

Bachelor Work and Organization Psychology  
(290395)

**Bachelor Thesis:**

**The influence of the organizational climate- strategy fit on  
strategic behaviour: mediated by affective commitment  
and moderated by the strength of HR climate**

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## Preface

*This bachelor thesis about the mutual influences on strategic work behaviour is the product of close teamwork and good supervision by the HRD department of the University of Twente. Without the cooperation within the group and the detailed guidance throughout the process of literature research, collection and analysis of data, and actual writing, this thesis would not have been possible in this form. Therefore, I want to thank Prof. Dr. Sanders for giving advice and feedback. Next to this, I want to thank all members of my work group, especially Vanessa Bauhüs, for sharing their knowledge and creating a pleasant, inspiring, and motivating work atmosphere. In addition, I want to thank the direction of the engine construction organization (Mr. Grotke, Mr. Bauhüs, and Mr. Enk) and Mr. Fahrland from the logistic organization for supporting this study by making it possible to collect the data used in this study within their organizations. Finally, I want to thank all employees of both organizations who participated in this study by completing and returning the questionnaire. Without their contribution, this study could not have been done.*

## **Abstract**

*There is a growing amount of literature available which addresses the relation between organizational climate, organizational strategy, HR climate and performance, but no literature can be found which takes all these variables into account. This study aims to investigate the effects of a possible fit between organizational climate and organizational strategy on strategic work behaviours, including a mediating effect of affective commitment and a moderating effect of the strength of HR climate within one single model. This empirical survey study uses the data of two technically oriented organizations, both located in West Germany, gained by means of questionnaires. The results demonstrate a significant, positive correlation between affective commitment and strategic work behaviours. In addition, a significant, positive correlation is found among the strategic work behaviours themselves. However, the expected fit between certain types of organizational climate and strategies, based on the theoretical framework, could not be demonstrated. The same is true for the mediating effect of affective commitment and the moderating effect of the strength of HR climate on the relation between the possible fit and strategic work behaviours.*

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## 1 Introduction

A lot of research has been done investigating the relation between organizational climate, organizational strategy, human resource climate (later referred to as HR climate) and performance (e.g. James & Johnes, 1974, Snow & Miles, 1987, Bowen & Ostroff, 2004). In this study, we refer to organizational climate as the attitude of individuals concerning their organization (Burton et al, 2004). HR climate is a specific kind of organizational climate which is especially concerned with the perceptions of the HRM system and HR policies (Bowen & Ostroff, 2004). Organizational strategy can be defined as “a coordinated plan that gives the outlines for decisions and activates 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 “(Gibcus & Kemp 2003, p.11).

According to Burton et al (2004), a fit between strategy and climate will result in return on assets. Bowen and Ostroff (2004) claim, that a strong HR climate is positively linked to performance as well. However, no literature can be found which combines all three concepts within one single model in order to investigate their interrelated influences’ on performance. This lack of knowledge is unfortunate because only a model which integrates all concepts is able to represent a realistic picture of the work environment of every working person. Better understanding of the ways these concepts are interrelated will increase the possibility to influence one or more of the concepts positively and increase the firm’s overall performance which can be addressed by looking closely at strategic work behaviours of the organization’s employees.

In today’s fast changing environment, strategic work behaviours such as innovative behaviour, knowledge sharing and customer oriented become more and more important to increase performance and gain competitive advantage. We refer to innovative behaviour as “the intentional introduction and application within an organization of ideas, processes, products, or procedures, new to the unit of adoption, designed to significantly benefit the organization or wider society” (West & Farr, 1990, p 3). Saxe and Weitz (1982) define customer-orientation as a marketing concept of individual salespersons which focuses on the long-term customer satisfaction instead of short-term sales activities. Knowledge sharing is characterized by making individual knowledge available to everybody within an organization in order to increase the firm’s performance (Hooff & Leeuw van Weenen, 2004).

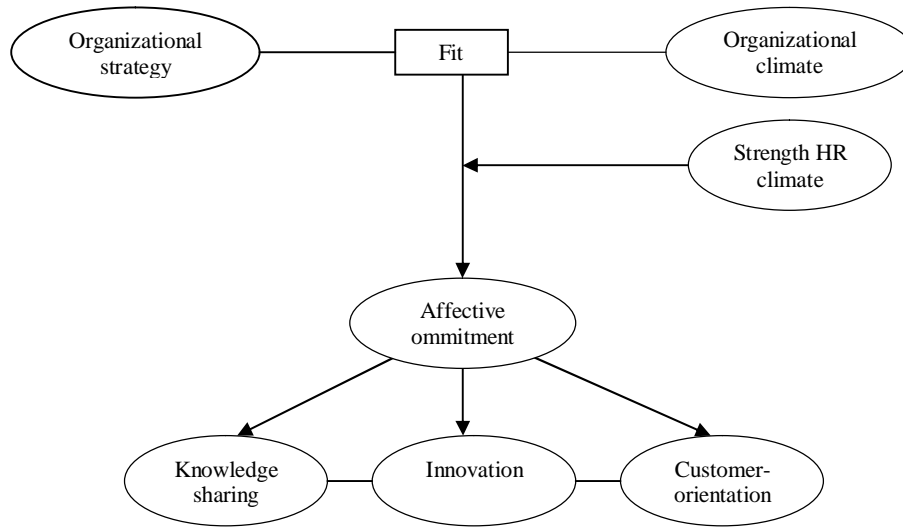
According to Shipton et al (2006), the firm's ability to innovate is one of the key factors to ensure success. Among others, Brown et al (2002) demonstrated that there is a positive relation between customer-orientation and performance. Finally, Bollinger et al (2001) states that knowledge sharing is a critical factor for a firm to remain competitive in the new global market. Therefore, innovation, customer service, and knowledge sharing can be regarded as indicators of a firm's performance. Next to this, they are positively related to organizational commitment (O'Hara et al., 1991, Hislop, 2002, Smith & McKeen, 2002) and expected to be interrelated. Commitment can be defined as the attachment and the involvement of an individual, characterized by a strong identification with a certain target (Allen & Meyer, 1990). According to Ring and van de Ven (1989), commitment is also related to organizational climate.

