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Values Enactment in Organizations: A Multi-Level Examination†

Melissa L. Gruys*
Department of Management, Wright State University, Dayton, OH 45435-0001

Susan M. Stewart
Department of Management, Western Illinois University–Quad Cities, Moline, IL 61265-5881

Jerry Goodstein
Department of Management and Operations, Washington State University–Vancouver, Vancouver, WA 98686-9600

Mark N. Bing
Department of Management, University of Mississippi, University, MS 38677-1848

Andrew C. Wicks
The Darden School of Business, University of Virginia, Charlottesville, VA 22906-6500

Business writers and practitioners recommend that core organizational values be integrated into employee work life for enhanced organizational productivity, yet no published studies have empirically examined the antecedents and outcomes of values enactment. Using longitudinal data on 2,622 employees, hierarchical linear modeling (HLM) results revealed that tenure and department-level values enactment were significant predictors of individual values enactment. Furthermore, employees who demonstrated high levels of values enactment were less likely to leave, and employees of high or low levels of values enactment in departments whose levels of values enactment matched their own were the most likely to be promoted.

Keywords: values; values enactment; organizational values; values-based performance; performance; promotion; voluntary turnover

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*Corresponding author: Tel.: 937-775-2375; fax: 937-775-3546.

E-mail address: melissa.gruys@wright.edu

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“. . . AND NOW ABOUT THOSE VALUES. . . . People must be able to use them as marching orders because they are the how of the mission, the means to the end, winning. . . . To make values really mean something, companies have to reward the people who exhibit them.”

Welch (2005: 17, 20)

Within the past decade, writers from a variety of backgrounds, including the famous and former CEO of General Electric, Jack Welch, have directed attention to the importance of developing core values to guide an organization over time (Collins & Porras, 1994). Core values formally define the key components of an organization and are descriptive terms used to denote dimensions of the strategic mission as developed by leaders of the organization. Most organizations have core values that are communicated to its members in various ways. A study by the American Management Association (AMA) of AMA executives and council members found that 86% of these respondents indicated that the corporate values of their organizations are explicitly written or stated (AMA, 2002). Another survey on corporate values conducted by the Aspen Institute and management consulting firm Booz Allen Hamilton included responses from 9,500 senior executives within 365 companies representing a broad range of industries in 30 countries (Van Lee, Fabish, & McGaw, 2002). The survey found that 89% of the companies responding had a written corporate values statement that reflected values such as integrity, commitment to customers, commitment to employees, and teamwork. In addition, nearly three fourths of respondents noted that both executives and employees in their organizations are under significant pressure to demonstrate strong corporate values. The study concludes that core values are defined as “a corporation’s institutional standards of behavior” (Van Lee et al., 2002). On the basis of these large scale findings, we will adopt this definition of core values in the current study.

Core values, as Lencioni noted, are “inherent and sacrosanct; they can never be compromised, either for convenience or short-term economic gain” (2002: 114). The core values provide a foundation for profitable and ethical performance (Collins & Porras, 1994; Paine, 1994, 1997, 2003; Waddock, 2002), as they reflect the organization’s business plan and strategic long-term plans. In short, these core values are explicitly espoused to be important for the organization.

But simply declaring what the organization’s values are is not enough. The values must be lived out or enacted by the organization’s leadership and its employees through specific actions and behaviors (McGaw & Fabish, 2006). In this vein, many writers have stressed that values-based management is not simply a question of developing a values statement. Lencioni noted that more than 80% of Fortune 100 companies “tout their values publicly—values that often stand for nothing but a desire to be au courant, or worse still, politically correct” (2002: 113). Integration of the mission and core values into organizations requires that the mission and values be reflected in organizational structures, decision-making processes, employee rewards, and in measures of employee and organizational performance (Paine, 1994; Pruzan, 1998; Welch, 2005). The consequences of values publicly espoused and not backed up by tangible actions or fully integrated into the processes and structures of organizations are troubling: “Most values statements are bland, toothless, or just plain dishonest. And far from being harmless, as some executives assume, they’re often highly destructive.
Empty values statements create cynical and dispirited employees, alienate customers, and undermine managerial credibility” (Lencioni, 2002: 113). As demonstrated by this quote, failing to reinforce the important connection between espoused core values and employee activities can lead to cynicism and mistrust, or as seen in the Enron case, can set the stage for ethical disconnects that undermine the integrity and long-term performance of the organization (Cha & Edmondson, 2006; Welch, 2005).

It is clear that one of the key challenges faced by organizations that want to follow through on their core values is how to reinforce the importance of the values in the day-to-day lives of executives, managers, and all employees (Anderson, 1997; Pruzan, 1998; Rosenthal & Masarech, 2003; Wetlaufer, 1999) and thus align employee behaviors with the core values. We refer to this alignment as “values enactment” and will use this term to emphasize the vital connection between espoused core values and workplace behaviors on the part of employees and managers that reflect these values. One of the most important vehicles for fostering the integration of the mission and values into employees’ work lives is the human resource management system (Barber, Huselid, & Becker, 1999; Paine, 2003; Trevino, Hartman, & Brown, 2000). Lencioni (2002: 117) argued for integrating the core values into all aspects of the human resource management process—hiring, performance assessment, rewards, and punishments. This view is supported as well by users of high-performance human resource management systems who note the importance of measuring and rewarding what is valued in the organization (Pfieffer, 1998). Within values-driven companies like AES Corporation, for example, 50% of an employee’s performance assessment is based on technical factors and 50% on the degree to which the employee understands and conforms to the shared values of AES (Wetlaufer, 1999).

One strategy for an organization to encourage values enactment, as suggested above, is to use formal performance assessment and reward systems as mechanisms for reinforcing the integration of the core values into employee and managerial behavior. When employee and managerial behavior reflect the values of the organization, these behaviors should help the organization achieve its broad strategic goals. For example, if an organization is focused on customers as a key stakeholder critical to its long-term success and has put in place a core value of excellent customer service, then as employees and managers enact that value by providing good service, this is likely to enhance customer satisfaction, repeat business, and contribute to the overall performance of the organization.

**Purpose of the Current Study**

Although there has been no shortage of descriptive and prescriptive arguments offered on the importance of organizational members’ living out core values, we could not locate any rigorous empirical work directed at examining values enactment and its antecedents within organizations. Furthermore, researchers have not scientifically studied the implications of values enactment on important outcomes such as individual rewards (e.g., promotion) and separation (e.g., turnover) over time. We therefore agree with Cha and Edmondson (2006: 58) who characterize the field of research on values in organizations as in “nascent stages.” Hence, the primary contribution of our study is to open up this unexplored area of inquiry.
by adopting a social learning perspective (Bandura, 1977, 1986) in specifying some key antecedents and outcomes of values enactment (see Figure 1). Our fundamental argument (developed in greater depth below) is that the level of values enactment on the part of individual employees is likely to be higher when employees work for an organization longer and are therefore aware of and understand the core values, and when direct managers and departmental coworkers also enact the values of the organization. We also analyze the effects of values enactment over time on employee promotions and turnover, thereby contributing to the broader literature on values in organizations by departing from the more traditional cross-sectional studies.

We draw on longitudinal data obtained from a large health care organization that uses a performance evaluation system that specifically includes ratings for how well employees and managers within the hospital have enacted the core values of the hospital. Given that values

Figure 1
Summary of Proposed Model of Values Enactment

- 2nd Level Factor: Department Values Enactment
- Task Performance
- Employee Voluntary Turnover
- Employee Promotion

**Antecedents**
- 2nd Level Factor: Department Size
- Manager Values Enactment
- Employee Tenure
- Gender
- Age

**Outcomes**
- Individual Values Enactment
- Employee Promotion

Note: Dashed lines for the boxes around Gender, Age, and Task Performance indicate that these variables are control variables.
enactment represents an important dimension of performance within the context of health care organizations, one might expect that those who perform well on this dimension would be less likely to leave the organization and more likely to be promoted when the department within which they work shares these values. Using a health care organization for the current study on values enactment is especially relevant and timely, as hospitals have recently been under strong attack to change or strengthen their organizational values in areas such as patient safety, evidence-based medicine, and quality of care (Leapes & Berwick, 2005; McCarthy & Blumenthal, 2006; Yates, Bernd, Sayles, Stockmeier, Burke, & Merti, 2006). Our discussion highlights both the theoretical and practical implications of our findings and offers a variety of possible directions for researchers and practitioners alike.

**Conceptual Clarification**

Given the novelty of studying values enactment, it is important to begin by conceptually clarifying the term. Values enactment refers broadly to employee and managerial behaviors that are aligned with the explicitly defined core values of the organization such as those found in mission and values statements. Variation in values enactment therefore depends on how closely an individual’s behavior aligns with a particular set of explicit core organizational values. The nature of these core values can vary across organizations given that they are defined based on an array of factors that are institutional (e.g., founding influences, historical events) and environmental (e.g., competitive contexts, external changes).

Values enactment can be distinguished from both task performance and contextual performance. First, exhibiting behavior that is consistent with the values of the organization, whether defined in terms of teamwork or other values such as integrity or respect, is different than simply performing the technical aspects of one’s job tasks (i.e., task performance). There are, of course, some ties between values enactment and task performance. Employees execute their daily tasks by exhibiting behaviors that are consistent with core values as they perform the activities that are required of their job positions. In a sense, performing the tasks of one’s job provides employees with opportunities to enact the values of the organization. However, to illustrate how values enactment is different from task performance, consider two different nurses, both of whom obtain accurate readings from a patient (e.g., blood pressure, heart rate, temperature, etc.) and record them correctly for a doctor. One does so while having poor bedside manner (and is even rude to the patient), and the other displays excellent bedside manner (is very kind and considerate). In this case, task performance is equivalent across these two nurses, but values enactment clearly differs. Furthermore, in the organization examined for the current study, employees are formally evaluated on a regular basis on how well they have enacted the values of the organization through their work, based on explicitly defined and measured criteria that relate directly to the mission and core values of the organization. Although task performance criteria are likely to vary depending on the particular job an employee performs in an organization, values enactment criteria are the same for all members of a given organization.

