

Aligning Employees through *Line of Sight*

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## Aligning Employees through *Line of Sight*

### Abstract:

Aligning employees with the firm's larger strategic goals is critical if organizations hope to manage their human capital effectively and ultimately attain strategic success. An important component of attaining and sustaining this alignment is whether employees have "line of sight" to the organization's strategic objectives.. We illustrate how the translation of strategic goals into tangible results requires that employees not only understand the organization's strategy, they must accurately understand what actions are aligned with realizing that strategy. Using recent empirical evidence, theoretical insights, and tangible examples of exemplary firm practices, we provide thought-leaders with a comprehensive view of LOS, how it is created, how it can be enhanced or stifled, and how it can be effectively managed. We integrate LOS with current thinking on employee alignment to help managers more effectively benefit from understanding human capital potential.

Key words: line-of-sight, employee alignment, strategic human resources, human capital, strategic goals

## 1. ALIGNING EMPLOYEES TO FIRM OBJECTIVES

Inflight TV. Bargain-basement fares. Wide leather seats on new jetliners. These customer perks have made JetBlue Airways hip, profitable, and loved among travelers. It's known for unique customer perks, but JetBlue Airways' real enticements come from the inside out. The carrier's real appeal in a widely disparaged industry is the passenger-friendly crew. Founder David Neelman's motto: "Bring humanity back to flying." (Comiteau, 2003) appears to be emphasized at all levels. Highly valued customer service, JetBlue executives insist, comes from an intense approach to internal motivation and the alignment of JetBlue culture with all workforce development initiatives. Each JetBlue employee (called 'crewmembers') graduates from JetBlue University with a common understanding of JetBlue's business model. Standardized education is built on the five core values of safety, caring, integrity, fun, and passion. Monthly "Blue Notes" are emailed to every crewmember about company progress, competitor standings, and financial results. The company offers periodic "pocket sessions," via its intranet which are discussions among managers about hot-topic issues within the company. These efforts aim to ensure crewmembers know what is expected of them, and how they can contribute to JetBlue's success. The result: more than 6,000 employees (including 800 at-home reservationists) helped the 5-year old company surpass \$1 billion in annual revenues in 2004, making it the youngest-ever company to achieve major airline status. The key to growth coupled with improvement, JetBlue's Neelman suggests, comes from employees who really understand the larger goals of the company (Byrne, 2004; Labetti, 2002).

Whether JetBlue employees contribute to the larger goals of the organization depends on whether employees understand those goals and how to contribute effectively. This is the premise of our conceptualization of employee *line of sight* to the organization's strategic objectives. *Line of sight* (LOS) is an employee's understanding of the organization's goals and what actions are necessary to contribute to those objectives. To translate strategic goals into tangible results, employees must not

only understand the organization's strategy, they must accurately understand the actions aligned with realizing that strategy (Boswell & Boudreau, 2001).

Organizations of all sizes and compositions in such varied industries as motorcycling (e.g., Harley Davidson Inc.) and fast food (e.g., Chick-Fil-A), or even distinct market subsidiaries of the same company (e.g., Marriott International's Ritz-Carlton and Courtyard by Marriott) are finding that improving the bottom-line follows from an all-encompassing organization-wide strategic focus (Schneider et al., 2003). In its global human capital survey, PricewaterhouseCoopers suggests that both domestic and multinational firms have recognized the importance of effectively delivering business strategies across individual employees and the policies and practices that manage them (Pricewaterhousecoopers, 2002). Conceptual research has also emphasized the importance of aligning competencies, skills, or abilities with business strategy, yet the management literature is relatively limited in understanding the link between the individual employee and the larger organizational imperatives (Jackson & Schuler, 1995; Ulrich, 1998). In particular, managers and academics alike lack a comprehensive view of LOS, how it is created, how it might be enhanced, and how it can be stifled. To fill this important gap and help managers more effectively benefit from their human capital potential, we focus on how employees develop LOS to organizational strategic objectives and the conditions that enhance or hinder LOS, as well as the potential outcomes of bringing employees into alignment with the organization's larger strategic goals. We discuss organizational factors that likely affect and constrain employee LOS. Finally, we synthesize our arguments with implications of LOS for managers and organizations striving for strategic success. Much of our discussion is based on our own research on this topic. An overview of these studies is shown in Table 1.

