

If I Am Well Paid, I Don't Care About My Company's Values! Or Do I?

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## Abstract

The study of values within organizations has been central to many studies throughout the years. It is readily accepted that organizations that act consistently with their stated values as well as organizations that have values that are consistent with the values of their employees tend to have more committed and satisfied employees. However, the specific nature of these relationships has not been thoroughly studied. The purpose of this study was to examine whether various moderators enhance or mitigate the effects of organizational value consistency and person-organization value congruency. The following moderators were of interest: frequency of communication, satisfaction with compensation, and importance of values. None were shown to be statistically significant. Implications and future research possibilities are discussed.

The process of integrating our Christian World View (CWV) into our daily lives is a continual challenge. In everyday life, Christians are called to be "light and salt" in their encounters with others. However, the work environment may be particularly challenging to Christians since they are expected to represent their organization and support the organization's policies and practices to clients, business partners and other important publics. Employees may find themselves in difficult and possibly, conflicting work situations where their values and CWV are not consistent with the values espoused by organization leaders. Does this situation affect employees in terms of long-term loyalty to the organization and, in the short term, productivity? For example, a troubling scenario is when stated organization values and formal communications about values and principles are not consistent with observed (and rewarded) behavior that is predominantly driven by bottom line concerns rather than organizational integrity. What impact does this type of disconnect have on employee attitudes, trust and, eventually, employee performance and loyalty to the company? These questions are new not. In fact, they have been examined in several studies throughout the years (Posner, 1992; Kouzes and Posner, 1987), which will be discussed in further detail below.

The focal interest of this study is the role of trust in organizations. Why is the study of trust so important? According to Golembiewski and McConkie (1975), trust influences interpersonal and group behavior more than any other variable. Daley and Vasu (1998) argued that trust serves as a catalyst for organizational performance by establishing the framework for productivity. It creates an environment that encourages cooperation and allows employees to focus their attention on productive tasks. Several researchers have found that trust is related to individual effort and productivity (Anderson, Lodish, and Weitz, 1987). Robinson (1996) found that decreased trust led to a decrease in individual contributions. In another study, Becker,

Billings, Eveleth, and Gilbert (1996) revealed that trust in an organization's supervisory and managerial leadership was associated with job performance. McCauley and Kuhnert (1992) reviewed the literature on trust and identified the following outcomes related to trust: group effectiveness, group loyalty, effective group problem solving, managerial and leadership effectiveness, effective organizational processes, and organizational effectiveness.

While there are numerous antecedents of trust, of particular interest in this study are the influences of person-organization value congruence and the perceived consistency between an organization's stated values and actions. As noted earlier, these variables have been examined in previous studies. However, the authors believe that the effects of these phenomena on employees' attitudes and behaviors can be significantly influenced by moderators which could potentially enhance or mitigate the strength of the impact of value congruence and perceived organization consistency on workplace behavior.

#### Person-Organization Value Congruence

Trust has been found to be related to the similarity (e.g., ethnicity, age, and gender) between two parties (Zucker, 1986). Aside from demographics, degree of similarity between parties can be based upon several other factors as well. For example, Tjosvold (1988) found that, when two parties had the same goals, they were more likely to share information and resources, worked more efficiently and productively, and developed confidence in one another. Similarly, Doney and Cannon (1997) found that a buyer's trust in a supplier was based upon their similarity in values as well as similarity in their personal and professional interests. One can therefore infer that person-organization value congruence can be expected to influence an employee's trust in his/her organization. Several researchers have examined value similarity and

its effect on trust. For example, Morgan and Hunt (1994) found that shared values within an organization were positively associated with relationship commitment and trust. Posner (1992) examined personal and corporate values and found that person-organization value congruence led to positive work attitudes.

