Bachelor Arbeids- en Organisatiepsychologie

(290395)

The influence of the climate-strategy fit on strategic work behaviors mediated by affective commitment and moderated by the strength of the HR climate

Andreas Meyer (s0131512)

University of Twente, Enschede

Faculty Behavioural Science

Psychology OP&HRD

Tutors:

Prof. Dr. K. Sanders

Drs. I. Goedegebure

June 2008

Acknowledgements

Reflecting on the last months of writing this bachelor thesis I realized that a lot of support from others helped me to get this bachelor thesis done. It was a long way starting with searching for relevant literature up to the point of writing this script. On the one hand I want to thank Prof. Dr. Karin Sanders, Drs. Ivy Goedegebure, Leandra Bosma, and Matthijs Moorkamp from the Department of Organisational Psychology & Human Research Development. Whenever problems or questions emerged their supervision helped us to go further. Trough regular lectures we gained more and more knowledge about what is essential for writing such a thesis. On the other hand I want to thank my group members Carina Schott, Sara Hammami, and Vanessa Bauhüs for a good relationship and effective teamwork. This was an essential ingredient for a successful collaboration. Last but not least our whole work would not be possible without all participants of our study. So, thanks to all participants for their cooperation.

Abstract

With regard to the theoretical work about organizational strategy and organizational climate the effect of the strategy-climate fit on strategic work behaviours is studied at two German organizations. A mediating affect of affective commitment was taken into account. Related to the theoretical work of Bowen and Ostroff (2004) this study wants to test a moderating influence of the HR climate strength. Results suggest that no significant difference can be found regarding the influence of the strategy-climate fit. Therefore a stronger fit does not lead to better work behaviours. Looking at specific fits with specific work behaviours, no significant effect can be found either. The mediating effect of affective commitment can not be confirmed although correlational analyses give statistical significant correlations between affective commitment and the strategic work behaviours at one organization. Differences regarding affective commitment can not be explained by the strategy-climate fit. However an indication can be found that the HR climate strength does play an important role regarding affective commitment and affective commitment to the supervisor. Research limitations and recommendations for further research are discussed.

Table of Contents

1. Introduction

Today's globalization forces organizations constantly for improvement in terms of different aspects of the organizations (Friedman, 2007). Two fundamental aspects that received a lot of attention in current literature are the strategy of an organization, as well as the organizational climate. An organizational strategy is an important part of the management process. It represents the way organizations try to achieve their goals (Gibcus & Kemp, 2003). Different studies show that the strategy of an organization has influence on an organizations performance, although some studies did not found a relationship (James, Choi, Ko, McNeil, Minton, Wright & Kim, 2007; Gibcus & Kemp, 2003).

Other studies investigated the impact of the organizational climate on firms' performance (Parker, Baltes, Young, Huff, Altmann, Lacost & Roberts, 2003). Organizational climate can be defined as the attitude of the individuals concerning the organization (Burton, Lauridsen & Obel, 2004). Specifically, organizational climate is the overall meaning derived from the aggregation of individual perceptions of a work environment (James et al., 2007).

Little is known about an interrelationship between an organization's strategy and climate and how these factors interact to affect firm performance (Burton et al., 2004). In their study Burton et al. (2004) demonstrated that a misfit affects the firm's return on assets (ROA) for the worse. This study empirically investigates the fit between organizational strategy and organizational climate and their impact on one possible performance aspect.

Defining performance is not as easy as it seems. Different organizations are working in different markets thus leading to different performance goals (Thompson & McEwen, 1958). This study focuses on technical organizations dedicated to the service oriented market with more than 100 employees. The following strategic work behaviours will be addressed: innovation, customer service orientation and knowledge sharing. Innovative work behaviour is defined as "as the intentional creation, introduction and application of new ideas within a work role, group or organization, in order to benefit role performance, the group, or the organization" (Janssen, 2000, p.288). According to Saxe and Weitz (1982) customer service means that a salesperson has to focus on satisfying the customer. Knowledge sharing is the degree to which knowledge of employees is shared among others in an organization (Bollinger & Smith, 2001).

Concerning the influence of the strategy-climate on strategic work behaviours, affective commitment plays a special role in this study. It is most relevant as a behavioural predictor (Mathieu & Zajac, 1990). Commitment also refers to the acceptance of goals and values of an

organization. Reichers (1985) pointed out that many organizations have conflicting goals, therefore leading to reduced affective commitment. The fits of organizational strategy and organizational climate should reduce such conflicting goals and therefore leading to higher commitment. This study tests whether affective commitment does play a mediating role between the alignment of strategy and climate on strategic work behaviours.

One aspect that has been recently examined by Bowen and Ostroff (2004) is the Human Resource Management (HRM) strength. The HR climate can be seen as the extent to which the perception of the HR practices is similarly among employees. The HRM practices and the HRM system will play a critical role in determining climate perceptions (Bowen & Ostroff, 2004). They argue that a strong HR climate mediates the relationship between a strong HRM system and organizational performance. Studies regarding HR climate empirically show that there is a moderating effect. For example Bosma and Sanders (2007) found a moderating effect of a consensus between HR managers and line managers on affective commitment. So this research examines whether the strength of the HR climate has a moderating impact on the influence of the organizational strategy - organizational climate fit.

Summarized, the research question is whether the influence of the climate-strategy fit on strategic behaviors in mediated by affective commitment and moderated by the HR climate strength. Figure 1 gives an overview of our study:
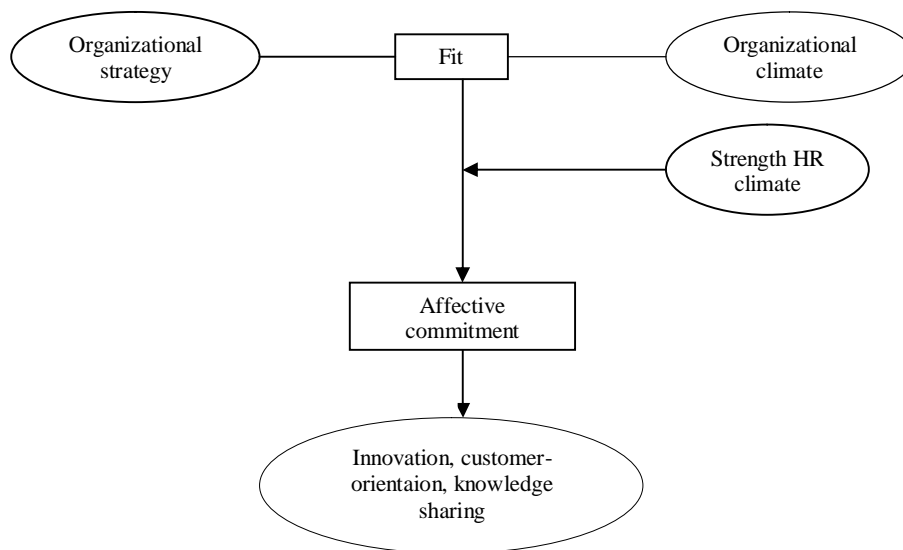