The objective of this study is to provide a model (see Figure. 1) of the effect of the relation between organizational strategy and organizational climate on strategic work behaviours, including the possible effects of affective commitment and the strength of HR climate on this relationship. This theoretical model can be used by Small-and Medium-sized Entrepreneurs (later referred to as SME's) to identify the optimal relations of the variables mentioned above in order to increase their firm's overall performance, gain competitive advantage and detect possible imbalances and mismatches. The research questions are:

- *Which strategic behaviours will result out of an optimal organizational climate – strategy fit, mediated by affective commitment?*
- *Which role has the moderating impact of the strength of HR climate on this relation?*

To answer these questions, first a review of relevant literature of each variable is performed separately. Seconded, the concepts are linked and their relations are tested by means of hypothesises, in order to investigate our theoretical model. The data of two technically aligned SME's, which are located in West Germany, gained by questionnaires, is used for this purpose. Finally, the findings are discussed and conclusions are drawn.

**Figure1.** Theoretical framework.



## 2 Theoretical framework

### 2.1 Organizational climate

A lot of literature can be found about organizational climate and its impact on a firm's overall performance (e.g. James & Johnes, 1974, Kirk et al 2001). Ostoff and Bowen (2000) propose, among others, that organizational climate mediates the link between HRM and performance. Others claim that there is a significant relation between organizational climate and employees' behaviour such as level of stress work commitment, absenteeism, and participation (Rose, 2002, 2004).

Organizational climate is defined by the employees' perception of what the organization is like in terms of practices, policies procedures, routines, expected behaviour and rewards (James & Johns, 1974).

Much confusion exists about the difference between organizational climate and organizational culture which can be defined as the values, beliefs and assumptions, symbols and rituals that are shared by almost all member of the organization and which constitute a pervasive context for everything we do and think within an organization (Smirich, 1983).

## Types of organizational climate

Burton (2004) identifies four organizational climate profiles by applying Koys and DeCotiis's three rules for dimensions of organizational climate to Zammuto and Krakower's model of competing values, initially developed by Quinn and Rohrbaugh (1983) which is used to examine criteria for organizational effectiveness, based on a framework of flexibility versus control and internal versus external view. He calls them group climate, developmental climate, rational goal climate, and internal process climate. The four climate types are based on their degree on the seven variables trust, moral, equity of rewards, resistance to change, leadership creditability and duty. In other words, the employees' perceptions about the extent to which every one of the seven variables is present or absent within an organization forms the building blocks of organizational climate. Within this study, we hold on to Burton's approach of the four climatic profiles because this approach has been proofed to be a robust and reliable measurement instrument (Burton et al, 2004). This fact is supported by findings of Zammuto and Krakower (1991) whose categorization of organizational climate is in agreement with the one of Burton et al.

*Group climate* scores high on trust and moral and is internally oriented.

*Developmental climate* scores high on moral and trust as well, but is externally oriented.

*Rational goal climate* scores low on trust and moral and is externally oriented.

*Internal process climate* scores low on trust and moral and is mechanical oriented.

However, there is some evidence that the seven dimensions co-vary within each cluster group, suggesting that there might be less variables necessary describing the different types of organizational climate (Burton, 2004). In addition there might be some co-variance between the four clusters as well. The scores of internal process climate and rational goal climate are similar except for resistance to change (Burton et al 2004). The same is true for group climate and developmental climate (Burton et al 2004). This fact might help to explain possible overlap.



## 2.2 HR Climate

Bowen and Ostroff (2004) take a less generic look at organizational climate. According to them, especially HRM practices and HRM systems play a crucial role in determine employees' perceptions of an organization and suggest that a strong climate is the result of strong, clear and unambiguous HRM practices. In other words, the strength this climate is expressed by the degree of within-group consensus about distinctiveness and consistency of the HR practices in the long term (Bowen & Ostroff, 2004).

These findings are supported by Tsui and Wang (2002) who state that clarity in expectations of employees is supported by HR practices which use consistency in messages when communicating with employees.

Next to this, Bowen and Ostroff (2004) propose that a strong climate increases the likelihood of achieving strategic goals, because employees who are confronted with unambiguous messages about which behaviour is appropriate, are able to develop a deep understanding of which organizational goals have priority and which behaviour is expected by the organization. Employees become more likely to behave according to strategic management goals (Bowen & Ostroff, 2004).

Therefore, we will take a closer look at the effects of this "specific kind of organizational climate", to which we will refer to as *HR climate*, when testing the model of the relationship between organizational climate and organizational strategies on strategic work behaviours.

## 2.3 Organizational Strategy

A firm's strategy plays an important role in the management of the firm. The strategy gives the direction a firm has in mind and implements the ways by which the management wants to achieve their goals (Gibcus & Kemp, 2003). Among others, Snow and Miles (1987) suggest that a strong and consistent strategy helps to outperform concurrences which do not hold on to clear strategy. Others do not see any direct relationship between strategy and performance (Campell- Hunt, 2000). More research needs to be done.

The review of relevant literature reveals three different categories of typologies on organizational strategies: business matrix approach, empirical/statistical approach and theoretical approach (Gibcus & Kamp, 2004). The first one is the most pragmatic one and especially useful for problems concerning extension of business. It places corporate activities on a two-dimensional matrix. The category of empirical-statistical approach addresses

organizational strategy measuring a relative large number of variables. Strategy typologies are conducted by looking at clusters of the measured variables identified by factor analysis. The last category consists out of typologies which are closely related to the strategy used in an organization. Within this category we can differentiate between researchers who focus on the strategy itself (content perspective; Snow & Miles, 1987, Porter, 1989, and Chandler, 1962) and others who pay more attention to the type of organization (process perspective; Minzberg, 1985). Within the process perspective, ideas derive from a normative model which seeks to describe what organizations need to do in order to formulate their strategies. In this case, strategy becomes a stream of decision.

A review of the literature about organizational strategy and firm's performance demonstrates that most authors use the typology of Miles and Snow or Porter's model of generic strategies (Gibcus & Kemp, 2003). For this reason, only these two typologies and the typology of Dess and Davis (1984) who have developed Porter's differentiation strategy further are discussed more in detail and contrasted. Most attention will be paid to the five distinct strategies which could be demonstrated by Gibcus and Kemp (2003) to be existing within SMEs.

Detailed literature study gives rise to the idea that Miles and Snows' typology of organizational strategy has a lot in common with the one of Porter. This fact increases the validity of both typologies. Porter (1996) defines organizational strategy by its content which is represented by the unique connection of activities. According to Porter, this connection brings an organization in an advanced position compared to competitors (Gibcus & Kemp, 2003). Miles and Snow (1978) define organizational strategy by investigating who people handle problems of entrepreneurial, technological and administrative nature. They focus on the different competences which are required to deal with these core problems. A competitive advantage will be reached by a complementing combination of these competences.