### Consistency Between Organizational Values and Actions

Shaw (1998) defined integrity as adherence to a code of ethics or set of values. Many researchers have asserted that trust is heavily influenced by the trustee's perceived integrity. For example, Crosby, Evans, and Cowles (1990) stated that trust is based on an individual's confidence in the integrity of another individual. Given the apparent importance of perceived integrity in the development of trust, the question arises as to what factors contribute to the perceived integrity of another individual. While there are a number of factors that could potentially affect a trustee's perceived integrity, a person's belief that the other party intends to keep their promises is common to most definitions. Why is the failure to keep promises so detrimental to the maintenance of integrity and trust? Social learning theory (Bandura, 1977) has frequently been offered as a possible explanation. This theory proposes that observing what others do and say influences personal behavior. It suggests that individuals will more quickly learn and more accurately engage in effective work behaviors when the desired behaviors are role-modeled, as opposed to being described verbally (Rich, 1997). However, when role-modeled behaviors do not match verbalizations, individuals become confused as to what behaviors are expected by the organization trustee. Kouzes and Posner (1987) noted that leaders may speak eloquently about their vision and values, but their subordinates will lose respect for them if their actions are not consistent with pronouncements of these values.

## Moderators

As demonstrated above, it has been clearly shown that both person-organization value congruence and organizational consistency in word and deed can affect individual attitudes and ultimately behavior. Moreover, it can be reasoned that individuals who find themselves in workplace settings that exhibit low person-organization value congruence and/or low organization consistency will exhibit low trust and loyalty. Consequently, these person-organization relationships can be further investigated to determine what factors might help explain the complex manner in which these variables impact the workplace environment.

First, it is proposed that the strength of one's values and the level of one's outcomes (or rewards) will moderate the effects of person-organization value congruence. Individuals have values of varying strength from those that are non-negotiable to those which are loosely held and easily influenced. It is believed that incongruence between those values that are not deeply held will have little influence on one's attitudes and resulting behaviors. As for outcomes, given the materialistic world in which we live, it is believed that one's level of outcomes received from his or her respective organization will alter the effects of incongruence. For example, those who are receiving acceptable rewards will be less impacted by incongruence than those individuals who believe they are not being adequately rewarded for their contribution to the organization.

For consistency between an organization's stated values and actions, it is proposed that three factors will moderate any negative effects of inconsistency between stated values and actions. They are: the level of communication regarding values; the degree of congruency between an individual's and an organization's values; and the level of one's outcomes. Regarding level of communication, it is proposed that the more frequently an organization espouses a particular value, the more betrayed and deceived an employee will feel if the value is

not reflected in the actions and decisions of the organization's leadership. As for congruency, it is proposed that the negative effects of organizational inconsistency between a stated value and actions will be affected by the degree to which that particular value is deeply held by the employee. For example, if the particular value was one that is of little value to the employee, the organization's failure to act consistently with it would be of little consequence. Lastly, as for outcomes, it is once again asserted that adequately compensated employees will be less affected attitudinally and behaviorally by organizational inconsistency.

## Hypotheses

Drawing from the existing literature and rationale presented above, several hypotheses have been generated. The outcomes for each hypothesis are: intentions to leave, organizational trust, and affective commitment.

*H1: Person-organization value congruence will be positively related to organizational trust and affective commitment and negatively related to intentions to leave.*

*H2: The effects of person-organization value congruence will be moderated by the strength of the employee's values, such that incongruence involving strongly held employee values will lead to more negative effects.*

*H3: The degree to which congruence will affect attitudes will be moderated by the degree to which the employee is satisfied with his/her extrinsic outcomes (e.g., pay, benefits, advancement...), such that a high degree of satisfaction with these will decrease the negative effects of incongruence.*

*H4: Consistency between an organization's stated values and actions will be positively related to organizational trust and affective commitment and negatively related to intentions to leave.*

*H5: The effects of consistency between an organization's stated values and actions will be moderated by the frequency of organizational communications regarding the organization's purported values, such that a high degree of communication will increase the negative effects of inconsistency.*