Values enactment also differs from organizational citizenship behaviors (OCBs) and contextual performance behaviors. Facets associated with contextual performance, such as
interpersonal facilitation and job dedication (Van Scotter & Motowidlo, 1996), or OCBs that are of a cooperative, prosocial nature (Borman & Motowidlo, 1993), are not likely to be explicitly defined, connected to the core values of the organization, or formally integrated into the performance evaluation and reward systems (Shore, Barksdale, & Shore, 1995). Alternatively, values enactment is grounded in behaviors that are clearly aligned with explicit core values and are formally assessed as part of the performance appraisal process.

It is also important to address Person-Organization (P-O) and Person-Group (P-G) fit as relevant concepts that are influenced, in part, by values enactment. Values enactment is the degree to which an employee enacts the espoused values of the organization, and it reflects the degree to which there is congruence or fit between the demonstrated behavior of an employee and the values of the organization. P-O and P-G fit represent broad concepts that include the degree of fit between the values of an individual and the values of the organization and the departmental work group, respectively.

It can be seen that as values enactment increases, the degree of fit or match between the employee and the organization should increase as well, which can strengthen P-O fit (an idea more fully developed later). By the same logic, as long as the group or department within which an employee works shares the values espoused by the organization, then P-G fit should be strengthened when an employee’s value enactment increases. Thus, although values enactment may to some extent influence P-O or P-G fit, values enactment is still distinct from these concepts because it is the degree to which an individual chooses to enact the core organizational values (and thus demonstrates behaviors consistent with the organizational values); it is not a measure of the employee’s perception of fit or match between himself or herself and the organization, which depends on many other additional matching factors (e.g., personality; cf. Schneider, Smith, & Taylor, 1998).

**Theoretical Background and Hypotheses**

Applied to the work context, social learning theory (Bandura, 1977, 1986) suggests that employees may acquire much of their learned behavior by observing and imitating others and by observing the outcomes of others’ behaviors, especially organizational leaders (Brown, Trevino, & Harrison, 2005). Given these observations, and namely taking note of which actions are rewarded or punished, individuals may choose to enact or not to enact certain behaviors on the basis of the social information gathered. This learning process is more passive in that people could effectively learn from others’ mistakes and from the positive or negative outcomes achieved by others. An example of this process would be an employee’s observation of a coworker consistently engaging in behaviors that are in line with the organization’s values—and noting the subsequent promotion of the coworker. As a result, this employee, if desiring promotion as well, may be more likely to enact the organization’s values after noting the promotion of the coworker who enacted those values.

Although a portion of the social learning process reflects passive learning (simply observing behavior), the theory also proposes that after one views the behavior of others as well as the consequences of that behavior (e.g., punishments, rewards), individuals may use this knowledge in an active fashion by seeking to behave in certain ways that lead to positive outcomes. For
example, individuals will be more likely to engage in behaviors if it is viable that an opportunity exists from which they will benefit (Zimbardo & Leippe, 1991). The organization can influence this enactment or change of behavior on the part of employees through the process of role modeling. Managers and leaders are an important and likely source of such modeling, a process by which behavior is explicitly presented for emulation (Goldstein & Sorcher, 1974; Wood & Bandura, 1989), along with information about the likely consequences of engaging in that behavior. High standing in a “prestige hierarchy” and the ability to control rewards both contribute to modeling effectiveness (Bandura, 1986: 207).

Previous research has demonstrated that role models influence prosocial behavior (Bryan & Test, 1967; Rosenhan & White, 1967); supervisory skills for interpersonal problem solving (Latham & Saari, 1979); caring behaviors on the part of nurses (Nelms, Jones, & Gray, 1993); ergonomic and safety behavior (Dale, 2004); as well as changes in subordinate behavior, improved productivity, and decreased absenteeism (Porras, Hargis, Patterson, Maxfield, Roberts, & Bies, 1982). Other work has suggested that role modeling of leader and managerial behavior is very important for the ethical climate and subsequent ethical behaviors of employees (Dickson, Smith, & Grojean, 2001; Grojean, Resick, Dickson, & Smith, 2004) and that observation, vicarious learning, and imitation of others’ behaviors may be of particular importance when the targeted behaviors relate to ethical conduct in organizations, such as engaging in proactive ethical behaviors (Brown et al., 2005).

In the current study, we expect social learning to be important and relevant in regard to the enactment of espoused core organizational values. Hence, we propose that employees may learn specific behaviors, such as behaviors indicative of core organizational values, through observing and imitating the behavior of others. Moreover, social learning theory suggests that modeled behavior that pays off with a desired reward, such as a promotion, tends to be more readily imitated. Individuals will cognitively appraise this information and manage their own behavior given these relevant cues and consequences (Bandura, 1986). To summarize, we believe that the tenets of social learning can be applied in the examination of a values-based performance management system because this theory emphasizes the impact of social factors on individual behaviors as well as the outcomes that reward individuals for displaying desired behaviors.

**Antecedents of Individual Values Enactment**

Based on the insights of social learning theory and previous research, three antecedents are of particular interest in this study. The first relates to employee tenure with the organization, the second relates to the manager of the particular departmental unit, and the third pertains to the coworkers of the department.

**Employee tenure.** One of the most important individual-level considerations to examine in relation to values-based performance is the level of connection and commitment the employees have to the organization. Employees who have been with the organization longer are more likely to have a higher degree of commitment, identification, or alignment with organizational goals (Meyer & Allen, 1991; Mowday, Porter, & Steers, 1982). Those with longer tenure will also be more likely to exhibit contextual-type performance activities...
that are indicative of values-based performance. Furthermore, greater tenure with the organization increases the likelihood that an individual will have internalized the core values of the organization (Chatman, 1991; O’Reilly, Chatman, & Caldwell, 1991) and hence will be more likely to engage in behaviors and perform in ways that are consistent with these values. We therefore hypothesized the following:

**Hypothesis 1**: Employees with greater tenure in the organization will be more likely to display high levels of values enactment.

**Departmental managers.** It has become a widely accepted belief that managers play a vital role in influencing employee perceptions and performance (Conway, 1999; Fritz, Arnett, & Conkel, 1999; Organ & Ryan, 1995; Van Scotter & Motowidlo, 1996). Research indicates that a greater degree of continuity on certain principles among workers and their managers is related to greater levels of satisfaction, commitment, and performance (Camarillo, 2003; Meglino, Ravlin, & Adkins, 1989). A similar effect may be found for values enactment, such that a manager’s level of values enactment may influence the level of values enactment exhibited by subordinate employees. A manager can signal the corporate values through displaying related behaviors, and these behaviors become particularly salient to subordinates when they are recognized, reinforced, and rewarded (AMA, 2002; Paine, 1994, 1997; Rosenthal & Masarech, 2003).

This idea relates to social learning theory because it acknowledges that individual behavior can be learned by monitoring others’ behaviors and their consequences (Bandura, 1977, 1986). The coded, observed information serves as a guide for action. Hence, a manager’s ability to role model the core organizational values is influential because others can learn from example before actually performing the behaviors themselves (Bass, 1985; Decker, 1986; Kouzes & Posner, 1987, 1993). According to Brown et al., “Leaders [managers] are an important and likely source of such modeling first by virtue of their assigned role, their status and success in the organization, and their power to affect the behavior and outcomes of others” (2005: 119). To summarize, we believe that when managers exhibit behaviors that reflect the core organizational values, subordinates will view those behaviors and attempt to model them. Hence, we hypothesized the following:

**Hypothesis 2**: Employees who work in departments with managers who demonstrate high levels of values enactment will be more likely to display high levels of values enactment.

**Departmental coworkers.** Social learning theory can also be readily applied to group behavior to determine how contextual social factors, such as one’s coworkers, motivate employees to behave in certain ways (Harrison & McIntosh, 1992). For example, in the newcomer socialization process, standard practices within the organization are inculcated and reinforced “through the provision of role models, the availability of literature illustrating the new principles to be adopted, and through constant exposure to various vicarious and direct feedback that illustrates the desired behavior and conduct” (Pfeffer, 1982: 97). In a book on managing careers, Schein noted that a critical stage of the socialization process is
“deciphering the reward system and learning how to get ahead” (1978: 99). Hence, an employee’s departmental coworkers can serve an important socializing role for that employee by enacting behaviors aligned with the core values that are recognized and rewarded.

Furthermore, once employees are fully socialized, referent others such as departmental coworkers can continue to signal the importance of enacting core values and through their behavior model explicit ways in which other employees can also enact the values. Employees therefore observe and process the social context in which their coworkers enact the values and demonstrate this understanding through displaying similar workplace behaviors. In this way, individuals who work within a departmental context where employees exhibit behaviors that are consistent with the core values may experience a powerful connection. Organizational research has supported the view that a composite or collective of individuals can generate emergent properties that both influence and transcend individuals (Morgeson & Hofmann, 1999). Empirical studies have demonstrated that variables that represent the context of the situation at the group level (even when created by aggregating individual responses or behaviors) have distinct influences on behavior over and above the within-individual–level effect of the same variables (e.g., Choi, Price, & Vinokur, 2003; Mathieu & Kohler, 1990). This would suggest that the aggregate behaviors of one’s coworkers might create a departmental context that supports the enactment of core organizational values. Specifically, in departments where coworkers are routinely demonstrating behaviors that are consistent with the core values, the social learning process can influence the level of values enactment exhibited at the individual level by other employees within those same departments. Thus, we hypothesized the following:

**Hypothesis 3:** Employees who work in departments in which departmental coworkers demonstrate high levels of values enactment will be more likely to display high levels of values enactment.

