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VALUES-BASED MANAGEMENT OR THE PERFORMANCE-VALUES MATRIX: WAS JACK WELCH RIGHT?

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Two alternative models were identified in the existing literature on organization values and managerial performance. The Values-Based Management model suggests that organizational values influence managerial job performance through a process of enactment, and thus managerial performance is contingent upon the strength of the firm's values. The Performance-Values Matrix model suggests that organizational values and managerial job performance are independent constructs. We conducted an empirical study of these two models at a manufacturing facility. We measured organizational values enactment through a 360 degree feedback process using Behavioral Observation Scales, and obtained data on manager's annual job performance appraisal ratings. The results showed virtually no relationship between organization values and manager's job performance. We conclude from this study that the Performance-Values Matrix is a more accurate model. Implications for research and practitioners are discussed.

INTRODUCTION

"Values based management serves as an essential first step toward building a high growth organization in which individual performance improves and heightened individual achievement drives economic success. (Anderson, 1997)"

"A useful way to conceptualize how people are performing versus how well they perform is to look at the Performance/Values matrix. As Welch points out...looking at performance alone is hopelessly short sighted. Leaders embed values into an organization by behaving consistently with those beliefs on a daily basis. (Tichy & Cohen, 2002)"

The last 15 years have seen a significant amount of literature developed on the subject of company values or core values, and the relationship of those values to organization performance (Albion, 2006; Anderson, 1997; Barrett, 2006; Blanchard & O'Connor, 1997; Pruzan, 1998). The general consensus of the field is that organization values play an important role in leadership effectiveness and firm performance (Cameron & Quinn, 2011; Collins & Porras, 1994; Despain, 2003; Schein, 2004; Tichy & Cohen, 2002). Recently, there has been empirical research that supports the general proposition that a relationship exists between company values and financial performance (Cascio, 2006; Johnson, 2009; Lee, Fabish, & McGaw, 2002; O'Neal, 2011; O'Neill, Feldman, Vandenberg, DeJoy, & Wilson, 2011).

What is less clear is how organization values affect performance. Several writers suggest that, since values form the basis for organizational culture, the effect occurs primarily through efforts to actively manage the organization's culture (Deal & Kennedy, 1982; Hickman & Silva, 1986; Kotrba et al., 2012; Sorensen, 2002). Others suggest that values affect managerial performance through a process of enactment, whereby the values are demonstrated behaviorally (Gruys, Stewart, Goodstein, Bing, & Wicks, 2008). A third perspective contends that values influence work practices which in turn drive firm performance (O'Neill et al., 2011).

Underlying all of these views is an assumption that values are central to performance, either through affecting organization culture, managerial behavior, or company processes. These views are summarized in the Values Based Management (VBM) model of Anderson (1997). Values Based Management asserts that "management grounded in value choices for the organization that build compatibility between the individual and the organization is fundamental to decision making" (Anderson, 1997). Proponents of this perspective suggest that firms transition by managing by control to managing by controlling the decision premises that are determined by the values (Paine, 2003; Pruzan, 1998). According to VBM, the values determine the choices managers make and are the primary determinant of the task performance managers achieve in their role or position.

It has been suggested, however, that managing by values may not be sufficient to increase organization outcomes. Jack Welch, the former CEO of General Electric (and a person generally regarded as highly influential on the field of management) suggested that the practice of management consists of two separate activities. The first set of activities, demonstrating the values of the organization, determines how individuals behave within the organization setting. The second set of activities, accountability for meeting or exceeding performance expectations, determines how well managers meet goals or produce results. (Blanchard, 2010; Welch, 1996, 2005). From this a model was developed called the Performance-Values matrix (PVM), depicting four types of managers within organizations. In the PVM framework, values determine how managers behave in the organization as they execute the various tasks, duties, and responsibilities of their position; but this is distinguished from actual task performance of the activities associated with the job or position.

From this analysis we can identify two competing perspectives on the nature of organization values and the practice of management. The perspective offered by VBM suggests that values determine task performance and thus a relationship exists between these two constructs. The PVM model suggests that values and task performance are independent and unrelated constructs. The purpose of this paper was to test these contrasting views on the relationship between organization values and managerial task performance to determine which was more efficacious in explaining observed outcomes in a company setting. Our goal was to empirically examine these two constructs within a single group of managers in a single organization and to determine if in fact these are unique constructs and domains of managerial practice or if these are interrelated; and if so, how these might be aligned.

ORGANIZATION VALUES AND MANAGERIAL PERFORMANCE: CONCEPTUAL REVIEW

What is clear from a review of the extant literature on organizational values and managerial performance is that there is very little – if any – empirical research that examines these two constructs together. We will review the research on organization values and firm performance, and briefly examine the research on managerial performance assessment, to establish the conceptual basis for suggesting that these are in fact distinct constructs.

Organization Values

Values are defined as the relatively enduring beliefs about what kinds of behaviors or end-states are preferable to others (Rokeach, 1973). Values are central to an understanding of the principles that guide societies, institutions, organizations, and individuals (Schwartz, 1992), and form the shared conceptualizations of what is most desirable in social life. It is the presence of a common set of values that forms the basis for organizations, as individuals create organizational structures in part based on a shared set of beliefs and norms among individuals. In this sense, values are the "glue" that binds individuals in organizations. The values also establish a basis for action, as these create the norms of behavior that are the basis of the organization's culture (Cameron & Quinn, 2011; Deal & Kennedy, 1982).

We distinguish between the concept of values in the general sense as a sociological phenomenon and "company values," "core values," and "common values," as often used in the management literature. The core values have been defined as "a corporation's institutional standards of behavior" (Lee et al., 2002), and are viewed as "inherent and sacrosanct; they can never be compromised, either for convenience or short-term gain" (Lencioni, 2002). These are the values or beliefs that are seen as central to the enterprise and are generally known by all members of the organization, sometimes referred to as "espoused" values (Kabanoff, 1995).

The core values of the company are often written or stated explicitly for dissemination to members of the organization ("Corporate Values Survey," 2002). A survey of 9,500 senior executives from 365 companies in 30 countries found that 89% of the respondents' organizations had written statements of organization values (Lee et al., 2002). Some have gone so far as to suggest that the presence of a core ideology, encompassing core values and purpose, is a key element in defining outstanding companies (Albion, 2006; Collins & Porras, 1994; Waddock, 2002). While there has been some criticism of this line of thought (Shellenbarger, 1999), the prevailing consensus is that having common, core organizational values are an important component of successful organizations (Anderson, 1997; Blanchard & O'Connor, 1997).