In addition, both typologies differentiate between three types of strategies and identify a fourth one which is a failure to apply any of the other typologies. According to Miles and Snow (1984) they are called: prospector, defender, reactor, and analyzer; Porter (1996) calls them: cost leadership, differentiation, focus, and 'stuck-in-the-middle'. Dess and Davis (1984) who have developed Porter's differentiation strategy further make a difference between innovation differentiation, marketing differentiation, service differentiation and process differentiation.

Research by Gibcus and Kemp (2003) demonstrates that the organizational strategies cost leadership, innovation differentiation, marketing differentiation, service differentiation and process differentiation are the five distinct organizational strategies within SME's.

The strategy of *cost leadership* aims to become the lowest-cost producers in its branch. It is comparable to the Miles and Snow's *defender* and Dess and Davis' (1984) *process differentiation* strategy which distinguishes the organization by making manufacturing processes as effective and advanced as possible in order to outperform competitors (Gibcus & Kemp, 2004), because Miles (1987), as well, focuses on how to produce and distribute products as efficiently as possible. *Marketing differentiation* focuses on the creation of a product's perceptions of a target-customer group which needs to distinctively differ from those of concurrences (Gibcus & Kemp, 2003). *Service Differentiation* pays most attention to customer service and satisfaction in the long-term in order to outperform competitors (Gibcus & Kemp, 2004). *Innovation differentiation* focuses on the production and marketing of a new product (Gibcus & Kemp, 2003). It is the broadest differentiation strategy which combines the aspects of both, marketing differentiation and service differentiation. All types of Dess and Davis' differentiation strategies have a lot in common with Miles and Snow's *prospector* because one of its core capabilities is the exploring and exploiting of new products and market opportunities (Snow & Miles, 1987).

In short, there are basically two relevant typologies of organizational strategies; the earlier one of Miles and Snow, and the one of Porter which has been developed further by Dess and Davis. These typologies are comparable and therefore highly valid. Because research of Gibcus and Snow (2003) has identified cost leadership, differentiation, marketing, differentiation, service differentiation and process differentiation as the five distinct competitive organizational strategies within SMEs, we hold on to them in this study while testing the model of the relationships between organizational climate, HR climate and organizational strategy on strategic work behaviours.

## **2.4 Fitting organizational climate and organizational strategy**

Research by Burton (2004) suggests that a fit between organizational climate and organizational strategy will result in increased overall performance because the perceptions of the employees about the organization are aligned with the strategic objectives of the management. In contrast, a mismatch between the perceptions of the employees about the organization and the organizational strategy results in negative effect on return on assets

(ROA) (Burton, 2004) because employees do not behave in the interest of the management and according to the organizational goals. The perceptions, feelings, attitudes and views of employees need to be aligned with an organization's strategy in order to work on organizational objectives in a collaborative and highly effective manner. For this reason, the importance of the fit between organizational climate and strategy may not be underestimated. The fit will be discussed more in detail by linking the underlying variables trust, moral and resistance to change of organizational climate to organizational strategy.

Developmental climate explores new opportunities readily and has low resistance to change (Burton & Obel, 1998). In addition it scores high on trust and moral (Burton et al, 2004). Therefore, it is very adoptive to the needs of service, marketing and innovation differentiation strategies where employees have to be creative, innovative and externally oriented in order to outperform concurrences by satisfying customers in the long-term, influencing the perception of products, or coming up with new products or marketing strategies. Only within organizations where employees perceive a certain amount of freedom and were they feel trusted and supported, these strategies can be successfully implemented.

Cost leadership, on the other hand, asks for a strong hierarchical climate with high resistance to change in order to keep production cost as low as possible. High resistance to change facilitates the process of making the production as efficient as possible because the focus lays on improving existing processes. The climate needs to be internally oriented and there is no need for individual freedom, trust and moral. Everything is strictly planned and organized by the top-management. For this reason, internal process climate results in the best fit with cost leadership strategy because of its rules-oriented and inwardly focused character (Burton & Obel, 1998).

Process differentiation focuses on optimizing production processes. Therefore, again, the climate needs to score high on resistance to change. Production processes need to be stable in order to make them as effective as possible. Moral and trust do not play a relevant role, as well, because the single production processes are characterized by a strict and consistent planning by the management in order to avoid variance and increase effectiveness. For this reason, internal process climate fits the best to process differentiation strategy because it is internally oriented, rules-oriented, and well suited for any strategy that focuses on the process (Burton & Obel, 1998).

In summary, innovation, marketing and customer differentiation fit the best to developmental climate. Cost leadership and process differentiation result in the best fit with internal process climate. Possible overlap can be explained by the fact that the climate clusters score similar on several dimensions. This line of research leads to the following hypotheses;

*H1: The organizational strategies innovation, marketing and customer differentiation are positively related to developmental climate.*

*H1a: The organizational strategies cost leadership and process differentiation are positively related to internal process climate.*

## **2.5 Strategic work behaviours and their interrelations**

A review of literature demonstrates that the strategic work behaviours innovation, customer-orientation, and knowledge sharing belong to the most important and best investigated work behaviours among SMEs. Research shows that they become more and more important in order to increase performance and outperform concurrences (Shipton et al., 2006, Brown et al., 2002, Bollinger et al, 2001). This findings are supported by the resource-based view (RBV) which regards employees as valuable, inimitable and non-substitution assets on the firm's overall performance (Paauwe, 1994). Today's jobs are complex and require various skills and abilities. Therefore, understanding the interrelations among different strategic behaviours becomes more and more important. If we know that there is a positive relationship between one or more strategic behaviours, employees could be motivated to behave accordingly. In addition, different tasks which require innovation, customer-orientation and knowledge sharing could be combined and assigned to one single employee or work team, which has expertise in one of the domains, because they could be expected to do well in the other domains as well.

Literature research has found that both, customer-orientation and knowledge sharing are positively related to innovative behaviour (Lucas & Ferrell, 2000, Shipton et al, 2006). The first one is positively related to innovative behaviour because satisfying customers requires the ability of going beyond the usual frame of mind; of being innovative (Lucas & Ferrell, 2000). Knowledge sharing on the other hand is positively linked to innovative behaviour because both of them are promoted by exploratory learning which is characterized by contacting and sharing information with parties internal and external to the organization

(Shipton et al, 2006). Internal contact promotes knowledge sharing. External contact is positively related to innovative behaviour.

