

# “Determinant factors for high performance in the temping industry”

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## Determinant factors for high performance in the temping industry

### Abstract

The temporary staffing industry could be characterized as a measure of the economy: if turnover increases the economy picks up; if turnover decreases the economy slows down. As the industry is highly influenced by economic cycles, it shows erratic financial results and a traditionally high employee turnover. Managers of temping agencies are therefore looking for ways to stabilize and increase their performances. One of the concepts they are increasingly interested in is the High Performance Organizations (HPO) framework. This study aims to identify the determinant factors of high performance in the temping industry by applying the HPO framework at a temporary staffing company. The research results show there are ten characteristics of a sustainable successful temporary staffing company. The practical implication of this study is that by showing the determinants of high performance in the temping industry it helps managers to add focus to their efforts to create more stable, high-performing organizations.

**Keywords:** temporary staffing industry, high performance organizations, HPO.

**JEL Classification:** L20.

### Introduction

In the past few decades the temporary staffing industry has become important because of cushioning the effects of economic upswings and downswings (Peck and Theodore, 2007). Temping agencies have obtained a crucial role in the job market as mediators between employers and temporary workers. In addition they have become more and more actively involved in shaping the labor market by introducing new labor ideas which influence policy makers (Coe et al., 2011). Intermediaries working at temping agencies survey vacancies at companies which may need temporary workers, and then try to fill these vacancies with temporary workers who are kept on file at the agency. They are responsible for: bringing in new clients, usually companies that regularly need temporary help; registering new temporary workers (often also registered at competing agencies); keeping registered temporary workers happy and loyal to the agency; and profitability of the agency's activities (Moorman and Harland, 2002). The temporary staffing industry functions as a 'shock absorber' for human resources: in an economic upswing, when companies are short on labor, temp agencies can quickly provide temporary workers; in an economic downswing temp agencies absorb the excess workers just as quickly (Benner, 2003; Pfeifer, 2005). Peck and Theodore (2007, p. 171) state the industry "has moved from the role of stopgap-staffing provider, supplying short-term cover for eventualities such as maternity leaves and seasonal spikes in demand, to a more systematic and continuous function, mediating between companies' personnel offices and their preferred labor supplies across an increasingly broad array of industries and occupations." The temporary staffing industry could be regarded as a measure for the economy: if temp

agencies show decreasing turnover the economy slows down; if they show a turnover increase during a recession (the end of this recession) is most likely near. For the temporary staffing industry the close link to economic growth development means rather erratic financial results with possible severe ups and downs in revenue. In addition, the industry traditionally has a high turnover in employees; a yearly turnover of 20 to 30 percent is no exception. This may be caused by people's perception of temping agencies offering mainly starting positions which allow workers to gain working experience rather than long-term positions, or 'in-between jobs' during the search for a permanent position (Kvasnicka and Werwatz, 2003; Burgess and Connell, 2005). As the economic ties and turnover issue have increased the unpredictability of the results of temping agencies, many managers in the industry are looking for ways not only to increase but also to stabilize the performance of their agencies (Theodore and Peck, 2002). One of the concepts managers are interested in is the high performance organization (HPO) framework (Waal, 2008, 2012). This framework was designed based on a literature review of 290 studies on excellence and on a worldwide survey. This study aims to identify the determinant factors of high performance in the temping industry by applying the framework to a temporary staffing agency. The practical implication of this study is that by knowing these factors managers in the temporary staffing industry can focus on improving exactly those organizational elements that create a more stable, high-performing organization.

This article is organized as follows. The following two sections go into the extensive research underlying the HPO framework and identifying five HPO factors that are part of the framework. After that the case company, a temporary staffing agency, is briefly discussed followed by a more elaborate discussion of the research approach and research results,

including a comparison of leading and lagging units of the agency. Finally the conclusion, limitations of this study and a few suggestions for further research are given in the last section.

## 1. The HPO research

The HPO framework, a generic framework for excellence and HPOs, was developed (Waal, 2006, 2008, 2012) after a descriptive literature review (phase 1) and an empirical study in the form of a worldwide implemented questionnaire (phase 2). The first phase of the HPO research consisted of collecting the studies on high performance and excellence that were included in the literature review. The criteria for including studies in the research were that the study: (1) was aimed specifically at identifying HPO factors or best practices; (2) consisted of either a survey with a sufficient large number of respondents, so that its results could be assumed to be (fairly) generic, or in-depth case studies of several companies so the results were valid for at least two organizations; (3) employed triangulation by using more than one research method; and (4) included written documentation containing an account and justification of the research method, research approach and selection of the research population, a well-described analysis, and retraceable results and conclusions allowing assessment of the quality of the research method. The literature review yielded 290 studies which satisfied all or some of the four criteria. These studies formed the basis for identifying the potential HPO characteristics, which were required for developing the questionnaire in phase 2. The identification process of the HPO characteristics consisted of a succession of steps. First, elements were extracted from each of the publications that the authors themselves regarded as essential for high performance. These elements were then entered in a matrix which listed all the factors included in the framework. Because different authors used different terminologies in their publications, similar elements were placed in groups under a factor and each group – later to be named ‘characteristic’ – was given an appropriate description. Subsequently, a matrix was constructed for each factor listing a number of characteristics. A total of 189 characteristics were identified. After that, the ‘weighted importance’, i.e., the number of times a characteristic occurred in the individual study categories, was calculated for each of the characteristics. Finally, the characteristics with a weighted importance of at least nine percent were chosen as the HPO characteristics that potentially make up an HPO. Nine percent was chosen as the cut-off percentage as there was a clear gap around this percentage: several characteristics scored considerably below nine percent while the next closest scoring characteristics scored considera-

bly higher than nine percent, namely fourteen percent. The relatively low cut-off percentage of nine was also chosen because using such a lower limit makes it possible to empirically test many characteristics which is important in exploratory research such as the one described in this paper. The cut-off resulted in a list of 53 *potential* HPO characteristics.