However, some have suggested that it is not the mere presence of values that is efficacious for corporations. Lencioni (2002) noted that more than 80% of Fortune 100 companies proclaim their values, but that these often stand for nothing. For the values to be effective, these must be reflected in organizational structures, decision-making, managerial practice, and measures of employee performance (Paine, 2003; Pruzan, 1998; Welch, 2005). To be effective in influencing organization performance, values must be lived out or "enacted" by the members of the organization (McGaw & Fabish, 2006). This alignment has been formalized in the concept of "values enactment" (Gruys et al., 2008). Values enactment refers to the "connection between espoused core values and workplace behaviors on the part of employees and managers that reflect those values" (Gruys et al., 2008). Enacted values means that managers "walk the talk," that is, their behaviors are aligned with the organization's values (Blanchard & O'Connor, 1997; Despain, 2003; Jones, 1995).

Consistent with social learning theory (Bandura, 1977, 1986), we recognize that values enactment is frequently learned through interactions with others, and in particular with leaders, in organizations. As a result we expect that the extent to which an employee will enact the values of the organization will vary among individuals. A study of leaders in a large manufacturing organization demonstrated that modeling of values-based behaviors was significantly related to the values behavior exhibited by subordinates, and that differences in values-based behaviors could be measured (Buchko, 2007). Likewise, Gruys et al. (2008) measured values enactment in a large hospital and were able to establish differences among individuals in values enactment.

Values-Based Management

Values-Based Management (VBM) is "an approach to managing in which managers are guided by the organization's shared values in their management practices" (Robbins & Coulter, 2007). Anderson (1997) developed the dominant perspective on organization values and managerial practice, coining the term Values-Based Management. He began by noting that most elements of organization life reflect competing values choices, primarily among stakeholders. In the VBM framework, managerial practice involves the resolution of the dilemmas posed by differences in values through managerial decision-making and tradeoffs among alternative values frameworks. More than just addressing issues of organization ethics, VBM also notes competing values choices for issues such as economic performance, competencies, organization learning, and the sense of the organization as a community. One critical aspect of managerial activity is making decisions among competing values.

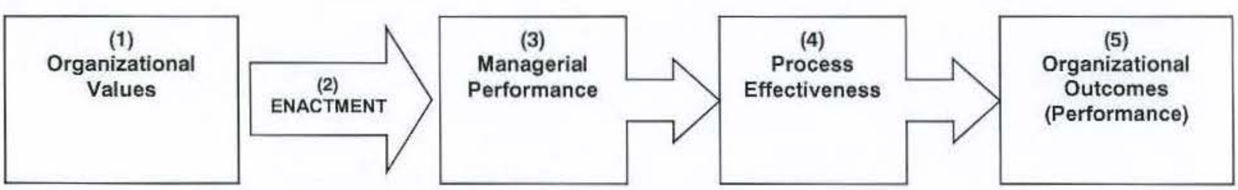
Prescriptively, VBM recommends organizations develop formal values statements to legitimize value choices for managers, and to build stability, trust, and teamwork in the enterprise. Such statements are seen as fundamental to the institutional structure of the organization; these statements codify the fundamental values of the company and thereby provide a framework for making decisions among competing values. VBM suggests that such statements are stable over time (more stable than a Mission Statement), but need to be rewritten from time to time to appeal to firms' current audience and language.

The model does suggest that merely having values is not sufficient; companies must live up to the values statements. Values-Based Management means that managers demonstrate the values in their behaviors and that the organization makes decisions consistent with the values regardless of the specific economic context. By doing so, organizations develop coherent methods for considering and resolving the value dilemmas that are inherent in organizations by focusing attention on the connections between the various elements of the business. In the VBM model, managerial decisions without a discussion of values are incomplete. Since managers influence organizations through their decisions, understanding managerial performance requires an understanding of the values choices that managers make and the impact of these decisions on organization performance. Research and writing using the VBM model has tended to emphasize specific values and the role of values in morality, ethics, and the social responsibility of organizations (Pruzan, 2001; Rosanas & Velilla, 2003). Others have examined the impact of VBM on organizational outcomes (Kontoghiorghes, Awbre, & Feurig, 2005) and the impact of various values frameworks on managerial decision making (Milliman, Czaplewski, & Ferguson, 2003).

The logic behind the VBM model is shown in Figure 1. The model indicates that organization values are seen as directing managerial decision-making and behavior; as such, values are the primary determinant of managerial performance. The performance of managers in turn affects key organization processes, which in turn have a significant influence on organizational results.

FIGURE 1

Values-Based Management: Model



Writers and researchers operating in the VBM framework begin by asserting (1) the preeminence of organizational values as fundamental to the structure and functioning of complex organizations (Anderson, 1997; Rosenthal & Masarech, 2003). Through the process of (2) enactment (Gruys et al., 2008; McGaw & Fabish, 2006), the values become behaviors and (3) affect managerial actions and decision making (Anderson, 1997; Paine, 2003). These values-based behaviors and decisions influence (4) the effectiveness with which organization processes are executed (Lencioni, 2002; Pruzan, 1998), thereby (5) affecting the outcomes and results that are achieved (Lee et al., 2002).

Based on the VBM conceptual model, organization values are seen as influencing managerial performance through a process of enactment, thereby impacting organizational processes and performance. Values and managerial performance are thus viewed as interrelated; the stronger the manager's commitment to the organizational values, the greater the managerial performance. A study by Gruys et al. (2008) of health care professionals appears to provide general support for the framework. Managers who were rated higher in values enactment by their superiors were found to be more likely to be promoted. This study was limited by the use of a single site and the single rater assessment of values enactment; nonetheless, the results do suggest a possible relationship between values and managerial performance.

