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WHITE PAPER:

# The Impact of Values on Performance at Work

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## Introduction

For decades, work psychologists and other researchers have tried to answer the question of what makes a person successful at work. They examined factors like a person's personality and their cognitive ability, finding that both are strong predictors of performance. However, that same research also showed that a large part of a person's performance is explained by other factors, leading to research into other predictors of performance. One of the most promising areas of research surrounds a person's values. This paper delves into the research on values, explaining what values are, examples of values at play, and how a strong fit between a person's own values and the values required for a role, team, and organisation are paramount for being motivated and performing successfully at work.

In practice, it is common for the terms "personality" and "values" to be used interchangeably, causing individuals to confuse the two with one another. However, there are key distinctions between these two factors. Personality traits are relatively stable dispositions that distinguish one individual from another. While personality profiles are unique, most personality assessments measure a core set of personality traits that all people have some level of, allowing a person's personality profile to be compared against others. Personality traits tell us **how** we tend to do something (e.g. a tendency to focus on the big-picture vs. the details) and our preferred ways of behaving. Values, on the other hand, are **why** we tend to do something (e.g. to enjoy striving to master a difficult problem). They are the things that **interest** us, give **enjoyment**, and **motivate** us.

Measuring traits and values cannot predict with absolute certainty how capable a person is to carry out a job. However, they are still widely used in **recruitment, individual and team development, and career counseling** contexts to offer a strong indication of certain characteristics:

- How likely a candidate's behaviours and traits fit those required in a job
- How well a person's **values align with or** it those of a profession, a manager, a team and an organisation

How a candidate's personality traits align with the behaviours on the job offers insight into their likely **suitability** for the job. By comparison, how a candidate's values align with the values of the business is closely linked to **employee engagement**. Both of these, in turn, impact **job performance**. Measuring the importance

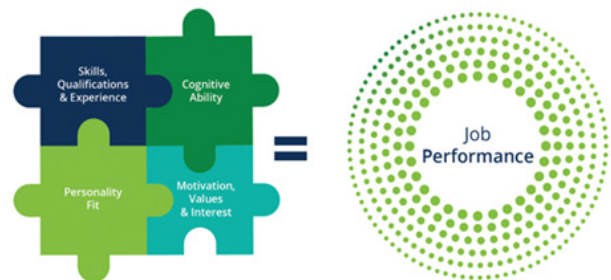
that a candidate or employee places on different values can offer real insight into how likely they are to be motivated and engaged at work, their preferred ways of engaging with others, and how they can best develop.

## Predicting Job Performance

There are four key factors that affect job performance:

1. Job-relevant skills, learned knowledge, and experience
2. The ability to think and reason (cognitive ability)
3. Behavioural/personality fit to those behaviours and soft skills required in a job
4. The levels of motivation, (which are closely linked to how personal values and interests are fulfilled in the job)

Many recruiters focus heavily on assessing skills and qualifications, thereby missing insight into other key areas. A 2016 meta-analysis<sup>1</sup> analysed hundreds of



research studies and found that cognitive ability tests on average predicted job performance better than any other assessment method (with a correlation coefficient of .65). This meta-analysis also showed that combining cognitive ability tests with personality measures such as conscientiousness increased predictive validity. However, even when combining both assessments, measuring cognitive ability and conscientiousness together only explains a part of what impacts an employee's job performance.

## Motivation

Motivation is rarely measured by recruiters, but it is a factor that impacts quite heavily on performance. An employee can have all the right skills, behaviours and abilities but their job satisfaction and performance are likely to suffer if they are demotivated. Motivation is strongly influenced by values, interests, and strengths.

## Values

Compared to the rich history of personality, motivation, and interest research, interest in values is relatively recent. However, companies have realised the benefits of incorporating “values-based hiring” into the recruitment process.<sup>2</sup> While assessing values by themselves is not enough to predict who will succeed in a role, measuring them can certainly help formulate interview questions and hypotheses that can be explored in both selection and development situations. The following sections define the concepts of values and provide examples of the benefits of measuring them.

