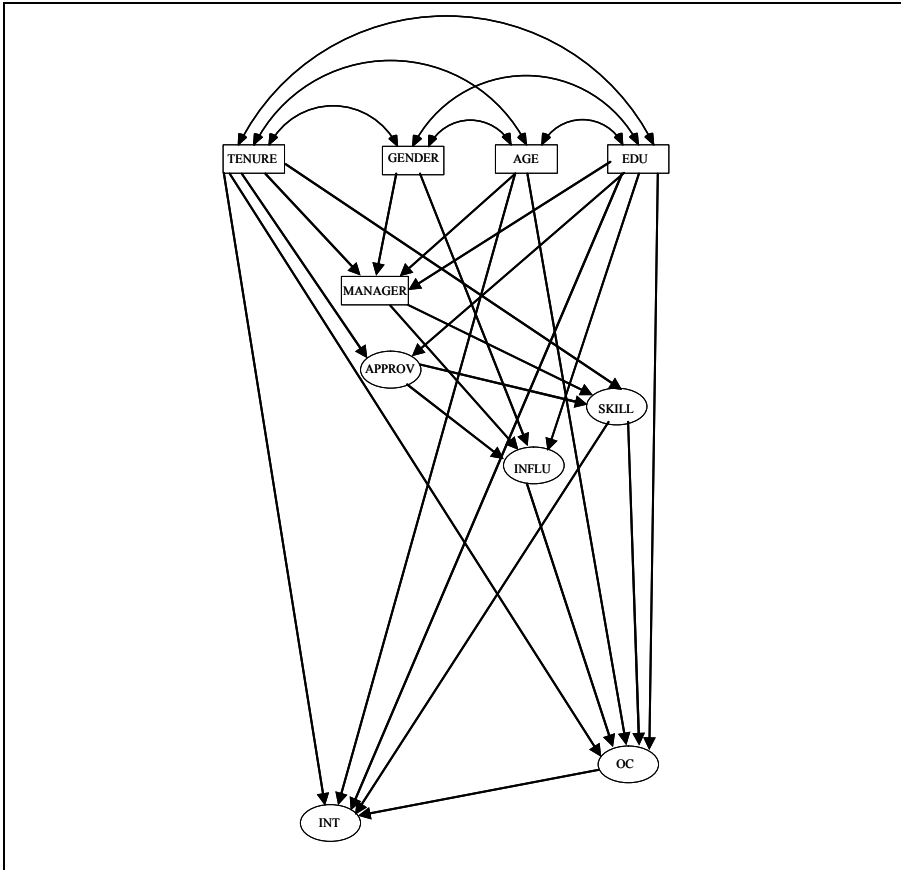


Figure 8.3: Model 2. Causal model for Intent to Stay

Note: The figure shows only the structural (causal) model (SM) but not the measurement model (CFA). The measurement models have been presented and tested in previous chapters of the thesis, N=929. Goodness of fit statistics refers to the overall model, i.e. both the measurement and the structural model and is a simultaneous test of factor and causal structures.

The table below shows the goodness of fit for the two models. The fit for the models can be seen as fairly acceptable with a CMIN/DF lower than five, while the RMSEA is significantly higher than 0.05, but only just so.

Table 8.6: Goodness of fit for Intent to Stay

Fit Measure	Model 1	Model 2
Discrepancy	640,6	645,4
Degrees of freedom	160	162
P-value for Chi-Square	0,000	0,000
CMIN/DF	4,004	3,984
Normed fit index (NFI)	0,986	0,986
RMSEA	0,057	0,057
P for test of close fit	0,007	0,008
Improvement (%)	--	0%

Note: No significant improvement in fit (using the RFI) is found between models 1 and 2, but model two is favored above model one due to its greater simplicity, N=929.

In model two, influence has no effect on intent to stay (rejecting hypothesis *i2*). Skill-utilization has weak significant positive effects on intent to stay as predicted (supporting hypothesis *s2*). No relationship was expected between approval and intent to stay, so this relationship is not tested (hypothesis *a2*). The main source of intent to stay is organizational commitment as predicted (supporting hypothesis *o1*).

Age has moderately strong positive and direct effects on intent to stay as expected (supporting hypothesis *p3*). Gender is not found to affect intent to stay (rejecting hypothesis *p8*). Tenure has a positive effect on intent to stay as expected (supporting hypotheses *w4*). Education has weak negative effects on intent to stay, suggesting that university education reduces employees' intent to stay with the organization (supporting hypothesis *w10*).

Organizational commitment has the strongest effects on intent to stay, considering both direct and indirect effects, followed by age, skill-utilization, and approval.

8.1.3 Causes of Service Effort

Two models were tested for service effort. The first model is based on the hypotheses presented in chapter four and model two is a refined version of that model. The table below shows the standardized regression coefficients for both models:

Table 8.7: Results of causal models for Service Effort

Causal relations	Model 1	Model 2
TENURE → MANAGER	0,13**	0,13**
TENURE → SKILL	0,28***	0,28***
TENURE → APPROV	-0,20***	-0,20***
TENURE → OC	-0,17***	-0,17***
GENDER → MANAGER	0,14***	0,14***
GENDER → INFLU	0,10**	0,10**
GENDER → SE	-0,15***	-0,15***
AGE → MANAGER	0,17***	0,17***
AGE → OC	0,23***	0,23***
EDU → MANAGER	0,29***	0,29***
EDU → INFLU	0,14***	0,14***
EDU → APPROV	0,08*	0,08*
EDU → OC	-0,09**	-0,10**
EDU → SE	-0,04	--
MANAGER → INFLU	0,24***	0,24***
MANAGER → SKILL	0,16***	0,16***
MANAGER → SE	0,12*	0,11*
APPR → INFLU	0,74***	0,74***
APPR → SKILL	0,69***	0,69***
INFLU → OC	0,35***	0,35***
INFLU → SE	-0,22***	-0,24***
SKILL → OC	0,37***	0,37***
SKILL → SE	0,35**	0,36**
OC → SE	0,33***	0,34***
Squared multiple correlations for OC	0,41	0,41
Squared multiple correlations for service effort (SE)	0,30	0,31

Note: The table shows standardized regression coefficients. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities, N=929, -- causal relationships not assumed or deleted.

The relationships are in accordance with expectations, except, quite surprisingly, influence is found to affect service effort negatively. Another surprise is that education is not found to affect service effort. Thus, in model two no causality is assumed between education and service effort. The figure below displays model two:

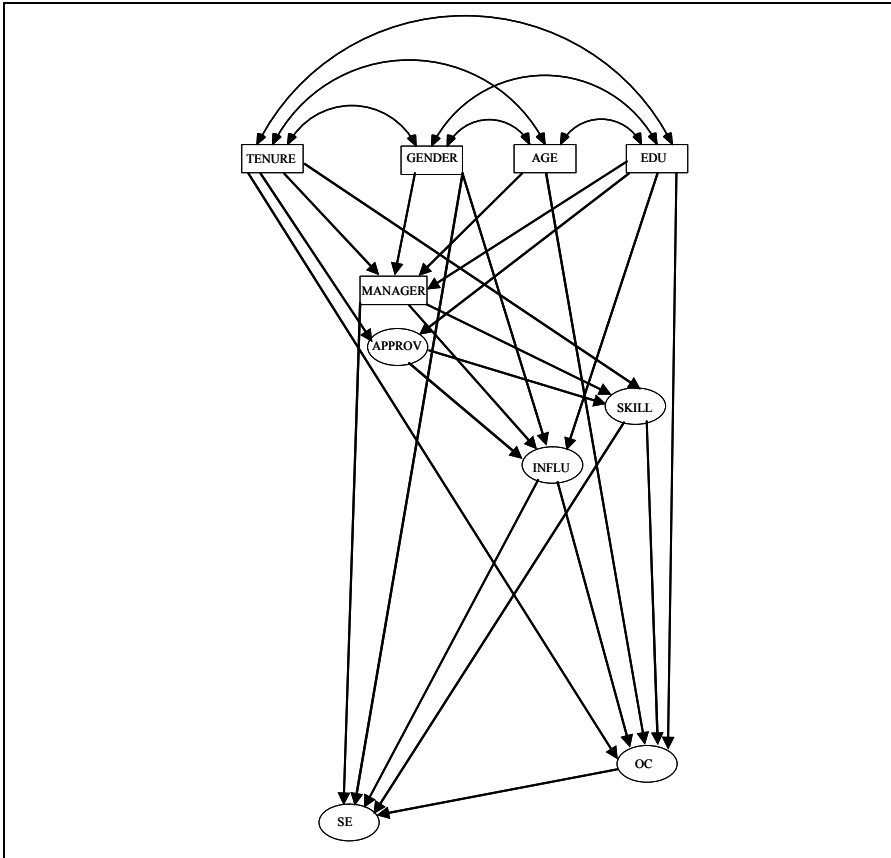


Figure 8.4: Model 2. Causal model for Service Effort

Note: The figure shows only the structural (causal) model (SM) but not the measurement model (CFA). The measurement models have been presented and tested in previous chapters of the thesis, N=929. Goodness of fit statistics refers to the overall model, i.e. both the measurement and the structural model and is a simultaneous test of factor and causal structures.

The table below shows the goodness of fit for the two models. Little differences exist in goodness of fit statistics between the two models. Both models have a CMNI/DF lower than five and both models have a RMSEA not significantly higher than 0.05, supporting that these models fit the data well.

Table 8.8: Goodness of fit for Service Effort

Fit Measure	Model 1	Model 2
Discrepancy	570,5	571,3
Degrees of freedom (Df)	160	161
P-value for Chi-Square	0,000	0,000
CMIN/DF	3,566	3,549
Normed fit index (NFI)	0,989	0,989
RMSEA	0,053	0,052
P for test of close fit	0,180	0,190
Improvement (%)		0%

Note: No significant improvement is found between the two models using the RFI, N=929.

In model two, the strongest direct effects on service effort are through organizational commitment, skill-utilization, influence, gender, and managerial position. Gender has the expected negative effect on service effort (supporting hypothesis *p9*) indicating that women have higher service effort. Holding a management position affects service effort positively (supporting hypothesis *w16*). Skill-utilization has the expected positive effects on service effort (supporting hypotheses *s3*), although the relationship is stronger than expected. No relationship is found between education and service effort (rejecting hypothesis *w11*), so this relationship was dropped in model two. Organizational commitment has strong positive and direct effects on service effort as predicted (supporting hypotheses *o2*). The strongest total effect (considering both direct and indirect effects) on service effort, however, are due to skill-utilization, followed by organizational commitment and approval. Influence is unexpectedly found to have negative effects on service effort (rejecting hypothesis *i3*).

8.1.4 Causes of Service Improvements

Three models were tested for service improvements. Model one is based on the hypotheses formulated in chapter four. Models two and three are improvements of that model. The below table shows the standardized regression coefficients for the three models:

Table 8.9: Results of causal models for Service Improvements

Causal relations	Model 1	Model 2	Model 3
TENURE → MANAGER	0,13**	0,13**	0,13**
TENURE → SKILL	0,28***	0,27***	0,27***
TENURE → APPROV	-0,20***	-0,20***	-0,20***
TENURE → OC	-0,18***	--	--
GENDER → MANAGER	0,14***	0,14***	0,14***
GENDER → INFLU	0,10***	0,10***	0,10***
AGE → MANAGER	0,17***	0,17***	0,17***
AGE → OC	0,24***	--	--
EDU → MANAGER	0,29***	0,29***	0,29***
EDU → INFLU	0,14***	0,15***	0,15***
EDU → APPROV	0,08*	0,08*	0,08*
EDU → OC	-0,09**	--	--
EDU → SI	0,05	--	--
MANAGER → INFLU	0,24***	0,24***	0,24***
MANAGER → SKILL	0,16***	0,15***	0,15***
MANAGER → SI	0,07*	0,08*	0,08*
INFLU → OC	0,33***	--	--
INFLU → SI	0,31***	0,32***	0,36***
SKILL → OC	0,39***	--	--
SKILL → SI	0,11*	0,05	--
APPR → INFLU	0,74***	0,73***	0,73***
APPR → SKILL	0,69***	0,68***	0,68***
OC → SI	-0,08	--	--
Squared multiple correlation for OC	0,42	--	--
Squared multiple correlation for SI	0,15	0,14	0,15

Note: The table shows standardized regression coefficients. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities, N=929, -- causal relationships not assumed or deleted.

The analysis shows a major deviation from what was expected. The main antecedent of service improvements proved not to be organizational commitment, but influence. In model one, the main antecedents of service improvements are influence, skill-utilization, and managerial position. Organizational commitment has no effect on service improvements. In model two, organizational commitment has been deleted from the model. This model also has surprising results, i.e. that the effect of skill-utilization declines and becomes insignificant. In model three, this causal line is deleted with the results that the effect of influence on improvements increases in importance. The figure below shows the hypothesized causal relationship for service improvements according to model three.