**Interactive effect of department size on manager and departmental coworker influence.** In addition to the main effects of the level of manager and departmental values enactment on individual values enactment, we hypothesized an interactive effect for manager values enactment and department size, and departmental values enactment and department size. Specifically, in smaller departments with fewer employees, the effects of the prevailing levels of values enactment among managers and coworkers are likely to be stronger in terms of their influence on individual employee values enactment. Within smaller departments, individual employees are more likely to have frequent supervisory and coworker interactions and increased opportunities for critical observations of others’ behaviors. Within larger departments, more employees report to the same manager, and thus the manager with more subordinates has less time to interact with individual members, subsequently diluting the manager’s influence in larger departments. Thus, the social learning process may be enhanced in smaller departments in comparison to larger ones. When managers and coworkers exhibit high levels of values enactment in smaller departments, as opposed to larger departments, there is likely to be a greater degree of social influence, and this should be reflected in stronger relationships between manager values and individual employee values, and between departmental values and individual employee values.
Hypothesis 4a: There will be an interaction between department size and manager values enactment when predicting employee values enactment, such that when manager values enactment increases, there will be a greater positive effect on employee values enactment in smaller versus larger departments.

Hypothesis 4b: There will be an interaction between department size and departmental values enactment when predicting employee values enactment, such that when departmental values enactment increases, there will be a greater positive effect on employee values enactment in smaller versus larger departments.

Outcomes of Values Enactment

Social learning theory is concerned not only with how the social context influences learning and behavior but the consequences of effective social learning. To the extent that individuals have been effective in internalizing relevant information from the social context and reflecting this learning through behavior, what implications does this have for individuals and for organizations? Reframing this question in terms of values enactment in organizations, when the social learning context influences employees to effectively enact the values of the organization, we ask whether these employees are more likely to stay with the organization and whether they are more likely to be promoted. The next section examines these important questions using the outcomes of voluntary employee turnover and promotion.

Employee turnover. Employees who internalize the organization’s core values and exhibit behavior in accordance with those values should want to remain in an organization where they are recognized for helping to sustain the organization’s mission via their values enactment. High levels of values enactment among employees can be an important indicator that the underlying values of the employees and the core values of the organization are aligned, which is an important factor in motivating employees to maintain relationships (Morgan & Hunt, 1994) and to continue their tenure with an organization (Chatman, 1991; Fritz et al., 1999; Goodman & Svyantek, 1999; O’Reilly & Chatman, 1986; O’Reilly et al., 1991; Schneider, 1987; Schneider, Goldstein, & Smith, 1995). Goodman and Svyantek noted, “Values that are socially endorsed by the organization and prized by the individuals can lead to close relationships, positive affect, and attachment” (1999: 257). The literature on P-O and P-G fit reinforces these arguments as related to the effects of values enactment on employee commitment to organizations. For example, studies that have examined the level of congruence between a person’s own individual values and the organizational values, as measured by the individual’s self-reported perceptions (Chatman, 1989; O’Reilly, Chatman, & Caldwell, 1991), have shown that when there is greater congruence between individual and organizational values, individuals will exhibit lower levels of intention to leave the organization and have lower levels of actual turnover (Kristof-Brown, Zimmerman, & Johnson, 2005).

We therefore expect that the level of values enactment, which emphasizes the alignment of employee behaviors (and implicit employee values) with espoused core organizational values, will influence employee desire to remain with the organization. Those with high levels of values enactment will stay employed in the organization, whereas employees who do not agree with or support the values of the company will be likely to exit the organization,
often to find a place of employment that might better match their own values philosophy. Of course, this pertains only to the context of voluntary turnover, and not to involuntary turnover, when the decision for individuals to exit is made by the organization.

However, it is important to note that there may be situations in which the enactment of core values may not reflect a strong alignment between underlying individual and organizational values. Employees may appear to embrace organizational values perhaps because of overlearned scripts (e.g., such as a nurse as subservient to doctors in hospitals) or consciously chosen deceit. Hewlin (2003) proposed the concept of “facades of conformity” or false representations by employees, in which some employees may perceive the need to suppress their own values and pretend to embrace organizational values. Despite this possibility, individuals who take this route of a facade of conformity in enacting the core values (e.g., maybe because of financial concerns and the desire to keep employment) would still be more likely to stay with the organization than those who do not enact the core organizational values. Summarizing the above arguments, we hypothesized the following:

*Hypothesis 5:* Employees who demonstrate high levels of values enactment will be less likely to voluntarily leave the organization.

*Employee promotion.* For those employees who remain with the organization, an important consideration is the connection between values enactment and rewards such as promotions. Trevino et al. specifically argued that “using rewards and discipline effectively may be the most powerful way to send signals about desirable and undesirable conduct. That means rewarding those who accomplish their goals by behaving in ways that are consistent with stated values” (2000: 133). This is an important aspect underlying social learning theory and could be accomplished through the process of awarding promotions to those with high levels of values enactment. Bretz and Judge (1994) found that strong congruence between organizational and personal values was associated with greater rewards in the organization (e.g., salary increases and promotions). These findings are supported by the Shore et al. study (1995) that indicated that when managers perceived a high degree of alignment between individual and organizational values, they rated those employees as more likely to be promoted and as having more managerial potential.

The Attraction-Selection-Attrition Model (ASA; Schneider, 1987) also suggests that individuals working within a certain work group or organization will tend to become homogeneous in their values over time relative to those outside the work group or organization. This occurs for a variety of reasons, one of which is the promotion process, in which organizations promote those individuals who are performing to the expectations and requirements of their job positions.

An important strategy for organizations that are committed to encouraging employees to enact core values is to promote employees who demonstrate high levels of values enactment into leadership positions and/or positions with greater job responsibilities. Promoting individuals who enact the values of the organization extends the concept of P-O fit (Chatman, 1989; O’Reilly et al., 1991) by directing attention to the “match” between employee behaviors and explicit core organizational values as a determinant of promotion decisions. Indeed, value congruence has become accepted as one of the key components of P-O fit (Kristof-Brown et al., 2005). A high degree of P-O fit will likely be apparent to the employer and the
employee’s manager through the employee’s behaviors that signal a high degree of fit (e.g.,
verbal interactions, showing enthusiasm for new assignments, etc.). Given values enactment
is measured as part of the performance appraisal process in the organization under study,
those individuals who determine promotions will be able to identify the employees whose
values fit the values of the organization, and as such, promote them over those who have
lesser fit. Hence, we hypothesized the following:

_Hypothesis 6:_ Employees who demonstrate high levels of values enactment will be more likely to
be promoted within the organization.

**Interactive effect of department and individual values enactment on turnover and promo-
tion.** The concept of fit that is developed in the previous section pertains to the fit between
the values of individual employees and those of the organization, or P-O fit. However, we
also considered the possibility that the level of values enactment in the department could
moderate these relationships. In other words, it is possible that increases in employee values
enactment (or increases in P-O fit with respect to values) will lead to decreases in turnover
and increases in promotion as long as departments share the organization’s values (i.e., as
long as P-G fit is also present). However, in departments in which the aggregated coworker
values indicate that the department does not share the organization’s values (i.e., is low on
value enactment), then such departments might undermine the organizational strategy of
rewarding (e.g., promoting) those employees who enact organizational values because those
employees are not conforming to the departmental values (i.e., group values) that deviate
from the organizational values. Also, if an employee is enacting the organization’s values
(i.e., has a high degree of P-O fit with respect to values) and finds himself or herself in a
department that fails to enact these values, then such a mismatch (or a lack of P-G fit) could
certainly frustrate the employee to the point of deciding to voluntarily depart from the orga-
nization. Thus, issues of P-G fit with respect to values enactment have implications for the
importance of person-department fit in the current study.

With regard to P-G fit, Kristof-Brown et al. stated that “despite high levels of interest in
coworker similarity on demographic variables . . . little research has emphasized how the
psychological compatibility between coworkers influences individual outcomes in group set-
tings” (2005: 286). However, recent theoretical and empirical work suggest that person-
department, or P-G fit, have important consequences for individual-level work outcomes
such as commitment and turnover intentions (Arrow, McGrath, & Berdahl, 2000; Beersma,
Hollenbeck, Humphrey, Moon, Conlon, & Ilgen, 2003; Kristof-Brown et al., 2005; Wheeler,
Gallagher, Brouer, & Sablynski, 2007). Also, research by Harrison, Price, and Bell (1998)
has suggested that P-G fit in terms of deep-level characteristics, such as the values studied
here, should be more important for determining work outcomes (e.g., turnover and promo-
tion) in comparison to what have been called surface-level attributes, such as demographics.

Furthermore, the finding by Bretz and Judge (1994) of a strong congruence between orga-
nizational and personal values being associated with greater rewards in the organization can
be applied directly to promotions within departmental contexts in the current study. One
could argue that employees will be more likely to be promoted when their level of values
enactment matches the general level of values enactment for the department within which
they work. The same type of logic applies to turnover. If the level of employees’ values enactment does not match that of their department, these individuals will likely detect and experience the lack of fit and thus be more likely to voluntarily leave the organization. This idea is supported by the Kristof-Brown et al. (2005) meta-analysis, which indicated that P-G fit was related to lower levels of intentions to quit.

