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Impact of Diverse Values of Employees on Organizational Effectiveness

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PURPOSE: The purpose of this paper is to study the impact of diverse values held by employees on organizational effectiveness in consultancy firms in India. A sufficient amount of literature though is available on what could firms do to manage diverse workforce but very few studies have been done to explore the impact of values on organizational effectiveness which shall offer some useful directions and implications. The value systems held by employees has a bearing on their work and whether these employees are effective in their organization. This study attempts to explore this value - effectiveness relationship.

METHODOLOGY: This is an exploratory research conducted using a self-administered questionnaire on a sample of 251 employees working in consultancy firms in India. Values such as self-realization, Status enhancement, sulphitic values and socio economic support constituted the independent variables whose impact was seen on organizational effectiveness , which is measured on parameters of satisfaction, goal integration and group functioning.

FINDINGS: The result showed a significant positive relationship between the diverse value system of employees and organizational effectiveness. a probabilistic model is developed based on the findings of the study to represent the relationships of values on effectiveness showing the significant impact of sulphitic values(creativity, life style, risk taking, variety) on effectiveness which has earlier not emerged in any study. .

PRACTICAL IMPLICATIONS: The results have useful implications to the emerging global diverse workforce in organization today which brings in diverse values on account of their own diversity of regions, cultures and this has a significant impact on effectiveness. The results offer directions to managers to propose reward systems to employees whose value systems are aligned with organizational value systems and that these employees are effective. The success in reconciling these rewards to employees shall also encourage others to align them in the same direction, creating positive implications at work. The usefulness of this study is that it offers the perspective for leaders to look at value based action in management systems and decisions. If the workforce can be made to identify their own values, they would be better able to align them with organizational values, the ones that are able to create this fir would be effective and also suitable.

LIMITATIONS: The study is limited to one sector and results cannot be generalized. The results offer scope for further cross industry studies as well as comparisons across cultures.

Keywords: Organizational effectiveness, values, diversity

Introduction

Multicultural workforce is the emerging phenomena in today's world. It has become indispensable for the effective growth of any organization. Firms have now started realizing the importance of diverse employees as a source of competitive advantage. Business has realized that they must learn to retain and promote diverse people to keep the business intact and growing. Organizations now have understood that diversity is not simply to deal with but instead it is a reality which builds their organization stronger and competitive. In this time of competition, in order to move ahead of competitors, organization should invest their resources and time on strategic matters. The VUCA (volatile, uncertain, complex, ambiguous) environment makes it imperative to have strategies to manage this workforce for effectiveness and goal achievement in the organization. Complexity of behavior of employees is effected by their value systems and good match of the two offers perspectives for human resource management (Bartscht, 2015).

Cultural diversity is the identity of Indian society and very few countries in the world are as diverse as India (Buddhapriya, 2013). It is home to different languages, traditions, food habits, dress pattern, dance styles and values. Diversity in organizations brings positive outcomes and a better work

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environment enabling a intercultural leaning enabled workforce if managed well, thereby focusing on the importance of human resource practices to manage diversity and generate effective results (Robinson & Dechant, 1997). Individuals have different upbringing, lifestyles, cultures and beliefs and accordingly there values system also differ. Yet youth and educated people living in rural areas and other states leaving their traditional jobs and moving out to other parts of the country in search of jobs and settle themselves where the best job opportunities are available. More migration leads to better diversity in the organization. However rural areas loss is the gain of diversity. After the emergence of globalization, labor mobility is on rise which leads to multiculturism in the organization which adds more colors to diversity (Ely & Thomas, 2001). Thus, these employees bring different set of values in their raw form. This greater penetration creates a diverse value grid in the organization. Employees also differ in the things they want from their organizations (Sinha 1990). This paper talks about differences in terms of values of employees given their background, history, culture and lifestyle. Diverse employees bring with them the diversity in terms of values which impacts the effectiveness of organization. Values affect our priorities, decisions, desires, attitude, behaviors and also have a profound role in shaping the culture that develops in the organization. The need to study its impact on effectiveness becomes important as diversity has gained importance in the last 30 years which relates to the time when our demographic society has started changing (Amah & Ahiauzu); (Cole & Salimath, 2013).

