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Master thesis

The influence of social innovation on employee performance in the service sector



Nienke van Rooijen

Student ID: 437452nr

Supervisor: Martijn Burger

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Abstract

This thesis delivers useful insights on how the performances of employees in the service sector are influenced by the appliances of social innovation. Social innovation refers to different ways of organizing actual work and focuses more on the aspects of people within an organization. The research is divided in two main parts. The first section provides a thorough literature analyses which will contribute to developing a broad understanding of social innovation, the service sector and employee performance. Then, quantitative data of Dutch employees working in the service sector is analyzed to test assumptions from the literature. Hereby, the results of the regression analyses and mediation test provide answers to our main research question: 'How do aspects of social innovation influence the employee performance in the service sector?'

Outcomes show that aspects of social innovation have a positive influence on the performance of employees. This relationship is also mediated by job satisfaction, loyalty and commitment. Separate sub-sectors of the general service sector are prone to different aspects of social innovation, this thesis provides an overview of this in more detail. To firms in the service sector it is recommended to apply aspects of social innovation in order to boost performances of employees, which will in return boost firm performances.

Keywords

Social innovation, flexible organizing, smart working, dynamic leadership, service-profit chain, employee performance, ownership, job satisfaction, loyalty, commitment.

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Introduction

1.1 Background

Why is it important that service employees, who deliver drinks in a restaurant, are friendly to consumers? It is likely that such employee haves an impact on a customer's evaluation of the overall service delivered. Heskett, Jones, Loveman, Sasser and Schlesinger (1994) state that employees who provide services to customers are of crucial importance as differences in service delivery have a direct effect on customer satisfaction. That is to say, employees certainly influence customer satisfaction with the total service delivered. In fact, even small changes can make a difference to consumers being satisfied or very satisfied with the service of a company (Heskett et al. 1994). When consumers are very satisfied, this subsequently makes them share their experience and increases the possibility of them becoming loyal to the company. This differs from the evaluation of consumers who are generally satisfied and do not communicate their experiences to other people. Hence, customers who are very satisfied are more loyal to a company and because of these higher satisfaction ratings and loyalty, the company generates higher profits (Heskett et al. 1994).

The service sector has been the fastest growing and largest economic sector in most developed and developing countries (Davis & Bedrow, 2008; Ford & Bowen,2008; Hochgerner & Howaldt,2012). The service sector is also referred to as the 'people' industry, due to the crucial role of people in the services that are delivered by firms (Heskett et al. 1994). Here, people frequently deliver consumer services to customers. In other words, people interact with people regularly and therefore people form a critical factor in consumer service delivery. Therefore, especially in this type of sector, having the right employees is of considerable importance to a company (Heskett, Sasser & Wheeler 2008). According to Heskett et al. (1994), the reason this type of employees creates value for a company is because they are more connected to customers. This creates positive associations and can be crucial for the evaluation of customers. In addition, such firms have increasingly recognized the potential for their employees to be a source of competitive advantage (Pfeffer, 1994). The service sector therefore differs from other sectors and needs a specific kind of leadership. In

order to build a successful company, leaders should manage their employees in such a way that these employees are able to maximize their performance. This thesis adds to the existing literature by elaborating further on how this could be done.

Heskett, Sasser and Wheeler (2008) state that employees who show commitment and reflect general characteristics of owners, are more engaged to a company. These employees score high on engagement, loyal behavior and commitment. They consequently also perform well within a company (Heskett et al. 2008). It has been shown that employees with ownership characteristics perform better, suffer less from burnouts, are more engaged, more satisfied with their jobs, stay connected to their organization longer, have a more positive attitude towards their organization, are more creative ideas and do more than officially expected of them (Heskett et al. 2008).

Creating competitive advantage through people with ownership characteristics requires careful attention to the practices that best influence these aspects (Wright, Gardner & Moynihan, 2003), especially since this source of competitive advantage is not easily imitated by other firms (Jansen, Van Den Bosch & Volberda, 2006). A considerable amount of research has been done on aspects of human resources management in relation to ownership characteristics. However, there is need for additional research on what aspects are important for the management in order to boost individual performances, as there is no clear consensus and a lack of evidence in previous literature. Further research could offer validation of theories and in this way optimize use of employees, increase individual performances and thus improve the competitive position of a firm in the service sector.

1.1.1 Social innovation as driver of competitive advantage

A recent trend towards creating competitive advantage is the increase in recognition of people as a source of innovation (Volberda, Jansen, Tempelaar & Heij, 2011). Over the last decades, markets have changed due to increasing globalization, fast technological developments, shorter product cycles and increased aggression between markets (Erasmus

Competition Monitor, 2009). This has forced companies to innovate increasingly faster in order to compete in their respective markets. Innovation is seen as the driving force for prosperity, progress, competitive advantages and the development of the workforce within organizations (Volberda et al. 2013; Pot, 2012; Mol and Birkinshaw; 2008). A lot of effort has been put in developing new processes, new products and new technological expertise (Hamel, Mol and Birkinshaw, 2008). However, a different types of innovation has received a lot of attention recently: evidence has shown that successful innovation is also heavily dependent on **social innovation** (Jansen, Van Den Bosch and Volberda, 2006). Social innovation refers to different ways of organizing actual work and focuses more on the aspects of people within an organization. It intends to improve the business through new ways of management and different ways of organizing. In this regard, results of the Erasmus Competition and Innovation Monitor (2005-2010) have shown that technological innovations explain 25 percent of the success of innovation, whereas social innovation explains 75 percent of the innovation success (Volberda et al., 2006). Whereas a lot of research tackles technological innovation, the concept of social innovation still is relatively understudied. (Volberda et al., 2011; Erasmus Concurrentie Monitor, 2009; Feigenbaum and Feigenbaum, 2005).

Previous literature (Pot, Dhondt & Oeij, 2012; Oeij, Kraan and Vaas, 2010; Volberda et al., 2011) suggests a positive relationship between aspects of social innovation and firm performance. Aspects of social innovation are likely to also have an impact on firm performance, as ways of working are changing. In fact, it is self-evident that along with employee performance also firm performance will be enhanced. However, how social innovation affects employee performance is therefore of particular interest. Knowing the influences of social innovation could lead to opportunities for boosting employee performance or prevent aspects of social innovation to negatively impact employees.

Concerning the service sector, this might be of significant importance, as individuals are a crucial factor of consumer service delivery and thus for the success of such a company. There are many aspects of social innovation. Volberda et al. (2011) examined the concept of social innovation extensively and identified four determinants of social innovation. These

determinants are referred to as the levers of social innovation and consist of: smart working, dynamic management, flexible organizing and co-creation. While smart working refers to making optimal use of knowledge of employees, dynamic management refers to the stimulation of creative and innovative solutions in an informal environment. Furthermore, flexible organizing indicates that organizations are flexible and able to change their way of work rapidly and co-creation refers to external cooperation with for example customers or suppliers in order to detect wishes early. By incorporating key aspects of social innovation, firms can boost their employees' performances in the service sector.

1.2 Objective

The primary objective of this thesis is to provide insights into what aspects of social innovation influence the performance of employees in the service sector. Specifically, it is investigated whether the use of social innovation practices by service firms is positively related to performance. Furthermore, the analysis examines whether this effect is direct or mediated through enhanced employee satisfaction (job satisfaction), loyalty and commitment. Performance is defined as the degree of achievement to which an employee's fulfill the organizational mission at the workplace (see Casio, 2006). This paper builds on Heskett et al.'s (1994) service profit chain framework to measure employee performance. Employee performance is assessed through ownership characteristics, indicating employees behave like company owners. This paper elaborates further on why ownership characteristics are the most relevant measure of performance for the service sector. It is assumed that employees exhibiting ownership characteristics are most productive and most valuable to a company.

1.2.2 Conceptual Framework

The objective of this study is further represented in the following conceptual framework:



Figure 1. Conceptual framework

Figure 1 presents the relationship investigated in this thesis. The upper arrow represents a direct relationship between the aspects of social innovation and performance of employees. Here, it is expected that this relationship is also mediated by job satisfaction, commitment and loyalty of employees, which are represented by the other two arrows.

1.3 Research question

1.3.1 Main research question

Volberda et al. (2011) examined the concept of social innovation extensively and identified four levers of social innovation, including: (1) dynamic management, (2) flexible organizing, (3) smartworking and (4) co-creation. These levers are analyzed to determine which concrete aspects of social innovation are related to employee performance. In addition, is assessed how these aspects influence employee performance (ownership).

This thesis answers the following research question:

We have the service of social innovation influence employee performance in the service sector?

In order to answer the main research question, several sub-questions are formulated.

1.3.2 Sub questions

The sub questions are both practical and theoretical and form the basis for answering the main research question. The theoretical framework provides relevant literature, which is used to demarcate the concepts used. Furthermore, final answers can be given by reviewing the data. The sub-questions are:

1. What is the direct relationship between aspects of social innovation and employee performance?

- 1a. What is the influence of smart working on employee performance?
- 1b. What is the influence of innovative organizing on employee performance?
- 1c. What is the influence of dynamic leadership on employee performance?
- 2. How is the relation between aspects of social innovation and employee performance mediated?
 - 2a. How does job satisfaction mediate the relationship between aspects of social innovation and employee performance?
 - 2b. How does loyalty mediate the relationship between aspects of social innovation and employee performance?
 - 2c. How does commitment mediate the relationship between aspects of social innovation and employee performance?
- 3. Are there differences between the different service sectors regarding the influence of social innovation on employee performance?

1.4 Relevance

Research of Volberda et al., (2011); Pot (2012), and the Erasmus Competition and Innovation Monitor (2005) show the success of socially innovative firms compared to less innovative firms. Likewise, it can be expected that when a firm is more successful, individual employee performance is higher. Nevertheless, limited academic research has been done regarding the relationship between social innovation and employee performance. Especially in the service sector, employee performance is of crucial importance as this can make a difference in the quality of the service delivered and can thereby improve the position of firms in the competitive environment of today. Considering the fact that employees have

great influence on consumers' experience of a service (Heskett et al., 1994), a need for more research on the effects of social innovation in order to best manage employee performance is needed. For example, although there is limited research on the direct relationship between employee performance and aspects of social innovation, there is some evidence that social innovation leads to a higher job satisfaction (Oeij et al., 2010a;Volberda et al. 2011; Pot,2012). Hence, job satisfaction has been proven to stimulate the performance of employees (Saari and Locke, 2004). Knowing how social innovation could influence job satisfaction is therefore an important aspect. Mulgan (2006), recognizes this relationship. He states there is a growing need for social innovation, as there is a mismatch between growing Gross Domestic Product (GDP) and stagnating happiness. Mulgan (2006) hereby shows the need for social innovation and relates this to job satisfaction, indicating that social innovation can lead to higher job satisfaction as well.

Recently, developments in changing work environment cultures can be observed. In other words, there is a growth in part-time workers and working at home becoming ever more frequent. A different perspective on enhancing productivity was recently discussed in the media. In Sweden, research has led to a different working schedule. The traditional 40-hour week has been transformed into a week with fewer hours, that is, several companies have already adopted 6-hour working days (Beeten, 2016). This has proven to enhance the productivity of the labor force. Hence, as the work environment is changing, it is necessary to know how this influences employees and in particular, what this can do for the service sector. Therefore, from a managerial perspective, this research is relevant as it may offer guidance to (human resource) managers for effectively stimulating aspects of employee performance that may in return lead to better efficiency within firms and more success. This research aims to provide insights that can contribute to the most effective intervention programs for the entire service sector in general, and per type of sector specifically. Furthermore, it fills a lacuna in the literature, as it mainly focuses on the influence of aspects of social innovation on employee ownership in the service profit chain.

1.5 Research Design

This research stems from a cooperation between the author and Fan Factory. Fan Factory is a consultancy company specialized in employee satisfaction at the service sector. Qualitative and quantitative research designs were adopted to provide insight into aspects of social innovation and their possible relation to employee performance. The literature review provides an overview of the concepts used. Furthermore, Fan Factory collected quantitative data in March 2015. This data is analyzed to examine the relation between aspects of social innovation and employee performance.

1.6 Structure

The remainder of this paper is organized as follows. Section 2 includes the literature review, while in Section 3 the data and methodology are discussed. Section 4 provides an overview of the variables used in the analysis, and section 5 presents the results and analyses. Chapter 6 then discusses some important aspects regarding the limitations of this research and chapter 7 presents an overall conclusion, provides limitations, directions for future research and posits managerial implications.

2. Theoretical Background

In order to grasp the full theoretical scope of this paper, the focus lies on relationships depicted in the conceptual framework in figure 1.



Figure 1. Conceptual framework

The concepts of social innovation, employee performance and its underlying concepts will be elucidated in this chapter. First, theories on the performance of employees are

elaborated. Second, underlying concepts of the performance indicator are discussed. Finally, a theory about aspects of social innovation and its possible influence on performance is adressed. It is expected that this influence is mediated by job satisfaction, loyalty and commitment. In addition, as this research focuses on the performance of employees in the service sector, the service sector as a whole is examined in the first paragraph of this section.

2.1 Service sector

The service sector is the largest economic sector in most developed countries, despite, this sector has seen the least innovation (Hochgerner and Howaldt, 2012). In other words, Hochgerner and Howaldt (2012) indicate that the service sector is inexperienced with the applications innovative changes. As the service sector is dominated by the importance of people, social innovation could be of pivotal importance. The service sector is an industry consisting of companies that primarily earn revenue through providing intangible products and services, it is therefore characterized by an exponential amount of data, knowledge and intangible goods (Gebauer, 2003). Service sector activities include transportation, retail, healthcare, entertainment, professional services, information technology services, banking and insurance (Kieliszewki, Maglio and Spohrer, 2010). The service sector is dominated by interactions between employees and customers. So, in contrast to goods, services are intangible, jointly produced non-storable and always involve a human action. Ultimately, when making optimal use of these human resources, which is an aspect of social innovation, management can foster productivity (Iske, Thijssens, Grip, Borghans, and van Gils, 2013). Contributing to this, Heskett et al. (1994) conclude that setting actual profit goals is less important in the service sector. Previous research shows that investment in people is a key factor that drives profitability in the service sector. The values of human resources, in addition to all their abilities and skills, hereby become the most important value drivers in many organizations (Gebauer, 2003). It can thus be derived, that the economics of the service sector therefore require a different way of management compared to manufacturing or the

primary sector. Aspects of social innovation can hereby play a role in how they influence employees in order to foster profitability.

This subsequently leads to the 'service-profit-chain' as way for management to stimulate profitability and growth in the service sector.

2.1.1 Service-profit-chain

Several studies (Berry, Parasuraman and Zeithaml, 1996; Heskett et al., 1994; Agrawal, Harter, Plowman & Schmidt, 2006) show the importance of delivering service quality for the success and survival of organizations in the competitive environment of today. In addition, research by Heskett et al. (1994); Schwab and Cummings, (1970) and Vroom (1964) explain the impact of employee satisfaction, loyalty and productivity on the experienced value of products and services by consumers. Heskett et al. (1994) combine these findings, when they explain the 'service profit chain' as a path to profitability and growth, see figure 2. This chain in the figure can be defined as follows: profit and growth are stimulated primarily by customer loyalty, loyalty in turn is a direct result of customer satisfaction. Satisfaction is mostly influenced by the value of services brought to customers, and value is created through satisfied, loyal and productive employees.

