“Value of values for practicing managers and leaders”

AUTHORS
Anil Chandrakumara

ARTICLE INFO
Anil Chandrakumara (2011). Value of values for practicing managers and leaders. Problems and Perspectives in Management, 9(2)

JOURNAL
“Problems and Perspectives in Management”

FOUNDER
LLC “Consulting Publishing Company “Business Perspectives”

NUMBER OF REFERENCES 0
NUMBER OF FIGURES 0
NUMBER OF TABLES 0

© The author(s) 2018. This publication is an open access article.
Anil Chandrakumara (Australia)

Value of values for practicing managers and leaders

Abstract

The aim of this article is to increase the awareness of and practical knowledge about values and their impact on management practices and behavioral and performance outcomes in organizations. It explores the meaning of values by using “preferences and priorities” and by differentiating values from other closely related concepts such as ethics, attitudes, needs, and morals. It also highlights some important evolving value patterns pertaining to customers, organizations, and employees belongs to three generations: Boomers, Generation X, and Generation Y. Another interesting aspect of the article is the exploration of evidence with regard to impact of values as an independent, moderator, and dependent variable on management practices and employee’s behavior and performance. This review is supported by the fact that how the knowledge about degree of intensity and relative importance of value orientations can be used by managers and decision-makers. The discussion of implications of values for practicing managers is also supplemented by the arguments that “values can be modified” and “values should not always be in mesh in organizations”. The article concludes by presenting numbers of sayings made by leaders and managers highlighting value of values in their personal and work life.

Keywords: values, application of values, values and management practices, values and employees’ behavior, values and performance.

JEL Classification: M10.

Introduction

Globalization increasingly causes today’s leaders and managers to attend to the issues of culture and diversity. When companies operate in different countries and cultures, they are faced with the task of assessing the impact of cultural values on management practices and employees behavior. On the other hand, some people argue that if organizations have valued “values for money” rather than “value of money”, probably, recent global financial crisis could not have happen (e.g., Chandrakumara, 2010). The aim of this article is to increase the awareness and understanding of values in our personal and work life as employees, managers or leaders and explore the impact of values on employees behavior, performance and management practices. It begins with explaining the meaning of values and what values are not. Then, it highlights why values matters in organizations by exploring changing patterns of values pertaining to organizations, customers, and employees. The Section 1 of the article presents the empirical research findings relevant to the impact of values on management practices and employees’ behavior and performance. Section 2 presents changing values patterns of three generations: Baby boomers, Generation X, and Generation Y. The Section 3 discusses implications of knowledge and understanding about values for practicing managers by addressing some of the issues associated with need for value modification and value congruence in organizations. The paper also presents the number of sayings of leaders and managers with regard to the value of values for practicing managers and leaders in organizations. The final section concludes.

© Anil Chandrakumara, 2011.
the contention that what is right for one person or group may not be right for another. The enduring element of values signals us to know causes, consequences and implications of values in personal and organizational life. The enduring element does not necessarily mean that values cannot be changed. Values or peoples’ preferences and their priorities, of course, change over a period of time and for many reasons. Thus, knowledge about values can be capitalized by managers in order to inculcate appropriate and sound work and personal values in their workforce. All these are major concerns in this article.

**What values are not?** Values are not just abstracts or written words. They must be experienced and lived to have any real meaning. Values are not physical objects – for example, money is not a value, but things it represents are, such as security, wealth, power and freedom (Henderson and Thomson, 2003). Ethics are not necessarily values. Ethics are agreed code of behavior adopted by a group or associations. Values may influence the establishment of particular ethics. On the other hand, there can be ethical or unethical values in a person’s value system. Depending on their relevance in particular situations, values, morals and judgements are inter-related. Morals are our adopted viewpoints. For example, judging someone’s values usually involves having a moral perspective on their values, i.e., to see them as right or wrong. What we value and what we need are also two different things. Needs represents perceived necessities. For example, a cigarette smoker has a perceived necessity which he or she has put into action (demand). However, if the person values health may stop smoking. Beliefs, however, are very closely related to values and they are in many ways inseparable. As such, Rokeach (1973) simply notes a value as an enduring belief. Thus, values are an established belief about the desirability, preference, and priority of something. Attitudes are reactive responses to environmental stimuli. An attitude represents a culminating effect of a collection of beliefs about something, someone, or a situation. Nevertheless, values are more central than attitudes as determinant of human behavior.

