In their article “Is There a Nonprofit Advantage? Examining the Impact of Institutional Context on Individual–Organizational Value Congruence,” Shuyang Peng, Sheela Pandey, and Sanjay K. Pandey build on the literature that differentiates between the public and nonprofit sectors. Using a survey, they seek to answer whether nonprofits have an advantage over public organizations in fostering individual–organizational value congruence. In essence, do nonprofit organizations create conditions that better enable employees to internalize and serve their organizations’ missions, visions, and values compared with public organizations? The authors’ examination of organizational-level characteristics (red tape, goals, and rule constraints) and individual-level characteristics (work motivation, job satisfaction, and organizational loyalty) suggests that nonprofit do have a distinct advantage.

Their findings further suggest that the inherent characteristics of nonprofit organizations allow their employees greater flexibility, lower levels of goal ambiguity, and less centralization, resulting in increased
internalization of organizational goals and values. In contrast, external control and political pressure on public organizations lead to more centralization, less work autonomy, and less flexibility, in turn leading to lower levels of internalization of public trust.

These findings provide a framework that allows public and nonprofit managers to increase individual–organizational value congruence by embracing the characteristics of a work environment that stimulate greater flexibility, work autonomy, and initiatives conducive to a better understanding organizational values and goals. The authors caution that their findings are based on a limited number of organizations sampled, cross-sectional data, and individual perceptions. Other limiting factors may also suggest a need for additional research.

For example, a large number of employees in a nonprofit organization may result in a highly centralized bureaucracy that is bound by more red tape, limiting such congruence. Thus, a large nonprofit university may face challenges similar to those facing a public agency when trying to manage employees in the fulfillment of an organizational mission. Conversely, a small, localized public agency may stimulate the conditions necessary to increase congruence.

Furthermore, diversity among the stakeholders or board may have similar impact. A diverse board may create further confusion among staff about the organization’s values and goals. In my research related to diversity in religious organizations, I found similar individual–organizational value incongruence caused by diversity among stakeholders, making it difficult for the organization to determine its core values.

Even the Great Recession, which may have generated an increase in nonprofit employment and a reduction of public employment, could have played a role in individual–organizational value incongruence. Is it likely that during the Great Recession, nonprofits may have provided employees with greater job security than the public sector market? Through my advisory work with a national religious nonprofit, I found that employees who had been working for the organization for a long time were hampering innovation because of such value incongruence. The frightening economic environment deterred them from seeking alternative employment despite their failure to internalize or support the organization’s values. Also, because of seniority, they had attained benefits that they felt would not be available in other prospective employment.

The Great Recession may have created a greater pool of employees who came to the nonprofit sector because of the need for employment rather than because of organizational values or goals. One automatically assumes that people work for nonprofits because of their missions and goals. Does the prevailing economic situation make a difference?

Notwithstanding these challenges, this article provides a vital framework for both public and nonprofit leaders to create greater individual–organizational value congruence. Managers can foster greater buy-in to organizational values and goals among employees through workplace autonomy, education about their values and goals, restructuring the organizational ability to build greater workplace autonomy, and developing mechanisms for greater socialization to build deeper trust between managers and employees.

As the authors conclude, the innovative and entrepreneurial nature of nonprofits may give them greater opportunity to develop staff with a high level of individual–organizational value congruence compared with public organizations. Regardless of why one may join a nonprofit organization, a successful organization is more likely to inspire its employees through its values and goals.