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STRUCTURE OF ORGANIZATIONAL VALUES: AN ACTION SCIENCE PERSPECTIVE

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This research examines the values statements of 327 organizations to identify the core values concepts or words that are used by firms to define the fundamental belief systems of the enterprise. One hundred and ten unique words or concepts were identified. Using an action science methodology, 78 practicing managers sorted these words into a classification scheme that resulted in 13 distinct categories of organization values that can be viewed as meta-values or core concepts of organizations.

INTRODUCTION

The subject of organizational values is receiving increased attention from management scholars and practitioners (Howard, 1990; Nohria and Ghoshal, 1994; Hinings et al. 1996; Blanchard and O'Connor 1997; Paine, 2003). Some have even suggested that the presence of clearly identified and understood "core values" or "common values" is a key element of successful organizations (Collins and Porras, 1994; Tyabji, 2000). Despite some criticism, the general consensus among academicians, consultants, and managers seems to be that shared values are a hallmark of successful organizations (Anderson, 1997; Blanchard, 1998; Davidson, 2002).

While there is agreement that the concept of core values is an important one, there is little discussion about what constitutes these core values in practice and how these belief systems are structured. Most of the literature to date either discusses core values in an anecdotal or case study manner, e.g., (Bartlett and Ghoshal, 1995; Anfusio, 1999), makes broad general claims for the effectiveness of core values for the practice of management (Blanchard and O'Connor, 1997), or uses values frameworks from other fields as a basis for analyzing the belief systems of organizations (e.g., Kabanoff et al. 1995; Buenger and Daft, 1996). To date, there has been very little work to systematically examine the core values of organizations and develop a framework for categorizing these belief systems.

To address this need, this paper has two primary objectives. The first is to analyze the values statements of a large number of organizations to identify the underlying values concepts or beliefs that make up the "core values." The second objective is to develop a framework or classification scheme, based upon management practice, which begins to develop a structure for assessing corporate values.

ORGANIZATION VALUES: A REVIEW

Concept of Organization Values

The concept of values has a long history in the study of organizations, and it is not my intention to delve into the derivation of the topic. For the purposes of this discussion, it is sufficient to observe that values have long been considered central to the understanding of the behavior of societies, institutions, organizations, and individual behavior (Schwartz, 1992). In the management discipline, Chester Barnard suggested in 1939 in his book *The Functions of the Executive* that shared values were a useful tool for understanding and managing large complex organizations. More recently, others have suggested that shared values are central in building strong organizational cultures (Ouchi, 1980; Deal and Kennedy, 1982) as well as in the practice of management and leadership in organizations (Peters and Waterman, 1982; Blanchard and O'Connor, 1997; Davidson, 2002). But what is meant by the concept "organization values?"

The term value comes from the Latin *valere*, meaning to have worth; a value is a principle or quality thought to be intrinsically desirable. Within the literature on social structures such as organizations, values can be defined as the relatively enduring beliefs about what kinds of behaviors or end-states are preferable to others (Rokeach, 1973). Values form the shared conceptions about what is most desirable in social life, and might be thought of as the "glue" that binds people together into organizations. Indeed, most forms of social organization exist because some group of individuals holds a common view or perspective regarding some collective outcomes (such as political parties or corporations) or communal behaviors (such as religious organizations). These shared beliefs or norms become the basis for organization.

If a set of shared values are inherent in all social organizations, then what is the meaning of the term "core values" or "common values" as applied to the practice of

management? From a review of the literature, these terms appear to refer to a specific set of publicly stated beliefs or concepts to which everyone in the organization is expected to adhere. While not all organization values are overt or presented openly, those beliefs that are seen as forming the core of the organization's belief system and that are central to the organization's existence and activities are generally known by all members of the group. In many cases, these core values are formalized and stated in writing for all members of the organization, and are frequently shared with other key organization constituents such as shareholders, suppliers, and the public at large.

It is important to note at this point that organization values and organization culture are not one and the same. Values are the enduring beliefs and norms of the organization. Culture is the outward representation of these beliefs. Culture consists of the myths and legends, stories, rites and rituals, symbols, and unique language that defines a social group (Frost and Moore, 1991). As such, the organization's culture is the manifestation of the underlying values. The culture presents the values of the organization to members and key stakeholders in very visible ways that develop a shared sense of meaning, understanding, and awareness of what is important in organization life. Thus, the two concepts, though distinct, are fundamentally related. The focus of this discussion will be the organization's values per se. There is ample extant research on organizational culture and climate (e.g., Deal & Kennedy, 1982; Smircich, 1983; Schein, 1985; O'Reilly, Chatman, and Caldwell, 1991). However, there is relatively little research on the underlying values.