*H6: The effects of consistency between an organization's stated values and actions will be moderated by the degree to which the organization's stated values are consistent with the employee's values, such that a high degree of consistency between these two sets will increase the negative effects of organizational inconsistency between stated values and actions.*

*H7: The effects of consistency between an organization's stated values and actions will be moderated by the degree to which the employee is satisfied with his/her extrinsic outcomes, such that a high degree of satisfaction with these will decrease the negative effects of organizational inconsistency between stated values and actions.*

## Methodology

### Participants

Data were collected using questionnaires. The sample consisted of 100 (46 males, 54 females) students in the bachelor's degree completion and graduate management programs at Trevecca Nazarene University, a Christian, liberal arts institution. The average length of service with the respondents' current employers was 5.4 years.

## Measures

The questionnaire used in this study contained several different scales. Those for intentions to leave (Konovsky and Cropanzano, 1991), organizational trust (Robinson and Rousseau, 1994), and affective commitment (Allen and Meyer, 1990) were existing measures that were found in the literature. The remaining scales were developed for this study. None of the newly created scales were formally validated, but all were shown to have acceptable internal consistencies as measured by Cronbach's alpha (See Table 1).

Table 1

<u>Measure</u>	<u>Number of Items</u>	<u>Cronbach's Alpha</u>
Organizational Trust	7	.88
Affective Commitment	8	.87
Intentions to Leave	3	.86
Communication of Values	3	.90
Person-Org. Value Congruence	7	.86
Strength of Values	6	.85
Satisfaction with Outcomes	3	.92
Action-Value Consistency	5	.87

## Procedure

Data were analyzed using a series of multiple regression equations. In addition to the measures presented above, data were also collected from each participant regarding gender and length of time with current employer. These were included in each regression equation as potential covariates.

## Results

Given that there were seven hypotheses and three outcome measures associated with each hypothesis, there were a total of 21 multiple regression equations that were run. For the sake of brevity, only those with statistically significant relationships will be presented.

Hypothesis one stated that person-organization value (POV) congruence will be related to various employee attitudes and behaviors. Consistent with previous research, this hypothesis was supported as congruence was found to be significantly related to all three outcomes in the predicted direction (See Table 2 below).

Table 2

Dependent Variable: Organizational Trust

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	-.29	.11	-.17*
Length of Service	.01	.01	.05
POV	.96	.08	.78*

R Square = .63\* (where \*p < .05)

Dependent Variable: Affective Commitment

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	.09	.13	.05
Length of Service	.03	.01	.17*
POV	.72	.10	.59*

R Square = .42\* (where \*p < .05)

Dependent Variable: Intentions to Leave

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	.18	.20	.07
Length of Service	-.05	.02	-.21*
POV	-.89	.15	-.51*

R Square = .33\* (where \*p < .05)

Hypothesis two asserted that the effects of POV congruence will be moderated by the strength of the employee's values, such that incongruence involving strongly held employee values will lead to more negative effects. Only one of the outcomes, affective commitment was found to be related to be moderated (See Table 3).

Table 3

Dependent Variable: Affective Commitment

Variable	B	SE B	$\beta$
Gender	.09	.13	.05
Length of Service	.03	.01	.17*
POV	2.51	.83	2.07*
Strength of Values	1.39	.65	.92*
POV * Strength of Values	-.42	.19	-1.86*

R Square = .42\*

\*p < .05

Hypothesis three predicted that the degree to which POV congruence will affect attitudes will be moderated by the degree to which the employee is satisfied with his/her extrinsic outcomes, such that a high degree of satisfaction with these will decrease the negative effects of incongruence. There was no support for this hypothesis.

Hypothesis four predicted that the degree of consistency between an organization's stated values and actions will influence employee attitudes. Consistent with previous research, this hypothesis was supported as all three outcomes were shown to be significantly related to organizational consistency in the predicted direction (See Table 4).