In short, innovation behaviour is related to customer-orientation and knowledge sharing and all three strategic behaviours increase performance. This findings lead to the following hypothesis.

*H2: Innovative behaviour is positively related to customer-orientation and knowledge sharing.*

## **2.6 The mediating effect of affective commitment on the relation between strategic behaviours and the organizational climate-strategy**

As previously mentioned, a fit between organizational climate and strategy results in ROA (Burton et al, 2004). Therefore we want to discuss the strategic behaviours that result out of this fit and which are one of the reasons for the firm's increased overall performance. In addition, the effect of organizational commitment which mediates the relation between organizational climate-strategy fit and strategic behaviours is investigated more in detail.

Allen and Meyer (1990), identify three types of organizational commitment: affective commitment, continuance commitment, and normative commitment. Affective commitment is characterized by the employees' emotional attachment to the organization. Research has shown that it influences employee's behaviour and performance the most (Allen & Smith, 1987, Meyer et al, 1989). Therefore, in this study we will focus on the effect of affective commitment. According to Mowday (1979) organizational commitment involves that people a) deeply accept goals and norms of an organization, b) are willing to do extra work and c) are willing to stay with the organization in the future. As a consequence, affective commitment increases the likelihood of people to engage in extra work-behaviour because of their strong emotional bond with the organization. Commitment is not a strategic behaviour, but it facilitates the occurrence of the other behaviours mentioned above. In this study, we make a difference between affective commitment to the organization, to the work group, and to the supervisor because research has shown that affective commitment to these entities is distinct and differently related to their antecedents (Vandenberghe et al, 2003). This makes it possible to measure affective commitment from a very complex and broad point of view.

Under the condition that the organizational climate-strategy fit supports affective commitment – given when the climate scores high on trust (Ring & Van de Ven, 1989) - it can be regarded as powerful variable mediating the relation between the fit and strategic behaviours because affective commitment leads to innovation (Ring & Van de Ven, 1989),

customer-orientation (O'Hara et al., 1991) and knowledge sharing (Hislop, 2002; Jarvenpaa & Staples, 2001; Smith & McKeen, 2002). Next to organizational culture, organizational strategies are important in supporting affective commitment as well. Research of Arthur (1992) has demonstrated that organizations which follow a differentiation strategy are more likely to use commitment HR systems than organizations pursuing a cost leadership strategy. We have fitted differentiation strategy to developmental climate. Cost leadership strategy is fitted to rational goal climate. Therefore, affective commitment is unlikely to occur in the latter case. In contrast, affective commitment is expected to be supported in the former.

Developmental climate scores high on trust and moral (Burton & Obel, 2003) and therefore is positively related to affective commitment. As mentioned above, commitment, in turn, leads to innovation (Ring & Van de Ven, 1989), customer-orientation (O'Hara et al., 1991) and knowledge sharing (Hislop, 2002). It becomes a mediator between the fit and strategic behaviours. Therefore, all three strategic behaviours can be expected to results from a fit between developmental climate and marketing, service, or innovation differentiation.

In contrast, internal goal climate is inwardly oriented, high on resistance to change and scores low on moral and trust (Burton et al, 2004). This is no basis for affective commitment. Consequently, the three strategic behaviours are not enhanced by affective commitment. Cost leadership strategy is characterized by a strong hierarchical order (Porter, 1996). Everything is strictly planned and controlled. Therefore, the fit coast leadership – internal goal climate provides no space for strategic behaviours.

The same is true for the fit process differentiation – internal goal climate. In order to optimize production processes, individual independency is minimized. There is no room for the development of affective commitment. Consequently, no strategic behaviours are expected to result from this fit.

In short, a fit between developmental climate and marketing, service, or innovation differentiation results in all three strategic work behaviour. This relation is mediated through affective commitment. In contrast, the fit between internal goal climate and process differentiation or cost leadership provides no basis for affective commitment. Consequently, strategic work behaviours are not supported. In order to investigate the mediating effect of affective commitment between the organizational climate-strategy fit and strategic behaviours, we test the following hypotheses;

*H3: The fit between developmental climate and organizational strategy (marketing, service and innovation differentiation) is positively related to affective commitment.*

*H4: Affective commitment is positively related to innovative behaviour, customer-orientation, and knowledge sharing.*

*H5: The relation between the organizational climate- strategy fit and strategic behaviours is mediated by affective commitment.*

## **2.7 Effect of strength of HR climate as a moderator of the relation fit-strategic behaviour**

According to Ostroff and Bowen (2004), organizational climate has an important mediating impact on the relation between HRM and firm's performance. HRM is crucial to a firm's performance because HRM practices can predict innovative behaviour and knowledge sharing (Shipton et al, 2006, Bollinger & Smith, 2001). For this reason, perceptions about HR policies (HR climate) are a critical variable influencing firm's performance as well. According to Bowen and Ostroff (2004), strong HR climate results from HRM systems where unambiguous messages are communicated about which behaviour is expected and appropriate. They identify nine meta-features of HRM systems, based on consensus, consistency and distinctiveness which create strong HR climate, which in turn, leads to increased performance, because employees' perceptions about HRM system and HR practices are low in variance and highly consistent with organizational objectives.

However, in contrast to Bowen and Ostroff, much research demonstrates that the strength of HR climate has a moderating and not a mediating impact on the relation between HRM and performance (e.g. Boosma & Sanders, 2007; Chen et al., 2007). For this reason, we hold on to the moderating approach of the strength of HR climate within this study. The strength of HR climate is regarded as an environmental context which increases the possibility of strategic behaviours to result from a certain organizational climate-strategy fit, because employees are more likely to behave in accordance with organizational goals. In contrast, low HR climate is expected to suppress the relationship between organizational climate- strategy fit and strategic behaviours.