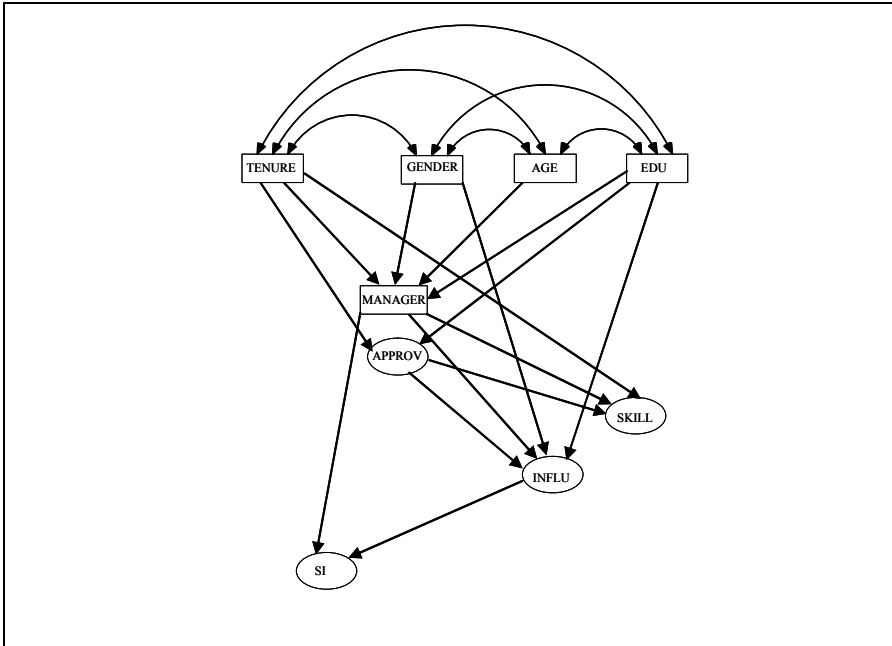


Figure 8.5: Model 3. Causal model for Service Improvement

Note: The figure shows only the structural (causal) model (SM) but not the measurement model (CFA). The measurement models have been presented and tested in previous chapters of the thesis, N=929. Goodness of fit statistics refers to the overall model, i.e. both the measurement and the structural model and is a simultaneous test of factor and causal structures.

The table below shows the goodness of fit for the models. All the models have acceptable fit statistics, with CMIN/DF lower than five and RMSEA not significantly higher than 0.05.

Table 8.10: Goodness of fit for Service Improvement

Fit Measure	Model 1	Model 2	Model 3
Discrepancy	588,9	361,5	362,6
Degrees of freedom	162	99	100
P-value for Chi-Square	0,000	0,000	0,000
CMIN/DF	3,635	3,651	3,626
Normed fit index	0,988	0,990	0,990
RMSEA	0,053	0,053	0,053
P for test of close fit	0,118	0,163	0,180
Improvement (%)	--	0%	1%

Note: No significant improvement is noted in the proportional improvement statistic (RFI) between the models. Model 3 is favored above models 1 and 2 due to its greater simplicity.

Model three, a refined version of model two, found influence to be a major contributor to service improvements (supporting hypothesis i4).

Management position was also found to positively affect service improvements (supporting hypothesis $w17$). No relationship was found between skill-utilization and service improvements in model 3 (rejecting hypothesis $s4$) and no relationship was found between organizational commitment and service improvement (rejecting hypothesis $o3$). Holding a university education has no effect on service improvements (rejecting hypothesis $w12$).

8.2. Summary and Conclusions

A causal model for each of the four indicators of organizational support was developed based on the theoretical discussion in chapter three and the hypotheses formulated in chapter four.

8.2.1 Overview of Model Results

Three models were tested for organizational commitment. After testing the first model, goodness of fit statistics and standardized regression coefficients suggested that the model needed some refinement. The model was improved based on the empirical results and by reconsidering the theoretical assumptions on which the model was based.

According to the third model, which yielded the best fit, the direct effects of skill-utilization, influence, age, tenure and education on organizational commitment were confirmed. Skill-utilization, influence, and age all had positive effects on organizational commitment, as expected, while tenure had negative effects, contrary to what was expected. Education had the expected negative effects on organizational commitment. Approval was assumed, in model three, to be antecedent to skill-utilization and influence. Approval was found to affect both variables strongly and positively, as expected. The placement of approval prior to influence and skill-utilization in the model was based on the results of model two. Approval was found to have a strong indirect effect on organizational commitment through skill-utilization and influence. Other relationships were more or less in accordance with the hypotheses formulated in chapter four, except that the negative effects of tenure on organizational commitment are contrary to what was expected and most previous results. Model three received a fairly good support, with partly acceptable levels of goodness of fit. The explained variation in organizational commitment proved to be moderate (42%).

Two models were tested for intent to stay. Both received similar support. According to the second model, the variables having the strongest

direct effects on intent to stay proved to be organizational commitment, age, tenure, education, and skill-utilization. Organizational commitment, age, tenure, and skill-utilization had the expected positive effects on intent to stay, while education had the expected negative effects. This model received a fairly good support with partly acceptable levels of goodness of fit. The explained variation in intent to stay proved to be substantial (70%).

Two models were tested for service effort. Both received similar support. According to the second model, the variables having the strongest direct effects on service effort proved to be skill-utilization, organizational commitment, influence, gender, and managerial position. Skill-utilization, organizational commitment, and managerial position all had the expected positive effects, while gender had the expected negative effects. Influence had negative effects on service effort, contrary to expectations, indicating that as influence increases the less likely it is that employees engage in service effort. This model received partial support with partly acceptable levels of goodness of fit. The explained variation in service effort proved to be rather small (31%).

Three models were tested for service improvements, all receiving similar support. According to the third model, the variables having the strongest direct effects on service improvements proved to be influence and management position, both having the expected positive effects. This model was accepted with acceptable goodness of fit. The explained variation in improvement behavior, however, proved to be minor (15%).

8.2.2 Overview of Hypotheses and Results

Below is an overview of the hypotheses of the study and their outcomes. A general hypothesis regarding the causal relations of organizational commitment with supportive behaviors (hypothesis *o*) was proposed:

H o: Organizational Commitment Positively Affects Behavioral Support

Three derivative hypotheses were proposed specifying the relationship between organizational commitment and supportive behaviors, of which two were supported and one was rejected. Hypothesis *o* receives partial support and it is concluded that organizational commitment is an important source of employees' supportive behaviors.

- H o1. Organizational commitment positively affects Intent to Stay—supported*
- H o2. Organizational commitment positively affects Service Effort—supported*
- H o3. Organizational commitment positively affects Service Improvements—rejected*

The main hypothesis of this study is that employees’ organizational support is influenced by social recognition. Three general hypotheses were proposed regarding each of the indicators of social recognition; influence (hypothesis *i*), skill-utilization (hypothesis *s*), and approval (hypothesis *a*).

Each of those hypotheses was then specified in more detail and a total of twelve hypotheses were formulated specifying the effect of social recognition on employees’ organizational support. Of these twelve hypotheses, nine were tested, of which five were supported, and four were rejected. It is concluded that the main hypothesis of this thesis receives partial support. According to the results, social recognition affects employees’ organizational support both directly and indirectly through organizational commitment.

A general hypothesis regarding the effects of influence on employees’ organizational support was proposed:

- H i: Influence Positively Affects Employees’ Support to the Organization*

Four derivative hypotheses were proposed specifying the relationship between influence and each type of employees’ support, of which two were supported and two rejected. Thus, hypothesis *i* receives partial support:

- H i1. Influence positively affects Organizational Commitment—supported*
- H i2. Influence positively affects Intent to Stay—rejected*
- H i3. Influence positively affects Service Effort—rejected*
- H i4. Influence positively affects Service Improvements—supported*

A general hypothesis was specified regarding the effects of skill-utilization on employees’ support:

- H s: Skill-Utilization has positive effects on Employees’ Support to the Organization*

Four derivative hypotheses were proposed specifying the relationship between skill-utilization and each type of employees’ support; three of these were supported, one rejected. Thus, hypothesis *s* is supported.

- H s1. Skill-utilization positively affects Organizational Commitment—supported*
- H s2. Skill-utilization positively affects Intent to Stay—supported*
- H s3. Skill-utilization positively affects Service Effort—supported*
- H s4. Skill-utilization positively affects Service Improvements—rejected in model three, weak positive relationship found in model one*

Finally, a general hypothesis was specified regarding the effects of approval on employees' support:

- H a: Approval Positively Affects Employees' Support to the Organization*

Four derivative hypotheses were formulated specifying the relationship between approval and each type of employees' support. Only one of those hypotheses was tested, and it was rejected. Due to changes made in the models, the effects of approval on employees' behavioral support were not tested. Instead, new revised hypotheses were formulated regarding the causal relations of the social recognition variables (revised hypotheses Re. H4 and Re. H5). Instead, it was proposed that approval would affect employees' organizational support indirectly through influence and skill-utilization. These hypotheses were accepted. Thus, the original formulation of hypothesis *a* is partly rejected and partly not tested.

- H a1. Approval positively affects Organizational Commitment—rejected on grounds of model statistics in model one, rejected in model two, not tested in model three*
- H a2. Approval positively affects Intent to Stay—not tested*
- H a3. Approval positively affects Service Effort—not tested*
- H a4. Approval positively affects Service Improvements—not tested*

Twenty-six hypotheses were formulated regarding the effects of personal and work-related characteristics on other variables. Nine hypotheses were formulated regarding the effects of personal demographics (hypotheses *p*). Six of those nine were supported, three rejected:

- H p1. Age positively affects formal authority (management position)—supported*
- H p2. Age positively affects Organizational Commitment—supported*
- H p3. Age positively affects Intent to Stay—supported*
- H p4. Gender positively affects formal authority (Men have more formal authority than women)—supported*
- H p5. Gender positively affects Influence (Men have more Influence than women)—supported*
- H p6. Gender positively affects Skill-utilization (Men have higher Skill-Utilization than women)—rejected*
- H p7. Gender positively affects Approval (Men receive more Approval than women)—rejected*
- H p8. Gender positively affects Intent to Stay (Men have a higher Intent to Stay than women)—rejected*
- H p9. Gender negatively affects Service Effort (Women have higher Service Effort than men)—supported*

Seventeen hypotheses were formulated regarding the effects of work-related demographics (hypotheses *w*) on other variables. Twelve of those were supported, five rejected:

- H w1. Tenure positively affects formal authority—supported*
- H w2. Tenure positively affects Skill-Utilization—supported*
- H w3. Tenure positively affects Organizational Commitment—rejected*
- H w4. Tenure positively affects Intent to Stay—supported*
- H w5. University education positively affects formal authority—supported*
- H w6. University education positively affects Influence—supported*
- H w7. University education positive affects Skill-Utilization—rejected*
- H w8. University education positive affects Approval—supported*
- H w9. University education negatively affects Organizational Commitment—supported*
- H w10. University education negatively affects Intent to Stay—supported*
- H w11. University education negatively affects Service Effort—rejected*
- H w12. University education positive affects Service Improvements—rejected*
- H w13. Management position positively affects Influence—supported*
- H w14. Management position positively affects Skill-Utilization—supported*
- H w15. Management position positively affects Approval—rejected*
- H w16. Management position positively affects Service Effort—supported*
- H w17. Management position positively affects Service Improvements—supported*

Five revised hypotheses were formulated in response to unsatisfactory model statistics of model one for organizational commitment; one hypothesis was formulated assuming negative effects of tenure on approval and four hypotheses were formulated considering the causal relationship of the three social recognition variables. In model two, two causal relationships were constructed assuming that influence and skill-utilization caused approval. Goodness of fit statistics did not support this model. Thus, a third model was constructed. In this model, the causal relations

between the social recognition variables were reversed, now assuming approval to be placed antecedent to skill-utilization and influence. Both model statistics and higher regression coefficients gave stronger support for this model. Of the five revised hypotheses, three were supported, two rejected:

- Re.H1. Tenure negatively affects Approval—supported*
- Re.H2. Influence positively affects Approval—rejected on grounds of model statistics*
- Re.H3. Skill-utilization positively affects Approval—rejected on grounds of model statistics*
- Re.H4. Approval positively affects Skill-Utilization—supported*
- Re.H5. Approval positively affects Influence—supported*

8.2.3 Discussion

The causal models presented and tested in this chapter show that social recognition, along with some personal and work-related characteristics, is an important contributor to employees' organizational support. Social recognition elicits employees' organizational support both directly and indirectly through organizational commitment. The results further show the importance of organizational commitment in explaining more particular supportive behaviors—particularly intent to stay, to some extent service effort, but not service improvements.

The models support the direct effects of both skill-utilization and influence on organizational commitment, and the indirect effects of approval on organizational support through skill-utilization and influence. The results also suggest that social recognition affects supportive behaviors directly as well as indirectly through organizational commitment.

Social recognition is a rewarding experience that employees reciprocate with supportive attitudes and behaviors. Furthermore, as social recognition is contextual, provided on the organization's premises, and can be abolished by the organization, social recognition operates as a constraint. Employees must uphold their social contract with the organization or risk losing the recognition that accompanies their membership otherwise.

Influence operates as rewarding as it functions as recognition of the role and contribution of the individual in the organization. Being able to influence the organization means that employees perceive that they are of importance and that the organization trusts their discretion and judgment. When employees are allowed to act in the name of the organization, the greater the rewards, but also the stakes, as individuals risk losing their relative standing in the organization, pressuring them to align their focus

with that of the organization's. Accordingly, influence operates as an important antecedent of organizational commitment and service improvements. It is also an important antecedent of intent to stay and service effort through commitment. However, influence affects service effort negatively and its direct negative effects on service effort are larger than its indirect positive effects.

The negative direct effects of influence on service effort are somewhat puzzling, and while this negative effect can be interpreted in several ways, the explanation favored here is that in the absence of influence, employees channel their support into service effort rather than service improvements. In contrast, in the presence of influence, organizational support is channeled into more "active" behaviors, such as service improvements. Having influence means that employees' have power to negotiate, make changes, innovate, and improve. Thus, service-employees who experience more influence may experience that their efforts are better used conducting improvements in the service supply rather than for them to increase their service effort towards customers. Lack of influence, on the other hand, indicates that employees may regard their work environment as being so rigid that their efforts to come up with ideas or engage in improvements would be a waste of time and energy for them. They therefore rather focus on increasing their service effort. One alternative explanation is that lack of influence creates an impression of increased effort, because front-line service employees have more problems in meeting customer needs when they lack autonomy than when the organization trusts their judgment in meeting variability in customer needs.