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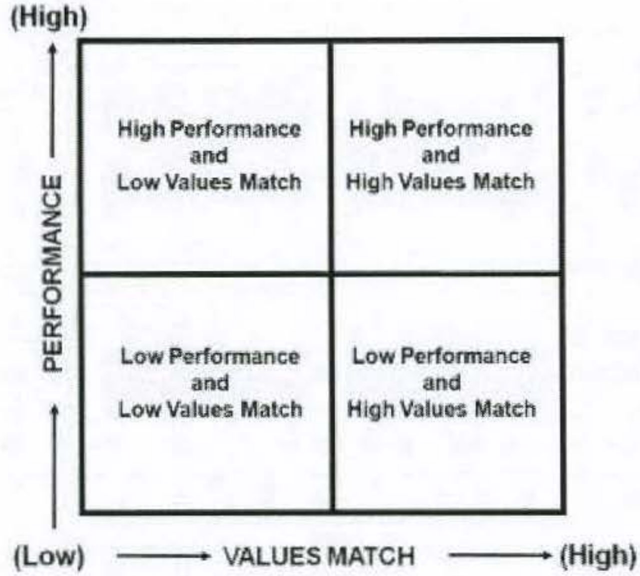
Performance-Values Matrix

In his letter to shareholders in 1996, Jack Welch, then Chairman and CEO of General Electric (GE) company, articulated a model for classifying managers at GE based on two dimensions of managerial practice. The first, the Values dimension, was the extent to which a manager believed in and acted in accordance with the core values of GE. The second, the Performance dimension, was the extent to which a manager was able to execute the responsibilities of her or his position and produce meaningful outcomes and results for the organization (Welch, 1996). This framework has been conceptualized as the Performance-Values Matrix (PVM) (Blanchard, 2010). The conceptual model for the PVM is shown in Figure 2.

FIGURE 2

The Performance Values Matrix



In the PVM framework, managerial performance is distinct from commitment to the company's values. It is the difference between the more "traditional" managerial disciplines of planning, organizing, directing and controlling – and the practices associated with those disciplines – and the manner in which those disciplines are carried out within the organization setting. Managerial performance is associated with the ability to produce results, demonstrable outcomes – in Welch's words, to "deliver on their commitments." Values match is associated with the how of managerial practice – that is, do managers produce results in a manner that is consistent with or demonstrates a belief in the core values of the company?

Managerial performance tends to focus on the results produced through managerial activity and the tasks associated with performance in the managerial role. Traditional models of managerial performance appraisal thus emphasize the extent to which managers achieve desired goals or objectives and the performance of the various tasks that are involved in the practice of management (Abraham, Karns, Shaw, & Mena, 2001; Arvey & Murphy, 1998; Fletcher, 2001; Rynes, Gerhart, & Parks, 2005). The primary emphasis has been on identification and measurement of managerial competencies that are viewed as central to effectiveness in managerial performance (Abraham et al., 2001; Antonacopoulou & FitzGerald, 1996; Boyatzis, 1982).

Values match refers to the extent to which a manager shares the values of the organization. This can be viewed as similar to the concept of Person-Organization Fit (Chatman, 1991; Kristof-Brown, Zimmerman, & Johnson, 2005; O'Reilly, Chatman, & Caldwell, 1991). In this sense, values match indicates that degree to which the manager acts in a manner judged to be consistent with the company values. This is distinct from the concept of values enactment in the VBM approach, which emphasizes managerial behaviors that are viewed as demonstrating the organization's values. Values match is concerned with how the manager conducts him or herself within the organization.

The differences between these two dimensions of the PVM model can be illustrated by considering two sales managers in an organization. Both may achieve high levels of task and group performance; both are seen as having strong decision-making skills, good planning ability, a high degree of analytic capability, initiative, and technical knowledge, and their salespeople regularly exceed their goals by a significant amount. Both would be viewed as having high managerial performance. However, the first manager achieves these results while conducting herself in a manner that demonstrates high integrity, respect for people, and teamwork; the second manager is viewed as self-serving and unethical, has little regard for his staff, and is domineering. The first manager would be of the High Performance/High Values type, the second of the High Performance/Low Values type (assuming the organization values integrity, respect, and teamwork).

Like much that occurs in the managerial sphere of organizational activity, the matrix – and its applications – appears intuitively obvious. After all, most people believe that they can distinguish between achieving results and the methods used to achieve those results. The model appears to be "common sense," and consulting firms can be found which are using the model as a basis for organization development activities.

But is this model valid? Can it be empirically demonstrated that these are in fact two separate dimensions of managerial activity, or are these variations on a similar set of activities? Can managers distinguish between those activities and behaviors that model the organizations values and those that drive performance, or are these so interrelated as to be effectively meaningless from a measurement standpoint? Is it possible for managers to provide distinct evaluations of managers for each of these areas of activity, or are such appraisals influenced by biases such as halo effect, recency, or other forms of rating error?

VBM versus PVM: The Research Question

We notice, then, that there are two alternative models of the relationship between organization values and managerial performance in the literature. The VBM framework views managerial performance as related to (and in a sense dependent upon) the organization's values and the extent to which those values are enacted by managers in the organization. Thus we have the linear model of Figure 1, showing the values and antecedent to managerial performance. In this view, leaders of organization must emphasize the firm's values and actively manage the values process in order to drive managerial performance. In the PVM model, the organizational values and the extent to which those values are demonstrated by managers is seen as distinct from and independent of managerial performance; hence the two independent axes of the model shown in Figure 2. In the PVM perspective, organization values and managerial performance are separate areas of leadership focus. Clearly, these represent two alternative views of the relationship between organization values and managerial performance. The research question we pose is: which of these two models seems to align with empirical data on the relationship between the two constructs of organization values and managerial performance? To begin to resolve this issue, we were able to conduct a study in an organization to measure the relationship between these two constructs. The following section reports the results of that inquiry.

VBM OR PVM: AN EMPIRICAL ASSESSMENT

Research Methodology

Site/Subjects

The setting for this research was a large manufacturing facility located in a small Midwestern community. The plant employed over 900 people, of whom approximately 125 were in supervisory or managerial position, from shop floor supervisors up to and including the facility manager. There were slightly more than 600 hourly employees who were full time shop floor production workers and belonged to a union; approximately 35 were hourly administrative personnel, who were nonunion members and worked in office and clerical positions; and the remainder were temporary workers who are hired from a local agency to level peaks and valleys in production demand. The facility is part of a large Fortune 500 company, and manufactures essential component parts and subsystems that are used in the company's products.

