

**A Study on Impact of Adherence to Organizational Values on Organizational Success**Uttam Sahay<sup>1</sup>Dr. Gagandeep Kaur<sup>2</sup>Dr. Nilesh Arora<sup>3</sup>Vice- *President-HR*, Vodafone Idea Ltd<sup>1</sup>Associate Professor, AIT MBA, Chandigarh University<sup>2</sup>Director, USB, Chandigarh University<sup>3</sup>[sahay.uttam@gmail.com](mailto:sahay.uttam@gmail.com)<sup>1</sup>, [ait.inchargeba@cumail.in](mailto:ait.inchargeba@cumail.in)<sup>2</sup>, [dr.nilesharora@cumail.in](mailto:dr.nilesharora@cumail.in)***Abstract***

*The purpose of this study is to evince the impact of factors underlying the adherence to organizational values on overall organizational success. Descriptive and Inferential analysis was conducted so as to ascertain the importance of personal values, corporate ethical values and value congruence in determining the success of the organization. It was inferred that value congruence has a strong impact on overall organizational success followed by the personal values. The findings of this study can be utilized by other companies to start experiencing growth in their organizations. Other studies can also be found which purports the relation of organizational values and organizational success but none of them have shown the individual influence of the factors related to organizational values on organizational success.*

***Keywords:*** *Organizational Values, Personal Values, Corporate Ethical Values, Value Congruence, Organizational Success, Financial Benefits, Human Benefits, Intangible Benefits*

## **1.Introduction**

### **1.1 Organizational values and its necessity to achieve organizational success**

Organizational values can be contemplated as the hub and spoke of an organization for delivering service that is 'fit for purpose' (Ashraf., Kadir & Suhaida., 2012). "Building trust and creating value"-This is the fundamental premise on which the success of an organization rests at the very first place.

Organizational values form the foundation of any organization. Similar to all beliefs, organizational values possesses cognitive and behavioral attributes that interact on a continuous basis and gets infused within the actions and behaviors of the employees of the organization. This in turn leverages the necessary resources for their growth and development. The organizational values have been also seen as a process of following philosophy of an organization that remains embedded in the culture of organizations. The evolution of the organizational values takes place from diverse modes of conduct, styles of communication along with decision making patterns within the organizations. Organizational values form the base structure to inspire the employees and push them towards attaining desired goals. Poor values lead to poor results and good values lead to better results (Gorenak & Kosir, 2012).

Organizational values form the basis of developing a social structure and shared belief system that in turn motivates the employees. Shared belief systems are often associated with high organizational performances and success (Paarlberg & Perry, 2007).

### **1.2 Types of organizational values influencing organizational success**

#### **1.2.1 Personal values**

An organization is by the people, for the people and of the people where personal values matters a lot. Personal values primarily create a base structure for disseminating individual opinions that in turn becomes the prime vehicle for effective decision making. Values when conceptualized fully becomes a dynamic source of judgments, choices and preferences(Thomas, n.d.). Personal values help in exemplifying a suitable environment that embraces and supports ethical behaviors and practices that further add to the commitment of the organizations. The close correspondence between the values of the employees and the value of the organization helps in representing a P-O [Personal-Organization] fit that helps in predicting the future organizational behaviors and thereby gives the management a signal to calibrate their actions that would bring success to the organization (Tepeci, 2001).

#### **1.2.2 Corporate ethical values**

To be very specific, corporate ethical values are principally aggregate of individual ethical values of the management of organizations amalgamated with both formal as well as informal policies on the ethics of the organization. Different organizations may possess different values that carry diverse marketing attributes with it like aspects that drive and guide product as well as service quality, advertisements, selection and utilization of diverse distribution channels and various dimensions of treating customers. These act as drivers of decision making in the organizations. The corporate ethical values of an organization help in conveying a sense of unique identity to its stakeholders and facilitate different commitment levels. The corporate ethical values of the organization help in establishing standards that define the things that are right to do and things that are worth doing for the greater good of the organization (Hunt, Wood, & Chonko, 1989).

