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**PERSON-ORGANIZATION VALUE CONGRUENCE: HOW TRANSFORMATIONAL LEADERS INFLUENCE WORK GROUP EFFECTIVENESS**

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**Using multilevel structural equations modeling, we examine the extent to which the influence of transformational leadership on work group effectiveness flows through follower perceptions of person-organization or person-supervisor value congruence. Results indicate that the group-level effect of transformational leadership on work group effectiveness was fully accounted for by the group-level impact of transforma- tional leadership on follower perceptions of person-organization value congruence, not by its impact on follower perceptions of person-supervisor value congruence. These results are discussed in the context of leadership as a “sense-making” process and the practical barriers faced by transformational leaders in modern organizations.**

their insightful comments on earlier versions of this

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| --- | --- | --- |
| Despite clear support for the impact of “transfor- mational leadership” on a host of organizational outcomes (Judge & Piccolo, 2004; Lowe, Kroeck, & Sivasubramaniam, 1996), the “underlying influ- ence processes for transformational leadership are |  | & Avolio, 2000; Shamir, 1991; Shamir, House, & Arthur, 1993; Weber, 1947).Although value congruence is consistently pro- posed as a central explanatory variable in the lead- ership process, past theory differs with respect to |
| still vague” (Yukl, 1999: 287). Several propositions |  | the conceptualization of value congruence, with |
| have been forwarded to explain observed effects, |  | some authors proposing correspondence between |
| most of which have focused on single, individual- |  | followers and their direct supervisor (Burns, 1978; |
| level reactions to a leader (e.g., trust [Podsakoff, |  | Jung & Avolio, 2000) and others proposing congru- |
| McKenzie, Moorman, & Fetter, 1990]; self-efficacy |  | ence with organizational values (van Knippenberg, |
| [Shea & Howell, 1999]) as explanations for individ- |  | van Knippenberg, De Cremer, & Hogg, 2004). De- |
| ual outcomes (e.g., job satisfaction [Kirkpatrick & |  | spite differing theoretical predictions associated |
| Locke, 1996]; job performance [Piccolo & Colquitt, |  | with each conceptualization of value congruence |
| 2006]). Among the most commonly proposed ex- |  | and prior empirical support for the distinctness of |
| planations of transformational leadership is *value* |  | person-organization and person-supervisor value |
| *congruence*, which characterizes the state of con- |  | congruence (Kristof-Brown, Zimmerman, & John- |
| gruence between an individual’s values and those |  | son, 2005), leadership research has not yet di- |
| of his or her work environment (Burns, 1978; Jung |  | rectly compared these two forms of value congru- |
|  |  | ence as explanatory variables of transformational |
|  |  | leadership. |
|  |  | Examinations of explanatory mechanisms of |
| The authors are indebted to Tim Judge, Jason Colquitt, |  | transformational leadership in general, and of |
| Peter Bamberger, and three anonymous reviewers for |  | value congruence in particular, have been con- |
| article. |  | ducted almost exclusively at the individual level |
| *Editor’s note*: The manuscript for this article was ac- |  | and have included little consideration of how these |
| cepted during the term of *AMJ*’s previous editor, DuaneIreland. |  | mechanisms operate at the group level of analysis.However, given that transformational leadership |
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theory was originally proposed to capture effective leadership of group- and organization-level activity (Bass, 1985; Burns, 1978), and that the performance of a leader’s work group is perhaps the most impor- tant conceptualization of leader effectiveness (Di- onne, Yammarino, Atwater, & Spangler, 2004; Kai- ser, Hogan, & Craig, 2008), additional study is needed that specifies the transformational leader- ship process at the group level while examining variation in work-unit-level outcomes.

Accordingly, the primary purpose of this study is to provide a direct comparison of the mediating roles of person-organization and person-supervisor value congruence in the relationship between transformational leadership and work unit effec- tiveness. In so doing, we answer calls from both the leadership (Yammarino, Dionne, Chum, & Dan- serau, 2005) and the person-environment (PE) fit literatures (Jansen & Kristof-Brown, 2006) by con- ceptualizing transformational leadership and fol- lower value congruence at the group level of anal- ysis. Figure 1 presents a model of proposed relationships among this study’s primary variables.

**LITERATURE REVIEW Transformational Leadership and**

**Unit Effectiveness**

Transformational leaders are theorized to in- fluence their followers by heightening followers’ self-awareness, instilling a sense of purpose and mission in followers, and influencing them to tran-

scend lower-order needs and goals for the sake of the long-term benefit of the group to which they belong (Bass, 1985). Four ostensibly distinct di- mensions of leader behavior are traditionally asso- ciated with transformational leadership: (1) *ideal- ized influence/charisma* (more recently split into “idealized attributed” and “idealized” behaviors [Bass & Avolio, 1995]), whereby leaders influence followers by arousing strong emotions and loyalty from them; (2) *inspirational motivation*, whereby a leader communicates high expectations, uses sym- bols and imagery to focus effort, and expresses the importance of organizational purposes; (3) *intellec- tual stimulation*, whereby a leader increases fol- lowers’ awareness of problems and encourages them to view problems from a new perspective; and (4) *individualized consideration*, whereby a leader provides support and encouragement by giving personal attention to and successfully advising followers.

In keeping with seminal conceptualizations of transformational leadership theory (Bass, 1985; Burns, 1978), empirical research has shown that transformational leaders lead more innovative teams (Keller, 1992, 2006), encourage behaviors that contribute positively to a team environment (e.g., “organizational citizenship” [Piccolo & Colquitt,

2006; Podsakoff & MacKenzie, 1997]), and ultimately, lead more effective work units (Judge & Piccolo,

2004). Given this theoretical and empirical support, we expect transformational leadership to be associ- ated with work unit effectiveness.

**FIGURE 1**

**Between–Work Group Full Mediation Model with Fully Standardized Coefficientsa**

Intellectual

Stimulation Person-Organization

Inspirational

Motivation

Idealized

.85\*

.90\*

.78\*

.69\*

Transformational

Leadership

Value Congruence

.43\* (.19)

.75\*

Work Group

Effectiveness

Influence

Individualized

Consideration

.88\*

.68\*

Person-Supervisor

Congruence

–0.54

a Path weights are completely standardized path coefficients. The value in parentheses is the completely standardized path weight when person-organization and person-supervisor congruence are added to the model.

\* *p*  .05

**Transformational Leadership and**

**Value Congruence**

In recent years, extensive research has been de- voted to understanding the implications of congru- ence between an individual’s preferences, motives, and values and characteristics of his or her work environment (Edwards & Cable, 2009; Hoffman & Woehr, 2006; Kristof-Brown et al., 2005). Although person-environment congruence can be conceptu- alized using a variety of different components (e.g., an individual’s needs and an environment’s abili- ties to meet those needs; goal congruence; and in- terest fulfillment), *value congruence*, or the extent to which an individual’s values are consistent with those revealed in his or her organization, is perhaps the most frequently examined conceptualization, yielding significant effects on a variety of outcomes (e.g., Hoffman & Woehr, 2006; Kristof-Brown et al.,

2005; Meglino & Ravlin, 1998).