In 2009 the company had gone through a process of identifying a set of Core Values that were applicable to the facility's operations. There were 5 core values that were identified by a team of senior managers: Teamwork, Commitment, Customer Satisfaction, Integrity, and Mutual Respect. Each of these values were defined for the facility, and a process of management education was implemented to develop within the managers of the facility an understanding of the plant's values and how managers were expected to behave to support the Core Values. This process was led by the facility manager and had the support of the senior leadership team. A series of training sessions was held with all of the facility managers to explain the values, which included role playing on the part of the trainees. A series of scenarios were developed to explain the "Values in Action," so that managers were able to understand the behavioral expectations associated with the 5 Core Values. The training process was led by the Human Resources group at the facility through a Training and Development Manager, and was consistent with the approach suggested by Anderson (1997) and Blanchard (1997; 2010). For the purposes of this study, we focused on the 125 managerial employees who had undergone the Core Values training.

Measurement: Core Values

As part of the Core Values process of the organization, the Human Resources department developed, in conjunction with one of the authors, an instrument to assess all of the facility's managerial personnel on the organization's Core Values. Consistent with the approach suggested by Gruys et. al. (2008) (Cameron & Quinn, 2011), the assessment focused on measuring values enactment. To do so, a process of developing behavioral indicators for each of the firm's Core Values was employed, consistent with the approach used for performance appraisals based on Behavioral Observation Scales (G. P. Latham, Fay, & Saari, 1979; G. P. Latham & Wexley, 1977, 1994; G.P. Latham, Wexley, & Rand, 1975). The use of BOS systems has been found to have good validity and effectiveness as a performance measure. The BOS process yielded 19 items measuring the facility's 5 core values. Five items measured Teamwork; 4 measured Commitment and 4 measured Customer Satisfaction; and 3 items measured Integrity, and 3 items measured Mutual Respect. (A list of the 19 items is included in Appendix A.)

The facility then employed a 360 degree feedback process to evaluate each of the managers' performance in demonstrating the 5 Core Values. Each manager's supervisor, direct reports, and 5 selected peers provided an evaluation of the extent to which the manager's behaviors were indicative of the organization's Core Values. The scale that was used measured the frequency with which the manager demonstrated the core values behaviors in their job activities on a 5 point scale. A score of 1 indicated that the manger demonstrated less than 20% of the time; 2 indicated that the manager demonstrated the behavior less than 40% of the time; 3 indicated the manager demonstrated the behavior less than 60% of the time; 4 indicated the manager demonstrated less than 80% of the time; and a score of 5 indicated that the manager demonstrated the behavior more than 80% of the time. The use of the 360 degree feedback process has been shown to be effective in managerial development and to have adequate psychometric properties for assessment purposes (Atwater & Waldman, 1998; Beehr, Ivanitskaya, Hansen, Erofeev, & Gudanowski, 2001; Fletcher, Baldry, & Cunningham-Snell, 1998; Hazucha, Hezlett, & Schneider, 1993).

For each manager in the organization, then, we were able to obtain the results of the 360 degree BOS feedback process, showing the average score for each manager on each of the 19 items used to assess the extent to which the manager demonstrated the facility's Core Values. To provide the greatest detail in the assessment, we decided to examine each of these performance measures separately rather than combine these into an overall score for each of the 5 Core Values. This was done to increase the overall robustness of the study.

Measurement: Managerial Job Performance

In addition to the data from the 360 degree Core Values Assessment, the facility conducts annual performance appraisals of all employees. The Annual Performance Review (APR) process at the company in question occurs each year in January for the preceding year's employment. Managers are evaluated based on 17 criteria that the company has identified as being essential elements of the manager's jobs. These 17 items are: Accountability, Analysis, Communication, Customer Focus, Decision Making, Delegation, Initiative, Innovation, Interpersonal Skills, Judgment, Leadership, Diversity, People Development, Planning, Teamwork, Technical Knowledge, and Work Standards. (These 17 items and the company's associated definitions are provided in Appendix B.)

Each manager receives a rating on a 5 point scale, where 1 indicates the employee's performance does not meet expectations (and is in need of remedial action), 2 indicates that the employee's performance is below expectations, 3 indicates that the employee's performance meets expectations, 4 indicates that the employee's performance is above expectations, and 5 indicates that the employee's performance significantly exceeds expectations. In addition to providing a score on the 5 point scale for the 17 items of managerial performance, supervisors are required to provide the employee with written commentary and feedback explaining the score, and to meet with each employee annually and review the performance appraisal. The results of these meetings and the annual performance review are then entered into the employee's permanent employment record in the company's Human Resource Planning System.

Data Collection and Analysis

During the month of May 2010, the company administered the Core Values Assessment to the 125 managers at the facility. The evaluation process was done electronically; a software program was developed called eVALUESation for the company by individuals with expertise in programming that was incorporated into the facility's internal Information Technology (IT) system. Employees were given a list of individual managers for whom they were required to provide feedback, and instructions on using the online system. The employees were then given 2 weeks to complete the assessments. The overall response for the assessments exceeded 95% of all employees; there were few assessments that were not completed in a timely manner. Each of the facility's managers participated in the process and, at the conclusion, was provided with individual feedback for each of the 19 behaviors associated with the 5 core values of the facility.

As part of the research program at the facility, the researchers were provided with the employee's most recent APR scores for each of the 17 dimensions of managerial job performance from the company's Human Resources Planning System database. This data was then matched with the individual manager's results for the Core Values Assessment to create a single data record in a master data file. The file for each manager contained a 3 digit identification code (to insure anonymity), the individual scores for the 19 Core Values BOS assessments, and the 17 individual scores for the manager's most recent Annual Performance Review. Since the performance reviews were done in January of 2010 and the Core Values assessment in May, there were 22 managers for whom complete records could not be obtained (either the manager had recently arrived at the facility and had no corresponding APR record,

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or the manager was new in the position and had not had sufficient time to participate in the values training program and was therefore exempted from the Core Values assessment). The final result yielded 103 complete data records for the managers at the facility.

The differences in the times of the assessments – January for the APRs and May for the CV BOS – was viewed as beneficial, since the fact that time had elapsed between the assessments meant that recency effects and rater generalizations were likely to be mitigated somewhat by the differences in time; supervisors might have difficult in recalling their previous performance reviews.. In addition, the fact that the APRs were performed by the supervisor, while the CV BOS was done by several individuals using the 360 degree feedback process, further helped minimize potential rater bias such as halo effect, and also minimized the effects due to single rater bias that was a limitation of the Gruys et. al. (2008) study. We viewed these two assessment processes as sufficiently distinct to support the desire to insure that potential measurement bias would be limited.