Sufficient research is available on organizational effectiveness and factors like profitability, employee turnover, employee commitment and market share have gained much attention of the scholars. Organizational effectiveness is more than profitability and includes factors like employee satisfaction, goal integration and group functioning which are studied here.

To understand the impact of diversity on organizational effectiveness, this paper discusses about diverse value system of employees and its impact on organizational effectiveness. Less empirical evidence is available in this area particularly in India. The purpose of the study is to develop a model in which the effects of diverse values of employees on organizational effectiveness could be understood using a sample survey data from junior and middle level employees of Consultancy firms.

Literature Review

Due to globalization, employees from different cultures, lifestyles, family background, traditions, values have become a part of workforce (White, 2005). Understanding these diverse employees have become a challenge for the managers (Hopkins & Scott, 2015) have raised significant issues on the diverse cultural values brought to a commonplace of work by a diverse workforce and that whether it can be reconciled to organizational values to create a fit between organizational goals and personal goals. Research indicates diverse workforce as a resource (Gotsis & Grimani, 2016) but also points to the need for exploring interventions that could be developed to create the best fit between employees and organizations to achieve organizational goals by focusing on values held by employees which shall be largely diverse due to the spread of demographic regions they represent and in a country like India even within the various regions in the country this range is seen with visible differences of values. Values are described as the belief that a person holds desirable or undesirable, shape our behavior, perception and preferences (Amah & Ahiauzu, 2014); (Saige & Elizur, 1996). It is unique and varies from person to person. It holds special importance in each one our life. Human behavior is the reflection of our values (Dension, et.al. 2003). It generally has a stable nature and does not change easily with time as is the case with attitude (Lusk & Oliver, 1974); (Dose, 1997). Values are defined as the guiding principles which guides individual about what is right or wrong in life. Even the thinking abilities of employees are reflective of their value system to an extent and that individuals behavior is determined by his/her value system (White, 2005); (Gregory, et.al., 2009). For some employees achieving the desired goals in a peaceful environment is considered important whereas for some employees social interactions and relationship are given more importance. Further there are kinds of employees who are risk averse and then there are employees in the same organization who are risk loving and enjoy challenging work (De Meuse & Hostager, 2001). The performance of the employees is greatly shaped by his value grid which ultimately impacts the effectiveness of the organization. Values such as achievement, advancement, work

satisfaction increases the commitment level of employees resulting improving effectiveness (Rana, et.al., 2016). Further, when organizations design strategies to realize values of different employees, it increases the level of satisfaction among the employees (Charles, et.al, 1991). It results in increasing the performance and effectiveness of the organization as a whole. In this paper, values are determined by self-realization values, sulphitic values, status enhancement values and social values. The first factor self-realization consists of values like ability utilization, achievement, advancement, creativity and peace. The second factor status enhancement consists of values like authority, altruism, prestige and physical activities. The factor sulphitic values include autonomy, life style, risk taking and variety. The last factor socio-economic support includes social relationships, interactions, working conditions, comforts and dependency.

The shared values of employees craft a culture in the organization which impacts the effectiveness of employees and enables them to achieve coordination and integration leading to explicit rules and regulations while reflecting a visible culture to outside world that speaks of it being worthy of being appreciated.(Amah & Ahiauzu, 2014). However in a globally diverse workforce it becomes imperative to reconcile the diverse values of employees which could be conflicting at times, thereby raising the need for leaders to be strategic in their approach to create that common understanding of what shall be practiced in the organization and needs to be aligned and imbibed by the employees.

Federic et.al(2016) conducted research on relational, development, contribution and business values on organizational effectiveness in The Republic of Croatia reporting that a significant impact of values on organizational effectiveness and that these values had a significant relationship with the behavior of employees with the customers and among themselves. Studies in the Indian context are few and there is lack of any study that uses the values applicable in the Indian context (Sinha & Sinha, 1990). Indian firms have usually sought to patronize western interventions believing them to be best quite often, which may be the case always, rather most of the times. This study fills that gap while utilizing the values as developed by Sinha JBP(1990) and explores its impact on effectiveness.