In the leadership literature, value congruence provides an explanation for why followers relate to leaders and pledge their loyalty and support (Burns, 1978; Conger, 1999; Klein & House, 1995; Shamir et al., 1993; Weber, 1947). Transformational leaders articulate a vision that emphasizes the way in which collective goals are consonant with fol- lower values, causing followers to regard organiza- tional goals as their own and submit extra effort toward goals and accomplishments (Bono & Judge,

2003; Shamir et al., 1993). The followers of trans- formational leaders are proposed to view work as a reflection of deep underlying values. Exerting effort toward accomplishing these value-laden goals is intrinsically motivating because doing so (1) allows followers to behave in ways that reflect important values, (2) is consistent with followers’ self-con- cepts, and (3) becomes equated with a moral state- ment by followers (Shamir et al., 1993; van Knip- penberg et al., 2004). Similarly, it is possible that although transformational leaders do not directly alter follower values, they are effective in their ability to frame and link follower and work values so that they become more congruent in the eyes of the followers (Klein & House, 1995). In either case, the critical role of follower perceptions of value congruence to the leadership process is clear.

***Perceptions of person-supervisor value congru- ence.*** In his seminal conception of transformational leadership, Burns noted, “The genius of leadership lies in the manner in which leaders see and act on their own and their follower’s values” (1978: 19). The centrality of followers’ consistency with leader values has been echoed in theoretical accounts of the transformational leadership process put forth over the past 30 years (Avolio & Bass, 1988; Burns,

1978; Conger & Kanungo, 1987; Klein & House,

1995). More generally, the typically “leader-cen- tric” approach to the study of leadership goes hand- in-hand with research emphasizing the role of lead- ers’ personal values.

If follower perceptions of consistency with leader values account for the influence of transfor- mational leaders, one explanation may be follow- ers’ desire to maintain a high-quality relationship with an attractive leader (Howell, 1988; Kets de Vries, 1988; Shamir, 1991). A leader who exudes self-confidence and deep personal concern for the well-being of his or her employees is likely to en- gender a strong sense of pride, commitment (Di- onne et al., 2004), and desire among followers to emulate the leader’s attitude and behavior, foster- ing the perception that their personal values are congruent with those of the leader. A relationship of this type is akin to an influence relationship predicated on referent power (Kelman, 1958; Ku- disch, Poteet, Dobbins, Rush, & Russell, 1995), a form of influence relationship typified by a follow- er’s efforts to emulate his or her leader (Conger & Kanungo, 1987; Kark, Shamir, & Chen, 2003).

Empirical research has supported the notion that perceptions of person-supervisor value congruence account for the effectiveness of transformational leaders. In a laboratory study examining creativity, Jung and Avolio (2000) found that person-supervi- sor value congruence mediated the relationship be- tween transformational leadership and the quality of follower performance, noting that a leader’s ef- fort to encourage followers to internalize a compel- ling vision resulted in a higher level of perceived value congruence. More recently, Brown and Trevin˜ o (2006) reported that person-supervisor value congruence, operationalized at the group level of analysis, fully mediated the effect of char- ismatic leadership on interpersonal deviance. We therefore hypothesize:

*Hypothesis 1. Transformational leadership is positively related to a follower’s person-super- visor value congruence.*

*Hypothesis 2. Follower person-supervisor value congruence is positively related to the effectiveness of a leader’s work group.*

***Perceptions of person-organization value con- gruence.*** Although person-organization value con- gruence is proposed as a key proximal outcome of transformational leadership (Shamir et al., 1993; Weber, 1947), no empirical research has yet inves- tigated the interplay between transformational leadership and person-organization value congru- ence. Instead, research has referred to “organiza-

tional identification” (Shamir et al., 1993; van Knippenberg et al., 2004), a similar concept, but one that is both theoretically and empirically dis- tinct (Cable & De Rue, 2002; Kraimer, 1997; Kristof- Brown et al., 2005; Saks & Ashforth, 1997). A great number of factors influence the level of organiza- tional identification, with person-organization value congruence being one (Kraimer, 1997; Saks & Ashforth, 1997). Prior research has supported weak (Saks & Ashforth, 1997) to moderate (Cable & De Rue, 2002) overlap between these constructs; thus, measuring person-organization value congruence directly reflects a more pointed investigation of explanatory mechanisms that is consistent with both historical (Burns, 1978) and modern (Klein & House, 1995) conceptions of the transformational leadership process.

By articulating a compelling vision that empha- sizes shared values, a transformational leader in- stills in followers a sense of the collective and pride associated with being members of their organiza- tions (Shamir et al., 1993). Consequently, followers are likely to perceive an alignment with the values of their larger organization, not just their individual leaders. Followers with high levels of person-organ- ization congruence perceive that they are a part of something bigger than themselves and are more likely to engage in behaviors that facilitate group productivity (Podsakoff & MacKenzie, 1997). Con- sequently, transformational leaders “provide a strong link between organizational goals and mem- ber commitment to such goals” (Shamir et al., 1993:

584) and convince followers to see their own per- sonal goals as consistent with those of their organ- ization (Bono & Judge, 2003). These conditions en- courage teams to work cohesively toward goal accomplishment (Marks, Mathieu, & Zaccaro,

2001). We therefore hypothesize:

*Hypothesis 3. Transformational leadership is positively related to a follower’s person-organ- ization value congruence.*

*Hypothesis 4. Follower person-organization value congruence is positively related to the effectiveness of a leader’s work group.*

Although value congruence in general is among the most enduring attributes of the transforma- tional leader–follower relationship (Weber, 1947), and preliminary research has provided empirical support for the concept’s validity (Bono & Judge,

2003; van Knippenberg et al., 2004), a conflict born out of the potentially divergent referents for esti- mating congruence arises when one examines transformational (charismatic) leadership and val- ues. Shamir et al. described this conflict as follows:

“To the extent that . . . values . . . are congruent with the . . . organization, charismatic leadership is likely to provide a strong link between organiza- tional goals and member commitment. . . . To the extent that the leader’s . . . values . . . are in conflict with those of the organization, such as when a leader represents a challenge to the status quo, charismatic leadership is likely to induce . . . resistance to direc- tives from management.... Thus, charismatic lead- ership represents a strong force for *or against* member commitment to organizational goals” (1993: 584; em- phasis in original).

Through role modeling attractive behavior and exhibiting idealized influence, a transformational leader arouses perceptions among followers of value congruence with the leader. At the same time, while emphasizing a collective mission and organizational values, these same leaders encour- age a sense of congruence with the organization to which he or she and the followers belong. In keep- ing with the vast literature on “leader-member ex- change” (Graen & Uhl-Bien, 1995), a great deal of research on transformational leadership has em- phasized the central role played by leader-follower value alignment (e.g., Burns, 1978; Conger & Ka- nungo, 1987; Jung & Avolio, 2000; Klein & House,

1995; Weber, 1947). However, similar but conflict- ing research has instead suggested that the best effects are realized when followers’ values align with those of their organization (e.g., Shamir et al.,

1993; van Dick, Hirst, & Grojean, 2007). The refer- ent for one’s assessment of congruence is likely to moderate the strength of an observed effect (Kristof- Brown et al., 2005), but prior findings about value congruence seem to be inconsistent, providing lit- tle guidance as to whether these two conceptions of congruence (person-organization and person-su- pervisor) are conflicting or complementary.