[Insert Table 1 about here]

## **2. WHAT IS THE ROLE OF LINE OF SIGHT?**

Recent interest in human resource policies and practices that affect bottom line performance stems from the assumption that employees, and the way they are managed, are critical to the success of a firm (Barney, 1991). That is, human resources can be an important source of competitive advantage (Barney & Wright, 1998). This view suggests: (1) the value for firms to integrate human resource considerations into strategy formulation and implementation, and (2) employees possess the inherent potential to carry out a given strategy. Yet a key assumption is that employees understand and then act on that knowledge to contribute to the firm's strategic goals. Having better employees, per se, may not be the critical determinant to competitive advantage, but rather managing those employees to understand and contribute to the organization's strategy.

In the early 1990s, the initial plan at IBM was to sell off a number of divisions and refocus on computing hardware (Schneider et al., 2003). Louis Gerstner, the new CEO of IBM, made an early decision to not pursue breaking up IBM. The strategy was to integrate the various IBM components in ways that brought all of its competencies to the service of its customer base. Gerstner reconceptualized IBM as a service organization that could address the wide variety of technology issues its customers confronted. IBM did so in integrated ways by aligning employees internally to this new strategic focus. The internal alignment at IBM required cross-education and breaking down existing silos. The re-focus on the customer through employee alignment facilitated information breeding and yielded improved competitiveness in the marketplace and ultimately enhanced financial performance.

Aligning employees toward common organization goals produces synergy and compatibility in organizational direction and ultimately translates to strategic success. From auto assembly plants (MacDuffie, 1995) to banks (Delery & Doty, 1996), studies confirm the critical role of human resource systems or practices on various indicators of firm performance. Effective management of human capital has been undeniably linked to financial gains; "Based on four national surveys and

observations on more than 2,000 firms, our judgment is that the effect of a one standard deviation change in the HR system is 10-20% of a firm's market value" (Huselid & Becker, 2000, p. 851).

Consider how LOS impacts financial performance. Employees who are aligned with the firm's goals become engaged in tasks and behaviors that foster tacit learning, essentially "learning by doing" (Hatch & Dyer, 2004). When human resources are aligned with and possess tacit, firm-specific knowledge, employee behaviors associated with the firm's specific strategic goals become a source of competitive advantage—valuable, rare, and leading to increased firm performance.

Achieving LOS then, becomes the inculcation of how to achieve strategic objectives through an accurate and collective awareness of the behaviors that contribute to strategic success. This is consistent with the idea of a shared vision whereby organizations shape employee mindsets to foster decision making that is consistent with organizational goals (Nelson, 1997; Ulrich, 1992). Many of the individual behaviors required to advance a firm's strategic objectives are discretionary, and appropriate actions in advancement of the firm strategy may, at times, be difficult to define in advance. Herbert Simon noted, "For an organization to work well, it is not enough for employees to accept commands literally....What is required is that employees take initiative and apply their skill and knowledge to advance the achievement of the organization's objectives." (1991). The potential for achieving strategic success stems from these discretionary and unspecifiable employee behaviors that contribute to the execution of the organization's strategic objectives. LOS helps equip employees to more effectively engage in those actions that are not readily controlled by management or defined by a formal job description.

LOS is of greater organizational value when employee actions are more discretionary in nature. Employee actions that cannot be easily specified or monitored often hold the greatest potential for sustainable competitive advantage (Barney, 1991). Employees are independent agents. They may not always engage in such behaviors (not readily defined by a job description or tightly

monitored) critical to achieving strategic success. More understanding of organizational goals should lead to improved outcomes as employees will be more likely to “do the right thing” (Kristof, 1996). Conversely, “lack of understanding may adversely affect performance as workers may work on low-priority goals” (Witt, 1998, p. 667). Employee LOS to an organization’s strategic objectives is critical to individuals choosing those behaviors consistent with the strategic direction of the firm.

At Southwest Airlines, management recognizes that it may not be able to foresee every possible situation. Employees make judgments and use discretion to engage in “strategically appropriate” behaviors directed by the company’s overall corporate objectives. During the times when appropriate behaviors cannot be defined (i.e., the gray areas), it becomes imperative that an employee accurately understand the link between his/her job and the organization’s strategic objectives. One of Southwest’s strategic approaches to success is cost savings through streamlining processes and innovative reductionism (Alamdari & Fagan, 2005). For instance, to facilitate tighter scheduling of aircraft turnarounds, cross-functional flight and ground crew members do anything necessary to get the next flight segment out on time. Pilots sometimes facilitate departures by carrying bags and cleaning aircraft. To defray high petroleum costs, pilots have developed and are encouraged to implement alternative take-off and landing protocols to conserve fuel (Hallowell, 1996). Understanding the organization’s objectives, and possessing an accurate assessment of how individual actions contribute to those objectives, is critical for the realization of strategically appropriate (and necessary) action among employees.

