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**THE EFFECT OF CONGRUENCE BETWEEN PERCEIVED PERSONAL AND ORGANIZATIONAL VALUES ON ORGANIZATIONAL COMMITMENT IN A CONSTRUCTION EQUIPMENT MANUFACTURING INDUSTRIES**

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*The purpose of this study was to examine the extent to which perceived personal – organizational value congruence (fit), individual's perception of their personal values and their employing organization's values explain individual's affective, continuance and normative organizational commitment. The research question explored in this study was, "Which of the following best explains affective, continuance and normative organizational commitment: personal values, organizational values or P-O fit?" The value taxonomy developed by McDonald and Gandz was used to measure the independent variables, personal values, organizational values and person – organization value congruence, and Meyer and Allen's affective, continuance and normative organizational commitment scale was used to measure the dependent variables. The study was conducted on a construction equipment manufacturing industries of Thiruvallur and Kanchipuram districts of Tamil Nadu. The sample and sample size constituted 32 employees with at least one year of experience in the current organization. The data analysis was done by using descriptive statistics, correlation and linear regression analysis. The findings revealed that organizational values were the best predictor of affective commitment, person – organization value congruence (fit) was the best predictor of normative commitment. The question of which variables best explains continuance organizational commitment remains unanswered.*

**INTRODUCTION**

The current environment in which organizations function dictates the growing importance of organizational commitment. In response organizations are recognising the benefits that can be gained from attracting, developing and retaining employees whose characteristics match with the characteristics of the organization. Thus more recently, the researchers have shifted their attention towards examining the congruence between characteristics of the individual and characteristics of the organization that have an impact on employees' attitudes and behaviour. (e.g. Chatman, 1989; Meglino, Ravlin & Adkins, 1992).

One fundamental characteristic that both individuals and organizations have in common is 'values'. James Kouzes and Barry Posner (2002) in a study stated that "values make a significant difference in behavior at work" (p. 49). They found that those persons with the greatest degree of clarity of personal values, along with the greatest degree of clarity of organizational values, had the greatest level of commitment to the organization. On the other hand an individual who values responsibility and whose organization has accountability as a value is likely to have opportunities to take responsibility, thus achieving one of his/her own values, while also meeting one of the organization's

values. Thus aligning individuals' and organizations' values can help to create person – organization fit and increase organizational commitment.

The relationships between person-organization value congruence (P-O fit) and employee attitudes have been extensively studied (Meglino & Ravlin, 1998; Chatman, 1991; McDonald and Gandz, 1991, 1992; Finegan, 2000). However in the Indian Scenario the studies have been limited. Thus this research is an attempt to study the relationship between person-organization value congruence (P-O fit) and organizational commitment among Indian managers.

## **VALUES**

Values are considered a primary component of an organization's culture. Rokeach (1973) defined values as "an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end – state of existence". Values have a major impact on organizations. They are at the core of personal behaviour, influence the choice we make, the people we trust, the appeals we respond to, and how we invest in our time and resources (England, 1967; Munson & Posner, 1980). At the organizational level are viewed as a major component of organizational culture (O'Reilly & Chatman, 1996; Schein, 1991). The individual uses values to decide what course of action to follow. The management of an organization uses values to decide courses of action within the organization.

## **INDIVIDUAL VALUES**

Personal values define what individuals consider intrinsically desirable, and they guide their actions and judgments to these ends. They are aimed at supporting the individual's well-being rather than that of the group or the society. The relationships between the personal values and attitude have been extensively studied (Meglino & Ravlin, 1998). Personal values have a major impact on the organizations, Many of the most important decisions of the organization are dependent on personal values of the employees (Posner, Randolph, & Schmidt, 1987).

## **ORGANIZATIONAL VALUES**

Values are inherent in a firm's mission and goals; its strategies and structure; allocation of resources; codes of practice, policies and procedures; and its actions. Making business decisions depends on more than just a person's individual value system, but is also shaped and reinforced by the values and behaviours of the organisational culture and climate in which they are made (Hofstede, 1984). McDonald and Gandz (1991) suggested that a company's values impact a wide range of issues within the organization's environment, to include strategic decision-making, corporate ethics, operational decision-making, interpersonal conflict, quality of working relationships, career choice and progressions, and employee motivation and commitment.