Skill-utilization is rewarding for employees as it signifies recognition of the employee's capacities, talents and skills through utilizing these within the organization. The more the organization uses these capacities, the less likely is it that the employee perceives that her or his capacities are wasted, and could possibly be used better elsewhere. Low utilization of skills suggests that the employee perceives that his or hers skills, competencies or knowledge are not recognized by the organization to the degree that it should, while high utilization of skills indicates a possible loss of recognition if leaving the organization. Employees respond to the perception of the lack of recognition of skills by decreasing their support, effort, and loyalty to the organization. Accordingly, skill-utilization is found to affect organizational commitment, intent to stay, and service effort, both directly and indirectly through organizational commitment. Yet, it is not found to be an important factor in explaining service improvements.

Whereas the third dimension of social recognition, i.e. approval, was originally seen as affecting organizational commitment directly, regression coefficients rather suggested that approval should be placed prior to

influence and skill-utilization in the causal chain, where approval functions to reinforce perceptions of influence and utilization of skills. This happens when the organization gives approval in the form of praise, encouragements, and feedback to employees. Through approval employees gain knowledge about the skill they have and how they can put their abilities to a better use in particular contexts. They also gain knowledge about how they can exert influence within the organization. Approval may also align the employees' attitudes, thought, and behavior to the goals and standards of the organization and away from comparison with co-workers. Individuals accept such modification of their behavior and thought due to the legitimacy of organization and due to the importance of social recognition for individual's identity and self-worth.

The strong effect of approval on influence and skill-utilization suggests the importance of organizational mechanisms in constructing the "fit" between the individual and the organization. Approval affects organizational support mainly through constructing a perception that employees have influence within the organization and to a lesser degree by reinforcing the perceptions that employees hold and utilize skills that are valuable. The indirect effect of approval on organizational commitment is in fact larger than the direct effects of both skill-utilization and influence. Approval, by itself, does not have direct effects on organizational commitment, perhaps because it's relative value is difficult to assess for employees and it does therefore not take the form of investment that would be lost if they left.

It is assumed that evaluation of social recognition is affected by comparisons. Comparisons are important for the creation of expectations regarding the levels of recognition individuals feel they deserve. Individual characteristics are here used as indicators of expectations that are generated through comparison processes.

Age affects organizational commitment directly and positively. These effects are likely to describe perceptions of relatively higher rewards from organizational membership with age, or decreasing opportunities for receiving similar rewards elsewhere, or both. These processes increase the cost of exit, increasing the relative value of the membership, and pressures individuals to reciprocate organizational rewards; increasing employees' support. Age also affects management position, indicating the growing chances of holding management responsibility with age; suggestive of increasing social power within the organization with age.

The results support the importance of gender in the organizational context. Gender is found to affect service effort, where women are found to engage more in service effort than men. Gender affects both holding a management position and influence, suggesting that men have both more

formal authority and experience more influence within the organization. Thus, gender is found to be of importance in regards to employees' support, yet indirectly so. Women can in fact be argued to have relatively higher organizational support than men given their lower authority and less influence in the organization, which both contribute to increased organizational support. Gender does not influence skill-utilization, contrary to what was expected. Thus, despite research showing that women's jobs generally compare unfavorably to men's jobs in terms of skill, men and women assess their utilization of skills in a similar way in the TECH data. These results are in accordance with research on justice and wage expectations and suggest that comparisons are partly gender-based, due to the gendered division of labor.

Tenure is found to have direct negative effects on organizational commitment, contrary to what was expected. These negative effects must, however, be interpreted in the light that tenure has positive indirect effects on organizational commitment through management responsibility and skill-utilization. Therefore, these direct negative effects suggest that with time spent in the organization, in the *absence* of formal authority and perceptions of growing utilization of skills, organizations can expect decreasing organizational commitment from their employees. Comparison processes are likely to be important in the creation of declining organizational support; e.g. in this case, as some employees will experience that their coworkers, even newcomers, have advanced within the organization while they have not. This contributes to perceptions of relative deprivation and, thus, declining organizational commitment. Also, with time employees experience decreasing approval, indicating that organizations use approval more in the beginning of an individual's membership as ways to reward, confirm, and reinforce individual contributions, but may find it unnecessary to continue to do so as time passes when individual behaviors have already been changed. Thus, individuals with higher tenure also experience relative deprivation in these respects. The direct positive effects of tenure and age on intent to stay are most likely due to increased costs of leaving; i.e. due to relatively higher rewards or decreasing opportunities, or a combination of these.

As expected, education is positively related to formal authority and employees' influence. Also, having a university education means that employees experience greater approval, while this relationship is weak. Education has a direct negative effect on commitment, but as education positively affects influence and approval, this negative relationship is suggested to be due to more valid claims for recognition based on occupational authority or occupational commitment suggested to be stronger among professionals. These negative effects may also represent relative deprivation of university educated employees in comparison with

those holding management positions within TECH who, in some cases, are without a university education while still holding a formal authority position.

Holding a managerial position is important in regard to perceptions of influence and skill-utilization, supporting the importance of formal authority for social recognition. Holding a management position also affects service improvements, suggesting the importance of formal authority in making improvements in the service supply or service processes.

The lack of relationship between organizational commitment and service improvements suggests a relatively large distance between these two concepts. This distance makes sense if improvements are seen as based on a more specific ownership of products, services, or processes rather than necessarily grounded in a more generalized commitment. Thus, for the purpose of motivating improvement there seems to be no need for an overall organizational commitment. However, high commitment among employees working on improvements could be sought after, as it would generate a greater alignment of improvements with the general interests, goals and values of the organization.

While a fairly large proportion of variance is explained in organizational commitment and intent to stay, this applies less to service effort and does not apply to service improvements. Several reasons may exist for a low level of explained variation in service behaviors. First, this may suggest the exclusion of important variables in the model, both enabling and constraining mechanisms affecting service behaviors, such as job competence, material resources, and time-constraints; or important rewards such as wages, wage-equity, training, education, or social support. A second possible explanation is that service behaviors are partly initiated by “service ethics” or through some internalized occupational standards, rather than through exchange and reciprocity. A third possible explanation is that employees engage in these behaviors to maintain a balance in their social exchange with the customers they are serving rather than the organization. A fourth possible interpretation is that the employees themselves are offering their efforts and improvements as diffuse rewards to the organization in the hope that the organization will reciprocate these to them in the future. All these suggestions explain why employees might engage in service behaviors in the absence of social recognition from the organization.

Some support can be found in the literature for all these suggestions. In regards to the first and the second suggestion, Grönfeldt’s (2003) results suggested that job competence and service values are important antecedents to service behaviors, but these variables were not included in this study.

Some support can also be found for the third suggestion. Thus van Dolen *et al.* (2002) point out that employee-customer relationship is an interpersonal system where each actor influences one another. The employee as well as the customer is affected by the relationship created between them, where customer reactions and perceptions will affect employee reactions and perceptions and vice versa. Some support is also found for the third suggestion. Thus, Feather and Rauter (2004) found OCB to be negatively related to job design variables in a sample of fixed-term contract teachers, while the same variables were positively related to OCB among permanently employed teachers. One interpretation of these results is that fixed-term teachers, while experiencing less rewards from the organization than the permanent teachers, offer more OCB to the organization than the permanent teachers in the hope to be later offered permanent employment.

Overall, these results provide an adequate empirical support for the importance of social recognition for the development of employees' organizational support. Skill-utilization and influence are found to be directly and strongly related to organizational commitment. Furthermore, organizational commitment is found to be strongly and directly related to intent to stay. Organizational commitment and skill-utilization are found to be directly and strongly related to service effort, and influence is found to be a major source of service improvements. Approval is found to be an important indirect source of organizational support through influence and skill-utilization. The strong effects of approval on skill-utilization and influence suggest that skill-utilization and influence are partly socially constructed within the organization through approval of the employees' accomplishments, through information, and through validating their impact and role within the organization.

9. Differences between Service Settings

This chapter has two main objectives. First, mean differences in levels of social recognition and employees' organizational support between the three TECH divisions are examined. Then, it is tested whether the causal models confirmed in chapter eight can be applied across the three service divisions at TECH or if different models have to be constructed for each service setting.

The three divisions within TECH examined and compared here are the retail division (N=307), the support division (N=146) and the manual-maintenance division (N=383). About 10 percent of the employees were excluded from the analysis, as the author could not clearly assign them to any of these three divisions or they did not respond to the question on department (N=93).

The "retail division" includes shops, customer service centers, and even some business-to-business services, although these constitute a minor part of the division. The retail and front-line service workers of TECH are selling relatively specialized products and services, thus they are in need for considerable education and training. Furthermore, a number of social and psychological skills are likely to be of importance in the retail division, such as interactive skills, relation skills, communicative skills, and persuasion skills. The retail part of the company grew extensively in the year 2000 in association with expansion and development of new services and products. Some have identified retail services, or similar, part of the service sector, as typical for the increasing use standardization and rationalization, both of the service supply and work processes (Braverman, 1974; Ritzer, 2000). This is only partly seen as applying to the retail division of TECH. Rather, the retail division of TECH is identified as a "service shop" (Lashley & Taylor, 1998), a term that describes service situations where the tangible service supply is standardized while requiring customization of the intangible service supply.

TECH's considerable investment in employee development is visible in the extensive training and educational programs that were executed in the year 2000. Special programs were also implemented for training and development of managers. According to TECH's HR department average education and training per employee in the year 2000 amounted to almost 80 hours, and far exceeded the average training days for employees in

Icelandic organizations in 2003 (Bjarnadóttir *et al.*, 2003). At TECH, the implementation of performance reviews for all employees were completed in the year 2000, according to TECH's HR department, while in the year 2003, roughly half of organizations in Iceland still did not use formal performance reviews (Bjarnadóttir *et al.*, 2003).

The support division includes office workers, strategic management, an R&D department, HRM department, finances, and an IT department. The support division is typical for what have been called "post-industrial" occupations (Bell, 1973). The support division is similar to what Lashley and Taylor (1998) call "professional services," characterized by a customized and intangible service supply, where the organization makes larger investments in its relationship with their employees, which is manifested in more advanced methods for selection, longer training periods, and more emphasis on indoctrination of values.

The manual-maintenance division employs skilled and unskilled workers, working with maintenance, assembling, repairs, surveillance, and manual operation. This part of TECH is its oldest part along some parts of the support division. While the service supply of this division is mostly tangible in nature, the nature of repairs and maintenance is fairly complex, so it is unlikely to be fully standardized. Thus, in contrast to the retail division, the tangible part of the manual-maintenance division is complex and may need considerable technical skills, expertise, and knowledge to complete. Therefore, the organization is likely to emphasize educational standards and experience in employee selection, and is also likely to invest in training of employees in this division. Some of the tasks are likely to need a high degree of discretion and autonomy on behalf of the performer. Part of the work, however, is likely to be simpler, where there is less emphasis on employee skills, autonomy, selection, and training. While employees in this division generally do not have a university education, many have vocational education and are, thus, likely to emphasize the importance of external standards for task execution. In contrast, the organization is likely to try to control and standardize processes in order to keep employees under control, maintain standards, and keep costs down.

Table 9.1: Main characteristics of the three divisions of TECH

Criteria	Divisions		
	Retail division	Support division	Manual-maintenance division
Type of service	Retail, customer and business service, and call centers	Office work, Experts (specialists), IT, HRM, strategic decision making	Manual and technical work
Age of business	Youngest	In between	Oldest
Labor market competition	High	Moderate to high	Moderate to low
Turnover past 12 months	High (17%)	Moderate (12%)	Moderate (11%)

The labor market for service employees was tight in the years preceding the survey. Employment in services grew some 10 percent between 1998 and 2000, compared to the 6 percent average growth for all industries. In particular, there was a large growth of service and shop workers; i.e. the group most similar to the one employed in the retail division of TECH in the years preceding the survey. Great optimism and expansion was found in the IT-sector around the millennium. There was also a considerable growth of professionals in this period; i.e. the group most similar to the one employed in the support division at TECH. Much less growth and even decline is noted in craft workers in this period; i.e. the occupational group most similar to the ones employed in the manual-maintenance division at TECH (*Landshagir*, 2002).

As the external environment is seen here as being able to affect the employee-employer relationship, e.g. by changing expectations and perceptions of costs, the high supply of alternative jobs, and wage increases that accompany high job growth, are likely to affect employee comparisons negatively. With extended opportunities for comparison, and inflation of expectations, current levels of social recognition are likely to compare worse, unless these are met by the organization. This suggests that evaluations of employees in both the retail and the support division of TECH are more negatively affected by the external environment than employees in the manual-maintenance division. On the other hand, the expansion of TECH's retail services and extensive training of its front-line employees and management team might have produced opposite effects towards maintaining the relative position of TECH's employees in regards to the labor market at large.

