Exploring values congruence in supply chain management

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ABSTRACT

This study aims to review values congruence in supply chain management. Values congruence, commonly described by researchers as the sameness of object, idea, and people, are challenging to identify, measure and prove because values are inherent intangibles in people and only seen in one’s behaviour. As an exploratory study, this paper concentrated on the supply chain management process critical path identified as specifications, sourcing, evaluation, adjudication, contract management, and administration. The study also aims to investigate the extent of values congruence at every supply chain management critical path stage. The data were coded, organized, and analyzed by applying the principles of the content analysis method. The main findings in this study revealed that Value congruence increased performance and projected profits, the environment, and society on the one hand. On the other hand, values incongruence contributed to poor organizational performance, malpractices, corruption, bankruptcy, and liquidations.

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Introduction

An organization strategic fit is a mirror of individual values and corporate core values congruence. Properly and carefully crafted core values become guiding principles that establishes an objective values system in an organization. This review paper seeks to investigate the congruence between individual values and corporate core values within the supply chain management environment. Organizations have suffered setbacks ranging from financial to organizational image loss, emanating from malpractices along the supply chain management critical path.

Malpractices are perpetrated by people whose values are not aligned with corporate core values. The typical supply chain management cycle involved stakeholders across the organization like user departments, budget control, evaluation team, tender committee, and management. All the players in this process are expected to have their values matched to the corporate core values (Byza et al, 2019). The supply chain management process is not only complicated but also complex because individuals pursue their own interests, thereby creating a values congruence gap (Maureen, 2021) adversely impacting organizational performance which eventually lead to corporate failure and liquidation. The supply chain management processes’ critical path includes specifications, sourcing strategy, request for quotations, evaluations, adjudication, contract administration, contract management and payments. The above captioned activities along the supply chain management critical path represents an end-to-end system which depend on values congruence for effective and efficient execution (Sabir, 2018). The individual critical path elements together with potential values risks would be discussed under the supply chain management section of this paper.

The Congruence Model was applied to structure the argument for the paper review.

Corporate core values are the guiding principles for any organization that directs and protect it from failure. The sensitivity of core values is largely dependent on the individuals employed to implement the organization’s core values system that is developed to not only protect the organization from failure but also to protect people, planet, and society (Pullman, & Dillard, 2010).
To fully understand the need for the stakeholders to appreciate the criticality of the individual values and corporate core values congruence in supply chain management, a review of existing literature was conducted using Google and google scholar. Twenty-five articles were identified and reviewed from a pool of articles. Congruence model, consisting of people, tasks, structure, and culture was applied and data was organized, categorized, and analyzed using content analysis method.

In this paper the extent to which individual values and corporate core values in supply chain management interact correspondingly would be investigated. Questions as to whether the problem is with the literature, or the real practice would be asked and respond to them conclusively by collecting, organizing, categorizing and analyzing data from the existing literature using content analysis method.

In this paper an exploration of individual and corporate core values congruence would be looked at from the supply chain management perspective. The paper is in three parts, the first being the brief descriptions of key terms like congruence, individual values, corporate core values, and supply chain management. The second part discussed core values congruence in supply chain management and the third part discussed contribution of core values congruence to the people, planet, and society. A summary of highlights in the paper would be briefly described before concluding the paper.

**Literature Review**

**Theoretical and Conceptual Background**

**Congruence**

Congruence studies began with the field of mathematics and later spread to behavioral sciences (Argyris, 1957); human resources (Posner, Kouzes, & Schmidt, 1985); accounting (Chatman, 1989); political (Arnold, and Franklin, 2012); and Psychology (Proctor, 2017). Mathematically it is easy to find, measure and prove congruence, whereby a set of numbers give the same geometric figure. In other fields like social sciences isomorphism is difficult to find, measure and prove. Positive or negative congruence indicator is seen in the quality of performance for the organization. Researchers have stated that the concept of congruence is based on sameness of idea, object, or people and if achieved a high-performance result would be achieved. The focus for this study is on people and organisational values. Values too are difficult to identify, measure and prove because values are inherent intangibles in people and only seen in one’s behaviour.