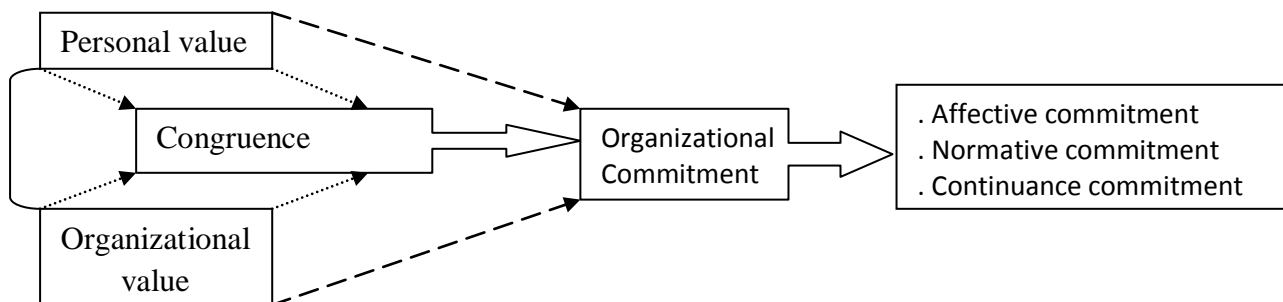
## **ORGANIZATIONAL COMMITMENT AND VALUE CONGRUENCE**

More recent research has postulated that organisational commitment is a multi-dimensional construct (Allen and Meyer 1990; Allen and Meyer 1996) consisting of affective, continuance and normative commitment and that these constructs develop from different antecedents. Affective commitment refers to an employee's emotional attachment to, identification with, and involvement in a particular organisation. Continuance commitment refers to commitment based on the costs that

the employee associates with leaving the organisation. Normative commitment refers to the employee's feelings of obligation to stay with the organisation. Given that values play such an important role in the definition of commitment, it stands to reason that a person whose personal values matches the operating values of the organization would be more committed to the organization than a person whose personal values differed from the organizations.

Researchers suggested that organizations that develop cultures where values are shared are able to deepen the level of employee organization integration and improved employee commitment (McDonald & Gandz, 1992). There is a growing body of literature on relations between P-O fit or value congruence and organizational commitment. Meglino et al. (1989) found increased organizational commitment among employees when there was higher value congruence between the employee and the supervisor. Ugboro (1993) examined the relation between value congruence and affective commitment and found that they were significantly and positively related. Finnegan (2000) concluded that a person whose values were better matched to those of the organization would have a greater level of organizational commitment. Despite good reasons that the relationships between person-organization value congruence and organizational commitment have been extensively studied, Consequently, this study will look at the impact of value congruence on all the three measures of organizational commitment (affective, continuance and normative) in Indian scenario with special focus on shop floor level employees of industrial organizations.

### CONCEPTUAL FRAMEWORK



The figure presents a summary diagram of the proposed connecting model for the prediction of organizational commitment through congruence of perceived personal and organizational values.

### THE PRESENT STUDY

The purpose of this study is to ascertain if there is an impact of perceived person – organization value congruence on organizational commitment in Indian public sector organization. When an employee' values match those of an organization – the values are said to be congruent. The following hypothesis framed for the present study.

**H1:** When personal values, organizational values and person-organization fit are simultaneously modeled as predictors of affective organizational commitment, P-O fit will be the most significant predictor among these.

**H2:** When personal values, organizational values and person-organization fit are simultaneously modeled as predictors of continuance organizational commitment, P-O fit will be the most significant predictor among these.

**H3:** When personal values, organizational values and person-organization fit are simultaneously modeled as predictors of normative organizational commitment, P-O fit will be the most significant predictor among these.

## RESPONDENTS

The population of the study was a MNC based construction equipment manufacturing industries of Tamil Nadu. The sample consisted of 32 employees from the industries that had at least one year of experience in that organization. The respondents had more number of males (19%) and less females (13%). The sample employees were maximum in the age group of 25 and below years (12) followed by 26 – 35 age group (7%) and 6% of the respondents were of age group 36 – 45 years. More than half of the respondents were married (20%), while 12% were unmarried respondents. The respondents had an equal balance of ITI (16%) and Diploma (16%). This implies that the respondents had moderately literacy levels.

## MEASURES

The variables in the study were all measured at the individual level of analysis. The dependent variables in this study were affective organizational commitment, normative organizational commitment, and continuance organizational commitment. The independent variables in this study were personal values, organizational values.

## PROCEDURE

Questionnaires were distributed and collected personally by the researcher from the employees of the organizations. Respondents were assured that their responses were completely confidential and anonymous, and that no individual responses would be shown to any member of the organization. For the respondents to understand the meaning of values, their definitions were provided to the participants. Participants were asked to rate the value taxonomy twice, first with respect to how important a given value is to the respondent himself or herself, and second, in terms he or she perceives value's importance to their respective organization. Values were rated on a seven point Likert scale with categories ranging from 'not very important' (1) to 'very important' (7). Participants also completed Meyer and Allen's commitment scale.

## DATA ANALYSIS

Descriptive Statistics were calculated on personal values, organizational values, and affective, continuance and normative commitment of the employees.