Large differences are found to in personal and work-related demographics between the employees employed in the three divisions, suggesting limited mobility between the divisions. This limited mobility is suggested to promote comparisons within divisions or with similar

individuals or occupational groups in the labor market, and restrict comparisons between the TECH divisions—reducing while not eliminating perceptions of relative deprivation between the divisions. University education is much more prevalent in the support division than in the retail and manual-maintenance divisions. This high proportion of professionals is another factor likely to contribute to a more negative comparison for employees in this division as university education allows for a more valid comparison with professionals in other organizations. In the manual-maintenance division, on the other hand, vocational education is most prevalent, while almost non-existing in the other divisions. These educational differences reflect differences in the type of services performed. Tenure differs between the groups, with highest tenure in the manual-maintenance division and lowest tenure in the retail division, reflecting, fairly well, differences in turnover figures between the divisions. Similarly, the age distribution is different between the groups, with the oldest group in the manual maintenance division (40 years) and lowest age in the retail division (37 years). Division of labor within TECH is gendered, as in the labor market in general. In the retail division, 66 percent of the employees are female, while 60 percent are male in the support division, and 88 percent are male in the manual-maintenance division.

Table 9.2: Employee characteristics within the three divisions of TECH

Variables	Divisions			F-value and p-value
	Retail division	Support division	Manual-maintenance division	
AGE (average age)	36,7	39,4	39,9	6,5***
GENDER (males=1)	34%	60%	88%	147,0***
TENURE (average years)	5,5	7,0	10,5	59,8***
UNI (University education=1)	13%	41%	14%	31,5***
MANAGER (supervisor=1)	11%	19%	16%	2,7

Note: *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities.

While the percentage of managers is not significantly different between the divisions, span of control—estimated from the proportion of managers in each division—suggests that there is a considerable difference in the investments made in managerial-subordinate relations between the divisions.¹⁷ Managers are almost one-in-five in the support division while being close to one-in-ten in the retail division. Small spans of control are interpreted here as indicating “cooperation” between management and

¹⁷ As this data drawn from only one organization, significance gives only an indication of the generalizability of the relationship across service environments.

subordinates, although opposite interpretation can also be made (see Lincoln & Kalleberg, 1990). This interpretation suggests a greater use of structural capital, processes, rules, and regulations in the retail division than in the other divisions.

9.1. Mean Differences in Organizational Support and Social Recognition

Differences in factor means between groups are possible to estimate with AMOS by specifying that all intercepts and regression coefficients are equal in the groups; then setting one group’s means to zero, but allowing the means of the other two groups to vary. The table below (table 9.3) shows estimates of mean differences:

Table 9.3: Mean differences of Social Recognition and Organizational Support between the TECH divisions (ML estimates)

Variables	Support division vs. Retail division	Manual-main-tenance vs. Retail division
Social recognition		
INFLU (Influence)	0,40***	0,23**
SKILL (Skill-utilization)	0,35***	0,30***
APPROV (Approval)	0,15	-0,16*
Organizational support		
OC (Organizational commitment)	0,10	0,01
INT (Intent to Stay)	-0,03	0,40***
SE (Service effort)	-0,03	-0,10*
SI (Service Improvements)	-0,10	-0,20***

Note: The table describes mean differences with means for the retail divisions set to 0. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities.

Employees in both the support division and the manual-maintenance division perceive they have greater influence than the retail division. Furthermore, employees both in the support division and in the manual division perceive they utilize their skills in a better way than the retail division (supporting hypotheses *m1* and *m2*). Small differences are found in approval between the divisions, while the results indicate that the maintenance division receives significantly less approval than the retail division (rejecting hypothesis *m3*).

With regard to the organizational support variables, there are no significant differences between levels of organizational commitment between the divisions—contrary to what was expected (rejecting hypothesis *m4*). Organizational commitment is about equal in the three

divisions. Intent to stay (INT) is, however, quite different, with the highest intent to stay in the manual-maintenance division, but no significant difference exists between the support division and the retail division. This is contrary to what was expected, as employees in the retail division were expected to have the least intent to stay of the three divisions (rejecting hypothesis *m5*). Small differences exist in service effort between the divisions, while being significantly lower in the manual-maintenance division than in the retail division and the support division. The retail division and the support division have similar levels of service effort contrary to what was expected (rejecting hypothesis *m6*). Improvements in services are more prevalent in the retail division than in the maintenance division, while being similar as in the support division (rejecting hypothesis *m7*), as it was expected that the retail division would have the least intent to engage in service improvements. All hypotheses regarding differences in employees' organizational support between the divisions are therefore rejected.

The table below shows the goodness of fit for both models (social recognition and organizational support).¹⁸ The models have acceptable fits, with the CMIN/DF lower than five and the RMSEA lower than 0.05. The fit indicates that the factor structure is stable across the groups, and that factor weights and intercepts are most likely the same across the groups when means are allowed to vary. Thus, these results give further support for the discriminant validity of the four-factorial solution of organizational support and the three-factorial solution of social recognition.

¹⁸ The models are the same as those shown in figure 7.3 and figure 7.4 except that intercepts and coefficients are assumed to be the same across the three divisions. Furthermore, the mean for the retail division is set to zero while the means for the other divisions are allowed to vary.

Table 9.4: Goodness of fit for differences in Social Recognition and Organizational Support

Fit Measure	Social-Recognition	Organizational Support
Discrepancy	309,5	304,9
Degrees of freedom	121	110
P-value for Chi-Square	0,000	0,000
CMIN/DF	2,557	2,772
Normed fit index	0,986	0,989
RMSEA	0,043	0,046
P for test of close fit	0,969	0,845

9.2. Differences in Causal Relations between Service Divisions

The third key question of the thesis is to examine if the causal models for the origins of organizational support that have been developed and accepted as giving a probable account of the data, hold across different groups of service employees. Testing the generalizability of the causal structure is done by adding constraints to the models assuming invariance in the causal relationships. Thus, the model tests if the causal regression weights can be assumed to be the same in the three divisions. If the model is accepted, this means that the model can be applied across the three divisions and that the causal relations developed for the overall company, also hold for each of the three service populations. If the model is rejected, this means that the model cannot be applied across the three divisions, e.g. because the causal relations developed for the overall organization do not apply to for each division individually.

9.2.1 Organizational Commitment

First tested is the causal model (model three) for organizational commitment developed in chapter eight. It is tested if this model can be applied to each of the three service divisions or if a particular model must be developed for each division. To test this hypothesis, the parameters of variables affecting organizational commitment directly are set to be invariant across service divisions; i.e. it is tested if the effect of skill-utilization, influence, approval, age, tenure, and education on commitment is the same in the three service settings. Other regression coefficients were allowed to vary.

The results show that the only significant difference in standardized regression coefficients between the divisions was that between tenure and skill-utilization. This relationship appeared to be significantly stronger in the manual-maintenance division (.35) than in the retail (.17) or the support division (.14). Other coefficients are not significantly different between the three divisions.

Table 9.5: Test of differences in regression coefficients between service divisions

Causal relationship	Retail division	Support division	Maintenance
TENURE →MANAGER	0,12	0,20	0,16
GENDER → MANAGER	0,26	0,11	0,07
AGE →MANAGER	0,16	0,18	0,16
EDU →MANAGER	0,29	0,40	0,25
TENURE →APPROV	-0,25	-0,34	-0,22
EDU → APPROV	0,12	-0,07	0,06
MANAGER →INFLU	0,21	0,23	0,29
MANAGER →SKILL	0,18	0,18	0,16
GENDER →INFLU	0,10	-0,00	-0,03
TENURE →SKILL	0,17	0,14	0,35*
EDU →INFLU	0,14	0,12	0,18
APPROV →INFLU	0,74	0,81	0,66
APPROV →SKILL	0,72	0,69	0,67
SKILL → OC (set invariant across the groups)	--	--	--
INFLU → OC (set invariant across the groups)	--	--	--
AGE → OC (set invariant across the groups)	--	--	--
TENURE → OC (set invariant across the groups)	--	--	--
EDU → OC (set invariant across the groups)	--	--	--

Note: * coefficient is significantly different from the other divisions ($p < .05$)

-- Set to be invariant across service settings. Other regression coefficients were allowed to vary.

The parameter constraints placed on the antecedents of organizational commitment has no major implications for the size of the parameters affecting organizational commitment when comparing the constrained model to the unconstrained model for the total data. Changes in parameters are small and not significant (see table 11.6 in the appendix).

Goodness of fit for the constrained model (labeled as “model 3 con.”) shows acceptable fit supporting that the regression coefficients for the variables affecting organizational commitment are invariant across the three divisions. This model gives strong support for that the model can be used across different service settings. Further, that the effects of the variables affecting organizational commitment directly are similar in different service environments. The model has acceptable levels of

CMIN/DF (lower than five), and the RMSEA not significantly higher than .05. Hypothesis *c1* is thus confirmed.

Table 9.6: Goodness of fit for Organizational Commitment-constrained model

Fit Measure	Model 3 con.
Discrepancy	842,6
Degrees of freedom	400
P-value for Chi-Square	0,000
CMIN/DF	2,106
Normed fit index	0,979
RMSEA	0,036
P for test of close fit	1,000

9.2.2 Intent to Stay

Next, it was tested if the causes of intent to stay were the same across the three divisions; i.e. it was tested if the effect of the variables affecting intent to stay directly; age, organizational commitment, tenure, gender, university education and skill-utilization is invariant across the three divisions. This model had acceptable fit supporting that the same model could be applied across the three divisions and that the effects of these variables is most likely the same in the three different service settings. The parameter constraints placed on the antecedents of intent to stay has no major implications for the size of the parameters affecting intent to stay, and none of the parameter changes between the two models are significant (see table 11.7 in the appendix).

Goodness of fit indices strongly support the model assuming invariance in regression coefficients across the divisions, with the CMIN/DF around two, and the RMSEA below .05. Hypothesis *c2* is thus supported.

Table 9.7: Goodness of fit for Intent to Stay-constrained model

Fit Measure	Model 2 con.
Discrepancy	1020,2
Degrees of freedom	496
P-value for Chi-Square	0,000
CMIN/DF	2,057
Normed fit index	0,977
RMSEA	0,036
P for test of close fit	1,000

9.2.3 Service Effort

Next it is tested if the causes of service effort were the same in the three service divisions. The model assumes equal parameters between the divisions for the factors that affect service effort directly; i.e. that the effects of organizational commitment, influence, skill-utilization, gender and education on service effort are equal in the three service environments. Indicators of goodness of fit support the applicability of the model across divisions, with the CMIN/DF lower than five and the RMSEA lower than .05. Hypothesis *c3* is thus confirmed.

Table 9.8: Comparing un-standardized regression coefficients for the constrained (model 3 con.) and unconstrained model (model 3) for Service Effort

Causal relationship	Model 2 unconstrained model	Model 2 con. constrained model
OC → SE	0,20*** (0,05)	0,49*** (0,09) ^{a)}
SKILL → SE	0,17*** (0,04)	0,15*** (0,04)
INFLU → SE	-0,10*** (0,03)	-0,12*** (0,03)
GENDER → SE	-0,12*** (0,04)	-0,05 (0,04)
MANAGER → SE	0,13* (0,05)	0,04 (0,05)

Note: Un-standardized coefficients. Standard Errors in parenthesis. No constraints are placed on the parameter estimates for the unconstrained model, whereas in the constrained model the regression coefficients affecting Service Effort directly are set to be invariant across the three divisions.

*** (p<.001) ** (p<.01) * (p<.05). Significance refers to differences of coefficients from zero. a) Significant change in effect size between the constrained and the unconstrained model.

The coefficients for the constrained models, however, differ from the coefficients obtained for the company as a whole, where the parameters were unconstrained; the effect of organizational commitment on service effort more than doubles in size (a significant increase). The decline in the effects of gender and manager on service effort is not significant, while both effects become insignificant when constraints are placed on that

coefficients should be equal across the divisions. The effect of SKILL and INFLU are about the same for the constrained and the unconstrained models.

Table 9.9: Goodness of fit for Service Effort-constrained model

Fit Measure	Model 2 con.
Discrepancy	1044,7
Degrees of freedom	493
P-value for Chi-Square	0,000
CMIN/DF	2,119
Normed fit index	0,977
RMSEA	0,037
P for test of close fit	1,000

9.2.4 Service Improvements

Next it is tested if the causes of service improvements (SI) are the same in the three service environments. The two regression coefficients affecting SI were set to be the equal in the three divisions. This model has an acceptable fit of the CMIN/DF less than five and the RMSEA lower than 0.05.

Goodness of fit statistics support the applicability of the model across divisions with the CMIN/DF around two, NFI=0.98, and the RMSEA lower than five (0.036). Comparison of the coefficients between the unconstrained model and the model assuming invariance across divisions shows that the coefficients are similar in both models (changes in parameters are not significant between the models). Hypothesis c4 is thus confirmed.

Table 9.10: Goodness of fit for Service Improvements-constrained model

Fit Measure	Model 3 con.
Discrepancy	628,7
Degrees of freedom	304
P-value for Chi-Square	0,000
CMIN/DF	2,068
Normed fit index	0,981
RMSEA	0,036
P for test of close fit	1,000

9.3. Summary and Conclusion

This chapter had two objectives; first, to test mean differences in levels of social recognition and organizational support, and second, to test the applicability of the causal models developed in chapter eight across the three service divisions of TECH.

9.3.1 Differences in Levels of Social Recognition and Employees' Organizational Support between Service Divisions

Differences in levels of social recognition variables (influence, skill-utilization, and approval) and employees' organizational support were examined with AMOS. In order to estimate mean differences all intercepts and regression coefficients were assumed to be equal in the groups; then, the mean of the retail division was arbitrarily set to zero, but the means of the support division and the manual-maintenance division were allowed to vary.

Considerable differences in social recognition were found between the three divisions. Results show that the retail workers experience less influence and skill-utilization than those in the support and maintenance divisions, as expected. Regarding approval, on the other hand, minor differences were found between the divisions. The manual-maintenance division had the lowest levels of approval, but the support division and the retail division were found to have similar levels of approval, contrary to expectations. Goodness of fit statistics support that the factor structures of social recognition are invariant across divisions when means are allowed to vary.