Why Do Managers Care About Core Values?

From a management perspective, core values are seen as the underlying attitudes and beliefs that help determine individual behavior (Deal and Kennedy, 1982). This view explains the fascination many managers have with the concept of organization values. Many executives view shared values as a means of influencing individuals' behaviors without the need to use formal structures, systems, policies, or other control mechanisms. In this way, having a clearly understood set of core values to which everyone in the organization adheres becomes a means of directing the organization without having to resort to authoritarianism or dictatorial fiat. As one CEO expressed this idea in a conversation with the author, "If I can get people to understand where I want them to go and how I expect them to behave along the way, a lot of my management problems go away."

Underlying all organization values are the norms, mores, and beliefs of the larger social context. Therefore, societal values as well as institutional values affect the beliefs regarding the nature of organizations and the types of outcomes or behaviors that are appropriate within the larger social and institutional context. As such, organization values are built on a foundation of societal and institutional attitudes. Within these bounds, however, organizations selectively choose a set of beliefs that form the central value system of the organization, hence the term "core values."

These core values exert a primary influence on the organization through the individuals who in effect are the organization, for organizations do not act or behave; it is people within organized settings who take action and engage in meaningful behaviors. Specifically within the practice of management, there are three activities that are important for organizations. The first is leadership practices, the actions of those in positions of authority or influence over others. Through their behaviors, leaders can exert force on individuals within an organization to act in various ways that are seen as desirable by the group. Second are individual behaviors, the manner in which people conduct themselves and the actions in which they are engaged within the organization setting. The third major activity is decision making, the choices people make among alternatives. These three dimensions of human activity are central to the management of complex organizations, and the organization's core values often specify the types of leadership practices, individual behaviors, and choices that are seen as fundamental to the enterprise.

By successfully managing these elements of human activity within the organization, managers are able to direct behavior toward the implementation and execution of vital organizational processes. In the case of for-profit business firms, these processes might include marketing, sales, operations, finance, logistics, service, research and development, human resource management, accounting and compliance - in short, the entire scope of organized activity. To the extent that the business is able to properly manage and control the key processes, it can provide products and/or services that are desired and valued by customers, deemed acceptable by the society at large, and can do so in an efficient and cost effective manner that allows the firm to attain certain outcomes. These outcomes are the measure of organizational performance, and may include profitability and similar financial returns, market share, cash flows and increased shareholder value in the case of for-profit companies, while not-for-profit organizations might measure

performance in terms of clients served, societal outcomes achieved, or similar non-financial metrics.

In both cases, the organization's core values often exert a secondary influence on the enterprise by establishing which processes are central to the firm's self-definition and the types of outcomes that are viewed as desirable by the enterprise and thus measured by the organization. For example, some organizations value the marketing activity more highly than operations, as was the case for many years at IBM; other firms may place a premium on the service activity, as at Nordstrom's or Disney. Likewise, many companies view financial results as the primary measure of performance and concentrate efforts on achieving increasing shareholder returns, while others, such as Ben and Jerry's, value other social outcomes as equally important in determining the success of the business.

Using this perspective, it is no surprise that many management theorists, writers, and consultants have come to view core values as a basis for achieving high organization performance (Peters and Waterman, 1982; Collins and Porras, 1994). Some have suggested that successful management of complex organizations is based upon having a clear set of values that provide the foundation for the development of the organization mission and subsequent planning activities (Anderson, 1997), and that such "values-based" management grows as an essential "first step" in building a high growth organization that yields improved individual performance and achievement leading to economic success (Blanchard and O'Connor, 1997).

But with all the discussion about the *concept* of core values, just what are the values that are common or core to organizations? Are there some general, universal, "common" beliefs or values that are shared by organizations? Are these values structured in any systematic way? For all of the encouragement given to managers to develop and employ shared values as a mechanism to improve organization performance, to date there has been a remarkable lack of description of the types of values or beliefs that might be useful in the management of organizations. Nor has there been any attempt to systematically develop a framework for categorizing these values based upon management practice.