In phase 2 of the HPO research the 53 potential HPO characteristics were included in a questionnaire which was presented to managers during lectures and workshops all over the world. The respondents of the questionnaire were asked to grade how well their organization performed on the various HPO characteristics on a scale of 1 (very poor) to 10 (excellent) and also how the organizational results compared to that of peer groups. Two types of competitive performance were established (Matear et al., 2004): (1) Relative Performance (RP) versus competitors:  $RP = 1 - ([RPT - RPW] / [RPT])$ , in which  $RPT$  is the total number of competitors, and  $RPW$  is the number of competitors with worse performances; (2) Historic Performance (HP) of the past five years (possible answers: worse, the same, or better). These subjective measures of organizational performance are accepted indicators of real performance (Dawes, 1999; Heap and Bolton, 2004). The questionnaire yielded 2515 responses. With a statistical analysis 35 characteristics with both a significant and a strong correlation with organizational performance were extracted and identified as the HPO characteristics (Waal, 2006). The statistical analysis also revealed that these 35 characteristics could be categorized in five factors.

## 2. The HPO framework

The HPO framework consists of a definition of an HPO, the five HPO factors and the 35 underlying HPO characteristics. The HPO research which led to the HPO framework also yielded the following definition of the HPO: *A high performance organization is an organization that achieves financial and non-financial results that are better than those of its peer group over a period of time of at least five to ten years* (Waal, 2012). A description of the five HPO factors is given underneath. A list of the 35 HPO characteristics can be found in Appendix.

### *HPO factor 1: Management quality.*

In the HPO, management maintains trust relationships with people at all organizational levels by valuing employees’ loyalty, treating smart people with respect, creating and maintaining individual relationships with employees, encouraging belief and trust in others, and treating people fairly. Managers at the HPO work with integrity and are a role model to others, because they are honest and sin-

cere, show commitment, enthusiasm and respect, have a strong set of ethics and standards, are credible and consistent, maintain a sense of vulnerability and are not self-complacent. They are decisive, action-focused decision-makers, avoid over-analysis and propose decisions and effective actions, while fostering action-taking by others. HPO managers coach and facilitate employees to achieve better results by being supportive, helping them, protecting them from outside interference, and by being available. Management holds people responsible for results and is decisive about non-performers by always focusing on the achievement of results, maintaining clear accountability for performance, and making tough decisions. Managers at the HPO develop an effective, confident and strong management style by communicating the values and by making sure the strategy is known to and embraced by all organizational members.

*HPO factor 2: Openness and action orientation.*

Apart from having an open culture, an HPO uses the organization's openness to achieve results. In the HPO, management values the opinion of employees by frequently having dialogues with them and involving them in all important business and organizational processes. HPO management allows experiments and mistakes by permitting employees to take risks, being prepared to take risks themselves, and seeing mistakes as an opportunity to learn. In this respect, management welcomes and stimulates change by continuously striving for renewal, developing dynamic managerial capabilities to enhance flexibility, and being personally involved in change activities. People at the HPO spend a lot of time on dialogue, knowledge exchange and learning in order to obtain new ideas to improve their work and make the complete organization performance-driven.

*HPO factor 3: Long-term orientation.*

In the HPO, long-term orientation is far more important than short-term gain. Long-term orientation is extended to all stakeholders of the organization, that are shareholders as well as employees, suppliers, clients and society in general. The HPO continuously strives to enhance customer value creation by learning what customers want, understanding their values, building excellent relationships and having direct contact with them, involving them in the organization's affairs, being responsive to them, and focusing on continuously enhancing customer value. The HPO maintains good long-term relationships with all stakeholders by networking broadly, taking an interest in and giving back to society, and creating mutual, beneficial opportunities and win-win relationships. The HPO also grows through partnerships with suppliers and customers, thereby turning

the organization into an international network corporation. Management of the HPO is committed to the organization for the long haul by balancing common purpose with self-interest, and teaching organizational members to put the needs of the enterprise first. They grow new management from the own ranks by encouraging staff to become leaders, filling positions with internal talent, and promoting from within. The HPO creates a safe and secure workplace by giving people a sense of safety (physical and mental) and job security and by not immediately laying off people (dismissal is a last resort).

*HPO factor 4: Continuous improvement and renewal.*

The process of continuous improvement starts with the HPO adopting a unique strategy that will set the company apart by developing many new alternatives to compensate for dying strategies. After that, the HPO will do everything in its power to fulfill this unique strategy. It continuously simplifies, improves and aligns all its processes to improve its ability to respond to events efficiently and effectively and to eliminate unnecessary procedures, work, and information overload. The organization also measures and reports everything that matters, so it measures progress, monitors goal fulfillment and confronts the brutal facts. It reports these facts not only to management but to everyone in the organization so that all organizational members have the financial and non-financial information needed to drive improvement at their disposal. People at the HPO feel a moral obligation to continuously strive for the best results. The organization continuously innovates products, processes and services, constantly creating new sources of competitive advantage by rapidly developing new products and services to respond to market changes. It also masters its core competencies and is an innovator in these core competencies by deciding on and sticking to what the company does best, keeping core competencies inside the firm and outsourcing non-core competencies.