Regarding organizational support, no significant differences were found in the levels of organizational commitment between the three divisions, contrary to expectations. The retail division has a lower intent to stay than the maintenance division, but similar levels of intent to stay to that of the support division, contrary to expectations. Differences in levels of intent to stay between the divisions rather reflect labor market situations at the time of the survey, with high demand for retail, office, and professionals workers, and low demand for vocational workers. The manual-maintenance division was found to have the lowest levels of service effort, while the support and retail division were found to have similar levels of service effort. The manual-maintenance division has the lowest levels of service improvements, while the support and retail divisions were found to have similar levels of service improvements, contrary to what was expected. Goodness of fit for the model suggests that the factor structures of organizational support are invariant across divisions when means are allowed to vary.

Overview of hypotheses and results

Below is an overview of the hypotheses formulated regarding mean differences in social recognition and employees' organizational support and their results. Of the seven hypotheses formulated and tested, only two are supported, while five are rejected:

- H m1. Employees in a retail service setting have lower Influence than employees in other service settings—supported*
- H m2. Employees in a retail service setting have lower Skill-Utilization than employees in other service settings—supported*
- H m3. Employees in a retail service setting have lower Approval than employees in other service settings—rejected*
- H m4. Employees in a retail service setting have lower Organizational Commitment than employees in other service settings—rejected*
- H m5. Employees in a retail service setting have lower Intent to Stay than employees in other service settings—rejected*
- H m6. Employees in a retail service setting have higher Service Effort behavior than employees in other service settings—rejected*
- H m7. Employees a retail service setting have lower Service Improvements than employees in other service settings—rejected*

9.3.2 Differences in Causal Relationships between Service Divisions

For testing the applicability of the causal models developed in chapter eight across service divisions, a SEM analysis was conducted where constraints assuming invariant regression weights across the divisions were added to

the model. Four models were tested and all four models were supported, indicating the applicability of the models across service divisions. Further, the models support that the effect-sizes of the causal variables on employees' organizational support are most likely the same across the three divisions.

No major differences were found between the un-standardized regression coefficients in models developed for the overall company and in models assuming invariance across divisions for organizational commitment, intent to stay and service improvement. Regarding service effort, however, some differences were found. While model statistics support invariance across the divisions, the results of the model assuming invariance across divisions is in some respects different from the model developed for the organization overall.

In regards to the causes of organizational commitment, the analysis shows that skill-utilization, influence and age all have positive effects, similar in size, on organizational commitment, whereas tenure and education have negative effects, similar in size, on commitment across service divisions. With regards to intent to stay, organizational commitment, age, tenure and skill-utilization all have positive effects, similar in size, on intent to stay across the service divisions, while university education has the predicted negative effects across the divisions.

With respects to service effort, organizational commitment has considerably stronger effects on service effort in the models assuming invariance across divisions than when not assuming invariance. Skill-utilization has positive effects and influence has negative effects on service effort, similar in size, in the model assuming invariance across divisions, as in the model developed for the organization overall. Thus, in comparison to a model assuming invariance between service divisions, the effects of organizational commitment on service effort are underestimated, while the effects of gender and management position may be over-estimated when analyzing results for the organization at large.

Now considering the effects of social recognition on employees' organizational support, the results show that these effects are likely to be similar in different service environments. With regards to other causal effects, no major differences were found between the overall results and the constrained models, except that tenure has greater effect on skill-utilization in the manual-maintenance division than in the other divisions.

Overview of Hypotheses and Results

Below is an overview of the hypotheses formulated regarding the applicability of the causal models across service divisions. Four hypotheses were formulated, of which all are supported:

- H c1. The Causes of Organizational Commitment are the same across service settings—supported*
- H c2. The Causes of Intent to Stay are the same across service settings—supported*
- H c3. The Causes of Service Effort behavior are the same across service settings—supported*
- H c4. The Causes of Service Improvement are the same across service settings—supported*

9.3.3 Discussion

While there are those who have toned down the implications of the changes associated with the growth of services, the more common view is to see the growth of the service sector as having major implications in respects to the organization of work and management strategies and, thereby, on the situation of service workers.

However, rather than seeing the growth of the service economy as the bearer of a particular development, it is argued here that organizations construct and adapt their management strategies to what it considers most necessary for the organization to function adequately in the environment and market niche it has selected. Thus, commitment strategies can be seen as rising, because organizations are interested in creating a committed and loyal workforce, i.e. customer problems need to be solved by employees in the customer interface and cannot be solved by means of standardization; that employees hold scarce skills; that employee skills develop over time, which makes retention more important and turnover more costly. Control strategies, in turn, rise because organizations perceive that they solve their customer's problems better by standardizing the service offered and thus, work processes.

Of key importance for the choice of management strategy in the service industry is the degree to which the service supply is made intangible and customized. When the service supply is intangible and customized, employees' efforts, skills, or knowledge becomes of vital importance for the organization, and organizations are likely to spend more time and effort in investing the employee-organizational relationship; e.g. by using more social recognition as means to elicit their support.

The three service divisions at TECH differ in a number of respects. Their service supply is different and the employees differ in terms of their education, age and tenure; therefore, it was also expected that levels of social recognition and employees' organizational support would differ.

Higher levels of perceived influence and skill-utilization enjoyed by employees in the support division—particularly in comparison with the retail division—support their relatively beneficial position, as predicted.

As suggested earlier, it is argued that due to the limited mobility between divisions, employees may look for cues in evaluating their situation by comparing their situation with others within their division rather than between divisions, decreasing while not eliminating perceptions of relative deprivation (or relative profits) between divisions. Regarding influence, however, it is argued that due to the dependency between the divisions, comparisons between divisions are also important. Thus, perceptions of influence are most likely affected by the interdependency between the divisions and the closeness of the support division to the strategic decision making, where the support division must be considered as being favored. This indicates that retail employees experience relative deprivation in regards to their influence in comparison with the other divisions—in particular the support division. This applies less to approval, since comparisons are more difficult and consequently less clear what employees can expect in those regards.

Finally, regarding skill-utilization, the most important object of reference for employees are those groups having similar skills and doing similar work. These are groups doing similar work within the organization, those doing similar work in competing organizations, or more generally those belonging to the same occupation as the individual in question. Employees holding general skills are assumed to have a better idea about what recognition they can expect for the skills they hold than employees holding firm-specific skills. Consequently the organization will also have a better idea what the employee expects and thus the appropriate levels of recognition. Lower levels of skill-utilization among retail workers shows that the retail division fails to meet the employees' expectations to the same degree as the other divisions do. This indicates that retail employees experience that they hold skills which are not utilized and could possibly be better utilized in other organizations than at TECH. These results may reflect the presence of skills that employees bring with them or have acquired in their work and want to have recognized, but are not assumed to be important by TECH. More generally these results point to a poor definition of skills and their importance in some service environments.

The size of TECH is likely to be a factor influencing standardization of work processes and thus to contribute to employees' relative deprivation in particular in regards to autonomy. To some degree, high demand for retail workers, office workers, and professionals in the years preceding the survey may have inflated employee expectations, thus affecting perceptions of recognition negatively.

Despite the claims made in this thesis about the important role played by front-line employees in service organizations, these are not reflected in levels of social recognition distributed to the employees. Employees in the retail service setting compare worse, both in comparison

to the older vocational based occupations and the post-industrial occupations, as expected.

Experience of social recognition seems to largely follow differences in the service supply of the divisions. Thus, in the support division, where the service-supply is more customized and intangible, employees enjoy higher influence and higher skill utilization than the employees in the other divisions. In the manual-maintenance division, where the tangible service supply is fairly complex, employees enjoy a considerable influence and utilization of their skills. Finally, in the retail division, where the tangible service supply is more standardized, employees enjoy the least influence and experience least utilization of their skills.

While differences appear in the levels of influence and skill-utilization between the service divisions, differences in levels of organizational support do not reflect those differences in the way expected. The support and the manual-maintenance divisions hold a considerably higher level of influence and skill-utilization than the retail division does, while levels of organizational commitment are about the same in all three divisions. The reasons for these contradictory results are partly attributed to lower tenure and less education of retail employees (as both of these variables have negative effects on organizational commitment). Partly the reasons may be attributed to the fact that some variables are missing from the model. These are such variables as social support, training and development, and wage-equity. These variables may have stronger positive effects on organizational commitment in the retail division than in the other divisions. Absence of such variables would explain why levels of organizational commitment are about the same when significant differences are found in levels of social recognition between the divisions.

Similarly, differences in the utilization of skills and influence are not reflected entirely in the intent to stay figures. The highest intent to stay is found in the manual-maintenance division, while intent to stay in the support division and the retail division is about the same. At least two possible explanations are for this pattern. First, higher demand for retail, office and professional workers than manual and vocational workers at the time of the study may possibly have had more negative effects on employees' intent to stay in the support and retail division than in the manual-maintenance division. Secondly, higher tenure of employees in the manual-maintenance division is likely to affect their intent to stay negatively, as tenure increases employees' cost of exit and thus loyalty.

Service effort and service improvements are higher in the retail division than in the manual division and similar to that of the support division, despite less authority of retail workers to engage in such behaviors. Possibly, this reflects perceived greater ease of affecting or

improving services in retail than in repairs and maintenance. Another explanation is that retail workers consider maintaining reciprocity in their social exchange with customers as a part of their obligations to a greater degree than employees in the manual-maintenance division. This is probable due to the relative higher importance of external customers in relations to internal customers, as external customers directly affect the market success and the economic results of the organization. This suggests that additional indicators of organizational support might be needed for adequately describing employees' behavioral support from professionals and from the vocational group in the manual-maintenance division that deal more with internal than external customers.

The results support the applicability of the causal models in the three service divisions. This also gives an indication that the models are more generally applicable to different service settings. Results also indicate that the three social recognition variables are likely to have similar effects on organizational support across the service divisions. This supports that social recognition is a general social force that affects employees' support in different service environments.

The only significant difference found between the models relates to the effects of tenure on skill-utilization, tenure having a greater effect on skill-utilization in the manual-maintenance division than in the other divisions. These results may suggest that more firm-specific skills are developed in this division over time than in the other divisions. Development of more firm-internal skills in this division may also explain the larger intent to stay of employees in this division.

In other aspects, the analyses made in this chapter support previous conclusions. Perceptions of influence and skill-utilization are equally affected by approval in the three divisions, despite differences in e.g. education, age, and tenure between the divisions. Thus, the results indicate that social recognition affects employees' organizational support in similar ways in the three divisions, and that the same models can be used to describe the effects of social recognition and various individual and work-related demographics on employees' support in different service settings.

10. Summary and Discussion

The focal point of this study has been the concept of organizational support from service employees. Its main objective was to define the concept, to examine its causes, and in particular, to examine the impact of social recognition on employees' organizational support in a service context. The main question of this thesis relates to the more general question of why individuals cooperate and how social organization is possible in the first place. This thesis reveals that social recognition is a critical element for eliciting support from members. More specifically, this thesis adds to the understanding of the nature and origins of organizational support from service employees. It is argued that employees' organizational support is increasingly important due to the growth of services that has shifted focus from structural factors to human factors. As indicated by a large diversity of work and management strategies applied in services, a question is surfacing whether models concerning the origins of organizational support from service employees developed for the organization at large can be applied to different service settings. This discussion brings forward the three main objectives of this thesis: the conceptualization and definition of employees' organizational support; the definition of social recognition and its impact on employees' support; and whether causal models, testing the effects of social recognition on employees' organizational support, are applicable to different service settings.

10.1. Theoretical Framework

Organizational support from service employees is defined as being both attitudinal and behavioral; attitudinal support in the form of affective organizational commitment and behavioral support in the form of intent to stay, service effort, and service improvements. This conceptualization of organizational support is advocated due to the growth of the service industry and the role played by service employees in creating value for customers and in affecting the organization's market performance. These four dimensions are seen as partial, but important measures of organizational support from employees in the service context.

Theories of job design and empowerment have highlighted the importance of organization of work for employee motivation. It is argued that for understanding employee support to an organization social explanations are needed. In this thesis an attempt is made to understand the effects of job characteristics on supportive attitudes and behaviors in social rather than motivational terms through Mead's (1967) and Honneth's (1995) concept of recognition, and Blau's (1964) concept of reciprocity.

While the organizational membership is rewarding in many respects for employees, it is argued that an important reward from organizations is the recognition of the employees' role and contribution in and to the organization. Therefore, the emphasis is on the social aspect of recognition and not its financial aspects. This experience is of prime importance for individuals as it relates directly to the individual's perception of self-worth and identity. Furthermore, it is argued that as social recognition is a part of employees' every day experiences, it affects employee perceptions persistently. Consequently, it is of greater importance than many other organizational experiences that happen intermittently or affect employees indirectly through other factors.

Perceptions of social recognition in the employee-organization exchange are affected by internal and external comparisons. It is argued that individual expectations are formed through comparisons, where employees compare their levels of recognition with others they consider contributing in similar ways to them. As they contribute in similar ways, they are no more deserving of recognition than the employee in question.

The main dimensions of social recognition are argued to be the recognition of the individual's judgment and role through giving individuals opportunities to influence the organization (influence); through recognition of the individual's talents and skills and by utilizing these skills (skill-utilization); and through approving, noticing, and encouraging individual contributions (approval).