**Why values matter in organizations?** Values simply express what is important to us in our life and business. Values create focus, as they represent our preferences and priorities. Values enable us to understand our underlying motivations, beliefs, and assumptions behind our decision and behaviors (Gerhart, 2008). Therefore, values determine quality of management practices in organizations (e.g., zero defect, due diligence). Unprioritised values may create conflicts in organizations. As all leaders are led by values, an organization’s values are its real leader. According to Henderson and Thomson (2003), values are the DNA of the culture of an organization because they provide embedded codes of a culture that reflect what happens and why. While values alignment or fit may also lead to better performance, values conflict may lead to better performance in some situations, another aspect that is explored later in this article.

The most common claim about the impact of values is that values at work influence behavior of individuals and groups. The effectiveness of an organization will increase to the extent that managers understand behavior of those others at work. While it is clearly impossible to understand all factors influencing behavior, cultural values have been accepted as a critical element that determines behavior and performance of individuals and group (England, 1995; Sparrow and Wu, 1998; Punnet, 1998; Nyambege et al., 2001; Chandrakumara, 2005; Gerhart, 2008; Chandrakumara and Seneviratne, 2009). If managers know values hold by employees and the way they influence others’ behaviors, then knowledge and understanding can be used to predict future behaviors and make appropriate decision with regard to the adoption of management practices and achieving desired behavioral and performance outcomes. For example, future orientation value of a manager may lead to the selection and adoption of managerial functions of “planning” and “training and development”. It has also been noticed that many important decisions in organizations are mainly based on leaders’ values than rational analysis.

Modern business practices such as due diligence, zero defect, and money-back guarantee would cease to exist without values. Thus, values determine quality and management practices. According to Izzo and Withers (2007), values help bring out our best and contribute to create high performance and high fulfilment in our work and life. Therefore, behavioral and performance researchers consider work-related values as unique human resource capabilities that can create competitive advantage (e.g., Paine and Organ, 2000). For examples, cultural group norms may encourage employees to help each other whenever necessary, personal disposition to cooperate are influenced by values absorbed from the wider culture and carried in the minds of individuals. The dynamic relationship between values, management practices, and behavioral and performance outcomes is simply depicted in Figure 1. The complexity of the relationships depicted in the Figure 1 necessitates managers to learn about and understand employees’ values and their impact on organizational elements. One of the ways that this
can be achieved is by exploring effects of and effects on values from different perspectives. This will also include the reciprocal impact of managerial practices on values, employees’ behavior and performance and the impact of values fit or congruence between values of managers and those of others at work on employees’ behavior and performance.

The next section of this article explores empirical research evidence associated with the impact of values on management practices and employees’ behavior and performance.

1. Impact of values on managerial practices and employees’ behavior and performance

The role of values in organizations can be looked at from three different perspectives: effect of values as an independent variable; effect of values as a moderator variable; effect of values as a dependent variable.

1.1. Effect of values as an independent variable.
The effect of values as an independent variable is the most commonly accepted and used perspective in the field of management and organizational behavior. This may be mainly due to the contention that national culture values influence management practices and employees, managers’ behavior and performance. This effect, therefore, can be identified in relation to several key areas of management:

1. Effect of values on general management principles and practices. For example, planning as a common management principle is influenced by the value of future orientation (e.g., Hofstede, 1984, 1991). For example, the degree of future orientation may reflect as short term, medium term or long term depending on the person, group or society that this particular value may hold. People or societies with long-term orientation tend to prepare long-term plans, while short-term oriented people or societies tend to do things on ad-hoc manner or rely on short-term benefits of what they do. As such, long-term oriented organizations tend to invest more in such areas as research and development, training and development of employees than short-term oriented organizations. Similarly, task and activities of an organization can be organized in a tall or flat structure depending on “power distance” and hierarchical values of people. Managers in high power distance societies tend to form tall organization structures so that they can maintain power distance/gaps between managers and employees.