*HPO factor 5: Workforce quality.*

The HPO makes sure it assembles a diverse and complementary workforce and recruits people with maximum flexibility to help detect problems in business processes and to incite creativity in solving them. The HPO continuously works on the development of its workforce by training staff to be both resilient and flexible, letting them learn from others by going into partnerships with suppliers and customers, inspiring them to work on their skills so they can accomplish extraordinary results, and holding them responsible for their performances so they will be creative in looking for new productive ways to achieve the desired results.

### 3. The case company

To find the determining factors for high performance in the temping sector the HPO framework was applied at Temping Agency Netherlands (TAN), an organization operating in the Dutch temping market. The core activities of TAN consisted of dispatching and detaching temporary workers, recruitment and selection of personnel, and obtaining temporary work assignments. The mission of TAN was to be an attractive employer and a strong player in the temping

sector. TAN's culture was characterized by employees who were committed and professional. In 2001 the company had gone through a reorganization during which a new structure, tasks and responsibilities were introduced and a new performance management system, based on the balanced scorecard was implemented. The main performance indicators in TAN's balanced scorecard were market share, client satisfaction, employee satisfaction, temporary worker satisfaction, and fulfillment rate.

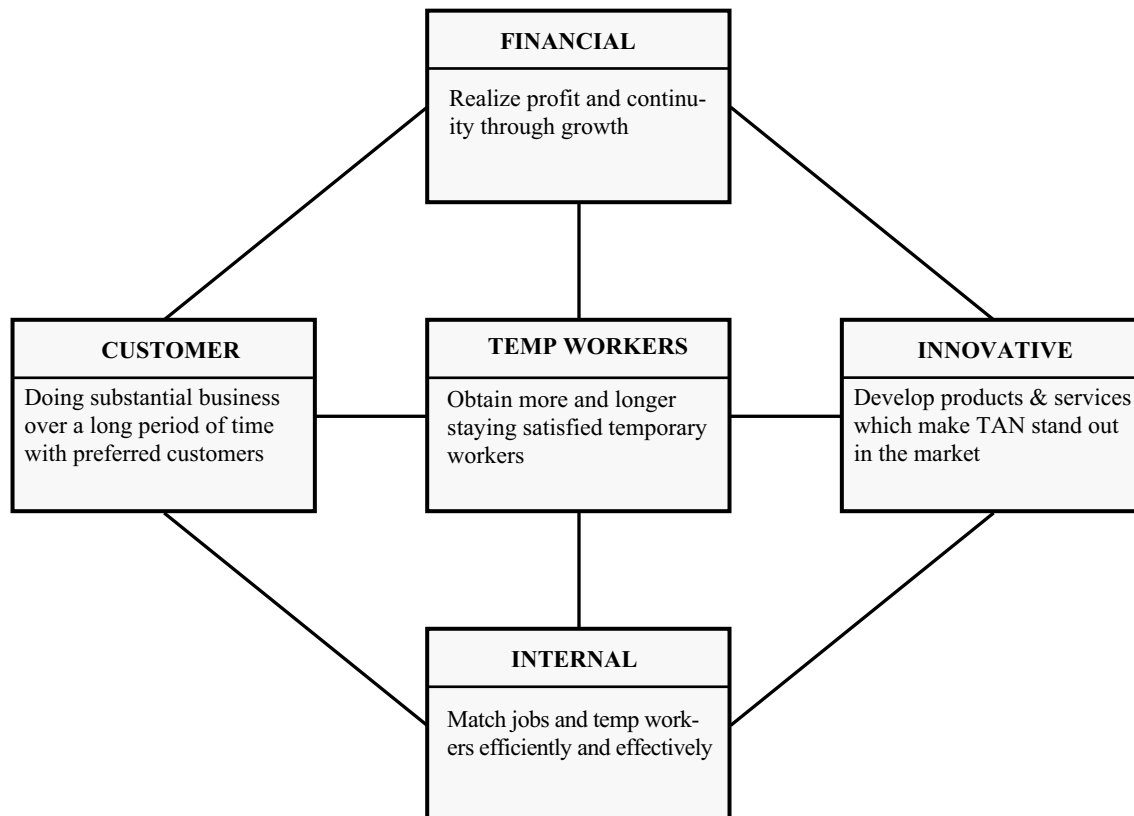


Fig. 1. Outline of TAN's balanced scorecard

TAN was organized into three regional business units (BUs), each of which consisted of multiple operational units with several branch offices. All BUs carried out the same activities, sold the same services, used the same balanced scorecard, and had the same incentive system. The evaluation system was based on monthly reviews between BU management and headquarters monitoring the following indicators: turnover (both in volume and hours), market share and gross profit. The yearly bonus for all the BU managers depended on achieving the targets on these indicators, each of which counted for a third of the bonus.