Table 4

Dependent Variable: Organizational Trust

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	-.14	.11	-.08
Length of Service	.01	.01	.07
<u>Organizational Consistency</u>	<u>.72</u>	<u>.06</u>	<u>.78*</u>

R Square = .63\*

\*p < .05

Dependent Variable: Affective Commitment

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	.20	.13	.12
Length of Service	.03	.01	.18*
<u>Organizational Consistency</u>	<u>.53</u>	<u>.07</u>	<u>.58*</u>

R Square = .41\*

\*p < .05

Dependent Variable: Intentions to Leave

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	.04	.20	.02
Length of Service	-.05	.02	-.22*
<u>Organizational Consistency</u>	<u>-.66</u>	<u>.11</u>	<u>-.51*</u>

R Square = .33\*

\*p < .05

Hypothesis five stated that the degree to which organizational consistency will affect employee attitudes will be moderated by the frequency of organizational communications regarding the organization's purported values. That is, a high degree of communication will increase the negative effects of inconsistency. Only one of the outcomes, organizational trust,

was found to be moderated by frequency of communication (See Table 5).

Table 5

Dependent Variable: Organizational Trust

<u>Variable</u>	<u>B</u>	<u>SE B</u>	<u>β</u>
Gender	-.16	.11	-.10
Length of Service	.01	.01	.05
Organizational Consistency	1.16	.23	1.25*
Org. Communication	.41	.18	.56*
<u>Consistency * Comm.</u>	<u>-.11</u>	<u>.06</u>	<u>-.70*</u>

R Square = .65\*

\*p < .05

Hypothesis six predicted that the degree to which organizational consistency will affect an employee's attitudes will be moderated by the degree to which the organization's stated values are consistent with the employee's values, such that a high degree of consistency between these two sets will increase the negative effects of organizational inconsistency in values and actions. No support was found for this hypothesis.

Hypothesis seven predicted that the degree to which organizational consistency will affect attitudes will be moderated by the degree to which the employee is satisfied with his/her extrinsic outcomes, such that a high degree of satisfaction with these will decrease the negative effects of organizational inconsistency. No support was found for this hypothesis as well.

## Discussion

As with previous research, both POV congruence and consistency between organizational values and actions were significantly related to employee attitudes. However, contrary to the

authors' predictions, none of the moderators appeared to significantly alter the relationships between the variables. While it is true that there was partial support for hypotheses 2 and 5 since both moderators were found to be significantly related to one of the three outcomes, such findings could have been due to chance given the volume of regression analyses performed.

What are the implications of the aforementioned findings? Perhaps the most plausible is that lack of POV congruence and/or inconsistency between stated values and actions exerts such a strong impact that other factors (i.e., the moderators examined) do little to alter the main effects. In other words, moderating factors have little impact on an employee's perceived inconsistency between personal and organization values. In many respects, such a finding is encouraging as it alludes to the possibility that values are not readily subject to manipulation through greater compensation or more frequent communication efforts by the organization. Of course, it is possible that influential moderators do exist; just not the ones examined in this study.

The issue of construct validity is also of concern. Several measures were developed specifically for this study. While they were shown to have internal consistency, it is possible that they did not accurately capture the variables under consideration. As a result, the findings of this study can only be generalized to the particular measures used. Other studies using different measures might have found different results.

Another potential issue involves the sample used in this study. This group of students was certainly not representative of the "average" American worker given their decision to obtain an education at a Christian institution. Perhaps the role of organizational values on their attitudes is of greater influence relative to others. Moreover, given the Christian setting, might they have responded in a manner they believed was expected and/or acceptable to the researchers?

Lastly, given the non-experimental method in which these variables were studied, the question of causality cannot be adequately addressed. For example, participants who reported to be dissatisfied could have their judgments of their employers clouded. Thus, our study findings could be the result of reverse causality.

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