In short, HR has a moderating effect on the relation between fit and strategic behaviours. These findings lead to the last hypothesis:

*H6: The relation between the organizational climate-strategy fit and strategic behaviour is moderated by the strength of HR climate.*



### **3 Method**

#### **3.1 Sample and Procedure**

25 organizations with a technical aligned profile and more than 100 employees located in the Netherlands and in West Germany were addressed in order to ask for their participation in this empirical survey study. First via letters, one week later via emails, and finally via personal phone contacts and meetings, each of the 25 organizations was individually addressed. Only two out of 25 firms were willing to become part of this research project. This leaves us with a response rate lower than 8%. Within the first organization (later referred to as organization A) the rate of returned questionnaires was 20.7 %. In the second organization (later referred to as organization B), the rate was 49.2%. This large difference in response rates could be explained by the two different sectors the different organizations work in. The one with the lower response rate works within the logistic sector. In contrast, the one with the higher response rate is located in the producing sector. Therefore, no employees who are “on-road” can be missed. The subjects were 15 female employees (16.1%) and 78 male employees (83.9%), four members of the board (4.3 %), 89 employees (95.7%). The mean age was between 36 and 45 years (SD=10). 92 % of all employees were permanently employed. 91% worked full time. The measures were taken at one point at time including all employees of the company by the means of questionnaires. Everybody was asked to fill in the same questionnaire which was recollected a month later.

#### **3.2 Measures**

A variety of standardized instruments were used to measure the variables included in this empirical survey research. Cronbach’s alpha is used to measure the reliability of every single questionnaire used in this study. Reliability tells the proportion of variability in the scores that is not due to random error (Dooley, 2001). In addition, detailed descriptions of the instruments are provided below.

*Organizational climate* is measured by a questionnaire by Burton et al (2004) which is based on the competing values framework developed by Quinn and Rohrbaugh (1983). The questionnaire contains seven items, each representing one of the seven variables (trust, morale, rewards equitability, leader credibility, conflict, duty, resistance to change) which describe the four climate profiles. Respondents are asked to indicate to which degree each

item fits to their organization by using a five-point Likert scale. This measurement instrument has been proofed to be robust and reliable across many applications (Burton & Obel, 2004).

*Organizational strategy* is measured using a 22-item questionnaire developed by Gibcus and Kemp (2003) which is based on the operationalization by Dess and Davis (1984) of Porter's (1980) generic competitive strategies. In order to identify the five different competitive strategies, respondents are asked to indicate to which extent 22 strategic methods are applied within their organization by using a five-point Likert scale. The coast leadership strategy is originally assessed by 3 items, but due to the low reliability of item 3, this one is excluded from the analysis ( $\alpha = .769$ ). Marketing differentiation is measured by 6 items ( $\alpha = .814$ ), process differentiation by 3 items ( $\alpha = .786$ ), service differentiation by 6 items ( $\alpha = .863$ ), and innovation differentiation by 4 items ( $\alpha = .784$ ).

*Affective commitment* is measured using 27-items questionnaire which is based on items of five different scales. They measure affective commitment to the organization (Allen & Meyer, 1990, eight items,  $\alpha = .688$ ), to work (Torka, 2003,  $\alpha = .74$ ), to the occupation (Meyer, Allen & Smith, 1993, six items,  $\alpha = .736$ ), to the supervisor (Vandenberghe et al 2002, six items,  $\alpha = 0.906$ ), and to the team (Ellemers et al , 1998, five items,  $\alpha = 0.636$ ) separately. Respondents are asked to indicate to which degree they are committed to each item by using a five-point Likert scale.

*Innovative behaviour* is measured by a nine-item questionnaire developed by Janssen (2000) based on Scott and Bruce's (1994) scale for innovative behaviour in the workplace. The three stages of idea generation, idea promotion and idea realization are each measured by three items. Respondents are asked to indicate to which extent their organizations are involved in innovative processes by using a five-point Likert scale. The scale has proofed to be highly reliable (Cornbach's  $\alpha = .849$ ).

*Customer-orientation* is measured by a shortened questionnaire developed by Saxe and Weiz (1982). The originally scale which includes 24 items is halved. Respondents are asked to indicate how much they engage in customer-oriented behaviour by using a five-point Likert scale. Item 6 has been excluded from the analysis due to its low reliability. The original scale been found to be highly reliable ( $\alpha = .793$ ).

*Knowledge sharing* is measured using a 10-item questionnaire developed by Van Woerkom et al (2008) which asks respondents to indicate how much they agree on items concerning knowledge sharing within their company. Again, a five-point Likert scale is used. This scale is still under review ( $\alpha = .883$ ).

*HR climate* is measured by a 10-item questionnaire. Dorenbosch and Sanders (2006) identified five commitment-oriented HR practices (career opportunities, possibilities for training and education, appraisal criteria, appraisal outcomes and clarity of job descriptions) which can be used to measure the strength of HR climate. Two items refer to each HR practice. Respondents are asked to how much they agree on each item, concerning the commitment oriented HR practices, by using a five point Likert scale ( $\alpha = 0.891$ ).

### **3.3 Analysis**

Spearman's rank correlation ( $\rho$ ) coefficient, named after Charles Spearman, is used to assess the correlations among the variables under study. This non-parametric test has been proofed to be highly reliable, even when applied among small samples (Kutner et al, 2005). Next to this, Pearson's correlation coefficient is used to measure correlations based on a sample size bigger than 30 individuals. This differentiation between Spearman's and Pearson's correlation coefficient is relevant for this study, because correlations have to be assessed separately for both organizations in order to compare them. The sample size of organization A is smaller than 30. In contrast, the sample size of organization B is more than 60.

Next to this, the mediating effect of affective commitment on the relation between fit and strategic behaviours usually is addressed by applying a hierarchical linear regression analysis to the rules of Baron and Kennedy (1986). These rules state that mediation is shown when a) differences in the independent variable are significantly related to differences in the presumed mediator b) the presumed mediator affects the dependent c) differences in the independent variable are significantly related to differences in the dependent variable and d) when path a) and b) are controlled, the previously significant relation between independent and dependent variable vanishes. The standardized coefficient Beta shows if affective commitment mediates the relation between the fit and strategic behaviours. Unfortunately, applying a regression analysis is not possible if the available data is that limited. The data of two organizations cannot account for enough variance needed to apply regression analysis successfully.

The same is true for the moderation effect of the strength of HR climate which is calculated for each organization separately by comparing the standard deviations of both organizations. A high standard deviation gives rise to a low HR climate (see Table A 4. in the appendix for further information). In order to investigate if the strength of HR climate adjusts the connection between the fit and strategic behaviours, again, under different circumstances, a hierarchical linear regression analysis would have been applied. Due to the known reasons, the moderating effects of the strength of HR climate can not be investigated by analytical procedures.