At central issue here are the allegiances of fol- lowers, the influence that leaders have on those allegiances, and the effect that those allegiances have on organizational effectiveness. Although the potential disconnect between these mechanisms was recognized over 50 years ago (Weber, 1947) and has since been reintroduced (Shamir et al.,

1993), empirical research on leadership has not directly compared these forms of value congruence as explanatory mechanisms underlying the impact of transformational leaders on work group effec- tiveness. Thus, the extent to which follower con- sistency with leader or organizational values ex- plains the effectiveness of transformational leaders remains unclear.

***Perceptions of value congruence.*** Although ob- jective person-environment congruence is a func- tion of the “actual” match between employees’ val-

ues and the values revealed in their work environments, the leadership literature has most often examined follower perceptions of congruence (e.g., Erdogan, Kraimer, & Liden, 2007; Jung & Avo- lio, 2000; Van Knippenberg, van Knippenberg, & Geissner, 2007; Weber, 1947). As well as control- ling tangible aspects of the work experience, trans- formational leaders influence their followers by “mobilizing meaning, articulating and defining what has previously remained implicit or unsaid, [and] by inventing images and meanings that pro- vide a focus of attention” (Smircich & Morgan,

1982: 258).

From a social information perspective (Salancik

& Pfeffer, 1978), perceptions of supervisor and or- ganizational congruence are social constructions of information available at the time judgments are made. In this sense, leaders are key catalysts in the sense-making process and instrumental in framing their employees’ environment and work experience (Piccolo & Colquitt, 2006). As van Knippenberg et al. noted, “People typically rely on others to make sense of . . . issues where no ‘objective’ referent point exists for such norms and values” (2007: 55). Following this conception, we focus on follower perceptions of value congruence as focal explana- tory mechanisms in the transformational leader- ship process. However, we diverge from previous research by investigating follower value congru- ence as a group-level construct.

**Group-Level Effects**

Transformational leaders are proposed to direct many of their behaviors toward their entire group of followers (Bass, 1985), and empirical work has increasingly operationalized transformational lead- ership as a group-level phenomenon (Bono & Judge,

2003; Brown & Trevin˜ o, 2006; Kark et al., 2003). In contrast, the vast majority of research has examined individual-level effects of value congruence on out- comes despite the importance of investigating the degree to which value congruence operates at the group level of analysis (Jansen & Kristof-Brown,

2006). However, preliminary evidence supports the conceptualization of person-environment fit as a group-level phenomenon. For instance, Colbert, Kristof-Brown, Bradley, and Barrick (2008) found that goal importance congruence among top man- agement team members was related to organization- al performance, and Ostroff and Rothausen (1997) found that tenure was related to organization-level person-organization congruence.

Despite recent work investigating transforma- tional leadership and, to a lesser extent, PE fit as group-level constructs, this research has typically

aggregated ratings from multiple respondents to form a group-level construct. In doing so, this re- search confounds group-level and individual-level effects (Bickel, 2007; Hofmann, 2007; Raudenbush

& Bryk, 2002). Instead, this study uses multilevel techniques to estimate the relationship between group-level perceptions of transformational leader- ship and group-level perceptions of value congru- ence. Thus, a primary goal of this study is to pro- vide the first examination of the effects of transformational leadership on group-level person- organization and person-supervisor value congru- ence and the corresponding effects of group-level value congruence on work group effectiveness.

The potential for the emergence of group-level PE value congruence is apparent in theoretical concep- tions of transformational leadership (Bass, 1985; Klein & House, 1995; Meindl & Ehrlich, 1987; Weierter, 1997). Transformational leaders articu- late a value-based vision consistently among fol- lowers, and as a result it is possible that followers share common value orientations and goals. In- deed, the presence of a polarizing figure fosters a “strong situation” (Mischel, 1977), as is the often the case with charismatic leaders. Those who are not “on board” with the direction of the leader are likely to seek other employment, resulting in even greater levels of perceived value congruence within the group (Schneider, Goldstein, & Smith, 1995). Drawing an analogy between the charismatic effect and fire, Klein and House characterized homogene- ity (group-level effects) in follower value congru- ence as the “flammable material” necessary to light the charismatic fire. These authors further pro- posed that group-level value congruence results “in an escalating sense (and homogeneity) of mission- ary zeal, dedication, and charisma among followers of a leader” (1995: 189).

Thus, the group-level effect of value congruence and the accompanying social contagion is expected to have a substantial and pervasive impact on the effectiveness of a leader’s work group; transforma- tional leaders are at their most effective when they are able to foster group-level value congruence (Klein & House, 1995). Until now, the extent to which transformational leadership impacts fol- lower group-level perceptions of person-organiza- tion and person-supervisor value congruence has not been subject to empirical examination. On the basis of the preceding discussion of the relation- ships represented in Figure 1, we hypothesize:

*Hypothesis 5. Group-level person-supervisor value congruence mediates the relationship between transformational leadership and work group effectiveness.*

*Hypothesis 6. Group-level person-organization value congruence mediates the relationship between transformational leadership and work group effectiveness.*

**Tenure with Leader**

To foster perceptions of shared values, transfor- mational leaders need sufficient time with follow- ers to influence their value judgments. Indeed, leaders and followers tend to share trust, responsi- bilities (leaders’ delegation), and affective expres- sions as relationships develop over time (Bauer & Green, 1996). Too little time with followers, on the other hand, is likely to compromise a leader’s abil- ity to develop trust and shape perceptions of shared meaning and value congruence. Accordingly, we presume that tenure with one’s leader will play an1 important moderating role in the relationship be- tween transformational leadership and value con- gruence that is such that transformational leader- ship is related to increased levels of value congruence as a function of time shared between leaders and their followers.

*Hypothesis 7. Tenure with a leader moderates the relationship between transformational leadership and a follower’s person-organiza- tion and person-supervisor value congruence: the relationships are stronger with longer tenure.*

**METHODS Participants and Procedure**

Participants included 140 target managers en- rolled in an executive MBA (EMBA) program at a large southeastern university, 420 of their direct reports (mean subordinate respondents 3) and

140 higher-level managers. While enrolled in the EMBA program, the participants concurrently worked as managers in a diverse range of organiza- tions and industries. The participants were largely Caucasian (79%) males (68%) with a mean age of

41, an average of 9 years of managerial experience, and 12 direct reports on average.

To obtain ratings of transformational leadership and perceptions of person-organization and per- son-supervisor value congruence, we asked the EMBA participants to provide e-mail addresses for up to ten of their direct reports as well as their immediate supervisors. The researchers then con-

1 We would like to thank an anonymous reviewer for making this suggestion.

tacted respondents via e-mail with a link to an online survey. Direct reports of the 140 target man- agers were asked to complete an abbreviated form of Bass and Avolio’s (1995) Multifactor Leadership Questionnaire (MLQ) along with value congruence items adapted from Cable and DeRue’s (2002) sub- jective fit measure and to report on the amount of time they had worked with their leaders and for their organizations. We measured idealized influ- ence, inspirational motivation, individualized con- sideration, and intellectual stimulation using 16 items from the MLQ, the most frequently used mea- sure of transformational leadership. The subjective fit measure was adapted to reflect person-supervi- sor as well as person-organization value congru- ence (e.g., “My personal values match my supervi- sor’s (organization’s) values and ideals”; “The things that I value in life are similar to the things my supervisor (organization) values”; “My supervi- sor’s (organization’s) values provide a good fit with the things I value”). Finally, the target leaders’ higher-level managers were asked to complete a

5-item measure of work group effectiveness (e.g., “Rate the overall effectiveness of his/her work- group”). The coefficient alpha reliabilities are pre- sented in Table 1.

