

**The Relationship Between Perceived Values Congruence and
Organizational Commitment in a Multinational Organization**

by

Anthony Chiedu Nwadei

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THE RELATIONSHIP BETWEEN PERCEIVED VALUES CONGRUENCE AND
ORGANIZATIONAL COMMITMENT IN A MULTINATIONAL
ORGANIZATION

By

Anthony Chiedu Nwadei

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DEDICATION

To Carole, Ifeanyi, KC, Kem, and Nnamdi for your patience, understanding, and love. To WAH Z and the vairagi adepts for the insight and inspiration and for being way showers.

ABSTRACT

American, African, European, and Middle Eastern (N = 420) technical professional employees of a multinational organization were surveyed to explore the relationship between perceived values congruence (PVC) and organizational commitment (OC). PVC was looked at as a function of fit between: (a) person's and organization's actual values and (b) organization's espoused and actual values. Four dimensions of values (ethics, people, change, and bottom line) and three components of OC (affective, continuance, and normative) were considered. The key findings of the study were: (a) PVC was related to OC; (b) the relationship was different for each component of OC and socio-cultural group; and (c) the regression models that described these relationships showed that each socio-cultural group was most strongly associated with a different dimension of values: change for Americans, bottom line for Africans, people for Europeans, and ethics for Middle Easterners.

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CHAPTER I

Introduction

The focus of this study was to understand the relationships between perceived values congruence (PVC) as a multi-dimensional independent variable and organizational commitment (OC) as a multi-dimensional dependent variable in a multinational organization. These relationships were explored at the overall Group and four socio-cultural group levels. The socio-cultural groups were North American, European, African, and Middle Eastern employees.

The concept of OC has been of great interest to researchers (Mowday, 1998). This interest is due to the impact of OC on vital organizational outcomes, such as employee absenteeism (Gellatly, 1995); turnover and intention to leave (Allen & Meyer, 1996; Mathieu & Zajac, 1990; McDonald, 1993; Meyer, Allen, & Smith, 1993; Tett & Meyer, 1993; Whitener & Walz, 1993); job satisfaction (Hackett, Bycio, & Hausdorf, 1994); organizational citizenship (Meyer & Allen, 1991); and job performance (Bycio, Hackett, & Allen, 1995; Leong, Randall, & Cote, 1994; Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989).

The relevance of OC is better appreciated when examined in relation to its effect on employee turnover and intention to leave. Organizations in most industries all over the world are struggling with the issue of retention of their skilled and trained employees (Dunn, 1999; Miller, 2003). Employee retention is turning into one of the most critical workforce management issues of the future for organizations (Dunn, 1999). This is caused mostly by global competition and ambitious growth plans of organizations with

attendant constraint in the labor market. Considering the above consequences of employee commitment to the organization, it becomes obvious why understanding the relationship between organizational commitment and its antecedents would be of great interest to organizational researchers, practitioners, and leaders.

Porter, Steers, Mowday, and Boulian (1974) defined OC as a “strong belief in and acceptance of the organization’s goals and values, willingness to exert considerable effort on behalf of the organization, and definite desire to maintain organizational membership” (p.604). A critical analysis of the above definition reveals that values play an important role as antecedents of OC. A similar analysis by Meyer and Allen (1991) identified a conceptualization of OC with three distinct components. The first is affective organizational commitment (ACS), which reflects an employee’s affective orientation toward the organization based on a desire by the employee to remain in the organization due to shared values with the organization. The second is continuance organizational commitment (CCS), which is based on a need of the employee to remain in the organization due to perceived high costs associated with leaving the organization either because there is no viable alternative employment in the environment or due to high cost of sacrifice associated with leaving the organization. The third is normative organizational commitment (NCS) which indicates a moral obligation to remain with the organization based on loyalty, perhaps, due to culture, upbringing, or perceived indebtedness owing to long term benefits and favors from the organization. It is more appropriate to consider the three aspects as components rather than types of commitment (Meyer & Allen, 1991, 1997).

Values have been defined as “the most distinctive property or defining characteristics of a social institution” (Rokeach, 1979, p. 51). They are critical aspects of organizational culture (Schein, 1997).