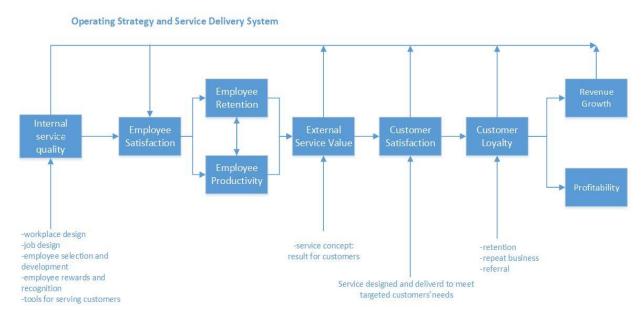


Figure 2. Heskett, Jones, Loveman, Sasser and Schlesinger (2008)

In turn, employee satisfaction, results principally from high-quality support services and policies that enable employees to deliver results to customers (Heskett et al., 1994). In this regard, Yee, Yeung and Cheng (2009) found that employee loyalty, customer satisfaction and customer loyalty affect firm profitability through their effect on service quality. In addition, Chi and Gursoy (2009) also conclude that the success of the hospitality environment depends on high levels of customer satisfaction. They argue that customer satisfaction has a mediating effect on the relationship between employee satisfaction and financial performance. However, they find that employee satisfaction has no direct significant impact on financial performance (Chi and Gursoy, 2009). Whether employee satisfaction has an influence on the financial performance of a firm is beyond the scope of this research, however this study investigates whether the characteristics of employees in terms of loyalty, satisfaction and commitment lead to a better service quality and therefore better performance. Generally, in the service sector it is expected that all employee attributes influence the service quality of those particular employees. However, it must be noted that the personality of an employee can affect the degree to which their level of job satisfaction has an impact on their work behavior.

Based on the service profit chain literature, it can be concluded that employees are the most important asset of service companies. Which employee attributes in particular are of .importance and how aspects social innovation can influence these is discussed throughout the course of this study.

2.2 Social innovation defined

To build a good understanding of the influence of social innovation on employee performance, the concept must first be defined. 'Innovation is a process through which new ideas, objects and practices are created, developed, or reinvented and which are new to the adopting unit' (Walker,2008; Walker 2010). There are many types of innovation. Most literature separates technological innovation and non-technological innovation, due to the great differences between the two. Technological innovation refers to the more traditional

way of innovating, introducing new methods in product processes, or inventing new (types of) products. Non-technological innovations, on the other hand focus more on new strategies, concepts or ideas that influence the way work is conducted in organizations. As such, great differences exist between where the innovation is applied and how it affects the organization. In this paper, only non-technological innovation —particularly social innovation—is addressed. The concept of social innovation was shortly discussed before, this section will look at different perspectives from the literature, since the concept is not crystallized yet. Scientific literature defines social innovation ways and a variety of disciplines (Pol and Ville, 2009;Pot,2012). Literature that makes use of the English language mostly discusses "management innovation". In table 4, an overview of different denominations of the same concept can be found.

Table 4: Definitions of social innovation.

(Volberda et al., 2003 p. 85;2011; Iske et al., 2013, p. 77)	Social innovation is the development of new management skills (dynamic management), to make use of flexible organization principles (flexible organizing) and to realize high-quality forms of labor (smart working) in order to increase the ability to compete and increase the productivity.
Pol & Ville, (2009, p. 6)	Social innovations: are changes in the cultural, normative or regulative structures of the society which enhance its collective power resources and improve its economic and social performance.
Iske et al., (2013) p. 78	Improvements in organizations, new ways of work that lead to an improved development and use of the expertise of people, in order to fulfill the goals of business-, social- or employee organizations.
Birkinshaw et al., 2008, (p. 829)	Management innovation: 'the generation and implementation of a management practice, process, structure or technique that is new to the state of art and is intended to further organizational goals.
Selnes and Sallis, 2003, (p. 80).	Co creation: "a joint activity between a supplier and a customer in which the two parties share information which is then jointly interpreted and integrated into a shared relationship-domain-specific memory that changes the range or likelihood of potential relationship domain-specific behavior"
Walker, 2008 p. 593	Marketization innovations: involve modifying the organization's operating processes and systems to increase the efficiency or effectiveness of producing and delivering its services to users.
Walker, 2008 p. 593	Organization innovations: are innovations in structure, strategy, and administrative processes (Damanpour 1987). They include improvements in an organization's practices and the introduction of new organizational structures (Borins 1998; Light 1998; Walker et al. 2002). Organization innovation are thus concerned with an organization's primary work activity and changes in the social system.

Mulgan, Tucker, Rushanara and	Social innovation: refers to innovative activities and services that are motivated by the goal of meeting a social need and that are
Sanders 2007 p.	predominantly developed and diffused through organizations
80	whose primary purposes are social. 1
Phill, Deiglmeier,	Any novel and useful solution to a social need or problem, that is
Kriss, Miller,	better than existing approaches (i.e., more effective, efficient,
Dale, 2008 p. 36	sustainable) and for which the value created (benefits)
	Is accrued primarily for society as a whole rather than for private
	individuals.
Mulgan, 2007 p. 8	"new ideas that work"

For the purpose of this study, Volberda et al.'s (2011) definition is adopted, as this is the most encompassing approach. Although this definition is not specific to the service sector, the elements defined by Volberda et al. (2011) are easily translated to the service sector and therefore applicable to this study. In this way, the definition provides a basis for analyzing the factors of social innovation. Some social experts see social innovation as the prime mover of institutional change. It does not simply happen, but it requires facilitators to stimulate it. The structures of an organization constitute a primary source of facilitators; they stimulate the adoption of service and organizational innovation (Walker, 2008). Often, actual changes over time are difficult to measure and time-consuming because it takes a long time before results can be observed, this makes it costly for research. Measuring aspects or facilitators in this way can provide a solution. Nevertheless, social innovation cannot be the result simply organizational structures, instead, it is mostly the result of joint efforts, creativity and the shared vision of future-oriented people (Franz et al., 2012). Empowering people and stimulating demand-led innovation and innovative decision-making also contribute to the process of social innovation. What further sets social innovation in motion is elaborated later in this chapter.

Innovation and executing daily activities appear to be one of the greatest difficulties for the management (Volberda et al.,2011). As discussed earlier, organizational processes have to be changed and often also rules, roles, procedures and structures are affected

¹ Note that, Mulgan et al., (2007) state that purposes of the organization, where social innovation is applied, need to be primary social. However this condition is not recognized by other literature. Social innovation is not only applicable to organizations with social purposes, it can be applied to many different types of organizations in different types of sectors. This is also confirmed by Franz, Hochgerner & Howaldt (2012), who state that social innovation is not restricted to one sector, but can take place everywhere.

(Walker, 2008). Primarily, also employees within an organization are affected. What exact impact these altered organizational processes have on employees is not clearly researched.

In order to measure these impacts on employees, a measure for employee performance is needed. Ownership characteristics are important for the employee performance in the service sector.

2.3. Ownership

According to Heskett et al. (2008), 'a customer who behaves like an owner is worth more than a hundred typical price-sensitive customers over the customers' lifetime.' In other words, Heskett et al. (2008) argue that if customers act as owners of the company, they show intense loyalty, commitment, engagement and even take responsibility for the successes of the business. An employee who promotes this ownership is of even greater value to a company, compared to employees not exhibiting ownership behavior. These employee 'owners' take satisfaction in creating value for customers. In this way, the sense of ownership is exhibited through loyalty, referrals of other high-potential employees to the organization and suggestions for improving the quality of processes and work life. This results in an overall effectiveness in serving customers (Heskett et al., 2008). Hence, this type of employee contributes most to the organization, as they contribute ideas for further improvement of the organization and help recruit high-potentials staff to the organization (Heskett et al., 2008). In this way, the term ownership is applied in the sense of commitment to shared values and desired outcomes. This is of considerable importance to companies, as more value is created through these ownership characteristics.

2.3.1 The ownership hierarchy

At the same time, Heskett et al. (2008), state that employees are only able to carry out ownership, if they satisfy several preconditions. For example, employees needs to be satisfied with their job before they recommend their organization to other people. Heskett et al. (2008) defined the ownership hierarchy to construct a taxonomy of employee attributes

related to high employee performance. Figure 3 shows the ownership hierarchy: preconditions of ownership are presented in an ordered sequence within the pyramid. As can be seen, the basic requirement for ownership is 'awareness and curiosity', meaning that the employee should be aware of the fact that the company is a good place to work for. Trial here implies that employees are exploratory and curious enough to engage and explore. As explained previously, satisfaction among employees is a precondition for ownership. In addition, owners are loyal, engaged and committed; furthermore, they act as promoters, recruiting new customers and employees (Heskett et al., 2008).



Figure 3. Ownership (Heskett et al. 2008)

Even customers can carry out ownership. If customers are in frequent contact with a company and like a company, they will exhibit ownership characteristics. These customers are very valuable to the company and might be a source of useful new ideas. In this way, these customers are more valuable than regular customers who do not suggest ideas for improvement of the service.

There are several ways to measure ownership. First, ownership can be measured by looking at the proportion of new customers from referrals, as it indicates employees or customers have been showing ownership characteristics. Second, new and improved products that have resulted from customer suggestions or criticism are a way to measure ownership as well. Third, determining whether there is a high willingness of consumers willing to test products and processes is another indicator. However, this might only be applicable to

certain industries where this is possible. Fourth, the best measure of ownership is considered the proportion of a company's employees who are actively engaged (Heskett et al., 2008).

Because this thesis studies the influence of aspects of social innovation on employee performance, the engagement measure is most suitable for this research.

The level of engagement is measured here by self-reported answers. As such, answers could be considered too subjective. Yet, although answers might not be completely objective, measuring engagement seems to be the most effective measurement for this research.

2.3.2 Engagement

The ultimate measure of ownership, engagement, was defined as 'an individuals' involvement and satisfaction with, as well as enthusiasm for work' by Harter et al. (2002, 269). This definition also captures the preconditions of ownership: satisfaction and commitment. This is comparable as to how Heskett et al. (2008) interpreted engagement when they reported that engagement is a useful indicator for ownership. It is in line with the ownership hierarchy which defines commitment and loyalty as preconditions for ownership. Gallup scientists conducted the most extensive research over several years on the optimal environment for well performing individuals and teams (Harter, Schmidt, Agrawal and Plowman 2013). By integrating knowledge of managerial talent with survey data, these scientists developed a unique perspective on what is necessary to build a successful work environment. They assessed the most outstanding employee perceptions of management practices across a wide variety of industries qualitatively and quantitatively. This resulted into a 12-item Engagement Index to measure how engaged employees are (Harter et al. 2013). Results of this research show that employee engagement is related to nine performance outcomes. These are; customer loyalty/engagement, profitability, productivity, turnover, safety incidents, absenteeism, patient safety incidents, quality (defects) (Harter et al. (2013).

Additionally, Harter, Schmidt and Hayes (2002), concluded that employee engagement accounts for nearly all performance related variance. Furthermore, Little and

Little (2006) found that employee engagement is statistically related to productivity, profitability, employee retention, safety and customer satisfaction. Conformingly, Batt (2002) showed that high involvement was related to significantly lower quitting rates.

Another study by Bakker (2006), found positive associations between employee engagement and self-reports of perceived health, well-being and social relationships. In addition, previous literature of Bakker (2006) also indicated that negative associations were found between engagement and self-ratings of overworking and job burnout. Bakker and Leiter (2010) conclude that engagement is correlated more negatively with health complaints. This suggests that, engagement could also lead to negative consequences such as job burnout. This implies that management should find the optimal level of engagement for their employees.

However, this is also dependent on the way engagement is measured. Another advantage of using engagement as a measure for employee performance is that is does not actually measure the performance of the employee in terms of productivity or other form of actual outcome. Engagement is mostly assessed via the employee itself and therefore can differ from the way management, or another party, would rate an employee's engagement. Furthermore, it could be the case that an employee seriously favors their organization, carries out ownership characteristics but simply is not as productive in terms of serving people quickly. This aspect is further discussed in the limitations section of this study.

When looking at the relation between social innovation and engagement, a significant amount of management literature supports the idea that innovation leads to superior performance (Agarwal, Datta, Blake-Beard & Bhargava, 2012). A lot of research has been done on the association between management innovations and organizational effectiveness or performance of firms. In this vein, it is also expected that social innovation has a positive influence on the engagement of employees. Therefore, the following hypothesis is constructed.

(H1) Social innovation has a positive influence on employee performance in the service sector.

2.4 Pre-conditions of Ownership

As explained earlier, ownership is made up of several underlying but required concepts. Because of the important role of these pre-conditions for ownership, it is expected that these preconditions mediate the relationship between social innovation and performance. In particular, it is expected that job satisfaction, commitment and loyalty play a role as mediators. Therefore, these three concepts is analyzed in more detail in the following paragraphs. The other concepts of the ownership hierarchy are disregarded in this paper.

2.4.1 Job satisfaction

Job satisfaction is expected to mediate the relation between aspects of social innovation and ownership. Locke (1976) constructed the most used research definition of job satisfaction. He defined it as "... a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (p. 1304). This aspect of an employee is said to have a considerable influence on the performance, as previous research suggests that happy employees are more productive (Saari and Locke, 2004). Heskett et al. (1994), explain that a satisfied employee is committed to the organization and has high esprit de corps. That is to say, they haves great morale and team spirit and are therefore a better promoters for the company. Moreover, previous studies (Saari and Judge, 2004; Pot et al., 2008) have proven that job satisfaction leads to more success because job satisfaction reflects a positive affective state. It is likely that more satisfied individuals display more pro-social and citizenship like behavior. This positive effect also tends to decrease the psychological distance between self and others and positively affects stimuli for social behavior (Saari & Judge, 2004). For the service employees this leads to social behavior and is thus of considerable importance to the service that is delivered. Therefore, marketers should regularly measure employee satisfaction.

On the other hand, more contemporary studies have challenged earlier research which previously indicated that happy employees are productive employees (Saari and Judge, 2004). Critical remarks have suggested a weak relationship and low statistical correlation

between job satisfaction and performance (Saari and Judge, 2004). This could be due to the fact that job performance is hard to define and therefore difficult to measure. However, Saari and Locke's (2004) study indicates that when performance is reflected in organizational citizenship behavior, this relationship improves. In other words, when an employee's performance is through their voluntary commitment, rather than contractual obligations, the investigated relationship does improve.

2.4.2 Loyalty

The service profit chain already described the importance of employee loyalty for the delivery of the service. Furthermore, loyalty was defined as pre-condition for ownership in the ownership hierarchy of Heskett et al. (2008).

Employee loyalty is a very important indicator for productivity, profitability and growth (Heskett et al., 1994; Heskett et al., 2008). According to Becker et al. (1995) loyalty could be defined as a strong desire to maintain a member of an organization, a willingness to act with high levels of efforts for the sake of an organization and a definite belief in and admissibility of the values and goals of the organization. Thus, loyalty is characterized by the strong desire to continue membership of an organization, which plays a positive role in retention and delivered quality of work by members in the organization. Confirming this, Yee et al. (2009), state that, employees who are more loyal, deliver better service quality. In addition, Hays and Hill (2006) showed that service organizations with highly motivated employees, a result of loyalty, enhanced the level of service quality, customer satisfaction and loyalty. Therefore, loyalty is important for the employee performance as it has a direct effect on their behavior. In contrast, Silvestro and Cross (2000) identify an inverse relationship between employee loyalty and organizational performance. They did not found a direct relation between employee loyalty and service value. Several aspects may account for this variation. First, it matters in what kind of sector the employee is active. The level of contact between employees and customers has a moderating effect on the link between employee loyalty and the perceived service quality (Yee et al., 2009). Furthermore, the competitive

environment of the service sector has been determined as a factor that influences the link between customer satisfaction and loyalty. Yee et al., (2009) find the social exchange theory to account for the relation between employee loyalty and service quality. More specifically, they indicate that the reciprocity norm in the social exchange theory states 'that an action by one party leads to a response from another party' (Yee et al., 2009). A positive reciprocity orientation indicates the tendency to return positive treatment for positive treatment. This norm of equity in social exchanges suggests that people expect social equity to prevail in interpersonal relationships. In this way, the employer is devoted to building a relationship of long-term employment with their employees by fulfilling their needs, particularly by offering favorable working conditions. In return, employees are loyal to making a committed effort to deliver a good service as a mean of reciprocity (Yee et al., 2009). Moreover, an employer's willingness to build a relationship with their employees and the employees' commitment to deliver high-quality services are key characteristics of social exchange. Drawing on this, it is also argued that employees who are loyal to their organization are prone to delivering services of high quality (Yee et al., 2009). Overall, it can be concluded that employee loyalty positively influences service quality and consequently employee performance. Having loyal employees also means that the organization can save money recruiting and training new employees, especially in service organizations such savings can be significant (Heskett et al. 2008).