Because of the lengthy recession in the Dutch economy in the beginning of the 21st century TAN eventually started to suffer from a decline in revenue and profitability. However, in the beginning of 2005 the economy picked up and the temping industry was a growing market once again. Yet at the same time,

competition between the temping agencies had increased substantially, causing a downward pressure on prices. As a result, all players in the temping market fought hard to stabilize and preferably increase their turnover and market share. Some of TAN's operational units were doing very well at that time while others could not keep up with the pace of the market, and certainly not with that of major competitors in the battle for a top 3 position in market share. TAN's management was wondering why basically similarly organized operational units responded so differently to changes in the market. Which factors had caused some to perform well and others not? In consultation with the researchers of this study, TAN's management therefore decided to do the HPO diagnosis in one of the more successful business units to identify the determining factors of high performance. The outcome of the research was going to be used by TAN to improve the performances of the less successful units.

#### 4. Research approach and results

The research method consisted of applying the HPO framework to a temporary staffing company. TAN's best performing business unit, BU West, consisting of five operational units employing 336 people, was selected as research unit. In the first phase, the level of performance – or HPO status – of BU West was determined by means of a questionnaire which was distributed by e-mail to managers and other staff of BU West's operating units. In this questionnaire respondents graded how well their units performed on the HPO characteristics on a scale of 1 (very bad) to 10 (excellent). The 169 valid responses that were received represented a response rate of 50.3 percent. For each of the five operational units, the scores on the HPO factors were calculated by averaging the scores on the underlying characteristics. By averaging the scores on the HPO factors for each operational unit, an HPO ranking could be composed (Table 1).

Table 1. HPO scores and ranking of the 5 operational units of BU West

Operational unit	West 1	West 2	West 3	West 4	West 5
Management quality	6.9	7.3	7.5	7.0	7.3
Openness and action orientation	7.1	7.4	7.4	6.7	7.4
Long-term orientation	7.3	7.6	7.8	7.1	7.6
Continuous improvement	6.6	6.9	7.3	6.4	7.0
Workforce quality	6.7	7.0	7.4	6.8	7.2
Average	6.9	7.2	7.5	6.8	7.3
Ranking	4	3	1	5	2

The data provided in Table 1 allowed to check whether operational units with high HPO scores actually achieved better financial results than those with low HPO scores – just as the HPO definition says – and also to identify the lessons to be learned by lower performing units from higher performing units. However, the HPO definition states that an HPO achieves results that are better *than those of its peer group*, which raises the question: Against which peer groups can the operational units benchmark themselves? Dervitsiotis (2000), Campenhausen and Petrisch (2004) and Pfeffer and Sutton (2006) argue that one of the main problems with benchmarking is that companies have different sizes, strategies, environments, internal conditions, business models and cost structures, which makes comparing them difficult. According to Roth (2005), the critical differentiator of successful

benchmarking is therefore the relevance of data comparisons. Making meaningful and relevant comparisons between diverse companies requires detailed process architecture and rigorous process taxonomy. One way of getting around the problems of incompatibility and difficulty of finding the right process taxonomy is to apply internal benchmarking, defined by O'Dell and Grayson (1998a, b) as the process of identifying, sharing, and using the knowledge and practices inside one's own organization. One of the main advantages of internal benchmarking is, as mentioned by Southard and Parente (2007), the compatibility of culture within the parts of the organization and subsequent easier transference of practices. Internal benchmarking makes it possible to find out whether there is a relation between high (or low) HPO scores and good (or bad) financial performance. This is why the HPO scores given in Table 1 were related to the financial performances of the operational units. Because turnover is the main indicator of performance in the temping industry, the turnover data of the operational units were collected for the years 2003 to 2007. In addition, the number of staff and management of the units was determined. In full-time equivalents (FTEs) these data were only available for the year 2007. However, the managing director of BU West in the 2003 to 2007 period reported that the operational units were compared to each other the same size throughout that period, and that all grew approximately ten percent in FTEs. Therefore the number of FTEs in 2007 was taken as an approximation of the number of FTEs in the 2003 to 2007 period and these FTE numbers were used to normalize the turnover data. In the normalization, the turnover data for each year was multiplied by a correction factor based on the number of FTEs in the operational unit to arrive at the normalized turnover per year. As it is reasonable to assume that an operational unit with a large market also has more FTEs, the market volume effect can be considered as normalized. In this way, the effect of the size of the market in which each operational unit was operating was taken into account. For instance, operational unit West 3 was taken as the base line. This unit had 56 FTEs while West 1 had 79 FTEs, which gave a correction factor for West 1 of  $79/56 = 1.41$ . To arrive at the normalized turnover the turnover data of West 1 was divided by this number. The results of the normalization of all operational units are given in Table 2.

Table 2. Normalized turnover per FTE (in €) and competitive rank for the five operational units of BU West

Unit	West 1	West 2	West 3	West 4	West 5
2003	2,660,480	2,223,255	3,177,056	2,425,639	2,613,796
Rank	2	5	1	4	3
2004	2,689,614	2,351,494	2,999,057	2,495,728	2,300,409
Rank	2	4	1	3	5
2005	2,708,945	2,294,959	3,376,300	2,728,522	2,469,788
Rank	3	5	1	2	4
2006	3,545,548	3,323,997	4,589,721	2,990,772	3,590,173
Rank	3	4	1	5	2
2007	3,888,001	3,492,560	5,054,749	3,367,900	3,791,476
Rank	2	4	1	5	3

In the temping industry turnover data is provided to the participating temping agencies by an industry benchmarking consortium. Every month this consortium collects turnover data from all major temping agencies in the Netherlands and then

returns aggregated benchmark data presented in tables and graphs. Figure 2 shows the turnover growth versus the market growth in percentages for all operational units for the years from 2003 to 2007.