Value gaps must be closed as much as possible to bring about performance and effectiveness in employees (Busse, 2017). Heterogeneous teams have been reported to perform better when they share the same value systems, thereby pointing to the need for identifying value priorities held by employees. Human resource training interventions can be brought about to create values enactment only when employees have clarity on their own values and what values are considered worthy by the organizations for reward and growth. It is necessary for employees to have the alignment between organizational values and the values they could hold on to within the work arena to achieve common goals as set (Neil, et.al., 2017).

Organizational effectiveness is defined as the extent to which multiple goals are achieved (Price, 1972). An organization is said to be effective when it achieves its purpose and objective while providing maximum return to the society. Literature has described organizational effectiveness to be emerging from three different perspectives, first, the output measure which involves profit, second, the outcome measures which are seen in terms of market share or the stock prices an the third when there is a decline in the employee turnover, reduction in abseentism as well as simultaneously increase in productivity (Richard & Johnson, 2001). It is a multidimensional concept that cannot be measured with single factor. Different scholars have measured it differently. This study measures effectiveness by goal integration, group functioning and employee satisfaction. A study by (Hagstrom & Gamberale, 1995) concluded that social values, like social relationships, are given higher importance in the workplace. Another interesting observation made by (Wong & Chung, 2003). revealed that comfortable work environment, working conditions have a major role to play in performance and effectiveness of any organization. Unsocial environment is one of the reasons for higher turnover and abseentism among employees (White, et.al., 2001).

Thus the major objective of this paper is to understand the relationship between different factors of value system of employees such as self-realization, status enhancement, sulphitic values , socio economic values with dimensions of organizational effectiveness such as goal integration, group functioning and satisfaction of employees.

RESEARCH METHADOLOGY

An empirical approach with a questionnaire survey method was used in this research using five point likert scale. The present study collected data from consultancy sector on the basis of stratified random sampling. Out of 251 respondents 59% were male and 41% were female respondents. In terms of age of the respondents, majority of the respondents(58%) were from 20 – 30 age group, 30% of the respondents were from the age group of 31- 40 years and 6% from the age group of 41- 50 years and remaining from the age group of 51 years and above. The respondents were highly diverse in terms of the state to which they belong.

Instrument

Organizational Effectiveness: In this study, Survey of organizations instrument by (Taylor & Bower, 1972) was used to measure organizational effectiveness. There are 14 items in the questionnaire divided into three factors namely; Satisfaction, group functioning and goal integration. A five point likert scale ranging from 1 to 5 was adopted.

Value System: In this study, The Value Grid scale developed by Sinha & Sinha (1990) was adopted to measure the level of values realized in the firm. There are 21 items in the questionnaire which is divided into 4 factors namely: Self-realization, status enhancement, sulphitic values and socio economic support. A five point likert scale ranging from 1 to 5 (strongly agree to strongly disagree)was adopted.

Results

RELIABILITY: It is defined as its ability to provide consistent and stable results by assigning same score on repeated administration of the instrument. The widely and commonly used reliability coefficient is the cronbach's alpha, which estimates internal consistency based on the average inter- item correlation. The value of cronbach's alpha coefficient lies between 0 and 1. It is recognized by the scholars that the value closer to 1 indicates more internal consistency between the items or variables in the scale. The various cronbach's alpha values of the scale are given below:

It can be seen from the above table that effectiveness measured using 14 statements are subdivided into three factors and the scale exhibit a high reliability as reflected by alpha value 0.833 . The three subscales have a high reliability ranging from .803 to .874. Further, values are measured using 21 item scale which was subdivided into four factors exhibit a

Table 1: Reliability Test showing Cronbach's alpha for various factors:

Scale/ sub scale	No. of factors	Cronbach's alpha
Effectiveness	3	.833
Satisfaction	6	.874
Goal integration	2	.803
Group functioning	6	.839
Level of value satisfaction	4	.869
Self-realization	6	.853
Status enhancement	4	.715
Sulphitic values	4	.655
Socio economic support	6	.752

Table 2 - Measurement Model Evaluation: Goodness -of-fit Statistics of SEM

FIT STATISTICS	FINAL SEM MODEL	DESIRED VALUE
TLI	.889	.90 or higher
NFI	.962	.90 or higher
IFI	.812	.90 or higher
CFI	.908	.90 or higher
RMR	.05	.05 or lower

high reliability as reflected by alpha value 0.869. The four subscales have a moderate high reliability ranging from .655 to .869.