It is argued from Blau's (1964) theory of social exchange that the individual-organization exchange develops in a reciprocal relationship where employees adjust their levels of support to the levels of support they perceive they receive from the organization. As individuals are interested in maintaining a balance in social transactions they rectify imbalances with their support (supportive attitudes and behaviors) to the organization. As social recognition is an important reward for employees, they reciprocate social recognition with their support to the organization: the more social recognition employees receive; the more support they are ready to give to the organization.

As social recognition is contextual and can be abolished by the organization, it operates as a constraint on employees. Rewards provided

by the organization that are not reciprocated by employees could be seen as bad investments by the organization and could be withdrawn. This is assumed to be understood and acknowledged by employees and constrains them to hold their part of the exchange with the organization.

Diverging perspectives are found in the literature regarding the implications of the growth of the service industry on employees' quality of work and, consequently, on the recognition they receive at work and their support for the organization. Two main scenarios of service employees' situation is highlighted in the literature. The former scenario is a situation where service workers enjoy a privileged situation; where work is high in skill content and occupational authority. This situation is frequently associated with the technical, professional, and managerial strata. The latter scenario is a situation where service workers are disadvantaged; where work is deskilled, degraded and low in occupational authority, as in retail and the fast-food industry. Thus, the question arises if similar conceptual and causal models can be applied across the service sector or if different perspectives and causal models are necessary for understanding the employee-organization relationship across different service settings. It is argued, that as social recognition relates to an important element of identity formation and perceptions of self-worth, it should be of importance to all employees in all kinds of service settings, not to particular employees in some service settings. Therefore, social recognition is argued to affect employees' organizational support positively across different service settings.

10.2. Hypotheses Development

Four dimensions of organizational support were highlighted as being important, while partial, indicators of organizational support in the service economy. These four dimensions (organizational commitment, intent to stay, service effort, and service improvements) were expected to be distinguishable dimensions of organizational support. Research supports the importance of organizational commitment for various supportive behaviors. Thus, organizational commitment was expected to positively affect intent to stay, service effort, and service improvements.

“Social recognition” was defined as, the organization's recognition of the employees' membership and contribution in the organization. The three dimensions of social recognition (influence, skill-utilization, and approval) were expected to be distinguishable dimensions of social recognition.

The main emphasis was placed on the importance of social recognition in eliciting organizational support. Social recognition is seen

as a rewarding element for employees, and as employees are interested in maintaining a balance in social transactions, they reciprocate these rewards with their supportive attitudes and behaviors. As social recognition is provided by the organization and can be abolished by the organization, social recognition creates constraints that pressures employees to reciprocate or else risk losing the recognition they receive.

A first step in building a causal model was specifying the causal relationships between individual characteristics, social recognition, and organizational support. While there is a lack of research that directly supports the effect of social recognition on employees' organizational support, numerous studies support this link indirectly. The impact of job design on organizational commitment, extra-role behaviors, and turnover and turnover related variables has been repeatedly confirmed. Research also supports the impact of some personal characteristics, such as age and gender, as well as some work-related demographics, such as tenure and education, on employees' organizational support; though mainly on turnover and turnover related variables, but even on commitment, while less so on extra-role behaviors. While the effects of various personal characteristics on employees' organizational support generally decline when entering affective variables, some personal characteristics retain part of their effects; indicating that they have some direct effect on organizational support, even when considering the effects of other variables simultaneously. Thus, some personal and work-related demographics are expected to have direct effects on employees' support, while some are assumed to have only indirect effects on organizational support through social recognition.

Personal and work-related demographics were used as indicators of social categories that influence comparison processes and consequently, individual expectations. Expectations determine the individual's evaluation of the recognition she or he receives. Being female, holding a managerial position is seen as influential in determining how individuals define themselves and what levels of social recognition they expect and receive. Personal and work-related demographics were thus expected to give indication about the operation of comparison processes that influence individual evaluations.

Men were expected to receive more social recognition than women, due to their beneficial position within organizations. The gendered labor market was, however, expected to reduce relative deprivation, as women will tend to compare themselves with other women, and men with other men. University education was expected to have direct negative effects on organizational support, as university education represents the presence of general skills that increases labor market opportunities, as well as increasing the employees' opportunities for engaging in comparisons with

others and, therefore, the risk for negative comparisons. University education was also expected to have positive indirect effects on organizational support through social recognition, as the more educated are likely to hold advantageous positions within the organization compared to those not holding university educations. Age and tenure were expected to influence organizational support positively, since over time employees gradually enjoy a privileged status within the organization. Also, because perceptions of external opportunities are likely to decrease with time spent in the organization, and because perceptions of organizational investments increase with time within the organization, then organizational support was expected to increase with tenure and age.

Social recognition, in the form of influence, skill-utilization, and approval was expected to increase employees' organizational support, particularly organizational commitment, whereas the effect of influence, skill-utilization, and approval on intent to stay, service effort, and service improvements was mainly expected to impact supportive behaviors indirectly through organizational commitment.

Four main hypotheses were formulated; hypothesis *o*: that organizational commitment has positive effects on employees' supportive behaviors; hypothesis *i*: that influence has positive effects on employees' organizational support; hypothesis *s*: that skill-utilization has positive effects on employees' organizational support; and hypothesis *a*: that approval has positive effects on employees' organizational support.

Three derivative hypotheses were formulated regarding the relationship of organizational commitment and indicators of behavioral support and twelve derivative hypotheses were formulated regarding the causal relationships between social recognition and employees' organizational support.

Twenty-six hypotheses were formulated regarding personal and work-related characteristics. Nine hypotheses were formulated regarding the causal effects of personal demographics on other variables, and seventeen hypotheses were formulated regarding the causal effects of work-related demographics on other variables.

Diverging views exist on the relationship between services and employees' quality of working life and, consequently, their levels of social recognition and organizational support. Instead of arguing that the growth of services has implied either a positive or negative development for employees, a contingency approach was taken towards organizations and their management strategies used in services. Thus, it was argued that organizations construct and adapt their management strategies according to what is considered necessary for the organization to function adequately. An important element in the choice of management strategy was argued to

be the degree of levels of standardization and tangibility of the service supply.

When the service supplied is customized and intangible, employees' performance and knowledge becomes of vital importance for the organization, and consequently the employees' retention and commitment. As the commitment and performance of employees are regarded as more important, the organization is likely to spend more time investing in the relationship with their employees. This service situation is likely to apply to professionals and the management strata. In contrast, higher levels of tangibility and standardization of the service supply enable the use of control and command strategies, formal rules and technology, as human capital is regarded as interchangeable or not of particular value for the service supply. This service situation is argued to apply more to the retail service settings.

It is argued that levels of social recognition and organizational support are likely to depend on the management strategies applied in services; i.e. the greater the levels of intangibility and customization, the greater the levels of social recognition and organizational support. As the retail environment is defined as being relatively standardized in its tangible service supply, employees in retail environments are likely to receive less social recognition—both in objective as well as relative terms—than employees in professional environments; defined as being both intangible and customized in its service supply.

One general hypothesis (hypothesis *m*) and seven derivative hypotheses were formulated regarding the differences in levels of social recognition and organizational support between the divisions. Employees in the retail division were assumed to receive less social recognition than employees in the other divisions. Employees in the retail division were assumed to have lower levels of organizational commitment, intent to stay, and service improvements, while they were expected to have higher levels of service effort.

One general hypothesis (hypothesis *c*) and four derivative hypotheses were formulated regarding the application of causal models in different service settings. The hypotheses all assumed that the causal models developed could be applied in different service settings.

10.3. Results

10.3.1 Results from Confirmatory Factor Analysis

A four factor structure of organizational support was postulated a priori, i.e. that organizational support comprises organizational commitment, intent to stay, service effort, and service improvements. Confirmatory factor analysis supported the discriminant validity of the three dimensions. Correlations of organizational commitment with the OCQ scale and with a single item measuring global job satisfaction, supports its criterion validity as an indicator of organizational commitment. Significant positive correlations were found between aggregate turnover and aggregate intent to stay lending support to the criterion validity of the intent to stay measure. Explained variation was, however, found to be in the lower range compared to previous research.

Confirmatory factor analysis supported a three-factor solution of social recognition (influence, skill-utilization, and approval), supporting the discriminant validity of these three dimensions. Each of the factors was correlated with employees' overall evaluation of appreciation of contribution. Results from correlation analysis revealed three moderately high positive correlations in the expected direction, supporting the criterion validity of social recognition.

10.3.2 Results from Causal Analysis

Causal analysis consisted of testing the previously formulated hypotheses by constructing four structural equation models. Each model tests a part of the hypotheses formulated in chapter five. In the first model, which examined the causes of organizational commitment, influence, skill-utilization, and approval as well as education, age and tenure are seen as having a direct effect on organizational commitment, whereas gender, tenure, age, management position, and education were expected to have indirect effects on organizational commitment. However, goodness of fit statistics suggested that the model needed some refinement, meaning that a change in some causal relationships were called for, such as reversing, adding or deleting some causal relationships.

As a consequence, a second model was constructed—a modified version of the first model. In this model, it was assumed that skill-utilization and influence caused approval, instead of assuming that no causal relations existed between the indicators or social recognition. All three social recognition variables were still expected to affect

organizational commitment directly. Model statistics for model two showed significant improvement from model one, but the statistics were still inadequate suggesting that the model needed further refinement. Furthermore, the effects of approval declined with this change, suggesting approval to be placed prior rather than subsequent to skill-utilization and influence.

In model three, the causality between the social recognition variables was reversed and approval was placed antecedent to skill-utilization and influence. Hypotheses regarding the direct effects of approval on organizational support were refined accordingly, assuming only indirect effects of approval on organizational support through influence and skill-utilization. Fit statistics for this third model were acceptable. The main variables affecting organizational commitment according to this model were skill-utilization, influence, age, tenure and education. Skill-utilization, influence and age have positive effects on organizational commitment, while tenure and education have negative effects. While approval did not have a direct effect on organizational commitment, it had a strong indirect effect through skill-utilization and influence. These relationships were in accordance with the hypotheses formulated except in regards to the negative effects of tenure indicating declining organizational commitment with time spent in the organization. The explained variation in organizational commitment proved to be moderate (42%).

Two models were tested for intent to stay, both having acceptable and similar fit statistics. According to the second model, which was constructed by removing insignificant causal relations from the first model, the main antecedents of intent to stay proved to be organizational commitment, age, tenure, education and skill-utilization. Organizational commitment, age, tenure, and skill-utilization all had the expected positive effects on intent to stay, while education had the expected negative effects. This model received partial support with partly acceptable levels of goodness of fit. In addition, the explained variation in intent to stay proved to be substantial (70%).

Two models were tested for service effort, both having acceptable and similar fit statistics. According to the second model, which was constructed by removing insignificant causal relations from the first model, the main variables affecting service effort proved to be organizational commitment, skill-utilization and education. Organizational commitment and skill-utilization had the expected positive effects, while education had the expected negative effects. This model received partial support with partly acceptable levels of goodness of fit. The explained variation in helping behavior proved to be moderate (25%).

Three models were tested for service improvements, all having acceptable and similar fit statistics. According to the third model, which was constructed by removing insignificant causal relations from the first and the second model, the main variables affecting service improvements proved to be influence and managerial position, both having the expected positive effects. This model was accepted with acceptable goodness of fit. However, the explained variation in improvement behavior proved to be minor (15%).

The hypotheses regarding the effects of age and tenure are partly supported. Age has positive direct effects on formal authority, organizational commitment and intent to stay, as expected. Formal authority increases with tenure, as expected, and so does skill-utilization. The positive effects of tenure on intent to stay are in accordance with the literature, whereas the negative effects of tenure on organizational commitment are contrary to most research. No relation was originally expected to be present between tenure and approval, while a revised hypothesis assumed a negative effect of tenure on approval. This hypothesis was supported.

The effects of gender were partly supported. Men have more formal authority than women and more influence than women, whereas no effect of gender is found on skill-utilization and approval. The hypothesized effect of gender on intent to stay was rejected. Women were found to have higher levels of service effort than men, as expected.

Overall, the effects of education were mainly as expected. The effect of university education on formal authority (having a managerial position) was supported. The effect of university education on influence and approval were supported, while its effect on skill-utilization was rejected. The negative effects of university education on organizational commitment and intent to stay were supported, while its expected negative effects on service effort was rejected and its positive effects on service improvements was rejected as well.

The effects of managerial position on other variables were partly supported. The positive effects of formal authority on influence and skill-utilization were supported, while the expected positive effects of formal authority on approval was not. The positive effects of formal authority on service effort and service improvements were supported.

The expected effects of influence on organizational support were only partly supported. The positive direct effects of influence on organizational commitment and service improvements were supported, while no relationship was found between influence and intent to stay, and a negative relationship was found between influence and service effort, contrary to what was expected. The effects of skill-utilization on

organizational support were mainly supported. Skill-utilization positively affects organizational commitment, intent to stay, and service effort, while no relationship was found between skill-utilization and service improvements. The direct effects of approval on organizational commitment, intent to stay, service effort and service improvements were not tested.

The positive effects of organizational commitment on supportive behaviors were partly supported. Organizational commitment is found to be the main source of intent to stay and is found to affect service effort positively. No effect is found on service improvement from organizational commitment, contrary to what was expected.

The four causal models support the effect of social recognition and some personal and work-related demographic variables on organizational support. Influence is found to affect organizational commitment and service improvement directly. It is also found to affect intent to stay through organizational commitment. Influence positively affects service effort through commitment, while its direct effects on service effort are negative. In general, the results support that influence is a social reward that individuals reciprocate to the organization with supportive attitudes and supportive behaviors. The negative effects of influence on service effort behavior are somewhat puzzling, and while this negative effect can be interpreted in several ways, the explanation favored here is that in the absence of influence, organizational support is channeled into service effort rather than service improvements. This also means that organizational rewards cannot be expected to increase all types of rewards to the same degree. Rather, particular rewards can be expected to elicit particular types of support to the organization.