### Values defined

The social psychologist Shalom Schwartz proposed the most accepted definition of values as “prioritised, trans-situational, and guiding beliefs that persons hold about desired end states or behaviors”.<sup>3</sup> This definition holds several implications:

1. **Prioritised:** Employees prioritise certain values over others. This means that given a certain decision, people will look to whichever value is more important than another to determine which action to take. The more important a certain value is to a person, the greater the impact it is likely to have on their decisions and behaviour.
2. **Trans-situational:** Values go beyond any single situation. That is, values apply to all areas of our lives, from our lifestyle at home, to the kind of friends we spend time with, and to how we act at work. In a work context, a person's values are consistent even when they move to a different team or company.
3. **Guiding:** Last and most importantly, values act as a guide for decision making. That is, values provide “the why” for people's actions. Values can influence why someone decides to go the extra mile, as people whose values strongly match the values of the organisation see themselves as part of something bigger than themselves. Conversely, having values that are misaligned with the company can influence people to take actions that can harm a company. If an employee doesn't feel the company values match their own, they may be more likely to disagree with company decisions, purposefully go against managers' requests, or act passively, deciding instead to only put half their effort toward their work.

### The importance of measuring values

Values are distinct in that no one value is more predictive of performance than another. Of greater importance is how much a person's own values fit that of their profession, manager, team, and organization. **The more an employee's values align, the more likely the**

**employee is to stay and thrive in the role and the organisation.**

### Value fit increases employee engagement

The empirical literature shows that high value fit is strongly related to employee engagement. The next sections demonstrate that, across multitudes of studies, and using different engagement metrics, how an employee's own values fit with the work they are doing and the team and organisation they are in influences how engaged they are at work.

### Job satisfaction

In a study of nurses working in surgical wards at a regional hospital, researchers found that value congruence (the extent to which an employee's values matched the values they experienced at work) was linked with job satisfaction.<sup>4</sup> Importantly, this occurred because greater value congruence affected the attitude nurses had toward their ward. Nurses with higher value congruence had more pride working on their ward, were happier with their choice of ward, and were more likely to agree to the statement: “No matter what kind of work I have to do, I want to stay on this ward”.

### Organizational commitment

This level of engagement also extends to an employee's commitment to their company. Researchers have generally separated commitment into three levels of positivity<sup>5</sup>:

1. Continuance commitment: “I have to stay because I have no better options”
2. Normative commitment: “I have to stay because my organisation needs me”
3. Affective commitment: “I want to stay because I'm emotionally invested”

Affective commitment is the most positive form of commitment; it has the strongest relationship with outcomes such as productivity and intentions to stay with a company. Conversely, continuance commitment is the least positive as it is more closely tied to an employee's willingness to leave a company. Researchers from the University of Tennessee at Chattanooga were interested in the impact that value fit has on these different types of commitment.<sup>6</sup> They found that value fit was strongly positively related to affective commitment. Conversely, value fit had no relationship with continuance commitment. This meant that employees who feel their values align with their company are more willing to emotionally attach themselves to the company they work for.

## Values fit reduces turnover

According to the Society of Human Resources Management, the average cost of a new hire in 2017 was \$4400<sup>7</sup>, and this amount generally increases as the job level rises, the role becomes more complex, and the job market becomes tighter. This means that turnover can be incredibly costly; going through the selection process again means additional costs. Turnover also has downstream effects on team members such as lost productivity and lost revenue. Importantly, strong evidence shows a negative relationship between value fit and turnover intentions. That is, when employees feel like their values fit with their company, they are less likely to leave the organisation. Value fit is often expressed in terms of an employee's perceptions about their company's culture. Using data from 4717 participants, researchers at Columbia University found that only 13.9% of subjects were likely to quit when they were highly satisfied with their company's culture whereas 48.4% of subjects were likely to quit when they reported low satisfaction with their company's culture.<sup>8</sup>

## Employees want to work for companies whose values fit their own

People are willing to put their money where their mouth is when it comes to their values. In late 2017, the insurer MetLife announced the results of their "Role of the Company Survey". In it, they found that nine out of ten employees said they were willing to trade some of their salary to work at a company whose values match their own.<sup>9</sup> On average, employees were willing to take a 21% pay cut to work for a company whose values aligned with their own, and these numbers were relatively consistent (+/- 2%) regardless of whether participants were earning less than \$50,000 or more than \$100,000.