**Multilevel Analyses**

We used multilevel structural equation modeling (ML-SEM) using Mplus version 4.2 (Muthe´n & Muthe´ n, 2004) to examine the effect of transforma- tional leadership on follower value congruence at the individual and group levels. ML-SEM parti- tions variance that is due to individual effects (within-level) from variance due to group differ- ences (between-level) for each variable and forms separate variance-covariance matrices correspond- ing to each level of analysis. Multilevel techniques are preferable to aggregate approaches for investi- gating group-level effects because they allow for this separation of sources of variance. Aggregating variables to form group-level constructs confounds individual and group effects and results in the loss of potentially important individual-level informa- tion. In contrast, multilevel techniques separate in- dividual effects from group effects (and vice versa), allowing for a clear depiction of the degree to which given relationships are due to individual or group-level effects. The structural equation model- ing method of multilevel modeling is superior to other available methods (e.g., hierarchical linear modeling) because it allows for the specification of multivariate latent models (Stapleton, 2006). In the present study, we modeled transformational lead- ership at the latent level by including the measure-

**TABLE 1**

**Correlations among Study Variablesa**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Variables** | **1** | **2** | **3** | **4** | **5** | **6** | **7** |
| Individual level (*n*  420) |  |  |  |  |  |  |  |
| 1. Work group effectiveness |  |  |  |  |  |  |  |
| 2. Charisma | .00 | (.84) |  |  |  |  |  |
| 3. Individualized consideration | .00 | .56\* | (.92) |  |  |  |  |
| 4. Intellectual stimulation | .00 | .55\* | .51\* | (.84) |  |  |  |
| 5. Inspirational motivation | .00 | .62\* | .59\* | .59\* | (.73) |  |  |
| 6. Person-organization value congruence | .00 | .34\* | .36\* | .38\* | .39\* | (.93) |  |
| 7. Person-supervisor value congruence | .00 | .35\* | .38\* | .39\* | .40\* | .59\* | (.93) |

Work group level (*n*  140)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 1. Work group effectiveness | (.93) |  |  |  |  |
| 2. Charisma | .21\* | [.73] |  |  |
| 3. Individualized consideration | .29\* | .70\* | [.80] |  |
| 4. Intellectual stimulation | .19\* | .66\* | .57\* | [.77] |
| 5. Inspirational motivation | .27\* | .71\* | .67\* | .61\* | [.64] |  |  |
| 6. Person-organization value congruence | .33\* | .49\* | .51\* | .46\* | .52\* | [.80] |  |
| 7. Person-supervisor value congruence | .18\* | .45\* | .55\* | .47\* | .46\* | .69\* | [.67] |

a Coefficient alpha reliability estimates are in parentheses. Median *r*

*wg*(*j*)

values are in brackets.

\* *p*  .05

ment model for transformational leadership while concurrently testing the within-work-group-level (e.g., individual-level effect) effect of transforma- tional leadership on follower value congruence and the full mediation model at the between-work- group level (e.g., group-level effect).

Two primary steps are associated with multilevel modeling (Hox, 2002; Stapleton, 2006). The first is a preliminary stage in which the presence of a group effect is confirmed. The second stage is sim- ilar to traditional SEM, in which multiple compet- ing structural models are compared. Per the recom- mendations of Hox (2002), the first step involves testing a series of nested models to determine if the theoretical individual-level model holds at the group level. First, we tested a model that specified the variance and covariance of the within-group and between-group levels only. No theoretical structure was included for the step 1 model. This model was used as a baseline to determine the proportion of variance attributable to individual- versus group-level effects using intraclass correla- tions (ICCs; Stapleton, 2006). ICCs provide an esti- mate of the percentage of variance that is associated with group variation. If there is little variance to be explained at the group level, group-level analyses are unnecessary, and relationships should be viewed at the individual level of analysis. Specifi- cally, ICC estimates are examined to determine the proportion of variance attributable to the group level. An ICC of .20 is considered moderate, and ICCs of .30 –.40 are considered high (Muthén, 1997; Kreft & de Leeuw, 1998; Stapleton, 2006). Because

this step does not specify any relationships among variables at the within- or between-group levels, the fit is expected to be poor; however, this model provides a useful first step in justifying further exploration at the group level of analyses.

The second, step 2, model tests a theoretical structure for the within-group level model only. Model fit should improve over the baseline, since a theoretical structure is added; however, the critical question for multilevel modeling is whether fit is improved when the model also specifics theoretical relationships at the group level. The final, step 3, model amends model 2 by adding the theoretical structure to the between-group level. Improvement in model fit from step 2 to step 3 would suggest that the theoretical structure is relevant at both the within-group and between-group levels. In the con- text of the present study, this would mean that individual and work group differences are needed to explain the relationships between transforma- tional leadership, value congruence, and work group effectiveness and that further theoretical model com- parisons should include both the within- and be- tween-group levels of analysis. We examined these three initial models to justify the use of multilevel modeling. The hypotheses of interest were then ex- amined in a separate series of model tests.

In the present study, the individual, or within- level, components of transformational leadership represent differences in ratings of transformational leadership that are unique to individual raters. The group-level variance components represent the shared perceptions of transformational leadership

within a work group and the divergent perceptions of transformational leadership in different work groups. Similarly, the within-level components of value congruence represent the individual differ- ences in perceptions of fit with supervisor or fit with organization. As with transformational lead- ership, the group-level variance component of value congruence represents the shared percep- tions of person-supervisor congruence and person- organization congruence for individuals in the same work group, net the effects of individual rater perceptions. In ML-SEM, within-level effects are used to test individual-level relationships, and be- tween-level variance components are used to test group-level relationships (Kline, 2005); this proce- dure allows for the separation of group and indi- vidual effects.

**RESULTS Confirmatory Factor Analysis**

We assessed the structure of the study variables using LISREL version 8.5. Because previous re- search has consistently supported a single-factor structure of transformational leadership (Judge & Piccolo, 2004), each of the transformational scales was set to load on a single latent transformational factor. Next, each of the six value congruence items was set to load on the two corresponding value congruence factors, and work group effectiveness was specified as a single factor. The results suggest that this model provides an adequate fit to the data ( 2[84] 166.58; RMSEA .08; TLI .95; CFI

.96). We then tested a second structure, which was the same as the first model, except that the value congruence items were set to load on a single fac- tor. Support for this model would indicate that person-supervisor and person-organization value congruence were not distinct constructs. This model indicated poor fit ( 2[87] 394.27; RMSEA .16; TLI .89; CFI .91), supporting the distinctiveness of person-organization and person-supervisor congruence.