Commitment is critical to success of an organization (Paarlberg & Perry, 2007). In the milieu of today's competitive and globalized business environment, organizations devise mission, vision and philosophy which are mandatory inclusion in their annual reports. When the employees are recruited, in their induction, the organizations give trainings so that they can adhere to the mission, vision and philosophy of the organization. The organizations readily understand that the commitment of the employees is absolutely necessary for deriving particular organizational outcomes like enhanced revenue flow, lower attrition, solidification of brand value etc.

Corporate ethical values of an organization can affect the conduct of an employees. Now, the success factor of organizational culture is in fact identification, of an organizational outline followed by its prime values. This in turn becomes an integral part of the mission of the organization (Obalola, Aduloju, & Olowokudejo, 2012). Corporate ethical values can be envisaged as the sum of the ethical values of individual managers along with taking into account varied formal and informal policies of the organization (Obalola et al., 2012).

### **1.2.3 Value congruence**

The phenomenon of value congruence can be regarded as the process of synchronization of values of work between the focal person in the organization like CEO or Managing Director with other entities namely work group, co-workers, supervisors and so on(Thomas, n.d.). To be specific, congruence between personal life values and personal work values has been regarded as a significant driver of organizational success. Domains like work environment, autonomy, culture of organization, relationships in the organizations are dynamic attributes that help in attaining varied organizational missions as for instance imbuing sustainability. Work-life balance has been a significant driver of organizational well-being and success in the long-run (Obalola et al., 2012). Value congruence can be also evaluated by having a match between the personal values of the employees and his or her and understanding regarding the values of the organization. It can be contrasted with the values of an employee and organizational value like manager, supervisor or team leaders (Obalola et al., 2012). More the streamlining of the gap between subjective fit and objective fit, the probability of organizational success intensifies.

## **1.3 Benefits measuring organizational success**

### **1.3.1 Tangible benefits (financial & human)**

Tangible benefits are by far the prime drivers of organizational success. Actions of employees are largely driven by motivation and tangible benefits augment the motivation. Research study of Saqib et al (2015) directs that tangible benefits actually help in changing the behavior of the employees. Along with monetary benefits, perks like paid holiday, utilization of recreational facilities in the office, play vital role in keeping the motivation level high of the employees. High motivation at work help employees to perform to their full potential and add to the value of the organization thereby bringing success to the organization (Saqib, Abrar, Sabir, Bashir, & Baig, 2015).

Certain tangible benefits are not necessarily monetary. Those are a human benefit that actually triggers the motivation of the employees in creating values within the organizations. These benefits essentially act as cost effective means for the organizations to drive employee motivation and thereby foster organizational success. A culture of gratitude within the organizations also helps in motivating employees and help them to contribute more. A culture based on appreciation has been instrumental in bringing behavioral changes among employees in the organization and has resulted in better commitment that eventually brings

organizational success. Rewarding as employee of the month can be also regarded as a dynamic motivational aspect for attaining organizational success (Saqib et al., 2015).

### **1.3.2 Intangible benefits**

Intangible benefits are those benefit those which act as a positive catalyst of organizational success but from behind. Creating a brand image leverages the necessary resources as strategic assets and calibrates the organizational value in the long-run. Customer satisfaction is also another important aspect of intangible benefit. Customer satisfaction propels the mechanism of harmonious referral which in turn augments the value chain of the organization (Abernethy, 2003). For instance, if a customer not only gets satisfied in the process of pre-sales of a product but also on a post-sales basis, then that value remains solidified for a longer time frame. Managers leading small or large team sizes come and set examples by motivating the employees which is indeed a very essential intangible benefit. Pulsating the employees by showing them motivational videos or by providing quotes of big entrepreneurs to the employees on a daily basis gives the required resources of driving the organizational success. It has been tried and tested that motivation actually helps in maintaining a healthy relationship between the managers and the employees. Actually the strength of an organization largely depends on the employees and management. Along with tangible benefits, intangible benefits are equally necessary for motivating the employees and add to the success of the organization (Saqib et al., 2015).