Organization Values: A Research Review

There have been a few attempts to categorize organization values. Kabanoff, Walderssee, and Cohen (1995), in a study of 88 large Australian organizations,

identified nine values - authority, performance, reward, normative, commitment, participation, leadership, teamwork, and affiliation - and used cluster analysis to establish four distinct value structures, based on a concept of distributive justice (Kabanoff, 1991). These four value structures were defined along two organization dimensions: structure (unequal versus equal power) and process (equitable versus egalitarianism). These were summarized in a two by two matrix, resulting in four distinct value structures: elite, meritocratic, leadership, and collegial. Organizations with different value structures were then found to have differed in a consistent manner in the ways in which change was portrayed and communicated. Note that in this study the classifications were determined *a priori* based upon extant theory and the use of content analysis and cluster analysis techniques provided a forced distribution of value structures and organizations.

Using similar methodology, classification system, and most likely, many of the firms from the same sample (85 large Australian firms), Kabanoff and Holt (1996) were able to examine changes in the espoused values of these organizations over a five year time period (1986 - 1990). They found little change occurring during the time period of the study, with an increase in commitment being the only major shift in values references. However, they were also able to suggest that the changes in values were related to value structure type, with elite organizations indicating more evidence of a value change. While these results may suggest that organization values tend to be relatively stable, the methodology used and the classification scheme might have made it difficult to identify shifts in values that may have occurred.

A study by Buenger and Daft (1996) used an alternative typology of values, developed by Quinn and Rohrbaugh (Quinn and Rohrbaugh, 1981). In this framework, termed the "competing values model," organization values are seen as influenced by two fundamental organization tensions: internal versus external focus, and control versus flexibility. Using these tensions, again a two by two matrix was developed and four competing value sets were identified: internal process values, rational goal values, human relations values, and open systems values. The results of the study indicated that, within the same organization, unit managers can have differing preferences for the four value sets in the Competing Values model, and that these four value sets were associated with differences in organization design. As with the Kabanoff et al. studies, the values classification scheme was established based upon an existing theoretical framework, and the

assessment of the values system was based upon items created specifically to measure the four competing values sets. No reference was made in this study to any existing organization values, or values outside those referenced in the Competing Values framework.

Other theoretical bases for competing values in organizations and various typologies resulting from such a theory have been developed in the literature on organizations (e.g., Parsons, 1956; Perrow, 1961; Gross, 1969; Anderson, 1997). All such typologies are grounded in larger theoretical constructs and issues common to large, complex organizations and social systems. While useful as a basis for organizational assessment and empirical research, these classification systems do not provide substantive information in the actual values of business organizations or the possible structures of such values systems.

This highlights an important current issue in the organization sciences - the debate between normal science and action science (Beer, 2000). In the normal science approach, advances in management knowledge result from researchers who confront issues in management practice, design and conduct rigorous research to examine those issues, and analyze and translate research findings to contribute knowledge to a scientific discipline and also to advance the practice of management (Van de Ven, 2000). By contrast, action science methodology is grounded in the real world of managerial practice, and the creation of knowledge is seen to be in the service of management action (Argyris, 2000). The research to date on organization values is heavily weighted toward the normal science approach, wherein researchers, armed with existing theoretical models, seek to explain questions and anomalies in organizations through application of theoretical constructs to existing firms.

By contrast, there has been little effort devoted toward the action science paradigm, seeking to examine organization values in practice and to derive new knowledge from such observation. Although there are many case studies and anecdotes regarding organization values (e.g., Ledford and Wendenhof, 1995; Schultz and Bowers, 1997; Anfuso, 1999), and descriptions of a process for identifying organization values (Anderson 1997; Blanchard and O'Connor, 1997), there has been little attempt to systematically examine and categorize the values of functioning business organizations. This would appear to be a significant opportunity to advance the understanding of organization values by incorporating knowledge from practitioners as well as from academicians, for it is "vain to think that academic

researchers have a monopoly on knowledge creation" (Van de Ven, 2000). Such an action-based approach is essential if the understanding of organization values is to be of benefit to management research and practice. The following presents the results of such an action-based investigation undertaken as a means of addressing this need.

ORGANIZATION VALUES IN ACTION: IDENTIFICATION AND CLASSIFICATION

Identifying Organization Values: Methodology

This research is part of an ongoing effort on the part of the author to facilitate the development and use of organization values as a management tool. Grounded in practice and action, the information is derived from lengthy and personal contact with over 400 managers in 83 organizations, as the author has worked with these executives and senior managers to identify and establish a set of common or core values for their respective organizations. Thus, this is something of a convenience sample, based on practical experience. Additional information was gathered through contacts with 244 other organizations, identified from the Fortune 500 list of largest U.S. companies. Public information source for these firms, primarily annual reports and/or company web sites, were reviewed to determine if the organization had identified and communicated a set of core values for the business. In some cases, organizations were e-mailed with a request to provide such information if it was not readily available from public sources. A few firms provided a response.