We then entered the records into SPSS/PC for the purposes of statistical analysis. We calculated the mean scores and standard deviations for each of the variables in the study: the 19 BOS assessments of Core Values, and the 17 dimensions of managerial job performance. We then developed a series of 3 correlation matrices, one for the Core Values assessments, one for the Annual Performance Reviews, and one showing the comparisons of the Core Values Assessments with the items from the job performance APRs.

Results

Core Values Assessment

Table 1 displays the means, standard deviations, and correlations for the 19 items from the Core Values assessment. These are arranged alphabetically by Core Value with the respective items listed for each of the 5 Core Values of the facility.

TABLE 1

Core Values Assessment: Means, Standard Deviations, and Correlations Among Items (n=103)

	Item	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	Commit1	3.43	0.37																		
2	Commit2	3.50	0.41	0.735																	
3	Commit3	3.38	0.39	0.750	0.706																
4	Commit4	3.40	0.38	0.674	0.758	0.677															
5	CusSat1	3.34	0.38	0.553	0.700	0.552	0.649														
6	CusSat2	3.22	0.41	0.620	0.695	0.630	0.606	0.739													
7	CusSat3	3.39	0.39	0.706	0.753	0.652	0.581	0.712	0.735												
8	CusSat4	3.41	0.40	0.594	0.751	0.655	0.644	0.712	0.726	0.792											
9	Integ1	3.46	0.41	0.646	0.685	0.702	0.725	0.537	0.576	0.544	0.578										
10	Integ2	3.43	0.40	0.747	0.677	0.741	0.673	0.554	0.629	0.643	0.659	0.749									
11	Integ3	3.46	0.40	0.599	0.699	0.698	0.740	0.597	0.617	0.534	0.661	0.806	0.724								
12	MutRes1	3.57	0.37	0.469	0.471	0.568	0.582	0.434	0.451	0.363	0.453	0.667	0.627	0.697							
13	MutRes2	3.35	0.41	0.568	0.549	0.645	0.570	0.465	0.536	0.507	0.482	0.627	0.728	0.690	0.589						
14	MutRes3	3.43	0.40	0.554	0.552	0.622	0.710	0.507	0.456	0.467	0.571	0.672	0.648	0.749	0.673	0.735					
15	Team1	3.44	0.40	0.672	0.713	0.692	0.725	0.678	0.696	0.644	0.674	0.754	0.710	0.792	0.619	0.714	0.708				
16	Team2	3.35	0.45	0.614	0.649	0.632	0.744	0.654	0.620	0.606	0.672	0.746	0.696	0.759	0.635	0.696	0.770	0.820			
17	Team3	3.28	0.43	0.589	0.662	0.611	0.709	0.608	0.632	0.555	0.653	0.697	0.722	0.741	0.672	0.675	0.661	0.760	0.715		
18	Team4	3.34	0.47	0.476	0.651	0.548	0.572	0.519	0.551	0.528	0.589	0.577	0.628	0.569	0.512	0.557	0.477	0.587	0.585	0.742	
19	Team5	3.33	0.41	0.575	0.650	0.613	0.564	0.563	0.621	0.685	0.594	0.606	0.606	0.596	0.501	0.585	0.453	0.626	0.609	0.615	0.656

Note: All correlations significant at the .001 level

As can be seen from the data on the table, the average ratings for all managers in the company for the various items were about 3.40, with a low of 3.22 and a high of 3.57. The standard deviations for the items ranged from .37 to .47, suggesting that there was reasonable variance in the ratings; managers did receive varying scores on the assessments. (Actual ranges for the ratings generally indicated a low of 1 and a high of 5, indicating that there was indeed discrimination among raters in the core values assessments.) What is perhaps most of interest, for this study, is the inter-item correlations. All of the correlations were positive and significant at a level less than .001. This suggests that the raters performing the core values assessment of the facility managers were fairly consistent in their ratings. These results lend support to the idea – suggested by both the VBM and the PVM perspectives – that managers' ability to demonstrate the core values is reasonably stable. The gives credence to the suggestion of the VBM and PVM perspectives that managers tend to either align with the organization's values, or there is a lack of person-organization fit (Gruys et al., 2008; Kristof-Brown et al., 2005; O'Reilly et al., 1991). We find here general support for the concept that organization values can be measured at the individual manager level, and that managers can differ in the extent to which they share the firm's values.

Managerial Job Performance

Table 2 presents the results of the Annual Performance Reviews (APRs) of the facility's managers. These results were provided directly by the Human Resources department of the facility and were based on individual supervisor ratings of the 17 dimensions of managerial performance used by the company's APR process.

TABLE 2

Annual Performance Review - Managerial Task Performance Ratings: Means, Standard Deviations, and Correlations Among Items (n=103)

		Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	ACCOUNT	4.08	0.71																
2	ANALYS	3.84	0.72	0.424**															
3	COMMUN	3.69	0.69	0.412**	0.158														
4	CUSFOC	4.02	0.69	0.380**	0.204+	0.284*													
5	DECMKG	3.85	0.68	0.574**	0.533**	0.281*	0.365**												
6	DELEG	3.57	0.64	0.403**	0.251+	0.235+	0.167	0.347**											
7	INITIAT	4.14	0.71	0.540**	0.439**	0.367**	0.455**	0.527**	0.260*										
8	INNOV	3.62	0.64	0.430**	0.441**	0.264*	0.350**	0.322**	0.128	0.433**									
9	INTSKILS	3.71	0.59	0.196+	0.169	0.381**	0.379**	0.237+	0.184	0.305*	-0.035								
10	JUDGE	3.78	0.56	0.464**	0.374**	0.252*	0.267*	0.612**	0.214+	0.322**	0.253*	0.128							
11	LDRSHIP	3.84	0.67	0.461**	0.299*	0.256*	0.422**	0.432**	0.446**	0.457**	0.395**	0.259*	0.279*						
12	DIVERS	3.72	0.67	0.339**	0.139	0.214+	0.281*	0.463**	0.388**	0.248+	0.166	0.264*	0.41**	0.322**					
13	PEOPDEV	3.50	0.65	0.299*	0.144	0.172	0.152	0.358**	0.459**	0.100	0.197	0.068	0.226+	0.343**	0.422**				
14	PLANNG	3.85	0.77	0.504**	0.362**	0.413**	0.320**	0.428**	0.426**	0.392**	0.361**	0.078	0.378**	0.340**	0.309*	0.311*			
15	TEAMWRK	3.99	0.63	0.438**	0.402**	0.286*	0.542**	0.430**	0.283*	0.566**	0.375**	0.387**	0.326**	0.506**	0.274*	0.214+	0.338**		
16	TECKNOW	4.12	0.74	0.465**	0.561**	0.244*	0.187	0.442**	0.276*	0.375**	0.482**	0.011	0.463**	0.367**	0.175	0.087	0.354**	0.231+	
17	WRKSTDS	4.05	0.72	0.550**	0.316**	0.269*	0.555**	0.417**	0.339**	0.502**	0.400**	0.266*	0.320**	0.474**	0.264*	0.326**	0.472**	0.517**	0.282*