To the extent that one’s department (or group) may influence an individual’s fate within an organization, we assumed that as individual employees conformed to and thus enacted the organization’s core values, there would be a corresponding decrease in the likelihood of turnover and an increase in the likelihood of promotion as long as the department also enacted the organization’s core values. Under the condition in which a department does not conform and enact the organization’s core values, then as individuals within that department enact the organization’s core values, they are essentially deviating from departmental values while conforming to organizational values. If such individuals are seen as nonconformist or deviant within their own departments, then those individuals would not “fit” with their department and could be less likely to be promoted. This mismatch between an individual enacting the organization’s core values within a department that is low on values enactment could also result in the individual leaving the organization. Therefore, to the extent that conforming to one’s departmental values influences turnover and promotion, we assumed that departmental values would moderate the relationship between individual values enactment and turnover, and between individual values enactment and promotions. The specific hypotheses were as follows:

**Hypothesis 7a:** There will be an interaction between department values and individual values enactment when predicting voluntary employee turnover, such that as individual values enactment increases, there will be a corresponding decrease in the likelihood of individual employee turnover when departments also enact the organization’s values. Alternatively, when departments do not enact the organization’s values, there will be an increase in the likelihood of individual employee turnover as individual values enactment increases.

**Hypothesis 7b:** There will be an interaction between department values and individual values enactment when predicting employee promotions, such that as individual values enactment increases, there will be a corresponding increase in the likelihood of employee promotion when departments also enact the organization’s values. Alternatively, when departments do not enact the organization’s values, there will be a decrease in the likelihood of employee promotion as individual values enactment increases.

**Method**

**Participants and Procedure**

The participants for this study consisted of 2,622 employees from a community-based, not-for-profit hospital located in the northwestern United States who worked in a variety of departments and positions throughout all levels of the organization (e.g., nurses, physicians, physical therapists, administrators, pharmacists, and support and service staff). The physicians in the study are employed by the hospital; they are not physicians who are not employed by the hospital yet have medical privileges at the facility.
The data were obtained from official personnel records that were collected as a part of the annual performance appraisal process for the organization in 2001. The performance ratings were conducted by each employee’s direct supervisor. Turnover and promotion data included a 2-year period (2002-2003) that followed the performance appraisal. Thus, the data allowed for a desirable time lag between the measurement of the independent variables and the outcome variables (voluntary turnover and promotion). The sample was 85% female with an average age of 45.26 years (SD = 10.92) and an average tenure of 10.13 years (SD = 7.67). In this sample, there were 108 departments and 144 managers. The departments ranged in size from 2 to 229 members, with a mean department size of 24.28 and a median department size of 14.

Measures

Dependent variables. Values enactment was measured using ratings on five items, each representing one of the five core values identified in the organization. The five core values and their descriptions (obtained from organizational documentation) included the following:
(a) respect—recognizing and valuing others’ points of views, strengths, and contributions;
(b) compassion—recognizing and responding to emotional needs of others;
(c) integrity—earning confidence and inspiring trust by telling the truth and acting consistent with one’s own values and organizational values;
(d) teamwork—working effectively together to accomplish a common goal (the term team may include coworkers, shift, work group, department, project group, or cross-functional group); and
(e) excellence—constantly striving to improve personal performance and make a greater contribution to the organization. Each item was rated on the following 5-point scale: 1 = ineffective, 2 = developing, 3 = fully effective, 4 = consistently exceeds; and 5 = role model. Higher scores indicate a higher level of values enactment. A composite score was calculated as the average of this multi-item scale, and the alpha estimate of reliability for this measure was .86.

In addition to completing an annual performance appraisal on task performance (i.e., employee performance in a specific job), the organization also annually conducts an appraisal relating to how well the employee is enacting the core values noted above. This rating of values enactment is used in conjunction with the task performance appraisal for decision making on items such as salaries and promotions. In the values enactment appraisal, managers assess the extent to which the employee being rated demonstrated each of the five values. The rating form included a comment section in which raters could cite specific job-related examples and sources related to each value. They were told to consider the following sources of information when making the evaluations: direct observation; related documentation; and peer, customer, and interdepartmental feedback. The rating form provided behavioral examples that might be displayed at various levels of the rating scale. Some example behaviors that were included on the rating form under the value of teamwork are as follows: “Disengages or removes oneself from the team” is an ineffective behavior (indicative of a rating of 1 on the 5-point scale), “takes advantage of opportunities to improve relationship(s) with team members” is a fully effective behavior (rating of 3), and “creates opportunities to improve relationship(s) with team members” is a role model behavior (rating of 5). Additional sample behaviors for all five values dimensions can be found in the Appendix.
Employee turnover was measured using a dichotomous variable that indicated employee separation from the organization for a specific employee in the two performance appraisal periods following the initial performance rating (coded as follows: not separated = 0, voluntarily separated = 1). For the purpose of this study, only voluntary turnover was used (as indicated in the development of Hypotheses 5 and 7a).

Employee promotion was measured using a dichotomous variable that indicated employee promotion within the organization in the two performance appraisal periods following the initial performance rating (coded as follows: not promoted = 0, promoted = 1).

Independent variables. Tenure was measured as a continuous variable of years of service to the organization.

Manager values enactment was assessed using the same values enactment measure outlined above. This variable represents the values enactment rating of each employee’s individual manager as rated by that manager’s manager (averaged across the five values enactment items). Higher scores indicate a higher level of manager values enactment. A department values enactment measure was created by calculating the average values enactment rating across all of the members of each employee’s individual department, including the employee and the employee’s manager. Higher scores on this measure indicate a higher average level of values enactment within that department.

Control variables. Control variables were included to account for important individual-level variables that might influence the dependent variables in the study. For example, research in domains related to employee values enactment, such as OCB, traditionally include age and gender as control variables (e.g., Aquino & Bommer, 2003; Chattopadhyay, 1991; Cropanzano, Rupp, & Byrne, 2003; Diefendorff, Brown, Kamin, & Lord, 2002). As such, age (number of years) and gender (coded as follows: male = 0, female = 1) were included as control variables in this study.

A measure of task performance was also included as a control variable when examining turnover and promotion to verify that effects of values, if found, were not simply the result of task performance. This variable, a rating of overall goal accomplishment on task performance, was measured on a 5-point scale ranging from did not achieve goals (1) to achieved all goals (5). Performance goals are mutually set on an annual basis by each employee with his or her manager. The ratings reflect the degree to which those task performance goals have been accomplished. Hence, we controlled for the influence of performance on daily job tasks to better focus on the independent impact of values enactment in the proposed hypotheses.

Analysis

In developing arguments grounded in the tenets of social learning theory (Bandura, 1977, 1986), P-O fit (Chatman, 1989), P-G fit (Kristof-Brown et al., 2005), previous research on values in organizational contexts (Bretz & Judge, 1994), and ASA models of employee adaptation to organizational environments (Schneider, 1987), we hypothesized that group-level (or rather in this study departmental-level) and individual-level variables would affect individual
values enactment. We also hypothesized that the level of individual values enactment would affect subsequent organizational outcomes at the individual level, specifically promotion and voluntary turnover. This would provide for a basic mediation model to describe an organizational chain of events were it not for the fact that (a) several moderated relationships were hypothesized a priori, (b) the data were nonindependent (i.e., nested within departments), and (c) higher-level variables such as departmental values were hypothesized to exert both main effects and moderating influences.

Because ordinary least squares (OLS) regression procedures do not account for the non-independence of nested data, the use of OLS regression for analyzing nested data is inappropriate as it increases both Type I (when analyzing group-level effects) and Type II (when analyzing individual-level effects) errors (Bliese & Hanges, 2004). Thus, we used the advantages of hierarchical linear modeling (HLM) procedures (also known as random coefficient modeling, or RCM) advocated by Bliese and Hanges (2004). HLM appropriately models the nonindependence of nested data when testing for both main and moderating effects among group-level as well as individual-level variables and thus is more appropriate as a statistical procedure than OLS regression when analyzing nested data (e.g., when individual employees are nested within organizational departments as in the current study) (Bliese, 2000).

For both methodological and conceptual reasons we chose to grand-mean center the variables prior to conducting HLM analyses. Grand-mean centering is particularly helpful in reducing correlations among main-effect terms, interactive terms, and random-effect terms (Bliese, 2005). In addition, we thought the relative standing of an individual within the department on values enactment was less important than the individual’s absolute standing on the values enactment rating scale. The absolute level on the values enactment rating scale was of primary conceptual importance because the levels were anchored in a performance appraisal system (i.e., 1 = ineffective, 2 = developing, 3 = fully effective, 4 = consistently exceeds, and 5 = role model) that likely influenced organizational rewards (e.g., promotion possibilities) and voluntary turnover decisions. Under these conditions, in which it is theorized that the absolute level is more important than the relative level of values enactment, grand-mean centering is preferable to group mean centering (Kreft, De Leeuw, & Aiken, 1995).

Results

Table 1 displays the means, standard deviations, and intercorrelations among the items used to measure individual values enactment, along with the average individual values scale score. Table 2 displays the means, standard deviations, and intercorrelations among all of the study variables.