2. Effect of values on actual people management practices. For examples, Aycan et al. (2000), Budhwar and Debrah (2001), Sparrow, Schuler and Jackson (1994) have found that Human Resource Management (HRM) functions such as recruitment, socialization, training and development, and empowerment are underpinned by cultural values of different countries. For example, these research findings revealed that high emphasis on training and retraining of employees in people management practices was related to the value of future orientation and the recognition of value of human resources by a particular society and organizations. Similarly, individual based performance evaluation systems were related to the value of individualism in cultures.

3. Values also effect on preferences for people management policies and practices. For example, research studies indicate that national culture and work value orientations at individual level is highly predictive of their preferences for the design of HR policies and practices (Aycan et al., 2007; Chandrakumara and Sparrow, 2004; Nyambegera et al., 2000; Sparrow and Wu, 1998). Specifically, Nyambegera et al. (2000) found that “activity thinking” and low hierarchical values are related to employees’ involvement in decision-making and empowerment practices, respectively. Similarly, individual growth oriented work norms, and organizations and positions oriented work ethics are found to be negatively related to empowering management practices (Chandrakumara and Sparrow, 2004).

4. Effect of values congruence/fit on behavioral and performance outcomes. Research findings indicate that congruence between employees’ value and firms’ value leads to greater satisfaction (Meglino, Ravlin and Alkins, 1989), job involvement (Nyambegera, Sparrow and Daniels, 2000) and less turnover (Sheridan, 1992), and contextual performance (Chandrakumara,
5. Effect of values on behavioral and performance outcomes. For example, England (1995) found a significant positive relationship between work centrality and non-financial commitment to working. Mottaz’s (1986) finding also indicates that intrinsic values are strongly related to work satisfaction. In addition, significant relationships have been found between values and organizational and job commitment (Putti et al., 1989; Sparrow and Wu, 1998), productivity (Kazanas, 1978), job involvement (Nyambegera et al., 2001), and contextual/citizen and task performance (Chandramurth and Seneviratne, 2009; Chandramurth, 2005). With regard to the degree of managerial success, England (1975) found that successful and unsuccessful managers espouse following values: values of pragmatism, dynamic action, influential leadership, expertise, prestige, duty conscious were held by successful managers, while less successful managers held the values of passivity, security, status quo (resistance to change and inflexibility), affection, and pleasure.

1.2. Effect of values as a moderator variable. Research evidence also indicates that the effectiveness of managerial interventions such as use of goal setting, job enrichment, quality circles, performance-based pay systems, etc., are greatly dependent on (or moderated by) cultural values of participants (Erez and Earley, 1993). In addition, Roe and Ester (1999) also note that in a society characterized by collectivism the collective itself is more salient than the individual itself, and interventions such as differential or individualized rewards are likely to be unproductive, as they aim at enhancing the individual itself but not the collective self. In such situations, quality circles and team-based performance evaluation systems may be ineffective. Thus, cultural or work values could play a moderating role in determining the effectiveness of managerial interventions and, therefore, understanding cultural and work values orientations of employees is important for practicing managers when adopting work practices and evaluating their effectiveness.

1.3. Effect of values as a dependent variable. Basically, this contention represents the effect of organizational practices on values. For example, Kim (1992) notes that those jobs involving more time working with ideas or thinking and more autonomy at work are more likely to create higher intrinsic work values in people. This simply means that work values can be changed by changing work practices such as job redesigning by way of job enlargement and enrichment. Wang (1992) also notes that gender, age, education, extrinsic organizational rewards, and intrinsic occupational outcomes are major determinants of an employee’s extrinsic and intrinsic work values. For example, reward system of organizations can be seen as an effective tool in influencing work values of people in organizations.

In addition, values may also be affected by consequential behavior of oneself and/or by the behaviors of others at work. For example, if someone experienced negative consequences as a result of inappropriate work values, he/she may think of developing more positive work values. Thus, the effect of values as a dependent variable can result in the adoption of HRM and managerial practices, recognizing consequential behaviors of self, and observing and following behaviors of others at work.

2. Changing values of employees, organizations, and customers

Values change occurs with respect to many aspects of our personal, organizational, political, sociocultural, and aesthetic values. In modern society changes seem to occur almost instantly with little warning. For example, a new economic, technological, political, or societal breakthrough (or breakdown) can take place almost overnight (Henderson and Thomson, 2003). Values may shift or evolve at a rate previously unknown. This article highlights some values changes occurred with respect to organizations, customers, and individual employees.