Skill-utilization is found to strongly affect organizational commitment. Skill-utilization also affects intent to stay and service effort both directly and indirectly through organizational commitment, while it is not found to be an important factor in explaining service improvements. Skill-utilization operates as a rewarding social element as it signifies recognition of the individual's capacities through putting these to use within the organization. Skill-utilization operates as a constraining element, as high skill-utilization means that the employee perceives that her or his capacities are made use of within the organization and consequently that there are few opportunities to utilize these capacities better elsewhere. Thus, recognition of these skills are likely to be lost if the individual leaves the organization.

In model three, approval was placed prior to influence and skill-utilization in the causal chain. In this model approval is seen as creating and reinforcing perceptions of influence and utilization of skills. The

strong effects of approval on influence and skill-utilization suggest that employees are susceptible to organizational influence and that perceptions of influence and skill-utilization are socially constructed to a considerable degree within the organization.

Individual characteristics are found to be important in explaining organizational support. For instance, age affects organizational commitment directly. These effects are likely to describe the increasing cost of leaving, as well as the perception of decreasing opportunities in the labor market. Tenure is found to have direct negative effects on organizational commitment, but indirect positive effects through management responsibility and skill-utilization. These direct negative effects suggest that, with time spent in the organization in the absence of formal authority and utilization of skills, organizations can expect decreasing organizational commitment from their employees. In addition, gender affects service effort directly, but gender also has indirect effects on organizational support through management position and influence; i.e. men have more of both. Education was found to have a direct negative effect on commitment, but as education positively affects influence and approval, this negative relationship is argued to represent larger opportunities of those with university to engage in comparison (and thus for engaging in negative comparison) with others. Those with university education most likely engage in comparison with those holding similar educational merits both within TECH as well as in other organizations. Those with university education are also likely to engage in negative comparisons with those holding management positions in the organization, some of whom may be without university education, while still holding more formal authority. Education was found to have positive indirect effects on organizational support through formal authority and influence. Holding a management position affects service improvements directly: suggesting the importance of formal authority for improvements and change. Management position was also found to have indirect positive effects on organizational support through social recognition.

While a fairly large proportion of variance is explained in organizational commitment and intent to stay, much less variance is explained in service effort and service improvements. This suggests the absence of important variables when examining the causes of service effort and service improvements. Examples of variables that could be of importance are: e.g. job competence, service values, resources, time-constraints, wage-equity, development, training, and social support. More explanations are possible, such as that employees engage in these behaviors to maintain a balance in their social exchange with customers rather than the organization, or that the employees are offering the organization their

service efforts and improvements as diffuse rewards in the hope that the organization will reciprocate them in the future.

10.3.3 Differences in Levels of Social Recognition and Organizational Support between Service Divisions

TECH employees were divided into three main divisions: “manual-maintenance division,” which includes both manual unskilled and skilled workers; “support division,” which includes office workers, the strategic management, R&D department, HRM department, financial department, and the IT department; and finally, “retail division,” which includes mainly shop workers and customer service centers. The retail division was assumed to correspond to what Lashley and Taylor define as the “service shop” where the tangible service supplied is fairly standardized, while there is some customization in the intangible service supplied. The support division was assumed to correspond to what Lashley and Taylor define as “professional services.” In this type of service situation, the management is expected to invest more in their relationship with the employees and offer their employees higher levels of social recognition.

The background of service workers differ considerably between the three divisions; the support division includes the highest proportion of university educated; the retail division includes the highest proportion of women, and employees with the least tenure and lowest age; the manual-maintenance division has the highest proportion of men and those with vocational education. It also includes employees with the highest age and tenure. These large differences in demographic characteristics of the employees suggests that there is relatively little movements of employees between divisions, suggesting also that comparative processes are likely to operate more within divisions than between divisions, except in regards to their influence. Because of the dependency relationship that exists between the three divisions, employees are likely to evaluate their level of influence partly through comparisons between divisions. Employees are also expected to compare their situation to that of other employees doing similar work in other organizations, especially in regards to skill-utilization.

Mean differences in social recognition were found between the three divisions. The retail workers have considerably lower levels of influence and skill-utilization than those in the supportive and manual-maintenance divisions. These results were consistent with the proposed hypotheses. Less difference was found between the divisions regarding approval, contrary to what was expected. The results therefore indicate that the expectations of retail employees are more poorly met in regards to

influence and skill-utilization compared to what applies to employees in the other divisions, while this does not apply to approval. This indicates that employees experience relative deprivation in regards to levels of influence and skill-utilization, i.e. that they lack influence in comparison to what they expect and that their skills could perhaps be better utilized in other settings or organizations than in TECH.

Surprisingly, no significant differences in levels of organizational support were found between the retail division and the support division. Some differences were, however, found between the retail division and the manual-maintenance division. Retail workers have considerably lower intent to stay than those in the manual-maintenance division, while they have similar levels of intent to stay as employees in the support division. These results were contrary to expectations, since retail workers were expected to have the least intent to stay. Retail employees engage significantly more in service improvements than the manual-maintenance workers, but they engage in service improvements to a similar degree as employees in the support division. These results were also contrary to expectations, as employees in the support division were expected to engage the most in service improvements. Employees in the retail division have higher service effort than employees in the manual-maintenance division, while they have similar levels of service effort as the employees in the support division. These results were also contrary to expectations. Goodness of fit statistics suggests that the factor structures of organizational support and social recognition are invariant across divisions when means are allowed to vary. The proposed hypotheses regarding differences in levels of organizational support between the service divisions are, therefore, more or less rejected.

While differences appear in levels of influence and skill-utilization between the service divisions, differences in organizational support do not reflect those differences. This is surprising and contrary to the hypotheses formulated. The surprisingly low intent to stay among employees in the support division might have been affected by the labor market situation of professionals and office workers. Labor market statistics, accordingly, confirm a large demand for professionals and office workers in the years preceding and concurrent to the execution of the survey which might have affected levels of intent to stay more so than reflected in levels of social recognition. This suggests that perceptions of employee opportunities should be included in the analysis of intent to stay or leave to be able to fully grasp the dynamics in employee intents. Relatively high levels of service improvements in the retail division possibly reflects their perceived ease of improving services in the retail division in comparison to what employees in repairs and maintenance experience. Another explanation is that retail employees engage in these behaviors because they are

constrained more by maintaining reciprocity in their social exchange with customers than employees in the other divisions. This is probable as the retail employees are dealing with external customers to a larger degree than employees in the other divisions. As the organization is likely to regard external customers as more important than internal customers, employees who are in contact with external customers are likely to experience larger constraints on their attitudes and behaviors in regards to their service orientation than those in contact mainly with internal customers. This may suggest that additional indicators of organizational support are needed to grasp the support of those service employees who mostly deal with internal customers. The similarity in levels of affective commitment between the three divisions is most surprising. One explanation is that affective commitment is affected by a number of other variables not included in the study, such as social support, and that the retail division is beneficial in these respects.

10.3.4 Differences in the Causes of Organizational Support between Service Divisions

SEM methods were used for testing the generalizability of the four causal models across the three divisions of service workers. The test of invariance across the divisions is done by adding constraints to the model assuming invariant regression coefficients across the divisions. All four models tested were strongly supported, indicating that the causes of employees' organizational support are most likely the same in the different service divisions. This indicates that the effects of social recognition on employees' organizational support are generalizable across different service environment. Also, no major differences were found between the regression coefficients in models developed for the total company and the regression coefficients in the models assuming invariance across divisions. This applies to organizational commitment, intent to stay and service improvement, while some differences were found with regard to service effort. The effect of organizational commitment on service effort is larger in the model assuming invariance in regression coefficients across divisions than in the model developed for the organization at large. However, despite these differences, goodness of fit showed good support for the model, indicating that the regression coefficients are most likely the same across divisions. With regard to other causal relations, no major differences were found between the analysis made for the total company and the separate analysis made for the divisions, except that tenure has a larger effect on skill-utilization in the manual-maintenance division than in

the other divisions. In other regards, these analyses support that the causal models confirmed for TECH overall apply also for each service setting.

Model statistics for the four causal models strongly support the applicability of the models for different groups of service employees. These findings have important implications, as they suggest that social recognition is an important reward for eliciting support from employees in different service settings. It also supports the general effects of organizational commitment on more specific behaviors across service populations. With regard to service effort, the results show that the effects of organizational commitment on service effort are suppressed when analyzing the company at large compared to analysis done separately for each division and assuming invariance of regression coefficients.

10.4. General Discussion

This thesis draws on a number of themes. First, it contributes to a greater understanding of the elements that explain the existence and success of organizations. Second, the thesis draws on the theme of the increased importance of human resources in creating organizational advantage. The thesis offers insight into this theme by defining important dimensions in the support employees give to their organizations and by defining critical elements that elicit employees' support. Third, the thesis relates to an area of major interest in the sociology of work; i.e. the alleged importance of the growth of the service industry for employees' quality of work and employees' commitment to work. Thus, some have viewed the growth of the service industry as a particular risk when it comes to the quality of work due to the use of management strategies in the service industry associated with Fordism and Taylorism. In contrast, some have seen this development as an opportunity in regards to the content and quality of work. This thesis offers insight into these themes, by highlighting the importance of social recognition for organizational support in the service context.

Whereas commitment to work is a different concept from organizational commitment and other forms of organizational support discussed in the thesis, there are both conceptual as well as empirical reasons for expecting fairly strong relations between the two. This thesis relates to this literature by showing that recognizing employees' contributions is likely to elicit favorable work attitudes from employees. As organizations are unlikely to be able to distribute social recognition in standardized environments, such environments are also likely to hamper the development of positive attitudes to work. However, it is noteworthy that the results still show that attitudes to work can be as positive in service

settings generally defined as being “simple” and low in skill content as in service settings defined as being “professional” or “post-industrial.” Thus despite large perceived differences between service work (as that between retail and professional services) employees may still exhibit similar levels of organizational commitment.

At the center of this thesis is the concept of employees’ organizational support. The term is used for analyzing the relationship between employees and their organization. It describes “positive memberships,” where members actively support their organizations, both with their commitment as well as through supportive behaviors. In an economic system where employee dedication, concern for customers, and service improvements are critical factors in the creation of value and organizational success, the stability of the workforce and the ability of the organization to elicit their employees’ service orientation become fundamental. Thus, organizations that want to elicit their employees support must also use strategies that enable them to do so.

How do organizations elicit support from their employees? In this thesis the relationship between management strategies and employees’ supportive attitudes and behaviors is approached through the concept of “social recognition” derived from Mead’s (1967) and Honneth’s (1995) work. It is argued that organizations that recognize their employees’ opinions, judgments, skills, talents, and contribution—elicits employees’ support, because it signals to employees that they are valuable and important contributors to organizational goals—important for identity formation and perceptions of self-worth. This thesis also demonstrates a relationship between management strategies and social recognition by showing that employees experience less social recognition in service settings where the service supply is more tangible, than in service settings where the service supply is more intangible. Once again, results show that in environments where control and command strategies are more likely to exist, individuals experience less autonomy and less utilization of skills.

Social recognition is emphasized as means to elicit employees’ support and contribution. It is argued that an organization who recognizes its employees’ contribution also elicits their employees’ support. As social recognition is argued to be derived from work related experiences, this thesis separates itself from those highlighting the importance of factors outside the realm of work. In difference to the vast research done in the field of job design where the effects of job design are interpreted in motivational terms, this thesis highlights the social aspects of having influence, experiencing skill-utilization, and receiving approval.

10.4.1 Thesis Contribution and Limitation

Theoretically, this thesis adds to the understanding of cooperation, and the existence and success of organizations. It adds to the understanding of various indicators of organizational support by establishing discriminant validity between attitudinal variables (organizational commitment) and behavioral intentions (intent to stay, service effort, and service improvement). Further the results support the discriminant validity of different types of behavioral intents. This analysis contributes to the commitment literature in showing that behavioral intents should be kept distinct from attitudinal components. It also contributes to the customer orientation literature by giving further support for the distinction between service effort and service improvements in the service context.

This thesis also adds to our understanding of the importance of work for individuals, and why work plays such an important part in people's lives. When people suddenly lose their jobs, they no longer receive the recognition that contributes to their self-worth and thus a part of their identity. Therefore, it is not strange that unemployment can have such devastating effects on people's well-being.

This thesis offers theoretical as well empirical analyses of the main elements through which organizational support develops. It points out the social origins of organizational support and empirically establishes a link between a number of factors that have previously been found to be related to commitment, e.g. influence and skill-utilization. However, this thesis approaches these elements from a social perspective rather than a motivational or a psychological one. Thus, some theoretical approaches have explained the effect of job design variables (e.g. autonomy, empowerment, skill-use, variety, and feedback) on employee attitudes and behaviors by interpreting these as motivators, because they relate to the need-structure of individuals or as contributing to psychological states that lead to internal motivation. It is argued here, rather, that influence, skill-utilization, and approval are important because they indicate the organization's social recognition of the employee's role, membership, skills, and contributions, and that these elements contribute to the social exchange between the organization and the individual. As these experiences signal employees' as valuable, they relate to the employees' perceptions of self-worth and identity. Since these experiences originate from the organization, employees provide the organization with their support in order to maintain the social exchange with the organization, and keep receiving rewards that signal their worth. Empirically, the results clearly indicate that recognition of employees' opinions, skills, and particular contributions are important in the development of various types of organizational support.