Values in Practice: Core Values Process. For the past seven years, the author worked directly with 83 organizations, both in the United States as well as internationally, in the process of developing organization values and implementing a values-based approach to management. In this process - similar to the one suggested by Blanchard and O'Connor (1997) or Anderson (1997) - the senior management of the organization engages in a series of actions to identify the core values of the enterprise:

1. Management identifies the desired organization outcomes - usually derived through the strategic planning process - and establishes a focus for the organization in a statement of purpose or intent. These are essential to frame the organization's core values, since the process is oriented toward improving organization performance. While it is acknowledged that the choice of outcomes and

purpose itself represents a value judgment on the part of management, the core values of an organization are concentrated on impacting individual behaviors within the organization setting.

2. The key actions necessary to attain the desired outcomes and fulfill the purpose of the organization are determined. These actions are then broken down into a series of behaviors that must be performed by the individuals in the organization in order to execute the actions in the manner desired by senior management.
3. The organization climate or environment that would be supportive of and would encourage the demonstration of the desired behaviors is then defined by the management team.
4. The descriptions of the desired behaviors and the organization climate are then grouped by senior management into similar conceptual categories, based upon the manager's own cognitions and frames. These conceptual categories are then given a label by the managers. This summarizes the underlying belief or concept that is descriptive of the individual behaviors and organization climate. These conceptual categories and the descriptive labels become the core values of the organization.

The results of these processes in the 83 organizations yielded over 78 words or phrases that were viewed as core values of the organization. These words or core values were used as input along with those values-based words and concepts derived from the analysis of public data (described in the following section).

Values in Action: Analysis of Secondary Data. In addition to the values derived from practice, data on organization values was obtained directly from various companies and organizations. In many cases, information was part of the public record - organizations included statements of core values in annual reports or other outlets (cf. Jones and Kahaner 1995). In other instances, such information was obtained through direct contact with the organization. To date, statements of organization values have been obtained in this manner from 244 organizations.

Sample. The total sample thus far in this ongoing research effort is 327 organizations. These firms are both publicly and privately owned, and all operate on a for-profit basis. Charitable organizations, public sector and governmental organizations, and religious organizations are excluded from the sample. These firms range in size from small financial service firms with 5 employees to multinational corporations employing over 350,000

people worldwide. These organizations are engaged in all forms of economic activity, from heavy manufacturing to distribution, health care, transportation, pharmaceuticals, chemicals, banking and financial services, engineering services, legal services, janitorial services, maintenance services, real estate, insurance, retailing, and many more. The sample is extremely diverse in composition, both in terms of the industries in which the firms compete and the size and geographic dispersion of the companies (a full list of the firms included in the sample is available on request from the author).

Results: Identifying Core Values of Organizations in Action

The results of the preceding information gathering activities yielded a list of 112 words or concepts that appear in statements of company core values. These 112 core values are shown in table 1. The words are arranged alphabetically in columns from left to right. Note that on occasion values were found in short phrases as opposed to merely individual words; where this was the case, the central concept was identified and the words that modify the key concept are noted in the parentheses next to the value word on the table. For example, one company had as a core value the word "action;" another company stated a core value of "effective action," while another firm phrased the concept as a "bias for action." These have all been grouped into the concept of "action," and the words "effective" and "bias for" have been listed alongside the value concept in parentheses.

Perhaps the first item of significance that can be observed in these findings is the sheer number and variety of words or core value concepts found within the context of company statements of core values. Out of 327 firms involved in the research, 112 unique words were identified. While some of these may appear similar, each is a separate concept in definition. One might expect - particularly in light of the empirical and theoretical works cited previously - that the core values of organizations would be relatively few in number, falling along some key dimensions of organization activity. This is clearly not the case in practice. Organizations are distinct in values. Indeed, it was noted that no two organizations in the sample were found to have the same combination of core values. Each was distinct in the values selected by management as central or core to the firm. While there is often overlap in the values espoused by the organizations in this sample (e.g., the most frequent words are "respect" or "mutual respect" and "trust," "teamwork," "quality," "customer satisfaction," and "honesty" or "ethical" were

also mentioned rather often), the combinations in which these words are presented tend to be unique to each company. The fewest observed were 3, the maximum 14; and frequently, the manner in which the firms' defined the concepts was slightly different as well. This is

interesting, as it suggests that while firms may be selecting from a limited set of values concepts, each company has a peculiar manner of defining or determining those that are most essential to the individual enterprise.