2.4.3 Commitment

Commitment to the organization can influence organizational effectiveness and employee well-being (Meyer,2001). Therefore, it is of considerable importance to an employee's performance. As stated earlier, commitment is a precondition for ownership. It is thus necessary to understand how organizational commitment influences work behavior, organizational effectiveness and employee well-being.

In everyday language, the word commitment is often used to denote 'sense of being bound emotionally or intellectually to some course of action (Hutchison and Sowa, 1986).

Similarly, organizational commitment is defined as the relative strength of an individual's identification with and involvement of in a particular organization. This means a strong belief in acceptance of the organization's goals and values, that goes in hand with a willingness to exert considerable effort on behalf of an organization and a strong desire to maintain one's membership with the organization (Reichers, 1985). Previous literature has indicated that 'commitment is the differentiating factor between top-performing companies and those of average performance, as employee performances is higher when they are committed to the organization. Several studies (Fornes, Rocco and Wollard, 2008; Katzenback, 2000), state that higher performance is the result of being emotionally bounded to an organization. Consequently, this leads to more productive and customer focused behavior. The stronger an employee's commitment to an organization, the less likely the person is to leave (Nongo and Ikyayon, 2012). A committed employee is determined to stay with the organization irrespective of whether the organization is in a favorable or unfavorable state (Allen and Meyer, 1990). This is very valuable to the organization as this leads to a lower change rate and the knowledge of the employees remains within the company. Employee commitment is therefore vital to contemporary organization success.

Furthermore, this influences employee performance, as the employee stays connected to the organization and hereby acquires more information about that specific organization. Research carried out by Allen and Meyer, (1990) confirms this, as they find a correlation between strong commitment and organizational citizenship, job satisfaction, job performance and employee retention (Allen and Meyer, 1990). At the same time, Hutchison and Sowa (1986) found that employees in an organization form global beliefs concerning the extent to which an organization values their contributions and cares about their well-being. When good organizational support is perceived, this reduces absenteeism. Moreover, organizational support is greater for employees with a strong exchange ideology than those with a weaker exchange ideology. These results support the view that employees' commitment to the organization is strongly influenced by the perception of the organizations' commitment to the

employee. This increases the employee's affective attachment to an organization and their expectation that greater efforts to meet organizational goals will be rewarded.

In addition, the degree of commitment can also depend on economic benefit and anticipated promotions and pay rises (Hutchinson & Sowa,1986). In this way, aspects of social innovation can influence the degree of commitment of employees. Nevertheless, the extent to which these factors increase work effort depend on the strength of the employees' commitment and the expectation of material and other symbolic benefits (Hutchison and Sowa, 1986). Here it be argued that these factors also influence job satisfaction. However, there are clear differences between the two concepts job satisfaction and commitment (Mowday & Steers (1979). Specifically, Mowday and Steers (1979) indicate that commitment is the construct of a more global construct, reflecting a general effective response to the organization as a whole. On the other hand, job satisfaction reflects the response of employees to certain aspects of their job. Moreover, it is indicated that organizational commitment should be somewhat more stable over time than job satisfaction. It is said that day-to-day events might influence job satisfaction. However, this does not affect an employees' attachment to the overall organization (Mowday and Steers, 1979).

2.5 Social innovation & Performance

2.5.1 Effects of social innovation

A substantial amount of research has concentrated on the effects of social innovation. It is already validated that the introduction of new management practices (social innovation) ought to narrow the gap between them and their competitors (Birkinshaw et al., 2008; Volberda et al.,2013). The successes of social innovation are measurable in many firms' outcomes. Productivity growth appears to be the most appropriate of these measures (Mol and Birkinshaw, 2009). Another very important measure for firms is their financial performance. Socially innovative firms have a significant higher financial performance compared to non-social innovative firms (Volberda et al. 2011; Pot 2012; Erasmus Innovation Monitor, 2005). In addition, it is stated that socially innovative firms invest more, which also

stimulates higher revenues in return (Volberda, 2011). Pot (2012) indicates that this leads to lower absenteeism and higher work participation, while Oeij et al. (2010a), dispute this. Specifically, they state that socially innovative companies do not differ in terms of absenteeism compared to non-socially innovative companies.

The research institute INSCOPE of the Erasmus University performs a yearly investigation of social innovation and competition. The outcomes of this Erasmus innovation and competition monitor show that, in fact, socially innovative firms score higher on all indicated measures of outcome relative to non-socially innovative firms. Here, the growth of revenue, profit and innovation productivity was verified. Furthermore, the monitor confirms that social innovation attracts new customers and creates growth of market share and utation. However, this monitor is measured through the assessment of managers. Which could be a limitation as it might not be representative for the entire organization, since job satisfaction and other aspects of employees are only assessed via the management.

Another success of social innovation is that social innovative firms can optimally make use of technological innovation (Pot, 2012; Volberda et al., 2011). This means that social innovation also contributes to technological innovation. Stated differently, it is said that because of changing aspects, social innovative firms get more innovative (Pot, 2012; Volberda et al., 2011; Walker, 2010). This is related to the fact that there is more variety and immersion in work, employees have a better image of the organization and better opportunities of the use of competences and abilities of employees (Bartels, 2011). This therefore adds on to the expectation that social innovation might lead to higher employee performance.

A good example of a service company that is known for making a difference through its employees and management, by making use of aspects of social innovations, is Coolblue. This company has a strong focus on consumer evaluations. Hereby they employ the Net Promoter Score (NPS) method, which shows which factors influence customer satisfaction. Coolblue satisfies several aspects of social innovation, it has a simple organizational

structure, gives responsibility to the lower hierarchical levels of the organization and focuses heavily on customer wishes (Sprout, 2016).

2.5.1.2 Mediation factors

Job satisfaction-While investigating the relationship between the mediating factor ofjob satisfaction and social innovation, a definite relationship is found in the literature. The advisory board for the Dutch government on social economic topics, named SER, and Dutch unions claim that social innovation would lead to a higher job satisfaction and more sustainable involvement (SER,2006; Pot, 2012). Moreover, from 2010 onwards the EUR Social Innovation Monitor also included the measure of job satisfaction, indicating that there is indeed a relation between the two concepts. Because aspects of social innovation lead to improved ways of management, it is expected that employees become more satisfied, which in return increases the ownership characteristics that employees exhibit. Accordingly, it is also expected that a higher job satisfaction fosters aspects of social innovation due to the more pro-social and citizenship like behavior of employees. The following hypothesis is constructed.

(H2) The relation between aspects of social innovation and employee performance is mediated through job satisfaction.

Loyalty- Considering the influence of social innovation on loyalty, it is expected that more loyal employees care more about their organization and thus will more easily develop new ideas and accept changes in management. Research on the relation between loyalty and social innovation is limited, however Atkins (1996) does suggest a link between those two concepts. He suggests that, within this service industry, where by being more service-minded and consumer-oriented, management can foster a strong link between a consumer loyalty and internal marketing programs (Atkins, 1996). In this way, social innovation can affect consumer loyalty through employees. Although employee loyalty is not addressed in this case, it can be derived that through internal marketing, employee performance can be

boosted. Concerning this thesis, how social innovation affects employee performance through employee loyalty is assessed. The following hypothesis is thus constructed:

(H3) The influence of aspects of social innovation on employee performance is mediated by loyalty in the service sector.

Commitment – The consequences of commitment to an organization thus include lower turnover, reduced absenteeism, improved performance of employees and increased organizational citizenship behavior (Hutchison and Sowa, 1986;Meyer,2001). Particularly important for the influence of social innovation is that, those employees who are more committed, are expected to adapt their behavior in consistency with change. This does however depend on the nature of their commitment (Meyer, 2001). For managers it might not always be easy to stimulate commitment to their organization among their employees. Moreover, it is possible that there are conditions under which it is neither desirable nor possible to motivate people for the sake of the organization. However, in such cases it might be possible to persuade employees to work towards these same goals if they can be shown relevant alternative targets. Employees who are highly committed to their own personal careers are more likely to work hard on projects they see as instrumental for the development of marketable skills (Meyer, 2001).

Considering all of the above, it is expected that social innovation does have a positive effect on the commitment of employees, which in turn enhances employee performance. This then leads to the following hypothesis;

H4) The influence of certain aspects of social innovation on employee performance is mediated by commitment in the service sector.

2.5.2 Levers of Social innovation

Volberda (2011) defined four levers of social innovation. These levers form the basis of the factors of social innovation that are analyzed in this thesis. The first lever, flexible organizing(1), contains aspects such as the way work is scheduled, working hours and flexible use of resources, smart working(2) contains the optimal use of human capital and efficient use of talent, dynamic management (3) involves mainly management techniques and ways to stimulate innovation and co-creation (4), refers to external cooperation with suppliers or consumers for example. Co-creation is not further discussed since no measurement of aspects of this lever is present in the current data. Furthermore, it must be noted that different underlying aspects of these levers can sometimes belong to more than one lever and therefore it might be difficult to demarcate specific concepts.

2.5.2.1 Flexible organizing:

The use of flexible forms of organization principles is an important lever of social innovation. This concept, denoted sometimes as innovative forms of organizing, indicates that organizations are flexible and able to rapidly change their way of work.

The Erasmus Innovation Monitor (2005) identified several aspects, which through the use of innovative forms of organizing result in higher company results. More innovative and efficient use of (different) firm locations is a way to reduce the amount of space needed per firm. This can lead to time- and place independent working, which in return reduces costs, travel time, traffic jams and is better for the environment as this reduces CO2 emissions. However, this aspect of flexible organizing probably does not have a considerable impact on actual employee performance, except when it has an direct effect on the employees such as working at home more often. This could lead to employees being less productive compared to working at the office. For example, when employees work at home while having their children at home this could possibly lead to less productive work. On the other hand, several empirical studies have shown that work-life balance is positively related to employees' performance and organizational performance as well (Parkes and Langford, 2008). The experience of psychological well-being contributes to the ability of concentrating on one's work aspects, which in turn boosts employee performance. Several researchers have pointed out that the effect of work-life balance on employees' attitudes and behaviors is still unclear and have called for more in-depth research to identify what types of performance are related

to work-life balance (Kyoung, 2014). New ways of work such as, horizontal collaborations, sharing of knowledge, shared decision-making and informal networks within the company are forms of flexible organizing. This can influence employees as it makes their work easier because they can access more knowledge in this way.

Flexible employee management means that employees should be widely and flexible available, they should be flexible in their working hours, have flexible contracts and be able to schedule themselves (TNO). In this way, firms should be able to make optimal and efficient use of employees. This saves time for managers as they schedule themselves, however, further research is needed to determine how exactly this leads to optimal and efficient use of employees. Nevertheless, whether this aspect leads to higher employee performance is within the scope of this study. Flexible contracts are ideal for employers, but for employees this leads to uncertainty about working hours and wage. Although in the Netherlands employees are protected by legal regulations, it still is a source of uncertainty for employees. So, this aspect is likely to have a negative impact on employee performance. In addition, the aspect of self-scheduling could also lead to difficulties in planning and therefore could have a negative influence on a team.

The development and education of employees is another important aspect in order to develop an organization and give employees the feeling that they are needed and can further educate themselves (Den Bosch, Jansen and Volberda, n.d.). This aspect is also involved in innovative organizing as it encourages social innovation through employee development. Moreover, this positively influences the performance of individual employees. According to Volberda et al. (2011), innovation should be separated from operation activities. In this way, thoughts and ideas for improvement of employees are possibly more creative and 'out of the box'. Therefore, optimal suggestions for change can be made. An innovative culture has to be created that is open to new ideas from employees and customers (Volberda et al., 2011). This motivates employees to come up with new ideas. This ought to have a positive influence on employees, as they feel that they can contribute to the entire organization. Another important component of innovative organizing is the ability of organization to rapidly adapt internal

changes, structural separation and balance of innovation and efficiency (Volberda et al., 2011). This balance of innovation and efficient way of work make organizations more flexible. This requires employees to be flexible as well. Thus, the influence on the performance of employees is expected to be positive when the employee is able to change along with such interventions of social innovation. However, when this is not the case and the employee experiences difficulties with the represented changes, it is expected to have an negative influence on the employee's performance. Nevertheless, this is dependent the exact changes implemented and the attitude of the employee in question. A high speed of internal change is especially important as organizations can recognize knowledge faster and turn this into more positive results for the company. In addition, a high rate of internal change is enhanced by self-organization and decentralized decision-making. Close social networks can also contribute to this aspect (Mol and Birkinshaw,2009). These close social networks probably have a positive influence on employee performance, as they relate to pleasure at work, which in return can lead to job satisfaction. As described in paragraph 2.3.1 this is an important aspect of ownership and thus employee performance.

It could be the case that some of the described factors are more effective in certain type of organizations or certain sectors. A separate monitor for the health care sector for example contains results of social innovation based on the specificities of this industry. This Innovation Monitor of Health Care (2012), identified several aspects that are crucial for this sector. First, cross-functional interaction and multidisciplinary consolation stimulates sharing of knowledge between different departments and contributes towards new combinations of knowledge and a generation of new knowledge (Health Care Innovation Monitor, 2012). This is expected to positively influence employees because they retrieve more knowledge from different departments. In addition, the decentralization of decision-making and the degree to which decision-making is left to hierarchically lower levels stimulates social innovation (Volberda et al., 2011). This generally enlarges communication channels, feeling of control over one's own job and increases their ability to solve complex issues. In terms of employee performance, this aspect is expected to also positively affect employee ownership,

because of a greater feeling of control. According to Konrad (2006), involvement, or engagement, is maximized when the highest possible level of power is exerted on the employee who has to carry out the decisions.

The third important aspect is formalization. This is the extent to which rules, procedures, regulation and communication are written down and formalized (Van de Ven, 1986). Formalization contributes to better processes and output. Best practices can therefore be implemented faster and with greater ease. In addition, the organization should have a strong core identity and share the same believes, standards and values. Employees should be committed to improving and refining the mission of the organization (Pot, 2012). This is likely to have a positive influence on employees. Konrad, (2006) indicates that simplification of work rules had largely been considered a success and has resulted in higher consumer satisfaction. However, the direct impact on employee performance is not specified here. It is also proven that cross-functional interaction has the strongest contribution in the health care sector, relatively speaking. This further increases achievements, more self-management and the development of new care services (Monitor of Health care, 2012). Since there is no separate monitor for other sectors, no information can be found on what aspect is most important for these sectors.

According to these indicators, it is expected that flexible organizing has a positive influence on the performance of employees, as employees are more involved and receive more responsibility. Therefore the following hypothesis is established:

(H1a) Flexible organizing has a positive influence on employee performance in the service sector.

2.5.2.2 Smart Working

Smart working contains the optimal use of human capital and efficient use of talent.

Research by Volberda et al. (2011) indicated the following aspects as part of the smart working principle; the optimal use of employees' talent, gaining trust in the organization, being aware of employee knowledge, sharing of knowledge, possibilities for development of

employees, honest and good internal communication, the use of small teams, goal setting and question managed working. These aspects are expected to positively influence employee performance as well. When managers are more aware of the capabilities of employees, it is likely that employees are more able to interact with other employees and furthermore in such cases, employees are more often placed at their optimal work positions. Therefore, it is expected that employee performance is higher.

Furthermore, Volberda et al. (2011) identified employees of an innovative organization as 'knowledgeable employees'. These employees are said to employ unique capabilities and craftsmanship to create new products and services. Knowledgeable employees are engaged in a variety of activities, such as the development of products and processes, marketing presentations and management tasks (Volberda et al., 2011). Also, this type of employee is more creative and has more knowledge of customers and technological expertise. These knowledgeable employees are therefore more likely to have innovative ideas. Hence, these employees are more valuable to the organization and have a higher performance compared to less knowledgeable employees. Nevertheless, it could be the case that the presence of higher educated employees in organizations accounts for the number of knowledgeable employees. That is to say, higher or well educated employees are more likely to read widely, which increases the extent to which they are aware of issues beyond their normal work activities. Well educated employees are also likely to travel more, join professional organizations more easily and seek advancement within their firms (Birkinshaw et al., 2008). These indicators increase the likelihood that employees introduce new management practices.