There is congruence in the definitions of congruence despite the field of study. Geometrically, it means isomorphism (Eckstein 1997; Dohale, et al, 2021) defined it as a “scientific approach that depicts how well the different organizational components strategically fits well with each other”. Congruence is a process of “determining the similarities, match, fit, or alignment between the conceptually distinct functions or components” (Dohale et al, 2021; Edwards, 1994). Other researchers on congruence according to Dohale et al, (2021) defined it as “an assessment of the fit between two or more strategic entities within the business or organization when juxtaposed” (Mandler, 1982; Lee et al, 2020). Some researchers have described congruence as the extent of compatibility, standardization, consistency, and agreement of individual values and corporate values. The corresponding, harmonious, and conformance values characteristics, when present in an organization, yields increased performance, satisfaction, and sustainability (Sabir, 2018). Congruence at organization, function, process, and system level produced desired results, or a goal that is expected by any organization (Anggraeni, 2018). This study is seeking to investigate whether congruence in core values and individual values along the supply chain management is evidently present in organizations despite the size.

**Corporate Core Values**

Core values differ from organization to organization, however, the purpose and importance of protecting the interest of the organization remain the same across industry. Core values would mean the expected objective and impartial behavior, norms, attitudes, and characteristics. When formulating core values there is no subjectivity attached and when individuals march their values to the organization core values, congruence is achieved which then, spurs high performance level in meeting the vision, mission, and objectives of the organization (Sabir, 2018). Employees in an organization are very important and so is their behavior, attitude, and values. Individual values are a driving force on the corporate core values and no congruence would be achieved if the two values sets are different. The individual values element too is briefly explained below.

**Individual Values**

Induvidual values could be understood from different perspectives depending on the person’s viewpoint “The value theory has adopted a conception of values that specifies six main features implicit in the writing of many theorists” (Schwartz,2016). The features best describe what individual values are and include the following values statements:

*values are beliefs inextricably to affect; values refer to the desirable goals that motivate action; values transcend specific action and situations; values serve as standard and criteria; values are ordered by relative importance; and the relative importance of multiple values guides action.* (Schwartz, 2016).

Personal values also vary from one person to another and are influenced by the changing environments around them. Schwartz theory defined values as “desirable, trans-situational goals, varying in importance, that serves as a guiding principle in people’s lives”
Supply Chain Management

The provisioning of goods and services from the recognition of need to ultimate consumption or disposal (Lu, and Swaminathan, 2015) described the supply chain management process. Van der Vorst, (2004), defined supply chain management as “an integrated planning, coordination and control of all business processes and activities in the supply chain to deliver superior consumer value at less cost to the supply chain as a whole whilst satisfying requirements of the other stakeholders in the supply chain”. Values system plays an important role in satisfying all the stakeholders and to achieve the stakeholders’ objectives all players along the supply chain management process must have their values properly aligned to the corporate core values (Anwar, et al, 2013).

Supply chain management process have stages where individual values and core values must be aligned to have a perfect result (Anwar, et al, 2020). The perfect alignment of values along the supply chain critical path is significantly important. In this paper the stages that were identified to be along the supply chain critical path included specifications, sourcing, technical evaluation, commercial evaluations, tender adjudication, contract administration and management and payment processing. The quality of outcomes at all the identified supply chain processes defined the success of delivery of goods and services which ultimately define the organization performance, customer service delivery, profitability, competitive advantage, and sustainability (Anwar, et al., 2013). Congruence in individual values and core values play a significant role at all the above stages and where congruence is absent results would be characterized by different types of corruption and malpractices which eventually results in corporate failures, bankruptcy, and liquidation.

The objectives of any organization are profit maximization, protection of planet and society (Anwar, et al., 2013). Supply chain management core values and individual values seek to achieve the objective of increasing profit, protect planet and people. To have a clear understanding of what transpires along the supply chain management critical path, each element was also reviewed.