Table 1: Words Used in Core Values Statements

| | | |
|---|--------------------------------------|--------------------------------------|
| Accountability | Entrepreneurship | Professionalism |
| Achievement | Ethical/Moral | Profitability |
| Action (Effective) (Bias For) | Everyone's Contribution Is Important | Progress |
| Agile | Exceed Expectations | Quality (Pride In) |
| Appreciation | Excellence | Reality |
| Be The Best | Fairness | Recognition |
| Boundaryless | Family | Reliability |
| Can-Do | Focus | Remove Roadblocks To Achieving Goals |
| Candor | Follow A Business Plan | Respect (Mutual) |
| Care (For Others) | Free Enterprise | Responsibility (Personal) |
| Change | Freedom | Results Orientation |
| Citizenship | Great Place To Work | Return To Shareholders |
| Civility | Growth | Risk Taking |
| Commitment | Have Fun | Safety |
| Common Sense | High Performance | Self-Confidence |
| Communication (Open, Honest) | Honesty | Service (Maintain - To Our Clients) |
| Community (Give Back To) | Imagination | Simplicity |
| Compassion | Innovation | Skilled |
| Continuous Improvement | Integrity | Speed |
| Cooperation | Intellectual Curiosity | Stewardship |
| Courage | Intuition | Suppliers |
| Courteous | Keeping Promises | Talent |
| Creativity | Leadership | Teamwork |
| Customer (Satisfaction) (Driven) (Orientation) (Enthusiasm) | Lean | Technology |
| Dedication | Learning | Time (Respect For) |
| Develop Personal Relationships | Motivated | Trust |
| Development (Personal And Professional) | New Behaviors | Truthfulness |
| Dignity | Objectivity | Understanding |
| Direction (Sense Of) | Opportunity | Unity |
| Discipline | Ownership | Urgency (Sense Of) |
| Diversity | Participation | Vision |
| Drive | Partnerships | Win-Win |
| Employee Satisfaction | Personal Worth | Work Ethic |
| Employees Are Our Most Important Asset | Positive Attitude | Working Together |
| Empowerment | Praise | |
| Encouragement | Pride | |
| Enrichment | Priorities | |
| Enthusiasm | Process Oriented | |

Moreover, even when companies had chosen the same word or phrase to define the organization's core values, the manner in which these words were defined or were operationalized in the firm's literature often differed. As an example, one firm defined the value of "ownership" as "feeling a sense of accountability for the organization's performance," while another defined the same value concept as "acting in the best interest of the enterprise." Notice that the first definition is intrinsic, a "feeling" or "sense," whereas the second is extrinsic, an overt,

outward act. Both are viewed by the management of the respective organizations as indicative of a shared value of ownership, yet the meaning and functional understanding of the concept differs among the organizations. The overall conclusion from this inquiry is that there is little commonality or universality in the concept of "core values" among organizations. This causes one to question what is meant when researchers or authors use the term in their writing. It may be that what is meaningful is the concept of organizations as *having* a set of core values,

rather than the specific set of core values of the individual organization. That is, it is the presence of a clear set of values rather than the content of those values that provides a context for organization members. This would seem to be an opportunity for future research activity.

Classifying Organization Values: An Action Science Methodology

Can these values or values concepts be classified in any meaningful manner, based upon managerial practice? That is the concern of the action science approach - to develop new knowledge based upon practitioner experience rather than on a system derived from theoretical constructs. To determine if the actual values of organizations can be systematically structured, a preliminary investigation was conducted in an attempt to derive a framework of values based on practitioners' perceptions.

Sample. The participants in this research were 78 practicing managers. Forty four of these managers were enrolled as students in an MBA program at a medium-sized Midwestern university. The remaining 34 managers were recruited from the researcher's contacts with executives in the United States. All were currently employed and worked in a managerial capacity for a diverse range of organizations. Job titles ran the gamut from CEOs and division presidents to first-level supervisors, and all levels in between. Each had a least 5 direct reports, and over 40 percent had direct profit and loss accountability for their business unit or company. Forty seven were males and thirty one were females, ranging in age from 26 to 58 years. The functions they managed included manufacturing, sales, marketing, customer service, accounting, finance, operations, human relations, and general management. The organizations were involved in all types of activity, from manufacturing to services, in industries such as telecommunications, distribution, transportation, pharmaceuticals, building maintenance, information technology, retail, chemicals, and many others. The organization sizes ranged from 13 people to over 5000 people worldwide. In summary, the sample demonstrated a reasonable cross section of managers representing a diverse group of individuals and organizations. There were no apparent significant differences in the sortation process among the participants based on individual or organizational characteristics.