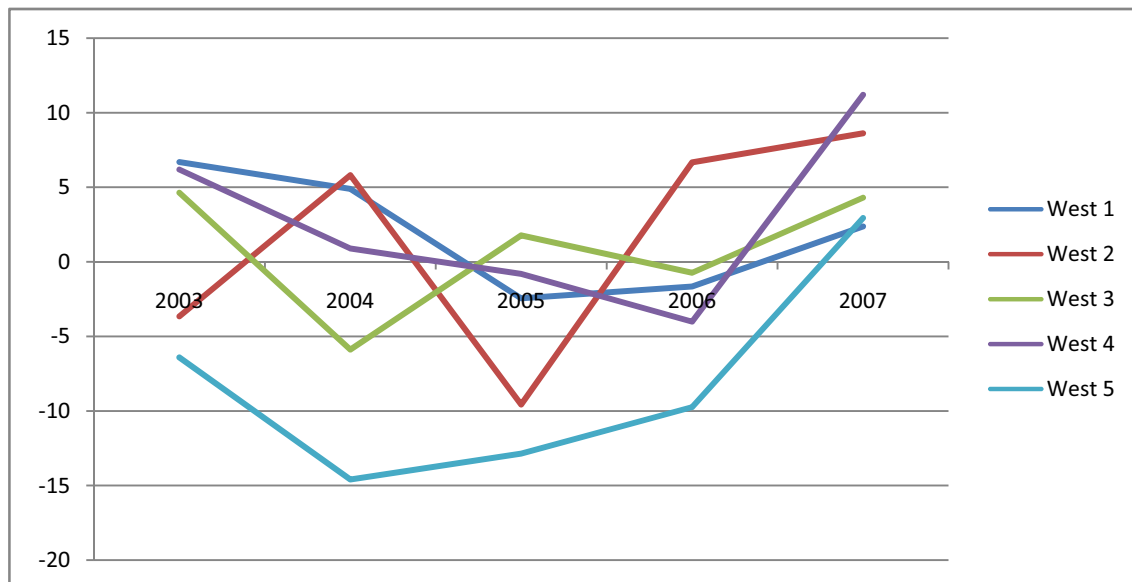


Fig. 2. Turnover growth versus market growth (in %) for the five operational units of BU West

The normalized turnover ranking of Table 2 was matched with the HPO ranking of Table 1. A summary of the matching results is given in Table 3. The matching yielded a clear HPO leader, which had both the highest HPO score and the

highest turnover ranking: operational unit West 3. In addition, the match indicated a clear HPO lag-gard, which had both the lowest HPO score and the lowest turnover ranking: operational unit West 4.

Table 3. Matching of the HPO ranking with the turnover rankings

HPO	Operational						Turnover
Ranking	2008	2007	2006	2005	2004	2003	Ranking
1	West 3	West 3	West 3	West 3	West 3	West 3	1
2	West 5	West 1	West 5	West 4	West 1	West 1	2
3	West 2	West 5	West 1	West 1	West 4	West 5	3
4	West 1	West 2	West 2	West 5	West 2	West 4	4
5	West 4	West 4	West 4	West 2	West 5	West 2	5

Because the former manager director of BU West is co-author of this article the detailed information on the operational units of BU West could be easily accessed. A short account of this information is

given below. Operational unit West 1, based in one of the major cities in the Netherlands, had a multiple year contract with a very large client which, as it was, automatically provided the unit with a steady

revenue stream. Because of this luxury position, a rather laidback culture had developed in West 1. This is illustrated by Figure 2, which shows a low and a mainly negative growth percentage in comparison to other units. In addition, as the management of this unit had been in place for a long time and has enjoyed an easy working life, it had developed an inflexible and stagnant management style. The HPO scores for this unit and subsequent investigation by the managing director of the BU revealed great discontent among employees and a negative attitude toward management. When West 1 lost the large account to a competitor in 2008, revenue declined dramatically and the unit struggled to get new clients. It did not help either that, in the same period, the operational manager of West 1 became the interim operational manager of West 4 which meant that he had to supervise two units concurrently.

Operating unit West 2 had a chequered history with regard to its management. From 2003 to half 2004 it had two interim operational managers until a new full-time operational manager was appointed. This manager unfortunately became ill soon after that and was incapacitated for a year. Her tasks were taken over by the managing director of BU West who could not spend much time managing the unit because of his other duties. At the end of 2005 the operational manager returned but soon left again for six months pregnancy reasons. Because of these occurrences, the unit lacked stability as a result of which sales and turnover suffered. In addition, West 2 greatly depended on the demand from governmental agencies which varied heavily over time. This explains the strong fluctuating curve in Figure 2.

Operational unit West 3, the leader in performance, operated in a region of the country where only a few large companies had their seat. As all temping agencies operated in the same market, West 3 did not have any large clients and had to work hard to obtain medium-sized and small clients. Because of this, West 3 had developed a culture of constant fighting for clients, developing new market approaches, being innovative in services and being customer oriented because management and employees knew this attitude was needed to survive and thrive in this highly competitive market. It came as no surprise that West 3 was the first unit to embrace the HPO diagnosis and its results. The unit suffered the loss of a large client in 2003 which explains the dipping line in Figure 2 for the mid-2003 to mid-2004 period. In mid-2004 a new operational manager was appointed who energized the

unit and created a stimulating environment until he moved to headquarters at the end of 2007.