Note: ** $p < .001$
* $p < .01$
\+ $p < .05$

Similar to the results obtained in the Core Values assessment, the data indicated that the mean rating for managers on the 17 job performance criteria averaged roughly 3.90 on the 5 point scale (with a low mean of 3.50 and a high of 4.14), suggesting that overall the managers of the facility tended to receive generally positive performance reviews from their superiors. The standard deviations of the performance appraisals was somewhat higher than for the Core Values assessments, with a mean average of approximately .70, ranging from a low of .56 to a high of .77. This suggests that while overall performance reviews may have been favorable, there were certainly variances in the job performance appraisals received by the managers at the facility. It can be observed that – similar to the results for the CV BOS assessment – overall measures of performance were consistent. The inter-item correlations for these 17 job performance criteria were overwhelmingly highly correlated with one another, suggesting consistency in job performance appraisals. Nearly 93% of the correlations among the items were significant at a level less than .05. This appears to give support to the contention that supervisors do make generally consistent evaluations of managerial job performance; this is consistent with prior research on the quality and efficacy of performance appraisals (Abraham et al., 2001; Arvey & Murphy, 1998; Heneman, 1987). These results support the general contention that managerial performance, while a multidimensional construct, nevertheless can be evaluated consistently by superiors.

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Core Values and Managerial Job Performance

We therefore find support in these results for the contention that (1) managers can be consistently evaluated based upon the extent to which they demonstrate the organization's Core Values, and (2) managerial job performance likewise can be consistently evaluated by superiors in the organization. We now come to the crux of the research question: are Core Values and Managerial Job Performance related (and if so, how?) (as suggested by the VBM model); or, are these in fact two distinct constructs (as suggested by the PVM model)? To address this issue, we correlated manager's individual score of the Core Values BOS assessment with the manager's Job Performance appraisal scores. The results are displayed in Table 3. (Note: we omitted the means and standard deviations for these variables from Table 3, as these are found on Tables 1 and 2 respectively).

TABLE 3

Core Values Assessment with Annual Performance Review - Managerial Task Performance Ratings: Correlations Among Items (n=103)

	COMMIT1	COMMIT2	COMMIT3	COMMIT4	CUSAT1	CUSAT2	CUSAT3	CUSAT4	INTEG1	INTEG2	INTEG3	MURES1	MURES2	MURES3	TEAM1	TEAM2	TEAM3	TEAM4	TEAM5
ACCOUNT	-0.015	0.046	-0.012	0.091	0.007	0.013	-0.052	-0.104	0.055	-0.067	0.009	-0.065	-0.019	-0.044	-0.039	-0.010	0.038	0.004	-0.079
ANALYS	-0.033	0.064	-0.065	-0.020	-0.046	-0.029	-0.083	-0.082	0.022	-0.160	-0.036	-0.140	-0.215	-0.126	-0.080	-0.129	-0.032	-0.102	-0.123
COMMUN	-0.081	0.022	0.045	0.128	0.161	0.059	-0.049	-0.014	0.009	-0.126	0.093	0.096	0.081	0.039	0.026	0.034	0.083	-0.043	0.060
CUSFOC	-0.073	0.146	0.067	0.149	0.105	0.116	-0.012	0.046	0.137	-0.087	0.152	-0.020	0.029	0.077	0.085	0.053	0.117	0.097	0.008
DECMKG	0.173	0.215+	0.075	0.225+	0.129	0.116	0.125	0.052	0.190	0.064	0.122	0.054	-0.047	0.044	0.073	-0.019	0.145	0.033	0.017
DELEG	-0.047	0.031	-0.078	0.087	0.008	0.030	-0.075	-0.042	0.019	-0.122	-0.027	0.008	-0.046	-0.027	-0.028	-0.072	0.024	0.031	-0.023
INITIAT	0.083	0.257*	0.083	0.330**	0.222+	0.236+	0.099	0.099	0.159	0.052	0.126	0.034	-0.041	0.123	0.078	0.076	0.153	0.074	0.086
INNOV	0.108	0.188	0.149	0.223+	0.183	0.266+	0.157	0.078	0.083	0.023	0.085	0.032	-0.006	0.033	0.077	0.015	0.130	0.143	0.138
INTSKILS	-0.063	0.010	-0.040	0.143	0.052	-0.008	-0.077	-0.012	0.050	-0.077	0.119	0.062	0.061	0.107	0.057	0.066	0.143	-0.041	0.021
JUDGE	-0.057	0.032	-0.086	0.003	-0.004	-0.011	-0.067	-0.104	-0.008	-0.075	-0.006	-0.013	-0.080	-0.070	-0.023	-0.151	-0.001	-0.048	-0.108
LDRSHIP	0.045	0.222+	0.114	0.199+	0.144	0.108	0.187	0.132	0.132	0.027	0.106	0.043	0.029	0.105	0.075	0.054	0.122	0.183	0.102
DIVERS	-0.126	-0.055	-0.081	0.012	-0.046	-0.078	-0.174	-0.073	0.001	-0.100	-0.024	-0.077	-0.185	-0.045	-0.140	-0.198+	-0.091	-0.071	-0.128
PEOPDEV	-0.059	-0.082	-0.071	-0.014	-0.030	-0.097	-0.060	-0.172	-0.030	-0.147	-0.117	-0.124	-0.140	-0.106	-0.051	-0.104	-0.101	-0.044	-0.010
PLANNG	-0.097	0.059	0.083	0.057	-0.018	0.063	-0.054	0.011	0.098	-0.050	0.039	-0.002	-0.067	-0.068	-0.029	-0.091	-0.063	0.044	-0.038
TEAMWRK	-0.048	0.154	0.016	0.204+	0.092	0.081	-0.061	0.019	0.135	0.001	0.159	0.068	0.023	0.105	0.117	0.068	0.178	0.164	0.072
TECKNOW	0.035	0.045	0.026	-0.016	0.045	0.043	0.038	-0.060	0.002	-0.083	0.008	0.054	-0.092	-0.056	-0.059	-0.098	-0.023	-0.068	-0.125
WRKSTDS	-0.063	0.126	-0.009	0.142	0.013	0.046	0.023	0.016	0.101	-0.010	0.093	-0.014	-0.103	-0.006	0.006	0.018	0.079	0.078	0.057