Figure1. Schematic overview of the study

The goal of the study is to contribute to both the scholarly and practitioner literatures by demonstrating the impact of specific fits between organizational climate and strategy on a firm's performance. Gaining new knowledge about this topic enables managers or organizations as a whole to change things for their benefit. For example managers can study their organizational strategy and organizational climate or they can alter their HR practices. On the theoretical level this study wants to extend the research on organizational climate and organizational strategy by showing the impact of the relationship between these two concepts. Little research has been done in this direction (Burton et al., 2004). This work also wants to make an empirical contribution to the work of Bowen and Ostroff (2004) which was developed theoretically. Only a few studies tried to test this model empirically. Based on their findings it will be looked at the influence of the HR Climate strength on the fit between organizational strategy and organizational climate.

2. Theoretical framework

2.1 Organizational strategy

The strategy of an organization is a vital part of the management process. According to Gibcus and Kemp (2003, p.11) "strategy is a coordinated plan that gives the outlines for decisions and activities of a firm and is focused on the application of the resources that a company has at its disposal in such a way that the activities have an additional value to the environment so that the firm can achieve its own goals." The strategy gives the direction that a firm has in mind and in which way they want to achieve their goal. When explaining the performance of an organization the strategy does play an important role. A lot of studies are done in this direction (Gibcus & Kemp, 2003).

To analyze organizational strategy researchers developed different typologies on strategy (Gibcus & Kemp, 2003). Nijssen (1992) distinguishes 3 different approaches: The business matrix approach, a theoretical approach, and an empirical/statistical approach. The business matrix approach describes how an organization can be seen with reference to the industry/market or to other competitors. This approach is quite pragmatic and can be used facing problems like the expansion of a business. Therefore it is more applicable for large organizations. The two other approaches, the theoretical and the empirical/statistical approach, are closely related. The former approach is directed at generic strategies whereas the latter can be seen more as an empirical operationalization of the theoretical ideas. Two

typologies which are derived from the theoretical approach and gained a lot of attention from literature are the typologies of Miles & Snow and Porter (Miles & Snow, 1978; Porter, 1985). Both typologies have a lot in common and will be discussed more in detail.

The Miles & Snow typology is one that attracted a lot of researchers (e.g. Nijssen, 1992; Shortell & Zajac, 1990). Their typology has found to be widely researched, reliable, and valid. They distinguish between prospectors, defenders, analyzers and reactors (Burton et al., 2004). Prospectors try to find and exploit new products and market opportunities. Innovation is one key aspect in this kind of strategy. Defenders act in a narrow segment of products and try to produce them efficiently. Analyzers move into new products and markets only after their viability has been shown. Reactors have no stable and constant pattern.

Porter's (1985) theory is recognized as the dominant paradigm of competitive strategy (Campbell-Hunt, 2000). Campbell-Hunt's (2000) meta analysis shows that Porter's Generic competitive strategy is used in many different settings and is proved to be reliable and valid. This theory is based on two basic aspects which lead to a competitive advantage for an organization: a low cost or differentiation strategy. An organization following the low cost approach focuses on being a low-cost producer in its branch, thus is being competitive because of a cost advantage. It is a cost leadership strategy. The differentiation approach focuses on being the best on a specific dimension which is highly valued by customers in the branch. Being the best on a specific dimension leads to the competitive advantage. The cost leadership approach and the differentiation approach are working on a broad target, which means that they are applicable to broad range of segments. Porter also developed a "Focus" Stage.

The Focus Stage can be subdivided into Cost Focus and Differentiation focus: The goal is to optimize the strategy for a target segment. The target segment is not a broad one but a narrow target. A target can be a specific part of the organization. For example the cost focus is just applicable for labour costs. The cost leadership approach (broad target) would try to save cost at every part of the organization.

Beal (2000) further developed the differentiation strategy of Porter. Beal distinguishes four different differentiation strategies: Service differentiation, marketing differentiation, innovation differentiation and process (quality) differentiation. When an organization does fail to achieve a generic strategy, it is called stuck in middle. So this leads to the following organizational strategies: Cost leadership, service differentiation, marketing differentiation, innovation differentiation, process differentiation, and stuck in middle.

A lot of similarities can be seen comparing the typologies of Porter (with extension) and Miles & Snow. Miles & Snow's defender strategy equals Porter's cost leadership and process differentiation strategy with regard to reducing costs by finding an optimal way to produce. Beal's differentiation strategies focus on specific aspects of an organization. In each of this aspects the organizations tries to get a competitive advantage by finding new ways to improve this specific aspect. This equals Miles and Snow's prospector strategy. When an organization fails to achieve a clear and constant strategy Miles & Snow call it a defender strategy, Porter stuck-in-the-middle.

Because literature shows the usability of Porter's typology with Beal's extension at small and medium enterprises we hold on to it within this study (Gibcus & Kemp, 2003; Campbell-Hunt, 2000). Beal (2000) e.g. show that the combination of environmental conditions and the life cycle stage influence the selection of an effective strategy. Dess and Davis (1984) found that generic stages will result in better performance. The performance measures included total firm sales, sales growth, and average after tax return on total assets. Mosakowski's (1993) study in the computer software industry showed that a focus strategy can result in better net income. However, Pelham (2000) found that Porter's strategy is only to a small extend related to firm performance. His research was done at manufacturing firms and he found other variables like market orientation to play a bigger role.

Before making an optimal fit between Organizational strategy and organizational climate the latter has to be more outlined in detail.

2.2 Organizational climate

A lot of studies view the individual employee's commitment to the organization as a key resource of organizational performance. But more recent theoretical developments focus more explicitly on the value of creating "strong" organizational climates (Bowen & Ostroff 2004; Neal, West & Patterson 2005; Ferris et al. 1998). In literature, there exist an occasional confusion about the definitions of organizational climate, -culture and structure (Denison, 1996; James & Jones, 1974; Schneider, 1990). Different definitions and conceptualizations made it difficult for researchers to find an agreement. Koys and De Cotiis (1991) proposed three rules which have to be included in the measurement of organizational climate: 1. It has to be a measure of perception 2. It has to be a measure describing (not evaluating) activities, and 3. It cannot be an aspect of organizational or task structure. By following these rules, the confusion about the definition of organizational climate can be sort out (Burton et al., 2004).