Operational unit West 4 had performed quite well up to 2005. In that period an interim operational manager was present who dealt with many of the problems created by his predecessor. The interim manager also worked in West 1 and it is interesting to see that both the rankings in Table 3 and the curves in Figure 2 for West 1 and West 4 show similar results, meaning that the interim manager probably used the same management technique and style in both units. In mid-2005 a new operational manager was appointed who was familiar with the industry but only had experience with business-to-business and also had difficulty adjusting to the different demands of working with both businesses (the clients) as individuals (the temporary workers). Because of this, the operational manager did not develop many initiatives and was in general rather inactive and as a result both turnover and growth versus the market suffered. Figure 2 shows a boost in growth in 2007 but this was because the BU director had acquired a new client for West 4.

Operational unit West 5 operated in the capital of the Netherlands in the most difficult market situation as all major competitors and numerous smaller ones operated in this city. In addition, the food & beverages sector was dominant in the region and this sector only reacted slowly to economic recovery, which explains the slow growth curve in Figure 2. For these two reasons the unit experienced varying results over the years. In 2005 a new operational manager was appointed at West 5, replacing the manager responsible for the disappointing results over 2003 and 2004. The new operational manager regarded the HPO framework as a method to stabilize the unit's situation and was therefore actively involved in the HPO diagnosis and the subsequent workshops and HPO activities. The operational manager especially made a great effort to involve all employees in these activities, which explains the high HPO score. However, the operational manager had a tendency to be inflexible and to hold on to activities he had started for too long, even when they did not work. As a consequence, the unit's financial results started to decline in 2007.

Figure 3 shows the HPO scores for the five operational units. It is difficult to distinguish the individual curves because all of them have virtually the same shape. This indicates that people at the five operational units thought similarly about the organization.





**Fig. 3. The HPO scores for the five operational units**

A likely explanation for people's shared opinion on the organization is that everyone, irrespective of their unit, operated in the same context: they all used the same management systems, products, processes and IT systems. This ties in with research by Stede (2003) and Zagersek et al. (2004), who found that management practices in an organization predominate regional cultural differences, which means that all organizational units operate in principle in the same uniform manner. As regards the case company, all units also operated in the same manner and different HPO scores may be assumed to be explained by differences in the quality of staff and differences in behavior and focus on spe-

cific actions and issues. Whether this assumption is true was determined by comparing the scores of the best performing unit (HPO leader) with those of the least performing unit (HPO laggard). This comparison showed whether leader and laggard emphasized different HPO characteristics. The scores on the 35 HPO characteristics for West 3 (leader) and West 4 (laggard) were compared to identify the characteristics that showed the largest deviation. After this, the characteristics with a deviation of at least ten percent were designated the determining factors of high performance (see Appendix 1). The resulting ten characteristics for BU West are shown in Table 4.

**Table 4. The ten identified characteristics of BU West, with the deviation between leader and laggard units**

No.	HPO characteristic	Difference (%) between leader and laggard
1	The organization has adopted a strategy that sets it clearly apart from other organizations.	13
2	In the organization processes are continuously improved.	10
3	In the organization processes are continuously simplified.	15
4	In the organization processes are continuously aligned.	12
7	The organization continuously innovates its core competencies.	10
8	The organization continuously innovates its products, processes and services.	10
9	The management frequently engages in a dialogue with employees.	11
13	The management of our organization welcomes change.	16
23	The management applies strong leadership.	10
35	The organization is a secure workplace for organizational members.	10

To identify the causes behind the deviation in HPO scores between the HPO leaders and HPO laggards, the processes and techniques used by West 3 (leader) were compared with those used by West 4 (laggard) by means of interviews. In each unit, one of the managers was interviewed for 90 minutes. These interviews were recorded and afterwards transcribed. The transcriptions were analyzed to find the main differences for the differentiating characteristics. It is important to find these differences because, despite the fact that the type of re-

search described in this article can only show correlation and not causality, knowledge of the differences gives management a strong indication of what direction to take: actively start (or keep) working on improving these characteristics. In this way, their attention is focused on those activities that are most likely to add sustainable value to the organization. The following short quotes from managers illustrate the situation at their operational units (note: not all characteristics were discussed during the interviews).

*Q1: How do you make sure your strategy is different from that of your competitors? (characteristic 1 in Table 4)*

West 3: "I always say it is the person that makes the organization unique. TAN has a three-part strategy which states that we specialize in a limited number of industries, we strive for the lowest integral cost for the client, and we do our work in the typical TAN manner which is energetic, with determination and purposeful. I am sure the last part is the most important. Competitors also do the first two parts so it is in the third part, our way of working, that we make the difference, which makes us unique. So I spend a lot of my time with people to talk about their attitude and method of working, to make sure they operate in line with TAN's method of working. I coach people on this and I will speak to them when they do not behave accordingly. As a result, people in the market place look upon us as go-getters, much more pro-active than our competitors.

