

## HOW VALUE CONGRUENCE AFFECT CUSTOMER FOCUS AND SURVIVAL OF BUSINESS?

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**Abstract:** *At times it can be very difficult for professionals to have meaningfulness in their work if there is some kind of inconsistency in terms of values that we have and that our organisation has. In case of said inconsistency translation of quality of work to customer centricity becomes almost impossible that may well act as a disruption in employee customer relationship. This paper examined the effect of value congruence on customer focus through mediating variables like sense of belongingness, job satisfaction, employee loyalty and organisational commitment. On the basis of thorough literature review a measurement model was developed that was tested with data. It was found that employees with a value set similar to that of their organisation would (a) have a high sense of belongingness and (b) be satisfied with their job. Sense of belongingness and job satisfaction increases organisational commitment which in turn increases employee loyalty that leads to an enhanced customer focus.*

**Key Words:** *Value Congruence, Job Satisfaction, Employee Loyalty, Sense of Belongingness, Customer Focus*

### INTRODUCTION

Quite a few studies have examined the effect of value congruence on job satisfaction and in turn *organisation loyalty* but hardly any of them tried to extend this relationship to customer satisfaction. There are many theoretical mechanisms that have been developed that account for the relationship between value congruence and its outcomes but almost all by and large have been speculative due to non-testing as links that connect value congruence to outcomes (Edwards & Cable 2009, p. 654).

This paper explores the relationship among variables like value congruence, employee satisfaction, sense of belongingness, organisational commitment, employee loyalty and customer satisfaction and try to find out how value congruence affects customer satisfaction. To achieve this existing theory has been reviewed to find the pattern of relationship in between value congruence and its outcomes which then is converted into a theoretical model. Theoretical model is tested for mediators of value congruence and customer satisfaction as a link in

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between these two variables. This paper attempts to extend existing relationship between value congruence and its outcomes to a level which goes beyond organisational constructs. It can help managers in two ways a) In developing an organisational value system which is robust yet flexible to accommodate individual values that are productive in nature and to shape individual value systems compatible to that of organisation. b) In creating a system that creates value for employees.

### VALUE CONGRUENCE DEFINED

Human values are principles that govern how one should behave and one's own judgement of what is right & wrong (Schwartz 1992, p. 3-4, Meglino & Ravlin 1998, p. 353). On other hand organisational values are do's that are suggested by organisation and have been proved as a good foundation for organisational development (Swetlik 2004, p. 323). It is a view of what people in organisation think that what is good for an organisation, how it should be run in present and in future (Cingula 1992, p. 499-500). Value congruence is the degree to which the employees can behave on the job in a way that matches with their own self image. In other words it is similarity between individual & organisational values (Chatman 1989, p. 339, Kristof 1996, p. 1).

### HYPOTHESIS DEVELOPMENT

Job satisfaction can be defined as the degree to which employees are satisfied or dissatisfied with their jobs (Spector 1997, p. 2) whereas sense of belongingness is the degree to which one feels connected with the organisation. There is a widely studied concept called P-E fit (Person-environment fit) which refers to the extent to which individual characteristics (psychological needs, attitude, competency, personality, values etc.) & environmental characteristics (work role, work environment, work culture etc.) match (Dawis 1992, p. 70-71; Caplan 1982, p. 249; Kristof-Brown, Zimmerman & Johnson 2005, p. 283; French *et al.* 1982, p. 8). There is a general assumption that person-environment fit results in outcomes like job satisfaction, better productivity & sense of belongingness (Ostroff & Schulte 2007, p. 5). There are three areas of P-E fit which are Person-organization fit, Person-job fit, Person-group fit & Person-person fit but Person-organization fit has been widely studied. Person-organization fit is defined as 'the compatibility between people and organizations'. It happens when a) at least one of the two entities offers what other needs b) both share similar value systems or both a) & b). Person-organization fit has got a significant aspect called value congruence which is if there leads to mutual trust and job satisfaction (Boone & Hartog 2011, p. 111-113). On the other hand it would lead to lower attrition rate, sense of corporate community & belongingness & organizational commitment (Andrews *et al.* 2010, p. 6-7). Many value congruence studies have found that value congruence is