Quinn and Rohrbaugh (1983) developed the Competing Values Framework which was initially developed to examine criteria for organizational effectiveness. Based on a framework of flexibility versus control, and an internal versus an external view, it yields a typology with the following categories: group, developmental, internal process, and rational goal. Zammuto and Krakower (1991) tested the framework with the focus on organizational culture, structure, climate and strategy. These results were combined with the 3 rules of Koys and De Cotiis (1991) and lead to the 4 following climate types: The group climate, the developmental climate, the rational goal climate and the internal process climate.

These four climate types are described based upon their degree of trust, conflict, morale, equity of rewards, resistance to change, leader credibility, and scapegoating. Results of Burtons' and Zammuto and Krakower's analyses can be found in Burton et al., (2004). They were almost identical with a few exceptions (denoted in italics).

Developmental climate: The work environment places emphasis on dynamic and creativity. The leaders in such organizations are innovators and risk taking. Developing new products and services are the goal in this work environment. This climate scores particularly high on *trust*, morale, leader credibility and low on conflict and resistance to change.

Group climate: This work environment has a sort family environment. Leaders are seen as mentors. Loyalty and tradition play an important role. This climate scores high on the dimensions of trust, *morale*, rewards equitability and leader credibility. It score low on conflict and scapegoating which stands against a group climate.

Rational goal climate: The rational goal climate focuses on the results of their production. They are much more competitive and results oriented. The dimensions this climate score high on are: Conflict, Scapegoating and *resistance to change*. It scores low on trust, rewards equitability and *leader credibility.*

Internal process climate: A work environment in which there is a great focus on structure and formalisation. Leaders organize and coordinate the whole work process and are exerted to reduce costs and being more efficient. This climate scores high on conflict, *resistance to change* and scapegoating but low on trust, morale, rewards equitability and leader credibility.

These climate types will be used in this study by aligning them to the strategy that best fits their characteristics.

2.3 Strategic work behaviours

Innovative Work Behaviour (IWB) is defined "as the intentional creation, introduction and application of new ideas within a work role, group or organization, in order to benefit role performance, the group, or the organization" (Janssen, 2000, p.288) and consists of idea generation, idea promotion, and idea realization. Shipton, West, Dawson, Birdi, and Patterson (2006) suggest that innovation is a two-stage process: The first stage involves the generation of a creative idea and the second stage involves its implementation. At the first stage employees are flexible and experimenting to discover and generate new ideas. At the second stage the organization's environment encourages this behaviour. HR practices designed to promote exploratory learning are related significantly to innovation in products and technical systems (Shipton et al, 2006).

Bollinger and Smith (2001) define knowledge "as the understanding, awareness, or familiarity acquired through study, investigation, observation, or experience over the course of time". *Knowledge sharing* is a critical factor affecting an organization's ability to remain competitive in the new global marketplace. It can improve an organization's competitiveness; a lack of knowledge sharing can cause serious problems for an organization (Lin, 2008). Knowledge can be seen as on important strategic asset, so many organizations are engaging in knowledge management. One aspect is the Resource based view (Gibcus & Kemp, 2003). According to this view the organization should base its strategy on the available resources and capabilities. This is what Bollinger and Smith (2001) referred to knowledge of the organization as the internal knowledge of the individuals summed up to organizational wisdom. The initial point of the RBV is the assumption that a company has a unique bundle of resources. Therefore, the company must have unique characteristics such as: competitive superiority, inimitability, durability, appropriatability and non-substitutability. Bollinger and Smith (2001) named these characteristics: inimitable, rare, valuable and non-substitutable. Most important for an implementation of a knowledge-sharing system are the following dimensions: high trust, high morale, and low resistance to change.

According to Saxe and Weitz (1982, p. 343), the practice of *customer oriented selling* is "the practice of the marketing concept at the level of the individual salesperson and customer." This means that a salesperson have to focus on satisfying the customer. Factors such as personal characteristics, role perceptions, and job attributes typically account for 10% or less of the variance in salesperson performance and job satisfaction (Franke & Park, 2006). However, an association has been found with organizational commitment (Rozell, Pettijohn & Parker, 2004). Based on the social identity approach, Wieseke, Ullrich, Christ and Van Dick

(2007) show, that employees' customer orientation depends on employees' organizational identification and their leaders' acting as role models of customer orientation. This can be influenced by HR practices, e.g. employee training.

2.4 Fit between organizational strategy and climate & strategic work behaviours

The alignment of an organizational strategy and climate depends on the characteristics of both constructs. The alignment of these two constructs can have an important influence on an organization's performance. Burton, Lauridsen & Obel (2004) showed that a misfit affects the firm's return on assets (ROA) for the worse. A misfit exists when the characteristics of the organizational climate does not match the characteristics of the strategy. However if the two characteristics of organizational strategy and organizational climate matches each other then a good fit exist.

Strategic work behaviours also depend on the corresponding characteristics. For example, Shipton et al. (2006) and Janssen (2000) propose that an organization must support the innovation process and that change is acceptable. To engage in knowledge sharing the organization needs the resources to have an effective knowledge sharing management (Bollinger & Smith, 2001). High trust, high morale, and low resistance to change are necessary for a good functioning knowledge sharing system. Reaching an effective customer orientation can also be supported by the organization. Wieseke et al. (2007) found that organizational identification predict customer-oriented behaviour on the level of the local organization

The strategic work behaviours will be allocated and substantiated by the characteristics of the strategy and climate. The climate is based on Burton et al's and Zammuto and Krakower's analyses (Burton et al., 2004). In this section the strategy-climate fit and the important strategic work behaviours will be described. An overview can be found in table 1.1.

The cost leadership strategy focuses on cost aspects. The management is very dominant and gives the direction of the organization. Everything is done to optimize the processes within a production line which leads to reduced costs. In the internal process climate trust is low, conflict is high, morale is low and resistance to change is high. These characteristics fully match the characteristics of the strategy resulting in a *cost leadership & internal process climate fit*. These circumstances do not provide the necessary foundation for our specific work behaviours. E.g. innovative work behaviour needs the freedom to change work processes or knowledge sharing needs a high degree of trust and morale. This fit does not provide such a foundation so none of our strategic work behaviours fits here.