The degree of trust in an organization is also a very important implication of social innovation (Volberda et al., 2011;EUR Innovation Monitor,2009;Wilkinson,1998) Logically, the success of implementations and changes in an organization depends on employee cooperation. Fundamental to this matter is that the employees trusts their organization. An additional requirement is the awareness of their knowledge and capability to activate this knowledge (Volberda et al., 2011). When an employee trusts their organization, it is likely

that they also demonstrate ownership characteristics: therefore it is expected that trust in an organization has a positive influence on the employee performance.

According to the Competition and Innovation Monitor (2005) smart working is enhanced by a variety of management expertise. Combining different ideas and backgrounds could encourage suggestions for new management practices. Nevertheless, firms should be careful implementing these, as combining many different ideas could lead to difficulties in decision-making. Furthermore, it seems that when rewards are based on team accomplishments social innovation is more likely to be applied as well. In this case, employees are more willing to consider the interest of their group than solely their own (Wageman, 1995; Volberda et al., 2013). This also increases motivation for new products and services and contributes to innovation power. Therefore, result-based rewarding plays a role in smart working (Pot et al., 2008). When teams have to work together this is expected to increases the sharing of knowledge and therefore enhance employee performance. However, it could also lead to individual frustrations when teams are not working well together.

Considering the above, firms should stimulate intern communication and create an open and honest communication climate to engage people and to create more acceptance for changes. Employees should actively engage with new changes and ways of work and need to involve themselves in the launch of new innovative ways of working, this contributes to the acceptance of such changes and helps in dismantling traditional approaches. Additionally, firms should care for employability and in particular manage employees by also taking into account their different preferences and ages (Pot et al., 2008). In return, these aspects can enhance employee performance.

Yet must be noted that the described concepts are mostly difficult to delimit and do sometimes overlap with the other levers of social innovation. However, it is expected that, smart working overall has a positive impact on the performance of employees. As such, the following hypothesis is derived: (H1b) *Smart working has a positive influence on employee performance in the service sector.*

2.5.2.3 Dynamic management

Often in the service sector, particularly in hospitality, the nature of jobs is short-lived, part time and it is characterized by frequent changes in legislation. Dynamic management, sometimes also called dynamic leadership, is therefore of great importance. This leadership style refers to the ability of management to identify new initiatives and the ability to execute changes, combine market developments, continuous improvement and the ability to have short connections (Volberda et al., 2011). An important factor of dynamic management is to optimize the balance between a main team and a flexible team. This stimulates the rate of international change, as the basis can be easily shifted. However, for the flexible employees in such a team, their work life is characterized by uncertainty. Such flexibility can have a negative impact such employees.

In addition, Volberda et al. (2011) state that an active form of leadership, based on targets and informal management stimulates social innovation. Due to the informal environment within the team, employees are more motivated to put their ideas forward. Furthermore, it is stated that a good leader should reflect on individuals and teams often (Volberda et al., 2011): their leadership should be tactful and strategic and they should stimulate creative and innovative solutions. This leader pays attention to targets and simultaneously to the autonomy of employees. This form of transformational leadership also opens the perspectives of employees concerning management innovation when the organization grows in size (Volberda et al., 2011). The attention such leaders pay to employees, probably also enhance their company's productivity. Mol and Birkinshaw (2009) indicate that the larger the size of a firm, the better the education of the workforce and the broader the international scope, the higher level of new management practices will be. In addition, this requires management to have a high ability to absorb information in order to recognize needs and changes within the organization. Managers should be able to recognize new information, assimilate and apply this to commercial goals. In this way, changes can be applied fast and the position of the company will improve in the face of competition. This will likely have a positive influence on employees in the long run, as when a company is

successful, employees are likely to be more engaged and thus exhibit ownership characteristics. Den Bosch, Jansen and Volberda, (n.d.) further state that leadership should be visionary and that cross-functional cooperation and integration should be stimulated. Therefore, an organization should satisfy several conditions; It should have permeable boundaries, scan of new information widely, and the ability to identify and actively position employees that function as gate watchers and people willing to take risks. In this way, the organization reacts faster to events and changes in customer's needs. This could help the organization stay ahead of their competitors, particularly due to the short time to react to market changes and the introduction of innovations. Experimenting, transformational leadership and wide mental models can all contribute to the growing variety of dynamic skills (Volberda, 2001). This could result in employees having more ideas and therefore being able to create value for the organization. Thus, it stimulates higher employee performance. In such a culture of dynamic management, entrepreneurship is more easily stimulated.

Furthermore, an obscure important aspect is to be tolerant of mistakes, when employees are afraid to fail and are discouraged to be open about making mistakes, human capital is insufficiently utilized and may even be removed in the long term (Iske et al., 2013). Employees should be encouraged to learn from mistakes, thus the culture of innovation needs tolerance so it can foster the development of dynamic skills. This aspect, which focuses on the employee specifically, leads to a higher performance when successfully applied, as employees are not discouraged by the fear of making mistakes. Lammers (1967), stated that employees should be engaged in decision making, because this could heighten the total power of the organization. Al his increases the power of employees and hence creates a positive influence because as they feel more responsible. According to Konrad (2006) this enhances the engagement of employees. Furthermore, firms should have the ability to change the resource base, so they should be able to add new resources or create different combinations (Healthcare Innovation Monitor,2012). Moreover, they should include variety and speed in their dynamic management skills (Pot,2012). This aspect and the other indicators of dynamic management are expected to have a positive influence on the performance of employees.

(H1c) Dynamic management has a positive influence on employee performance in the service sector.

Overall, smart working, dynamic management and flexible organizing complement each other (Volberda et al. 2011). This also boosts social innovation and the success of a company.

3. Sample and Method

3.1 Fan Factory

Fan factory is a consultancy company specialized in the service sector, their customers are mostly active in the retail, hospitality and health care sector. They conduct research related to the satisfaction and engagement of employees. As such, they analyze the success of different companies. They then advise and train employees in order to make companies more successful. Fan Factory is a relatively young company, established in 2015. However, operated under Foodstep Organization Development for more than 25 years. Their new model of optimal employee performance was developed at the beginning of 2015. This model is based on the theories of ownership and the service profit chain (Heskett et al., 1994). With these, Fan Factory expresses its belief in aspects of social innovation that have a true impact on employees within companies. Fan Factory provides a proposal of interventions for every specifically analyzed company. These interventions are based on aspects of social innovation. They then continue with advanced sessions and pulse checks to provide optimal results and successes to companies. Fan Factory developed the model of optimal employee performance using the theories of the service profit chain and ownership. However, how the intervention programs that they recommend their customers influence the engagement of employees has not been thoroughly investigated. Nevertheless, their experience implies that the intervention programs work effectively and boost the success of the company. As such, this paper aims at offering a deeper understanding of the influence of aspects of social innovation on the performance of employees.

3.1.2 Monitor of employee performance

Fan Factory's model for optimal employee performance in the service sector, states that optimal pleasure, passion and profession in their job leads to optimal performance of employees in the service sector. In order to determine performance of employees, a questionnaire was created to measure aspects of employees within firms. This questionnaire is called the 'Fan Scan'; it is a monitor that was sent to a national panel of employees during two session in 2015. The results of the Fan Scan provide the data for this research. An overview of the questionnaire can be found in appendix 9.4.

3.2 Introduction Fan Scan

To answer the research questions, the Fan-Scan was analyzed. Since the fan Fan-Scan was created to assess engagement of employees, this is clearly reflected in the questionnaire. However, for the purpose of this research, aspects of social innovation also need to be measured. Fortunately, the questionnaire does include enough items to measure several aspects of social innovation. Nevertheless, the Fan-Scan does also exclude some important measures of social innovation, such as cross-functional interactions, shared decision-making, speed of change, how rewards are based, a strong core identity and variety within the team. A table of these indicators can be found in appendix 9.4.2. At the end of the analysis, suggestions are made to refine the Fan-Scan in order to determine an improved measure of social innovation.

The results of this questionnaire (Fan-Scan), together with the prior literature analysis, are used to assess how aspects of social innovation are associated with the employee's sense of ownership.

3.3 Sample

The sample was collected with the help of the panel agency 'Panel Inzicht' in 2015. At the time, the Fan-Scan was send out twice, in March and at the beginning of May. In total, both survey sessions took place over a period of two weeks. This is justified, as a reminder was send to collect more responses and people are not likely to open an email after that amount of time. Considering everything, it can be stated that the set-up was closely related to a field experiment. The subjects were real people confronted with the email in their own natural and uncontrolled environment. It can consequently be assumed that people behaved as they always do. In total, 2,895 respondents filled out the questionnaire. No participants were excluded and all respondents provided reasonable answers. The response rate is unknown, due to the use of an external party which distributed the Fan-Scan

Data was collected nationwide, of the total number of respondents, 1,734 (59,9%) are female and 1,161 (40,1%) are male. The largest sector represented is health care (24%), followed by the financial sector (12%) and the construction industry (12%). Furthermore, all sectors are represented including retail (10%), leisure (2%), hospitality (7%) agriculture (1%), government (9%), transport and communication (10%) and other noncommercial services (5%). The sample contains a variety of ages, 8.64 % constitute the youngest group, who are 18-25 year old, 15.27% are 26-35 year old, 17.51% are 36-45 year old, 32.59% are between 46-55 year old, and 25.99% represent the oldest group, who are between 56 and 65 year old.

In total, this questionnaire contains 37 questions concerning the self-assessment of employment performance indicators carefully chosen by Fan Factory (See Appendix 9.4). In this questionnaire, two types of ratings were used, questions 3, 5, 8,11,28,30 asked respondents to rate their overall satisfaction about aspects of their work on a scale of 1-10 (1=extremely bad, 10=excellent). Questions 7,10,13,26 asked respondents to rate their degree of agreeableness with the statements given on a 5-point Likert-scale from strongly disagree (1) to strongly agree (5), here an option for 'no opinion' was also included. Because this option is of no value, these responses were deleted from the sample. In total 302 observations were deleted because of the 'no opinion' responses. This leaves the sample with 2,593 respondents. The sample size is important primarily because of its effect on statistical power. Statistical power is the probability that a statistical test will indicate a significant difference when there truly is one. The power of this sample is 1, indicating this sample has a good statistical power (see appendix 9.2, table 9). There are no formal standards for power, but

most researchers asses the power of their tests using a power of 0.80 as standard for adequacy (MacCallum, Browne and Hazuki, 1996).

For the other questions (age, gender, function, working hours, sector and experience) participants had to indicate their answer from several options. Lastly, open questions where deployed in order to provide a possibility for participants to motivate their answers.

3.4 Method 3.4.1 Statistical analysis

This thesis employs mainly four statistical methods for data analysis; factor analysis, reliability analysis, regression analysis and the Sobel-Goodman mediation test. Factor analysis and reliability analysis (Cronbach's alpha) are used to secure that the intended constructs can be justified, and to prevent variables that do not represent what they were intended to measure from being included in the final model for this thesis. After the constructs have been developed, a regression analysis and the Sobel-Goodman mediation test are used to test the constructed hypotheses.

3.3.1.1 Reliability analysis

The concepts of interest to this research are constructed based on the conceptual framework. The used scales are actually an assembly of interrelated items designed to measure underlying constructs. To measure how reliable this combination of items is as a proxy for variable of interest, the Cronbach's alpha is estimated. In this way, the internal consistency can be measured. This resulting alpha coefficient of reliability ranges from zero to one. The higher the alpha, the higher the covariance's between the underlying items and the more reliable the scale is. Research by Nunnaly (1978) has indicated a minimum of 0.7 to be an acceptable reliability coefficient. However, sometimes lower thresholds are also used in the literature. Here, acceptable minimum thresholds fluctuate between 0.6 and 0.8 depending on the research conducted. A high covariance between the aspects that together

form a construct indicates that it probably measures the same underlying concept. Therefore, this research makes use of the 0.7 threshold of Nunally (1978).

3.3.1.2 Factor analysis

The factor analysis is used to identify underlying variables, or factors that explain the pattern of correlations within at set of observed variables. Sometimes the factor analysis is used in data reduction to identify a small number of factors that explain most of the variance that is observed in a considerable larger number of variables. The aim of data reduction is to remove highly correlated variables from the data. In this analysis, the type of the factor analysis will be exploratory, because we do not have a pre-defined idea of the structure of the set of variables, where the factor analysis is applied to. The principal component factor method is applied to investigate how each underlying variable might contribute to the component of interest. Hereafter, the factors loads are rotated to get a clearer pattern. The resulted decomposition includes leading eigenvectors of the correlation matrix. These leading eigenvectors describe a series of uncorrelated combinations of the variables that contain most of the variance.

3.3.1.3 Regression analysis

A regression describes and evaluates the relationships between the proposed dependent variable and one or more independent variables. Earlier research has indicated the methods of regression analysis are the most widely used statistical tools for discovering the relationships between variables (Draper, Norman and Smith, 2014). Therefore it can be assumed that regression is an relevant statistical method in order to disprove the formulated hypotheses. During the regression analysis, some important assumptions that lead to a valid regression are tested in order to ensure that the final regression models are good models. Tests for the assumptions; multicollinearity and heteroscedasticity, are performed. These assumptions are described the appendix (9.3) elaborating on descriptive statistics. Furthermore, the power size of the sample size is estimated.

3.3.1.4 Sobel-Goodman Mediation test

The purpose of the Sobel-Goodman tests is to assess whether a mediator carries the influence of an independent variable to a dependent variable. A variable may be considered a mediator to the extent to which it carries the influence of a given independent variable (IV) to a given dependent variable (DV). In general, mediation can occur when (1) the IV significantly affects the mediator, (2) the IV significantly affects the DV in the absence of the mediator, (3) the mediator has a significant unique effect on the DV, and (4) the effect of the IV on the DV shrinks upon the addition of the mediator to the model. The Sobel-Goodman mediation test basically performs linear regressions to analyze whether the expected mediator carries the influence of an independent to the dependent variable. For this research, it will be tested whether job satisfaction, loyalty and/or commitment mediate the relationship between social innovation and engagement.

3.3.1.5 Variables

The following section present the dependent variable, the independent variables and the control variables that were used in the final regression model. How the variables were operationalized is discussed.

4 Descriptive statistics

This paper investigates whether the use of social innovation practices by a service firm is positively related to performance through the mediating effect of enhanced employee satisfaction, commitment and loyalty. How these aspects are measured is expounded in this section.

4.1 Engagement

Previous studies have proposed various instruments to assess work engagement, both for applied research in organizations as well as for scientific purposes (Bakker and Leiter, 2010). As described in the theoretical framework Gallup's scientists constructed the Q^12, a 12-item questionnaire to measure engagement (Harter et al., 2013). However, Bakker

and Leiter (2010) discovered a very high correlation between the measured items in the Q^12 and overall job satisfaction, indicating that Gallup's employee engagement is almost identical with overall job satisfaction (Bakker & Leiter, 2010). Furthermore, the Utrecht Work Engagement Scale (UWES) provides a three-factor questionnaire to measure engagement (Bakker and Leiter, 2010). The underlying factors include: vigor, dedication and absorption. This is said to be superior when compared to a one-factor model, and has been demonstrated in samples from different countries (Bakker and Leiter, 2010). However, other scientists did not find the three-factor scale and used the composite score for engagement of the UEWES. Moreover, Bakker and Leiter (2010) identified three other scales also used to measure engagement (May, Gilson and Harter, 2004; Saks, 2006; Rothbard, 2001). This analysis aims to build a sufficient scale for measuring engagement as well, however this objective is limited because solely items present in the Fan-Scan questionnaire are available. Therefore, the above-mentioned scales cannot be applied in this research. Since the use of single-item measures for psychological constructs is mostly discouraged in the literature, because they are presumed to have low reliability, a multiple-item scale would be more efficient (Hudy, Reichers and Wanous, 1997). The above-mentioned scales thus provide input for the scale that is built for this research. Following these templates, five items that reflect engagement are found in the Fan-Scan questionnaire. A measurement of engagement was thus constructed (See Table 4). For example, the item 'proud' was also indicated in the UWES scale, within the dedication factor (Bakker and Leiter, 2008). The item 'feeling' was indicated within the vigor factor of the UWES scale, however here this item was adapted to 'When I get up in the morning, I feel like going to work'. The third factor of the UWES scale measures the concept of 'absorption', referring to being totally and happily immersed in one's work and having difficulties detaching oneself from it. This concept is not exactly measured by an item in the Fan-Scan, however, the item 'energy' is included because of a similar underlying energetic feeling in both concepts. The Q-12 engagement scale includes a statement indicating the mission and purpose of the company makes the employee feel his job is important, this statement is similar to the item 'meaning' (Gallup et al., 2006). Furthermore,

Harter, May and Gilson (2004), indicated a framework measuring engagement by the following resources; job enrichment, work role fit, coworker relations, supervisor relations, coworker norms, self-consciousness, resources, availability, outside activities, meaningfulness and safety. The item 'fan' is capturing an overall enthusiasm for work including many underlying resources for engagement.