Hypothesis Testing: Prediction of Individual Values Enactment

Our first set of hypotheses dealt with the prediction of individual employee values enactment by tenure (Hypothesis 1), manager values enactment (Hypothesis 2), and department values enactment (Hypothesis 3). These three primary antecedents were all expected to exert a positive influence on individual employee values enactment such that as these antecedents increased, we anticipated corresponding increases in individual employee values enactment.
In addition, we assumed that as department size decreased, both manager and departmental values enactment would exert stronger positive influences on individual employee values enactment. Thus, we assumed that for smaller departments, there would be stronger positive associations between manager and individual employee values enactment (Hypothesis 4a), and between departmental and individual employee values enactment (Hypothesis 4b).

Using HLM, we tested for these three main effects as well as these two interactions while controlling for employee gender and age. As a first step in these analyses, we used HLM to calculate the interclass correlations 1 and 2 (ICC 1 and ICC 2) for departmental values, which were .14 and .64, respectively. These results suggest that approximately 14% of the variance in individual values enactment is accounted for by departmental membership and that the mean departmental values enactment score was a reasonably reliable indicator of
department values enactment (i.e., the reliability estimate for departmental values enactment was .64). Taken together, these ICCs provide justification for the aggregation of individual values enactment within a department to generate a department-level values enactment variable.

Table 3 and Figure 2 display the standardized results from the HLM analysis used to test this first set of hypotheses. In Figure 2, note that “n.s.” connotes a nonsignificant relationship and that the arrows drawn from department size to other arrows, specifically to the arrows that connect both manager and department values enactment to individual values enactment, represent moderator effects (i.e., tests of interactions). Clearly, from Figure 2 it can be seen that there were no significant interactions between department size and manager and departmental values enactment. Consequently, to avoid multicollinearity with nonsignificant interaction terms, the standardized estimates in Figure 2 (and reported in Table 3) were obtained from the HLM analysis that included only main effect terms (Cohen & Cohen, 1983).

From Figure 2 it can also be seen that gender, age, manager values enactment, and department size all had nonsignificant relationships with individual values. However, both tenure and departmental values enactment were significant predictors of individual values enactment, and in the hypothesized directions. Specifically, as employee tenure increased, there was a corresponding increase in individual values enactment ($\beta = .18, p < .01$), most likely because of the increased opportunities gained over time by employees with more tenure to acquire and subsequently enact the organization’s core values. Furthermore, departments exerted a socializing influence on their individual employee members such that as departmental values enactment increased, there was a corresponding increase in individual employee values enactment ($\beta = .36, p < .01$). In sum, the significant results for tenure and departmental values enactment suggest that the collective effects of enacted coworker values appear to exert a socializing influence on individual members within the same department, which affects the learning of core values by these individual members. Thus, support was found for Hypotheses 1 and 3, but not for Hypotheses 2, 4a, and 4b.²

The estimated percentage of variance explained in individual values enactment was 18%. To calculate this effect size, we used results from the HLM analysis to obtain betas for each predictor and results from the HLM analysis to obtain the correlation between each predictor

Table 3
Results From Hierarchical Linear Modeling
Analysis—Predicting Individual-Level Value Enactment

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>SE</th>
<th>df</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Intercept)</td>
<td>0.000</td>
<td>0.018</td>
<td>2510</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.003</td>
<td>0.018</td>
<td>2510</td>
</tr>
<tr>
<td>Age</td>
<td>0.039</td>
<td>0.020</td>
<td>2510</td>
</tr>
<tr>
<td>Tenure</td>
<td>0.177**</td>
<td>0.020</td>
<td>2510</td>
</tr>
<tr>
<td>Manager values enactment</td>
<td>0.028</td>
<td>0.019</td>
<td>2510</td>
</tr>
<tr>
<td>Department size</td>
<td>0.006</td>
<td>0.019</td>
<td>105</td>
</tr>
<tr>
<td>Department values enactment</td>
<td>0.355**</td>
<td>0.019</td>
<td>105</td>
</tr>
</tbody>
</table>

Note: All variables were grand mean centered before conducting the analyses.

**p < .01 (two-tailed)
and the criterion while taking into account the nested and nonindependent nature of the data. We then applied the formula for calculating $R^2$ from these estimates available in Cohen and Cohen (1983: 100). Thus, this effect size estimates the amount of variance explained in individual differences in the three criteria investigated in this study, (a) individual values enactment, (b) individual-level voluntary turnover, and (c) individual-level promotions, and are very similar in interpretation to traditional $R^2$ values obtained in OLS regression.

**Hypothesis Testing: Prediction of Individual-Level Outcomes**

We developed a number of hypotheses, specifically Hypotheses 5, 6, 7a, and 7b, which involved individual-level outcomes (i.e., voluntary turnover and promotion) that could be influenced by individual values enactment, as well as by departmental values enactment. Because the organization had made values enactment a formal part of its performance evaluation procedures, we assumed that those individuals who were higher on values enactment, and thus conformed to the organization’s core values, would be more likely to remain with the organization (i.e., be less likely to turnover; Hypothesis 5). Likewise, we also assumed that individuals with higher levels of values enactment would be more likely to be promoted within the organization given they embody the core values that the organization desires to endorse among its constituents (Hypothesis 6).

However, we also considered the possibility that departmental values enactment could moderate these relationships. Specifically, to the extent that the department may influence an individual’s fate within an organization, we assumed that as individual employees conformed to and thus enacted the organization’s core values, there would be a corresponding decrease in the likelihood of turnover and an increase in the likelihood of promotion as long
as the department also enacted the organization’s core values (Hypothesis 7a and Hypothesis 7b, respectively). Under the condition in which a department does not enact or conform to the organization’s core values, then as individuals within that department enact the organization’s core values, they are essentially deviating from departmental values while conforming to organizational values. If such deviations from the department result in a lack of “fit” with the department, then such individuals could be more likely to voluntarily leave the organization (Hypothesis 7a). This mismatch between an individual enacting the organization’s core values within a department that is low on values enactment could also result in such an individual employee being less likely to be promoted (Hypothesis 7b).

Tables 4 and 5 and Figures 3 and 4 display the standardized results from the HLM analyses used to test this second set of hypotheses. In these HLM analyses, task performance was controlled for statistically, and the relationship (i.e., slope and intercept) between individual values enactment and the outcome of interest (i.e., voluntary turnover and promotion) was allowed to vary across departments. Again, note that “n.s.” connotes a nonsignificant relationship in the figures.

From Figure 3, it can be seen that departmental values enactment did not moderate the relationship between individual values enactment and voluntary turnover (i.e., there was not a significant interaction), and thus Hypothesis 7a was not supported. As before, to avoid multicollinearity with the nonsignificant interaction term, the standardized estimates in Table 4 and Figure 3 were obtained from the HLM analysis that included only main effect terms (Cohen & Cohen, 1983). The results reveal that two of the control variables, age and task performance, both had significant negative relationships with voluntary turnover, whereas the third control variable, gender, had no relationship with voluntary turnover. Manager values enactment and department size both had nonsignificant relationships with voluntary turnover. However, tenure, individual values enactment, and department values enactment were all significant predictors of voluntary turnover.

Table 4

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>SE</th>
<th>df</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Intercept)</td>
<td>0.004</td>
<td>0.024</td>
<td>2508</td>
</tr>
<tr>
<td>Individual values enactment</td>
<td>–0.130**</td>
<td>0.027</td>
<td>2508</td>
</tr>
<tr>
<td>Gender</td>
<td>–0.001</td>
<td>0.020</td>
<td>2508</td>
</tr>
<tr>
<td>Age</td>
<td>–0.044*</td>
<td>0.022</td>
<td>2508</td>
</tr>
<tr>
<td>Task performance</td>
<td>–0.065**</td>
<td>0.021</td>
<td>2508</td>
</tr>
<tr>
<td>Tenure</td>
<td>–0.121**</td>
<td>0.022</td>
<td>2508</td>
</tr>
<tr>
<td>Manager values enactment</td>
<td>0.018</td>
<td>0.022</td>
<td>2508</td>
</tr>
<tr>
<td>Department size</td>
<td>0.006</td>
<td>0.027</td>
<td>105</td>
</tr>
<tr>
<td>Department values enactment</td>
<td>0.046</td>
<td>0.024</td>
<td>105</td>
</tr>
</tbody>
</table>

*Note: All variables were grand mean centered before conducting the analyses.
**p < .05 (two-tailed)
***p < .01 (two-tailed)
Specifically, as employee tenure increased, there was a corresponding decrease in voluntary turnover ($\beta = -0.12, p < 0.01$). As predicted, increases in individual values enactment led to corresponding decreases in turnover ($\beta = -0.13, p < 0.01$), providing support for Hypothesis 5.
Thus, as predicted, as individuals enacted the organization’s core values, they were less likely to leave the organization. The estimated percentage of variance explained in voluntary turnover was 6% and was calculated using the same procedure described previously for individual values enactment. Clearly, in this case, one could argue that the organization’s incorporation of a values enactment measurement system into the formal performance evaluation process benefited the organization at the individual level by retaining employees more likely to conform to the organization’s espoused values.