Classification of Organization Values. To determine the values classification system of these management practitioners, the 112 values words identified through the

inquiry described in the previous section were typed on individual 2" by 3 ½" cards (the size of a standard business card). Each word was presented individually; no definitions were provided (since the definitions differed among organizations, it was determined that providing such definitions might impose a specific organizational bias on the classification system and would not allow the managers to use their own personal cognitive frameworks when performing the classification). The cards were then sorted in random sequence.

Each manager was seated at a large conference table and given the list of words shown in Table 1, with all 112 words in alphabetical order. The manager was asked to read over the list twice in order to get an overall feel or "gestalt" for the concepts and words used in statements of organization values. Once the managerial subjects had completed this initial review of the values concepts, they were given the deck of 112 cards with the individual values words. The managers were then instructed to sort the cards into as many groups as she/he felt were appropriate. The cards were to be spread out over the surface of the conference table to allow the manager sufficient space to see the categories as these developed and to be able to refer to the concepts throughout the sorting process. Each participant was required to sort all the cards into one and only one category; no duplication of concepts was permitted. This was done to force the manager to choose a "best fit" for the item. Once the manager had completed the sortation and established the categories, she/he was given a set of blank 3" by 5" index cards and asked to write down the word or words that best described the words and concepts in the sorted categories. These note cards were then paper clipped to the smaller values words cards, and the results were then catalogued by the researcher. This process, a version of the "affinity" technique for categorization, was used to determine the cognitive frames of schema of the managers regarding the organization values concepts/words and is consistent with the object-schema-exploration perceptual cycle of cognition.

At the conclusion of the 78 individual sortation routines, the results from the individual manager categorizations were combined. To do this, a process of "matched set" comparisons was used. A matrix was created with the 112 words in the columns and rows, with each space in the matrix representing an intersection of a row and column and hence the combination of two values words. Since a word could not be combined with itself, possible combinations on the diagonal of the matrix were eliminated. Likewise, since the combination of "respect" with "trust" would be the same as a combination of

“trust” with “respect,” a full matrix would result in duplication of combinations, and thus only the portion of the matrix below the diagonal was used for analysis. Each space on the matrix indicated a co-alignment of grouping of the words together.

A matrix was developed to represent each individual manager’s categorization scheme for the organization values words. These matrices were then collapsed into a single matrix, with the intersection of the columns and rows indicating the total number of times that the words were combined together in the managers’ sort routines. For example, the words “Customer Satisfaction” and “Exceeds Expectations” were grouped together 34 times by the managers, while the words “Customer Satisfaction” and “Courage” were never found in the same groups. Those items that were grouped together with greater frequency had less relative distance, and the sums of the individual distances can be compared with other clusters of items to determine an optimal sorting of the data, with the use of cluster analysis algorithms (Aldenderfer and Blashfield, 1984)

Organization Core Values: A Practitioner Taxonomy. The outcome of this analysis yielded 13 unique categories of organization values as the optimal solution. For each category that resulted, a title or category designation was assigned using the most common names provided by the manager subjects for the various categories that they developed. (In some cases, the category titles may contain more than a single word due to the differences in the terms used by the study participants.) These categories of organization values and their words are shown in table 2.

Several of the categories were fairly small in terms of the number of value concepts contained (e.g., Customers/Market; Time/Speed; Processes). Others were broader in scope, encompassing a wide range of values concepts (e.g., Risk/Change/ Innovation; Individual Qualities; Management Practice). The category headings were taken from the terms used by those managers conducting the sort routine. The 13 categories are diverse in the scope of the concepts, but may be reflective of those areas of organization life that managers perceive as significant.