The evolution of management orientations in organizations reflects the fact that changes occur in value orientations of managers from the concepts of growth and efficiency in 1800s to principled management in 1990s to managing meanings in 2000s (Henderson and Thomson, 2003). The impeding value shifts in organizations also reflect changes in their concern for environmental justice and business ethics in 1990s to animal rights to intergenerational rights in 2000s. Thus, the focuses of employers to managing businesses have changed from strong work ethics and bank balances to work and family balance, from commitment to enjoyment, from authority to empowerment, from structure to flexibility, from conformity to creativity, from telling them to involve us, and from learning to earn to lifelong learning.

With regard to customers, globalization, advance-ment in communication technology and education,
and competition among business organization have contributed to changes in consumers values from “value for money” consideration to “values for money”. Elkington (1997) stresses the fact that people look for things they can identify with, the things they would like to be part of, the things that make them feel better about themselves. In this type of market, he suggests values matter most. Thus, what your organization stand for is becoming more important than what it sells. On the other hand, Henderson and Thomson (2003) highlight that consumers today are in better position than ever in the history of commerce to use their buying power to reflect their values. For example, consumers today value consumer responsibilities (e.g., buying environmental friendly products) over consumer rights. Accordingly, organizations have changed their “global consumer view” in 1990s to “world citizen view” in 2000s. These changing customer values show us not only what they want to buy, but also how and why they wish to purchase, as well as indicating what other products they might consider purchasing. Thus, if organizations have valued “values for money” rather than “value of money”, probably, recent global financial crisis could not have happen.

With respect to individuals, Izzo and Withers (2007) note that an individual’s core values can change based on where they are and what they are going through in the course of their life. For example, family and security might be placed at the top of your values while you are raising a young family but may change their priority when your children leave home. Leaders today are faced with a new kind of worker, one whose fundamental values and desires about work and life are changing (Izzo and Withers, 2007). According to these researchers, expectations of the new workforce include desire for greater balance and harmony between work and one’s personal life, the desire for flexibility, greater harmony, ethical management, achievement and skill development etc. In recent times, generational differences in values have been of interest to many groups including business leaders and managers. These differences can be categorised into generations by their birth years. Accordingly, at least four generations can be identified as “Baby Boomers” (born between 1946-1964), “Generation X” (born between 1965-1979), “Generation Y” (1980-1994), “Generation Z” (born between 1995-2009). The Generation Z, however, is yet to represent the workforce. Based on the recent Australian research, “Mccrindle” website (www.mccrindle.com-2009) highlights the following differences between generations.

<table>
<thead>
<tr>
<th>Areas of interest</th>
<th>Baby boomers aged 40’s and 50’s</th>
<th>Generation X late 20’s and 30’s</th>
<th>Generation Y teens and 20’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values at work</td>
<td>Work ethic Industry focus</td>
<td>Achievement Company centric</td>
<td>Ownership Individuality</td>
</tr>
<tr>
<td>Motivation for work</td>
<td>Financial security Responsibility</td>
<td>Career progression Opportunity</td>
<td>Job variety Creativity</td>
</tr>
<tr>
<td>Influences over career choice</td>
<td>Parents Authorities</td>
<td>Career advisors Experts</td>
<td>Internet Peer groups</td>
</tr>
<tr>
<td>Sharers of career perception</td>
<td>Tradition Reputation</td>
<td>Observation Recommendations</td>
<td>Perception Experience</td>
</tr>
<tr>
<td>Key management tool</td>
<td>Recruiting Supervising</td>
<td>Training Promoting</td>
<td>Innovating Empowering</td>
</tr>
<tr>
<td>Key communication tool</td>
<td>Technical data Evidence</td>
<td>Visual examples Demonstration</td>
<td>Hands-on-learning Participation</td>
</tr>
<tr>
<td>Typical training style</td>
<td>Formal Monologue</td>
<td>Programmed Dialogue</td>
<td>Interactive Multi-model</td>
</tr>
<tr>
<td>Typical leadership style</td>
<td>Control Thinkers</td>
<td>Coordination Doers</td>
<td>Consensus Feelers</td>
</tr>
<tr>
<td>Influences and values</td>
<td>Local Long-term needs</td>
<td>Regional Medium-term goals</td>
<td>Global Short-term wants</td>
</tr>
<tr>
<td>Management approach</td>
<td>Telling “yes boss”</td>
<td>Selling “What’s in for me”</td>
<td>Involving Here’s what I think</td>
</tr>
</tbody>
</table>