Table 5 and Figure 4 show the results of HLM analysis predicting promotions. We found that two of the three control variables had significant relationships. Specifically, task performance had a significant positive relationship with promotions, whereas age had a significant negative relationship with promotions. Gender was not a significant predictor of promotions. Manager values enactment had a significant negative relationship with promotions. It should be acknowledged that the process by which promotions take place is quite complex. For example, to gain a promotion, there must first be a position opening for which the individual is qualified. Then, even if offered the promotion, some individuals may choose not to accept it (e.g., because of increased job responsibility or longer work hours). Also, given the context of health care, hospital employees, particularly hospital physicians and nurses, may prefer to work in finely tuned
departments for which they have training and experience; however, promotions in those departments can be infrequent. On the other hand, often promotions mean an increase in paperwork and administrative duties and less contact with patients. Many health care professionals define their work as patient-centered and would be unhappy without having patient contact. Also, hospital physicians frequently are paid a salary plus a percentage of the department’s patient revenue generated by them. To stop or decrease seeing patients because of a promotion could potentially mean a pay decrease. Consequently, being a manager or department head would not result in increased status. Therefore, those having higher levels of values enactment who are rewarded with promotional opportunities may still be less likely to be promoted because of some combination of these factors. It might be especially true that when an employee has a manager with a high level of values enactment, he or she might prefer to stay in the current position under that manager rather than being promoted.

Table 5 and Figure 4 also illustrate that tenure, department size, department values enactment, and individual values enactment all had nonsignificant relationships with promotions. Thus, Hypothesis 6 was not supported as individual values enactment did not predict promotions. However, individual values and department values enactment did interact significantly in the prediction of promotions ($\beta = .06, p < .01$), thereby providing support for Hypothesis 7b. Thus, the relationship (i.e., slope) between individual values enactment and promotion was found to vary significantly across departments as a result of differences in departmental values enactment. We found that the cross-level interaction between individual and departmental values enactment explained 27.5% of the variance in these slopes (see Bliese, 2005). Note that this estimate is interpreted slightly differently from traditional effect size estimates as it deals specifically with explaining variance in slopes across departments. However, the estimated percentage of variance explained in individual-level promotions from these results was 2% and was calculated as described previously using results from the HLM analysis (betas and correlations) and Cohen and Cohen (1983: 100).

Figure 5 presents the pattern of this cross-level interaction, graphed at plus and minus two standard deviations on the departmental values enactment variable. As noted earlier, methodologists have recommended verifying cross-level interactions obtained under conditions of grand-mean centering with a group-mean centering procedure (Enders & Tofighi, 2007; Hofmann & Gavin, 1998). We followed this recommendation and found that the cross-level interaction, which we obtained under the grand-mean centering procedure, remained statistically significant and essentially identical in terms of the pattern of the interaction under the group-mean centering procedure.

Clearly, Figure 5 illustrates that as individual values enactment increases, there is a corresponding increase in promotions for individual employees as long as they are within departments that also enact the organization’s core values. Alternatively, as employees displayed a high level of values enactment, there was a corresponding decrease in promotions for those employees when they were located within departments that failed to conform to the organization’s core values (i.e., within departments low on values enactment). This interaction may occur because employees high on values enactment are misaligned (or mismatched) with departments that are low on values enactment. Indeed, such employees might be seen by departmental members and departmental leaders as being disloyal or lacking in conformity to the department by deviating from the departmental norms and thus are less
likely to be promoted because of such incongruence. These results provide support for Hypothesis 7b, the moderating effect of departmental values enactment on the relationship between individual values enactment and individual-level promotions. To summarize, where there was a match or fit between individual values enactment and departmental values enactment (i.e., the employee and the department in which he or she worked both had high levels of values enactment, or both had low levels of values enactment), then promotion was more likely than when there was a mismatch or a lack of fit between individual values enactment and departmental values enactment (i.e., the employee and the department in which he or she worked had opposite levels of values enactment).

It is interesting to note that those individuals who clearly do not enact core organizational values (low individual employee values enactment) but clearly are congruent with their own department’s values (low department values enactment) are as likely to be promoted as those individuals who do enact core organizational values (high individual employee values enactment) and are congruent with their own department’s values (high department values enactment). Note also that at the middle point, middle individual values enactment/middle department values enactment, where individual and departmental values enactment are neither high nor low, promotion is not as likely as in the extreme congruent cases described above (low individual values enactment/low department values enactment and high individual values enactment/middle department values enactment).
enactment/high department values enactment). This finding for middle individual values enactment/middle department values enactment makes sense in terms of moderate promotion likelihood when we assume departments have to be on either one of the extreme ends (low or high) on values enactment for those values to be a defining and influential feature of the department. Also, the noncongruent points of low individual values enactment/high department values enactment and high individual values enactment/low department values enactment are the very least likely to be promoted.

The results shown in Figure 5 indicate that the departmental influence can be at odds with the organization’s likely intention, which would be to reward those who enact its values with promotions. An organization’s attempt to impart core values to individual employees and exert some control over individual-level work behavior as a consequence is tempered by, and can even be counteracted by, departmental-level influences. These results illustrate that departments that resist conforming to the organization’s core values may actually actively prevent the promotion of those individuals within the department who do conform to the organization’s values.

**Discussion**

This research represents a first attempt to empirically study a topic that is widely recognized, discussed, and practiced within organizations. Today many organizations are striving to establish their core values and incorporate those values into the fabric of the business such that it helps to achieve organizational goals. A sound and useful values-based management system is one that is centrally concerned with formally defining responsibilities and associated behaviors that employees are expected to fulfill in relation to how a specific organization has defined its mission and core values, measuring how well employees have enacted these values, and then offering rewards to support values enactment.

In this study we examined values enactment and its antecedents and outcomes at both individual and departmental levels. In predicting values enactment, we found that tenure and departmental values were significant predictors of individual values enactment. As employee tenure increased, there was a corresponding increase in employee values enactment, probably because of the increased opportunities gained over time by employees with more tenure to acquire and subsequently enact the organization’s core values. In addition, departments exerted an influence on their individual members such that as departmental values enactment increased, there was a corresponding increase in individual values enactment.

We did not confirm the hypothesized positive effects of manager values enactment on individual values enactment. These unexpected results might have been influenced by the specific context of this research. Within health care settings, where health care professionals tend to have a high degree of autonomy and may interact less with managers, the effects of one’s peers and their behaviors may have a stronger influence than one’s manager.

When predicting voluntary turnover, results indicate that as individual values enactment increased, there was a corresponding decrease in individual-level turnover. This correspondence between values and turnover at the individual level of analysis suggests that incorporating the measurement of values enactment into the performance appraisal process is a
viable organizational strategy for increasing retention of those employees who adhere to the organization’s value structure.

When predicting promotions, we found a cross-level interaction between departmental values and individual values. Results suggest that employees in departments whose level of values enactment matches their own (a high level of department values enactment if individual values enactment is high or a low level of department values enactment if individual values enactment is low) were the most likely to be promoted. This result is of interest because it illustrates that a congruence of individual values with departmental values (i.e., high P-G fit) leads to an increased likelihood of promotion at the individual level. As one would expect, individuals high in values enactment were likely to be promoted when working in departments that were also high in values enactment. However, individual employees who were low in values enactment were also likely to be promoted as long as they were working within departments that were low in values enactment. Also, individual employees who were high in values enactment were not likely to be promoted when working in departments that were low in values enactment. Thus, when P-G fit was low, individual-level promotion was unlikely. Specifically, when employees who enacted the core organizational values at higher levels were found in departments that enacted values at lower levels (i.e., when P-G fit was low), those employees’ promotion likelihood was reduced. Thus, the organizational strategy of attempting to promote individuals who show high levels of enacting organizational values was undermined by departments that did not enact the core organizational values and that promoted those employees who actually did not enact the organization’s core values (and yet conformed to the department’s low level of values enactment).

These results illustrate that shared departmental values matter and that departments that do not embody organizational values can undermine organizational policy by promoting those individual employees who also do not share organizational values. This has interesting implications for ASA models, as adapting and conforming to one’s organization may conflict with, or in some cases even be opposed to, adapting to one’s particular department especially when the department does not share the organization’s core values. In sum, P-G fit can be at odds with P-O fit, and future investigations should examine adaptation at the department or group level that conflicts with adaptation at the organizational level.

This finding is especially interesting when considered in conjunction with the fact that individual values enactment did not predict individual-level promotion as a main effect. Thus, at least in this hospital setting, the cross-level interaction reflecting the level of fit between individual values enactment and department values enactment had more of an impact on whether or not an employee would be promoted than the extent to which that employee enacted the organization’s values. Thus, at the individual-level of analysis, P-G fit, or in this case person-department fit, certainly affects the individual-level reward of promotion. Relational and political influences exerted by department members may have an impact. Further study on the possibility of nonconformist departments within organizational contexts should be investigated in terms of both important individual-level (e.g., turnover and promotion) and department-level (e.g., productivity, profits, shrinkage) outcomes. It would also be interesting to look at departmental and organizational outcomes such as promotion and turnover rates, productivity, profit, or customer satisfaction across departments to examine the impact that departmental nonconformity to the organizational values might have.

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We should note that the cross-level interaction described above was obtained only in the prediction of promotion and not in the prediction of voluntary turnover. This may have occurred because departments are better capable of influencing promotion decisions than they are turnover decisions. This would mean that “fitting” (or being congruent) with one’s department matters for promotion, but not as much for turnover. We could argue that turnover is more multiply determined than promotion (i.e., has more antecedents and external causes). For example, factors like continuance commitment may come into play to predict turnover, as do decisions to take another job to increase one’s salary or to meet the needs of one’s family (e.g., moving to be near parents that need to be attended to, or to be near grandchildren, etc.). Hiring raids may also be a factor that affects turnover but not promotions. Health care organizations frequently hire employees from other health care providers, and it might be the case that in departments where the values enactment level is high, individual employees in those departments might then become targets of hiring raids by other organizations. This hiring raid influence in the health care industry would help to explain the slight positive (albeit nonsignificant) relationship between departmental values and individual-level turnover. Thus, by acknowledging that turnover is multiply determined and that other factors may exert influences on turnover, we may gain insight into why we did not find the cross-level interaction between individual and departmental values when predicting voluntary turnover.