**Multilevel Analyses**

As described above, we first tested a series of three models to determine if proceeding with group-level analyses was appropriate. Table 2 pres- ents these results. First, the step 1 model was used to estimate the covariance matrices for the within- group and between-group levels and to obtain ICCs. As expected, because no theoretical structure was specified, the model fit poorly. The ICCs indicated that 22 percent of the variance of person-supervisor value congruence, 27 percent of the variance of person-organization value congruence, and 27 per- cent of the variance of transformational leadership were due to group variation. The remaining vari- ance for each was associated with individual vari- ation. The group-level ICCs are sufficiently large to suggest that it is both appropriate and important to examine group-level effects among these variables. We also calculated *rwg(j)* (Lindell & Brandt, 1999) to further investigate the level of within-group agree- ment. Median *rwg(j)* values, which are presented in Table 1, also support the presence of within-group agreement.

Next we examined the step 2 model by adding the theoretical structure at the within-group level. This model included the four dimensions of trans- formational leadership as manifest indictors of a latent construct of transformational leadership, and person-organization and person-supervisor value congruence were specified as criteria of the latent transformational construct. This model fit the data reasonably well, more closely than did the baseline model ( 2 1,181.78, *df*  7, *p*  .001), provid- ing preliminary support for the a priori model. However, as expected, the between-level portion of the model fit poorly (SRMRbetween .21), as no theoretical structure was specified to account for group-level variation.

In the step 3 model, we added the between- group-level theoretical model, in which we mod- eled the group-level variance associated with trans- formational leadership and modeled value congruence using the same theoretical structure specified in the within-group model. The step 3 model fit substantially better than model 2 ( 2

**TABLE 2**

**Preliminary Models to Test Presence of Individual and Group Effects**

**Models**  **2 *df* TLI CFI**

**SRMSR**

**(between) RMSEA**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Step 1: No theoretical structure | 1,272.91 | 36 |  |  | .35 (.43) | .27 |
| Step 2: Within structure only | 95.14 | 29 | .95 | .93 | .12 (.21) | .07 |
| Step 3: Within and between structure | 39.45 | 22 | .99 | .98 | .01 (.12) | .04 |

55.69, *df*  7, *p*  .001; CFI .04). In addition, the fit of the between-level model also improved (SRMRbetween .12). In conjunction with the ICCs, the improvement of fit when the both the within- group and between-group theoretical structures were included suggests that group-level variance characterizes the relationships of interest, justify- ing further examination of the substantive hypoth- eses at the group level.

**Hypothesis Tests**

Given support for an examination of the relation- ships of interest at the group level of analysis, we proceeded with testing the primary hypotheses. Ta- ble 3 presents the results of the models used to test the hypothesized relationships. Since work group effectiveness was measured at the group level, there is only a single indicator of group effective- ness for each group. Thus, the only possible source of variance for work group effectiveness resides between groups. Accordingly, the relationships be- tween work group effectiveness and the remaining variables in the model were only modeled at the between-group level. To investigate the first step of mediation, we specified a model that included only a direct effect from transformational leadership to work unit effectiveness. This model (Table 3, model 1) fit the data well. As in prior research, transformational leadership emerged as a signifi- cant predictor of work group effectiveness (

0.43, *p*  .01; see Figure 1), with group-level trans- formational leadership explaining 14 percent of the variance in work group effectiveness.

To test Hypotheses 1 and 3, we included person- supervisor and person-organization value congru- ence as criteria of transformational leadership. These relationships were examined at both the

within- and between-group levels. The model (Ta- ble 3, model 2) fit the data well and was a signifi- cant improvement over model 1 ( 2 38.51,

 *df*  3, *p*  .01). The relationship between person- organization congruence and transformational leadership was significant at the within-group (

0.49, *p*  .01) and between-group ( 0.69, *p*

.01) levels. Similarly, the relationship between per- son-supervisor value congruence and transforma- tional leadership was significant at both the within- group ( 0.50, *p*  .01) and between-group (

0.68, *p*  .01) levels, providing strong support for

Hypotheses 1 and 3.

We next used model 2 to examine the amount of variance that individual- and group-level transfor- mational leadership accounted for in person-organ- ization and person-supervisor value congruence. Individual-level transformational leadership ac- counted for 19.5 percent of the variance in person- supervisor value congruence, and group-level transformational leadership accounted for 10 per- cent of the variance in person-supervisor value congruence. Alternately, individual-level variation in transformational leadership accounted for 16 percent of the variance in person-organization value congruence, and group-level transforma- tional leadership accounted for 13 percent of the variance in person-organization value congruence. Overall, these results suggest that transformational leadership accounts for a meaningful proportion of variance in person-organization and person-super- visor value congruence at both the individual and group levels of analysis.

Hypotheses 2 and 4 propose that person-organi- zation and person-supervisor value congruence are antecedents of work group effectiveness. To test these hypotheses, we added both forms of value congruence as predictors of work group effective-

**TABLE 3**

**Hypothesis Tests and Model Comparisonsa**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Models**  **2 *df*** | **TLI** | **CFI** | **SRMSR (between)** | **RMSEA** |  **2** |  ***df*** |
| Model 1 | 52.68 | 22 | 0.96 | 0.98 | .05 (.12) | .05 |  |  |
| 1 vs. 2 |  |  |  |  |  |  | 38.51\* | 3 |
| Model 2 (Hypotheses 1 and 2) | 14.17 | 19 | 1.00 | 1.00 | .01 (.02) | .00 |  |  |
| 2 vs. 3 |  |  |  |  |  |  | 0 | 0 |
| Model 3 (Hypotheses 2 and 4) | 14.17 | 19 | 1.00 | 1.00 | .01 (.02) | .00 |  |  |
| 3 vs. 4 |  |  |  |  |  |  | 1.23 | 1 |
| Model 4—Full mediation | 15.40 | 20 | 1.00 | 1.00 | .01 (.02) | .00 |  |  |
| (Hypotheses 5 and 6) |  |  |  |  |  |  |  |  |

a Model 1 between-group direct effect of transformational leadership on work group effectiveness; model 2 within- and between- group direct effect of transformational leadership on person-organization and person-supervisor value congruence; model 3 between- group direct effect of person-organization and person-supervisor value congruence on work group effectiveness; model 4 full mediation.

\**p*  .05

ness at the group level. The model (Table 3, model

3) fit the data well. However, in this particular model, group-level person-supervisor value con- gruence was not a significant predictor of work group effectiveness ( – 0.55, *p*  .08), discon- firming Hypothesis 2. Contrary to predictions, when person-organization congruence was in- cluded in the model, the relationship between per- son-supervisor value congruence and work group effectiveness became nonsignificant. In support of Hypothesis 4, group-level person-organization value congruence was a significant predictor of work group effectiveness ( 0.75, *p*  .01), indi- cating that as a work group’s collective person-or- ganization value congruence increased, the perfor- mance of the work group also increased. With the addition of person-supervisor and person-organiza- tion value congruence to the model, the percentage of variance explained in work group effectiveness in- creased from 13 to 34 percent.