Table 5. Engagement scale

proud	I am proud on the work that I							
	do.							
feeling	I feel like going to work.							
meaning	I find the work that I do full of meaning and purpose.							
energy	To what extent do your job gives you energy?							
fan	I am a fan of my organization.							

Figure 6. Engagement

Engagement

2
4
6
engagement

8
10

Except for **Energy**, the items were all assessed by asking respondents to which degree they agree with the given statements on a 5-point Likert scale. The option 'no opinion' was also included. However, as described in the sample description, these observations were removed from the sample. The item **Energy** was measured by asking respondents to indicate a number on a scale of 1-10 (1=extremely bad, 10=excellent). Hereafter, all underlying items were converted to a scale of 1-10. Following this, these items were combined to create a scale for engagement (M=7.083, SD=.029). Furthermore, a Cronbach's alpha test was done to provide statistical validation of this constructed index. This resulted in a scale reliability coefficient of 0.8356, indicating that the constructed scale is reliable because it is higher than the threshold of 0.7 (Nunnaly 1978). In addition, a factor analysis including rotation was performed (see Appendix 9.2, table 8); this confirmed that all included items loaded on the same factor (EV=3.042, R²=.608). Thus, it can be deduced that these items all measure the same underlying concept, namely employee engagement.

4.2 Pre-conditions of ownership

The following section addresses how the variables that are expected to mediate the relationship of interest are measured in this study. These variables include job satisfaction, commitment and loyalty.

4.2.1 Job satisfaction

There are multiple ways of measuring the concept of job satisfaction. Often, an index including the sum of important job facets is constructed. Heskett et al. (1994) identified the following factors important for job satisfaction: satisfaction with the job itself, training, pay, fairness in promotion, being treated with respect and dignity, teamwork and the company's interest in their employees' well-being. However, the Fan Scan does not measure all the facets included in these or other types of job satisfaction measures.

On the other hand, measuring self-reported facts (such as age) with a single item is commonly accepted in the literature (Hudy, Reichers & Wanous, 1997). However, the use of single-item measures for psychological constructs is mostly discouraged in the literature, primarily because they are presumed to have low reliability. Nevertheless, Sacket and Larson (1990) suggest that some expectancy theory researchers do use a single item to measure the perceived probability that effort leads to performance. Moreover, Hudy, Reichers and Wanous (1997) also state that there is a middle way following which constructs with a single item may also be acceptable. In particular, a single-item scale for overall job satisfaction appears to be most applicable to this study, especially as single-item measures have been used often for this concept in previous analyses. Scarpello and Campbell (1983) even concluded that a single-item measure was preferable for the measure of overall job satisfaction compared to measuring a sum of aspects of job satisfaction. Finally, a more recent oeuvre by Hudy, Reichers and Wanous (1997) confirms this, as their results demonstrated that the observed correlations provide validity for a single-item measure for overall job satisfaction. This indicates that it is acceptable to use a single-item measure for

overall job satisfaction in this paper. Specifically, this study's survey asked: 'To what extent are you satisfied with working at your current organization?'

This question was further separated into satisfaction with the work itself and satisfaction with the organization. For this research, the total assessment of a job in its totality is used, so including both the work itself and satisfaction with the organization. Thus, employees were asked to rate their job in totality from 1-10. Hereby, an overall judgment for job satisfaction is given (Figure X, M=7.367, SD=.029). The majority of rated their satisfaction with the job with a '6' or higher, indicating most are satisfied. However, a lot can be improved in the satisfaction of employees as not a lot of employees (19,48%) give a very high score (9 or higher).

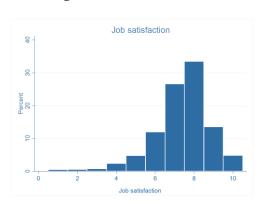


Figure 7. Job Satisfaction

4.2.3 Loyalty

In the theoretical framework, loyalty was defined as 'a strong desire to maintain a member of an organization' (Becker et al. 1995). This definition forms the basis for constructing a scale for loyalty in this study. Furthermore, previous literature is analyzed to derive how the concept of loyalty was measured in past papers. For example, Loveman (1998) measured the construct of loyalty by the statement: 'If I am offered the same pay I would go elsewhere'. Here, the assessment of loyalty is through a single variable. Furthermore, Yee et al. (2009) assessed employee loyalty by psychological measures to capture a service employee's feelings towards their service shop. They included four indicators for employee loyalty, namely intention to stay, willingness to perform extra work, sense of belonging, and willingness to take up more responsibility (Yee et al., 2009). However, it was previously

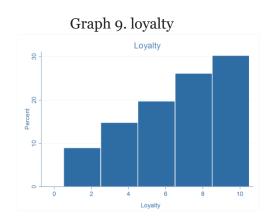
included 'the willingness to perform extra work' as an aspect of commitment. As such, commitment and loyalty include shared aspects. In order to clearly separate loyalty from commitment, exclusively aspects that fit the definition of loyalty of this study were included for the underlying items. Loyalty was defined as the strong desire to maintain a member of the organization, whereas organizational commitment is the relative strength of an individual's identification with and involvement in a particular organization. Therefore, three statements considering how easily employees would leave the organization were included in the construct of loyalty for this research (Table 8).

Table 8. Loyalty

Otherjob_leaving	If I had been offered another job, I would feel burdened to leave this organization.
Tempted_leaving	I am easily tempted to leave the organization for better career prospects elsewhere.
Resign	If I could, I would resign today.

These aspects capture the same underlying aspect, namely they measure an individual's desire to remain with or leave their organization. The variables

Tempted_leaving and Resign measure the opposite of loyalty. Therefore, these variables need to be reversed. These items were measured on a 5-point Likert scale (1 completely disagree, 5= completely agree). Following this, the Cronbach's alpha was calculated to determine the statistical reliability of the results. However, the resulting alpha (0.6291) appears to be below the threshold of 0.7 (Nunnaly, 1978). As such, only Resign was included as an indicator for reversed loyalty. This score could, however, be an acceptable score in other studies. Subsequently, this variable was reversed to create a variable for Loyalty. A graph of Loyalty is presented below (Graph 9).



It can be derived that an alarming 9.02 percent of the respondents indicated that they completely agree with this statement of reversed loyalty. Thus, those employees do not have a strong desire to stay with their organization at all. Still, the majority of the respondents are loyal to their companies as the graph indicates.

4.2.2 Organizational Commitment

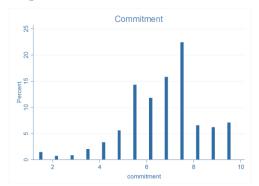
Organizational commitment has been identified as an important variable in understanding the work behavior of employees in organizations (Mowday & Steers, 1979). However, according to Mowday and Steers (1979), studies on commitment differ in opinion of how to best conceptualize and measure the concept. For example, Grusky's (1966) scale uses four items to measure the concept of commitment. These include: company seniority, identification with the company, attitudes towards company administrators and general attitudes towards the company. In addition, Hrebiniak and Alutto (1972) used a four-item scale, which focused on what it would take for an employee to leave the organization. However, no additional validity or reliability of these data was presented here. Mowday and Steers (1979) state that measures of commitment mostly consist of two to four-item scales that are created on an a priori basis and for which little or no validity and reliable data are provided. Accordingly, Mowday and Steers (1979) developed a more comprehensive measure of organizational commitment consisting of 15 items that reflect the different aspects of commitment. The response format employed a 7-point Likert scale.

However, the data available for this research do not include such a wide range of items that measure organization commitment. Nevertheless, it does include some similar items from which a shorter scale for organizational commitment can be constructed. A statement that reflects the rate of agreeableness to promoting an organization to ones friends as a great organization to work for is included in this scale. Furthermore, an aspect concerning whether employees are willing to put in substantial effort beyond what is normally expected in order to help their organization be successful, is included (table 10).

Table 10. Commitment scale

Talking	I like talking with others about my organization, also outside my work.
Extra_effort	For my organization I am gladly willing to put in extra effort.
organization UandD	I feel committed to the weal and woe (ups and downs) of the organization.

Graph 11. Commitment



All these items were measured on a 5-point Likert scale (1 completely disagree, 5= completely agree) and afterwards converted to a scale of 1-10. These variables were combined to create a scale for organizational commitment (M= 6.674, SD=.033). Furthermore, a Cronbach's alpha test is performed to provide statistical validation of this constructed index. This results in a scale reliability coefficient of 0.840, indicating that the constructed scale is reliable because it is higher than the threshold of 0.7 (see Nunnaly, 1978). In addition, a factor analysis including rotation is depleted as well, which confirms that all items loaded on the same factor (EV=2.276 R²= .759; Appendix 9.2, table 9). Hence, it can be derived that these items all measure the same underlying concept, namely organizational commitment.

4.3 Social innovation

In order to measure whether aspects of social innovation influence employee performance, variables of the levers of social innovation were constructed related to flexible organizing, smart working and dynamic management. Unfortunately, the Fan Scan does not measure any aspects of co-creation. Accordingly, items of the Fan Scan were used for constructing the scales for flexible organizing, smart working and dynamic management.

4.3.1 Flexible organizing

The communication with fellow colleagues and the atmosphere within a company is an important aspect of flexible organizing; this is referred to in the literature as close social networks (Mol & Birkinshaw, 2009). Therefore, statement *working_environemnt* is

included in the analysis. In the same vein, communication at the workplace is represented in statement *communication*.

Furthermore, according to Den Bosch, Jansen and Volberda (n.d.), education of employees is another important aspect, which is reflected in statement <code>education_training</code>. Here employees assess whether they are able to direct their own education. Furthermore, Mol and Birkinshaw (2008) indicate the importance of self-organization and decentralized decision-making; this is reflected in question <code>independent_decisions</code>. Similarly, self-organization also implies whether an employee feels responsible, as this indicates that they can make their own decisions. As such, statements <code>responsibility</code> and <code>feel_responsible</code> are included, the latter of which indicates whether an employee also feels responsible for their job. In addition, a high speed of internal change is promoted by employees having ready access to sufficient material, allowing them to complete their tasks with ease (Volberda et al., 2011). This is addressed in question <code>access</code>.

Furthermore, van de Ven (1989) indicate that rules, procedures, regulations and communication need to be written down and formalized. Question *information* implies whether employees are satisfied with the amount of information that is provided. In addition, the balance of this amount of information is somehow reflected in *rules*. Moreover, statement *course_organisation* adds to the aspect of flexible organizing, as this indicates whether the employee knows the goals and trajectory of their organization. As described, an important aspect of flexible organizing is the scheduling of employees. This aspect is indicated in the questionnaire, as statement *workinghours_schedule* indicates whether employees are satisfied with their working hours and scheduling. However, it would have even been better if this question measured the rate of flexibility in scheduling. However, the Fan Scan does not measure this variable.

It was also previously discussed how flexible organizing leads to a healthy work-life balance, which is addressed by question *worklife_balance*. Moreover, Den Bosch, Jansen and Volberda (n.d) argue that the development and education of employees is another important

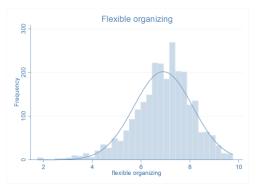
aspect in order to improve an organization and give employees the feeling that they are needed and can develop themselves. Whether employees feel this is the case is reflected in question: *career*.

All in all, it is emphasized that flexible organizing depends on the capabilities of employees to adjust themselves to changing surroundings. Therefore, question *adaptation* is included, which asks whether an employee is capable of adapting to new environments. Furthermore, Volberda et al. (2011) describe how decentralization of decision-making and the degree to which this is left to lower hierarchical levels stimulates social innovation. The described statements (see table 13), are used to create an index of the variable flexible organizing (M= 6.908, SD= .024). Furthermore, a Cronbach's alpha test was performed to provide statistical validation of this constructed index (α = 0.9020).

Table 12. Flexible organizing

Working_environment	The working environment in my department or my team /collegiality.
communication	Mutual communication and consultation during the service / day of work.
Education_training	I can exert influence on my education and training.
Independent_decisions	My team / department has the space to take independent decisions and act according to their own insights.
responsibility	The responsibility you get.
Feel_responsible	I feel responsible for my job.
access	I have easy and fast access to gear / information to carry out my duties.
information	The communicated information by the organization.
rules	No unnecessary rules and procedures.
course_organisation	I am aware/know the course to steer our organization.
Working hours_schedule	Working hours , schedules (well in advance , interim changes)
Worklife_balance	There is a healthy balance between work and private life.
career	The possibility to make career progress within the organization.
Adaptation	I am able to constantly adapt to changing circumstances.

Figure 13. Flexible organizing



4.3.2 Smart Working

Table 14 shows an overview of the statements included in the smart working scale. Volberda et al. (2011) identify optimal use of talent of employees as part of the smart working principle. Therefore, the statement about whether work fits their capabilities is included; <code>ability_job</code>. This and all other variables for smart working are presented in table 15. Moreover, the degree of trust in an organization is also a very important implication of smart working (Volberda et al. 2011;EUR Innovation Monitor,2009;Wilkinson,1998). This is reflected in question <code>trustable_employer</code>. Moreover, as defined by Volberda et al. 2011 'knowledgeable employees' are engaged in a variety of activities, such as the development of products and processes, marketing presentations and management tasks. This is reflected in the question whether they stay informed about new developments within their branch and job, <code>new_developments</code>. In addition, knowledgeable employees also seek further educations and other ways to develop themselves. This is reflected in the statement <code>education_possibilities</code> concerning how employees judge possibilities for education and development.

Moreover, whether staying informed about new developments in the market results in new ideas among employees is reflected in statement *bringing_ideas*. This aspect also adds to the statement whether employees think there is space for creativity and change within their firm. He is asked to rate this aspect in statement *creativity*. Volberda et al. (2011) furthermore, defined 'good and honest communication' as important for social innovation. This is reflected in question *communication*.

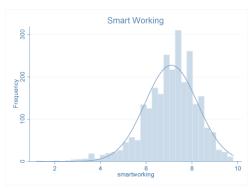
In addition, smart working requires that employees know what to do and why. In this way, they are able to work efficiently and because they know the reason behind tasks, fewer mistakes are made. This matter is reflected in the following statement; *expectation*. In addition, smart working implies that the employees know how to do their job. Put differently this implies they have enough experience to be able to do their job well. This is reflected in statement *experience*. In the same way, this also implies that in order to work

efficiently, or smart, employees need to spend time on the tasks assigned to them. Therefore, statement *right_things* is also added to the smart working variable.

There is one statement which is directly refers to this smart working principle. This question states that 'by working smarter, our team would be more able to spend time on the right tasks.' This does not contain any aspect of smart working, however it does include whether employees think there is a need for smart working. Yet, this statement could not be included in the variable, as it does not include a specific aspect of the smart working principle. In the same way as for the variable flexible organizing, the above-described statements were summarized to create an index for the variable smart working (M=7.095, SD=.023) Furthermore, a Cronbach's alpha test was done to provide statistical validation of this constructed index $(\alpha=0.8510)$. The result is commonly accepted a good internal consistency value.