Table 2: Core Values Taxonomy Cumulative Practitioner Sortation

| | | |
|--|---|--|
| <p>CUSTOMERS/MARKET: Customer Satisfaction, Exceed Expectations, Partnerships, Service. SOCIAL/ETHICAL: Citizenship, Community, Ethical/Moral, Free Enterprise, Stewardship. RESULTS: Be the Best, High Performance, Profitability, Quality, Results Orientation, Return to Shareholders. PROCESSES: Agile, Continuous Improvement, Lean, Process Oriented. QUALITY OF WORK LIFE: Civility, Family, Great Place to Work, Have Fun, Personal Worth, Safety. MANAGEMENT PRACTICE: Appreciation, Candor, Communication (Open, Honest), Development (Personal and Professional), Employee Satisfaction, Employees are our most important asset, Empowerment, Encouragement, Enrichment, Fairness, Focus, Freedom, Growth, Praise, Recognition, Remove roadblocks to achieving goals</p> | <p>TIME/SPEED: Action, Speed, Time, Urgency (Sense of). FUTURE/PLANNING: Direction (Sense of), Follow a Business Plan, Priorities, Vision. TEAMS/TEAMWORK: Everyone’s Contribution, Participation, Teamwork, Unity, Working Together, Win-Win. RISK/CHANGE/INNOVATION: Change, Courage, Creativity, Entrepreneurship, Imagination, Innovation, Intellectual Curiosity, Intuition, Learning, New Behaviors, Opportunity, Progress, Risk Taking.</p> | <p>INTERPERSONAL: Care, Compassion, Cooperation, Courteous, Develop Relationships, Dignity, Diversity, Respect, Trust, Understanding. INDIVIDUAL QUALITIES: Accountability, Achievement, Can-Do, Commitment, Common Sense, Dedication, Discipline, Drive, Enthusiasm, Honesty, Integrity, Keeping Promises, Motivated, Objectivity, Ownership, Positive Attitude, Pride, Professionalism, Reliability, Responsibility (Personal), Self-Confidence, Skilled, Talent, Truthfulness, Work Ethic. ORGANIZATIONAL QUALITIES: Boundaryless, Excellence, Leadership, Reality, Simplicity, Suppliers, Technology.</p> |
|--|---|--|

DISCUSSION

The purpose of this paper has been to analyze the concepts used in managerial practice as core or common organizational values, and to classify these into a framework or scheme that allows for future analysis and evaluation. In carrying out this initial inquiry, the research has used an action science paradigm, in which the data were derived from management practice and the process of developing categories of values concepts was determined by practicing managers. That is, actual values statements of organizations were used as the base material for categorization and the categorization of these values was driven by the observations, experience, and

cognitions of practicing managers rather than dictated by organization science literature. This was done to develop a pragmatic understanding of how organization values might exist in practice rather than in theory, and to make initial inquiries as to whether the practice of values-based management was consistent with extant theory.

The results were informative. Of the 327 organization values statements examined, 112 unique words were identified. This does engender some speculation as to the universality of organization values. With such a broad range and diversity of concepts represented, the values of any single organization tend to be somewhat unique. Although there is frequently overlap or commonality between organizations among various values, when

considering the entire array of values each organization emerges as being distinct. In a sense, organizational values are like fingerprints – no two are exactly alike. Every organization has something within its statement of core values that distinguishes the organization from all others. This would appear to suggest the potential for future research on the efficacy of shared values. Might there be systematic patterns in the presence (or absence) of certain core values and organizational outcomes, such as performance, turnover, and the like? Do certain values tend to lead to differences in attitudes among the members of an organization? These and similar research avenues could be fruitful for future exploration.

Perhaps this is appropriate and reflective of managerial practice - after all, no two organizations are alike. Every firm is unique and confronts a distinctive set of environmental forces and conditions. As a result, the beliefs that each organization develops about appropriate end goals or outcomes and the appropriate behaviors to be demonstrated to achieve those outcomes are likely to be exclusive to that particular organization. Thus, while values *concepts* or words might be similar, the combination of these ideas is different in managerial practice as these concepts are applied within the organization.

Furthermore, it can be observed that since the combinations of values differ across organizations, it is difficult in practice to determine what precisely is meant by the concept of organization values. There is a need for additional theoretical development and research to establish those concepts or constructs that are within the domain of the general category of “organization values.” That authors use the concept without addressing what the actual values or beliefs are as espoused by the organization, seems to overlook the complexity of the values concept. The words used to describe organization values, as can be seen in table 1, are very diverse. There is clearly no universal set of concepts or beliefs that constitute in fact “organization values” in any absolute sense. Values are very fluid and highly variable, and do not necessarily conform to any set of preconceived theoretical constructs about what is meaningful in the practice of management or organization life such as “distributive justice” (Kabanoff 1991) or “competing values” (Quinn and Rohrbaugh 1981).

This suggests that those who encourage managers to pursue “values-based management” (Anderson 1997) or speak to the efficacy of having well defined and understood core values (Collins and Porras 1994) need to be more precise about the concept of organization values as a managerial tool or technique. What is it about

organization values that is so valuable to practicing managers? With such wide variation in the values of organizations, it is difficult to identify one set of values concepts as more effective than another. For example, General Electric was the only organization to use the term “boundaryless” in the corporation’s values statement; yet GE is often highly regarded for the excellence of managerial practice. Does this mean that other organizations should adopt the value of “boundarylessness” as a core value in order to improve the practice of management? Or is there something unique in the GE combination of values that sets the company apart? For that matter, are GE’s values appropriate for other organizations in other industries or in the non-profit sector?