Finally, when all paths were included in the model, the effect of transformational leadership on work group effectiveness decreased to nonsignifi- cance ( 0.19, n.s.), suggesting that person-organ- ization value congruence fully mediated the rela- tionship between transformational leadership and work group effectiveness, supporting Hypothesis 5. Owing to the nonsignificant effect of person-super- visor congruence in the full model, it was not sup- ported as a mediator of transformational leader- ship–work unit effectiveness. Thus, Hypothesis 6 was rejected. Figure 1 presents the standardized weights associated with this model.

We tested a final full mediation model (Table 3, model 4), in which we removed the direct path from transformational leadership to work group effec- tiveness. This model fit the data well. There was no significant difference between the full mediation and the prior partial mediation models; however, the full mediation model was more parsimonious. When the

direct path between work group effectiveness and transformational leadership was dropped, the vari- ance explained in work group effectiveness stayed nearly constant at 34 percent. No explainable vari- ance was lost in dropping the direct path between work group effectiveness and transformational lead- ership, further supporting full mediation.

**Moderating Role of Tenure with Leader**

We investigated the moderating role of tenure using a moderated mediation framework. Accord- ing to Bauer, Preacher, and Gil (2006), multilevel moderated mediation is not well suited for analysis with SEM. Consequently, we followed Edwards and Lambert’s (2007) steps for testing moderated mediation in a regression framework, in which the interaction between transformational leadership and tenure influences the mediator (person-organ- ization value congruence), and person-organization congruence influences unit effectiveness. To deter- mine the moderating effect of tenure with leader on the relationship between transformational leadership and value congruence, we conducted two moderated multiple regression analyses with person-organization congruence and person-super- visor congruence as the dependent variables (Table

4). These analyses were conducted for individual respondents, rather than at the group level, as there was no evidence of a group-level effect for tenure with leader. Following the recommendations of Ai- ken and West (1991), we centered transformational leadership and tenure prior to running analyses. The results show that tenure with leader moderated the relationship between transformational leader- ship and person-organization value congruence: transformational leadership has a stronger effect on person-organization value congruence when fol- lowers have a longer working relationship with their leader. Figure 2 graphically depicts this rela-

**TABLE 4**

**Moderating Effect of Tenure with Leader**

**Person-Organization Congruence Person-Supervisor Congruence**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Models** |   | ***R*** |  ***R*2** |  |   | ***R*** |  ***R*2** |
| Step 1 (constant) Transformational Time with leader | 3.930.51\*\*0.04 | .51\*\* | .26\*\* |  | 3.920.49\*\*0.13\*\* | .51\*\* | .26\*\* |
| Step 3 (constant) Transformational Time with leaderTransformational time | 3.920.51\*\*0.040.10\*\* | .52\*\* | .01\*\* |  | 3.920.49\*\*0.13\*\* 0.01 | .51\*\* | .00 |
| \*\* *p*  .01 |  |  |  |  |  |  |  |

**FIGURE 2**

**Interaction between Transformational Leadership and Tenure with Leader**



tionship. The simple slope was significant for both employees with less experience with their leader (*b*  0.57; 95% CI, 0.44 to 0.73) and for employees with more experience with their leader (*b*  0.87;

95% CI, 0.71 to 1.04). Although the interaction effect was supported, the confidence intervals slightly overlapped. Thus, Hypothesis 7 was par- tially supported. Given that the results of this step failed to support the moderating role of tenure in the relationship between transformational leader- ship and person-supervisor congruence, our re- maining moderated mediation analyses focused on person-organization congruence only.

Having supported the moderating role of tenure, we proceeded to test for moderated mediation. When person-organization congruence was added to the model, the interaction between transforma- tional leadership and tenure dropped to nonsignifi-

**TABLE 5**

**Moderated Mediation of Unit Effectivenessa**

**Steps**  ***R*2**

Step 1

Constant .002 .22\*\* Transformational .19\*\*

Time with leader .05

Transformational tenure .09\*

Step 2

Constant .001 .27\*\*

cance, supporting moderated mediation (Table 5). We further sought to clarify this effect by compar- ing the total indirect effect of high and low tenure using the bootstrap procedure provided by Ed- wards and Lambert to construct bias-corrected con- fidence intervals (CIs) based on 1,000 random sam- ples. A full list of the simple effects can be found in Table 6. The 95% confidence interval of the differ- ence in the first stage of the indirect effect excluded zero (95% CI 0.07 to 0.56), indicating that the first-stage indirect effect was stronger for high ten- ure (.87; 95% CI 0.71 to 1.04) than for low tenure (.57; 95% CI 0.44 to 0.73). However, the 95% confidence interval of the difference in the second stage of the indirect effect included zero (95% CI

– 0.15 to 0.23), indicating there was no difference between high tenure and low tenure for the rela- tionship between person-organization and work group congruence. Finally, the 95% confidence in- terval for the difference between the total indirect interaction effects included zero (95% CI – 0.13 to 0.16), indicating that the overall indirect effect was not significantly different for high tenure and

**TABLE 6**

**Direct and Indirect Effects of Moderated Mediation of**

**Unit Effectivenessa**

**Stage Effect**

Transformational .09

Time with leader .04

Transformational tenure .07

**Variable**

Tenure

**First Second Direct Indirect Total**

Person-organization congruence .20\*\*

a All variables were centered prior to analysis (Edwards & Lambert, 2007).

\* *p*  .05

\*\* *p*  .01

High .87\* .16\* .27\* .14\* .41\* Low .57\* .23\* .01 .13\* .14

Differences .30\* .07 .26\* .01 .27\*

a 95% confidence interval excludes zero.

\* *p*  .05

low tenure. These results show that although ten- ure moderated the person-organization congru- ence–meditated relationship between transforma- tional leadership and effectiveness, the distinction between high and low tenure was in the influence of transformational leadership on person-organiza- tion congruence (stage 1 of the mediation) rather than differences in the influence of person-organi- zation congruence on effectiveness (stage 2 of the mediation).

**DISCUSSION**

This study directly compared the explanatory roles of person-organization and person-supervisor value congruence in the relationship between transformational leadership and work unit effec- tiveness. Our results demonstrate that the effect of transformational leadership on group-level effec- tiveness is mediated by group-level person-organi- zation value congruence, and that despite its oth- erwise important role in leadership processes, person-supervisor value congruence is not a signif- icant mediator when person-organization congru- ence is included in an analytic model.

At first glance, these results contrast with those of prior theoretical (Burns, 1978; Conger & Ka- nungo, 1998; Klein & House, 1995; Weber, 1947) and empirical (Brown & Trevin˜ o, 2006; Jung & Avo- lio, 2000) research that has emphasized the central- ity of person-supervisor congruence in leadership. Specifically, our results showed that when the ef- fects of person-supervisor and person-organization value congruence were examined simultaneously, person-organization congruence explained ob- served leadership effects and person-supervisor value congruence became nonsignificant. Although these findings are inconsistent with prior research, there are several plausible explanations for this discrepancy.

