

# INTERACTIONS BETWEEN HUMAN-ORIENTED LEADER BEHAVIOR AND PERSON-ORGANIZATION VALUE FIT ON EMPLOYEE PERFORMANCE

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## ABSTRACT

*Numerous studies have shown that employee performance can be enhanced by the favorable leadership behaviors adapted by the managers and met expectations of personal values and organizational values. However researches that have been investigated on their interactions are not sufficient in the available literature in Asian firms. Hence, this study mainly focused on three issues. They are: how does human-oriented leader behavior affect employee performance?, how does person-organization value fit affect employee performance?, and whether there is an interaction effect between leader behavior and person-organization value fit on employee performance. A questionnaire survey was undertaken to evaluate employees' ratings on these variables. The sample was comprised of 250 middle level employees in relevant organizations in Sri Lanka. Hypotheses testing were carried out by using Analysis of Covariates. Results revealed that leader behavior and person-organization value fit are powerful predictors on employee performance. Further, results provided some insights into how management can enhance employee performance even under low person-organization value fit by moderating the style of leadership. Theoretical and practical implications of these results and directions for future research are discussed.*

**Keywords:** Human-oriented leader behavior, Person-organization value fit, Asian culture, Interaction effect, Employee performance

## INTRODUCTION

Many of the organizations today suffer from low employee morale and productivity, which lead to poor-quality products and services, and higher costs for the organization. This is because of leaders in most organizations' lack of expected qualities such as listening, empathy, kindness and delegation skills needed to enhance employee commitment and improve productivity. Most researches in leadership have been conducted in United State and reflected back to some other cultures rather than purely designed to relevant cultures based on their own values. Drucker (1988) had pointed out the importance of considering the difference between people in different cultures when studying management and leadership (Hedges, 1995). Because management deals with the integration of people those who have deeply embedded in their relevant cultures. Situational leadership models have mentioned that leaders should change in their own behaviors as per the situations in order to be truly effective (Asrarulhaq & Kuchinke, 2016; Iqbal, Anwar, & Haider, 2015; Littrell, 2013; Blake and Mouton 1982; Misumi, 1985; Sinha, 1984; Ling & Fang, 2003; House et al., 2004). In India, its culture accepts the leadership that is proactive, morally principled, ideological, bold, and assertive, in contrast to reactive, pragmatic, instrumental, quiet, and nurturing (Sinha, 1984). In Asian culture, managers place a heavy emphasis on paternalistic leadership and group maintenance activities (House et al., 2004). Literature says that human-oriented leader behavior is most effective in South Asian cluster out of all other cultural clusters

(Wijesinghe, 2009). According to the cultural values in Sri Lanka, people always expects social responsibility and sharing attitude, rather than promoting quick achievement through individuals (Gamage et al., 2003). Therefore it is timely important to examine the effectiveness of leadership in relation to Sri Lankan cultural values.

Person-organization value fit is another important factor in human resource management. It is defined as the compatibility of individuals and organization in which they work (McCulloch & Turban, 2007). Also researches suggest that individuals and organizations are most effective when their values, needs, and interests are met (Daniel & Timothy, 1995). Several researchers have mentioned that person-organization value congruence affect job satisfaction, involvement, cooperation, communication, and commitment of employees (Thomas, 2013; Hoffman et al., 2011; Sutarjo, 2011; Harris & Mossholder, 1996; Chatman, 1991). According to these literature, both leader behavior and person-organization value fit affect employee performance in organizations. Hence it is worthwhile to find whether leader behavior and person-organization value fit have the same effect in South Asian firms here in Sri Lanka. Therefore, based on literature and Sri Lankan cultural values, researcher propose three objectives for the current study to evaluate: (1) How human-oriented leader behavior affects on employee commitment, participation for group decision making, and trust in their leaders? (2) How person-organization value fit affects on employee commitment, participation for group decision making, and trust in their leaders?, and (3) Whether there is an interaction effect between human-oriented leader behavior and person-organization value fit on employee commitment, participation for group decision making, and trust in their leaders.

### THEORETICAL REFORMULATION AND DEVELOPMENT OF HYPOTHESES

Based on the literature survey and objectives of the study, hypotheses were developed as follows. Considering the culturally endorsed implicit theory of leadership (House et al., 2004) and Sri Lankan cultural values, the researcher predicted that the “human-oriented leader behavior” can enhance person-organization value fit and employee performance. Hence, the following conceptual framework was developed.