## Measuring values for manager and team fit

It is often said that an individual leaves a manager, not a company. While there are many reasons for leaving, a poor working relationship between an individual and their boss or co-workers is still cited as one of the main reasons why people leave. A 2015 Gallup survey found that about 50% of the 7,200 adults surveyed left a job "to get away from their manager."<sup>10</sup>

In addition to clashes between individuals, a poor understanding or acceptance of the different interpersonal values of individual team members can often lead to poor communication and disharmony.

## What type of fit is most important?

The most comprehensive research in this field was done by University of Iowa professor Amy Kristof-Brown and her colleagues in 2005.<sup>11</sup> They assessed the results of 172 studies to examine the effect of different types of fit on work outcomes. They were interested in answering the question of "which fit was most important?" Fit with the

job? The manager? The team? Or the organisation? What they found was that the importance of fit depended on the outcome measured (see Table 1).

For performance, the most important type of fit was fit with the job. This was closely followed with fit with the manager and fit with the team. However, when it came to indicators of employee engagement, fit with the organisation became very important. Organisational fit was found to be quite positively related to job satisfaction and organisational commitment and negatively related to intentions to quit.

Validity Results	Performance	Job Satisfaction	Organizational Commitment	Turnover Intentions
Organizational Fit	.11	.35	.42	-.29
Team Fit	.15	.24	.15	-.17
Supervisor Fit	.15	.35	.07	.08
Job Fit	.16	.44	.39	-.37

Table 1. Correlation coefficients for different forms of fit and work outcomes  
Note: Due to the large sample sizes (N = 943 - 42922), all values are significant.

## Values and Performance

A good example of the importance of value fit can be found in research on mergers and acquisitions. Often, one key component of successful M&As is the similarity in values between companies. Even if both companies were successful before the merger, opposing values can cause major repercussions. Researchers from the University of Kansas School of Business were interested in confirming this hypothesis. To do so, they studied 173 acquisitions in the U.S. Manufacturing industry (Datta, 1991)<sup>12</sup> and looked at the effect of organizational fit between companies. Specifically, they were interested in whether certain indicators of value fit (i.e. similarity in management styles, rewards, and evaluation systems) influenced subsequent firm performance. They hypothesized though that this would only be true when companies needed to integrate operations after the acquisition. As expected, they found higher firm performance with greater organizational fit. Interestingly, they found the importance of organisational fit was true even in cases of low post-acquisition integration. So even when companies continue to work relatively separately, similar values between companies ensured they were able to improve performance.

## The case study for values: Bridgewater Associates

"Weigh values and abilities more heavily than skills in deciding whom to hire...what's most important is determining whether you and they are working toward the same goals and can work in the same ways and share the same values."

- Ray Dalio, Founder, Bridgewater Associates

With nearly \$160 Billion in assets under management, Bridgewater Associates is one of the largest hedge funds in the world.<sup>13</sup> Bridgewater clients have included some of the most sophisticated public and corporate pension funds, university endowments, and central banks, despite its humble beginnings as an investment fund being run out of their founder's apartment. According to Bridgewater's founder, Ray Dalio, the key to their success is the unwavering dedication to finding people that fit the company's values. Dalio developed a set of core values that he believes all employees should follow. He compiled these into an employee handbook and, in 2017, published them in the book "Principles".

In his book, Dalio extols the importance of hiring for the right value fit. As he states: "Weigh values and abilities more heavily than skills in deciding whom to hire. Avoid the temptation to think narrowly about filling a job with a specific skill. While having that skill might be important, what's most important is determining whether you and they are working toward the same goals and can work in the same ways and share the same values." <sup>14</sup>

## How are values assessed? Presenting SOSIE

SOSIE is an online questionnaire designed to measure eight personality traits and twelve values in one instrument. SOSIE was first published in 1991 and is based on three existing questionnaires developed by Leonard V. Gordon, an eminent North American psychologist. The three tests are the Gordon Personality Profile-Inventory (GPP-I), the Survey of Interpersonal Values (SIV) and Survey of Personal Values (SPV). The 2nd generation of the SOSIE was launched in 2011.

SOSIE measures both the how (traits) and the why (values) of behaviour. The eight traits in SOSIE correlate with the Costa and McCrae's Big Five factors of personality, described in Table 2. Further information on the eight competencies and what they measure can be found in the SOSIE technical manual.