In order to assess the organizational strategy for both organizations, the mean scores for each of the five distinct strategies are calculated and ranked from 1 to 5 for each organization separately (see Table A 1. in the appendix for further information). The strategy of organization A is identified by depending on the questionnaires returned only by employees. Questionnaires filled in by members of the board were not available. The data suggests that organization A is most likely to follow the strategy of service differentiation (mean: 3.67) and least likely to hold on to process differentiation (mean: 3.25). Organization B's strategy, on the other hand, could be identified using answers given by four board members and regular employees. We have decided to rely on the answers given by the board members in order to determine the strategy because research has shown that within SME's strategies are strongly influenced by the mind of the direction (Burton, 2004). Organization B scores highest on cost leadership (mean: 3.67) and service differentiation (mean: 3.66) and lowest on process differentiation (mean: 2.58).

Organizational climate is assessed by comparing the scores of the two organizations on Burton's seven climate variables. After this, the scores are compared to the four climate profiles of Burton which are based on their level of the seven variables (trust, moral, etc.). The climate of each organization is labelled according to the profile of Burton which it resembles the most (see Table A 2. in the appendix for further information). The data shows that the climate profile of organization A is most likely to Burton's profile of developmental climate. Six out of the seven variables are in agreement. For instance, scores of trust (mean: 3.45) and leader credibility (mean: 3.83) are high; scores on conflict are low (mean: 2.72). Organization B, on the other hand, more closely resembles Burton's profile of internal process climate. This is supported by five out seven variables e.g. low trust (mean: 3.34), high conflict (mean: 3.11), and low leader credibility (mean: 3.22).

The strength of the fit can be calculated by using the rank scores of climate and strategy. In the next step, difference scores are calculated and multiplied with the rank of the

strategy (see Table A 3. in the appendix for further information). The results show that organization A's fit between developmental climate and service differentiation is stronger than the fit between internal process climate and coast leadership of organization B. However, the "strength" of the fit is not relevant for this study due to the fact that organization A is the only organization which meets the required criteria, outlined in the theoretical framework, which are necessary in order to fulfil the concept of a "strong" fit. The fit of organization B involves internal goal climate which is expected to have no further impact on affective commitment and strategic behaviours. For this reason, the "strength" of the fit of organization B can be regarded as zero. Two or more organizations would have been needed, all characterized by developmental climate, in order to be able to make relevant comparisons concerning the effect of the "strength" of the fit.

## **4 Results**

### **4.1 Descriptive statistics**

Table 1 and 1a present a summary of all means, standard deviations and reliability coefficients alpha for all variables under study. Interesting correlations and correlations regarding the hypotheses are discussed separately and more in detail in the next paragraph.

### **4.2 Test of Hypotheses**

#### Correlations

*Hypothesis 1* states that organizational strategies innovation, marketing and customer differentiation are positively related to developmental climate. In order to test hypothesis 1 and 1a, Spearman's rank en correlation and Pearson's correlation coefficient is conducted using the data of both organizations. Organization A has been identified to follow a service differentiation strategy. In alignment with our hypothesis, we expect organization A service differentiation to be significantly, positively related to the variables trust, moral, reward equity, and leader credibility, since they form the basis for developmental climate. In contrast, organization B whose strategy has been identified as coast leadership is expected to be significantly positively related to conflict, duty, and resistance to change. The results are summarized in Table 2. The data did not support the hypothesis 1. No significant relation between the variables described above could be found.

**Table 1.** Means, standard deviations, Cronbach's Alpha, and Spearman's rank correlations for all variables under study for organization A.

Scale/Variable	Mean	(SD)	Alpha	Correlations												
				1	2	3	4	5	6	7	8	9	10	11	12	
13																
1. Affective commitment (overall)	101.33	(12.71)	.883	1												
2. Service differentiation strategy	22.64	(5.37)	.863	.465*	1											
3. Innovation	27.29	(6.32)	.849	.682**	.355	1										
4. Customer-orientation	44.58	(10.78)	.941 <sup>†</sup>	.538**	.240	.526**	1									
5. Knowledge sharing	35.81	(5.76)	.779	.350	.078	.217	.331	1								
Climate variables:																
6. Trust	3.45	(.632)		.058	.127	.125	.004	.011	1							
7. Morale	3.17	(.805)		.231	.068	.332	.315	.198	.257	1						
8. Conflict	2.71	(.797)		-.312	-.038	-.089	-.040	-.336	.073	-.133	1					
9. Leader Credibility	3.83	(1.0)		.283	.255	.184	.257	.293	.234	.525**	-.104	1				
10. Rewards Equitability	2.76	(.83)		.544**	.218	.327	.144	-.007	.094	.399*	-.354	.265	1			
11. Resistance to Change	3.25	(.928)		-.491**	-.117	-.282	-.291	-.375	-.170	-.209	.378*	-.189	-.365	1		
12. Duty	3.34	(.769)		.01	.080	-.110	.090	.268	-.170	.244	-.280	.595**	.044	-.237	1	
13. HR climate	20.64	(7.05)		.318	.168	.357	-.009	.388	-.150	.497**	-.237	.425*	.283	-.173	.235	1

<sup>†</sup> if item 6 is deleted

\* Correlation is significant at the 0.05 level (2-tailed).

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

**Table 1a.** Means, standard deviations, Cronbach's Alpha, and Pearson's correlations for all variables under study for organization **B**.

Scale /Variable	Mean	(SD)	Alpha	Correlations														
				1	2	3	4	5	6	7	8	9	10	11	12	13		
1. Affective commitment (overall)	91.37	(15.13)	.883	1														
2. Cost Leadership strategy	6.825	(1.80)	.863	.397**	1													
3. Innovation	27.24	(5.13)	.849	.471*	.210	1												
4. Customer-orientation	48.75	(11.39)	.941 <sup>†</sup>	.361*	.229	.296*	1											
5. Knowledge sharing	35.7	(5.14)	.779	.397**	.356**	.273**	.013	1										
Climate Variables																		
6. Trust	3.34	(.93)		.532**	-.099	.389**	.253	.176	1									
7. Morale	3.46	(1.01)		.419**	.131	.314*	.116	.142	.363**	1								
8. Conflict	3.11	(.838)		-.021	-.192	-.036	.031	-.183	.053	.053	1							
9. Leader Credibility	3.22	(1.03)		.423**	.328**	.183	.234	.214	.185	.447**	.156	1						
10. Rewards Equitability	2.53	(.942)		.422**	.243	.202	.316*	.135	.205	.258*	.046	.483**	1					
11. Resistance to Change	3.75	(1.11)		-.150	-.190	-.194	-.107	-.088	-.10	-.003	.20	-.035	-.114	1				
12. Duty	3.34	(1.08)		.395**	.012	.349**	.026	.148	.352**	.574**	.115	.243	.144	.033	1			
13. HR climate	20.64	(7.05)		.287*	.258*	.369**	.042	.114	.048	.314*	-.136	.045	.204	-.265*	.197	1		

<sup>†</sup> if item 6 is deleted

\* Correlation is significant at the 0.05 level (2-tailed).