Following a process differentiation strategy means setting high standards of manufacturing processes in order to make it more efficient (Gibcus & Kemp, 2003). Like the cost leadership strategy the view is very narrow and focused. So this strategy goes along with the internal process climate either. The characteristics like high resistance to change, low morale and low trust are applicable at this fit too. Concerning the strategic work behaviours the same is true as described at the first fit. Due to the *process differentiation & internal process climate fit* we can not state that this fit would lead to an enhancement of these behaviours.

Organizations identified as following a marketing differentiation focuses on new products and to set one apart from other competitor's products. They use marketing to create a distinctive image for a product (Beal, 2001). Being competitive is one important key factor. The rational goal climate supports the necessary creativities and risk taking performance. The organisation strives for success. It implicates this by scoring high on conflict and also high on resistance to change. Thus the *marketing differentiation & rational goal climate* build an optimal fit. Because of the "negative characteristics" as low trust, high conflict and high resistance to change, none of work behaviours fits here.

The goal of innovation differentiation is to differ from competitors through innovation. Being the first in the market with new and innovative products and services is the goal. The developmental climate is characterized as innovative and risk taking. Trust is average/high, conflict and resistance to change are low. This is an optimal foundation for following an innovation differentiation, thus leading to an *innovation differentiation & developmental climate fit*. Low resistance to chance fosters innovation because change is an important characteristic of innovation (Shipton et al., 2006; Janssen, 2000). Scoring low on conflict and resistance to change is necessary for an organization to provide a good foundation for knowledge sharing (Bollinger & Smith, 2001). Then the innovation differentiation & developmental climate fit should foster innovative work behaviour and knowledge sharing.

Following a service differentiation means focusing on customer service and their well being. The organization provides a distinctive service prior to the purchase, during the purchase, or after the purchase of a product. The needs of the customers get priority (Beal, 2001). With such a service strategy they want to differentiate from their competitors. To afford such a service requires a high organizational identification by the employees (Wieseke et al., 2007). The group climate supports this by having characteristics as high on trust, low conflict and low scapegoating thus leading to a *service differentiation & group climate fit*. This fit lays a good foundation for customer orientation, innovative behaviour and knowledge sharing.

Table 2.1: Fit between organizational strategy and climate & strategic work behaviours

Organizational strategy:	Climate types:	Strategic behaviours:
Service differentiation	Group climate	customer orientation, innovative behaviour, knowledge sharing.
Innovation differentiation	Developmental climate	knowledge sharing, innovative behaviour
Marketing differentiation	Rational goal climate	
Process differentiation	Internal process climate	
Cost leadership	Internal process climate	

Looking at these fits with the strategic work behaviours leads to some interesting observations. It is hard to align specific strategic work behaviours for fits when the characteristics of the strategy and climate do not foster it. This does of course not mean that specific work behaviours do not exist at an inappropriate fit. It just means that the work behaviours will be fostered if the foundation (fit) is suitable for the behaviours. E.g. a cost leadership - internal climate fit is more applicable in large organizations. For many SMEs (Small and medium enterprises) a cost strategy is not possible because they are too small (Beal, 2000). Summarized can be said that a specific fit targets specific strategic work behaviours. Based on these findings one can conclude the following hypothesis:

Hypothesis 1: The fit between the strategy and the climate is positively related to strategic work behaviours.

Hypothesis 1a: The fit between a service differentiation and a group climate is positively related to the strategic work behaviours: customer orientation, innovative behaviour, and knowledge sharing

Hypothesis 1b: The fit between an innovation differentiation and a developmental climate is positively related to the strategic work behaviours: innovative behaviour and knowledge sharing.

2.5 The special role of affective commitment

Affective commitment is an often researched construct in literature (Mathieu & Zajac, 1990; Allen & Meyer, 1996). Allen and Meyer (1996) see affective commitment when employees are happy to be members of an organization and when they believe in what an organization does and what it stands for.

Much literature can be found where the relationship between affective commitment and performance is studied. In a meta analysis of relevant literature about attitudinal organizational commitment and job performance, Riketta (2002) reported a true correlation of .20 between attitudinal organizational commitment and performance. Other research of organizational commitment has provided mixed results (Mathieu & Zajac, 1990; Randall, 1990). A recent study by Vandenberghe, Bentein, and Stinglhamber (2004) showed that organizational commitment significantly affected job performance through supervisor commitment. Becker et al.'s (1996) and Becker and Kernan's (2001) results also show that commitment to the supervisor is more strongly associated with performance than is overall commitment to the organization. In this study affective commitment to the supervisor is also assessed. Rozell, Pettijohn & Parker (2004) found that organizational commitment is positively associated with Customer oriented selling.

Affective commitment also refers to the acceptance of goals and values of an organization. Reichers (1985) pointed out that many organizations have conflicting goals, therefore leading to reduced affective commitment. Our fits described above should reduce such conflicting goals and therefore leading to higher commitment. Because of these recent findings, this study proposes the following hypothesis:

Hypothesis 2: Affective commitment mediates the positive relationship between the strategy-climate fit and the strategic work behaviours

The study focuses on 5 dimensions of affective commitment. Affective commitment to the organization, to work, to the occupation, to the supervisor, and to the team. The different organizational climates have varying characteristics with regard to their supervisor, the team, and organization. In the group climate, the leader, the team and the whole organisation are very important for the employees. Thus this study proposes the following hypothesis.

Hypothesis 2a: The Service differentiation & Group climate fit is positively related to the employees' affective commitment to the supervisor, the team and the organization.

In the developmental climate the leader play a special role. He is the one who stands for risk taking and innovation. Thus the affective commitment to the leader should also be positively correlated.

Hypothesis 2b: The Innovation differentiation & developmental climate fit is positively related to the employees' affective commitment to the supervisor

2.6 The Role of the HR climate

Research on the HRM-performance relationship has lead to two different approaches. One is a systems approach where recently the focus lies on the overall set of HR practices and firm performance (e.g. Huselid & Becker, 1996; Huselid, Jackson, & Schuler, 1997). The other approach is the strategic perspective on HRM, which has taken on different meanings in literature (Ferris et. al, 1999). A broad overview can be found in Paauwe (2004).