Big Factor Five	Low Scores	High Scores
<b>Openness to Experience</b>	Likely to prefer routine tasks and stick to what they know	The tendency to be curious, creative, innovative, and open to new ideas
<b>Conscientiousness</b>	Likely to procrastinate, be bored by routine tasks, and to be impulsive	The tendency to be reliable, organised, and doggedly pursuing goals
<b>Extraversion</b>	Likely to be quiet, in-trospective, reserved, and thoughtful	The tendency to be talkative and enjoy the company of others
<b>Agreeableness</b>	Less likely to trust others and be liked by others. They can be antagonistic and task-focused	Likely to be well-liked by and trusting of others and to want to please or help others
<b>Neuroticism</b>	Rarely worries, happy-go-lucky and secure	The predisposition to worry, feel insecure and self-conscious

Table 2. Low and high score descriptors of the Big Five factors

Numerous instruments have been developed to assess values, but these have been less widely used in organisational contexts than measures of personality. Also, unlike personality where the Big Five is most relevant, there is no single widely agreed-upon framework for the structure of values.

Despite this, when the values assessed by different instruments are reviewed, these measures tend to share much in common. For example, values such as Independence, Achievement, Influence, and Recognition appear in many assessments. One of the most researched framework for values is the Schwartz's Value Taxonomy. This taxonomy identifies ten value areas and has been widely tested in different cultures.<sup>15</sup> Many of Schwartz's values map to those found in SOSIE including Independence, Support, Achievement, Variety, Structure, Influence, Recognition and Conformity.

## SOSIE values and examples of low and high fit

Many researchers have tried to place sets of values into different categories. For example, one way to think about these concepts is by grouping them into intrinsic and extrinsic values. Intrinsic values are intangible rewards that keep you motivated and engaged in your job. They have a strong impact on the type of job or profession that people enter. Extrinsic values are the tangible rewards or conditions found at work. Often the rewards related to these values are contingent or external to the receiver. SOSIE measures several intrinsic and extrinsic values, but separates them into interpersonal and personal values.

Interpersonal values are those values that are important in communicating with others.



Measuring Interpersonal values offers insight into areas where there may be a clash of values between an individual and team members or a manager. Interpersonal values are both intrinsic (e.g. independence and benevolence) and extrinsic (e.g. power and recognition).

Personal values are those that relate to a person's own internal desires and needs, irrespective of others. These values often only affect ourselves or do not require others to fulfill. Intrinsic personal values include achievement and variety while one example of an extrinsic personal value is materialism.

The following sections show the different interpersonal and personal values that questions in the SOSIE measure:

### SOSIE Interpersonal Values

1. **Support:** Support focuses on the importance given to friendliness, help, support, and understanding in the workplace. People with high scores appreciate being treated with kindness and understanding. People with low scores don't actively seek support or encouragement from others. They care little about others' opinions, and they accept conflict if it arises.
2. **Conformity:** Conformity deals with the importance given to rules and social norms. People with high scores have great respect for social conventions, rules, and doing what is socially accepted and proper. People with low scores give little credence to conventions and to following social rules.
3. **Recognition:** Recognition focuses on the importance given to social recognition such as praise, consideration, or status. People with high scores enjoy the respect and admiration others express towards them. People with low scores are unmoved by social recognition, status, or special treatment.
4. **Independence:** Independence focuses on the importance placed on one's autonomy regarding actions or decisions. People with high scores on independence care strongly about their freedom to make their own decisions and do things their own way. People with low scores are grateful for advice and guidelines, and they work well under tight task constraints.
5. **Benevolence:** Benevolence deals with the importance given to generosity and helping others. People with high scores are attentive to the needs of others and value helping them. People with low scores don't prioritize others' needs, difficulties, or requests for help.
6. **Power:** Power focuses on the importance given to workplace influence and the desire to lead others. People with high scores enjoy positions or situations

that enable them to influence, direct or control others. People with low scores on power rarely seek to influence or control others.

### SOSIE Personal Values

SOSIE measures six personal values that are the essential signposts that influence choices and direct actions.