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

**Table 2.** Correlation analysis: Climate variables and strategies.

	Organization A Service differentiation	Organization B Cost leadership
Trust	.127	-.099
Moral	.068	.131
Reward equity	.218	.243
Leader credibility	.255	.328**
Conflict	.038	.192
Duty	.080	.012
Resistance to change	-.117	-.190

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

*Hypothesis 2* states that there is a positive correlation between innovative work behaviour and customer-orientation and knowledge sharing. The results support this hypothesis. Innovation is significantly positively related to customer-orientation and to knowledge sharing as well. For more details, see Table 3.

**Table 3.** Correlation analysis: Strategic work behaviours.

	1	2	3
1. Innovation	1		
2. Customer service	.385**	1	
3. Knowledge sharing	.351**	.098	1

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

*Hypothesis 3* states that the fit between developmental climate and service, marketing and innovation differentiation is positively related to affective commitment. Even though, hypothesis 1 could not be supported, we continue to hold on the theoretical fit in order to test the following hypotheses. This can be justified by the work of Burton and Obel (2004) which strongly supports the fits mentioned above. According to the theoretical framework, only within organization A a fit between developmental climate and service differentiation could be founded. In organization B, a fit between cost leadership and internal process climate could be identified. For this reason, in line with our hypothesis, it is predicted that organization A scores higher on affective commitment than organization B. Because we



cannot apply a correlation analysis involving the variable “fit” in order to test to hypothesis, the independent t-test is used. The results of the test give relevant support to the hypothesis;  $t(82) = 2.961$  ( $p < 0.004$ ). Organization A (mean: 101.33) scores significantly higher on affective commitment than organization B (mean: 91.368).

*Hypothesis 4* states that affective commitment is positively related to the three strategic work behaviours knowledge sharing, customer-service, and innovation. The results support this hypothesis. In both organizations, affective commitment was significantly, positively related to strategic work behaviours. See Table 4 for more details.

**Table 4.** Correlation analysis:  
Affective commitment and strategic behaviour.

	Organization A	Organization B
	Commitment	
Innovation	.682**	.471*
Customer service	.538**	.361**
Knowledge sharing	.350	.379**

\* Correlation is significant at the 0.05 level (2-tailed).

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

## Mediation

*Hypothesis 5* states that the relation between the organizational climate- strategy fit and strategic behaviours is mediated by affective commitment. Due to the small sample, it is not possible to apply a linear regression analysis as described above. However, we can still hold on to the rules of Baron and Kenney. Hypothesis 2 and 3 demonstrate that the requirements of a) and b) are met. The fit between developmental climate and certain organizational strategies can be considered to be positively related to affective commitment which, in turn, is positive related to strategic work behaviours. If c) is significant as well, the fit must also be positively related to strategic work behaviours. Due to the fact that applying a linear regression analysis is not possible, it is tested, if the scores for strategic work behaviours are significantly higher for organization A where fit between developmental climate and service, marketing and customer differentiation is given. The results of the independent t sample tests do not support this theoretical reasoning. Innovation:  $t(85) = .38$ ,  $p < .97$ , customer service:  $t(84) = -1.1054$ ,  $p < .295$ , knowledge sharing:  $t(84) = .097$ ,  $p < .923$ ). No support could be found for c). As a

logical consequence, no further analysis is done to investigate the rule d) of Baron and Kenney.

#### Moderation

*Hypothesis 6* states that the relation between the organizational climate-strategy fit and strategic behaviour is moderated by the strength of HR climate. According to Baron and Kenney (1986), a moderator affects the direction and/or strength of the relation between an independent variables (fit) and dependent variables (strategic work behaviors). Due to the known problem of limited data, regression analysis can not be applied. Therefore, the statistical analysis is limited to the calculation of the strength of the HR climate The results show that organization B can be identified as having a stronger HR climate (SD=7.05) than organization B (SD=9.48) (see Table A 4 in the appendix for more in formations). Further analysis is not possible.

## 5 Conclusions

### 5.1 Conclusions and Discussion

This study aims to investigate the relation between organizational climate and organizational strategy on strategic work behaviours, including the possible mediating effect of affective commitment and the moderating effect of the strength of HR climate within one single model. A lot of research has been done which addresses the variables mentioned above separately (e.g. James & Johnes, 1974, Snow & Miles, 1987, Bowen & Ostroff, 2004), but no literature can be found which takes all these variables together into account. This is a serious lack of knowledge, because only a very complex and realistic picture of the work environment enables us influence one or many of these variables in a positive way in order to increase a firm's overall performance and reach other desirable effects such as higher work commitment, work satisfaction and a healthy work life-balance.

The results could not support hypothesis 1 which states that service, marketing and innovation differentiation are positively related to developmental climate and coast leadership and process differentiation are positively related to internal process climate. It cannot be concluded that the variables mentioned above result in a positive fit which was expected to have other positive implications. The only positive significant correlation could be found between the variable leader credibility and the cost leadership strategy within organization B. Cost leadership strategy is characterized by strong and systematic control which aims to

become the lowest cost producer. Employees are well informed about rules and know exactly what is expected of them. This fact might help to explain the positive correlation with leader credibility because the behaviour and leading style of the CEO is very predictable. Employees are not likely to be confronted with a lot of changes within the organization. They can rely on routine processes. Although a fit between organizational strategy and organizational climate could not be demonstrated by the means of statistical analysis procedures, we hold on to the theoretical fit in order to investigate hypothesis 2 tot 6.

Hypothesis 2 could be confirmed by means of correlation analysis. The results show that the strategic work behaviour innovation is significantly positive related to the strategic work behaviours customer service and knowledge sharing. It can be conclude that these three strategic work behaviours share some relevant characteristics.