significantly related to positive work attitudes, job satisfaction, employee satisfaction, employee commitment and employees' involvement in work (Meglino & Ravlin 1998, p. 360), along with ethical conduct (Posner & Schmidt 1993, p. 343). For instance good performing managers of public enterprises were found to have commitment towards public service values (Denhardt 1993, p. 6-7) and significant effect of value congruence had been found on motivation at work, job attitude and in turn on performance of public sector employees in US (Naff & Crum 1999, p. 7-8) and abroad (Sangmook 2005, p. 249-251). In the event of misfit of individual and organisational value negative effect on job performance have been found. Value incongruence results in burnout (Verquer, Beehr & Wagner 2003, p. 476-477). Here one thing is to be understood that a small level of value incongruence would always be there as a hundred percent fit can never be possible but a high value incongruence level would lead to demotivation and in turn negatively impact sense of belongingness, job & employee satisfaction and productivity. But a decent level of it can reduce conflict & improve performance (Schein 1985, p. 11; Roe & Ester 1999, p. 4-5). So it can be said that

H1: Employees with a value set similar to that of their organisation would (a) have a high sense of belongingness and (b) be satisfied with their job.

Job satisfaction & organizational commitment are key issues in today's organisations. Both of them are mutually interrelated however; the role of job satisfaction in predicting the organizational commitment is what most of the research work done on (Rehman et al. 2013, p. 1). Organisational commitment refers to an extent to which an employee identifies with his organisation and is not willing to move out of that organisation (Greenberg & Baron 1997, p. 179). Employees' commitment towards organisation would increase if they know that they are going to learn and grow with organisation (Opkara 2004, p. 3).

Interestingly some researchers went on to measure the effect of organisational commitment on job satisfaction. For instance (Vandenberg and Lance 1992, p. 154-155; Bateman and Strasser 1984, p. 97-98) argued that job satisfaction may be affected by organisational commitment. (Bateman and Strasser 1984, p. 98) found that organisational commitment affects job satisfaction which in turn has an effect on turnover intentions.

Among job autonomy, job variety & job satisfaction, job satisfaction was found to have a significant effect on organisational commitment in a study on job satisfaction and organizational commitment among probation and parole officers by (Getahun, Sims & Hummer 2008, p. 13-14). In a similar study by (Lambert, 2004) it was found that job satisfaction & sense of belongingness are two of the most significant factors that predicts organisational commitment. Job satisfaction & sense of belongingness are significant for an organisation to an extent that absence of these leads to reduced organizational commitment (Moser 1997, p. 165). Most

of the loyal employees were found to have a high level of commitment apart from having same goals as that of their organisation (Mowday, Porter, & Steers 1982, p. 19).

Sense of belonging & participation in achieving organisation's goals & objectives, employee sentimental attachment are two significant predictors of affective commitment which is one of the three types of commitment (Meyer & Allen 1984, p. 374-375; Dunham *et al.* 1994, p. 372). Organisation commitment can be summarised as "optimistic fondness toward the organization, reproduced in a longing to observe the organization success in its aims and objectives and an emotion of satisfaction at being element of the organization" (Cohen 2003, p. 14). So it can be predicted that

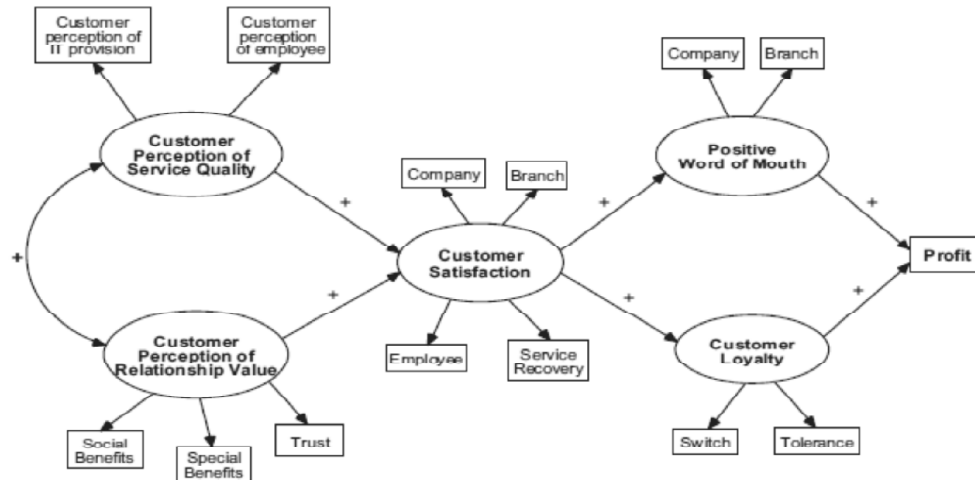
H2: Sense of belongingness and job satisfaction increases organisational commitment.