Structural equation modeling method was used to examine how well the relationship is predicted between values and organizational effectiveness.

The validity of the measurement is determined using goodness of fit. GFI index is a marker of the proportion of covariance which ranges from 0 to 1. Further RMR means Root Mean Residual is associated to the residual in the trust model. It ranges from 0 to 1 where smaller RMR predicts better model. Higher values of Incremental Fit Index (IFI), Normed Fit index(NFI), Comparative Fit Index(CFI) shows better model. Table 1 shows that model is fitted to the data as GFI(.889),CFI(.908),NFI(.962), and IFI(.812) are greater or equal to .090 which is considered as acceptable. Further, RMR value is .05 which is equal or less than .05 which is again acceptable.

SEM was conducted with 4 independent and 3 dependent variables to study the relationship between value system of employees and organizational effectiveness. The result of the SEM stated that there is significant relationship between self-realization values with goal integration, satisfaction and group functioning($p<.05$). Moreover, SEC, and SV also had significant relationship with all the factors of effectiveness ($p<.05$). However, SE values have a significant relationship with group functioning and goal integration($p<.05$) but no significant relationship with satisfaction level ($p>.05$). When organizations make efforts to achieve the values of the diverse employees then they will work at their maximum potential to achieve the goals of the organization.

Like previous studies, values like achievement, advancement, ability utilization (SR values) and Social interaction, relationships and working conditions(SEC Values) have an impact on all the dimensions of organizational effectiveness (GI, GF, SA). The major contribution of this study shows the relationship between creativity, life style, risk taking, variety (SV values) with organizational effectiveness. Moreover, values like authority, power and prestige (SE) have no significant relationship with employee satisfaction. The benefits of providing challenging and variety in jobs will not only satisfy employees but also bring laurels to the organization.

In all HRD attempts of bringing effectiveness in the organization, it would be worthwhile to work upon mechanisms of enhancing sulphitic values in the organization and to look at its further impact in enhancing effectiveness as a future research.

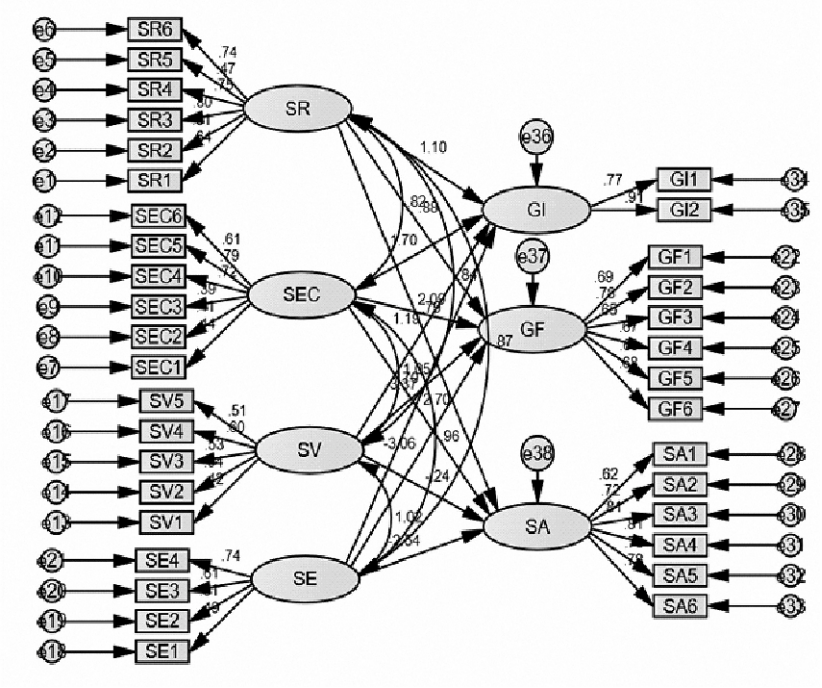
CONCLUSION

In today's environment, it is a challenge before the organization to manage such a large diverse workforce. To understand the impact of diversity on organizational effectiveness, this paper discusses about diverse value system of employees and its impact on organizational effectiveness. It concluded that there is significant relationship between different dimensions of organizational effectiveness