Bowen and Ostroff (2004) developed a framework for understanding how HRM practices, as a system, can contribute to firm performance. Their HR climate can be seen as "strong situation" (Mischel, 1973, 1977) in which employees share a common interpretation of what is important and what behaviours are expected and rewarded. HRM practices and HRM system will play a critical role in determining climate perceptions (Bowen & Ostroff, 2004). In order to create a strong situation, the HRM system must be perceived as high in distinctiveness (are the practices clear), consistency (consistent pattern of practices), and consensus (agreement among employees). This study will focus on the following HR practises: career opportunities, selective hiring, performance appraisals and participation in decision-making. These HR practices have been found to play an important role in the climate perception of employees. The perception of these practices can either lead to a weak or a strong HR climate (Bowen & Ostroff, 2004). In their theoretical work Bowen and Ostroff (2004) described a mediating effect whereas recent studies empirically showed that the HR climate have a moderating effect (Bosma & Sanders, 2007). To follow this line of research the following hypothesis is proposed:

Hypothesis 3: The impact of the strategy-climate fit on affective commitment will be moderated by the HR climate strength

3. Method

3.1 Procedure

The main source to find suitable organizations for this study was the internet. The aim was to find technical organizations dedicated to the service oriented market with more than 100 employees. To introduce the study to the organizations a letter with information was send first. The next step was to send an email to the organization with the same content as in the letter. Then the organizations were contacted by telephone. This was the same procedure for every organization. 25 organizations in the Netherlands as well as in Germany were contacted. Two organizations supported the study which results in a response rate of 8 %. Different reasons for not participating were given. Some organizations did not have sufficient time for such a study, others thought it would be too costly for them to survey a lot of employees (Cost-benefit ratio). Because of a time constraint of this research project the start of the analysis began without achieving the actual sample goal.

3.2 Sample and Design

The sample of this study comprises 2 German companies which will be described as organization A and organization B due to anonymous reasons.

Organization A is a forwarding company with their headquarters in Germany. The company is internationally-active, transporting goods to the Netherlands, France, Belgium, Austria and Great Britain. The organization employs 140 employees ranging from truck drivers to office employees with different jobs. We got 29 questionnaires back from this organization which yields a response rate of approximately 21 %, which is definitively low. The organization gave different reasons that can account for this low response rate. Some employees were on vacation, others were occupationally not available. None of these or other reason can be proved. It also has to be mentioned that organization A did not totally match "a technical organization dedicated to the service oriented market".

Organization B is a supplier for the converting industry as well as for the automotive industry. It is associated with a family business run in the fifth generation and with over 4.800 employees. More than 700 employees work for the German and Czechs headquarters. Our focus was on the plant in Germany. Because of a restriction of the management we were allowed to survey 130 employees. 64 questionnaires came back which means a response rate of approximately 49 %.

3.3 Measures

All data were collected by means of a questionnaire. Concerning *organizational strategy,* Beal (2000) developed Porter's generic competitive strategy (1985) further by distinguishing 4 differentiations possibilities and the cost leadership approach. He also made a questionnaire in order to assess these types of strategies. His questionnaire, containing 22 items, consists of five items with anchors 1 = not attention to 5 = total attention. A sample item from the questionnaire says: "Reducing the cost of the business process".

The questions about *organizational climate* are based on the "framework of competing values" (Quinn and Rohrbaugh, 1983 in Burton et al., 2004) with the 4 climate types: developmental-, rational goal-, internal process-, and group-climate (Zammuto & Krakower, 1991 in Burton et al., 2004). 7 questions with anchors 1 = not the case to 5 = totally the case measure the different elements of an organizational climate (trust, conflict, morale, equity of rewards, resistance to change, leader credibility, and scapegoating). A sample item from the Dutch questionnaire is: "Our employees have a high working morale".

Affective commitment is measured on 5 different dimensions. Affective commitment to the organisation (Allen & Meyer, 1990, Cronbach α = .69), to work (Torka, 2003, Cronbach α = .74), to the occupation (Meyer, Alles & Smith 1993, Cronbach α = .74), to the supervisor (Vandenberghe, Bentein, & Stinglhamber (2004), Cronbach α = .906) and to the team (Ellemers, Gilder, & Heuvel, Cronbach α = .636).Taken all dimensions together Affective commitment reaches a Cronbach α = .88.

To reach the best possible alpha for affective commitment to the organisation (Cronbach α = .69), item 4 was excluded from the analysis. However this scale reaches a moderate internal consistency ($\alpha < ,70$) as well as the scale for affective commitment to the team ($\alpha = 0,636$). All questions can be answered on a 5 point scale with anchors 1 = totally disagree to 5 = totally agree. Sample items for the different dimensions of affective commitment would be: "This organizations has a big personal meaning for me" (affective commitment to the organization), "I am proud of the work I do" (to work), "My career is important for my image" (to the occupation), "I appreciate my supervisor" (to the supervisor) and "Between my colleagues at work I feel at home" (to the team).

Innovative behaviour will be assessed with a scale based on Janssen (2000). 9 items (e.g. "How many times do you generate new ideas for difficult problems?") on a 5 point scale from 1 = never to 5 = always asked the participants for their innovative behaviour at work. The reliability of the scale was good (Cronbach α = .85).

The *Customer orientation* measure is based on Saxe and Weitz (1982). Reliability analysis of the 12 items yielded a Cronbach α = .80. A sample item would be: "I try to answer customer's questions about products as good as possible".

The last of strategic work behaviour (*degree of knowledge sharing*) was assessed with a questionnaire based on 2 articles will be used (Van Woerkom & Sanders, 2008, in press; Bosma & Sanders, 2008, under review). This leads to a total of 10 items on a 5 point scale with answer possibilities from 1 = totally disagree to 5 = totally agree. A sample item is: "My supervisor sometimes asks me for my advice". This scale has a good reliability of α = .78

The *HR climate* was measured with a scale containing 10 items (Dorenbusch, Sanders & Reuver, 2006; Cronbach α = .89). A sample item is: "During an appraisal I am told how to improve myself"

3.4 Analytical procedure

In order to assess the strategy of both organizations we appraised the questionnaires filled out by employees and the director/members of the board. Concerning organization A the strategy was determined by the mean scores of all employees. No director or member of the board filled out the questionnaire so we chose for that way. At organization B we calculated the strategy by the answers of 4 member of the board or director. Crucial for the determination of the strategy was the highest mean score of the 5 strategy measured by our used scale.

Organizational climate was assessed by looking at the constellation of the 7 variables trust, conflict, morale, equity of rewards, resistance to change, leader credibility, and scapegoating which builds the specific climate. Intervals for the seven dimensions were computed by the mean scores of both organizations (low, medium high). The constellation was then compared with the profiles described in Burton et al. (2004). The more the climate of the organizations matches the profiles from that article the more resembles the climate one of the four types.