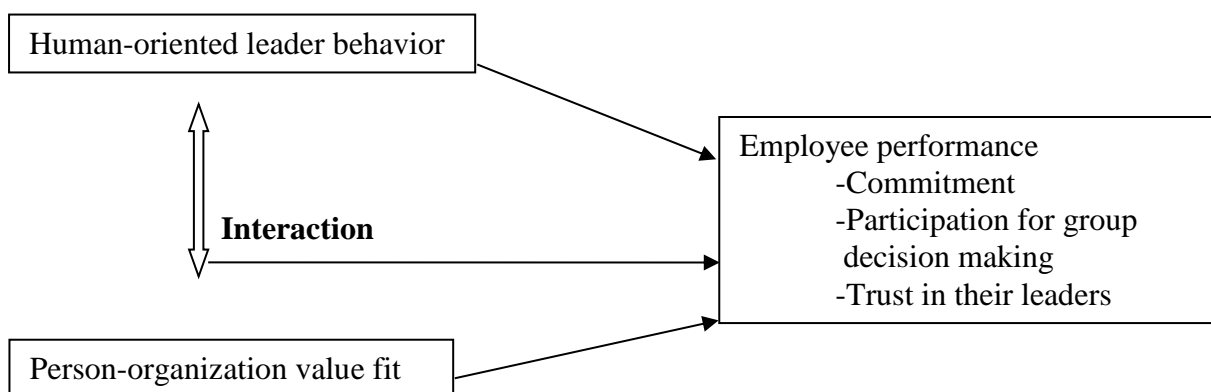


Figure 1. Conceptual frame work

### Leader behavior and person-organization value fit

Based on past research on leadership, organizational culture and person-organization value fit, the researcher argues that if leader adopts a human-oriented leader behavior, he or she has more opportunity to influence subordinates effectively under Sri Lankan cultural values. Greater affection and communication practices by human-oriented leaders may enhance the effectiveness of socialization of employees resulting in higher person-organization value fit. If leader can create an environment that has sense on each other they may bind with the

organization greater. This situation will improve person-organization value fit and thus following hypothesis was developed:

**Hypothesis 1:** Human-oriented leader behavior will have positive correlation with person-organization value fit.

### **Leader behavior on employee performance**

Literature says that employee oriented leaders can create high group productivity and job satisfaction (Hersey & Blanchard, 1977). If the leaders can compensate shortcomings of employees the possibility of influencing employee performance is high (Fiedler, 1967). If leaders are flexible and change their style of leadership accordingly, they can easily enhance employee productivity (House, 1971). Hence, the researcher proposes that if leader is human-oriented, he or she can improve communication, empathy, participation, and involvement of subordinates. Based on these assumptions, following hypotheses were developed,

**Hypothesis 2a:** Human-oriented leader behavior can enhance employee commitment, employee participation for group decision making, and employee trust in their leaders in organizations

**Hypothesis 2b:** Person-organization value fit can enhance employee commitment, employee participation for group decision making, and employee trust in their leaders.

### **Interactive effect of leader behavior and person-organization value fit**

Past researches have suggested that person-organization value fit affects communication and commitment of the employees (Thomas, 2013; Hoffman et al., 2011; Sutarjo, 2011; McCulloch & Turban, 2007). Many scholars have argued that leader behavior also affects employees' commitment. As both factors affect employee performance, the researcher proposed that:

**Hypothesis 3:** Human-oriented leader behavior interacts with person-organization value fit to improve employees' commitment.

If person-organization value fit is high, common interpretations among employees are high. Common interpretations reduce uncertainty and improves interpersonal relationships (Kalliath et al., 1999). Hence researcher proposed that:

**Hypothesis 4:** Human-oriented leader behavior interacts with person-organization value fit to enhance employee participation for group decision making.

If managers really want to create a successful and productive workplace, he or she should build trust among workers and strong human relationships (Amble, 2007). Greater communication between the leader and subordinates will result in better understanding and trust between them. Based on this argument, the researcher proposed:

**Hypothesis 5:** Human-oriented leader behavior interacts with person-organization value fit to enhance employee trust in their leaders.

### **Employee behavior under low person-organization value fit**

Though person-organization value fit is so important in human resource management, it is not possible to create better fit all the time. But still managers need to retain their creative and innovative employees even under low person-organization value fit. Literature says that feminine Manager can improve the commitment and motivation of employees in Chinese cultural context due to feminine leaders are more kind and soft in human relations. If leaders

can change their behavior with more humanitarian in nature, he or she can influence subordinates for better fit. Hence, the researcher proposed:

**Hypothesis 6** Human oriented leader behavior can influence subordinates even under low person-organization value fit to improve employee commitment, employee participation in group decision making, and employee trust in their leaders.