**TABLE : DESCRIPTIVE STATISTICS**

Variables	Mean	Std. Deviation	N
PV	5.5625	.50022	32
OV	5.0313	1.11808	32
ACS	4.9297	1.19388	32
CCS	4.2461	.95803	32
NCS	3.9219	.78786	32

Through the mean value it can be concluded that personal values and organizational values are high in organizations, Also it is seen that affective commitment scale is highest in organization followed by continuance commitment and normative commitment.

### CORRELATION

A correlation matrix was generated for all the variables. Significant correlations were expected to exist between the dependent variables, the three forms of commitment, but they were treated separately in subsequent analysis to be consistent with the precedent. Several of the independent variables were examined for the correlation, which was found.

**TABLE: CORRELATIONS**

	PV	OV	ACS	CCS	NCS	
PV	1.000					
OV	.658(**)	1.000				
	.000					
ACS	.389(*)	.711(**)	1.000			
	.028	.000				
CCS	-.178	-.215	-.243	1.000		
	.329	.237	.180			
NCS	.083	.402(*)	.287	-.251	1.000	
	.653	.022	.111	.167		

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

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

Perceived personal – organizational value fit was measured indirectly as the correlation between individual's perception of their own values and individual's perception of their employing organization's values.

Through the correlation analysis it can be concluded that there is high degree of correlation between personal values and organizational values which means that increase in positive personal values count for positive increase in organization values. Therefore, high fit between personal values and organizational values.

### REGRESSION ANALYSIS

Primary hypothesis testing employed regression analysis. To find out the best predictor of affective commitment among personal values, organizational values and its congruence a linear regression analysis was calculated.

**TABLE: LINEAR REGRESSION MODEL PREDICTING (AC, CC and NC)**

Variables	R- Square	df	Beta Coefficients	Significance
PV	.216	31	.465	.007
OV	.676	31	.822	.000
P-O FIT	.359	31	.359	.000

This table depicts that organizational values best predicts the affective organizational commitment followed by P-O fit and personal values as R-Square value and beta coefficients are highest for organizational values. Thus this analysis does not support hypothesis one which says that P-O fit will be the best predictor of affective organizational commitment.

Since there is no correlation between continuance commitment and any of the values as well as person organization value congruence, therefore regression analysis cannot be conducted for continuance organization commitment. Hence hypothesis two which says that P-O fit will be the best predictor of continuance commitment stands invalid.

Similarly to find out the best predictor of normative commitment among personal values, organizational values and P-O fit a linear regression analysis was calculated.

## **DISCUSSION**

Unlike much of the previous work looking at person-organization fit and organizational commitment, the present research was able to examine the relationship between person – organization value congruence as multidimensional independent variable and organizational commitment as multidimensional dependent variable. This study has provided some insight into the personal values of public sector employees, and their perception of their organization's values, the levels of P-O value congruence and the relationship between these individual and organizational values and organizational commitment. The correlation analysis depicted high degree of correlation between personal values and perception of organizational values which means that increase in positive personal values count for positive increase in organization values. Therefore, high fit between personal values and organizational values. It was proposed that P-O fit will be the best predictor of affective organizational commitment among personal values, organizational values and person organization fit. The results showed that organizational values best predicted the affective organizational commitment followed by P-O fit and personal values. It was also proposed that P-O fit will be the best predictor of normative organizational commitment among personal values, organizational values and person organization fit. This hypothesis was supported as P-O fit best predicted the normative organizational commitment followed by organizational values and personal values. The data for continuance commitment suggest a very different pattern from either normative or affective commitment. Surprisingly there was no correlation between continuance commitment and any of the values as well as person organization value congruence. Therefore, the findings in this study should not be generalized without validation on a much larger and broader sample.

## **LIMITATIONS**

The present study was limited to employees of one construction equipment manufacturing industries, thus the findings of the study cannot be generalized. Moreover, none of the primary independent variables explained statistically significant amount of variance in continuance organizational commitment. However, this does not mean that it can be concluded that no relationships exist between personal values, organizational values and continuance organizational commitment. The effects of these relationships, if they do exist, may be too small in size to have been detected with the sample size of this study.

### IMPLICATIONS FOR THE FUTURE RESEARCH

This study has revealed several implications for the future research related both to incremental and empirical contribution of this study. First of all, the replication of this study with a larger, more diverse, random sample, longitudinal approach would alleviate the major limitations of this study. Going beyond the incremental contribution, future research should explore whether or not additional components of organizational commitment exists, and if so, how they relate to important organizational behavior outcomes.

### CONCLUSION

The findings of the study indicate that when personal values and organizational values are congruent normative component of organizational commitment is higher and when organizational values are higher than affective component of organizational commitment is higher. Overall the findings suggest that organizational values are the best predictors of affective commitment, person – organization value congruence was the best predictor of normative commitment.

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