### **1.4 Need for the study**

Organizations are a complex mixture of people that belong to different groups, such as employees, management, and owners that are guided by diverse motives profit being one of them (Cyert & March, 2000). The current study has been undertaken to understand how the tangible assets of the organization are affected by adhering to the values set out. There are numerous studies highlighting the intangible benefits that the company gains by practicing within their paradigm of values such as goodwill earned, social responsibility, and loyalty of its customer base. However, there exists a research gap when it comes to studies elaborating the effects of adherence to the organizational values on its tangible benefits. The present study will highlight the impact of performance of human and financial assets of the company while working in accordance with the values set by the organization.

## **3. Research Methodology**

### **3.1 Central aim and research question**

It is important to examine how organizational values may lead to tangible benefits. The central aim of the study thus is to identify and measure the relationship between value adherence and organizational success measured in terms of tangible benefits of human and financial resource components.

The paper will address the following objectives to elaborate on the relationship between value adherence and organizational success measured in terms of tangible benefits:

1. What is the relationship between value adherence and organizational success measured in terms of tangible benefits of human and financial resource components?
2. *What is the impact of adherence to organizational values on organizational success involving financial and human resources of the company?*

### **3.2 Hypothesis of the study**

The Hypothesis of the study is -

H<sub>0</sub>1- There is no significant impact of adherence to organizational values on organizational success.

H<sub>a</sub>1- There is significant impact of adherence to organizational values on organizational success.

### **3.3 Methodology**

The primary objective of the study is to discover whether or not the values in the organization provide for tangible benefits. An explanatory study was conducted collected quantitative data through a survey of employees of four organizations (N- 300). Elements to measure comprised of measurement of organizational values on scale of personal values, corporate ethical values, and value congruence and the impact on human and financial tangible assets (monetary investment, equipment, manual labor, repetitive tasks, skills and process execution).

### **3.4 Participants of the study**

The participants of the study are chosen on random selection basis for the survey to ensure the reliability of the data. The study focused on case companies' structure and the chosen companies for assessment in the study are Idea Cellular Ltd, Vodafone India (Telecom Industry), Axis Bank (Banking Sector) and Dainik Bhasker (Print Industry) in the Bihar and Jharkhand region of India. About 200 employees were analyzed for the study from across all verticals in the companies to assess their view on the need of adherence to organizational value for tangible gains. The target companies have been selected from varied industry so that an overall outlook based on different sectors can be analyzed. It has been done to understand the impact of values on organizational success in varied sector to present a general phenomenon applicable to all the sectors. Further, the questionnaire used to capture the response of the employees is structured and allows the respondent to answer on a five-point Likert scale. The respondents are promoted to highlight their viewpoints by allowing unstructured question in the questionnaire for comments.

### **3.5 Measurement instrument and measures**

The measurement instrument used for the study is a structured questionnaire that has been primarily developed with the help of analyzing different studies aimed at understanding the role of organizational value in impacting tangible benefits. Studies by Thomas(2013) and Carayannis(2004) have been instrumental in designing the questionnaire for the study intended to capture the response of the participants those comprise of people engaged with working in the Idea Cellular. Questions to capture the response of the respondents on their perception of personal value, corporate ethical value, value congruence scale, and impact of the congruence have been constituted in the questionnaire.

### **3.6 Procedure for data collection and analysis**

Data for the present study has been collected by a questionnaire to comprehend employees' perception of personal values, organizational value, and the link between using the values to guide the company to tangible benefits. The normative format of the questionnaire allows capturing of the inter-individual and difference that the employees view in terms of aligning organizational values for growing benefits (Bowen, Martin, and Hunt, 2002). The respondents were asked to use a scale of 1 to 5 to rate their perception of personal and organizational values. The questionnaire included a congruence scale as well to capture response on congruency they perceive between their individual and organizational goals. The

questionnaire further asks the respondents to rank their supposed impact on the congruence of personal and organizational goals on benefits to the organization.