Note: ** $p < .001$
* $p < .01$
\+ $p < .05$

The results here are rather stark, to say the least. Of the 323 possible correlations between managerial job performance and Core Values enactments, only 12 (less than 4%) were significant, a result that – given the 95% confidence interval – might have occurred through chance. Clearly, there was little relationship between managers' Core Values assessments and Job Performance appraisals. Note that this occurred despite the high level of intra-construct correlations. Overall, the assessment of Core Values indicated similarity among items; even though the 5 core values were evaluated separately, there was overall cohesion among the items in the assessment; raters were able to provide an overall assessment of the 103 managers based on the extent to which each manager demonstrated the firm's Core Values. Similarly, when performing the Annual Performance Reviews, the structure of supervisors' ratings of the organization's managers indicated a general unity to the evaluation; the process yielded a reasonable general measure of job performance.

When comparing the ratings on the two constructs, however, we find that there was little (if any) correlation between the two. This suggests that managers' abilities to behave in a manner consistent with the firm's Core Values and managers' job performance are in fact two distinct constructs, and are measuring two different dimensions of managerial activity. This tends to support the PVM view, suggesting that in fact performance and values match are two separate constructs and thus the underlying two-dimensional matrix structure is valid as a managerial assessment tool.

We were concerned that perhaps the methodology used might have masked the results; with so many correlations, perhaps we had created a situation where finding meaningful relationships would be difficult. Accordingly, we decided to aggregate the scores for the values assessment into the total scores for each of the 5 core values, then correlate these results with the 17 criteria used for conducting the annual performance reviews. These results are displayed in Table 4.

TABLE 4

Correlations Among Combined Core Values Measures with Managerial Task Performance Ratings

	COMMIT	CUST SATIS	INTEGRITY	MUT RESPECT	TEMWRK
ACCOUNT	0.017	-0.035	-0.010	-0.052	-0.028
ANALYS	-0.010	-0.064	-0.075	-0.175	-0.114
COMMUN	0.046	0.046	-0.006	0.081	0.043
CUSFOC	0.095	0.117	0.072	0.042	0.098
DECMKG	0.210+	0.133	0.133	0.032	0.059
DELEG	-0.002	-0.016	-0.054	-0.026	-0.019
INITIAT	0.223+	0.203+	0.114	0.045	0.104
INNOV	0.219+	0.189	0.087	0.034	0.127
INTSKILS	0.018	0.027	0.018	0.089	0.073
JUDGE	-0.039	-0.078	-0.034	-0.070	-0.099
LDRSHIP	0.176	0.152	0.094	0.072	0.123
DIVERS	-0.048	-0.079	-0.046	-0.108	-0.120
PEOPDEV	-0.064	-0.101	-0.106	-0.137	-0.071
PLANNG	0.057	0.022	0.033	-0.041	-0.028
TEAMWRK	0.089	0.072	0.095	0.068	0.139
TECKNOW	0.028	-0.006	-0.024	-0.028	-0.104
WRKSTDS	0.075	0.054	0.064	-0.036	0.065

Note: ** $p < .001$
* $p < .01$
\+ $p < .05$

These results are consistent with those reported previously. Of the 85 correlations in the table, 4 were significant at the .05 level; a result that could easily have been produced by chance, given the confidence interval. There were few significant correlations between manager's enactment of the facility's core values and managerial job performance. These results clearly suggest that these are in fact two different constructs, measuring two very different components of managerial work.

DISCUSSION

Two dominant approaches to understanding the importance of organizational Core Values were identified from our review of the literature. The first, the Values-Based Management approach, suggests that managerial alignment with the organization's values and managers' job performance are interrelated such that values match produces higher levels of managerial performance and yields positive organizational results (Anderson, 1997; Blanchard & O'Connor, 1997; Collins & Porras, 1994). The second approach, the Performance-Values Matrix, contends that managers' alignment with the organization's values and managers' job performance are two distinct constructs and represent two different dimensions of managerial work and must be considered separately from one another (Tichy & Cohen, 2002; Welch, 1996, 2005).

The results of our study, conducted in an actual organization setting using practicing managers, provide clear support for the PVM model. We found little in the way of significant correlations between the "values match" of managers with the organization's 5 Core Values and managers' job performance. Indeed, the few correlations that did occur could easily have been due to chance and the number of managers being evaluated. From these results we conclude that it is indeed appropriate to classify managers based on job performance and values match, as suggested by the PVM model. Managers for each of the four types suggested by the PVM model could be identified from the data provided in this field study.

Our results suggest that a logical error in the VBM model may occur from the fact that the VBM approach may be based only on those managers located in the "high performance and high values match" quadrant of the PVM matrix. If one were to consider only these managers, one would by definition find managers with high values match with the organization achieving high levels of performance, and it would be easy to conclude that the performance was due to the alignment of the manager's values with those of the organization. Furthermore, since individuals with low values match with the organization are often selected out of the enterprise due to low person-organization fit (Chatman, 1991; Goodman & Svyantek, 1999; O'Reilly et al., 1991), observers of management and organizations may not come into contact very often with the other "types" of managers.