Employee commitment and loyalty are mediating factors between job characteristics, HRM practices & job performance (Brown 2011, p. 2). Employees with high commitment levels are more likely to stay with organisation for a substantial amount of time than those who aren't highly committed (Meyer & Allen 1991, p. 67). A committed employee is the one who "stays with an organization, attends work regularly, puts in a full day and more, protects corporate assets, and believes in the organizational goals". The reason why an employee contributes to achieve organisational goals & objectives is due to his commitment (Meyer & Allen 1997, p. 11). As a result of numerous studies finding significant relationship between organisational commitment & employee loyalty, employee loyalty has become widely studied outcomes of organisational commitment (Porter *et al.* 1974, p.607; Meyer & Allen 1997, p. 7). Those employees would have higher propensities to leave that have lower commitment levels. (Porter *et al.* 1974, p.608). Organisational commitment not only stabilises the employees but results in a consistent performance and behaviour (Handy 1976, p. 11). Committed employees fit in work roles better than those who aren't committed. These employees show a better creativity and innovativeness resulting in increased productivity (Mathieu & Zajac 1990, p. 174-175). There is an inverse relationship between employee commitment & intention to leave the organisation (Decotiis & Summers 1987, p. 449; Bluedorn 1982, p. 79; Hom *et al.* 1979, p. 284). So it is predicted that

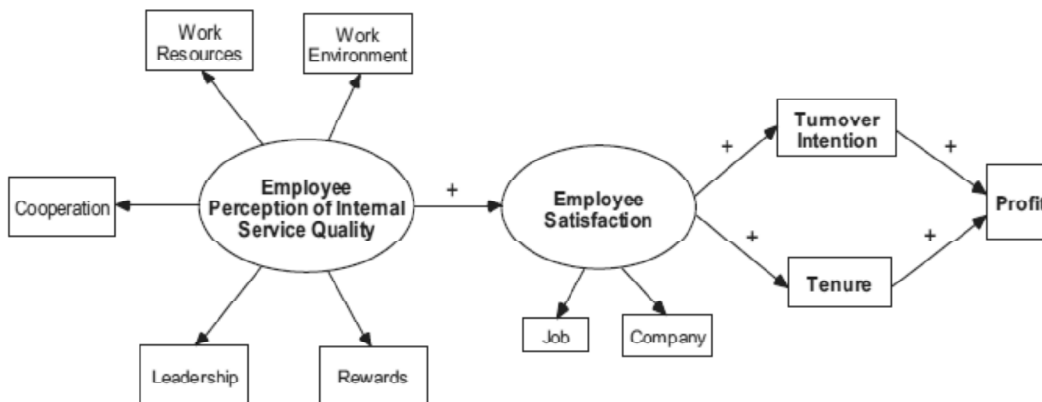
H3: Organisational commitment increases employee loyalty.

Factors affecting customer centricity as a part of organisational performance is an area which is widely studied. Customer satisfaction which is an effect of employees' customer centricity is a significant factor that predicts organisational performance (Lam *et al.* 2001, p. 160). There is a direct relationship between employee satisfaction & customer satisfaction (Schneider & Bowen 1985, p. 428; Schlesinger *et al.* 1991, p 144). A very significant work related to employee

satisfaction and customer satisfaction relationship is done through a combination of customer-profit & employee-profit models which have been empirically tested. A connection of these two models suggests that employee loyalty mediated between employee satisfaction and customer satisfaction which extends to profit (Xu & Goedegebuure 2005, p. 52-54).

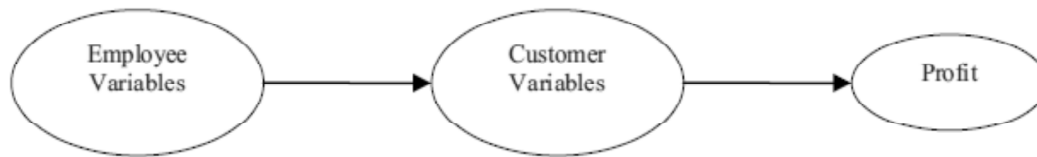


**Figure 1: The Customer-Profit Model**



**Figure 2: Employee-Profit Model**

That is in line with Service-Profit Chain Framework which is a linkage among employee variables, customer variables and organizational performance. Employee variables are employee satisfaction and employee loyalty and employee perception of internal service quality which put together affect customer variables like customer satisfaction, customer loyalty & customer’s perception of the service quality delivered to him by employees and these affect profit.