### 3.7 Research design

In the current study, primary and secondary resources have been used for establishment of the understanding of the role of values in driving the tangible benefits of the organizations. Primary analysis through the questionnaire allows capturing respondents' perception on the subject and secondary analysis of the previous literature allows the development of theoretical framework essential to guide the current study (Yin, 2013). The primary method employed in the study allows an examination of the impact of organizational values through the lens of the established framework developed by the help of secondary analysis. The data captured was then analyzed and interpreted to establish the congruency between tangible benefit and organizational values.

## 4. Results & Discussions

### 4.1 Hypotheses testing

In this section of the study, a quantitative analysis consists of descriptive and inferential analyses was conducted in order to address the objectives which was to find out the impact of adherence to organizational values on organizational success.

*Table 1: Descriptive analysis of the demographic background of respondents*

<b>Descriptive Analysis</b>			
		<b>Frequency</b>	<b>Percent</b>
<b>AGE</b>	< 20 years	2	1.0
	20 - 30 years	58	30.4
	30 - 40 years	104	54.5
	40 - 50 years	21	11.0
	50 - 60 years	3	1.6
	Total	188	98.4
Missing	System	3	1.6
<b>GENDER</b>	Male	173	90.6
	Female	16	8.4
	Total	189	99.0
Missing	System	2	1.0
<b>QUALIFICATION</b>	High School Graduate	3	1.6
	University Graduate (Bachelors)	88	46.1
	Advanced University Degree (Masters)	91	47.6
	Doctorate	1	.5
	Post-Doctorate	5	2.6
	Total	188	98.4
Missing	System	3	1.6
<b>MANAGEMENT LEVEL</b>	Junior Management	89	46.6
	Middle Management	90	47.1
	Senior Management	7	3.7

	Total	186	97.4
Missing	System	5	2.6
<b>Total</b>		<b>191</b>	<b>100.0</b>

The above table imparts the distribution of respondents based on their demographic background. Analyzing this table helped to deduce that the majority of the respondents were males belonging to the age group 20 – 40 years. Only 12.6% of the total respondents were above the age of 40 years and less than 9% of the total sample population was females. Exploring more about their education and professional qualifications indicate that almost all the respondents are at least University graduates and working at Junior or Middle level management. However, there are just 1.6% of the total sample population who have not acquired their bachelor’s degree. And there are as few as 3.7% of all the respondents who’re working at Senior Management profile.

All these respondents were asked to participate and share their perspective on adherence to organizational values and their influence on organizational success. A comprehensive inferential analysis was performed to analyze and understand the dependency of success of an organization on the degree of adherence to its organizational values.

*Table 2: Multivariate Tests*

Effect		Value	F	Sig.
<b>Personal_values</b>	Pillai's Trace	.188	.974	.509
	Wilks' Lambda	.820	.971 <sup>b</sup>	.514
	Hotelling's Trace	.209	.967	.519
	Roy's Largest Root	.134	1.256 <sup>c</sup>	.238
<b>Ethical_values</b>	Pillai's Trace	.316	1.113	.292
	Wilks' Lambda	.712	1.119	.283
	Hotelling's Trace	.365	1.125	.275
	Roy's Largest Root	.202	1.917 <sup>c</sup>	.026
<b>Congruence</b>	Pillai's Trace	.401	2.359	.000
	Wilks' Lambda	.638	2.356 <sup>b</sup>	.000
	Hotelling's Trace	.508	2.353	.000
	Roy's Largest Root	.314	2.956 <sup>c</sup>	.000

Source: Researcher

For the inferential analysis and testing of hypothesis, MANCOVA will be used. MANCOVA test is used in case there are one or more independent variables and two or more dependent variables. In the present research there are multiple independent variable impacting multiple dependent variables. Thus the impact has been assessed using MANCOVA.