Much emphasis has been placed on the accurate “match” between employee capabilities and the strategic direction of the company and the fit between top executives and strategy in particular (Gupta & Govindarajan, 1984; Szilagyi & Schweiger, 1984). Human resource practices, such as staffing and development, help ensure employees possess the requisite skills, and abilities necessary to effectively carry out the chosen strategy. Yet, finding the right employee with the right capabilities

to fill a position does not directly affect the realization of the organizational strategy. Such employees must also be aware of the organization's strategy and those actions that produce the desired outcomes to behave accordingly.

We often think of strategic alignment among the upper organizational echelons. Yet in the current business environment marked by intense global competition, turbulent markets, and changing business conditions, organizations can no longer disregard non-executive employees as inconsequential to strategic success. LOS is often of greatest importance at lower organizational levels, where employees have the most contact with customers and products. Yet there is evidence that LOS is weakest among these employees at most organizations, often due to the feeling that such employees are either uninterested or unable to accurately understand the organization's strategic imperatives and thus management's unwillingness to share key information (Boswell & Boudreau, 2001). Yet it is important for organizations to focus efforts where value can be added or constraints likely exist, and lower-level employees are often those whose actions may have the greatest influence on the bottom-line (Boudreau & Ramstad, 1997). Further, if the organization fails to effectively foster employee LOS to the firm's strategic objectives, employees may create their own. That is, without a clear understanding of the actual strategic goals, employees may become aligned with objectives of lesser importance or even contrary to the firm's strategy.

This discussion is not meant to suggest that LOS is the only critical factor in achieving employee contributions aligned with the goals of the firm. Indeed, employee motivation, competency, and even opportunity to act are important determinants of effective performance (Bailey, 1993; Delaney & Huselid, 1996). Our goal, however, is to highlight the critical nature of LOS – that the realization of strategic goals depends at least in part on the extent to which employees understand the organization's strategic objectives and how to contribute to those objectives.

### 3. ENHANCING EMPLOYEE LINE OF SIGHT

There are specific characteristics of jobs that work to enhance or diminish LOS. Building on what we have learned, we offer suggestions for effective enhancement and management of employee LOS. By exploring the drivers of LOS, we consider the processes and factors that aid its facilitation. These drivers are illustrated in Table 2. The overarching goal of these LOS drivers should be to create and facilitate a culture of alignment. Why a culture of alignment? Because we've seen that facilitating LOS can be difficult, and that people in organizations need guidance and support to become aligned with the organization's goals. Organizational leaders can best provide structure and guidance by facilitating multiple formal and informal systems. By better understanding how communication, involvement, ~~extrinsic~~ ~~motivators~~, and intrinsic motivators of LOS operate to enhance alignment, organizations will more fully benefit from their human capital potential.

[Insert Table 2 about here]

#### 3.1 Communicate the LOS Message

Given the focus of LOS on employee *understanding* of organizational goals and how to contribute to those goals, receiving information about those goals is obviously important. This suggests that top management must first have a clear vision of where they believe the organization is headed and the strategic imperative necessary to facilitate success. The key is to then communicate or connect this vision to employees. One component of management's strategy at Advanced Technology Corporation (a pseudonym for the actual company name), a high-tech manufacturing company involved in our LOS research efforts, was that certain customers are imperative to the company's market positioning. Though this was clear to management, it was never conveyed to employees. By failing to clearly articulate this to the employees, customer service clerks and other

customer contact employees failed to engage in the “extra” service needed to satisfy and retain those customers. Yet employees had heard part of the strategic message. Employees had repeatedly been told that quality service was top priority and to do whatever it takes to satisfy the customer.

Although this made sense in theory, employees often engaged in behavior leading to satisfied customers, only to harm the company’s profits through their efforts. The disconnect was failure to communicate a balance between service and profitability while maintaining a focus on certain valuable customer groups. The employees failed to understand the “big picture” mainly because management neglected to communicate the “whole picture.” Hence effective dissemination of the organization’s strategic objectives is a prerequisite to employees contributing to those goals. But, what might this look like in practice?

Many organizations have made attempts to effectively communicate organizational objectives to employees. Open book management and town meetings are used by companies such as GE Capital, Mobil Chemical, Pepsico, and Cigna Corp, and aim to enhance understanding of the firm’s strategic direction among employees. Prudential Financial uses “Prudential Business Systems,” designed to examine actions and provide decision-making support so that employees engage in behaviors aligned with organizational goals. These communication approaches are also two-directional, set up to elicit feedback from employees as to potential obstacles to the strategically appropriate behaviors (HR Focus, 2004).