1. **Materialism:** Materialism focuses on the importance given to profits, material goods, or immediate results. People with high scores are attracted to material goods, profit, and short term, tangible or practical results. People with low scores are generally uninterested in short-term financial returns or material goods.
2. **Achievement:** Achievement focuses on the importance given to reaching personal goals and achieving success. People with high scores on achievement are unafraid of challenges, difficulties, or the effort needed to achieve them. People with low scores generally care little about going beyond their possibilities.
3. **Variety:** Variety focuses on the importance given to change, variety, and novelty. People with high scores enjoy being challenged by new experiences or different situations and dislike daily, repetitive tasks. People with low scores are more likely to be motivated by routine tasks that they are familiar with and that occur in a predictable context.
4. **Conviction:** Conviction focuses on the importance placed on personal commitment to decisions. People with high scores have a strong attachment to their beliefs and the possibility of putting them into practice. People with low scores attach little importance to personal commitments.
5. **Orderliness:** Orderliness concerns the importance given to structured organisations, procedures, and methods. People with high scores enjoy structured work environments and systematic approaches. They prefer that planned tasks occur within an organisation run in a methodical and orderly way. People with low scores grant little importance to organisation, methods, or procedures, preferring instead to seek out more flexible environments.
6. **Goal Orientation:** Goal orientation addresses the importance of having clear, precise, and relatively stable objectives. People with high scores prefer to have everything laid out for them, working through clearly defined and precise objectives. People with low scores do not require clear or precise objectives to act. They are likely to enjoy doing several things at once and seeing their objectives change does not hinder them.

## SOSIE Values and the Big Five

Whilst the eight traits measured in SOSIE correlate highly with the Big Five, Pearson TalentLens's R&D team carried out global research to better understand how values relate to the Big Five personality factors. The research yielded several interesting findings about the relationship between values and personality. For example, across all the countries where the research study was carried out, high levels of support correlate with high levels of agreeableness, whilst power shows a negative correlation with agreeableness. Variety showed a negative correlation with conscientiousness, whilst the correlation of conscientiousness with orderliness was strongly positive. Conformity and Goal Orientation were both negatively correlated with openness to experience. The complete results of this study can be found in the SOSIE technical manual.

### Do Values Differ Between Generations?

A recent research study was carried out by psychologists at Pearson TalentLens to measure differences in SOSIE scores between Generations X and Y. The findings were that there were small but significant differences. The full results can be found in the whitepaper: Personality and Values: The Generation Game.

### Examples of insights that can be gained from SOSIE values.

The effect of values on behaviour may not always be as easy to identify. This is because the links between values and behaviour are often more complex. For example, two people in the workplace may both be keen to volunteer for any new opportunities that come along, but their reasons for this could be quite different. Whereas one person may value the variety new opportunities bring, the other may see it as a way of getting ahead which might be aligned to values such as power or achievement. A third person may also volunteer for these opportunities, even though they hold none of these values. In this case, they might volunteer just because they think it is what is expected of them, rather than that behaviour reflecting one of their values.

Consider for example the following scenario: Jan leads a team of ten people. In her team, three people value power very highly while three others care little about power. There is only room for one official leader (Jan), so conflict is likely to occur especially as some team members look for opportunities to lead. However, by understanding the value preferences of the team there may be opportunities for those who enjoy power to lead small sub-teams or projects. Those who do not value power are likely to be happy being led by others.

Other examples include the following:

- A manager who does not value receiving support from others may view staff who do value this as "needy" whilst the staff may perceive the manager as unsupportive and unfriendly.
- A manager who values benevolence highly may find that they become focused on the needs of their team members and lose sight of the task at hand.
- The team member who values receiving support from others but shows little support or concern for others (high support, low benevolence) may come across as self-centered to others with different values.
- A subordinate who values Goal Orientation highly working for a manager who sets no clear goals or guidelines is likely to become frustrated.
- An individual who values achievement and materialism highly may become demotivated if they are unable to achieve their goals or their achievements do not lead to material gain in the short term.

The above are hypotheses relating to only one or two values. However, behaviour is multifaceted and determined by more than an employee's fit to any particular value. By measuring a combination of important traits and values in SOSIE employers can observe a detailed and unique profile of their candidates and employees.

## Conclusion

The importance of measuring values for hiring employees and developing top talent cannot be overstated. Measuring values can help employers select the best candidates by truly understanding how well the candidate can fit the job, manager, team, and organisation they want to be a part of. They can also help employers develop their existing talent by understanding what best motivates their employees. SOSIE measures both personality and values, and in doing so, SOSIE is a smart, easy way for employers to incorporate values into their performance management system.

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