

The relation between perception of strategy and commitment.

Bachelorthese

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November 2005
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Introduction

Commitment of an employee is believed to be of importance to the performance of the organisation (Mintzberg, 2004; Hamel & Prahalad, 1989), although proof is lacking. In this paper the relation is researched by using perception as mediator. When looking at the relation between commitment and perception of goals, and combining this with evidence from research on the relation between perception and performance (e.g. Boggiano, Main & Katz, 1988), indirectly the lacking proof can be given.

In organisations not always the strategy developed and communicated is equal to the strategy perceived by the employee (Nauta & Sanders, 2001). As will be discussed in the following, commitment of the employee is thought to be related to the perception of strategic goals. Both the fulfilling of these goals (achievements) and the setting of these goals (ambitions) are coloured by the perception of the employee. High perception of goals is related to high performance (Boggiano et al., 1988), creating a relation between commitment and performance.

Therefore the research question of this paper is: *“What is the relation between the perception of both organisational strategic achievements and ambitions, and the commitment of the employee?”*

Perception of achievement as a result of the employee's focus

Each employee has a form of relation with the employer. Tsui and Wang (2002) categorise a large body of research on employment relationships into a dimension of focus. On the one end there is organisational focus, where an employee's focus is on the organisation as a whole, the employee is highly committed to the organisation's objectives and is concerned with long term wins. On the other end there is job focus, where an employee is focussed on the characteristics and the execution of the job, is committed to its own objectives, and only has a short-term relationship with the organisation.

This theoretical dimension of focus can be expanded to the goals set on strategy. It could be argued that the perception of the goals is a result of fit between the focus of the employee and the nature of the goals. For example, an organisation focussed employee, looking at the long term benefits of the organisation will value incremental achievements of long term goals more than an employee with job focus. And the opposite, an employee with job focus will value an occasional windfall giving him a short term win, more than an organisation focussed employee.

Commitment

Several views on commitment exist in literature. Allen and Meyer (1990) categorize organizational commitment in three different types of commitment. The first was called affective commitment, where *“commitment is considered an affective or emotional attachment to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in, the organization”* (Allen & Meyer, 1990, p. 2). The second view on commitment is based on the costs and the profits in the relationship of the employee with the organisation. This type of commitment was called continuance commitment. The third type of commitment was called normative commitment, commitment as a belief about one's obligations to an organisation.

Relation between commitment and perception

Several researchers provided evidence for some sort of relation between commitment and several forms of perception. Research by Meyer, Paunonen, Gellatly, Goffin and Jackson (1989) revealed a relation between commitment and self-reported performance. Research by e.g. Festinger (1957) or Glass, Canacan and Schiavo (1967) showed relations between commitment, achievement and cognitive dissonance. Research by Locke and Latham (1988, 2002) stated that goal commitment is positively related to the perceived difficulty of the goal-setting. This research on the relation between commitment and these different forms of perception state that there is a relation between commitment and perception, but not how it is created.

Research by Kerr and Kaufman-Gilliland (1994) showed that there is a relation between frequent communication in groups and commitment. When an organisation is viewed as a group, communication on organisational strategy can be related to commitment. And when communication is done more frequently, it can become more effectively (Nickerson, 1999) and increase the correspondence between the message and the perception of it. Kacmar, Wit, Zivnuska and Gully (2003) found a relation between frequent communication with others and perceived job-performance by those others.

By using communication as a part of the relation between commitment and perception, it is possible to integrate the discussed effects of the framework of Tsui and Wang (2002). The perception of a goal is on the one hand subject to communication, and on the other hand subject to a fit of the goal with the

employee's focus. These two different aspects can be joined into one concept of clear communication about the goal. Clear communication shows both the short term (job focussed) and the long term (organisational focus) effects.

High perception of achievement should be based on clear communication of the fit between the goals and Tsui & Wang's dimension (2002), and result in high commitment. Low perception of goals should be based on clear communication between a misfit or non-clear communication of a fit, and be related to low commitment.

Commitment and clear communication

One of the most significant predictors of commitment are the human resource practices an organisation uses (Agarwala, 2003). Bowen and Ostroff (2004) identify sets of human resource practices as human resource systems. They classify these sets on a dimension of strength. A strong human resource system ensures clear communication with employees about the expectations between employer and employee. This among other things like commitment.

Obvious is that many of the expectations between employer and employee are direct or indirect related to the strategy of the organisation. Little research can be found on the importance of communication to the implementation of strategy. Hirschhorn (2002) emphasizes that organisational programs of change, e.g. new strategic goals, must be communicated well. If they are not, they will not sustain, and only cause costs to an organisation. Therefore little communication of goals set on strategy will be found if the wrong set of human resource practices is used, and clear communication if the right set of human resource practices is used.