First, prior research on leadership has focused almost exclusively on person-supervisor value con- gruence, giving little attention to person-organiza- tion congruence, much less comparing the impacts of the two. In this study, both concepts were exam- ined simultaneously in the framework of multilevel SEM. Our estimates of mediation, therefore, cap- ture the effect of person-organization congruence on work group effectiveness with the effect of per- son-supervisor congruence removed (and vice versa). Because person-supervisor congruence drops to nonsignificance when person-organization congruence is included, our results indicate the prior support for the mediating role of person-su- pervisor congruence may be spurious. As Shamir et al. (1993) suggested, transformational leadership

can yield follower commitment to or against organ- izational goals and values. But our findings reveal that when followers espouse values consistent with their leader’s values and not their organization’s, organizational leaders will evaluate unit perfor- mance less favorably.

Next, whereas the outcome in our study (i.e., work group effectiveness) was assessed at the group level of analysis, prior value congruence research has focused on individual-level outcomes such as job satisfaction, interpersonal deviance, and qual- ity of performance (e.g., Brown & Trevin˜ o, 2006; Jung & Avolio, 2000). Perhaps perceiving values consistent with one’s leader’s is important for en- hancing individual outcomes, but in our examina- tion of effectiveness at the group level, perceiving congruence with broader organizational values plays a more important role. Interestingly, Vancou- ver and Schmitt (1991) found that although congru- ence with one’s work group and congruence with one’s supervisor were both related to group effec- tiveness, when both were considered together, as in the current study, congruence with supervisor val- ues dropped to nonsignificance. Although Vancou- ver and Schmidt did not consider the role of lead- ership in the relationship between value congruence and outcomes, the consistency with the results of the present study suggests a generalizable effect.

An additional difference between our study and existing research is the source from which the out- come measures were obtained. In the present study, the criterion variable (work group effectiveness) was assessed by the focal leaders’ immediate super- visors, as opposed to rated by research assistants (Jung & Avolio, 2000) or peers (Brown & Trevin˜ o,

2006). In keeping with the literature on “360 degree feedback,” it is possible that different levels of rat- ers capture unique aspects of performance (Hoff- man, Lance, Bynum, & Gentry, 2010); for example, peers may provide particularly accurate ratings of interpersonal job behaviors (Hoffman & Woehr,

2009). In that managers are a conduit of the organ- ization for which they work, it is likely that higher- level managers (such as those used in this study) prefer that a work group focus its energy on work- ing toward organizational values rather than to- ward its leader’s own personal values (Shamir et al., 1993; Weber, 1947).

Although we believe that our focus on a broader and arguably closer approximation of the ultimate leadership criterion (Kaiser et al., 2008) represents an important contribution of this study, future re- search replicating our findings using alternative criteria variables such as group dynamics or indi- vidual-level outcomes (e.g., organizational commit-

ment) will further elucidate the motivational mech- anisms of transformational leadership. For instance, perhaps organizational values, as op- posed to the personal values of a leader, are more oriented toward collaboration, citizenship, proac- tivity, or customer service, which, in turn, may enhance work group effectiveness.

Finally, conceptualizing the mediating roles of person-organization and person-supervisor value congruence at the group level of analysis using multilevel SEM represents an additional diver- gence from prior research and an important contri- bution of our study. Although Brown and Trevin˜o (2006) conceptualized person-supervisor value congruence as a group-level phenomenon, these authors aggregated across individuals as opposed to directly investigating the role of group-level con- gruence using more informative multilevel tech- niques. Doing so may lead to a confounding of individual and group effects, which can ultimately result in misleading findings (Bickel, 2007; Raudenbush & Bryk, 2002). The multilevel tech- niques used in these analyses, however, “partialed” individual from group-level effects, thus allowing for an unbiased estimate of observed effects at the group level. In isolation of the implications for leadership research, these findings contribute to the broader organizational literature by providing preliminary evidence for person-organization and person-supervisor value congruence as group-level constructs.

**Implications and Directions for Future Research**

So, what do these results mean? First, they sug- gest that although transformational leaders encour- age their followers to perceive higher levels of both person-organization and person-supervisor congru- ence, when both are considered simultaneously, perceptions of congruence with *organizational* val- ues, rather than perceptions of congruence with *leader* values, ultimately facilitate work unit effec- tiveness. Interestingly, a variant of this concept is implicit in discussions of “personalized” versus “socialized” influence tactics used by transforma- tional leaders (Howell, 1988) as well as conceptu- alizations of internalization and personal identifi- cation in early thinking on influence (Kelman,

1958). Although many prior researchers have ar- gued that transformational leaders rely primarily on socialized tactics to influence followers (Bass,

1985), others have suggested that transformational/ charismatic leaders also rely on personalized influ- ence tactics (Conger & Kanungo, 1987), and others have proposed that charismatic leaders can use ei- ther type of influence (Howell, 1988). Assuming

that the use of personalized power results in higher levels of person-supervisor congruence and that the use of socialized power is more indicative of person-organization congruence (Howell, 1988; Howell & Shamir, 2005), our results support the suggestion that transformational leaders can rely on either mode of influence.

For modern organizations, a crucial implication here is that managers must buy into organizational values and goals to facilitate group productivity. Indeed, this is perhaps more critical than managers creating alignment with their own value sets among followers. An individual’s immediate supervisor is typically a crucial source of organizationally rele- vant information and influences employees by in- terpreting and framing this information (Mintzberg,

1975; Piccolo & Colquitt, 2006). If a leader’s values and those of his/her organization are not aligned, mixed messages result and can leave organizational members confused about their roles or disillu- sioned with their organization. These findings also underscore the importance of gaining manager sup- port when implementing a change initiative. Thus, it is crucial that organizations select, socialize, and retain managers who are “on the same page” as their the organizations. Providing managers input into organizational decisions will foster support of organizational values and goals (Burke, Stagl, & Klein, 2006) that will trickle down to followers and ultimately translate to more effective work groups.

In addition, the mediating role of person-organi- zation congruence has important implications for leading work groups. Specifically, leaders who ef- fectively communicate and role model organization- al values while highlighting consistencies between the single group’s work and the broader organiza- tion should enhance follower perceptions of person-organization congruence and in turn, im- prove work unit effectiveness. Leaders whose val- ues are not compatible with their organizations’ and who voice incongruence to followers will likely encounter difficult relations with higher- level management and be viewed as less effective by their immediate supervisors. Although dissent is inarguably a critical component of effective or- ganizational functioning, organizational leaders are advised to raise dissenting opinions in constructive ways to their supervisor or peers, as opposed to their subordinates. Criticizing an organization to subordinates may undermine follower confidence in the organization and, ultimately, adversely affect follower and work group effectiveness.

The preceding discussion reveals an interesting paradox between the results of this study and typ- ical conceptions of transformational leadership. In particular, transformational leaders are viewed as

individuals who initiate substantial change to “transform” their organizations rather than act in con- servative ways that simply maintain the status quo (Bass, 1985). However, the present study suggests that the impact of transformational leadership on work group performance is contingent upon a leader’s work group espousing organizational values, rather than trying to change them. Interestingly, it is possi- ble that the very leaders who are theoretically the most “transformational” in their defiance of the status quo and blazing of new ground are simultaneously viewed as ineffective (and perhaps stifled) by their immediate supervisors. Although recent research has not addressed this possibility, the potential conflict between change-oriented charismatic leaders operat- ing in a bureaucratic organization was recognized in the earliest formulation of charisma, when Weber (1947) noted that one of the most significant chal- lenges facing a charismatic leader is operating effec- tively in a bureaucratic and rational administration. As noted above, Shamir et al. (1993) pointed to a similar conflict. Our results indirectly support these insights and underscore the need for future research investigating the practical constraints faced by trans- formational leaders in modern organizations.

