

## Agency Theory and Value Congruency

### Abstract

Application of agency theory can assist in making sense of the scandals that have wracked the worlds of business, the church, and education. While there would seem to be little connection between Enron, the Roman Catholic Church, and Virginia Beach public schools, agency theory provides a basis for explaining the lack of value congruency between principals and agents in settings where strong organizational culture tends to preclude dissension. Bohren's (1998) model, an application of agency theory to values alignment, provides a means of understanding the three disparate cases. Agency theory is not just descriptive in this case, but prescriptive as well. By using Sharma's (1997) approach to improving value congruency, principals and agents can enhance value alignment within organizations. This is a case study that uses an inductive approach to theory support.

# Agency Theory and Value Congruency

---

Lessons from Three Prominent Cases

# Acknowledgements

- This presentation is based on a paper by...
  - D. Scott Barfoot, Senior Pastor, Ambassador Bible Church, Falls Church, VA.
  - Brian Bell, VP of Enrollment Management, The King's College, NY, NY.
  - Harvella Brownson, Ph.D. Fellow, Regent University, Virginia Beach, VA.
  - Nancy Cintron, Teacher, Virginia Beach, VA.
  - Myra Dingman, Ph.D. Fellow, Regent University, Virginia Beach, VA.
  - Dan Glasscock, Assistant Principal, Virginia Beach, VA.
  - Abraham Sarker, Ph.D. Fellow, Regent University, Virginia Beach, VA.
  - Mark Walker, Senior Pastor, Mt. Paran North Church of God, Marietta, GA.

# Three Cases

- Educational Case: Va Beach School District
- Religious Case: The Crisis in the Roman Catholic Church
- Business Case: The Enron Debacle

# An Inductive Approach

- Common threads from each case:
  - Lack of value alignment
  - Common positional elements of value incongruence.
  - Dissimilarities in participant responses.

# Application of Agency Theory

- Foundation in the economic view of man.
- Principal – agent problem.
- Predictive strengths of theory.

# Application to Value Congruency

- Introduction of Bohren's (1998) model
  - Influence of data asymmetry.
  - Role of personal ethics.
  - Increases the descriptive capability of agency theory.
  - Addition of normative function.

# Improving Value Congruency

- Sharma's (1997) model
  - Self-control
  - Community Control
  - Bureaucratic Control
  - Client Control

## **Brian Bell Biography**

Brian Bell is the Vice President of Enrollment Management at The King's College and a Ph.D. student in Regent University's Center for Leadership Studies.

His research interests include undergraduate leadership development program assessment and the economics of higher education.

He has earned an MA in Public Policy from the University at Albany (NY) and a BA in Chemistry from The King's College (NY).