3. Managerial implications

The exploration and evidence presented in this article communicate that a decision on how to deal with values in organization is basically dependent on different roles values play as an independent, a dependent, and a moderator variable. Simply, managers may change or modify managerial and work practices according to values and value system of employees, organizations, and cultures. They may also try to change work values of employees according the requirement of managerial and work practices and organizational cultures. In addition, they may even try to change the perception of managerial practices by employees. The nature of such managerial decision may depend on a number of criteria:

1. What is the relationship between values and management practices and their consequential impact on employees’ behavior and performance? The evidence presented in this article revealed that value orientations of employees is highly predictive of their preferences for the design of HR policies and practices such as rewards, performance management practices, empowerment and of behavioral and performance outcomes such as job commitment, job involvement, and citizenship behavior (e.g., Aycan et al., 2007; Chandrakumara, 2007; Nyambegeera et al., 2000; Sparrow and Wu, 1998).
This seems to suggest that managers may consider value orientations of employees (of course along with other factors) in designing and redesigning management policies and practices. Alternatively, employees’ value orientations may also be modified so that management practices are aligned with employees’ expectations. Then, the practical issue is “How can values be modified or changed?” New work values are and can be indoctrinated through learning processes and training and development programs. The most frequently identified strategies to teach work values and attitudes are reward structure, group discussion, one on one counselling, role modelling, and role playing (Gregson, 1990). The relationship between level of education and values (e.g., Chandrakumara, 2005) seems to suggest that work values can be modified through education and training and propagandistic interventions (Roe and Ester, 2000). These researchers stress that values might be relatively durable and reinforced by daily practices and peer influence, rather than change by outside interventions of limited scope and duration. In addition, the above discussion on effect of values as a dependent variable also revealed that values can be modified or changed by adopting management and work practices such as job redesigning, job enlargement, job enrichment, rewards systems, using code of ethics and rules and regulations.

2. What is the impact of fit between employees’ values and values of the organization or values embedded in work practices on behavioral and performance outcomes? As already revealed in this article, individuals are more likely to choose jobs that have similar value contents to their own value orientations (e.g., Judge and Bretz, 1992). Various firms also utilize the congruence between the personal values of recruiters and candidates as a selection tool (e.g., Adkins et al., 1994). It was also found that values contribute to success and high level of performance when an individual’s values mesh with the requirements of his or her job (e.g., Miner, 1992; Chandrakumara, 2007). As job requirements are mainly represented in selection criteria, performance evaluation, training and development, promotion, and other organizational processes and practices (teamwork, control, communication leadership etc.), managers may consider employees’ values when determining and establishing these standards and practices.

One of the important practical issues relevant to this is that “should values always be in mesh in organizations?” Simply it should not. People can hold values that conflict with the values inherent in the organization’s overall culture. However, value conflict or mismatch in relation to HRM practices seems to be much more sensitive and critical than any other functional area of management with respect to behavioral and performance outcomes of employees and managers. For example, Gaugler (1988) notes that more than any other business function, the practice of people management is closely linked to national cultural values. On the other hand, Schneider et al. (1997) note that although high level of fit may be desirable for lower level employees, managers at higher levels should be selected for heterogeneity. They further note that “misfits” are particularly important during the later stages of an organization’s maturation, when decline may be promoted by stagnation.

3. What is the degree of intensity of value orientations (may be measured through a rating scale) and its implication? One way of using this piece of information is to understand value orientations of employees in general. If the average score of a particular value orientation in a particular sample is in extreme positions (i.e., very important or very unimportant), it provides managers with some information about the need for considering it as a core value and adapt work and people management practices accordingly or neglect very unimportant aspect. This kind of consideration can further be analyzed by examining the impact of demographic factors (or other individual characteristics) on values. For example, if gender or employment category has an impact on a particular work value, it cannot be considered as a core cultural value. This understanding can be used to modify or change individual work value orientations by way of utilizing effective socialization and training and development programs and/or by modifying management policies and practices accordingly.