**Figure 3: The Service-Profit Chain Framework**

This framework can be objectively stated as “Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of the services provided to customers. Value is created by satisfied, loyal and productive employees. Employee satisfaction results primarily from high-quality support service and policies that enable employees to deliver results to customers.” (Heskett et al. 1994, p. 164-165).

So we can say that

H4: Employee loyalty increases customer focus.

## RESEARCH METHODOLOGY

Data was collected from two organisations from distinct sectors. First was a retail chain run by a conglomerate group in India. Other was one of the biggest Indian private sector banks. Data was collected from four major cities of north India in equal proportions. Sample size was 200 each company and a special effort was made to get all questionnaires filled rightly (respondents were briefed and assisted throughout the filling process). As a result complete data from all 400 respondents was collected in one go in four and a half months. For estimating the measurement model CFA was used. AMOS was used for analysing the data. First the data of 200 employees of the retail chain was analysed followed by the data of private bank of same no. of respondents. First reason of this was to examine the pattern of same relationship with two distinct data sets to see the difference if any. Second reason was to check the generalisability of the model across service sector.

## DATA ANALYSIS

**Table 1**  
**Standardised Loading Estimates & AVE**

Constructs	Factor Loadings		Easy Day		ICICI Bank	
	Easy Day	ICICI Bank	AVE	Construct Reliability	AVE	Construct Reliability
VC1	0.91	0.88	0.70	0.94	0.67	0.96
VC2	0.75	0.87				
VC3	0.85	0.72				
VC4	0.82	0.79				

contd. table 1

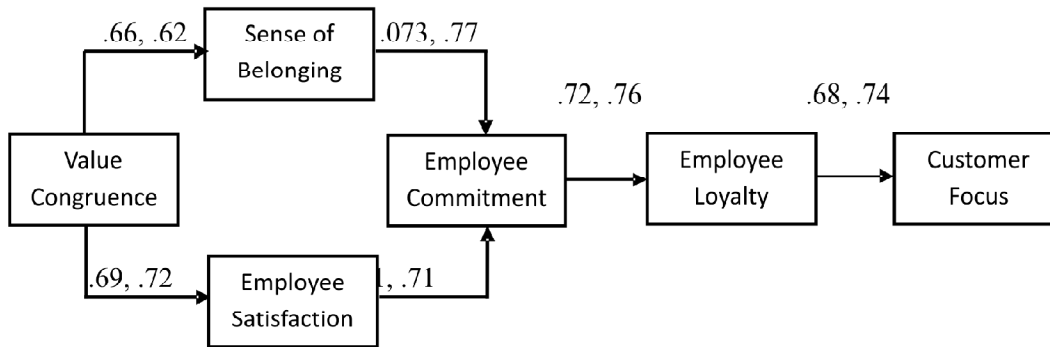
Constructs	Factor Loadings		Easy Day		ICICI Bank	
	Easy Day	ICICI Bank	AVE	Construct Reliability	AVE	Construct Reliability
Employee Satisfaction						
ES1	0.86	0.86	0.63	0.93	0.63	0.96
ES2	0.76	0.82				
ES3	0.82	0.77				
ES4	0.74	0.71				
Sense of Belonging						
SB1	0.92	0.88	0.71	0.95	0.68	0.96
SB2	0.89	0.82				
SB3	0.75	0.79				
SB4	0.81	0.78				
SB5	0.95	0.91				
Employee Commitment						
EC1	0.84	0.89	0.64	0.93	0.66	0.96
EC2	0.78	0.75				
EC3	0.77	0.72				
EC4	0.81	0.87				
Employee Loyalty						
EL1	0.93	0.89	0.68	0.94	0.68	0.96
EL2	0.91	0.88				
EL3	0.72	0.76				
EL4	0.71	0.75				
Customer Focus						
CF1	0.84	0.88	0.62	0.93	0.63	0.96
CF2	0.87	0.81				
CF3	0.71	0.76				
CF4	0.72	0.71				

Table 1 shows standardised loading estimates & AVE. All factor loadings (significant at 0.01 level) and AVE are well above 0.7 and 0.5 respectively that suggest adequate convergent validity. Construct reliability is well above 0.7 that indicates adequate convergence or internal consistency (Hair et al.).