Some communication channels may be more effective than others and may work better in some environments than others. All employees may not receive information about critical strategic objectives due to inadequate access to communications through email or company memo. Other times, executives may make plans without involving or even informing lower-level employees who may possess critical information. Our work in this area suggests that “company-wide” information sessions in particular may fall short of truly aligning employees. An employee’s *understanding* of the

behaviors that are critical to the organization's strategic goals is more important than simply the ability to articulate those goals back to managers. More important than simply communicating the firm's strategic direction is employees' need to accurately understand *how* to effectively contribute. More direct-one-on-one communication aimed at specifically linking employee roles and behaviors to the larger organizational goals is key. Such one-on-one communication is also likely to reveal inconsistent perceptions or behaviors relative to strategic objectives and allow for clarification and reorientation.

This personalized approach to strategic communication suggests a particularly important role for performance management and thus the direct supervisor. Highly interactive managers who believe in the abilities of their subordinates and provide them with information and resources are more likely to have aligned employees. In contrast, many first-line supervisors may be ill-equipped for the task, or may even hoard information to maintain a sense of control over employee behavior. Another company we have been working with typifies this challenge. Endurance Corporation (again, not the actual name of the company) is striving to implement a company-wide employee involvement initiative whereby employees have a greater voice in decision-making. The idea is for employees to receive information on company operations and competitive positioning and then empowering them to take a more active role in managing their workgroup. This initiative was passed down from top management, in collaboration with the rank and file and union representatives. After a few months of efforts to foster the new employee involvement culture and implement specific programs, it became quite clear a bottleneck had developed. Mid-level managers were unwilling to share with employees critical information regarding strategic direction nor were they willing to loosen the reigns of control. Is this surprising? Little motivation exists for supervisors to share information or give up control earned through months of hard and dedicated work. Concerns over their own job security were running quite rampant, which prevented mid-level supervisors from

implementing strategic directives from top management. Only after extensive communication efforts and direct involvement of these supervisors did the design of the new strategic programs and work structure begin to take shape. Endurance Corporation's experience highlights the critical role of mid-level managers and direct supervisors in the effective functioning of management initiatives aimed at better connecting employees to the larger organization.

Effectively disseminating and implementing company wide strategic direction requires more network-like designs, where managers receive and transfer strategic information through both functional (e.g., manufacturing units, accounting, R&D) and market or product (e.g., banking industry, office computers) structures. This way, top management ensures the effective "cascading" of strategic objectives through the organizational hierarchy and increases the likelihood of LOS among all employees. For instance, to create a clear link between specific employee behaviors and the strategic goals of the organization, Georgia-Pacific restructured its personnel management process and tied it much more closely to the strategic planning process, establishing a clear link between strategic objectives and daily employee activities. This change allows for the generation of goals and measures that are set at the beginning of the year, and then cascade to all levels of the organization through multiple structures within the organization. This way, corporate goals are sure to be effectively distributed and linked to individual performance targets (Davis, 1997).

Ensuring that strategic objectives are effectively communicated and distributed among employees presents a formidable challenge. Ultimately, effective communication may entail "casting a wide net" by utilizing company-wide information sessions and correspondence coupled with direct and personalized performance management initiatives.

### **3.2 Employee Involvement and LOS**

Business environments today are characterized by decreased reliance on traditional systems that include tightly defined jobs, clear separation of employee and managerial roles, and channels of

communication extending from formal and rigid chains of command. Many work practices are moving away from defined work rules and seek greater degrees of worker flexibility, cooperation, and participation in decisions affecting the organization's overall success. Many of these new work and HRM practices view employees in all levels of the organization as essential to an organization's success. We see these developments as evidence of the need for employee LOS, and they offer guidance on how LOS may be fostered and sustained. We suggest a dual role for LOS in relation to employee involvement efforts. First, LOS increases the chances for involvement efforts to be most effective and helps to mitigate the "risk" of greater decision latitude. Second, greater involvement helps to foster LOS by getting employees connected to the functioning of the organization.