To determine the fit of the organizational strategy and climate a ranking was set up based on the theoretical framework. The difference between the optimal ranking and the observed ranking was compared and difference scores were calculated. A multiplication with the rank for strategy leads for both organizations to a specific fit. The smaller the calculated score the better the fit.

In order to determine a relationship (correlation) between two variables we chose for Spearman's rank correlation coefficient. This statistical process can be used when the sample is small, e.g. 5 organizations. In this situation Spearman's rank correlation coefficient proofed

to be a reliable statistical procedure. In this study this statistical tool is used to asses the relationship between the fit and affective commitment and between affective commitment and the strategic work behaviours.

When analyzing whether affective commitment mediates the relationship between the strategy-climate fit and the strategic work behaviours a hierarchical linear regression analysis is used. To test whether a variable mediates the relationship between an independent and dependent variable, Baron and Kennedy (1986) stated 3 conditions which should be met to demonstrate the mediator effect: 1. Show that the independent variable is correlated with the presumed mediator variable. 2. Show that the mediator affects the dependent variable. It is not sufficient just to correlate the mediator with the dependent variable; the mediator and the outcome may be correlated because they are both caused by the initial variable X. Thus, the independent variable must be controlled in establishing the effect of the mediator on the outcome. 3. To establish that the mediator completely mediates the X-Y relationship, the effect of X on Y controlling for mediator should be zero. By using a hierarchical linear regression analysis standardized Beta coefficients will be calculated which shows us whether the rules are met.

The possible moderation effect of the HR climate can also be analyzed using a hierarchical linear regression analysis. A moderation effect occurs when the relationship between the independent variable X and the dependent variable Y varies among different conditions of the presumed moderation variable, in this case the HR climate. (Baron & Kennedy, 1986)

Because of the limitations of the data not all described procedures are possible. It is e.g. not possible to set up the correlation between the strategy-climate-fit and affective commitment/strategic work behaviours and to test whether there is a relationship between two variables. A hierarchical linear regression analysis is not possible as well so a mediating or moderating effect can not be demonstrated in this way.

4. Results

4.1 Descriptive statistics

Table 4.1 shows the mean scores with regard to the strategy of the organizations. It can be seen that organization A follows a service differentiation strategy (M = 3.69) and that organization B follows a cost leadership approach as well as a service differentiation approach (M = 3.66).

Concerning the organizational climate of both organizations the profiles were constructed based on the climate scale that was assessed. An overview can be found under the appendix. At organization A, a developmental climate is dominant. At organization B, an internal process climate is dominant. It has to be mentioned that the intervals were computed by two organizations. Intervals computed by more data should give more reliable and valid profiles.

Based on calculations, although not reliable due to our restricted sample, one can conclude that the fit at organization B is better than at organization A. The strategy-climate-fit is calculated by looking at the difference scores of an optimal ranking (based on theoretical framework) and the observed ranking. In this study 2 organizations can be compared which leads to a good and a less good fit. More organizations should lead to better comparison possibilities with reference to the strength of the fit. The ranking table is placed under the appendix.

Table 4.1 presents the means, standard deviations and alpha coefficients of all scales used in this study. The alpha coefficients are, with the exception of affective commitment to the team and affective commitment to the organization, higher than 0.7 which is good considering that .70 is the cut-off value for being acceptable.

Tabel 4.1 Scale Means, standard deviations and Alpha Coefficients

Scale	Org. A		Org. B		
	Mean	(SD)	Mean	(SD)	Alpha
Affective commitment	3,71	0,54	3,37	0,53	0,888
Aff. work	3,89	0,65	3,54	0,84	0,740
Aff. organization	3,75	0,66	3,62	0,56	0,693
Aff. occupation	3,79	0,63	3,30	0,66	0,744
Aff. leader	3,40	0,95	2,63	1,00	0,906
Aff. team	3,74	0,70	3,63	0,53	0,636
Innovation	2,30	0,79	3,01	0,58	0,849
Customer-orientation	3,89	0,90	4,11	1.00	0,793
Knowledge sharing	3,54	0,61	3,56	0,51	0,779
HR climate	2,65	0,96	2,11	0,75	0,891
Market differentiation	3,43	0,85	3,54	0,77	
Process differentiation	3,25	0,90	2,58	0,42	
Service differentiation	3,69	0.99	3,66	0,72	
Innovative differentiation	3,33	0,93	3,50	0,94	
Cost leadership	3,57	0,74	3,66	0,00	

Note. Values are the mean of reported scores on a 5-point scale

4.2 Testing the hypothesis

One main aspect of this study is the strategy-climate-fit. Due to the sample limitation of two organizations it is not possible to conduct a correlational analysis on an organizational level with regard to the strategy-climate-fit. Other studies, e.g. Bosma and Sanders (2007), laid the focus on a department level. An analysis based on a department level is not possible because there are no comparable departments at both organizations. Furthermore the strategy at organization A is determined by all employees whereas at organization B the strategy is determined by four members of the board which means that the fits for different departments can not be calculated. At an individual level the strategy-climate-fit must be computed for each employee, which does not give a reliable and valid illustration. But nevertheless there are analysis possibilities including the organizational level as well as the individual level to test the hypotheses to the best degree.

Hypothesis 1 states that the fit between the strategy and the climate is positively related to strategic work behaviours. In order to test hypothesis 1 as good as possible an independent samples t-test will be used to compare the mean scores of the strategic work behaviours of both organizations. Because of the stronger fit organization B is expected to score higher on the work behaviours. No significant effect was found to approve this hypothesis although the

mean scores at organization B are greater at all 3 strategic work behaviours. Concerning innovative behaviour, organization B (M = 3.01, SD = 0.58) reports statistically more innovative behaviour than does organization A (M = 2.96, SD = 0.79), t (90) = 3.63, p = .717). The same is true regarding customer orientation (p = .280) and knowledge sharing (p = .858).

Hypotheses 1a and 1b state that the fit between a service differentiation and a group climate and the fit between an innovation differentiation and a developmental climate is positively related to the specific strategic work behaviours. Both organizations are following a service differentiation strategy with different climates which gives the possibility to compare both organizations with regard to their strategy-climate fit. At both organizations no group climate is dominant but the fit analysis shows a stronger fit for organization B so we expect them to score higher on the strategic work behaviours. As mentioned there is a tendency for this assumption but no significant effect can be found.