When looking at clear communication, the actual underlying subject looking at, is the strength of the human resource system, which influences commitment. Instead of researching the concept of clear communication in relation with goals, the concept of commitment was chosen. In conclusion a strong human resource system is the source of clear communication (Bowen & Ostroff, 2004), and a predictor of high commitment (Agarwala, 2003), making a strong human resource system the source of performance. (Becker & Huselid, 1998). Herefore the relation between commitment and perception can be researched directly.

Hypotheses

The relation between commitment and perception can be applied to the organisational goal setting. The fulfilment of the organisational goals is defined as organisational strategic achievements, and the setting of these goals as organisational strategic ambitions. The following hypotheses can be stated:

- *Hypothesis 1: The perceived level of organisational strategic achievements is positively related to commitment of employees.*
- *Hypothesis 2: The perceived level of organisational strategic ambitions is positively related to commitment of employees.*

When these hypotheses can be verified, the relation between commitment and perception of organisational goals will be clear. When in combination with the relation between high perception of goals and high performance (e.g. Baggiano, Main & Katz, 1988), then the relation between commitment and performance (Mintzberg, 2004; Hamel & Prahalad, 1989) can be supported.

Method

Sample

The research has been performed among the employees of HighQ financial interim. This is an organisation aimed at offering interim services on financial and management level, and is established in 1992. After being merged for a period, it is now independent again, and operates with its own name. Besides employees holding tenured contracts, a changing number of free-lancers is contracted.

All employees in fixed service and those free-lancers frequently contracted received the questionnaire from the organisation. This resulted in 41 responses, as the organisation stated 'almost 90%'. These are to be divided into 5 freelancers, 29 interim professionals and 7 office employees. There were 31 male respondent and 10 female respondents. Age varied between 27 and the 55 years, uniform divided (mean 38.0, SD 6.9). The number of years of service at the organisation has been uniform divided between 0 and 6 years, with the director as exception with 13 years of service (mean 3.2, SD 2.1).

Procedure

To get acquainted with the company several interviews were conducted. Based on the results from the interviews, the questionnaire was established. Beside the terms needed to research the hypotheses, several terms of relevance for the organisation were included.

The questionnaire has been given after a planned team meeting. Respondents had three weeks to fill in the questionnaire, and deliver it at the secretary of the organisation. In this period no strategic or otherwise informative expressions of the company have been communicated to the employees, as a result of which time effects are not considered present.

Measurement

Several item scales are used to measure the relevant concepts (see Appendix A for the Dutch version of the questionnaire). Every scale is tested with factor analysis, reliability tests and Cronbach's Alpha analysis with Item Reduction.

The perceived level of organisational strategic ambitions

Based on the theoretical framework described previously, the perceived level of organisational strategic ambitions is a result of clear communication and the focus of the employee. To measure the perception of the organisational strategic ambitions directly, a scale was constructed where respondents had to give an opinion about a proposition. Four items about organisational goals and its terms were quoted. This scale had an Cronbach's Alpha of .92. The items are named "Strategy – Goals", and are given in Table 1.

Another scale is constructed concerning the four strategic directions of costs, quality, flexibility and innovation (Bolwijn & Klumpe, 1990). Respondents had to answer in a six points Likert-scale how much the organisation focuses on these dimensions. This scale had an alpha of .62. The items are named "Strategy – Direction", and are given in Table 1.

A third scale was about participation in strategy formulation, to cover the contribution of clear communication. This scale has an alpha of .75 after deletion of the fourth item. The items are named "Strategy – Participation", and are given in Table 1. With these three scales the concept of perceived level of organisational strategic ambitions should be measurable.

The perceived level of organisational strategic achievements

To measure the concept of the perceived level of organisational strategic achievements, a scale was constructed on the previously mentioned four strategic directions of Bolwijn and Klumpe (1990). This time respondents had to give an opinion about the distinctive level of current service to clients. This scale had an alpha of .60. The items are given in Table 1, and this scale is named "Strategy – Current".