Table 2 contains the result of one-way MANOVA (Multivariate Analysis Of Variance), which suggests accepting the null hypothesis in case of Personal and Ethical Values at significant level < 0.05. This suggests that the major proportion of the variance in groups of independent variables is unaccounted for the difference in mean of groups in dependent variables. In simpler words, the variance in independent variable’s groups does not influence the outcome of the dependent variables. However, the same test suggests accepting the null hypothesis for Congruence which indicates that the different levels in Congruence are accounted for the significance in the outcome of the different groups in the majority of the

dependent variables. To closely look at which of the dependent variables are mostly influenced by these independent variables, Test of Between-Subjects Effects was derived and analyzed.

The table from Appendix 1 helps to understand the impact of these three independent variables on all dependent variables at individual level. This test was run and analyzed at significance level  $p\text{-value} < 0.1$ . According to the results obtained in this table, it can be concluded that:

- Personal Values only impact some of the Intangible Benefits and do not influence any of the factors constructing Financial and Human Benefits.
- Ethical Values shows an insignificant impact only on 1 Financial Benefit and no other tangible or intangible benefits.
- Congruence has shown the most significant influence on the majority of dependent variables under Tangible and Intangible Benefits.

These above results are in support to the results derived using Wilk's Lambda and other statistics in Table 2. It can be said that most of the dependent variables are determined by the Congruence (Intangible Benefits) as compared to the Personal and Ethical Values (Tangible Benefits). On the contrary, previous studies like (Mohammad Awadh & Saad, 2013) and (Ahmed & Shafiq, 2014) explains how organizational culture impacts the organizational success. Whereas, the findings of this study shows there is no such influence of ethical values on overall tangible and intangible benefits. Congruence is a strong but complex tool which is used for strategic management in some organizations at their development stage (Bao, Dolan, & Tzafirir, 2012).

The results in Appendix 1 shows the significant impact of Personal Values on Intangible Benefits where respondents have agreed on feeling committed satisfied and highly engaged at work. It also impacts the customer satisfaction and makes employees comfortable enough so they can continue with the same organization for long term. While talking about the ethical values which does not show much bearing on all the tangible and intangible benefits except for the fact that it helps in reduction of marketing cost.

Both the tangible benefits including personal and ethical values does not show as much influence on the organizational success as what can be seen by congruence. Congruence has shown much significant impact on most of the tangible and intangible benefits which in turn helps in organizational success. It can be seen that the values of the majority of factors depicting organizational success can be determined by congruence alone. Congruence has improved the financial benefits by reducing the personnel costs and increasing the sales. While it also helps in getting the employees motivated to acquire low-tech skills. On the other hand, it shows an increase in organizational success with the positive change in all the intangible benefits like commitment towards work, regular guidance, and increase in the quality of service, retention of employees, recommendations by employees to their friends, and the stability & growth of the organization.

### **5 Managerial Implications**

According to the responses and analysis conducted in this study, conclusion can be drawn that Personal Values and Congruence are two main factors that aids the success of an organization. The findings in this study helped to imply that the Personal Values and Congruence both have significant impact on the degree of success in an organization. This study helps to understand the need and importance of each of these organizational values in

different organizations. Other organizations can take a step towards improving their congruence and personal values in order to see a positive change in the organizational success as it directly impacts the key elements of relationship quality and final outcome (Bao et al., 2012).

### 6. Limitations and future scope

While studying the influence of these organizational values on organizational success, this study has suffered a few limitations like sample data and time constraints. The collected sample data did not show much variance, which might be the reason behind non-significant impact of some of the tangible benefits on organizational success. This study can be taken forward in future to improvise and develop a sturdier model using more and diversified data that will help in exhibiting the true picture of the above mentioned objective.

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