Table 3- Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
GI	<---	SR	1.107	.645	1.717	.046	Significant
GF	<---	SR	.768	.512	1.500	.034	Significant
SA	<---	SR	.662	.480	1.378	.048	Significant
GI	<---	SEC	3.047	1.963	1.552	.021	Significant
GF	<---	SEC	3.240	1.492	2.172	.030	Significant
SA	<---	SEC	4.041	1.466	2.756	.006	Significant
GI	<---	SV	2.229	1.826	1.221	.022	Significant
GF	<---	SV	1.137	1.142	.995	.020	Significant
SA	<---	SV	-.369	1.640	-.225	.022	Significant
GI	<---	SE	-5.077	2.008	-2.529	.011	Significant
GF	<---	SE	-3.985	1.604	-2.484	.013	Significant
SA	<---	SE	-3.193	1.772	-1.802	.072	Not Significant

Figure 1- Structural Equation Model Showing the Relationships of Factors



such as Group functioning, goal integration and satisfaction and the level of values realized. Firms should make efforts to realize the diverse value systems of the employees to boost their morale and confidence. Values like variety, autonomy, creativity, risk taking and like style have emerged as important contributor and should be encouraged as they have a significant impact on organizational effectiveness. The VUCA environment calls for a cultural intelligence wherein an intelligent interaction of employee skills, behaviors, values can be attained for effectiveness and the right match of role assignment with values be done.(Tuleja, E.A., 2017) The spirit to spot opportunities, learn and mitigate in a VUCA scenario as today shall enable firms to be competitive (Abidi & Joshi,2015).The fast changing environment, enhanced competition, global workforce calls for innovative practices in the VUCA world (Joshi, 2017) of business while having employees who are best aligned with organizations values so as to have least conflict within the firm and efforts directed to design strategies to emerge successful among competitors. Value systems of employees are a far stable concept and difficult to change and therefore to match the values of workforce chosen to move the upward ladder with the organizational values assumes importance for corporate image and sustained growth.

Implications for Managers

This paper has explored a less studies dimension on the role of sulphitic values (creativity, life style, risk taking, variety) as a contributor to organizational effectiveness. In the VUCA environment the behavior of the employee shall be determined to a large extent by the value systems held and innovative human resource interventions shall bring about the best effectiveness and fit in the organization. Socialization of employees result in organizational culture and this creates an environment which needs to be adaptive in VUCA scenarios while ensuring permeability within the organization, thereby the interaction of diverse workforce shall lead to effectiveness when work experiences in the organization do not clash with employee value systems held and simultaneously organizations are able to select those individuals which shall reap effective outcomes from work. Values guide behavior and enhance employee motivation so managers must select, promote and reward those individuals who present the best fit between personal and organizational values which shall lead to organizational effectiveness and goal achievement. The entire process of crafting strategies must also involve a effective support and feedback loop for organizations to be adaptive and evolutionary in a VUCA environment (Joshi, 2017). Employees should be encouraged to voice opinions and render alternatives for human resource interventions, the choice of selecting and designing the most appropriate ones remains with the human resource development division still. Indian firms need to organize efforts on this aspect. Value systems of employees reflect upon their decision

making and any shortcoming on this front is detrimental to a firm's image in the corporate world. Innovative firms shall continue to add value to the social, human and financial capital becoming torchbearers of growth and success (Joshi, et.al., 2017).

Limitations and Scope for Future Research :
The study is limited to the national capital region of Delhi and employees from consultancy firms have been taken as the sample. A larger sample drawn from other work groups could offer comparative results to draw better inferences and show comparisons. Cross cultural studies could generate a wider understanding of the phenomena being studied in this study and offer useful insights.

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