Specifications

The supply chain management’s procurement process starts with need identification which is communicated in writing in form of a specification. End users owns this stage and have a final say in what goes in the specifications. The general guidance drawn from the supply chain management best practice states that written generic specifications must be based on functionality, performance, and conformance (Bidoit, and Mosses, 2004). Delivered goods and services must be fit for the purpose and entirely depend on a well-defined specification. End users responsible for drafting, checking and approving specifications must have independent, impartial, and unbiased mind. An individual with such attributes would be open to adapt to corporate core values thereby most likely to have values congruence.

Specifications drafters with hidden agenda come up with biased specifications which fall short of best practice premised on functionality, performance, and conformance. The situation described above is a recipe of malpractices such as collusion with the supplier because the restrictive nature of the specifications undermines competition in that it would only be compliant with limited suppliers. The next element along the supply chain critical path is the sourcing process.

Sourcing Process

The sourcing process is an activity that cover the identification of the potential supply sources and determination of the procurement method in response to the specific need. Ramachandran, (2018) defined strategic sourcing as “a process designed to purchase the best products and best services for the best value”. The main aim for the sourcing process is to ensure that the best response is achieved which could result in best products being purchased at an economic cost.

The risk of the end-users colluding with suppliers when drafting specifications is reduced or eliminated by ensuring that request for quotations use generic specifications as mentioned above and open competitive bidding method is used (Ramachandran, 2018). When limited bidding and other methods are applied then, the risk of having a biased shortlist increase. At this stage, Values congruence is a critical input to supplier’s shortlist. The organization objective would be to achieve value for money for all the procured goods and services. An impartial shortlist of suppliers is influenced by individual values of the people involved in the process.

The risk of having a biased suppliers shortlist is drastically reduced by individual values and corporate core values congruence. The human element, knowledge, experience, skill, attitude, culture, and norms become critically important in the sourcing decision making. If a biased decision is made at this stage, then, that could be a case of mis procurement and the quality of technical evaluation of bids would be affected directly by the decision made at the sourcing stage as briefly explored below.
Technical Evaluations

The technical evaluation is an assessment of the bids as to whether submissions conform to specifications or not (Kozik, 2019). This stage too, requires an independent mind and objectivity of the assessor. Corporate core values as a guiding principle for the purpose of meeting the vision, mission, policies, and objectives of the organization (Maureen, 2021) coupled with individual values would ensure that the technical evaluation criteria are as objective as the organization procedures themselves. However, when there are no values fit, the technical evaluation could be undermined by having biased score to qualify the preferred supplier which could be detrimental to the organization’s objectives.

The best practice around the technical evaluation process recommends a team’s approach to individual approach. When completed as a team, the report prepared is likely to be more objective than when one person is involved in the bid’s evaluation. The risk of collusion is reduced by having a team drawn from a cross section of the organization. Any bid that falls short of the organization technical specifications should not be allowed to proceed to the next evaluation stage and its financial proposal should not be opened at all. Care should be taken to ensure that no subjectivity is entertained at this stage as doing so would compromise with the corporate core values of making decisions in the best interests of the organization. The next in the supply chain management critical path is the financial evaluation as detailed below.

Financial Evaluation

The other report that needs to be prepared accurately is a financial evaluation report. (Kozik, 2019). This report is less complicated compared to the technical evaluation as only a table of prices as captioned in the bids are recorded and reported as a financial evaluation report. Supplier ranking is arranged in order according to their offer. Those with low offer are ranked first and depending on other information from the other reports a financially competitive price may even be the likely supplier to be awarded the contract.

The importance of the values congruence is also very high as far as producing a non-biased report is concerned. When all the reports are prepared a consolidated report is prepared and presented before the adjudication committee, a committee that make award decisions based on the information presented before it.