Organizations utilizing new work practices seek to provide employees with opportunities for autonomy and involvement in decisions affecting their job (Appelbaum & Batt, 1994). Given this greater job latitude and discretion, organizations need to ensure that employees have the means to effectively contribute. Part of giving employees the means to impact strategic goals entails involving them in the decision-making process. Employee involvement is based on the notion that those doing the work are in the best position to provide suggestions and make decisions (Ichniowski & Shaw, 1999). Front-line employees working with customers or directly with a product are often best suited to understand client needs or product deficiencies. Yet choosing the "right" job behaviors assumes that employees accurately understand how to most effectively contribute. For instance, consider a retail store that specializes in high-end electronic gadgetry for neophyte users. If the strategy of the retail establishment is oriented toward selling to novices, well-versed front-line employees who overwhelm amateur customers with unnecessary information about technological configurability and compatibility may do more harm than good. Although the employee has provided information that may be important to a purchase determination, the consumer has only become more convinced that this is indeed a very complicated decision, and may end up delaying or

avoiding the purchase altogether. Aligning the “right” behaviors with the strategic goals of the store may spur employees to provide less technical information and more patient explanation of basic technology.

While allowing greater freedom among employees may at times be necessary for enhanced organizational productivity and a more satisfied workforce, it also carries risks (Ichniowski & Shaw, 1999). Managerial control is reduced, increasing the possibility that other, perhaps conflicting, goals may develop, or that employees have greater opportunity to behave in ways inconsistent with the firm’s strategic objectives. If employees do not have a deep and accurate understanding of the organizational objectives and their role in contributing (i.e., lack LOS) their involvement may not be as useful and perhaps even may be detrimental.

Yet the act of involving employees in decisions related to their jobs can enhance LOS by connecting employees with the broader functioning of the organization. If employees are given the opportunity to participate in the functioning of the organization and encouraged to find ways to make it successful, they may be more likely to understand the “big picture” and how their actions contribute to it. Managers appear to recognize the importance of LOS when employees are given greater discretion and/or asked for greater involvement. Employees who demonstrate greater alignment with organizational goals are often given more opportunities to become involved in future decision making processes (Yukl & Fu, 1999). It seems to be a continuous cycle whereby involving employees provides an opportunity to enhance LOS, which then gives managers the confidence to allow for further employee involvement and decision latitude. The end result is better decisions and actions from empowered employees.

### 3.3 What Motivates LOS: ~~Extrinsic~~ Factors

Incentive systems are often the first organizational practice one thinks of in relation to “strategic employee alignment.” Recent years have seen a trend in many compensation systems to

specifically link at least part of an employee's pay to the performance of the larger organization. The traditional perspectives view incentives as inducements for strategically-oriented employee behavior. It is based on the agency theory view of the need to align employee behaviors with organizational goals. Agency theory presents a fundamental problem for aligning employees to strategic objectives in that divergent interests may exist between ~~the~~ agents (managers and other employees) and ~~the~~ principals (management owners) (Sapp & Jensen, 1998). Agency theory suggests reconciling this discrepancy through the use of incentive compensation systems to link employee rewards to performance outcomes. This, of course, assumes that some outcome can be specified that is linked to employee behavior. Yet, as noted previously, new work practices seek to provide employees with more discretion and autonomy in how they carry out their work. Further, we suggested above that the greatest value to the organization is likely to stem from the more discretionary and unspecifiable employee behaviors. If organizations rely on discretionary employee behavior that cannot be specified in advance and that will generally advance the organization's goals, the design of an incentive compensation contract that effectively produces the desired behaviors becomes difficult. At the extreme, individuals receiving compensation for given behaviors may only carry out those duties necessary to receive their pay check, withholding discretionary behaviors that may be critical for ultimately achieving strategic goals.

A related issue surrounding organization-level reward systems is the difficulty of linking one individual's performance to overall firm performance. While one of the objectives of linking rewards to firm-wide outcomes is to get all employees working in the same direction, organizational-level incentives may be insufficient because of the difficulty employees have in seeing the link between what they do and organizational outcomes (McDonald & Myklebust, 1997). Organizational-level incentives (e.g., profit sharing, stock options) are often criticized because of the difficulty employees, especially lower-level employees, have in seeing the link between what they do and such distal

outcomes (Balkcom & Brossy, 1997). This suggests an important role for LOS. Organizational-level incentive systems are likely more effective, more motivating, to the extent that employees see the link between what they do and the larger goals of the firm—that is, have LOS. When employees become aligned with the larger organizational goals, they can see how the organization’s strategic success can make them better off by increasing their job security and the likelihood of receiving promotions and pay increases.