West 4: "You just have to say you are the best! That is not so much our organizational strategy but that doesn't really matter. You always have to show to clients that you're eager, that's how you distinguish yourself. The other thing I do is to give all my people key performance indicators that reflect market developments. I tell them that they have to improve on these indicators, no matter what the strategy from headquarters or from competitors is. So they go to their clients and say 'I have a target of 40 percent market penetration.' Why do we say this? Because the client then knows we are eager to become a big player in providing temporary workers for them. So they should be more inclined to hire you as their temp agency and that will increase your market share".

*Q2: How do you approach the improvement, simplification and alignment of processes? (characteristics 2, 3 and 4 in Table 4)*

West 3: "By looking regularly at them with fresh eyes. For instance, we recently changed the lay-out of the branch office to make it more welcoming to people who walk in to register as a temporary worker. We now have a central desk where a hostess receives the visitors and directs them to the right person within TAN. This is also much more efficient for us, as people now go directly to the right person who can help them. So I try to encourage people thinking about continuous improvement and I reward them for it".

West 4: "I try to stimulate and motivate the employees to continuously improve the way they are doing things. But I found I have to check up on them if they actually made any improvements otherwise nothing happens. They always come up with the excuse that they don't have time for improvement but

then I discuss this with them and tell them continuous improvement is part of their tasks. But then again, if the BU manager tells me to participate in certain improvement projects, I often catch myself thinking of excuses as I give operational issues priority".

*Q3: How are core competencies, products and services continuously improved? (characteristics 7 and 8 in Table 4)*

West 3: "We try to be as inventive as possible in our dealings with the client. For instance, if a client asks for a welder, which is very difficult to find at this moment, we tell him: 'We are sorry we don't have a welder right now, but what about a guy which can do chores for the welders so they can be more productive?' This way of thinking along with the client not only makes him happy but also forces us to be as creative as possible. So it doesn't necessarily have to be in so-called official products that you have to be innovative, just in your way of working you can already gain a lot. What is really important with process improvement is that you need stamina to achieve real improvement. There is always resistance to change but you have to persevere, until people start starting to say 'Hey, this does work, it is really valuable.' Then you know you have achieved real progress".

West 4: "Hum, what is our core competence in the first place? I guess it is our enthusiasm. If someone comes in to register as a temporary worker we try to test that person on enthusiasm and if he or she passes the test, we'll do everything to help him or her land a job. So then we are enthusiastic to help this person as much as possible. As a potential temporary worker that would be an argument to come to TAN, I guess".

*Q4: How do you engage your employees in dialogue and important processes? (characteristic 9 in Table 4)*

West 3: "We do several things. One is that twice a year we have a meeting with all our temporary workers. At these meetings we have specific questions we like them to answer, like 'How is your development?' 'How are you received in the branch office?' 'How do you like TAN as employer?' Then we get into a discussion with them, from which we learn a lot about their state of mind. With the employees we have weekly unit meetings and bilateral meetings, one-to-one. Both are excellent opportunities to communicate, exchange information and start a dialogue, but also to do some coaching and supervision. I am quite rigorous that these meetings are structurally and regularly held. By the way, the unit meetings have a rotating chairperson so that every time another person prepares the meeting. This makes commitment to them much higher and also prevents employees from always looking at me as the boss and just waiting for new ideas to come".

West 4: "I keep in regular touch with my people as we have a unit meeting once per three weeks, which lasts one hour. As preparation I ask people to make their planning in advance so we can discuss it during the meeting. I trust they meet each other once a week. No, I don't check that as I'm often too busy with my administrative tasks. I try to visit the people in the field regularly but I am often confined to my office because of my workload".

*Q5: Can you give me examples of strong leadership?* (characteristic 23 in Table 4)

West 3: "One of the things I do is to use the power of repetition. I keep repeating to people what is important for the unit to be successful. I also check whether things which we agreed upon in a meeting have actually been done, and I confront people when they haven't. Another thing is that I make specific agreements with my people which they and I myself have to respect. My people are authorized to and I also encourage them to keep me accountable for my part of the agreements. But what I really consider to be a strong leader is someone who always manages to get the best out of each individual, by being interested in the person, understanding where he or she is coming from, and then helping that person to excel".

West 4: "I always say to my people: 'You are more at work than you are at home with your spouse, so you better make it fun to be here. If you succeed in that, fine. If not, come to me and I'll see what I can do about it'. By the way, we don't need all employees to perform at high performance level, some of them just have to do their supportive administrative tasks. If they perform okay at that, it is fine with me. I rather focus on the front office people. You cannot excel in everything, and you shouldn't strive for that anyway in my opinion".

The quotes of the West 3 and West 4 managers clearly demonstrate the difference in attitude between leading and lagging units. The manager of West 3 seems to be more closely involved with staff than the manager of West 4. The West 3 manager obviously saw the individual as the decisive factor in achieving success and competitive advantage and personally spent a lot of time on employee development and coaching. The West 4 manager, on the other hand, had good intentions but also a more hands-off management style: he issued orders and then trusted (and hoped) his employees would follow-up without him being personally involved. He argued that the administrative workload was too much to leave time to be present on the shop floor. The disparity in management style seems to account for the divergent performances as both units used the same company systems and had the same business processes and products. This implies that to improve performance a change of

management style is required: managers need to be more visible, more interested in people, and more involved in improvement actions.