Hypothesis 2 states that affective commitment mediates the effect of the strategy-climate fit. Although a hierarchical linear regression analysis can not be done a correlational analysis can be done to test whether affective commitment is related to the strategic work behaviours. This is one of the conditions proposed by Baron and Kennedy (1986). Pearson's correlational coefficient will be used here. The analysis show mixed results. At organization B affective commitment is significantly related to all strategic work behaviours whereas at organization A no significant relationship can be found. An overview can be found at table 4.2.

Table 4.2 Correlations between affective commitment and strategic work behaviours

	Organization A	Organization B
Innovative Behavior	.320 (p= .091)	.493(**)
Customer Orientation	.081 (p=.676)	.363(**)
Knowledge Sharing	.279 (p=.143)	.380(**)

** Correlation is significant at the 0.01 level (2-tailed).

However it must be remarked that organization A scores significant higher on affective commitment (M = 3.71, SD = 0.54) than did organization B (M = 3.37, SD = 0.53), t (90) = 2.86, p = .005). So organization A having the less stronger fit, scores higher on affective commitment. A mediating effect of affective commitment can not be confirmed. There is no

statistical significant effect of the fit on the strategic work behaviours and condition 3 proposed by Baron and Kennedy (1986) can not be tested adequately.

Hypothesis 2a states that the service differentiation-group climate fit is positively related to the employees' affective commitment to the supervisor, the team and the organisation. Both organizations, following a service differentiation strategy, will be compared with regard to affective commitment to the supervisor, the team and the organization whereas organization B is to expected to score higher because of the stronger fit. This hypothesis can not be confirmed either. There is no significant effect for affective commitment to the organization (p = .342) and to the team (p = .408). But organization A (M = 3.40, SD = 0.96) scores statistically significant higher on affective commitment to the leader than did organization B (M = 2.63, SD = 1.00), t (89) = 3.443, p = .001. Hypothesis 2b stating that the innovation differentiation & developmental climate fit is positively related to the employees' affective commitment to the supervisor can not be tested due to the sample limitation.

The last hypothesis, 3, states that there is a moderating effect on the HR climate on the strategy climate fit. This can not be tested using a hierarchical linear regression analysis. But comparing the mean scores of the HR climate there is a significant higher score for organization A (M = 2.65, SD = 0.96) than for organization B (M = 2.11, SD = 0.75), t (90) = 2.927, (p = .004). Looking at the above results one might conclude that the HR climate strength balance the less stronger fit resulting in higher commitment at organization A. The influence of the different conditions of the fit on affective commitment varies under the condition of the moderator variable HR climate strength. Nevertheless one has to treat this result with caution due to the restricted sample. Also because a mediating effect of affective commitment can not clearly be stated the moderating effect of the HR climate strength on the strategic work behaviours can not be confirmed.

5. Summary and discussion

The research question is whether the influence of the climate-strategy fit on strategic behaviors in mediated by affective commitment and moderated by the HR climate strength. The results suggest that none of the stated hypotheses can clearly be confirmed. At both organizations no significant difference can be found regarding the strategic work behaviours. It can be found that a stronger fit results in a higher relationship between affective commitment and the strategic work behaviours. Contradicting to these findings, affective

commitment was found to be higher when a less good fit exists. In line with this result it can be found that affective commitment to the leader was also higher at the less good fit at organizations following a service differentiation strategy. Thus analyses regarding hypotheses 1 and 1a and 1b show mixed results. They can not be confirmed clearly.

Looking at a possible mediating effect of affective commitment one can not conclude that this effect exists. Although correlational analyses showed a statistical significant correlation between affective commitment and the strategic work behaviours at organization B, it can not statistically be proved that the 3 conditions of Baron and Kennedy (1986) are met.

The moderating effect of the HR climate can not statistically been proven but there seems to be tendency that the HR climate strength can have this effect. Although a less good fit exist at organization A, affective commitment is higher in comparison to organization B. However it has to be mentioned that organization B scores, although not statistically significant, higher on the strategic work behaviour. This makes it additionally hard to clearly state the influence of affective commitment.

It was the first time that all of the studied variables were present in one research project. Namely the strategy-climate fit, the mediating effect of affective commitment and the moderating effect of the HR climate strength. This study definitively shows how complex the relationships can be. However it gives a first insight. There are a lot of starting points where one can begin to change something. Further research is needed to explore these relationships.

5.1 Limitations

This study has a lot of limitations which one has to think of before any conclusions from the study can be drawn. The first limitation is the sample this study focuses on. The goal was to find 3 technical organizations dedicated to the service oriented market. There is one organization (organization B) that fully matches this description. The second organization, organization A, is a forwarding company. The questions remains in how much the strategic work behaviours fit this kind of organization. The response rate of 25 contacted organizations was just 8 % which leads to the question how much the 2 involving organizations are representative.

The second limitation comes from within the sample. Concerning organization A 29 questionnaires came back which mean a response rate of approx. 21% which is definitively low. The same applies to organization B where with a response rate of approx. 49 %. At

organization A no member of the board or the director filled out the questionnaire so that the strategy was just appointed by the perception of the employees.

Because of the points mentioned above particularly the fact of having two organizations lead to the exclude of many statistical procedures which would be necessary to fully test the hypotheses. The results are based on two organizations and can not be seen as reliable or valid. Thus one has to view these results with caution.

5.2 Recommendations

In order to test this research model again a larger sample number is required. When focusing on the organizations perspective a lot of organizations are necessary. For example in Burton et al. (2004) 175 cases were usable for analysis. By having such a number, variances exist which can account for the specific relationships described in the theoretical framework. The assessment of the climate types as well as the strategy-climate-fits would be reliable and valid.

Otherwise one can focus on a department level of analysis. It would be possible that the perspectives of different departments can vary e.g. regarding the perception of the organizational strategy and the organizational climate. It is also unclear how differences in individuals affect the strategic work behaviours. So, further research regarding this topic should be concentrated more on the individual or department level when a larger sample number is not present.

6. References

Allen, N. J. & Meyer, J. P. (1996). Affective, continuance, and normative commitment to the organization: An examination of construct validity. *Journal of Vocational Behaviour*, 49, 252-276.

Baron, R. M. & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51, 1173-1182.