This perspective is similar to prior discussions in the compensation literature of “line of sight” from individual job performance to *reward outcomes* (Balkcom & Brossy, 1997; Lough & Hardy, 1994; Plishner, 1995). However, our view of LOS specifically focuses on the link to a firm’s strategic goals. Do employees have LOS to what an organization is trying to accomplish? Our notion of LOS is quite compatible, perhaps even instrumental, to the successful functioning of organizational-level incentive systems. Whether employees are motivated by organizational-level incentives is dependent, in part, on whether they understand the organization’s strategic imperatives and how they can help achieve those goals. Organizational incentives are thus most effective at motivating desired performance when there is a clear link between individual behaviors, organizational goals, and reward outcomes.

Organizations can also build their reward systems to encourage LOS to the organization’s strategic objectives. Reward programs can be designed to encourage employees to share important information with their co-workers and/or foster involvement in decisions that affect the organization and their jobs. Examples of the former would include rewarding an employee for customer referrals to other areas of the organization or basing one’s merit increase in part on knowledge sharing. A gainsharing program is a classic example of how many organizations strive to motivate employee input on operational improvements. To the extent that such a program

encourages employee involvement and communication of strategic imperatives, gainsharing plans are likely helpful in fostering employee LOS.

IBM's Personal Business Commitment (PBC) performance management system provides employees with a clear understanding of the link between employee behaviors and strategic objectives. After the strategic objectives are disseminated throughout the organization, employee behaviors are linked with corporate objectives. A competency database reflects and then ties compensation targets to performance. This allows each employee to understand her/his unique contribution to achieving strategic goals and receive rewards accordingly. PBC enables managers to clearly define expectations for their employees, provide a measure of those objectives, and show employees how they are tied to the firm's overall objectives; "every IBMer is assessed on his or her own job performance and its impact on our company, including applicable areas of corporate responsibility." (IBM, 2005, p. 1). This system motivates empowered employees to do their best and focus their energy on actions that positively impact bottom-line performance (IBM, 2005).

### 3.4 What Motivates LOS: Intrinsic Factors

~~The importance of extrinsically driven~~ factors, such as compensation and rewards, ~~have important implications~~ for helping employees become aligned with strategic goals. ~~However, t~~he development of personal meaning through more intrinsic components of the job may also be important for achieving LOS. Work is a central locus through which employees gain and create meaning in their lives, and meaningful aspects of the job provide an impetus for how an employee fulfills job responsibilities. Meaningful features of the work itself affect the intrinsic value derived from the job as well as personal and work outcomes (Hackman, 1990). Most employees possess interests extending beyond compensation and other tangible rewards (e.g., benefits, skill development) gained through employment. This notion extends beyond the agency theory perspective in which tangible rewards align the interests of the employee and the organization.

Although not disregarding the value of tangible rewards, the intrinsic value of the work can also facilitate the pursuit of organizational goals. This further speaks to the value of LOS (i.e., having LOS may foster greater intrinsic meaning in one's job), but also suggests that there is likely an intrinsic driver of LOS.

Stewardship theory, which depicts employees as collectivists, pro-organizational and trustworthy, compared to the individualistic, opportunistic and self-serving employees depicted in agency theory, is a theoretical perspective on organizations that suggests the importance of intrinsic factors in managing employees (Davis, Shoorman, and Donaldson, 1997). In the stewardship theory perspective, employees who are behaving as stewards generally view the attainment of the organization's objectives as being aligned with their own goals and will derive satisfaction from the achievement of these goals. In organizations where principal-steward relationships exist between owners and employees, LOS is both more likely to be present and to be particularly likely to produce actions aligned with the organization's strategic objectives. By contrast, where employees have the intrinsic motivation towards the furthering of the organization's goals suggested by stewardship theory, the absence of LOS may lead to greater frustration due to the inability of the employees to effectively contribute towards desired outcomes.

Employees may find significance and meaning in certain aspects of a job that may assist them in understanding how their work contributes to achieving strategic goals. Employee expectations are not always grounded in personal entitlements, but may also stem from a belief that by contributing to the organization they are contributing to a valued cause (Thompson & Bunderson, 2003). In contrast to a single focus on tangible rewards, employees may find the inherent meaningfulness of their jobs an incentive for forwarding the firm's strategic ideals. That is, employees may be personally motivated to attain LOS based on the belief that they are helping to advance cherished ideals, and advancing such goals is internally rewarding. Employee dedication to

the organization and the inherent value in the job, may be based on fealty to, or identification with, some intrinsically rewarding aspect of what the organization represents. Intrinsic motivation becomes another impetus for achieving LOS and working toward the organization's strategic goals. The more employees personally believe in the strategic goals of the organization, the greater their LOS and the more likely they are to pursue those objectives.