As a result, there may be an attribution error at work here. If the high-performing managers who are the subject of study and interest for so many business writers and academicians are overrepresented in the "high performance/high values match" quadrant, it would be fairly easy to attribute the managers' high performance to the alignment with the organization values. After all, even Jack Welch, who arguably developed the PVM concept, noted that high performing managers who did not align with GE's values were removed form the company (Welch, 1996). We also note that, in our own study, the mean scores for the Core Values assessments were in the range of 3 – 4, meaning that managers were exhibiting the values enactment behaviors at least 40 to 60 percent of the time (giving further credence to the idea that managers who do not align with the organization's values probably aren't going to be found often in the organization). In fact, the managers in our study tended to be fairly high on the Core Values assessments and in Job Performance. There were few managers who did not show a good values match and high job performance (recall that the average mean score for job performance would indicated that most of the managers were in fact meeting performance expectations).

This study makes a valuable contribution to the field of management thought and research by indicating that the VBM model may be an artifact of organization processes. By selecting out low performing and low values match individuals, observers may be led to a false conclusion that values alignment and job performance are related constructs. Our data suggest that this is not the case. These need to be thought of a two distinct aspects of managerial activity and evaluated separately. Suggesting (as many writers do, e.g. (Collins & Porras, 1994; Despain, 2003; McGaw & Fabish, 2006) that activities intended to increase commitment to an organization's values will increase managerial job performance and improve organizational outcomes is not borne out by the results of this study. Instead, our results would suggest that human resource management processes need to treat these as separate (and important) aspects of management development. To the extent that increasing person-organization fit through values match would reduce turnover (Gruys et al., 2008), such programs can have real value for companies. Increasing values match can likewise enhance person-organization fit with the attendant effects on organization culture (Cameron & Quinn, 2011; Goodman & Svyantek, 1999)

One of the most important methods for integrating organization values into employees' work lives is through the human resource management system (Gruys et al., 2008; Paine, 2003). It has been suggested that a characteristic of high performance human resource management systems is the measurement and rewarding of what is valued in the organization (Pfeffer, 1998). Using formal performance assessment and reward systems as a means for integrating core values with managerial behavior has been thought to be an important technique for encouraging values enactment in organizations (Gruys et al., 2008; O'Neill et al., 2011). Hence the use of values assessments in evaluating managers in organizations may be instrumental in enabling values enactment to occur. This is consistent with the Performance Values Matrix contention that values enactment can vary among managers within an organization due to the structures, systems, and processes of the enterprise.

These results must be considered within the scope of the limitations of our study. The data from this study are from a single organization and thus generalizability may be limited by the scope of the organization's activities. We did have an advantage in being able to measure all of the managers of the organization, thus limiting effects due to sampling error or selection; but the measure were taken for a single year of activity, and further research is needed to see if these results would hold over time and in other organization settings. We also note that the study used single raters for job performance and multiple raters for the Core Values BOS process, and thus there may have been differences in the raters' assessment heuristics. This is somewhat mitigated by the nature of organizational human resources assessment processes, however, since for most organizations performance appraisals tend to be performed by superiors, and values assessment, which reflects individuals' behaviors with all members of an organization, are more appropriately assessed through the broader 360 degree feedback process.

While the results from this study provide conclusive support for the PVM model (as opposed to the VBM model), further research in this area of organizational activity is needed. Future studies might examine the efficacy of processes intended to increase values match in the enterprise, and with the actual organizational outcomes and results produced by managers in the four quadrants of the PVM matrix. Research that might examine the factors that underlie the assessment of values match are needed, as this is an area sorely lacking in empirical data. If values match and performance are indeed two separate constructs, much work is needed to understand the possible relationships among these elements of managerial practice.

Practitioners should be encouraged to employ the PVM model when engaging in a process of developing organization values. Organization leaders should be made aware that having organization values or enacting those values may not be sufficient to improve managerial job performance. Instead, leaders should emphasize the need to strengthen both the extent to which managers "live the values" and the various elements of job performance. If Jack Welch is indeed right – and the results of this research do tend to support the PVM view – it is necessary to insure that organization have people who both share the firm's basic values and commitments, and can also produce results. Leadership needs to view these as two distinct but essential elements of enhancing organization performance.

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APPENDIX A

Core Values: Behavioral Observation Scale Items

Core Value: Commitment
1. Applies energy and effort to make things better.
2. Sticks with the job until all details are complete.
3. Takes action to solve problems.
4. Works diligently and stays on track; doesn't waste time or effort.

Core Value: Customer Satisfaction
1. Follows up with customers and responds to their needs on a timely basis.
2. Meets the demands and needs of customers in a timely manner.
3. Actively seeks input from customers.
4. Uses customer feedback to improve performance, products, and/or processes.

Core Value: Integrity
1. Tries to do what is right, even if it is not always the easiest thing to do.
2. Keeps his/her promises; can be relied upon to carry through on commitments.
3. Says what he or she means, and means what he or she says.

Core Value: Mutual Respect
1. Accepts that everyone is different – respects equality.
2. Demonstrates faith in the ability of others.
3. Respects the privacy of others – keeps confidences.

Core Value: Teamwork:
1. Communicates with other shifts/departments/payrolls.
2. Holds or participates in regular team meetings and updates.
3. Actively promotes team problem solving.
4. Works together effectively with his or her team members.
5. Works together with others to reach group and business objectives.

APPENDIX B

Annual Performance Review: Dimensions of Managerial Job Performance

1. Accountability – takes personal responsibility for producing results.
2. Analysis – demonstrates good analytic skills; gathers and interprets data when making a decision.
3. Communication – communicates regularly and effectively with supervisors, peers, and subordinates.
4. Customer Focus – emphasizes meeting and exceeding customer expectations.
5. Decision Making – is effective at making quality, timely, decisions.
6. Delegation – delegates work to others as needed in an effective and efficient manner.
7. Initiative – seeks opportunities to improve performance.
8. Innovation – looks for new ways to do things or new ways to produce results.
9. Interpersonal skills – relates well with others in the organization.
10. Judgment – carefully considers all necessary aspects when making a decision.
11. Leadership – provides direction and influences people to achieve organizational goals.
12. Diversity – respects and values diversity in others.
13. People Development – looks for ways to help people grow and develop in the company.
14. Planning – develops effective plans and executes those plans in an efficient manner.
15. Teamwork – works effectively with others as part of a team and provides leadership to team members when necessary.
16. Technical Knowledge – demonstrates good knowledge of the technical aspects of the work/job.
17. Work Standards – sets high standards for self and others and works diligently to meet those standards.