Beal, R.M. (2000). Competing effectively: environmental scanning, competitive strategy and organizational performance in small manufacturing firms, *Journal of Small Business Management*, Vol. 38 (1), pp. 27-47

Beal, R. M. & Yasai-Ardekani, M. (2001). Outperforming the competition in each stage of the industry life cycle. *Working paper, Florida A&M University, Tallahassee, FL.*

Bollinger A. S., & Smith, R. D. (2001). Managing organizational knowledge as a strategic asset. *Journal of Knowledge Management*, 5 (1), 8-18.

Bosma, L.O. & Sanders, K. (2007). Prestatiebeloning belicht. Effecten van consensus in een organisatie op prestatiebeloning. *Personeelbeleid, 43*(10), 38-41.

Bowen, D. E., & Ostroff, C. (2004). Understanding HRM-firm performance linkages: The role of the "Strength" of the HRM system. *Academy of Management Review*, 29(2), 203-221.

Burton, R. M., Lauridsen, J., & Obel, B. (2004). The impact of organizational climate and strategic fit on firm performance. *Human Resource Management*, 43 (1), 67-82.

Campbell-Hunt, C. (2000), What Have We Learned about Generic Competitive Strategy? A Meta-Analysis. *Strategic Management Journal*, Vol. 21, No. 2. (Feb., 2000), pp. 127-154.

Denison, D. R. (1996). What is the difference between organizational culture and organizational climate? A native's point of view on a decade of paradigm wars. Academy of Management Review, 21, 619–665.

Dorenbosch, L.W., Reuver, R.S.M. de, & Sanders, K. (2006). Getting the HR message across: The linkage between line- HR consensus and " commitment strength" among hospital employees. *Management Revue*, 17(3), 274-291

Ellemers, N., Gilder, D. de, & Heuvel, H. van den (1998). Career-Oriented Versus Team-Oriented Commitment and Behavior at Work. *Journal of Applied Psychology*, 83, 717-730.

Ferris, G. R., Hochwarter, W. A., Buckley, M. R., Harrell-Cook, G., & Frink, D. D. 1999. Human resource management: Some new directions. *Journal of Management*, 25: 385– 415.

Franke, R.F., Park, J., (2006). Salesperson Adaptive Selling Behaviour and Customer Orientation: A Meta-Analyses. *Journal of Marketing Research*, Vol. 43, no. 4, page 693-702.

Friedmann, Barry A., (2007). Globalization Implications for Human Resource Management Roles. *Employee Responsibilities and Rights Journal,* Vol. 19, No. 3 (2007), p. 157-171

Gibcus, P., & Kemp, R.G.M. (2003). Strategy and small firm performance. *Research Report H200208, Zoetermeer: EIM.*

James, Lawrence R., Choi, Carol C., Ko, Chia-Huei Emily, McNeil, Patrick K., Minton, Matthew K., Wright, Mary Ann and Kim, Kwang-il (2007) 'Organizational and psychological climate: A review of theory and research', *European Journal of Work and Organizational Psychology*, 17:1, 5 - 32

Janssen, O. (2000). Job demands, perceptions of effort-reward fairness and innovative behaviour. *Journal of Occupational and organizational Psychology*, 73, 287-302.

Lin, (2008). Clarifying the Relationship Between Organizational Citizenship Behaviors, Gender, and Knowledge Sharing in Workplace Organizations in Taiwan. *Journal of Business and Psychology,* 3, 241 - 250

Mathieu, J. E., & Zajac, D. M. (1990). A review and metaanalysis of the antecedents, correlates, and consequences of organizational commitment. Psychological Bulletin, 108, 171-194.

Mischel, W. 1977. The interaction of person and situation. In D. Magnusson & N. S. Endler (Eds.), Personality at the crossroads: Current issues in interactional psychology: 333– 352. Hillsdale, NJ: Lawrence Erlbaum Associates.

Paauwe, J. (2004). *HRM And Performance: Achieving Long Term Viability.* Oxford University Press.

Parker, C. P., Baltes, B. B., Young, S. A., Huff, J. W., Altmann, R. A., Lacost, H. A., & Roberts, J. E. (2003). Relationships between psychological climate perceptions and work outcomes: A meta-analytic review. *Journal of Organizational Behavior*, 24, 389 – 416.

Riketta, M. (2002). Attitudinal organizational commitment and job performance: A meta analysis. *Journal of Organizational Behavior*, 23, 257–266.

Rozell, E.J., Pettijohn, C.E., (2004). Customer-Orientated Selling: Exploring the Roles of Emotional Intelligence and Organizational Commitment. *Psychology & Marketing*, Vol 21(6), page 405-424.

Saxe, R., & Weitz, B. (1982). The SOCO scale: A measure of the customer orientation of salespeople. Journal of Marketing Research, 19, 343–351.

Shipton, H., West, M.A., Dawson, J., Birdi, K. & Patterson, M. (2006). HRM as a predictor of innovation. *Human Resource Management Journal*, Vol. 16, No. 1, 3-27.

Vandenberghe, C., Bentein, K., & Stinglhamber, F. (2004). Affective commitment to the organization, supervisor, and workgroup: Antecedents and outcomes. *Journal of Vocational Behavior*, 64, 47-71

Wieseke, J, Ullrich, J., Christ, O., Schulze, M., van Dick, R. (2007) The Identity-Matching Principle: Corporate and Organizational Identification in a Franchising System. *British Journal of Management,* 18, 29–44

Zammuto, R. F., & Krakower, J. Y. (1991). Quantitative and qualitative studies in organizational culture. Research in Organizational Change and Development, 5, 83–113.

7. Appendix

Appendix 7.1 Climate profiles based on interval calculation

Scale	Org. A	Org. B
Trust	High	Low
Morale	Low	High
Rewards equitability	High	Low
Leader	High	Low
Conflict	Low	High
Scapegoating	Medium	Medium
Resistance to change	Low	High

Appendix 7.2 Ranking of strategy and climate *

Organization A	Market diff	Process diff	Service diff	Innovate diff	Cost leader
Climate	Rational goal	internal	group	Develop.	internal
Ranking strategy	3	1	5	2	4
Ranking climate	1	2	3	4	2
Difference scores:	2	1	2	2	2

Appendix 7.3 Ranking of strategy and climate *

Organization B	Market diff	Process diff	Service diff	Innovate diff	Cost leader
climate	Rational goal	internal	group	Develop.	Internal
Ranking strategy	3	1	4,5	2	4,5
Ranking climate	3	4	1	2	4
Difference scores:	0	3	3,5	0	0,5

* Calculating the fit: Multiply the difference scores with the strategy ranking and sum them up. Calculate the inverse of this numbers. The higher the number the better the fit