Consider the philanthropic emphasis at Timberland Co. The following excerpt illustrates the extent to which Timberland employees attain LOS toward strategic goals through a belief system that transcends financial objectives (Pereira, 2003):

“Timberland Co. is almost as well known for its corporate altruism as for its fashionable footwear and cutting-edge outdoor apparel. Timberland allows workers to take a full workweek off each year, with pay, to help local charities. It also offers four paid sabbaticals each year to workers who agree to work full-time for up to six months at a nonprofit. And it shuts down operations for a day each year so its 5,400 workers can take part in various company-sponsored philanthropic projects...

Company officials say offering its employees a chance to be good Samaritans helps it attract and retain valuable talent. That became even more evident after Sept. 11, 2001, when job applications spiked and many of the applicants cited the company's social awareness as a lure...

[A vice-president] says the social-outreach program was a major reason she recently turned down lucrative job offers from bigger companies. Timberland's motto, she says, is ‘when you come to work in the morning, don't leave your values at the door.’”

Timberland highlights the way in which a perceived congruence of values between individuals and their organizations – in this case, commitment to public service – affects alignment with the larger organizational goals. LOS can develop from a belief in shared purposes between the employee and the organization they work for, in addition to the expectation of ~~external~~extrinsic rewards.

#### 4. LINE OF SIGHT: A DOUBLE-EDGED SWORD?

As we have suggested in this article, in many instances achieving LOS between employees and organizations relies on both ~~extrinsic~~ and ~~intrinsic~~ factors. The arguments made highlight the benefits of achieving LOS, but it is important to recognize the potential challenges, perhaps even liabilities, in facilitating employees' LOS with the strategic objectives of the organization. In this final section, we examine what managers should be mindful of when implementing LOS initiatives to provide a more comprehensive picture of how managers can effectively facilitate and utilize LOS.

An interesting issue is the potential for LOS toward organizational goals that are unethical or incorrect. As is common among groups of highly aligned individuals, employees may become overly committed to achieving the end itself and may lose sight of the means through which the goal is attained. It is also possible for highly aligned organizational members to pursue a "lost cause," adamantly escalating in their level of dedication toward achieving unproductive or unethical objectives, merely because no opposing views have been forwarded. The key message here is that poorly framed or developed strategic intent in combination with employees being highly aligned can prove rather lethal for an organization. For example in the saga of the rise and fall of Enron, the corporation's initial successes are, arguably, in part attributable to the diffusion throughout its workforce of LOS toward its organizational strategy of developing innovative trading markets in the energy sector. Yet, recent revelations suggest that, at least among some of its employees, pursuit of this goal degenerated into unethical behavior that ultimately may have contributed to the failure of the company.

Change is an inevitable aspect of organizational life. Effective transformations within organizations depend, among other things, on the willingness and capacity of employees to manage their anxiety about the change event. Given that transformations in the organization require

individuals to discard old and adopt new behaviors, LOS to changing organizational imperatives may seem difficult to manage. Indeed, LOS may appear to stifle the organizational agility necessitated by a dynamic business environment. On the contrary, it is more likely that LOS will actually increase the ability of employees to realign toward evolving organizational strategies. LOS does not rest on the idea that once an employee understands the organization's strategy and how to contribute, that's the end. By establishing organizational systems and a culture that embraces a LOS perspective, employees will be better able to readjust and reframe toward new directions an organization may take. This suggests the value of combining multiple, reinforcing practices all aimed at fostering and sustaining LOS. Indeed, the practices relevant to enhancing LOS (e.g., information sharing, organizational-level reward systems) are typically considered high performance work practices (cf. Delery, 1998; Huselid, 1995; Ichniowski & Shaw, 1999) that, when combined into a coordinated system, create synergistic effects. An organizational culture characterized with knowledge sharing, employee self-management, and shared success would similarly provide for employee LOS toward changing organizational imperatives. Arguably, realignment through LOS at companies such as JetBlue, IBM, and Southwest stems from a system of reinforcing work practices and a culture supportive of employee alignment.

