

The Problem With Corporate Values

Neil Griffiths, November 2014

Scanning through company value statements the word I come across the most is 'integrity.' Companies tend to favour words such as 'fairness', 'excellence' and 'transparency'. In essence what these value statements seem to be trying to say about various companies is "we are the manifestation of everything that any good person aspires to be." Lovely.

The following were Enron's value statements in 2001

Communication - We have an obligation to communicate. Here, we take the time to talk with one another... and to listen. We believe that information is meant to move and that information moves people.

Respect - We treat others as we would like to be treated ourselves. We do not tolerate abusive or disrespectful treatment.

Integrity - We work with customers and prospects openly, honestly and sincerely. When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it.

Excellence - We are satisfied with nothing less than the very best in everything we do. We will continue to raise the bar for everyone. The great fun here will be for all of us to discover just how good we can really be.

So, some corporate value statements are just so much hot air. Even so I know a great deal of effort is put into constructing them and thinking how these 'values' can be put into practice. Just like the writing of the values statements themselves, the business of trying to put them into practice has all too great a potential to become a well intentioned waste of time.

This is such a wasted opportunity, because values are hugely important to all of us, and, unlike Enron's hollow words, our personal values cannot be side stepped. We may espouse that which we do not believe, but the values that guide our every thought, action and word are real, identifiable, measurable and unavoidable. To get the most of their people companies would do well to understand what values really are, and how an understanding of values can be used to improve every conceivable aspect of business performance.

So, what exactly are values and what do they do?

Prof Shalom Schwartz, who is arguably the world's foremost academic in the field, defines values as follows:

Values

- are beliefs tied inextricably to emotion, not objective, cold ideas.
- are a motivational construct. They refer to the desirable goals people strive to attain.
- transcend specific actions and situations. They are abstract goals. The abstract nature of values distinguishes them from concepts like norms and attitudes, which usually refer to specific actions, objects, or situations.
- guide the selection or evaluation of actions, policies, people, and events. That is values serve as standards or criteria.
- are ordered by importance relative to one another. People's values form an ordered system of value priorities that characterize them as individuals. This hierarchical feature of values also distinguishes them from norms and attitudes.

Shalom identified 57 universally recognized values and corralled these into 10 value groups.

Put simply: they represent the criteria by which we seek to satisfy our needs.

Integrity, that much loved 'value' of corporate value statements, isn't one of these values because it is not a universally recognized and distinct concept. However, most people might

associate the value of 'honesty' with it. In common with every single one of these 57 values, all of us can say, hand on heart, that we prize honesty as a virtue: that it is one of our values. Therefore having honesty as a value is, in itself, not significant. What is important is where it sits in our values hierarchy.

Since I can hear the sceptics thinking "whether I am honest or not depends on the situation. It doesn't have a fixed place in my hierarchy of values", I should point out that the first part of this statement is right but the second is wrong. If there is nothing to be gained by not being honest almost all of us will likely be honest, however, in any situation in which being honest would conflict with other values, its place in our hierarchy becomes significant.

A value that directly competes with honesty in tight situations is ambition. If you desire something that another person can give you, and therefore it is in your interest to keep in their good books, and they ask you a question, the honest answer to which you think they might not like, what do you do? What is more important: getting the thing you want, i.e. realizing your ambition, or telling the truth? In the very simplest terms, the answer will depend on where the two values sit in your hierarchy. If honesty is higher than ambition you will tell the truth, if not, you tell the other person whatever you think will best serve realizing your ambition.

If we replace the word integrity with honesty in a company's value statement we can see how meaningless it becomes. While companies cannot have values as such (because they are not human or indeed alive), because they exist to satisfy and serve human needs, we can understand them in terms of values. The human values that most large companies are really motivated by are those of power and achievement (these are actually value groups - ambition being a component of achievement). These relate to hitting targets, impressing others, winning confidence, exerting influence, raising one's profile, etc. Brand image and investment performance are the two most significant corporate manifestations of these values, as these serve the company's ultimate needs of attracting investors and customers in the pursuit of greater profit. Therefore companies will frequently be faced with dilemmas similar to that described above: what is more important, ambition or honesty.

If a company that states honesty is one of its primary values has a product that isn't quite as good as a competitor's, does it tell its customers this? When it closes a particular avenue off for customers to register a particular type of complaint, does it explain the efficiency related rationale for its newly compromised customer service arrangements, or state that maintaining good customer relations is its number one priority? Are staff and customers who are concerned about what appears to be unethical behaviour by the company encouraged to speak up to their bosses, or, if necessary, speak out to the press or appropriate regulatory body?

In practice, while it may be desirable for a company to present an altruistic front, few companies can afford to put honesty ahead of ambition when the two come into conflict. Those that did may earn huge respect in some parts, but they would almost inevitably do so at the cost of market share, share value and the number of people they could employ. While such a strategy would have many long-term benefits, these can only be realized if the short-term costs can be borne.

While hollow value statements may appear to be little different from the type of statements made about products and brands in advertisements – i.e. marketing ruses – they are not. Adverts are generally understood to involve a spun message: at best a selective and specially arranged version of the truth (or not) intended to entice potential customers. Value statements are more serious; more straight-faced declarations of what the company purportedly stands for. Unlike adverts, they are there for the company's employees as much as they are for outsiders. If an advert is over the top, or tongue in cheek, employees are likely to feel in on the joke. If a company fails to live up to its value statement the joke is often at the employees' expense. If so the value statement can become less a harmless bit of window dressing, more a piece of deceptive propaganda invented by the top brass with the intention of wrong footing and exploiting all those fool enough to take it seriously.

What companies would do well to understand is how they can align real corporate objectives with those of every single employee despite each person having a unique value system. At a macro level this enables the creation of a truly unifying corporate culture, that enables people with very different needs, and capable of making very different contributions, feel as they are all pulling for the same team. On a micro level, by structuring and managing teams with an understanding of each person's values, and how the needs of each role can be assessed in terms of values, it is possible to improve every conceivable aspect of personal and business performance.

A conscientious, intelligent person with the right skills and experience may be able to perform their role well, but if their values aren't aligned with those of the role, their team mates, their boss or the organization, they will not be fully engaged, they will struggle to communicate effectively and they will perform at levels way below their potential. Such people are more likely to jump ship or, if their engagement really drifts, be pushed.

An organization's culture is not defined by its espoused values. Instead it emerges from its history, its function, its structure, its environment, its practices and its people and their values, especially those of its leaders. It is better for an organization to have no espoused values than have these conflict with its real culture. At least then some form of reality and authenticity may be preserved when things don't turn out as one might have hoped. When deeds fail to live up to the promise of the well-intentioned words on the wall, the latter acquire the hollow ring of propaganda and serve only to alienate and disengage.

Rather than trumpeting values from above, organizations would do rather better to understand the real needs and values of its people and learn how these match integrate these with the needs of the organization.