Table 14. Smart working ability_job Connection of my ability and my job activities. I work for a trustable employer. trustable_employer new_developments I stay well informed of new developments in my field and industry. education_possibilities The education / training and development possibilities. bringing_ideas I regularly bring new ideas and proposals to improve work creativity The space for creativity, renovation and change. communication The mutual communication and consultation during the service / day of work. The extent to which you know what is expected of you and expectation why. experience The necessary experience to be able to do your job well. *In my job, I keep being occupied with doing the right things.* right_things

Figure 15. Smart working



4.3.3 Dynamic management

Table 16 gives an overview of the variables included in the scale for dynamic management. Volberda et al. (2011) claim that a good leader should often evaluate their team and the individuals in their team. This is measured by the assessment of *feedback* and *work_discussion*. In addition, Iske et al. (2013) consider the tolerance for making mistakes of great importance. The statement *mistakes* measures this. Furthermore, Volberda et al. (2011) indicate that a leader should pay attention to targets and to the autonomy of employees simultaneously, as reflected in *interest_manager*. Volberda et al. (2011) also indicate that a dynamic manager should be able to identify new initiatives and have the ability to combine market developments, continuous improvement and the ability to have short communication lines, therefore, statement *attention_manager* reflects this matter.

Moreover, whether this management does its job well is reflected in the assessment of employees, as they should rate whether their quality of skills matches the requirements of their jobs: <code>work_ability</code>. In this way, employees could rate whether managers place the right people on the right job. In addition, statements <code>coaching</code> and <code>recognition</code> reflect whether a manager recognizes qualities of employees and whether employees feel well supported by their management. Moreover, Volberda et al. (2011) indicate that a leader needs to pay attention to targets and as well as to the autonomy of their employees. This is reflected, to some extent, in statement <code>stimulation_manager</code>. In relation to this matter, statement <code>appreciation</code> was also included. Although the exact word 'appreciation' is not included in the theoretical background, it is included that a dynamic leader should have attention to their employees, thus it seems logic that this should also include appreciation for their work.

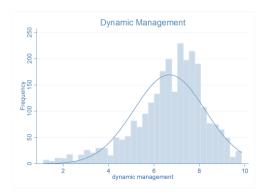
In similar vein, the following statement concerning appreciation of employees that act on their own initiative is also included in the principle of dynamic management (*appreciation_initiative*). Appreciation of employees' own initiative also seems self-evident, as it is described in the theoretical background that an environment for new ideas

and an open culture should be stimulated. The described statements (see table 17) were summarized to create an index for the variable dynamic management (M=6.684, SD=.031). Furthermore, a Cronbach's alpha test was conducted to provide statistical validation of this constructed index (α = 0.9451).

Table 16. Dynamic management

feedback	The extent to which you get feedback on carrying out your duties.
work_discussion	I discuss my work regularly with my supervisor.
mistakes	In my team / my department we are able to make mistakes, as long as we learn from it.
interest_manager	The interest from your supervisor(s) in you as a person.
attention_manager	Attention from your manager to your ideas and wishes.
work_ability	Connection of your work and your abilities.
coaching	The Coaching / guidance from your manager(s).
recognition	My organization is aware of the quality of my work / recognition of my skills.
stimulation_manager	My manager (s) stimulates / motivates me and my colleagues.
appreciation	Get appreciation for your work.
Appreciation_initiative	The appreciation of taking own initiative.

Figure 17. Dynamic management



By adding these three scale variables, an overall scale for social innovation is constructed (M= 6.896, SD=.024). A Cronbach's alpha test is performed to provide statistical validation of this constructed index. This results in a scale reliability coefficient of 0.942, indicating that the constructed scale is reliable because it is higher than the threshold of 0.7 by Nunnaly (1978). In addition, this is also commonly considered as an excellent internal consistency score (Cortina, 1993).

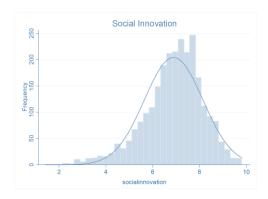


Figure 18. Social Innovation

4.4 Control Variables

Control variables are added to the regression model to measure the effect of social innovation on engagement while controlling for the other independent variables, as they potentially confound the relationship of interest.

Sector – Question **Vo17** asked respondents 'In which industry do you work?'. An overview of all sectors and frequency of responses can be found in Appendix 9.1. Subsequently, dummy variables were extracted for every sector, these were included as control variables (*Vo17d1-Vo17d12*).

Hours – A control variable was included for the hours an employee works per week.

Respondents had to indicate whether they worked: 'salaried: 12 hours or more a week' (3), 'salaried: less than 12 hours a week, (2) or had a 'side job' (1). As the results in table 19 demonstrate, most respondents worked more than 12 hours a week (M= 2.840, SD= .009). Following, dummy variables were extracted for every group, these dummies were included in the regression models.

Table 19. hours

hours	Freq.	Percent
Side job	98	3.78
< 12	174	6.71
12>	2,321	89.51
Total	2,593	100.00

Function – Function was measured by question **V37** ('What is your function?'). Respondents could choose from 'Director, management, owner' (1), 'managerial but not part of the

management board' (2), or 'employee' (0). The sample solely includes respondents from management (14.51%) and employees (85.49%), as can be seen in Table 20.

Table 20. Function

function	Freq.	Percent
employee	2,204	85.00
Director, management, owner	389	15.00
Total	2,593	100.00

Finally, variables: age, gender and education level (answer options; no education, primary education/lower education, secondary education higher level, higher professional education) were included. Education level was categorized as low(o) education (N = 1,778 61.42%) and high(1) education (N = 1,117,38.58%). Age was not measured in exact age numbers; instead it was divided into four groups. Respondents could choose from the following groups; 18-25 (1), 26-35 (2), 36-45 (3), 46-55 (4) and 65-65 (5). Following, dummy variables were extracted for every age group, these dummies, except for the first group, were included in the regression models (agegroupd1-agegroupd5). The variable gender gives value 1 for male and 0 for female.

5. Results and Analysis

In this chapter, the data from the sample will be analyzed and measured to test our hypotheses.

5.1 Regression 1

The first hypothesis (H1) stated that aspects of social innovation have a positive influence on employee performance in the service sector. Furthermore, the three sub-hypotheses assumed the positive influence of flexible organizing (H1a), smart working (H1b) and dynamic management (H1c) on employee performance. To analyze the results and test whether H1 should be rejected, two types of linear regressions are performed for every hypothesis. First, a simple linear regression(1) with only one explanatory variable is included in the regression analysis. Second, the model is extended with control variables, so a multiple linear regression is performed because this allows us to fit a more sophisticated model with

several variables that help explain the dependent variable as well(2). This second model suffers less from the omitted variable bias.

The general hypothesis (H1) is tested using the two regression models (1: Simple linear regression, 2: multiple linear regression). The two models are nested, as the second model contains all the terms of the first model. Both models are statistically significant (p < 0.01). The R^2 of model 1 indicates that 67,81 % of the variance in engagement can be predicted from the variable social innovation. The R^2 of the second model indicates that 69,28% of the variance in engagement can be predicted using the variables social innovation and control variables; *gender*, *age-groups* 1-5, *working hours, function, education and the sector dummies.* A closer inspection revealed that the variable for social innovation has a positive significant effect on engagement in both models (t = 61,99 p < .01 for model 1, and t = 62.53, p <0.01 for model 2). Although the added control variables are not of a great influence on engagement, the second model accounts better as it suffers less from omitted variable bias. A better estimation of the relationship between social innovation and engagement can thus be made. By using this model, the relationship of engagement and **social innovation** is then be as follows: if the social innovation scale increases by one point, the engagement scale also increases by 0.971 points, ceteris paribus (see table 21).

Table 21. Social Innovation

engagement	Model1	Model2
Social innovation	0.976***	0.971***
	(61.99)	(62.53)

Hypothesis H1a-H1c were tested in a similar fashion. Following, to test the influence of **flexible organizing** and thus test, hypothesis H1a, the regression model is denoted by an 'A'. The coefficients of flexible organizing in model 1A and model 2 are both statistically significant (t= 57,48, p < .01 for model 1A, and t = 10.19, p <0.01 for model 2). Note that model 2 is the same model for all three sub-hypotheses, since smart working and dynamic leadership are included as independent variables. The R² of the regression models

respectively indicate that 65,26% and 71,15% of the variance in engagement can be predicted from the explanatory variables. Since model 2 suffers from a less omitted variable bias, this model is interpreted. The coefficient of the variable *flexible organizing* in model 2 shows that an increase in *flexible organizing* by one point, increases the engagement scale by 0.451 points, ceteris paribus. This effect is significant at the 1% significance level (See Table 22).

To test the influence of the lever **smart working** (H1b), the regression model is denoted by a 'B'. The coefficients of *smartworking* in both models are statistically significant (t= 63.06 p < .01 for model 1B and t=13,67 p <0.01 for model 2). The R² of the regression model 1B indicates, respectively, that 66.49% of the variance in engagement can be predicted using their explanatory variables. A closer look at the variable *smartworking*, indicates that an one point increase in *smartworking*, increases the engagement scale by 0.531 points, ceteris paribus. This effect is significant at the 1 significance level % (See table 22).

A 'C' denotes the regression models of testing hypothesis H1c (whether dynamic management has a positive influence on employee performance). The coefficients of *dynamic management* in model 1C and Model 2 are both statistically significant (Model 1C \pm 47.09 p < .01, model 2C \pm 2.70, p <0.01). The R² of Model 1C indicates that 56.29% of the variance in engagement can be predicted using their explanatory variables. It can be derived using model 2 that a one point increase in *dynamic leadership* leads to a 0.781 point increase in the engagement scale, ceteris paribus. This effect is significant at the 1% significance level (see Table 22).

Table 22. Regression models

	Model 1A	Model 1B	Model 1C	Model 2
Flexible organising	0.992*** (57.48)			0.451*** (10.19)
smartworking		1.049*** (63.06)		0.531*** (13.67)
Dynamic leadership			0.7081*** (47.09)	0.781** (2.70)
education				-0.0221 (-0.65)

Other Retail - Wholesale				-0.461***	
				(-4.20)	
Financial / business				-0.570***	
service extension				(-5.35)	
Health care				-0.219*	
Hospitality				(-2.14) -0.399***	
Hospitality				(-3.54)	
Industry and Construction				-0.507***	
industry and construction				(-4.71)	
Agriculture - Fisheries - Forestry				-0.327*	
				(-2.18)	
Education (sector)				-0.282*	
				(-2.39)	
Government (local, state , county)				-0.395***	
Other commercial services				(-3.58)	
Otner commercial services				-0.458*** (-3.66)	
Supermarkets (retail)				-0.315	
Supermarkets (retail)				(-1.77)	
Transport - Storage -				-0.492***	
Communications				(-4.31)	
				(4.0-)	
gender				0.0676	
				(1.90)	
12 working hours or more per week				-0.127	
Less than 12 working hours per week				(-1.37) -0.0430	
Less than 12 working hours per week				(-0.41)	
function				-0.0574	
•				(-1.29)	
Agegroupd2 (26-35)				0.0686	
				(0.91)	
Agegroupsd3 (36-45)				0.162*	
				(2.13)	
Agegroupsd4 (46-55)				0.258***	
A = a J. J= (- < < < <				(3.66)	
Agegroupdsd5 (56-66(0.311*** (4.34)	
Constant	0.239	-0.349**	2.363***	-0.0254	
constant	(1.89)	(-2.82)	(21.78)	(-0.16)	
N	2593	2593	2593		2593
(t statist	ics in parenth	eses * p<0.05, *	** p<0.01, ***	p<0.001)	

5.2 Mediation test

Hypotheses H2, H3 and H4 all predict a meditation effect of a third variable on the relationship between employee performance and social innovation. In order to test whether these suggested aspects influence the relationship analyzed, the Sobel-Goodman mediation test is performed.

The second hypothesis (H2) indicated that the effect of social innovation on employee performance is mediated by job satisfaction. The results of the mediation test show that the mediation effect of job satisfaction is statistically significant (p<0.05) indicating job satisfaction is a mediator, approximately 17 % of the total effect (of social innovation) being mediated (see table 23).

Std Error Coef \mathbf{Z} P>|Z|Sobel .164 .0165 9.976 o Goodman-1 .164 .0165 o 9.974 (Aroian) Goodman-2 .165 .0165 0 9.977 a coefficient = 64.0372 .931 .0145 0 b coefficient = .176 .0175 10.099 0 Indirect effect = 9.976 .164 .0165 0 Direct effect = .810 .020 38.965 Total effect = 73.899 o 975 .013 **Proportion of total effect that is mediated:** .169 Ratio of indirect to direct effect: .203 Ratio of total to direct effect: 1.203

Table 23. Mediation job satisfaction.

Moreover, the third hypothesis (H₃) indicated that the effect of social innovation on employee performance is mediated by loyalty. The findings of the mediation test show that the mediation effect of loyalty is statistically significant (p<0.05) indicating loyalty is a mediator, approximately 10% of the total effect being mediated by loyalty (see table 24).

Coef **Std Error** \mathbf{Z} P>|Z|**Sobel** .008 .093 11.94 Goodman-1 .008 .093 11.93 o (Aroian) Goodman-2 .008 0 .093 11.94 a coefficient = 1.001 .0358 28.212 0 b coefficient = 13.172 .093 .007 0 Indirect effect = 11.935 .093 .007 0 Direct effect = .881 60.367 0 .015 Total effect = .975 .013 73.899 0 Proportion of total effect that is mediated: .096

.106

1.106

Ratio of indirect to direct effect:

Ratio of total to direct effect:

Table 24. Mediation loyalty

Finally, the fourth hypothesis (H4) suggested that the effect of social innovation on employee performance is mediated through commitment. Results of the mediation test show that the mediation effect of commitment is statistically significant (p<0.05) indicating commitment is a mediator. Approximately 30% of the total effect being mediated (see table 25).

Std Error Coef \mathbf{Z} P>|Z|Sobel .288 .0135 21.3 0 Goodman-1 .288 .013 21.29 o (Aroian) Goodman-2 .288 .014 21.3 0 a coefficient = .958 .018 0 52.379 b coefficient = 23.309 .301 .013 0 **Indirect effect** .288 .014 21.295 0 Direct effect = .688 .017 39.920 0 Total effect = 73.899 o .975 .013 **Proportion of total effect that is mediated:** .295 Ratio of indirect to direct effect: .418 Ratio of total to direct effect: 1.418

Table 25. Mediation commitment.

5.3 Regression 2

The third sub research question referred to the influence of aspects of social innovation in the different **sub sectors**. A multiple linear regression was performed including interaction terms with a dummy for the sector and flexible organising, dynamic leadership and smartworking. By using the coefficients of these interaction terms it can be derived whether there are differences in the influence of social innovation between the sectors.

The performed regression model is statistically significant (p<0.01). Since none of the coefficients of the interaction terms are statistically significant, it can be concluded that there is no significant difference of the influence of social innovation between the sub-sectors (see table 26).

