

Are value-based organizations more successful?

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Link to general topic – People, Planet, Profit

- How is this question connected to the theme? Deals with organizations with more than one purpose – to make a profit, but also to achieve other goals.... (make a difference – both to internal and external stakeholders)
- Important question: Should organizations spend more time on organizational purposes, values and visions?
- Or – will a focus on values make the organizations more successful (increased effectiveness/legitimacy)?



What are values?

- Values are deeply held principles that people adhere to when making decisions
- Individuals express their values through their actions and behaviour
- Organizations express their values through their working culture



Previous research

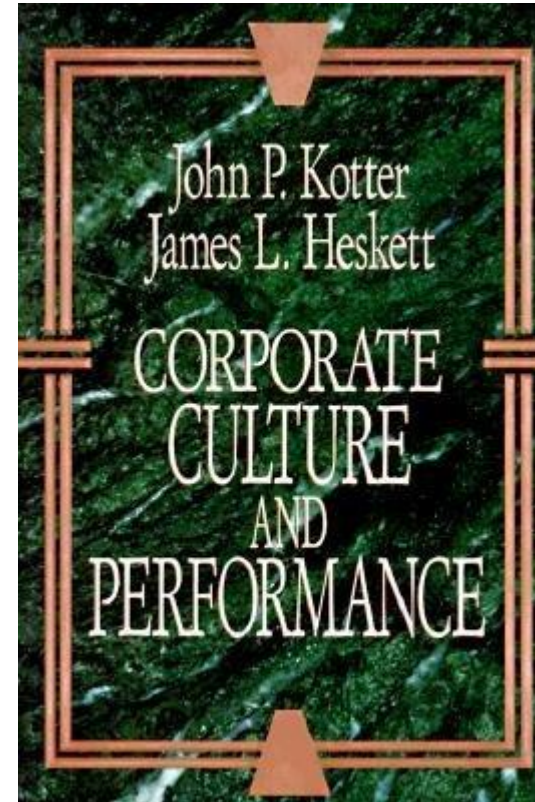
- Many claim that value-driven organizations are more successful (Senge, Collins & Porras, Kotter and Heskett)

Why?

- Values drive culture
- Culture drives employee fulfillment
- Employee fulfillment drives customer satisfaction
- Customer satisfaction drives shareholder value

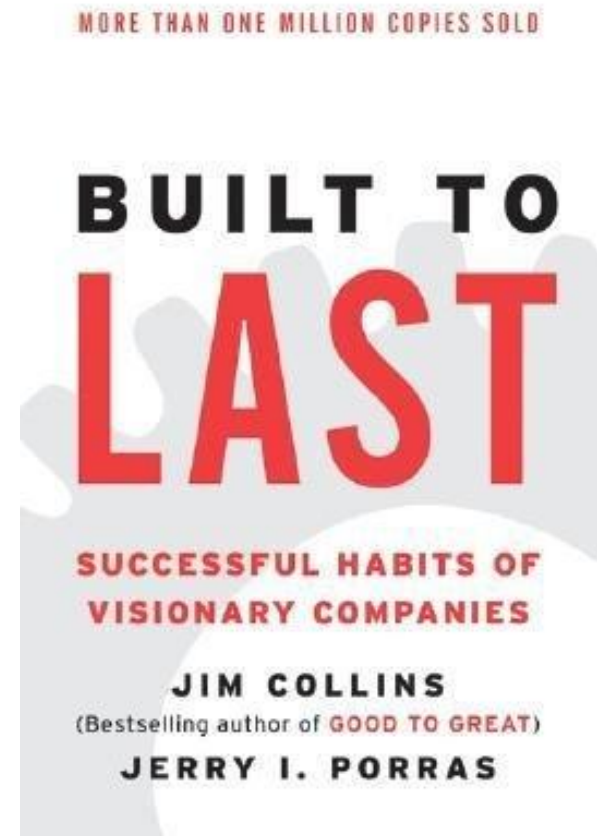
Kotter and Heskett

- In corporate culture and performance, Kotter and Heskett show that companies with a strong adaptive culture based on shared values outperformed other companies by a significant margin.