Values congruence has been defined as the extent of similarity or fit between a person’s values (P) and the organizational values (A) (e.g., Chatman, 1989; Meglino, Ravlin, & Adkins, 1992; Posner & Schmidt, 1993; Wright, 2000). Values congruence as person-organizational fit (PA), is an essential element, which has been correlated with OC (Caldwell, Chatman, & O’Reilly, 1990; Meglino, Ravlin, & Adkins, 1989; Meglino & Ravlin, 1998); employee intention to remain in the organization; and actual turnover (Chatman, 1989; Meglino, Ravlin, & Adkins, 1992).

Background to the problem

There is a growing body of literature on OC based on Meyer and Allen’s (1991) conceptualization (e.g., Culpepper, 2000; Dunn, 1999; Finegan, 2000; Meyer & Allen, 1996; Meyer & Allen, 1997; Meyer, Stanley, Herscovitch, & Topolynstsky, 2001; Perkel, 2000; Schwepker, 1999). However, most of the studies have been conducted within North America. As a result, there has been a big gap in cross-cultural knowledge on OC and, particularly, on the three components of, ACS, CCS, and NCS outside North America (Dunn, 1999; Meyer, Stanley, Herscovitch, & Topolynstsky, 2001; Meyer & Allen, 1996). There was, therefore, a need for more research using employees of global organizations based both within and outside North America.

Both Porter, Steers, Mowday, and Boulian’s (1974) definition of OC and Meyer and Allen’s (1991) conceptualization revealed the importance of values in the

conceptualization of OC. Values impact a wide spectrum of issues such as strategic decision-making, corporate ethics, operational decision-making, interpersonal conflict, quality of work relationships, career choice and progression, and employee motivation and commitment (McDonald & Ganz, 1991; Meyer & Allen, 1997).

Researchers have conceptualized congruence as a fit between a person's values (P) system and the organizational values or practices (A) (e.g., Chatman, 1989; Liedtka, 1989; Meglino, Ravlin, & Adkins, 1992; O'Reily, Chatman, & Caldwell, 1991; Posner & Schmidt, 1993; Schneider, Goldstein, & Smith, 1995; Wright, 2000). However, Giblin and Amuso (1997) argued that there is benefit for an organization to also be perceived to be practicing its espoused values (E). In which case, there would be full congruence if in addition to a fit between P and A, the employee also perceives that there is fit between A and E. That is, PVC would then be seen as a function of PA and EA.

Despite the fact that practitioners had argued on the need for alignment between E and A, there was still a lack of empirical evidence to support the relationship between EA and desired organizational outcomes, such as performance or commitment. According to Meglino and Ravlin (1998), empirical evidence in this direction, will hold the key in understanding the relationship between values congruence and organizational outcomes, such as performance or bottom line related values. PVC would contribute to a positive organizational culture (Schein, 1997) as well as to an employee having affective commitment to the organization thus leading to aspiration or desire to remain in the organization (Allen & Meyer, 1990; Meyer & Allen, 1991).

Many researchers have explored values both at the personal and organizational levels in order to understand the nature of values conflicts faced by people as they make difficult decisions in the context of the organizations in which they work (e.g., Blanchard & O' Connor, 1997; England, 1967; Liedtka, 1989; Rokeach, 1973, 1979; Williams, 1968, 1970). However, most of the researchers have looked at values as a one-dimensional variable, failing to recognize that values are multi-dimensional and that each dimension or cluster may affect behavior or attitude differently (Dose, 1997, Finegan, 2000; Giacominio, Akers, & Atsushi, 1999; Homer & Kahle, 1988).

Additionally, a review of existing literature on values revealed that many of the studies were based on values that may arguably be said not to be directly relevant to global organizations, their employees, and business decisions. A key challenge, therefore, was to search existing research and practitioners' literature to identify values that would be relevant to global organizations in the business context, which would be used for this study. An effort in this direction led to four dimensions of values that were considered essential modes of behavior or guiding principles for decisions and actions for global organizations. The dimensions are ethics (Eisenberg, 1999; Restucci, 2002b; Trevino, Hartman, & Brown, 2000); people (Dahlgaard, Dahlgaard, Edgeman, 1998; Eisenberg, 1999); change (O'Toole, 1996), and bottom-line (Eisenberg, 1999; Restucci, 2002a).