We have suggested it is important for employees across the organization to have a clear understanding of the organization's goals and the actions necessary to achieve them. Yet LOS may be particularly imperative for employees with greater impact on core business processes. This is consistent with our discussion regarding job decision latitude, and the important role of LOS in mitigating the risk associated with employees making decisions that impact the organization. Core employees need LOS due to the strategic importance of their work and the greater chance that misalignment will be detrimental to the organization's functioning. Identifying "target" employees will depend on the organization's strategy and larger industry characteristics. In some organizations,

it may be those with customer contact. In others, it may be where an individual's decision holds the greatest potential for adverse outcomes. It is important for organizations to focus efforts where real value can be added or constraints likely exist (Boudreau & Ramstad, 1997). This implies that LOS may be more important for specific "core" employees due to their potential impact on fundamental strategic processes. Accordingly, firms should strategically target efforts where they likely matter most.

We are not suggesting that efforts aimed at fostering employee LOS be limited to "core" employees. We simply recognize from a practical standpoint that employment status within a firm may (explicitly or implicitly) limit "non-core" employees' access to information and the likelihood of becoming strategically aligned. However, LOS may be of greatest value among employees the organization least expects. Consider a job not generally thought of as having high strategic value. The tasks of a "housekeeping staff member" in a hotel, for example, on the surface appear to be quite well-defined and not particularly value-laden (e.g., make bed, empty trash, clean bathroom). However a housekeeping staff member with a clear understanding of the organization's goals would likely have a different mindset about his/her job focusing not simply on keeping things clean and debris-free, but instead on *how* to do so in a way that would best serve the hotel. This may involve the timing or ordering of performing certain tasks (e.g., ensuring the most frequented restrooms are cleaned often for guest use) as well as engaging in behaviors not traditionally considered as part of the housekeeping job (e.g., pointing out machine malfunctions, assisting guests). This example illustrates not only the importance of LOS, but also that such alignment can, and arguably should, occur at all levels of the organization. Our point is that not all employees will have equal opportunity to attain LOS and there will be core employees whose contributions will be particularly critical for organizational success (Lepak & Snell, 1999). However, if organizations focus only on the potential

contributions of certain employees, they may miss opportunities for competitive advantage available from harnessing the potential of their entire workforce.

An individual's understanding of the organization's strategy and how to contribute is likely to evolve over time. Research on socialization supports this idea, suggesting fit with the organization begins with early socialization and becomes more firmly established as employees grow familiar with organizational procedures and cultural norms (Chatman, 1991). Similarly, our work in this area shows a positive relation between organizational tenure and LOS, suggesting that LOS takes time to develop. Given the evolution of strategic alignment, organizations may need to work diligently to bring new employees quickly up to speed on the objectives of the organization and how their behaviors fit in. On the other hand, increased tenure in a particular *job* may be inversely related to LOS. Employees who occupy positions for extended periods can become "entrenched" in their work, perhaps missing out on information critical to maintaining LOS, and progressively lose touch with the overarching goals of the larger firm. Evaluating employee LOS may offer a way to determine the optimum time for occupying a position, providing insight on when broadened job scope and/or new experiences would benefit an individual's contributions.

## 5. FINAL THOUGHTS

There is a growing interest in aligning employees with the strategic objectives of the organization (Boswell, 2000; Gupta & Govindarajan, 1984; Wright, Smart, & McMahan, 1995). We extended the current understanding of the strategic management of a firm's human resources through the inclusion of employee LOS to an organization's strategic goals into the alignment dialogue. We have explored the importance of LOS, how LOS develops, and how managers can facilitate an effective culture of alignment.

Our discussion suggests that whether an employee understands *how* to contribute may be just as important, if not more important, than simply understanding the strategic objectives of the

organization. Some of the ways organizations can develop employees' LOS may include programs that encourage and reward managers for sharing information with all employees, encouraging employee participation in decisions that affect the organization and their jobs, and implementing new employee socialization efforts aimed at clearly linking employee behaviors to firm success.

In order to compete in a dynamic business environment, organizations must rely on the capability and commitment of their human resources. If employees are the primary sources of strategic success for organizations, then greater attention must be placed on aligning employees with the strategic goals of the firm. Continued understanding of LOS will help to improve our understanding of individual employee behaviors within the broader organizational context and enable organizations to better realize their human capital potential.

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Table 1. Research studies on LOS

Overview of studies	Data collection approach	Industries studied	Study focus
Study 1: Exploratory study of LOS	- Focus group of HR executives from four high-growth, knowledge based companies	- Telecommunications - Biotechnology, - Healthcare - Computer technology	- Defining LOS - Measuring LOS - What moves LOS - Consequences of LOS
Study 2: Empirical investigation of the drivers and effects of LOS	- Survey research of 661 employees and managers	- Healthcare	- Work practices and characteristics as drivers of LOS - How LOS varies across individuals - Effects of LOS