**Table 2**  
**Correlation Matrix (Factors)**

Construct	VC	ES	SB	EC	EL	CF
VC	0.70/0.67	0.43	0.39	0.32	0.29	0.31
ES	0.42	0.63/0.63	0.41	0.32	0.38	0.35
SB	0.44	0.33	0.71/0.95	0.34	0.37	0.28
EC	0.39	0.34	0.41	0.64/0.66	0.44	0.31
EL	0.45	0.22	0.33	0.29	0.68/0.68	0.34
CF	0.29	0.31	0.3	0.28	0.29	0.71/0.69

Table 2 shows correlation matrix among factors with AVE estimates shaded across diagonal of matrix. Above diagonal correlation is of Easy Day and below diagonal is of ICICI bank. AVE estimates of respective pairs of factors are greater than square of correlation and are above off diagonal values that suggests Discriminant validity (Hair *et al.*).



**Figure 1: Model Results**

Note: LHS & RHS values are of Easy Day & ICICI Bank respectively

**Table 3**  
**Fitness Measures**

	<i>Easy Day</i>	<i>ICICI Bank</i>
$\chi^2$ , df	595, 211	723, 438
CFI	0.86	0.87
IFI	0.89	0.81
NFI	0.84	0.82
RFI	0.87	0.87
TLI	0.89	0.89
RMSEA	0.001	0.007

<N= 250,  $p < 0.05$

With fitness measures  $\chi^2$  as 595 at df 211 & CFI, IFI, NFI, RFI & TLI ranging between 0.84 & 0.89, Easy Day measurement model's fit indices are acceptable. Root Mean Square Error of Approximation (RMSEA) value as 0.001 with a sample size of 250 shows less than 10% misfit which overall is a good fit (Rasch 1980, p. 92, Smith *et al.* 1998, p. 18). Similar is the case with fitness measures of ICICI Bank where  $\chi^2$  as 723 at df 438 & CFI, IFI, NFI, RFI & TLI ranged between 0.81 & 0.87. RMSEA value of 0.007 with a sample size of 250 shows a good model fit. So it can be concluded that data of two service organisations supports the theoretical model. So we can say that

Employees with a value set similar to that of their organisation would (a) have a high sense of belongingness and (b) be satisfied with their job.



*Sense of belongingness and job satisfaction increases organisational commitment.*

*Organisational commitment increases employee loyalty.*

*Employee loyalty increases customer focus.*

## **CONCLUSION AND MANAGERIAL IMPLICATION**

Any disruption in any part of value chain would not only disrupt the existing framework but create hassles service delivery which in turn create a negative word of mouth. How many organisations have value congruence as a significant parameter when it comes to hiring? At the same time how many potential employees see that in an organisation that they plan to join. Whatever the answer is but the results of this paper shows that value congruence affect customer focus so this can safely be said that it is too significant to not worth paying attention to by both potential employees and organisation. And the result is a mutual benefit which is always a win-win situation. As per "Psychology Today, "if the goals of an employee don't align with company's values, employee is more likely to procrastinate". That means an employee won't add any value in achieving his company's goals if your values and company's values don't coincide. So an organisation should address this issue at the time of hiring. It should try to match values of the employees with their own and only hire those where there is a good fit. The job doesn't end there. Once an employee is in, he should be socialized to the new environment so that he would develop any missing links if any. All those who are already there, they should be exposed to activities that would enhance trust.

## **Limitations and Scope for Further Research**

1. Ideal respondent for construct 'customer focus' should be superior of an employee but their unwillingness led to response from employees which might have influenced results a bit.
2. Generalisability would have been better if instead of two, four organisations belonging to different sectors were taken.

Study is open to include employee productivity and leadership as another constructs to be tested as subsequent links. Or an alternative approach can be to sync a model that may have customer focus, employee productivity and leadership in a linear relationship with rest of the model excluding customer focus. That would not only make existing model comprehensive but improve generalisability to a great extent.

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