Next, research investigating the situational contin- gencies moderating these relationships could be fruit- ful. For instance, it is possible that in noncrisis situ- ations in which no radical change to operations is needed or expected, a leader will be more effective when his or her behavior is consistent with existing organizational norms, goals, and values. However, in the face of a crisis, an effective leader may be one who initiates significant change that is based upon his or her personal values and beliefs. Importantly, in either of these cases, followers might rate the leaders as transformational; however, their ultimate level of ef- fectiveness would vary with situational contingences. Similarly, it is possible that the effects observed in this study will vary with organizational structure as well as the extent to which employees’ work is inter- dependent. The powerful role of person-organization congruence, for example, might be reduced in organ- izations with highly organic structures wherein em- ployees are not as strongly bound by pervasive norms and values. Further, employees who work indepen- dently are less inclined to share “mental models” with coworkers (DeChurch & Mesmer-Magnus, 2010) and are not as strongly drawn to the values of the collective.

**Limitations**

As always, these insights must be discussed in light of our study’s limitations. First, these data were cross-sectional, precluding causal inference.

It is possible that followers with similar values are initially attracted to a leader (Schneider et al.,

1995) and that because of the degree of value sim- ilarity, these followers view their leaders as more transformational. However, the lab study by Jung and Avolio (2000) supported the causal direction proposed in the present study, as do prior theoretical suggestions.

We found that tenure with leader was a margin- ally significant moderator of the relationship be- tween transformational leadership and person-or- ganization congruence and that tenure moderated the person-organization congruence–meditated re- lationship between transformational leadership and work unit effectiveness. These findings indi- cate that the influence of transformational leaders on person-organization congruence and subsequent effectiveness is partly contingent on a follower spending sufficient time with his or her leader. However, tenure with leader did not moderate the relationship between transformational leadership and person-supervisor congruence. The effect of tenure was weak in this study, underscoring the notion that transformational leaders may be able to foster high levels of value congruence among fol- lowers in a relatively short amount of time. It is possible that transformational leaders’ high degree of referent power engenders rapid personal identi- fication on the part of followers, but it takes more time to secure follower alignment in terms of or- ganizational values.

Despite these suggestive findings, it should be noted that the interaction effect was not particu- larly pronounced, suggesting that followers of transformational leaders are likely to report higher levels of person-organization value congruence re- gardless of the length of their relationship with their leader. In addition, it is possible that the mod- erating effect of tenure is attributable to employees with incongruent values leaving the group, rather than transformational leaders directly influencing perceived congruence. Accordingly, longitudinal research is needed to more adequately investigate the causal influence of transformational leadership on person-organization value congruence. Al- though the cross-sectional design of this study does not allow for conclusive evidence that transforma- tional leaders actually change follower values, what is clear is that the influence of transforma- tional leaders on work group effectiveness occurs through follower perceptions of person-organiza- tion value congruence. Thus, whether or not fol- lower values actually change in the leadership pro- cess, transformational leadership must be viewed through the lens of follower perceptions of value congruence.

An additional limitation is that value congruence was operationalized using perceptions of congru- ence rather than an assessment of actual congru- ence. Thus, it is possible that our results would differ if values were assessed objectively. However, the assessment of perceptions is in line with prior research conceptualizing the primary function of leadership as a sense-making phenomenon (Fest- inger, 1954; Piccolo & Colquitt, 2006; Smircich & Morgan, 1982; Weber, 1947) as well as existing empirical research linking transformational leader- ship to perceptions of value congruence (Erdogan, Kraimer, & Liden, 2007; Jung & Avolio, 2000). In addition, by operationalizing value congruence as shared perceptions, our approach is consistent with direct consensus models in the organizational climate literature, in which group-level variables reflect a collective reality rather than one individ- ual’s perceptions (Glisson & James, 2002). Thus, regardless of the actual level of value congruence, our results suggest that as long as followers per- ceive congruence with their organization’s values, work group effectiveness is enhanced. Neverthe- less, future research investigating actual fit is needed.

Next, in keeping with the leadership (Brown & Treviño, 2006; Jung & Avolio, 2000) and person- environment fit (Cable & DeRue, 2002) literature, we operationalized value congruence using percep- tions of general value congruence rather than con- gruence with respect to specific values. Doing so may have obscured potentially important findings regarding the content of the values that lead to enhanced unit effectiveness. On the other hand, in their investigation of transformational leadership and goal importance congruence, Colbert et al. noted that “transformational CEOs communicate such a broad and compelling vision for their organ- izations that VPs perceive all organizational goals as being of high importance” (2008: 92). Based on these results, it appears that to followers of trans- formational leaders, all goals that enhance organi- zational functioning are viewed as important. As- suming that these results translate to values, it is possible that investigations of congruence on spe- cific values will yield similar results to investiga- tions of general perceptions of value congruence.

In any case, in accordance with our theoretical framework, transformational leaders are effective because they foster perceptions of congruence with organizational values. Although clarifying the na- ture of the specific values at the heart of these observed effects is an important area for future re- search, there is also much to be learned by investi- gating perceptions of general value congruence. In our view, both approaches to conceptualizing value

congruence are important to understanding the ef- fectiveness of transformational leaders, and it would be particularly interesting to illuminate the interplay between transformational leadership, congruence on specific values, and perceptions of overall value congruence.

Next, work group effectiveness was measured only as a group-level construct, meaning that there was no within-group variation, precluding an in- vestigation of cross-level or emergent effects. For instance, because our design was cross-sectional, we were unable to investigate the influence of within-group characteristics or processes on the development of shared perceptions of value con- gruence. Future research could examine the inter- actions among individual group members (i.e., group dynamics) to further understand the forma- tion, development, and maintenance of group- level perceptions.

Lastly, method variance is a concern to the extent that the same individuals completed the measures of value congruence and transformational leader- ship. That said, we measured the criterion variable by using a different rater to reduce this concern. Further, the multilevel analyses used in this study separated individual from group-level vari- ation. As such, the group-level effects reported here are free from common rater variance, which is an inherently individual perceptual phenome- non (Podsakoff, MacKenzie, Lee, & Podsakoff,

2003).

Nevertheless, it is possible that processes such as social contagion and conformity norms operate similarly among group members, yielding what is, in essence, a socially constructed “halo effect.” Thus, although method variance does not play a major role in our results in a conventional sense, it is possible that such a process inflated observed correlations. Still, to the degree that these shared perceptions foster enhanced work unit effective- ness as evaluated by an independent source, they reflect an important component of the leadership process.

**Summary and Conclusions**

The findings in this study suggest that the fre- quently supported effect of transformational lead- ership on work group effectiveness is contingent upon followers perceiving consistency with their organization’s values, as opposed to their leader’s own personal values. In addition, our results un- derscore the importance of considering group-level effects when investigating explanatory mecha- nisms of the leadership process in general and of transformational leadership in particular.

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