Strategy – Goals

- I know where HighQ stands in five years.
- I'm familiar with how the strategic goals are going to be achieved
- The strategic goals are achievable in some time
- HighQ has defined its strategic goals clearly

Strategy – Direction

- HighQ focuses in strategy on low costs
- HighQ focuses in strategy on quality
- HighQ focuses in strategy on (customer-) flexibility
- HighQ focuses in strategy on innovativity

Strategy – Participation

- In strategic decision-making my opinion is taken into account
- I can discuss my vision on the market and customers with my managers whenever I want to.
- My input is appreciated

Strategy – Current

- HighQ offers higher quality
- HighQ offers value for money
- Customers appreciate the personal approach of HighQ
- HighQ offers innovative solutions

Table 1, the questioned items on strategy

Commitment of employees

To measure the concept of commitment, the instrument selected is the Dutch version (De Gilder, Van den Heuvel & Ellemers, 1997) of the much used commitment instrument of Meyer and Allen (Meyer & Allen, 1984, 1987; Allen & Meyer, 1990). Based on correlations of continuance commitment with affective commitment (McGee & Ford, 1987; Meyer, Allen & Gellatly, 1990), only affective commitment and normative commitment were included in this research.

Two scales of affective commitment, and one scale of normative commitment were established. For the first scale, the five items of affective commitment had been slightly modified to be of relevance for measuring the affective commitment of the organisation HighQ, and had a Cronbach's Alpha of .82. The second affective commitment scale was another set of these five items of affective commitment, who had been slightly modified to measure the affective commitment to the organisation where the employee performs it interim service, and had an alpha of .77. The last commitment scale, normative commitment, existed out of the five original items of Allen and Meyer (1984) translated by De Gilder et al. (1997), with an alpha of .57.

Results

The received data have been analysed in order to check the hypotheses. Due to the limited number of data no successful regression analysis could be performed. Taking into account the number of respondents, the significance levels for correlation are chosen at $p \leq .05$ for very significantly, and $p \leq .10$ for significantly. This is in line with common practice. Data has been checked for outliers by using box plots, and if needed outlying items were deleted. On basis of the results, the hypotheses will be examined.

Correlations

Correlations are present between 'Affective Commitment with Contractor' and 'Strategy – participation' ($p \leq .05$). Correlations are present between 'Normative Commitment' and 'Strategy – directions' ($p \leq .05$) and 'Strategy – current' ($p \leq .05$). All correlations are shown in Table 2.

The first hypothesis '*The perceived level of organisational strategic achievements is positively related to commitment*' can be supported based on the correlation between current strategy and normative commitment. The second hypothesis '*The perceived level of organisational strategic ambitions is positively related to commitment*' can be supported partly. The direction of strategy has a correlation with normative commitment, and the participation on strategy does correlate with affective commitment with contractor.

	mean	SD	1	2	3	4	5	6	7
1. Affective commitment with HighQ	4,71	,64	-						
2. Affective commitment with contractor	3,85	,73	,19	-					
3. Normative commitment	3,37	,63	,23	,04	-				
4. Strategy – goals	2,09	,83	,03	,27	,24	-			
5. Strategy – directions	1,52	,68	-,03	-,03	,44**	,23	-		
6. Strategy – participation	1,81	1,05	,26	,43**	-,01	,39**	,23	-	
7. Strategy – current	1,29	,69	,31	,07	,34**	,35**	,51**	,09	-

Table 2, correlations between affective commitment and perceived organisational goal setting

* Correlation significant at 0.10 level (2-tailed), ** Correlation significant at 0.05 level (2-tailed)

Discussion

In this thesis the relationship between perception of organisational strategy and commitment was examined. Research has been conducted on the perceived level of organisational strategic achievements and ambitions, and on commitment of employees. The results showed evidence for the expected relation with the perception of these ambitions and achievements.

Combined with the argument that a strong human resource system (Bowen & Ostrof, 2004) causes high commitment, some propositions about causality can be suggested. When commitment is caused by human resource practices, and high perception and high commitment are related, then commitment should cause perception. And because higher perception of strategy creates higher performance (Locke & Latham, 1990), this research confirms Becker and Huselid's (1998) findings that a strong human resource system is of great value in creating performance.

Suggestions for further research

Only small studies have been conducted on these relations. When researched in large groups, more side-effects could be monitored and a regression analysis could be performed. Effects about communication, about focus on Tsui and Wang's dimension (2002), measurement of individual performance, etc.

The second recommendation is to create a laboratory setting to research this relation. The performed field study showed there is a relation between commitment and perception, which was argued to be related to performance. To create more refined knowledge of this relation and its components, standardized research conditions should be designed.

Acknowledgements

Karin Sanders, Cor de Man and Birgit Schyns receive thankful credits for their comments on earlier versions of this text. The organisation HighQ financieel interim is thanked in person of Maud Diepeveen and Theo Quaijtaal for their input. Also dr. Ida Wognum and all the respondents are thanked for their contribution.

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