Promotions, on the other hand, are less multiply determined than turnover, and thus departments have a “say” (either formally or informally, depending on organizational promotion policies) in promotion decisions. In this context, “fitting” with one’s department can matter for one’s promotion opportunities, as we found in this study. Departmental members inevitably have social and relational influences on which members of the department will be promoted. Departments can reward the members who match the level of values demonstrated within the department (even if those values stand in contrast to those of the organization). Further studies should investigate whether this interaction of departmental and individual values in the prediction of promotions and other rewards (e.g., raises) generalizes to other types of organizations.

**Theoretical and Practical Implications**

There are a number of important theoretical and practical implications of these findings. We grounded our research in a social learning perspective and by doing so identified several important factors that influence employee values enactment. First, our analyses indicated that departmental membership influences values enactment. Departmental coworkers appear to act as role models who exert a socializing influence on other departmental members that affects their enactment of core organizational values. In addition, over time, as exposure to these social influences increases as a result of increased tenure with the organization, enactment of the organizational values increases as well. Departmental coworkers may create a shared social context that enhances employee learning and the enactment of the core values. Hence, our study has implications for managing organizational culture and for understanding departmental subcultures that can support or counteract organizational initiatives.
We found that higher levels of employee values enactment were associated with reduced voluntary turnover. To the extent that the underlying processes of turnover reinforce the dynamic cycle of ASA (Schneider, 1987; Schneider, et al., 1995) and the salience of espoused organizational values throughout the organization, there is a greater likelihood that these values will become an integral part of the culture of the organization. Those who leave the organization will tend to be individuals for which the alignment of individual and organizational values is not as strong (Chatman, 1991; O’Reilly et al., 1991; Schneider, 1987), whereas those who remain are likely to have a stronger alignment with the values. A company can further this aim of developing a culture that reflects the espoused values of the organization by disciplining and potentially eliminating those employees who are not enacting the core organizational values (i.e., via involuntary turnover). This can be done by incorporating measures of values enactment into the performance evaluation system to clearly record desirable and undesirable behaviors (Kronzon, 2002). Furthermore, if the organization promotes individuals into leadership/supervisory roles who have demonstrated a stronger alignment with organizational values, a culture that supports the core values of the organization can be developed and strengthened over time.

However, our findings indicate that organizations must attend to the possibility that individual departments can generate subcultures that do not conform to desired organizational standards. Thus, to counteract the influence of these nonconforming departments on the promotion of those employees who do not enact the organization’s desired values, companies may consider incorporating a review of promotion decisions at higher organizational levels to verify that such promotions advance organizational strategies. Future research should explore the impact of organizational culture and managerial decisions and rewards on values enactment and subsequently on the outcomes of turnover and promotion at both individual and departmental levels. Future research should also consider the possibility that departments can create subcultures that oppose organizational values and that influence individual-level rewards and outcomes in a manner that does not benefit the organization.

Another implication of this research relates to making values enactment an explicitly measured and rewarded aspect of the performance appraisal process. Too often the values of organizations show up on laminated cards or wall plaques, rarely heard or seen. Goodman and Svyantek (1999) argued that in the current environment where psychological contracts between employees and organizations have been influenced by downsizings and corporate scandals, employees pay a great deal of attention to what is measured and rewarded. As such, there are powerful reasons why organizations should want to reinforce and reward employees and departments that exhibit strong values enactment. If organizations truly want their employees to enact the values, then they will need to incorporate this concept directly into their performance management system (Welch, 2005).

**Limitations and Future Research**

Researchers have rarely measured the enactment of core values and have yet to empirically investigate its organizational consequences systematically. Nonetheless, practitioners and organizations have clearly moved forward in advancing values-based management, and thus organizations...
are moving ahead with this practice in advance of much empirical support. The organization represented in this study directly rates its employees on the extent to which they enact the organization’s core values, and the inclusion of this rating system into the appraisal process appears to be value-added for reducing voluntary turnover among those individual employees that adhere to the organization’s values. One limitation of the current study was the fact that we could not obtain measures of nontask performance beyond values enactment such as contextual performance (Borman & Motowidlo, 1993; Motowidlo & Van Scotter, 1994) and organizational citizenship behavior (Organ, 1988, 1997; Organ & Ryan, 1995). Such measures would have allowed us to assess the relative influence of values enactment, task performance, and nontask performance on employee turnover and promotion. As such, organizational researchers should consider expanding current notions of performance beyond the previous conceptions and models of job performance (e.g., Campbell, 1990; Campbell, McCloy, Oppler, & Sager, 1993; Viswesvaran & Ones, 2000) to include values enactment. Future research on values enactment should build on the strengths and insights of this research and more closely investigate the nature of the relationship between values enactment, task and nontask performance, and other important organizational variables (e.g., counterproductive work behavior and employee work attitudes, such as organizational commitment).

We must also acknowledge the fact that although we were able to determine with these data that some departments enacted organizational values more so than others, and some individual employees enacted the values more so than others, more normative data across various organizations, or across various geographic locations within a larger organization, would be needed to better determine the degree to which this particular hospital enacted its own core values. For example, if we had 20 different hospitals and clinics within a large medical organization, we would be more capable of determining the extent to which each location enacts the core organizational values via cross-location comparisons and whether mean shifts in values enactment across the different locations are associated with changes in organizational effectiveness at those locations (e.g., customer service ratings, annual turnover rate, number of malpractice lawsuits, etc.).

In addition, because the core values examined here were ones such as respect, compassion, and integrity, which are very likely to be universally desirable values, we hypothesized and found increased values enactment to be associated with increased positive consequences (e.g., reduced turnover). Nonetheless, it does not logically follow that enhanced values enactment in all organizations will always lead to enhanced organizational effectiveness. Different organizations may choose different core values to support their different organizational missions, and these core values may be misaligned with the mission, and thus unsupportive of the mission, or their enactment within the organization may lead to unintended consequences. For example, in a new entrepreneurial start-up, a young organization may set as its core values assertiveness and competitiveness to support its mission of organizational growth and enhanced market share. However, as assertiveness and competitiveness values are enacted within the organization, they can lead to unintended negative consequences, such as interteam competitiveness, employee rivalries, and workplace stress. Future research should investigate the extent to which a change in the core values (e.g., from compassion to competitiveness) moderates the relationship between values enactment and positive organizational outcomes (e.g., reduced turnover).
Additional research in this area might also be aimed at conceptualizing a richer array of considerations that would likely affect employee values enactment. For example, a promising area to draw on is the work on organizational identification (Ashforth & Mael, 1989; Dukerich, Golden, & Shortell, 2002; Dutton, Dukerich, & Harquail, 1994; Pratt, 1998). Dutton et al. defined organizational identification as “a cognitive linking between the definition of the organization and the definition of self” (1994: 242). Dukerich et al. noted that when organizational identification is strong, members of organizations are more likely to “consider worthy the central, distinctive, and enduring values and goals of the organization and incorporate these into their sense of self” (2002: 509). Dukerich et al. (2002) found that physicians with a stronger sense of organizational identification were more likely to engage in organizational citizenship behaviors. Drawing from this research, it is fully possible that strong identification with an organization might motivate employees to enact organizational values in their work. Future research should examine psychological commitment to the organizational values as well as the manifestation of values in behavior, or values enactment.

There are other factors at the departmental or organizational level that may influence values enactment. We found that the level of values enactment within one’s departmental unit affected employee values enactment. Beyond one’s immediate department, there may be important higher organizational-level influences on employee values enactment from the top management team. Many look to the top management team to assess how seriously the organization pays attention to espoused values (AMA, 2002; Cha & Edmondson, 2006; Trevino et al., 2000.) In the Aspen Institute 2002 study, 85% of respondents reported that their companies rely on explicit CEO support to reinforce values, and 77% stated that this support is the most effective practice (among many cited) for reinforcing organizational values (Van Lee et al., 2002). When employees work in a context where the top management team is enacting the values of the organization, this may strengthen the belief that top management is leading by example and enacting core organizational values, which may in turn motivate employees to do the same. When employees perceive a disconnection between what executives say and what they do, then employees are more likely to make attributions of leadership hypocrisy and become disenchanted (Cha & Edmondson, 2006). Thus, in future research, it would be advantageous to include an assessment of the extent to which employees perceive their top management members as enacting the organization’s values.

Future research could also address the way in which values enactment is measured. In the current study, the rating scale for measuring values enactment was as follows: 1 = ineffective, 2 = developing, 3 = fully effective, 4 = consistently exceeds, and 5 = role model. One could question whether “consistently exceeds” is really semantically less than that obtained by “role model[s]” in organizations. In other words, what causes an employee to be identified as a “role model” within the organization, and how can an employee truly go beyond “consistently exceeding” expectations, except to do so all the time? In this study, we used the organization’s measurement of employee values enactment, and we should emphasize the fact that the scale was behaviorally anchored to distinguish fully effective values enactment from being a role model (see Appendix), but future research could include additional measures of values enactment to generate evidence of convergent validity.