## **RESEARCH METHODS**

The researcher adopted the questionnaire methodology for data collection. Questionnaire was distributed among 250 employees in six semi-government organizations in the plantation industry in Sri Lanka. Organizations were selected purposively and participants were selected randomly. Respondents were middle level staff members of these organizations. 202 completed questionnaires were subjected to analysis.

### **Measures**

#### *Human-oriented leader behavior:*

Human oriented leader behavior was measured by using five items developed by prior researchers. A 7-point Likert scale was used to assess these items ranging from 1= strongly disagree to 7= strongly agree. The scale showed satisfactory reliability (Cronbach's alpha ranging from 0.73- 0.82).

#### *Employee commitment, participation for group decision making and trust in their leaders*

The items for measuring employee commitment, and trust in their leaders were adapted from Li, (2006) study. Items for measuring employee participation for group decision making were self-constructed. The scale showed satisfactory reliability (Cronbach's alpha ranging from 0.82-0.85). Items of measuring employee participation for group decision making were self constructed through literature. The scale showed satisfactory reliability (Cronbach's alpha ranging 0.89-0.90). Items for measuring employee trust in their leaders were adapted from Li, (2006) study. The scale showed satisfactory reliability in Cronbach's alpha ranging from 0.74 - 0.85.

#### *Person-organization value fit*

Questions under person-organization value fit, asked employees about the extent to which they feel their values and organizational values are fit together. There were 19 pairs of items (38 questions) under seven categories selected from a prior research to measure this variable. These categories were "performance orientation, future orientation, gender egalitarianism, individualism and collectivism, power distance, human orientation, and uncertainty avoidance". The discrepancy between the scores from these two sentences of each pair reflected the level of person-organization value fit. The smaller the score, the higher the fit (House et al., 2004). Respondents rated all the items on a 7- point reversed scale other than gender egalitarianism. The scale showed satisfactory reliability (Cronbach's alpha ranging 0.83 - 0.98).

#### *Control variables*

Past research has suggested that demographic attributes may moderate the effect of leader behavior and person-organization value fit (Chatman, 1991). As a result, age, gender, work experience of the current job and total work experience were considered as control variables (covariates).

## RESULTS

In Table 1, correlations are presented for all the variables. The correlation coefficients between human-oriented leader behavior and employee commitment, participation for group decision making and trust in their leaders were positive and significant.

Table 1. Means, standard deviations and correlations

No.	Variables	Mea n	SD	1.1	2.1	2.2	2.3	2.4	3.1	3.2	3.3
1	Independent variable										
1.1	Human oriented leader behavior	4.75	.82	1							
2	Dependent variables										
2.1	P-o value fit	3.02	.94	-.36**	1						
2.2	Commitment	5.25	.94	.57**	-.64**	1					
2.3	Participation	4.84	1.1	.58**	-.65**	.83**	1				
2.4	Trust in leaders	5.44	.91	.72**	-.47**	.61**	.57*	1			
3	Control variables										
3.1	Gender	1.4	.38	-.05	-.11	.01	.04	-	1		
3.2	Age	41	6.4	-.07	.28**	-	-.21**	-.20*	-	1	
3.3	Company tenure	10	4.3	.039	.17*	-.11	-.12	.04	-	.79**	1
3.4	Total experience	13.1	5.6	.008	.19**	-.10	-.12	.02	.00	.73**	.85*

N=202. \*\* Correlation is significant at the 0.01 level (2-tailed)

\* Correlation is significant at the 0.05 level (2-tailed)

Correlation coefficient between human-oriented leader behavior and person-organization value fit was negatively significant ( $r = -.36$ ,  $p < 0.01$  in 2-tailed). The scale testing person-organization value fit was actually the difference between personal values and the perceived organizational values. The smaller the number, the higher the level of person-organization value fit. Therefore, negative correlation between leader behavior and person-organization values fit showed positive effects of the leader behavior on person-organization value fit. Correlations between age with employee commitment and participation for group decision making were negative and significant. According to these results, there is no correlation between age and employee trust in their leaders. Company tenure, total work experience and gender did not show any correlation with employee commitment, employee participation in group decision making and employee trust in their leaders. The correlation between age and person-organization value fit is positively significant. Correlation between company tenure and person-organization value fit is weakly positively significant. Gender didn't show any correlation with person-organization value fit.