Table 26. Regression with interaction terms

			Smarti rking	wo		Flexible organising		Dynamic leadershp
Flexible organising	0.377* (2.26)	Smw d2	0.101		Inod2	0.198	Dyld 2	-0.0850
Smartworkin g	0.371 (1.94)	Smw d3	(0.47) -0.028	1	Inod3	(0.91) 0.249	Dyld 3	(-0.67) -0.0491
Dynamic leadershipp	0.137 (1.94)	Smw d4	(-0.13) 0.254		Inod4	(1.21) 0.0497	Dyld 4	(-0.43) -0.114
education	-0.0215 (-0.63)	Smw d5	(1.24) 0.0694	1	Inod5	(0.27) 0.19	Dyld 5	(-1.14) -0.0571
Other Retail - Wholesale	-1.991** (-3.05)	Smw	(0.33) -0.085	6	Inod6	(0.92) 0.304	Dyld	(-0.42) -0.0465
Financial / business	-1.776** (-2.77)	d6 Smw d7	(-0.38))	Inod ₇	(1.44)	Dyld 7	(-0.41) -0.224
service extension Healthcare	-1.614**	Smw	(1.28)		Inod8	(0.56)	Dyld	(-1.41)
Hospitality	(-2.65) -1.905**	d8 Smw	0.219		Inod9	0.0630	8 Dyld	-0.0408 (-0.36)
ноѕришиу	(-2.91)	d9	0.437			-0.167	9	-0.0426
Industry and Construction	-1.709** (-2.71)	Smw d10	(1.85) 0.162		Inod10	(-0.75) 0.101	Dyld 10	(-0.36) -0.0587
Agriculture - Fisheries - Forestry	-1.990* (-2.40)	Smw d11	(0.56) 0.522		Inod11	(0.39) -0.583	const ant	(-0.31) 1.250*
Education (sector)	-2.014** (-2.75)	Smw d12	(1.37) 0.230		Inod12	(-1.17) -0.101		(2.30)
Government (local, state , county)	-2.067** (-3.02)	Less tha		-0.0	0400	(-0.52)	N	2593
Q.L.	1.00.1*	working per weel	k (-o.					
Other commercial services	-1.924* (-2.53)	function	n -0.0					
Supermarkets (retail)	-0.0256 (-0.01)	Agegrou (26-35)	1pd2 0.00 (0.8					

Transport - Storage - Communicati ons	-1.450* (-2.27)	Agegroupsd3 (36-45)	0.149*
gender	0.0762* (2.11)	Agegroupsd4 (46-55)	0.257*** (3.59)
12 working hours or more per week	-0.133 (-1.39)	Agegroupsd5 (56-65)	0.306*** (4.24)

(t statistics in parentheses * p<0.05, ** p<0.01, *** p<0.001)

*Smwd =interaction term for smartworking and sector (1-12)

*Inod = interaction term for flexible organizing and sector (1-12)

*Dyld = interaction term for dynamic leadership and sector (1-12)

6. Discussion

This study has several important strengths as well as limitations. In a way this thesis provides a good starting point for future research on the implementation of social innovation in the service sector, it however consists of some limitations that can be exploited in future research. A strength of this thesis is that we had access to a relatively broad dataset including Dutch service sectors, generating a good statistical power. At the same time, this is addressed as limitation of the study, because the data available for this research was already collected and no suggestions for certain aspects to include could be made. Future research should collect data in order to perfectly fit the research questions. In this way, scales for the measured concepts of interest can be constructed in a better way, so they are not limited to statements of the Fan-Scan like this thesis is. Another example for this matter is that there was no information about the sizes of the firm of the respondents, this aspect could be included because according to (Mol and Birkinshaw, 2009) this matter does have an effect on the acceptance of employees of social innovation. It is also advised to measure the overall happiness of the subjects on the moment they react to the questionnaire. In this way, there is the possibility to control for this aspect in the analysis. It could for example be the case that the respondents were having a very bad day and therefore rated every aspect in the

questionnaire worse than they would normally do. Another limitation is that in the beginning of the questionnaire it is indicated for what purpose the questionnaire is for, this might create biases in the responses.

There are several ways to measure employee performance, this research limits to measuring engagement, however future research could make use of different measures such as productivity of the employee or added value of the employee. In this way, employee performance is not self-assessed and therefore could give a less subjective view compared to this research.

Furthermore, it might be very interesting to link the relationship between social innovation and performance, to the personality of employees. Results could help managers to lead their employees according to what fits best to their personality. Another suggestion for future research is that several companies should be analyzed before and after the adaption of social innovation. In this way, effects of social innovation can be observed in a different way and probably more effects can be observed in addition to the effect on employee performance.

Overall, there are many limitations present due to the limited amount of time and capacity and because the connection of social innovation and employee performance in the service sector was relatively new. However, these limitations can be easily solved and analyzed in future research.

7. Overall Conclusion

7.1 Conclusion

Inspired by research by Volberda (2011), this study has provided an in-depth analysis of the influence of social innovation on employee performance in the service sector. Subsequently, we examined aspects of social innovation, the service profit chain and conditions for employee performance. The underlying levers of social innovation; flexible organizing, smart working and dynamic leadership, hereby provide aspects of social innovation. Performance was measured by the engagement of employees, as this is proven to

be the most important aspect of employee performance in the service sector. These steps in the research helped to answer the Main Research question:

How do aspects of social innovation influence the employee performance in the service sector?

It is confirmed that social innovation has a positive effect on the engagement of employees in the service sector. Furthermore, separating the levers of social innovation, flexible organizing, smart working and dynamic management all have a positive effect on employee performance, whereby smart working has the greatest effect on employee performance. We have found that the relation between social innovation and employee performance is mediated by job satisfaction, loyalty and commitment. Indicating that those aspects are of considerable importance to the performance of employees. In addition, we have found that there is no significant differences in the influence of social innovation regarding the sectors within the general service sector.

7.2 Managerial implications

Findings of this study have important implications for managers in terms of the employee management. Social innovation should be adapted in service firms in order to boost employee performance. Because employees are a crucial aspect in the service delivery, this can boost the success of the company. Ownership is an important aspect for employee performance in the service sector. Managers should regularly measure pre-conditions of ownership: job satisfaction, loyalty and commitment as one way to monitor service quality. It is advised that organizations should work closely together with their human-resource departments to understand and influence employee's work environment and maintain high levels of engagement.

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9. Appendices

9.1 Variables description

Table 1. Sector Sector Freq. **Percent** Cum. Day recreation and sport 2.20 2.20 57 Other Retail - Wholesale 246 9.49 11.69 Financial / business service 316 12.19 23.87 extension Health care 643 24.80 48.67 Hospitality 6.36 165 55.03 *Industry and Construction* 317 12.23 67.26 Agriculture - Fisheries -68.18 24 0.93 Forestry Education 161 6.21 74.39 Government (local, state, 238 9.18 83.57 county) Other commercial services 117 4.51 88.08 Supermarkets (retail) 63 2.43 90.51 Transport - Storage -100.00 246 9.49 Communications Total 100.00 2,593

Table 2. Original variables flexible organizing

Vo ₅ _8	De werksfeer of mijn afdeling of in mijn team/collegialiteit.
V05_1	De onderlinge communicatie en overleg tijdens de dienst / gedurende de werkdag.
V13_07	Ik stuur mijn opleiding en scholing.
V10_12	Mijn team/afdeling krijgt de ruimte om zelfstandig beslissingen te nemen en te handelen naar eigen inzichten.
Vo5_13	De eigen verantwoordelijkheid die je krijgt.
Vo7_08	Ik voel me echt verantwoordelijk voor mijn werk.
V07_12	Ik heb snel en direct spullen/informatie tot mijn beschikking om mijn taken te kunnen uitvoeren.
V08_01	De informatieverstrekking vanuit de organisatie.
V11_3	Geen onnodige regels en procedures.

V10_04	Ik ben op de hoogte/ken de te varen koers van onze organisatie.
V11_7	De werktijden, roosters (tijdig bekend, tussentijdse wijzigingen)
V13_04	Er is een gezonde balans tussen werk en privé.
V11_8	De mogelijkheid tot carrière maken, doorgroeien binnen de organisatie.
V13_02	Ik ben in staat me voortdurend aan te passen aan veranderende omstandigheden

Table 3. Original variables smart working

Vo5_6	De aansluiting van je werk op capaciteiten.
V13_01	Ik werk bij een betrouwbare werkgever.
Vo7_05	Ik blijf goed op de hoogte van nieuwe ontwikkelingen binnen mijn vakgebied en branche.
V11_2	De scholing/opleiding- en ontplooingsmogelijkheden.
Vo7_03	Ik draag regelmatig nieuwe ideeën en voorstellen ter verbetering van het werk aan.
Vo5_09	De ruimte voor creativiteit, verniewing, verandering.
V05_1	De onderlinge communicatie en overleg tijdens de dienst/gedurende de werkdag.
V05_2	De mate waarin je weet wat van je verwacht wordt en waarom.
Vo5_7	De nodige ervaring om je werk echt goed te kunnen doen.
Vo7_07	Ik hou me in mijn werk met de juiste dingen bezig.

Table 4. Original variables dynamic management

Vo8_04	De mate waarin je feedback krijgt op het uitvoeren van je
	werkzaamheden.
V10_12	Ik bespreek mijn functioneren regelmatig met mijn leidinggevende.
V10_13	In mijn team/ op mijn afdeling mag je fouten maken, zolang je er maar van leert.
V08_02	De interesse vanuit je leidinggevende(n) in jou als person.
Vo8_o3	Luisteren van je leidinggevende naar jouw ideeën en wensen.
Vo5_05	Aansluiting van je werk of je capaciteiten.
Vo8_05	De Coaching/ begeleiding door je leidinggevende(n).
Vo5_04	Mijn organisatie heeft oog voor de kwaliteit van mijn werk/erkenning van mijn vakkundigheid.
V10_02	Mijn leidinggevende(n) stimuleert / motiveert mij en mijn collega's.
V05_11	Waardering krijgen voor je werk.
Vo5_10	De waardering voor het nemen van eigen initiatief.

9.2 Tests

Table 5. Breusch-Pagan/Cook-Weisberg

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of engagement

chi2(1) = 214.01
Prob > chi2 = 0.0000
```

Figure 6. Joint significance sector dummies