Finally, we see potential in considering other individual-level outcomes beyond employee turnover and promotion. Researchers might study how values enactment is related to other
rewards such as salary increases or appointments to critical committees and task assignments. Another outcome variable worth exploring is trust (cf. special issues in *Academy of Management Review* [Sitkin, Rousseau, Burt, & Camerer, 1998] and *Organization Science* [McEvily, Perrone, & Zaheer, 2003]). Systems that measure values enactment and reward employees for high levels of values enactment may enhance trust at the individual, departmental, and organizational levels when employees’ efforts are explicitly recognized and rewarded for fulfilling the mission and values of the organization. This may have special significance, because in a number of contexts, the development of such trust may be critical to a variety of organizational objectives, including the fulfillment of the organizational mission, enabling complex coordination of work practices, and enhancing organizational performance (Calton & Lad, 1995; Korsgaard, Schweiger, & Sapienza, 1995; Wicks, Berman, & Jones, 1999). However, if values enactment is recognized through the performance evaluation system but is not weighed and rewarded to the same degree as task performance, there is a risk that employees will become cynical and distrustful about the importance of these values. Given the importance of these values to trust and other dimensions of organizational performance, such cynicism could have considerable negative impact for managers and firms.

**Conclusion**

A challenge for any organization attempting to put its core values into practice is to find meaningful ways to institutionalize these values. As Selznick (1992) cautioned, the mission and values of organizations are precarious and must be integrated into the core structures and processes of the organization to persist and influence individual and organizational behavior. Collins and Porras pressed this point more forcefully when they argued, “Intentions are all fine and good, but it is the translation of those intentions into concrete items—mechanisms with teeth—that can make the difference between becoming a visionary company or forever remaining a wannabe” (1994: 87). As more and more organizations consider how to encourage departments, managers, and employees to enact their core organizational values, our research should help guide these efforts and motivate researchers and practitioners to further explore this critical topic.
Appendix
Portion of Values Enactment Measure

All values were rated using the following scale: ineffective, developing, fully effective, consistently exceeds, and role model. Below are sample behavioral examples for each value:

*Respect*: recognizes and values other’s points of views, strengths, and contributions.

<table>
<thead>
<tr>
<th>Ineffective Behaviors</th>
<th>Fully Effective Behaviors</th>
<th>Role Model Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fails to listen/acknowledge, argues, or criticizes another point of view without hearing it out completely.</td>
<td>Listens with an open mind to others’ point of view.</td>
<td>Adjusts body language (eye contact, nodding, etc.) to encourage others to express themselves openly.</td>
</tr>
<tr>
<td>Ignores diversity, stereotypes others, or imposes cultural norms on others.</td>
<td>Acknowledges diversity in culture/background and viewpoints and adjusts behavior to accommodate it.</td>
<td>Pursues knowledge of cultural differences and applies it to individual situations.</td>
</tr>
<tr>
<td>Criticizes or disregards others’ opinions, strengths, or contributions.</td>
<td>Acknowledges the opinions, strengths, and contributions of others.</td>
<td>Encourages other people to recognize and acknowledge the opinions, strengths, and contributions of others.</td>
</tr>
</tbody>
</table>

*Compassion*: recognizes and responds to emotional need(s) of others.

<table>
<thead>
<tr>
<th>Ineffective Behaviors</th>
<th>Fully Effective Behaviors</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Fails to respond or listen.</td>
<td>Listens to others’ emotions, not just their words.</td>
<td>Demonstrates caring by using appropriate physical and verbal affirmations.</td>
</tr>
<tr>
<td>Ignores or dismisses others’ feelings as unimportant.</td>
<td>Asks questions to understand how another is feeling.</td>
<td>Selects an effective approach based on sensitivity to others’ situation and/or feelings.</td>
</tr>
<tr>
<td>Ignores others’ emotional needs.</td>
<td>Takes action to respond to immediate emotional needs of others.</td>
<td>Goes out of way to take repeated actions to respond to emotional needs of others.</td>
</tr>
</tbody>
</table>

*Integrity*: earns confidence and inspires trust by telling the truth and acting consistent with one’s own values and the organization’s values.

<table>
<thead>
<tr>
<th>Ineffective Behaviors</th>
<th>Fully Effective Behaviors</th>
<th>Role Model Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoids addressing an issue of concern directly with the person involved.</td>
<td>Takes advantage of opportunities to improve relationship(s) with team members.</td>
<td>Creates opportunities to improve relationship(s) with team members.</td>
</tr>
<tr>
<td>Overstates or misleads facts, situations, and/or abilities.</td>
<td>Solicits feedback to improve team effectiveness.</td>
<td>Provides helpful feedback and suggestions to improve team’s performance.</td>
</tr>
<tr>
<td>Blames others for mistakes, fails to admit mistakes.</td>
<td>Supports and acts in accordance with team’s decision(s).</td>
<td>Holds others accountable for team’s decision(s).</td>
</tr>
</tbody>
</table>

(continued)
Appendix (continued)

**Teamwork:** works effectively together to accomplish a common goal. “Team” may include coworkers, shift, work, group, department, project group, or cross-functional group.

<table>
<thead>
<tr>
<th>Ineffective Behaviors</th>
<th>Fully Effective Behaviors</th>
<th>Role Model Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disengages or removes oneself from the team.</td>
<td>Takes advantage of opportunities to improve relationship(s) with team members.</td>
<td>Creates opportunities to improve relationship(s) with team members.</td>
</tr>
<tr>
<td>Fails to ask for feedback or disregards feedback that is given.</td>
<td>Solicits feedback to improve team effectiveness.</td>
<td>Provides helpful feedback and suggestions to improve team’s performance.</td>
</tr>
<tr>
<td>Sabotages or criticizes team’s decision(s).</td>
<td>Supports and acts in accordance with team’s decision(s).</td>
<td>Holds others accountable for team’s decision(s).</td>
</tr>
</tbody>
</table>

**Excellence:** constantly strives to improve personal performance and make a greater contribution to the organization.

<table>
<thead>
<tr>
<th>Ineffective Behaviors</th>
<th>Fully Effective Behaviors</th>
<th>Role Model Behaviors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chronically makes nonspecific complaints; ignores patient/customer; responds in unfriendly or negative manner.</td>
<td>Shows enthusiasm and positive approach toward work.</td>
<td>Goes out of way to do small, special touches that create an excellent experience for patient and/or customer.</td>
</tr>
<tr>
<td>Overlooks the larger issue(s) or passes it off to someone else.</td>
<td>Recognizes the critical/larger issue(s) in a situation and responds appropriately.</td>
<td>Understands the impact of a situation and responds appropriately beyond expectations.</td>
</tr>
<tr>
<td>Resists or creates barriers to improvements.</td>
<td>Seeks to improve quality or efficiency of current process and services and balances cost.</td>
<td>Anticipates future needs and improves quality or efficiency of process and services and/or reduces cost.</td>
</tr>
</tbody>
</table>

**Notes**

1. However, we thought the relative standing of an individual on values enactment within his or her department may also be important (although less so than absolute level); we agreed with assertions of methodologists that where cross-level interactions are found in hierarchical linear modeling (HLM) using grand-mean centering, these would be verified with group-mean centering analyses of the same interaction (P. Bliese, personal communication, June 14, 2005; Enders & Tofighi, 2007; Hofmann & Gavin, 1998). Thus, our cross-level interaction found under conditions of grand-mean centering ($\beta = .06, t = 3.1238, p < .01$) was verified with group-mean centering procedures recommended by Enders and Tofighi (2007) and Bliese (2005, Multilevel Modeling in R, 2.1). When group-mean centering, we found the cross-level interaction remained statistically significant ($\beta = .13, t = 2.038, p < .05$).

2. We also calculated another mean for departmental values enactment that excluded the employee’s values enactment rating and the values enactment rating of the employee’s manager. This procedure of excluding the data
from the focal employee and that employee’s manager allows for reduced circularity or dependence of the data and provides another test of the impact of contextual or higher level constructs (e.g., collective coworker values) on individual-level constructs (e.g., employee values; Choi, 2003). In this case, the aim was to examine the effect of departmental-level values on employee values enactment independent of the target employee’s values and his or her manager’s values. This helped to verify the HLM findings for Hypothesis 3. This computation of departmental values enactment follows the same techniques used by other management researchers (Glomb & Liao, 2003; Glomb, Richman, Hulin, Drasgow, Schneider, & Fitzgerald, 1997; Richman-Hirsch & Glomb, 2002; Robinson & O’Leary-Kelly, 1998). When calculating departmental values in this fashion, we found that the correlation between departmental values enactment and individual values enactment was .26, \( p < .001 \). Thus, circularity and dependence of data cannot be used to explain the influence of departmental coworker values on the formation of employee values within that department.

**References**


Biographical Notes

**Melissa L. Gruys** earned her PhD degree in human resources and industrial relations from the University of Minnesota. She is an associate professor in the Department of Management at Wright State University. Her research focuses on counterproductive work behavior, employee selection, and performance management topics.

**Susan M. Stewart** earned her PhD degree in industrial and organizational psychology from the University of Tennessee, Knoxville. She is an associate professor of management at Western Illinois University–Quad Cities campus. Her research focuses on workplace aggression, personnel selection, gender issues, and performance appraisal systems.

**Jerry Goodstein** is a professor of management and operations at Washington State University, Vancouver. He received his PhD in management from the University of California, Berkeley (1988). He studies ethics in organizations and serves on the editorial board of *Business Ethics Quarterly*, and is associate editor at the *Journal of Management*.

**Mark N. Bing** is an assistant professor of management at the University of Mississippi. Before coming to the University of Mississippi, he served as director of psychological screening for the U.S. Navy’s Submarine Force. He received his PhD from the University of Tennessee at Knoxville. His research interests include personnel selection, personality measurement, and research methods.

**Andrew C. Wicks** is an associate professor of business administration and co-director of the Olsson Center for Business Ethics at The Darden School of Business, University of Virginia. He has a PhD in religious ethics from the University of Virginia. His research interests include stakeholder theory, trust, stakeholder responsibility, and health care ethics.