Adjudication Committee

The adjudication committee is commonly called as tender committee in most of the organizations. As already mentioned above this committee is charged with the responsibility of reviewing evaluation reports submitted for its consideration. The committee comprise senior members of the organization drawn from key strategic departments within the organization and in public procurement the committee have a minimum of two independent members appointed to serve as external members (Kozik, 2019). The reports from the evaluation committee which is in three parts, the technical, commercial, and financial reports are presented to the tender committee with recommendations for the tender committee decision. The best overall evaluated bidders are awarded contracts for meeting commercial, technical, and financial requirements. Any member of the tender committee with interest in the business under consideration must declare interest and should not participate in deliberations and the award decisions.

Members with compromised individual values conceal the relationship and interest that may be there between them and the bid under consideration. Non-declaration of interest in the evaluation and tender committee meeting is one of the examples of individual values and corporate core values incongruences. The risk at this procurement process stage is very high because decision made translates into an award of contract. If the contract is awarded to a non-competitive supplier, the impact on the organization could be high ranging from undelivered goods and services to huge financial loss through malpractices and corruption. The situation could be worse off if those individuals with compromised values are also very influential. Most of the deliberations will be decided in their favor promoting their self-interest.

Most of supply chain management scandals reside in the award process. Perpetrators are members of the senior management team that have compromised values and are incongruent with the corporate core values. Management of the malpractice risk at this stage is not only difficult but also costly because management exposed people are involved. Therefore, whistle blowing when very senior people who are supposed to receive those reports are the same ones involved become impractical because no action could be taken for fear of being victimized. Across the globe, nations, and organizations, there are individuals hired and serving in evaluation and tender committees whose values are not in congruent with the corporate core values. Procurement decisions made in those organizations contribute significantly to the collapse of firms due to numerous corrupt practices. Organization performance healthy in profits, environment and society has a very strong relationship with individual values and corporate core values congruence in supply chain management. The tender committee decision is followed by the contract administration.

Contract Administration

Contract administration involve all the activities between the award decision and contract management stage (Kozik, 2019). The process include contract drafting, initiation, approval, and authorization by the appropriate signatories. The contents of the contract document define explicitly the terms and conditions governing the agreement. The clauses therein disclose all the pertinent issues that would not only protect the organization against any risk but also creates the basis for the contractual obligation. Any negligence at the contract drafting stage may cost the organization huge sums of money and reputation. When the contract is finalized a duly signed contract become a working document for both parties.
Included in the contract are clauses for advance payment guarantee and performance guarantee (Kozik, 2019). Contract administration officers with incongruent values leave out such clauses in the contract for their own self-interests. It is therefore imperative that approvers and authorizing officials look out for such clauses before appending their signatures on the contract. Advance payments made without a corresponding advance payment guarantee cover ended up in huge financial losses by the procuring entity. Individual values alignment to corporate core values take care of most, if not all the situations that responds to the process best practice and done in the best interests of the organization. Contract management process take care of the practical contract executions steps as detailed below.

**Contract management**

Morris and Pinto (2007) defined a contract as an “agreement between two parties under which one party promises to do something for the other in return for a consideration, usually a payment”. A contract would be valid if all parties are legally bound, a consideration exists, all parties have the capacity to execute, and offer and acceptance have been established. These conditions “place obligations on parties to fulfil their part of the agreement” (Morris and Pinto, 2007).

When all the paperwork is completed, the contract execution is undertaken through the process commonly called contract management. The activity ensures that the contract is delivered within the prescribed cost, quality, and timeframe. To protect the organization from a risk of non-performance, a performance guarantee must be filed so that in case of non-performance then the firm could cash in the guarantee. This stage is also very risky because milestone payment and final payments could be released for uncompleted works or undelivered goods or services. Certification of the poorly completed works is a common case which happen across the globe. This undertaking is perpetrated by individuals with non-aligned personal values to those of the corporate core values. The supply chain management cycle could not be concluded without looking at the payment for goods, services and works.