Furthermore, this thesis shows that the origins of the four different forms of employees' organizational support (organizational commitment, intent to stay, service effort, and service improvements) differ somewhat. In particular, there is a considerable difference in the antecedents of service improvement and service effort, although both belong to a group of behaviors often labeled as "service orientations" or "customer orientations."

An important contribution is the development of causal models that specify the relationship of demographic variables with job design variables (social recognition), affective variables (organizational commitment), and behavioral intents. Detailed specifications of causal effects of demographic variables on affective variables are in fact rare.

Theoretically, this thesis adds also to an understanding of how repressive organizational cultures can develop. According to the theoretical models proposed, the absence of job opportunities can increase the risk for a development of repressive organizational cultures. During recessions employees may perceive that in order to maintain reciprocity employees have to give more than they already do to maintain balance in their exchange with the organization. It may further seem legitimate by employers to place higher demands on employees and expand control mechanisms for ensuring reciprocity in transactions. One of the functions of governments and unions might therefore be to focus on increasing labor market opportunities as means to positively affect the internal environment of organizations. Alternatively, to support social policies that lessens the dependency of employees on work-organizations. Another way seems to be to elevate the importance of various service skills, e.g. through defining their nature and importance through the educational system. Employees and organizations alike would through such work have a better idea about what employees could expect in terms of recognition for their work.

Finally, this thesis shows that the antecedents of each type of the organizational support variables are similar in different service environments. This provides some support for the generalizability of the results across other groups of service employees and other organizations. Not many studies examine and test differences in the causal structures of supportive attitudes and behaviors between groups of employees in the way done here.

The results of this thesis show that social recognition elicits organizational support from fairly diverse groups of service employees, highlighting the importance of elements operating within the organization for eliciting organizational support. While the meaning work may vary between individuals; the individual's experience in the workplace is a key element in affecting employees' support to their organizations.

As with all studies, this thesis has several limitations. First, this is a cross-sectional study in which causality cannot be fully determined. However, SEM techniques are used in the study, which is the most advanced method available for testing causal relationships with cross-sectional data. Another limitation is the sample. The empirical analysis is only based on data from two Icelandic companies in the service sector and the main analysis is performed using data from only one company, a large company by Icelandic standards, offering diverse services. The analysis of the origins of employees' organizational support need thus to be extended and tested in other samples or across samples. A third limitation is that all measures, except aggregate levels of turnover, are self-reports, possibly inflating the relationships due to common method variance. Further, it is argued, but not empirically confirmed, that social recognition is the most important source of employees' organizational support. The results show that levels of organizational support do not vary between different service settings, despite differences in social recognition. This discrepancy is explained partly with reference to differences in personal and work-related characteristics between the service divisions, but partly this discrepancy is likely to be due to absence of variables from the model that affects employees in the service divisions in different ways. Research shows that several other variables are of importance in explaining variations in employees' organizational support, e.g. wage-equity, training and development, social support, job competence, leadership, resource adequacy, and flow of information.

Future research should therefore include some of these variables for determining the relative importance of social recognition. Increasing insecurity and temporary nature of the employee-organizational exchange is likely to change employee preferences towards the social exchange, where e.g. job security is likely to be more valued by employees than when the economy is in expansion. Thus job security is likely to be a key factor for explaining employees' organizational support in environments where job security is limited. A final limitation concerns the definition of social recognition. Three job design variables are used as indicators of "social recognition." More theoretical and empirical work is needed to define the most important sources of social recognition at work. Further empirical validation is also needed to adequately establish the link between social recognition and the organization of work.

10.4.2 Management Implications

How can management utilize these results? By acknowledging that social recognition is important in eliciting organizational support, both attitudes

and intended behaviors. However, while this thesis supports the importance of social recognition in the development of employees' organizational support, it is also acknowledged that it is a scarce good that takes time and effort to distribute.

The results provide some practical knowledge on the distribution of social recognition throughout the organization, theoretically as well as empirically. Perceptions of social recognition are linked to the strategies used in services. Service strategies that rely on standardization are likely to affect perceptions of social recognition negatively and thus to have negative effects on employees' organizational support, while other variables are likely to be of importance as well. Management must realize the importance of internal and external comparisons in the construction of social recognition. The study points out the possibility of relative deprivation though comparisons with other groups as well as perceptions of "relative profits" in the social exchange with the organization. The study encourages organizations to distribute social recognition to their employees in larger quantities than their competitors, while it must be distributed in lines with what employees bring to the exchange, and in line with the existing value system of the organization, its service objectives, and probably in line with the social hierarchy existing in the community as well.

As social recognition takes time to deliver and is dependent on the knowledge, skills, and potentials of employees, the results highlight the importance of employee selection and development of firm-specific skills that are likely to create positive perceptions of organizational rewards. Furthermore, the results are suggestive in regards to the design of HRM strategies and promote the use of systematic, transparent, and objective ways of evaluating skills, performances, and employee potentials as a means to increase the use of social recognition and ensuring fairness in its distribution. The results seem to imply the need for formal ways to deliver recognition to employees, such as through feedback sessions and developmental reviews that are provided to all employees on systematic bases and anchored to the organizations service objectives and value system. Such a system should create a point of reference for employees; i.e. general guidelines that point out developmental opportunities, what performances are valued and how they are rewarded.

The results also indicate that employee advancement (measured as holding a management position) is important for the development of organizational support, and that organizations can expect declining support with higher tenure in the absence of advancement and social recognition. These results indicate that organizations need to design a development strategy for all those employees it tends to keep and engage, where those employees are granted some form of advancement, recognition,

development, or status in accordance with increasing experience and tenure. This also demonstrates the moral role of HRM within the organization in ensuring a fair distribution of recognition to employees. HRM practices differentiate between people, and given that these practices are systematic and universal, they give employees information regarding what is expected of them and what they can expect in turn. In these ways HRM has an opportunity to play an integral part in the social exchange between the organization and its employees. For HRM to be able to function in these respects, it needs support from the organization's culture, through a leadership that manages to create and sustain such a culture.

This thesis also suggests some actions that would limit or invalidate comparisons that are likely to be negative for employees and thus for their support to the organization. One way is through "individualizing" employees' points of reference, through design of work, various HRM strategies, and departmental organization of the company. Individualized design of work would be achieved through giving employees ownership of specific areas, through definition and development of firm-specific skills, and the use of individualized feedback and developmental plans. Such a plan would be designed for each individual specifically where opportunities for development and growth are specified. In addition, dividing the company into relatively homogenous units where inequality within units is minimized and comparison between units would be invalidated. Thus, the functional grouping of the operation of TECH into manual-maintenance, support, and retail divisions, is probably also functional in regards to employee perceptions of social recognition, as it decreases the risk of unfavorable—and perhaps unrealistic—comparisons between divisions.

11. Appendix

Table 11.1: Exploratory factor analysis for organizational support: Rotated Component Matrix

	Factor loadings for component 1	Factor loadings for component 2
On the whole I am satisfied with X as an employer.	,798	
I am ready to put forth all of my effort for the company.	,557	,392
I am proud to be working for X.	,778	
The operation and purpose of the company makes me feel like my work is important.	,504	,303
How likely is it that you will try to find another job with another employer in the next year?	,767	
I believe that I will work at X for the next:	,651	
I often make suggestions about how to improve customer service in my department.		,753
I have specific ideas about how to improve the service I give to customers.		,811
I put a lot of effort into trying to satisfy customers in my job.		,447
I often go out of my way to help customers.		,648
Eigenvalues	3,3	1,8
Explained variation	33%	18%

Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Coefficients lower than .30 is not shown. The break-point for factor loading is arbitrarily set at .30. Rotation converged in 3 iterations. This type of factor analysis and the criteria's applied here are extensively used and enjoy a widespread acceptance (see e.g. Child, 1990; Hair *et al.* cf. Bolon, 1997). The factor structure of each of the two factors was tested with two separate factor analysis, see below tables 11.2 and 11.3.

Table 11.2: Exploratory factor analysis for organizational support: Rotated Component Matrix for factor one (organizational commitment and intent to stay)

	Factor loadings for component 1
On the whole I am satisfied with X as an employer.	0,807
I am ready to put forth all my effort for the company.	0,627
I am proud to be working for X.	0,806
The operation and purpose of the company makes me feel like my work is important.	0,585
How likely is it that you will try to find another job with another employer in the next year?	0,738
I believe that I will work at X for the next:	0,606
Eigenvalues	2,9
Explained variation	49%
Alpha	0,79

Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Coefficients lower than .30 is not shown.

Table 11.3: Exploratory factor analysis for organizational support: Rotated Component Matrix for factor two (service effort and service improvements)

	Factor loadings for component 2.1	Factor loadings for component 2.2
I am ready to put forth all of my effort for the company.		0,758
The operation and purpose of the company makes me feel like my work is important.		0,707
I often make suggestions about how to improve customer service in my department.	0,825	
I have specific ideas about how to improve the service I give to customers.	0,865	
I put a lot of effort into trying to satisfy customers in my job.		0,573
I often go out of my way to help customers.	0,457	0,503
Eigenvalues	2,3	1,1
Explained variation	38%	18%
Alpha	0,66	0,60

Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Coefficients lower than .30 is not shown. Rotation converged in 3 iterations.

Table 11.4: Exploratory factor analysis for Social Recognition: Rotated Component Matrix

Rotated Component Matrix(a)	Factor 1	Factor 2
I_1 My opinions count at work.	0,502	0,638
I_2 I am asked for my opinion on things that relate to my work.	0,561	0,540
I_3 / A_4 I am encouraged to convey new ideas on how to do better.	0,678	0,485
I_4 / S_3 I have freedom/flexibility to decide how I do my job.		0,632
I_5 / S_4 I have the opportunity to do different things at work.	0,346	0,623
S_1 At work, I have the opportunity to do what I do best.		0,746
S_2 My knowledge and talents are used well in my work.		0,717
A_1 Over the past weeks I have received praise for a job well done.	0,815	
A_2 My supervisor or someone at work encourages my development.	0,739	
A_3 In the last six months, I have talked with someone about my performance.	0,829	
Eigenvalues	4,9	1,2
Explained variation	49%	12%
Alpha	0,88	0,85

Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. Coefficients lower than .30 is not shown. Each factor has a single factor solution.

Table 11.5: Correlations for exogenous variables for the causal model of Organizational Commitment

Variable pairs	Model 1, 2 and 3
GENDER – TENURE	0,16***
GENDER – AGE	-0,03
GENDER – EDU	0,12***
TENURE – EDU	-0,21***
TENURE – AGE	0,69***
AGE – EDU	-0,14***

Note: The table shows correlation coefficients. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities, N=929.

Table 11.6: Comparing un-standardized regression coefficients for the constrained (model 3 con.) and unconstrained model (model 3) for Organizational Commitment

Causal relationship	Model 3 unconstrained model	Model 3 con. constrained model
SKILL → OC (set invariant across the groups)	0,17*** (0,03)	0,18*** (0,03)
INFLU → OC (set invariant across the groups)	0,13*** (0,02)	0,12*** (0,02)
AGE → OC (set invariant across the groups)	0,01*** (0,001)	0,01*** (0,001)
TENURE → OC (set invariant across the groups)	-0,01*** (0,003)	-0,01*** (0,003)
EDU → OC (set invariant across the groups)	-0,09** (0,03)	-0,07* (0,04)

Note: Un-standardized coefficients. Standard Errors in parenthesis. No constraints are placed on the parameter estimates for the unconstrained model, whereas in the constrained model the regression coefficients affecting Organizational Commitment directly are set to be invariant across the three divisions. *** (p<.001) ** (p<.01) * (p<.05). Significance refers to differences of coefficients from zero. For being able to test for if coefficients in the constrained model are significantly different from that of the unconstrained model, un-standardized coefficients are used. None of the changes in un-standardized coefficients between the unconstrained model and the constrained model are significant.

Table 11.7: Comparing un-standardized regression coefficients for the constrained model (model 2 con.) and the un-constrained model (model 2) for Intent to Stay

Causal relationship	Model 2 unconstrained model	Model 2 con. constrained model
AGE → INT	0,02*** (0,004)	0,02*** (0,004)
OC → INT	1,62*** (0,17)	1,68*** (0,18)
TENURE → INT	0,02*** (0,007)	0,02** (0,008)
EDU → INT	-0,30*** (0,08)	-0,30*** (0,09)
SKILL → INT	0,12* (0,06)	0,14* (0,06)

Note: Un-standardized coefficients. Standard Errors in parenthesis. No constraints are placed on the parameter estimates for the unconstrained model, whereas in the constrained model the regression coefficients affecting Intent to Stay directly are set to be invariant across the three divisions. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities. Significance refers to differences of coefficients from zero. None of the changes in un-standardized coefficients between the unconstrained model and the constrained model are significant.

Table 11.8: Comparing un-standardized coefficients for the constrained model (model 3 div) and unconstrained model (model 3) for Service Improvements

Causal relationship	Model 3 unconstrained model	Model 3 con. con-strained model
MANAGER → SI (set invariant across the groups)	0,09* (0,04)	0,12** (0,05)
INFLU → SI (set invariant across the groups)	0,16*** (0,03)	0,19*** (0,03)

Note: Un-standardized coefficients. Standard Errors in parenthesis. No constraints are placed on the parameter estimates for the total company, whereas the regression coefficients for the departments are set to be invariant across divisions. *** (p<.001) ** (p<.01) * (p<.05), two-tailed probabilities. Significance refers to differences of coefficients from zero. None of the changes in un-standardized coefficients between the unconstrained model and the constrained model are significant.

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