Next to this, it was possible to demonstrate that within organization A, characterized by a developmental climate – service differentiation fit the affective commitment was significant higher than within organization B with a coast leadership –internal process climate fit. Therefore, although it was not possible to investigate the hypothesis by means of proper statistical analysis, it was possible to demonstrate that there is relevant support for hypothesis 3. In addition, the results demonstrate that affective commitment is positively related to all strategic work behaviours innovation, customer service and knowledge sharing. For this reason, hypothesis 4 is supported by the means of statistical analysis. However, this was true for both organizations and not only for organization A as expected by the theoretical framework. That's way, on the one hand, it can be concluded that affective commitment is positively related to strategic work behaviours, but on the other hand, it can not be argued that this only happens within organizations with a fit between developmental climate and marketing, service, and innovation differentiation. It seems more likely that affective commitment is positively related to strategic work behaviours independently from the type of the fit.

This line of reasoning is in agreement with the fact that the expected mediator effect of affective commitment (Hypothesis 5) between a certain fit and strategic behaviours could not be supported.

Finally, the moderator effect of the strength of HR climate between the fit and strategic work behaviours could not be investigated due to the fact that linear regression analysis could not be done with the limited data available. However, even if proper data would have been available, hypothesis 6 would be a contradiction to the rest of the hypotheses because the strength of the HR climate has been found to be higher in

organization B. In line with hypothesis 6, it would be expected that strategic work behaviours score higher in organization B. In contrast, the fit and affective commitment has been identified to be stronger in organization A. Therefore, according to hypothesis 4 and 5, strategic work behaviours are expected to score higher in organization A and not in B as expected by hypothesis 6.

In summary, innovation is significantly positively related to the strategic work behaviours customer-orientation and knowledge sharing, and that affective commitment is significantly, positively related to these strategic work behaviour as well. However, this is true for both organizations. For this reason, the positive effect of a certain fit on affective commitment might be doubted. In addition, it can not be concluded that affective commitment works as a mediator, and the strength of HR climate as moderator between a certain fit and strategic work behaviours. Therefore, the results give no rise to answer the two research questions in the way that was expected by the theoretical framework.

This study presents two practical implications. First, it can be suggested that affective commitment needs to be strengthened in order to gain competitive advantage. It could be demonstrated that affective commitment is significantly positive related to strategic work behaviour. Therefore, applying HR practices which increase affective commitment are likely to increase the firm's overall performance. Although this implication is "just" based on a correlation analysis, which does not allow to draw causal conclusions about the direction of influence, it is backed up by relevant research which was able to demonstrate a causal influence of affective commitment on strategic work behaviours (e.g. O'Hara et al., 1991, Hislop, 2002, Smith & McKeen, 2002). Second, it might be advantageous to assign special work teams or individuals with tasks which require innovation, knowledge sharing and customer-orientation. The results suggest that employees who are innovative are likely to work customer oriented and share knowledge. Therefore, all demands of such complex tasks would be met and completed in a very effective and efficient manner by a highly qualified workforce.

There are several reasons which might help to explain why the results did not turn out as expected by the theoretical framework. The major limitation of this study is the small sample size. Only two organizations (with a total number of 93 subjects) were willing to become part of this study. In addition, the two organizations involved in this study came from different industrial sectors and therefore are hardly comparable. For this reason the external validity of

all findings of this study is very low. A second negative consequence of the limited data is that a very important statistical analysis could not be applied. The low willingness of organizations in general to participate in this study might be due to the fact that the University of Twente is not that known yet and therefore is not that attractive to cooperate with. Next to this, the length of the questionnaire and the amount of time needed to participate in this study might have a daunting effect. In addition, the organizations had to be addressed under time pressure. More time might have helped to win more organization for this study.

Besides, the used questionnaire consists out of 98 items. It takes about 25 minutes to complete it in a serious way. Respondents who are not so much involved in this study might become bored and tired and do not fill in the questionnaire in a proper way.

Finally, hypothesis 3 tot 6 includes a variable (fit) which could not be confirmed by means of statistical analysis. For this reason, the appropriateness of using this variable in the following up analyses might be doubtful.

## **5.2 Suggestions for further research**

For further research, it would be useful to assess the extend to which our results hold using a larger sample. In addition, it can be recommended to schedule more time for requite organizations. Finally, it might be helpful to think about possibilities how the participation in this study can be made more attractive for organizations. For instance, offering the advice of a professional work and organizational psychologist concerning the newest HR practices might be a possibility.

## Appendix

**Table A 1.** Rank of perceived organizational strategy.

Organization A	Marketing differentiation	Process differentiation	Service differentiation	Innovation differentiation	Cost leadership
Mean	3,43	3,25	3,69	3,33	3,57
Rank	3	1	5	2	4
Organization B					
Mean	3,54	2,58	3,66	3,50	3,67
Rank	3	1	4	2	5

**Table A 2.** Organizational climate applied to Burton.

	Trust	Conflict	Moral	Reward Equity	Resistance to chance	Leader credibility	Duty
<i>Burton:</i>							
Group	H	L	H	H	M/H	H	L
Develop	H	L	H	H	L	H	M
Rational	L	H	M	L	H	LM	H
Internal	L	H	L	L	H/M	L	H
A	3,45	2,72	3,17	2,76	3,25	3,83	3,34
	<b>H</b>	<b>L</b>	<b>L</b>	<b>H</b>	<b>L</b>	<b>H</b>	<b>M</b>
Group	x	x		x		x	
Develop	x	x		x	x	x	x
Rational			x				
Internal							
B	3,34	3,11	3,46	2,53	3,75	3,22	3,34
	<b>L</b>	<b>H</b>	<b>H</b>	<b>L</b>	<b>H</b>	<b>L</b>	<b>M</b>
Group			x		x		
Develop			x				x
Rational	x	x		X	x	x	
Internal	x	x		x	x	x	

**Table A 3.** Organizational climate –strategy fit.

	Marketing d	Process d	Service d	Innovation d	Cost l
Own scores	3,43	3,25	3,67	3,3	3,57
Rang score	3	1	5	2	4
Fittet climate	Dev c	Int pro c	Dev c	Dev c	Int pro c
Rang climate	4	3	4	4	3
Difference score	1	2	1	2	1
Multiplikation	1*3	2*1	1*5	2*2	1*4

**Total: 18****Organization B**

Own scores	3.54	2.58	3.66	3.50	3.67
Rang scores	3	1	4	2	5
Fittet climate	Dev c	Int pro c	Dev c	Dev c	Int pro c
Rang climate	1	4	1	1	4
Difference score	2	3	3	1	1
Multiplication	2*2	3*1	3*4	1*3	1*5

**Total= 22****Table A 4.** Means and standard deviation of HR climate.

	Mean	Standard deviation
Organization A	27.38	9.48
Organization B	20.64	7.05

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