The overarching question might be, “is it the values *per se* or is it the concept of *having* a clearly defined set or organization values in general that is of benefit to managerial practice? That is, do organizations with well-defined values outperform those firms that lack a clear statement of the shared beliefs of the company? The suggestion seems to be that organizations with well-defined values are superior over time to comparison firms in similar industries (Collins and Porras 1994). The variety of values concepts uncovered in this research suggests that there is no universal set of organization beliefs. This is another area for additional research activity. Is it more important that organizations have values that are stable over time, or are there some values that tend to be associated with desired organization outcomes? In the absence of any method for systematically classifying values such research would be difficult; but by incorporating the scheme developed from this research it may be possible to determine if such relationships exist. It might also be useful to determine if core values are consistent over time, or if there are observable changes in values within organizations. Perhaps some values are stable over extended periods, while others may be more short-term in nature, influenced by immediate conditions within the organization’s environment or by trends in organization and business activity.

In a related line of questioning, are there specific values or categories of values that seem to be correlated with higher levels of organization performance? To date, there has been little research that has systematically examined this proposition. Although there has been research that indicates differences in values related to differences in organization design or change (Kabanoff et al. 1995; Buenger and Daft, 1996), there is little empirical or systematic research that has examined the relationship

between values, managerial practice, and organization performance. Given the normative prescriptions in the professional management literature, it would appear that this would be a needed and potentially fruitful area for further inquiry and investigation.

To support such a line of research, the results of this assessment and categorization of organization values could be of significant value. Determined as it was by practicing managers, this classificatory scheme may be indicative of an underlying cognitive framework used by executives when formulating or establishing an organization's foundational or core values. For example, the categories might be viewed in light of 4 broad areas of organization life: values involving what might be termed the basic philosophy of the organization (social/ethical; quality of work life; organizational qualities), those values that are concerned with organization outcomes (customers/markets; results), values that are focused on organization processes (processes; future/planning; risk/change/innovation; time/speed; management practice) and those that apply to individual and group behaviors (teams/teamwork; interpersonal; individual qualities). An alternative framework of grouping these might be into terminal values (basic philosophy and organizational outcomes) and instrumental values (processes and behaviors). Alternatively, values might be examined with respect to industry or market classification schemes to determine if there are systematic differences in values across industry groups or market segments. These groupings might also be applied in future research examining the relationship among the types of organization values and organization outcomes. It might prove useful to determine how the formal values statements of organizations are structured according to these broad themes, and whether this typology might be of benefit in understanding how organizations establish a set of common values. Similarly, the classification of values and the categorization used might be related to firm performance over time as a means of examining whether or not these values impact real outcomes.

The results of this research can be of use for practicing managers as well. Examining the values of multiple organizations might provide managers with insights as to the types of beliefs that may be applicable or beneficial to their organizations. If values do influence organization culture and individual behaviors, then any full understanding of the management of organization culture, the effects of culture on individuals in organizations, and the management of organization behaviors should include an examination or review of the

organization's core values, either espoused, implied, or embedded. Furthermore, by establishing or determining the core values of an organization, managers may be able to exert influence or control over the organization without having to utilize formal authority structures or communications systems. Since much of what transpires in complex organizations is difficult for managers to control, having a clear set of values or beliefs could benefit management by allowing for the establishment of rules and norms for behavior and insure conformity, thus providing for a measure of predictability in what is often a dynamic and turbulent organization environment.

Caution should be exercised in interpreting the results of this research. The sample of firms, based as it was on convenience and on publicly available information sources, may provide only a limited set of values concepts for consideration; there may be additional core values available. In addition, there is little known at present about how values might actually influence organization behavior and management. The process whereby organizations communicate and implement a set of values into actual managerial and organizational practices and policies is likewise not well defined; thus there may be many more additional factors that affect the manner in which values are actually put into practice in organizations.

The overall conclusion that might be drawn from this research is that there is much that needs to be done to understand the concept of core values and values-based management in organizations. Current research in the field, while offering useful theoretical insights, does not appear to be well grounded in the practice of management to offer much of benefit to practicing managers. Conversely, the popularity of recent management books notwithstanding, very little is systematically known about the effects of organization values in practice to justify the often lofty claims for the efficacy of values as a management technique. By identifying a set of concepts that are used by organizations as foundational or core values, and attempting to provide a practical, action-oriented categorization of these concepts, this research provides a "first step" in the long process of developing a better understanding of how values shape organization life.

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