To test other hypotheses, Analysis of Covariate (ANCOVA) in General Linear Model procedure in SAS was performed. The level of significance and percentage contribution of

each model to each dependent variable were tested. Also, interactive effect of leader behavior and person-organization value fit and direct effect of all the factors were examined.

**Table 2. Results of ANCOVA in relation to employee commitment under Human-oriented leader behavior**

Variable	F value	P value
Human-oriented leader behavior	53.58	0.0001***
Person-organization value fit	1.55	0.2140
HL*PO fit	24.77	0.0001***
Gender	0.12	0.73
Age	2.83	0.09
Company tenure	0.09	0.77
Total work experience	1.90	0.17

Notes: \* p<.05, \*\* p<.01, \*\*\* p<.001 - Model: R-Square = 0.4873, F = 26.21, Pr>F = 0.0001, PO\*HL = interaction effect

In Table 2, the resulted model was significant at 1% probability and it describes a 48.73% commitment level of employees. The results indicate that human-oriented leader behavior is significant at 1% probability while person-organization value fit is not significant at 5% probability on employee commitment to the organization.

**Table 3. Results of ANCOVA in relation to employee participation under Human-oriented leader behavior**

Variables	F value	P value
Human-oriented leader behavior	41.71	0.0001***
Person-organization value fit	6.17	0.0139**
HL*PO fit	13.16	0.0004***
Gender	0.79	0.38
Age	1.25	0.26
Company tenure	0.11	0.74
Total work experience	0.86	0.35

Notes: \* p<.05, \*\* p<.01, \*\*\* p<.001 - Model: R-Square = 0.468403, F = 24.29, Pr>F = 0.0001 PO\*HL = interaction effect

Table 3 describes the resulted model and it was significant at 1% probability. The model describes a 46.84% employee participation for group decision making in the organization. The results indicate that human-oriented leader behavior is significant at 1% probability and person-organization value fit is significant at 5% probability on employee participation for group decision making.

**Table 4. Results of ANCOVA in relation to employee trust in leaders under Human-oriented leader behavior**

Variable	F value	P value
Human-oriented leader behavior	110.63	0.0001***
Person-organization value f it	1.76	0.1863
HL*PO fit	2.76	0.0985
Gender	1.02	0.3134
Age	4.45	0.0362
Company tenure	1.41	0.2360
Total work experience	0.72	0.3959

Notes: \* p<.05, \*\* p<.01, \*\*\* p<.001 - Model: R-Square = 0.514892, F = 29.26, Pr>F = 0.0001, PO\*HL = interaction effect

In Table 4, the resulted model was significant at 1% probability and the model describes 51.48% contribution for employee trust in their leaders. The results indicate that human-oriented leader behavior is significant in 1% probability and person-organization value fit is insignificant in employee trust in leaders at 5% probability under human oriented leader behavior.

Two way interactions between human-oriented leader behavior and person-organization value fit on employee commitment and participation for group decision making were highly significant at 0.0001 and 0.0004 probabilities, respectively. However, two-way interaction was insignificant on employee trust in leaders at 0.05 probability.

**Table 5. Least squares means for mean separation (GLM procedure)**

Person-organization value fit	Human oriented leader behavior	Employee commitment (LS Mean)	Employee participation (LS Mean)
1 (High)	1 (Low)	3.64	3.39
1 (High)	2 (High)	5.76	5.42
2 (Low)	2 (High)	4.69	4.19

Table 5 explains the results of employee commitment, and participation for group decision making in different levels of leader behavior and person-organization value fit provided by LSMEANS in SAS. These means were compared by Least Significant Different Test in order to compare their levels of significance at 0.05 probability.

According to these results the highest mean value for the employee commitment is shown by the combination of high human oriented leader behavior and high person-organization value fit. The second highest value is shown by the combination of high human oriented leader behavior and low person organization value fit. If human oriented leader behavior is low, the mean value of employee commitment is low even under high person-organization value fit. According to the result, employees working under high human oriented leader behavior show the highest value of commitment.

Also, Table 5 shows that the highest mean value for the employee participation for group decision making by the combination of high human oriented leader behavior and high person-organization value fit. The second highest is shown by the combination of high human oriented leader behavior and low person organization value fit. Even though person-organization value fit is high, the mean value of employee participation for group decision making is low if human oriented leader behavior is low.