Furthermore, many of existing research studies on value congruence have focused on the United States (US) (Wright, 2000). Given that different national cultures may possess contrasting values or contrasting reactions to different values (Erez & Earley, 1993; Hofstede, 1991; Trompenaars & Hampden-Turner, 1998), it was assumed that the

impact of PVC on OC might be different for different socio-cultural groups. Integrating the above situation with the multidimensional natures of values congruence (Dose, 1997; Finegan, 2000) and OC (Meyer & Allen, 1991, 1997) it seemed that multinational organizations that operate in different countries in different parts of the world with employees from various socio-cultural backgrounds might be faced with the special challenge of understanding adequately the relationship between PVC and OC. This problem or challenge would become even more stimulating when it is considered that, the different dimensions of PVC may relate to or affect each of the three components of OC in different ways.

From the foregoing, therefore, organizations and their leaders, particularly multinationals, need to understand the relationships between relevant dimensions of PVC (PA and EA) and the various components of OC (ACS, CCS, and NCS), in order to be able to devise programs aimed at managing OC effectively (Dunn, 1999; Finegan, 2000; Meyer & Allen, 1997; Schwegker, 1999; Wright, 2000). As concluded by Meyer et al (2001, in print), “What is needed is systemic cross-cultural research in which relations among the constructs are examined in the context of existing theories (e.g., Hofstede, 1980, 1991), such research will make a particularly valuable contribution to our understanding of commitment in the global economy”(p. 29).

Based on the above identified needs, this study focused on exploring and understanding the relationships between perceived congruence in four value dimensions (ethics, people, change, and bottom-line) and affective, continuance, and normative organizational commitment amongst employees of a multinational organization. These

relationships were explored both at the over all Group level as well as at four socio-cultural levels (North Americans, Europeans, Africans, and Middle Easterners).

The statement of the problem

OC is vitally important to any organization, particularly, a multinational organization with employees from different socio-economic and cultural backgrounds (Dunn, 1999, Meyer & Allen, 1997). OC has been linked to employee retention and intention to leave (Allen & Meyer, 1996; Mathieu & Zajac, 1990; McDonald, 1993; Meyer, Allen, & Smith, 1993) and job performance (Bycio, Hackett, & Allen, 1995; Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989). Value congruence is a key antecedent and is positively related to OC (Caldwell, Chatman, O'Reilly, 1990; Meglino, Ravlin, & Adkins, 1989; Meglino & Ravlin, 1998).

Most of the existing studies on values congruence and OC have been limited in that the researchers: (a) looked at values as a uni-dimensional variable (Dose, 1997; Finegan, 2000); (b) focused mostly on North America (Allen & Meyer, 1996, Allen, Meyer, & Rhee, 2001; Dunn, 1999; Wright, 2000) whereas it has been established that people from different cultures may have contrasting reactions to different values (Erez & Earley, 1993; Hofstede, 1989, 1991; Trompenaars & Hampden-Turner, 1998); and (c) have addressed values congruence mainly based on PA only (Wright, 2000) whereas, perceived congruence may also be a factor of EA (Giblin & Amuso, 1997).

Consequently, this study looked at the relationship between PVC (as a function of PA and EA) in four value dimensions: ethics, people, change, and bottom-line (as the independent variables) and ACS, CCS, and NCS (as dependent variables) among

technical professional employees of a multinational organization based in the US, United Kingdom (UK), The Netherlands, Nigeria, and Oman. These relationships were explored both at the overall Group and at four socio-cultural (North American, European, African, and Middle Eastern) levels in order to understand how different dimensions of PVC relate with the different components of OC under different socio-cultural conditions.

Purpose of the study

The purpose of this study was to determine the relationship between perceived values congruence (PVC) and organizational commitment (OC) among employees of North American, European, African, and Middle Eastern nationalities in a multinational organization. PVC was looked at as a function of fit between: (a) person and organizational (PA) values and (b) perceived organizational espoused and organizational actual (EA) values. Four dimensions of values were considered, (a) ethics, (b) people, (c) change, and (d) bottom line. OC was examined as a three-dimensional variable, (a) affective (ACS), (b) continuance (CCS), and (c) normative (NCS).