**Payment**

When goods, works and services are received or completed or commissioned, payments to the contractor become due. All necessary and relevant documents should be bound together to the request for payments. Documents could include certificate of completion, site acceptance certificate, commissioning certificates, goods received note and any other proof of delivery for the acquired goods and services. The officials involved in reviewing the documents for completeness must do it objectively. The payment process should ensure that only obligations that exist are released to the rightful beneficiaries. At this stage, there is a risk that payments made should not have been paid because of one or more conditions were missing on the batch of documentation. The aspect of individual values being aligned to the corporate core values is equally necessary for scarce resources accountability. The processes in the supply chain management cycle use the organization core values which individuals in the same organization should possess corresponding values to support the organization objectives.

**A critical Approach to corporate core values congruence in supply chain management**

Individual values and corporate core values congruence in supply chain management leads to meeting organization’s vision, mission, and objectives. Even the systems and procedures formulated in the values congruency environment would result in organizations maximizing on profits, planet, and society protection. However, the absence of values congruency results in corruption, malpractice, corporate failures, poor standard of living and decision making.

The continuum below depicts how individual values should be aligned with corporate core values to ensure objectivity is achieved. On the far-left individual values which could be said to be highly subjective moves towards the corporate values on the far right of the continuum. All the activities done closer to the corporate core values would be objective and to the contrary those that are done closer to individual values would be subjective.

Organizations establish core values which are the fundamental principles that provide direction for the achievement of their goals and objectives. Therefore, all individuals hired in the organization should align their values with that of the organization (Anwar, et al, 2013). The synergizing process is gradual which require close monitoring, training, and awareness until the desired point on the continuum is reached and it should be one that is above 50% on the continuum for it to be acceptable. Anything below 50% would be closer to individual aspirations which could be subjective and not in the best interest of the organization. In so doing the culture of integrity is established in that environment and the expectation follows that all individual and corporate dealings would be done objectively removing all sorts of uncertainty, bias, and subjectivity. Reduced conflicts of interest create a fertile ground for independent critical thinking that would be free from self-interest.

**Continuum**

- Individual values
- Corporate Core Values
- Subjectivity
- Objectivity

**Figure 1: Continuum model**

175
The congruence model was applied in this paper to assist with the discussion of the exploration of individual and corporate core values in supply chain management.

**Congruence Model**

The model was described as the degree of agreement in values between individual values and corporate core values (Sabir, 2018). The congruence model started in early 1980 by Nadler and Tushman which was applied for input, throughput, and output quantification (Anwar, et al, 2013). The model consists of elements that include tasks, people, structure, and culture. These elements were applied to discuss the exploration of values congruence in supply chain management environment.

**Tasks**

The start point of any supply chain management procurement process is the identification of need. The need identified should be able to contribute to the overall organization’s primary objective of profit maximization. The originating department should be able to describe the need in writing in form of specifications. A detailed account on specifications had been given above and under this section it has been classified as a task. Specifications as a task need to meet certain characteristics like clear description with generic details.

Individuals or teams responsible for writing specifications should have befitting attitudes towards the organization that is in the best interests of the firm. The right attitude in this instance would mean corrupt free people with values that correspond to the corporate core values of the organization. Non-generic specifications are a “seed” for corruption, malpractice, and impact negatively on organization’s performance. The review indicated that unbiased specifications is one of the products of values congruence between the individual’s values and corporate core values. The next section looked at people as an element of the congruence model.

**People**

In any organization people play a very important role in the firm establishment, including setting of the vision, mission, policies, strategies, objectives, core values, systems, and procedures. Supply chain management cycle is equally designed and implemented by people involved along the critical path. The aspect of all those people involved in the supply chain management having values fit with the corporate core values could not be an option. People are a driving force to any success, but it could also be a driving force to malpractice and corruption. Therefore, independent thinking and objectivity lead to making unbiased, free from self-interest decisions. People lacking the highlighted characteristics could be a risk to the organization objectives such as profit maximization, safeguarding of planet and society. To ensure effective and efficient delivery of the organization objectives people should be properly structured within an organization (Pullman, and Dillard, 2010) a topic discussed below.