```
(1) V017d2 = 0

(2) V017d3 = 0

(3) V017d4 = 0

(4) V017d5 = 0

(5) V017d6 = 0

(6) V017d7 = 0

(7) V017d8 = 0

(8) V017d9 = 0

(9) V017d10 = 0

(10) V017d11 = 0

(11) V017d12 = 0

F(11, 2575) = 6.91

Prob > F = 0.0000
```

Table 7. Factor analysis Engagement

Me	ctor analysis/correlation Method: principal-component factors Rotation: (unrotated)			cors = 2593 cors = 1 cams = 5	
	Factor	Eigenvalue	Difference	Proportion	Cumulative
	Factor1	3.04206	2.22628	0.6084	0.6084
	Factor2	0.81578	0.34734	0.1632	0.7716
	Factor3	0.46843	0.08635	0.0937	0.8653
	Factor4	0.38209	0.09045	0.0764	0.9417
LR	Factor5	0.29164 pendent vs. sa	turated: chi2(10	0.0583 0) = 5294.39 Prob	1.0000 >>chi2 = 0.0000
	test: inde	pendent vs. sa		0) = 5294.39 Prob	
	test: inder	pendent vs. sa	turated: chi2(10	0) = 5294.39 Prob	
	test: indep	pendent vs. sa	turated: chi2(10)) and unique vari Uniqueness	0) = 5294.39 Prob	
	test: indeprivation of the variable vo7_15S	pendent vs. sa pattern matrix Factor1 0.8253	turated: chi2(10) and unique vari Uniqueness 0.3189	0) = 5294.39 Prob	
	Variable V07_15S V07_18S	pendent vs. sa pattern matrix Factor1 0.8253 0.8627	turated: chi2(10) and unique vari Uniqueness 0.3189 0.2558	0) = 5294.39 Prob	

Table 8. Factor analysis commitment

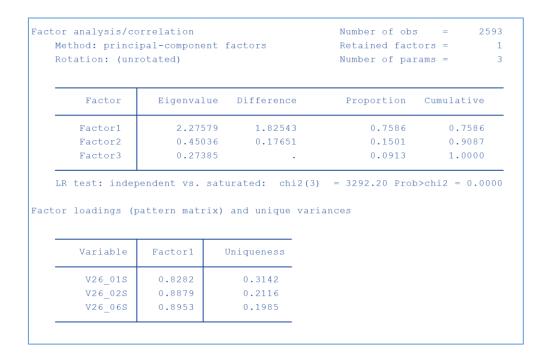
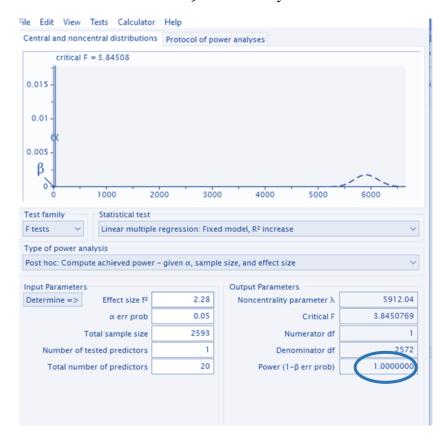


Table 9. Power analysis



Cohen's f2 method of effect size

$$f^2 = \frac{R2}{1 - R2}$$

9.3 Regression assumptions

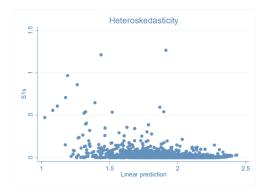
9.3.1 Multicollinearity

Before presenting the regression models, one should inspect if there are excessive correlations between the variables in the model. The correlation matrix can scanned as a preliminary look for multicollinearity. To avoid multicollinearity in the sample, there should be no substantial correlations (R > 0.9) between the predictors (Field, 2000). The correlation matrix shows no variables that have excessive correlations between them. In addition, a VIF (variance inflation factor) test was performed after the regression for multicollinearity. The result of this test shows no VIF values greater than 10, which is the tolerance value. This means that there is no multicollinearity of the variables and the regression analysis is valid.

9.3.2 Homoscedasticity

Another important assumption for linear regressions is the assumption of homoscedasticity, indicating constant variance. Under this assumption the error term, should be the same across all values of the independent variables. A violation of homoscedasticity, heteroscedasticity, is then when the size of the error term differs across values of the independent variable. When this is the case, standard errors are biased, and therefore significance and confidence intervals are also incorrect. From the Breusch-Pagan test for heteroscedasticity (see appendix 9.2, table 5), it can be concluded that the assumption of homoscedasticity is violated for the simple and multiple regression. This is solved by using white standard errors.

Figure 22. Heteroscedasticity scatterplot



9.4 Fan-Scan

De Fan-Scan

Wat voor medewerker ben jij? Haal jij uit jezelf wat erin zit? En ben jij écht fan van het bedrijf waar je werkt? Start de Fan-Scan en ontdek welk type medewerker jij bent! Het invullen duurt 10 tot 15 minuten en de resultaten worden anoniem verwerkt.

Klik op Verder om te starten met het onderzoek.

V01 Werk je bij een horecabedrijf/organisatie? En in wat voor soort dienstverband?

- O Loondienst; 12 werkuur of meer per week
- O Loondienst; minder dan 12 werkuur per week
- O Eigenaar/zelfstandig ondernemer
- O Bijbaan, naast studie
- O Tijdelijke baan (bijvoorbeeld ter overbrugging van twee studies)
- O Anders, namelijk:
- O Nee, ik werk niet bij een horecabedrijf/organisatie

Naar vraag 2. Indien 'nee, ..' dan naar einde vragenlijst

Uitleg rapportcijfers:

Beoordeel de onderwerpen door het geven van een rapportcijfer van 1 tot en met 10. De cijfers zijn als volgt te omschrijven:

10 =	uitmuntend	6 =	voldoende	3 =	slecht
9 =	zeer goed	5 =	onvoldoende	2 =	zeer slecht
8 =	goed	4 =	ruim onvoldoende	1 =	uitermate slecht
_					

V03 In hoeverre ben je tevreden met het werken bij je huidige organisatie?

De algemene tevredenheid over	1	2	3	4	5	6	7	8	9	10
Het werk bij je organisatie	O	O	O	O	0	O	O	O	O	O
Je organisatie als werkgever	O	O	O	O	O	O	O	O	O	O
Je baan in totaliteit	O	O	O	O	O	O	O	O	O	O
(het werken, de organisatie als werkgever)										

V04 Net als bij een 'date' is de eerste indruk belangrijk. Toen je deze baan hebt aangenomen, heb je zeer waarschijnlijk een sollicitatiegesprek gehad. Heb je toen een reëel beeld van de baan en het bedrijf gekregen?

Zou je dus eens terug willen gaan naar de sollicitatieproced	ure <u>v</u>	an je	huidi	ge ba	<u>an</u> er	n aan	kunn	en ge	ven c	of		
achteraf de bij jou gewekte verwachtingen op onderstaand	e asp	ecten	zijn ı	uitgel	come	n?						
☐ Inzicht in de benodigde kennis en vaardigheden die je in huis moet hebben voor deze baan												
☐ De financiële beloning	De financiële beloning											
De cultuur van het bedrijf												
De leidinggevende, de leiding												
☐ De werksfeer, het team, de afdeling												
De inhoud van de baan, de uitdaging en afwisseling in het werk												
De loopbaanmogelijkheden												
☐ De prestaties die de organisatie van mij verwacht												
☐ Het beleid van de organisatie												
☐ De arbeidsomstandigheden												
V05 Welk rapportcijfer geef jij de volgende aspecten wat be	etreft	de ir	houd	l van	je we	erk en	de w	erks	feer?			
De tevredenheid over	1	2	3	4	5	6	7	8	9	10		
Onderlinge communicatie en overleg tijdens de dienst / gedurende de werkdag	0	0	0	0	0	0	0	O	0	0		
De mate waarin je weet wat er van je verwacht wordt en waarom	0	0	0	0	0	0	0	O	0	0		
De uitdaging in je werk	0	0	0	0	O	O	O	0	0	O		
De afwisseling in je werk	O	O	O	O	O	O	O	O	O	O		
Mijn organisatie heeft oog voor de kwaliteit van mijn werk/ erkenning van mijn vakkundigheid	0	0	O	O	O	O	O	0	O	O		
De aansluiting van je werk op je capaciteiten	O	O	O	O	O	O	O	O	O	O		
De nodige kennis en ervaring om je werk echt goed te kunnen doen	0	0	0	0	0	0	0	0	0	0		
De werksfeer op mijn afdeling of in mijn team / collegialiteit	O	O	O	O	O	O	O	O	O	O		
De ruimte voor creativiteit, vernieuwing, verandering	O	0	O	O	O	0	O	O	O	O		
De waardering voor het nemen van eigen initiatief	O	0	0	O	0	O	O	0	O	O		
De hulp die ik van collega's krijg om mijn werk beter te kunnen doen	O	0	0	0	0	O	0	0	O	O		
Waardering krijgen voor je werk	O	0	0	0	0	0	O	0	O	O		
De eigen verantwoordelijkheid die je krijgt	O	O	O	O	O	O	O	O	O	0		
V05A) Is je werk (te) veel of (te) weinig afwisselend? (te) veel (te) weinig												
V06 Wat zou <u>jij</u> concreet kunnen doen om de werkinhoud e	n we	rksfe	er te	verbe	etere	1?						
<niet verplicht=""></niet>												
V07 In hoeverre ben je het eens dan wel oneens met de vol werkinhoud en - sfeer bij je huidige organisatie?	gend	e stel	linger	n ove	r de b	elevi	ng va	n de				
	Helen	naal	M	ee	N	liet	N	1ee	Hele	maal	Geen	

mee

oneens

oneens

oneens/

niet eens

eens

mee

eens

mening

Regelmatig help ik collega's om hun werk steeds beter te kunnen doen	O	C	O	C	O	O
Ik voel me er thuis	O	O	0	0	O	O
Ik draag regelmatig nieuwe ideeën en voorstellen ter verbetering van het werk aan	O	O	O	0	•	O
Het belang van de gast / bezoeker staat in onze organisatie echt voorop, in alles wat wij doen	•	0	•	0	•	0
Ik zet me in om mijn werk voortdurend te verbeteren	O	0	0	O	•	O
Ik blijf goed op de hoogte van nieuwe ontwikkelingen binnen mijn vakgebied en in de branche	0	O	•	0	0	0
Ik heb het gevoel dat ik een wezenlijke bijdrage lever aan het resultaat / succes van mijn organisatie	•	0	•	0	•	0
Ik hou me in mijn werk met de juiste dingen bezig	\mathbf{O}	O	0	0	•	O
Ik voel me echt verantwoordelijk voor mijn werk	0	O	0	0	O	O
Ik spreek mijn directe collega's aan op hun werk en gedrag als het nodig is	0	0	•	0	•	0
Ik behaal alle doelen die bij mijn werk horen	O	O	0	O	0	O
Ik doe er alles aan om kwalitatief goed werk te leveren	0	O	O	0	O	0
Ik heb snel en direct de spullen / informatie tot mijn beschikking om mijn taken te kunnen uitvoeren	0	0	•	0	•	0
Door slimmer te werken zouden mijn collega's en ik in staat zijn meer tijd aan de juiste dingen te besteden	0	0	•	0	0	0
Ik ben trots op het werk dat ik doe	0	O	0	0	O	O
Ik doe nuttig, zinvol werk	•	0	O	0	0	0
Ik haal het beste uit mezelf voor deze organisatie	•	0	0	•	0	•
Ik ga met plezier naar mijn werk	O	O	C	O	•	O

V08 Welk rapportcijfer geef jij de volgende aspecten wat betreft het leiding geven en de communicatie, informatieverstrekking?

De tevredenheid over	1	2	3	4	5	6	7	8	9	10
De informatieverstrekking vanuit de organisatie	O	O	O	O	O	O	O	O	O	O
De interesse vanuit je leidinggevende(n) in jou als persoon	O	O	O	O	O	O	O	O	O	O
Luisteren van je leidinggevende(n) naar jouw ideeën en wensen	O	O	O	O	O	O	O	O	O	O
De mate waarin je feedback krijgt op het uitvoeren van je werkzaamheden	O	O	O	O	O	O	O	O	O	O
De coaching / begeleiding door je leidinggevende(n)	O	O	O	O	O	O	O	O	O	O
De leidinggevenden vervullen met hun gedrag en woorden een positieve voorbeeldrol voor hun medewerkers	O	0	•	O	O	O	•	O	O	0

V09 Wat zou jij concreet kunnen doen om het leiding geven en de communicatie, informatieverstrekking te verbeteren?

٠:			1:-	
< ni	ω T	verp	m.	nt>
7111	٠ı	V CI P		

V10 In hoeverre ben je het eens dan wel oneens met de volgende stellingen over de beleving van het *leiding geven en de communicatie, informatieverstrekking* bij je huidige organisatie?

	Helemaal	Mee	Niet	Mee	Helemaal	Geen
	mee	oneens	oneens /	eens	mee	mening
	oneens		niet eens		eens	
Ik voel me onderdeel van een team	0	O	O	\mathbf{C}	O	O
Mijn leidinggevende(n) stimuleert / motiveert mij en mijn collega's	0	0	0	0	0	•
Ik sta achter de doelstellingen en visie van de organisatie	O	O	O	0	O	0
Ik ben op de hoogte / ken de te varen koers van onze organisatie	O	O	O	0	•	0
In mijn team/ op mijn afdeling mag je fouten maken, zo lang je er maar van leert	O	O	•	•	•	•
Mijn team/afdeling krijgt de ruimte om zelfstandig beslissingen te nemen en te handelen naar eigen inzichten	0	•	•	O	•	•
Ik voldoe aan en overtref regelmatig de verwachtingen	0	O	O	O	O	O
Ik heb in de afgelopen weken de erkenning of lof gekregen voor het goede werk dat ik heb gedaan	O	O	O	0	O	0
Deze organisatie haalt het beste in mij boven	•	O	O	\mathbf{C}	O	O
Ik ben op de hoogte van de korte termijn doelstellingen van mijn team/afdeling	0	0	0	0	0	0
De resultaten van mijn team/afdeling worden regelmatig met ons gedeeld	O	0	0	0	0	0
Ik bespreek mijn functioneren regelmatig met mijn leidinggevende	O	0	0	0	0	0
Ik vind dat mijn organisatie de juiste man/vrouw op de juiste plek selecteert	O	0	0	0	0	0
Ik ben er trots op voor deze organisatie te werken	0	O	•	0	O	O

V11 Welk rapportcijfer geef jij de volgende aspecten wat betreft de arbeidsomstandigheden en -voorwaarden?

De tevredenheid over	1	2	3	4	5	6	7	8	9	10
De werkdruk (je hebt voldoende tijd om je taken uit te voeren)	O	O	O	O	O	O	O	O	O	O
De scholing/opleiding- en ontplooiingsmogelijkheden	0	O	O	O	O	O	O	O	O	O
Geen onnodige regels en procedures	O	O	O	O	O	O	O	0	O	O
Het comfort van de werkplek, werkomgeving	O	0	O	O	O	O	O	O	O	O
Salaris	O	0	O	O	O	O	O	O	O	O
Verlof en vakantiedagen en secundaire arbeidsvoorwaarden zoals reiskostenvergoeding	0	O	O	O	O	O	O	O	0	O
De werktijden, de roosters (tijdig bekend, tussentijdse wijzigingen)	O	O	O	O	O	O	O	O	O	O
De mogelijkheid tot carrière maken, doorgroeien binnen de organisatie	O	O	O	O	O	O	O	O	O	O
De faciliteiten om je werk optimaal te kunnen doen zoals ICT, apparatuur, materiaal en gereedschap	O	O	O	0	0	0	0	O	0	O
De lichamelijke belasting	O	0	O	O	O	O	O	O	O	O

V12 Wat zou jij concreet kunnen doen om de arbeidsomstandigheden en arbeidsvoorwaarden te verbeteren?

V13 In hoeverre ben je het eens dan wel oneens met de volgende stellingen over de beleving van de arbeidsomstandigheden en arbeidsvoorwaarden bij je huidige organisatie?

	Helemaal	Mee	Niet	Mee	Helemaal	Geen
	mee	oneens	oneens /	eens	mee	mening
	oneens		niet eens		eens	
Ik werk bij een betrouwbare werkgever	O	O	O	0	O	•
Ik word in staat gesteld om de nodige kennis en ervaring op te doen om mijn werk goed te kunnen uitvoeren	O	O	•	0	•	0
Ik voel me veilig op mijn werk (met respect behandeld, niet geïntimideerd)	O	O	O	0	O	•
Er is een gezonde balans tussen werk en privé	0	O	0	0	O	O
Ik pas in de cultuur van deze organisatie	0	O	0	O	O	O
Ik stuur mijn loopbaan en scholing	0	•	0	O	O	C

V26 In hoeverre ben je het eens dan wel oneens met de volgende stellingen over de binding met je huidige organisatie?

organisatie?						
	Helemaal	Mee	Niet	Mee	Helemaal	Geen
	mee	oneens	oneens /	eens	mee	mening
	oneens		niet eens		eens	
Ik ben een fan van mijn organisatie	•	0	•	0	O	O
Ik praat met anderen graag over mijn organisatie, ook buiten mijn werk	O	0	O	0	0	0
Voor mijn organisatie doe ik graag een stap extra	O	•	O	•	O	O
Over 1 à 2 jaar zou ik nog steeds werkzaam willen zijn bij deze organisatie	0	0	0	0	0	0
Als ik kon, zou ik vandaag nog ontslag nemen	O	0	O	0	O	O
Ik ben zeker van mijn baan, inkomsten	O	•	O	0	O	O
Ik voel me betrokken bij het wel en wee van deze organisatie	O	O	0	•	•	0
Ik heb het gevoel dat ik weinig alternatieven heb om nu ontslag te nemen	0	0	0	0	0	0
Ik blijf bij deze organisatie werken omdat dit om bepaalde redenen noodzakelijk/voordelig is, niet omdat ik dit zo graag wil	0	0	0	0	•	•
Als ik een aanbod voor een andere baan zou krijgen, zou ik mij bezwaard voelen om bij deze organisatie weg te gaan	•	O	•	O	•	0
Ik vind dat iemand loyaal zou moeten zijn ten opzichte van zijn of haar organisatie	O	0	O	0	0	0
Ik ben makkelijk geneigd de organisatie te verlaten voor betere carrièreperspectieven elders	0	0	0	0	0	0

V027 Bij wie of wat van de organisatie voel jij je betrokken, ben je aan toegewijd?

k	voel	mii	betrok	ken	hii /	ben	toed	rewiid	aan:
•	VUCI	11111	DCUON	NCII	D11 /	ω_{CII}	$\iota \cup \iota \cup$	ic willa	uuii.

- ☐ De organisatie in totaliteit
- ☐ Mijn locatie, de vestiging waar ik werk
- ☐ Mijn team/afdeling, mijn directe collega's
- ☐ Mijn leidinggevende(n)
- ☐ Mijn werk, het vak
- ☐ De producten / diensten van mijn organisatie

V28 Hoe waarschijnlijk is het dat je jouw organisatie zult aanbevelen aan vrienden, familie of collega's als

organisatie om voor te werken?

Op een schaal van 0 tot en met 10, waarbij 0 = zeker niet en 10 = zeker wel

De mate van	0	1	2	3	4	5	6	7	8	9	10
Aanbevelen van het werken bij onze organisatie	O	O	O	O	O	O	O	O	O	O	0

V29 Kun je kort omschrijven wat jou fan maakt van jouw organisatie?

<niet verplicht>

V30 In welke mate geeft jouw baan je energie?

Op een schaal van 1 t/m 10, waarbij 1 = ik ben helemaal uitgeput en 10 = ik bruis van energie

	1	2	3	4	5	6	7	8	9	10
De mate van energie die jouw baan geeft	0	O	O	0	0	0	0	0	0	O

V31 Welke uitspraak is het beste op de prestaties in de markt van jouw organisatie van toepassing? Onze organisatie presteert

- O Veel beter dan haar concurrenten / vergelijkbare organisaties
- O Beter dan haar concurrenten / vergelijkbare organisaties
- O Ongeveer gelijk aan haar concurrenten / vergelijkbare organisaties
- O Minder dan haar concurrenten / vergelijkbare organisaties
- O Veel minder dan haar concurrenten / vergelijkbare organisaties
- O Weet niet / geen mening

V32 Wat is je geslacht?

- O Man
- O Vrouw

V33 Wat is je leeftijd?

- O Jonger dan 25 jaar
- O 25 tot 35 jaar
- O 35 tot 50 jaar
- O 50 jaar of ouder

V34 Hoeveel jaren werk je bij je huidige organisatie?

- O Minder dan een half jaar
- O Half jaar tot 1 jaar
- O 1 tot 2 jaar
- O 2 tot 3 jaar
- O 3 tot 5 jaar
- O 5 tot 10 jaar
- O 10 jaar of langer

V35 Hoeveel jaren werk je in je huidige functie / baan?

- O Minder dan een half jaar
- O Half jaar tot 1 jaar
- O 1 tot 2 jaar
- O 2 tot 3 jaar
- O 3 tot 5 jaar
- O 5 tot 10 jaar
- O 10 jaar of langer

V36 Op welke afdeling werk je?

- O Algemeen/leiding
- O Keuken
- O Bediening/barmedewerker

0	Gastheer/gastvrouw/sommelier
0	Medewerker fastservice
0	Schoonmaak/algemene dienst
0	Technische dienst
0	Huishouding
0	Inkoop/magazijn
0	Receptie, portier
0	Banqueting (partijen)
0	Marketing/sales/reserveringen
0	Administratie
0	Anders, namelijk

V37 Wat is je functie?

0	Directeur, Lid Management Team, Eigenaar	
_		

- ${\color{gray}O} \quad \text{Leidinggevende, niet directeur eigenaar of behorend tot directie / Management Team}$
- O Medewerker
- O Anders, namelijk

V38 Heb je naar aanleiding van deze vragenlijst nog opmerkingen of zaken die je nog niet hebt kunnen zeggen maar wel relevant zijn?

9.4.2 Aspects missing in the Fan-Scan

Flexible organizing	Cross-functional interaction (multidisciplinary consolation)
J J	Shared decision making
	Flexible availableness of employees / scheduling themselves
	Working at distance
	Innovation separated from operation
	Balance of innovation and efficiency
	Monitor customers wishes
	Put customers wishes as a driving force for innovation
	High speed of internal change
Smart	Gaining trust within the organization.
working	
	Sharing of knowledge, workplace and resources.
	Small teams, goal and question managed working
	Variety of management expertise
	Base rewards on team accomplishments
Dynamic leadership	Combine market development, continuous improvement and short cycle management.
•	Active leadership (targets and informal management)
	Managers should be able to recognize new information, identify,
	and actively position employees.
	Ability to change the resource base
	Speed of dynamic management skills
	Management should have a high ability to absorb, to recognize needs and changes.
	Strong core identity of the organization