### Conclusion, limitations and further research

The aim of this study is to identify the determinant of high performance in the temping industry by applying the HPO framework at a temporary staffing organization. The study results show ten organizational characteristics that were decisive for the temporary staffing organization to achieve and maintain long-term high performance. These characteristics can thus be seen as the determinant factors for high performance in the temping industry. Management of temporary staffing organizations can benefit from duplicating this study at their organization, to identify the characteristics which are the most important for their organizations to become HPO, and subsequently start improving these characteristics. At the same time, long-term studies into the start, development and death of organizations show that "the company equivalent of El Dorado, the golden organization that continuously performs better than the market, never existed, it is a myth" (Foster and Kaplan, 2001, p. 5). The following warning of Strebel (2003, p. 52) therefore deserves attention: "to work effectively, best practice has to be adapted to the specific situation a business is facing. Because the business and its environment are continually evolving, best practice also has to be adapted to the times. What matters is the right managerial practice, exploiting the right business drivers to adapt to and shape the conditions facing a business over time". This study intends to take a next step toward best practice by identifying those characteristics which are essential for a temping agency to become HPO. The practical implication of this study is that showing the determinants of high performance in the temping industry helps managers to add focus to their efforts to create more stable, high-performing organizations.

There are a number of limitations to this study. First, the list of determinants of high performance may be incomplete because only one framework/model – the HPO framework – was used for identification purposes. Application of other frameworks/models could reveal other factors that determine high performance in the temping industry. Secondly, since the study had a limited scope – the HPO framework was applied at only one business units of one company – research results cannot be generalized. This limitation is particularly relevant as the work of Coe et al. (2009a, 2009b, 2011) has shown there exist variations in the characteristics of the temping industry of different countries and thus different HPO characteristics may be important in different countries. To get a proper picture of high

performance at temporary staffing agencies, more of these companies should be involved in HPO studies. Further HPO research should therefore focus on validating the characteristics in their relation with competitive performance at other temporary staffing agencies, possibly in other countries. This will enable management in different types of temporary

staffing agencies to start their improvement process with confidence. In addition, the HPO characteristics themselves can be studied at temporary staffing agencies so that real-life examples can be tied to each characteristic. This will make it easier to identify and subsequently improve the characteristics in organizations striving for excellence.

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## Appendix

Table 1A. The HPO characteristics and the different scores between HPO leader and HPO laggard

No.	HPO characteristic	West 3	West 4	Difference West 3 - West 4	% difference
1	The organization has adopted a strategy that sets it clearly apart from other organizations.	6,7	5,8	0,9	13
2	In the organization processes are continuously improved.	7,7	6,9	0,8	10
3	In the organization processes are continuously simplified.	6,9	5,9	1,0	15
4	In the organization processes are continuously aligned.	7,0	6,1	0,9	12
5	In the organization everything that matters to the organization's performance is explicitly reported.	7,6	6,9	0,7	9
6	In the organization both financial and non-financial information is reported to organizational members.	7,2	6,8	0,4	6
7	The organization continuously innovates its core competencies.	7,2	6,4	0,7	10
8	The organization continuously innovates its products, processes and services.	7,2	6,5	0,8	10
	Continuous improvement and renewal	7,3	6,4		
9	The management frequently engages in a dialogue with employees.	7,1	6,3	0,8	11
10	Organizational members spend much time on communication, knowledge exchange and learning.	7,4	6,7	0,6	9
11	Organizational members are always involved in important processes.	6,3	5,9	0,3	5
12	The management of our organization allows making mistakes.	7,5	7,0	0,5	6
13	The management of our organization welcomes change.	7,6	6,3	1,2	16
14	The organization is performance driven.	8,2	8,0	0,2	2
	Openness and action orientation	7,4	6,7		
15	The management is trusted by organizational members.	7,6	6,9	0,7	9
16	The management has integrity.	7,8	7,4	0,4	5
17	The management is a role model for organizational members.	7,4	6,9	0,5	7
18	The management applies fast decision making.	6,9	6,4	0,5	7
19	The management applies fast action taking.	7,1	6,6	0,5	7
20	The management coaches organizational members to achieve better results.	7,7	7,0	0,7	9
21	The management focuses on achieving results.	8,2	8,0	0,2	2
22	The management is very effective.	7,1	6,9	0,2	3
23	The management applies strong leadership.	7,5	6,7	0,8	10
24	The management is confident.	7,6	7,0	0,6	8
25	The management is decisive with regard to non-performers.	6,4	5,8	0,6	9
26	The management always holds organizational members responsible for their results.	6,8	6,9	-0,1	-1
27	The management inspires organizational members to accomplish extraordinary results.	7,5	7,5	0	0
	Management quality	7,5	7,0		
28	Organizational members are trained to be resilient and flexible.	6,6	6,3	0,2	3
29	The organization has a diverse and complementary workforce.	7,0	6,5	0,5	8
30	The organization grows through partnerships with suppliers and/or customers.	7,2	6,8	0,4	6
31	The organization maintains good and long-term relationships with all stakeholders.	6,4	6,6	-0,2	-3
	Workforce quality	7,4	6,8		
32	The organization is aimed at servicing the customers as best as possible.	7,8	7,5	0,3	4
33	The management has been with the company for a long time.	8,0	7,5	0,5	6
34	New management is promoted from within the organization.	8,0	7,4	0,6	7
35	The organization is a secure workplace for organizational members.	7,8	7,1	0,8	10
	Long-term orientation	7,8	7,1		