**Structure**

The question that should be asked is “at what level should supply chain management be positioned in an organization”? The values system, responsibilities and authority must be balanced for effectiveness and efficiency in the delivery of goods and services. The impact of supply chain management processes on the organization is relatively high and its rightful position in any organization should be at C-suit level. Anything lower than this level could be detrimental to the organization in so many ways. The level of supply chain within an organization determines the influence that the function has along the supply chain management critical path. If the function is lowly positioned within the organization structure, then, other active players involved at specifications, evaluations, tender committee, and management could suppress supply chain management professionalism premised on values congruence. An environment that has supply chain management visibility at the C-suite level with its professionals’ values properly aligned with the corporate core values would be able to support the planet, society, and the economy. Culture is equally important in the delivery of goods and services and is discussed below.

**Culture**

Values is a subset of culture. Culture in any environment comprise characteristics, attitudes, beliefs, norms, and behaviors. The way of living has influence on people as the definition of what is acceptable or not is imbedded in culture. In relation to supply chain management decision making in what, where and when to buy are very sensitive to culture. There could be supply sources and specific products that may not be acceptable in one set up while acceptable in another. Culture is a wide topic and the focus for this paper are values. One of the examples that could be used to explain the values concept is that a gift in one environment may be treated as bribery or corruption in another. Therefore, there is need to understand fully the culture in terms of values so that no conflict of interest is created unnecessarily.

However, despite the differences that may exist in different environments individual values that are aligned with corporate core values will have a common base understanding of always doing things in the best interests of the organization. Such an approach could not conflict with what is acceptable or not. Therefore, congruence in individual values and corporate core values in supply chain management produced results that protected profitability, planet, and society.

This study area has been and is still topical as stakeholders deal with the ever-changing environment. Researchers need to continue making enquiries to provide responses that would match with the changing environment.
Conclusion

Organizations are established with a primary objective of profit maximization. To support the profit maximization goal, the organization must have long term, medium and short goals. The long-term aspect covers the vision, mission, policies, strategies, and core values. This paper covered the review of the core values which should be in congruence with the individual values. And individuals hired in organization should have values aligned with the core values (Anwar et al., 2013). In organization with values congruence not only is profit maximization achieved but the planet and society are also sustained. The supply chain management depends on the players involved in the end-to-end process from the recognition of need to ultimate consumption or disposal. Dependence in this context means that values congruence between the individual values and corporate core values move in the same direction.

Surprisingly, lack of congruence in corporate core values and individual values in supply chain management had been responsible for undelivered or poor delivery of satisfactory goods and services. Corruption and malpractices along the supply chain management process are very common across the globe, nations, and organization. This issue demands for enhanced research to explore more on how the congruence in values along the supply chain could be exploited to maximize profits in organizations and increase benefits from the planet, and society.

Countries, organizations, and people had been victims of lack of individual values and corporate core values congruence in supply chain management process. A systematic investigations and reviews concluded that values congruence had remained one of the prerequisites to the achievements of the organization’s vision, mission, strategies, objectives, systems, and procedures. Independent thinking and objectivity characterize the value congruence which result in reduced uncertainty and biasness in the organization dealings. Businesses that have attained full individual values and corporate values congruence in supply chain management had less reports on corruption and malpractices a recipe for corporate failure, bankruptcy, and liquidation.

Corporate core values, being fundamental principles, do not only provide direction to the organization’s vision, mission, strategy, objectives, systems, and procedures but also contribute to the planet and social wellbeing. The three areas of profit, planet and people are very important to the organization’s profitability and sustainability. A call for researchers to conduct more investigations in the congruence of individual values and corporate core values in supply chain’s critical path remain important because independent evaluation of facts along the supply chain require much more objectivity to save profits, planet, and society. Therefore, it was recommended that more research should be conducted in the field of values congruence in supply chain management.

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