4. What is the relative importance of values and how is it used by decision-makers? According to Smith and Schwartz (1997), value priorities are particularly important at the societal/organizational level because they can be used: (1) to decide goals of social institutions, e.g., in societies where individual ambitions and success are highly valued, the economic and legal systems are likely to be competitive (e.g., capitalist market and adversarial legal proceedings); (2) to decide the way collective/organizational resources are invested (e.g., the relative importance attributed to values such as wealth, justice, and beauty in a society partly determine whether resources are invested more
in industrialization, social welfare or preserving the environment; (3) to decide how organizational performance is evaluated (e.g., value priorities influence in deciding performance standards – in terms of productivity, social responsibility, innovativeness or support for the existing power structure).

With regard to further justification of practical validity of application of such research findings in organizations, Becker and Gerhart (1996) revealed that research-based management practices are positively related to organizational financial performance. Terpstra and Rozell (1997) also emphasized the fact that organizations whose human resource directors use research information sources demonstrate higher organizational profitability. The following sayings by leaders, managers and intellectuals also highlight the value of values for practicing managers and leaders.

4. Some of those who witness the value of values

There are several views about the value of values for practicing managers and leaders:

1. “The management focus for the years 2000 to 2010 will be about managing meaning, which of course requires an ongoing interest in values” (Paul Chippendale, Director, The Minesence Group, Quoted in Henderson and Thompson, 2003).

   “Whether on the Battlefield or in the Boardroom, a strong value system is the most precious weapon of all” (General Charles C. Krulak, 31 Commandants of the US Marine Corps).

2. “You don’t have a choice whether your organization works with values. You do have a choice in how” (Michael Henderson and Dougal Thompson, 2003).

3. “More than any other concept, ‘values’ represents an intervening variable that shows promise of being able to unify the apparent diverse interest of all the sciences concerned with human behavior” (Milton Rokeach, 1973).

4. “Business people don’t talk about values. But without them, all business is about making money. To me, achieving business goals is great. But no business goal is worth sacrificing your values” (Patrick Kelly, CEO, PSS World Medical, Quoted in Henderson and Thompson, 2003).

5. “Values help to bring out our best and contribute to creating high performance and high fulfillment in our work and life” (John Izzo and Pam Withers, 2007).

6. “Values are essentials to wealth creation” (John Elkington, 1997).

7. “A company’s values are the DNA of its culture” (Michael Henderson and Dougal Thompson, 2003).

8. “When aligned around shared values and united in a common mission, ordinary people accomplish extra ordinary things” (Ken Blanchard and Michael O’Connor, Managing by Values, 1997).

9. “The most important thing is to know what is the most important thing” (Michael Henderson and Dougal Thompson, 2003).

10. “Successful companies will be better at identifying, understanding and responding to the values of those they work with and save” (John Elkington, 1997).

Conclusions

This article aimed at enhancing understanding of values in more practical means and exploring their impact on managerial practices, and behavioral and performance outcomes of employees. A value system is understood as a key element that guides employees and managers’ behavior, thinking pattern, and decision-making styles. It was also revealed that values can be considered as unique human resource capabilities that can create competitive advantage in organizations. Changes in values systems pertaining to different generations could be identified in relation to organizations, employees, and customers. The evidence indicates that value change occurs as a result of natural forces and purposeful change interventions made by different organizations and sociocultural entities of different countries. The dynamic relationships between values and management practices, behavioral and performance outcome was also explored by identifying values as an independent, dependent, and moderator variable. It was revealed that managers and leaders need to understand the changing patterns of values pertaining to different generations of employees and adapt themselves and their organizations accordingly. The impact of values on management practices can best be examined by considering individual preferences for managerial policies and practices and their consequential impact on behavioral and performance outcomes at individual level analysis. The knowledge gained through this exploration can contribute practicing managers and leaders in prioritizing goals and objectives, designing management policies and practices and effective socialization and training and development programs. Understanding about value congruence, the degree of intensity of value orientations, and the relative importance of value priorities could also be found useful in making important decisions in organizations. The evidence also indicated that values can be modified or change by adopting different policies and practices in organiza-
tions and that they should not always be in mesh in organizations for achieving desired behavioral and performance outcomes. Finally, further justification the value of values was made by using number of sayings made by real world leaders and managers in different countries and organizations.

References