Employees of one large multinational organization of above stated nationalities in operating units (OU's) based in North America, Europe, Africa, and the Middle East were surveyed. The analyses of the data involved: (a) correlation between each of the independent and dependent variables both at the four socio-cultural and global organizational levels and (b) construction of multiple regression equations to identify at each of the global organizational and the four socio-cultural levels, a combination of independent variables that best described the respective relationships between PVC and each of the three components of OC.

The significance of the study

The study could contribute towards filling the following gaps:

1. No literature was found that explored the relationship between PVC (as a function of PA and EA) under ethics, people, change, and bottom-line dimensions and affective, continuance, and normative OC in a multinational organization.
2. No study was found that explored the relationships between PVC as a multi-dimensional variable and ACS, CCS, and NCS amongst technical professional employees of North American, European, African, and Middle Eastern socio-cultural groups in a multi-national organization.
3. There was inadequate empirical understanding of the relationship between PVC as EA and desired organizational outcomes such as commitment and performance (Meglino & Ravlin, 1998).

Significance to leadership

In addition to contributing to filling above identified gaps, this study in a practical sense will help leaders and managers in multi-national organizations in the following areas: (a) to better understand differences that may be associated with employee commitment to the organization among North Americans, Europeans, Africans, and Middle Easterners; (b) to gain a greater understanding of the antecedents associated with each of the three components of organizational commitment; and (c) to provide useful data as they shape and reshape their organizational vision and mission.

These contributions could become increasingly relevant to both practitioners and researchers as the work environment becomes more multi-cultural in nature due to globalization. This is given that different national cultures may possess contrasting values or contrasting reactions to different values (Erez & Earley, 1993; Hofstede, 1980, 1991; Trompenaars & Hampden-Turner, 1998).

It is also anticipated that this study will provide the following additional contributions to both practitioners and researchers in the field of organizational leadership: (a) an alternative rating scale for work values under ethics, people, change, and bottom-line dimensions and (b) empirical basis and general information on PVC and OC.

Research Questions

Two sets of research questions were addressed in this study. Each of the two sets had three sub questions.

Research Question 1a

What is the relationship between employee perception of values congruence (EA and PA, each in four dimensions: ethics, people, change, and bottom-line) and employee *affective* commitment to the organization in a multinational organization from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in North America, Europe, Africa, and The Middle East?

Research Question 1b

What is the relationship between employee perception of values congruence (EA and PA, each in four dimensions: ethics, people, change, and bottom-line) and employee *continuance* commitment to the organization in a multinational organization from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in North America, Europe, Africa, and the Middle East?

Research Question 1c

What is the relationship between employee perception of values congruence (PA and EA, each in four dimensions: ethics, people, change, and bottom-line dimensions) and employee *normative* commitment to the organization in a multinational organization from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in North America, Europe, Africa, and the Middle East?

Research Question 2a

Which combination of independent variables best describes the relationship between perceived values congruence and *affective* organizational commitment from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) in a multinational organization based in North America, Europe, Africa, and the Middle East?

Research Question 2b

Which combination of independent variables best describes the relationship between perceived values congruence and *continuance* organizational commitment in a

multinational organization from the perspective of American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in North America, Europe, Africa, and the Middle East?

Research Question 2c

Which combination of independent variables best describes the relationship between perceived values congruence and *normative* organizational commitment in a multinational organization from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in North America, Europe, Africa, and the Middle East?

Null Hypothesis

Null Hypothesis H₀ 1a

There is no relationship between PVC (PA and EA each in four dimensions: ethics, people, change, and bottom line) and *ACS* in a multinational organization from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in North America, Europe, Africa, and the Middle East.

Null Hypothesis H₀ 1b

There is no relationship between PVC (PA and EA each in four dimensions: ethics, people, change, and bottom line) and *CCS* in a multinational organization from the perspective of North American, European, African, and Middle Eastern employees who are technical professionals (engineers and geoscientists) based in the North America, Europe, Africa, and the Middle East.

Null Hypothesis H₀ 1c