Interaction effect between leader behavior and person-organization value fit on employee trust in leaders was insignificant in 5% probability. However, this interaction also has some effect in a lower level of certain.

Demographic variables such as age, sex, company tenure and total work experience did not show any significant effect on employee commitment, participation for group decision making and trust in their leaders other than moderate effect of age on employee trust in their leaders. Effects of these unevenly distributed demographic factors were treated by the covariate analysis.

**DISCUSSION**

Unlike much of the previous works looking at separate studies of leadership and person-organization value fit on employee outcomes, the present research was able to examine the

interaction effect between leadership and congruence of personal and organizational values as well as the main contribution of each independent variable to each dependent variable.

According to the findings (Table 1), human-oriented leader behavior has positive and significant correlation with person-organization value fit. Hence, hypothesis 1 can be supported. Also, employee age has negative and significant correlation with employee commitment and participation. It means that when age is increasing, commitment and participation for decision making activities are decreasing. As in the results (Table 2), the researcher can assess that human-oriented leader behavior can enhance employee commitment to the organization while person-organization value fit cannot enhance employee commitment to the organization at 5% probability under the human-oriented leadership behavior. According to these results, hypothesis 2a can be supported. Hypothesis 2b cannot be supported under human-oriented leadership. As in the Table 3, the researcher can assess that both human-oriented leader behavior and person-organization value fit can enhance employee participation for group decision making in the organization. According to these results, hypotheses 2a, and 2b can be supported under employee participation for group decision making.

Further, these results explain that (Table 4), human-oriented leader behavior can enhance employee trust in their leaders. However, person-organization value fit cannot enhance employee trust in their leaders in 5% probability level under human-oriented leadership behavior. According to these results, hypothesis 2a can be supported under employee trust in their leaders. However, hypothesis 2b cannot be supported under human-oriented leadership behavior. Even though there are direct effects of these variables, there are two way interactions between human-oriented leader behavior and person-organization value fit on employee commitment and participation for group decision making. Hence, hypotheses 3 and 4 can be supported. Hypothesis 5 cannot be supported by these results. Also, results explain (Table 5) that even though person-organization value fit is high, if leader is low human oriented, employee commitment and participation for group decision making is low. Hence, leadership style is the most important factor for enhancing employee commitment and participation in group decision making in organizations. Therefore, hypothesis 6 can be supported by these results.

## **CONCLUSION AND IMPLICATIONS**

The results have important practical implications for organizations in managing diverse work force effectively. The study has provided evidence that, human-oriented leader behavior can enhance employee commitment, participation for group decision making, and employee trust in their leaders in work the place. Also, the leader can moderate the level of person-organization value fit as we predicted. Moreover, the ultimate level of employee commitment and participation for group decision making is decided by the effect of interaction of leader behavior and person-organization value fit. It provides a clue that leader behavior and person-organization value fit make some alternative influence in deciding level of employee outcomes in commitment and participation in decision making. When there is an interaction effect between these two factors, the main effect can be suppressed in some extent. Further, results of the study conclude that effectiveness of leadership varies across cultures. These findings empirically confirm theoretical arguments presented by Drucker (1988) and House et al., (2004) on importance of taking into account the difference between people in different nations when studying management and leadership. Here, the researcher would like to mention that many of the past studies have been conducted on direct effect of leadership and person-organization value fit on employee outcomes. As Li (2006) mentioned present



research has provided some insights in to a new phenomenon to think on their alternative impact in deciding employee performance in Asian firms. Furthermore, results confirmed that both leader behavior and person-organization value fit are better predictors for employee performance. Also, this research provides some new facts for a theoretical development in interactional perspective of leadership and person-organization value fit.

Second, interestingly, this study has shown that, employees who are working under high human oriented leader behavior show higher employee commitment and participation for group decision making even under low person-organization value fit. Finally, the researcher can conclude that leader behavior is the most powerful predictor in employee performance as the model explained. Also, organizations can be managed effectively even with those employees who have low person-organization value fit by adapting human-oriented behavior of leadership. Though person-organization value fit is low, it is important to retain those employees who are having creative and innovative skills rather than let them out. Leader behavior can moderate the situation to retain those employees in order to sustain competitive advantage in organizations. These findings can be adapted by managers in recruitment, selection, socialization and training of employees. In this process, leadership style is interactive and decisive, because leader can recruit more value fit groups to the organization or leader can influence employee socialization process in the work place. For further research, it is interesting to study that the effect of different leader behaviors, person-organization value fit and their interactions in relation to organizational performance in different cultures and societies.

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