Collins and Porras

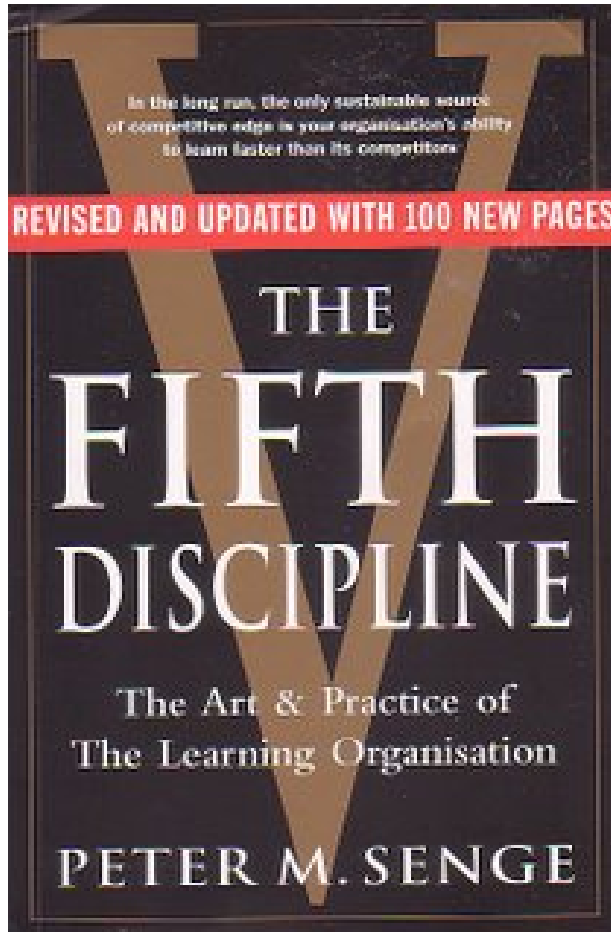
- "Profitability is a necessary condition for existence and a means to more important ends, but it is not the end in itself for many of the visionary companies. Profit is like oxygen, food, water and blood for the body; they are not the point of life, but without them, there is no life."



What companies need (according to Collins & Porras)...



Senge



- To create a learning organisation that will survive and prosper over time, people need to feel that their own vision and values are connected to the company's....

So far so good....

- But how easy is it actually to manipulate organizational culture or for employees to internalize organizational values?



Difficult....



- Joanne Martin (1992, 2002)
- Proposes three different perspectives on organizational culture – integration, differentiation, fragmentation....

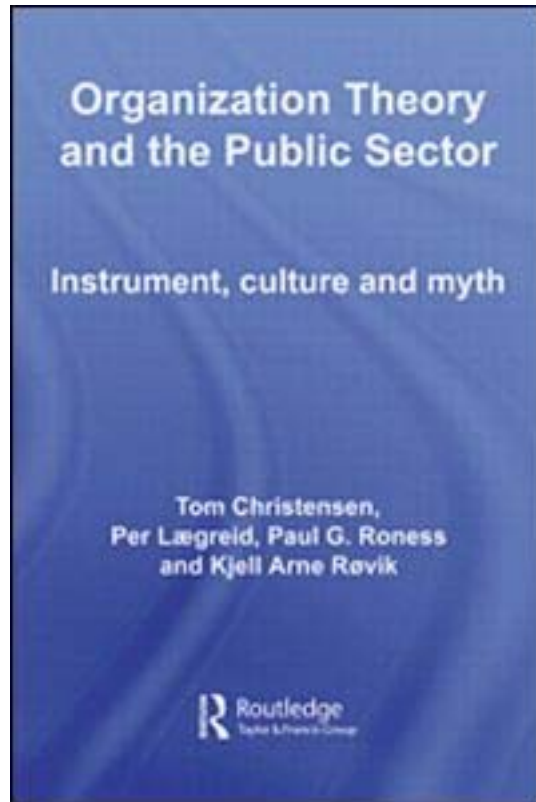
Differentiation/fragmentation

- In a differentiation –perspective employees will rarely share the vision and values of management and will not increase their effectiveness based on a greater focus on this....
- In a fragmentation-perspective, employees will sometimes share the vision and the values of management, but will chose what suits them.... People can be motivated by common values– but they also have their own motivational base.

Martin continued.....

- The link between a strong shared organizational culture and adherence to common goal and purposes and increased effectiveness/success has not been proved...
- Although the cultur-profit hypothesis is very popular it has not been proved to be right....

Complex...



- Organizations may pretend and adopt practices (imitating) but without many instrumental effects in the organization.
- However, it may have effects on the organization legitimacy...

My own research...

- A study of the effects (if any) of a greater focus on organizational values in a public sector organization – Sandnes Kommune.



Three core values and a vision

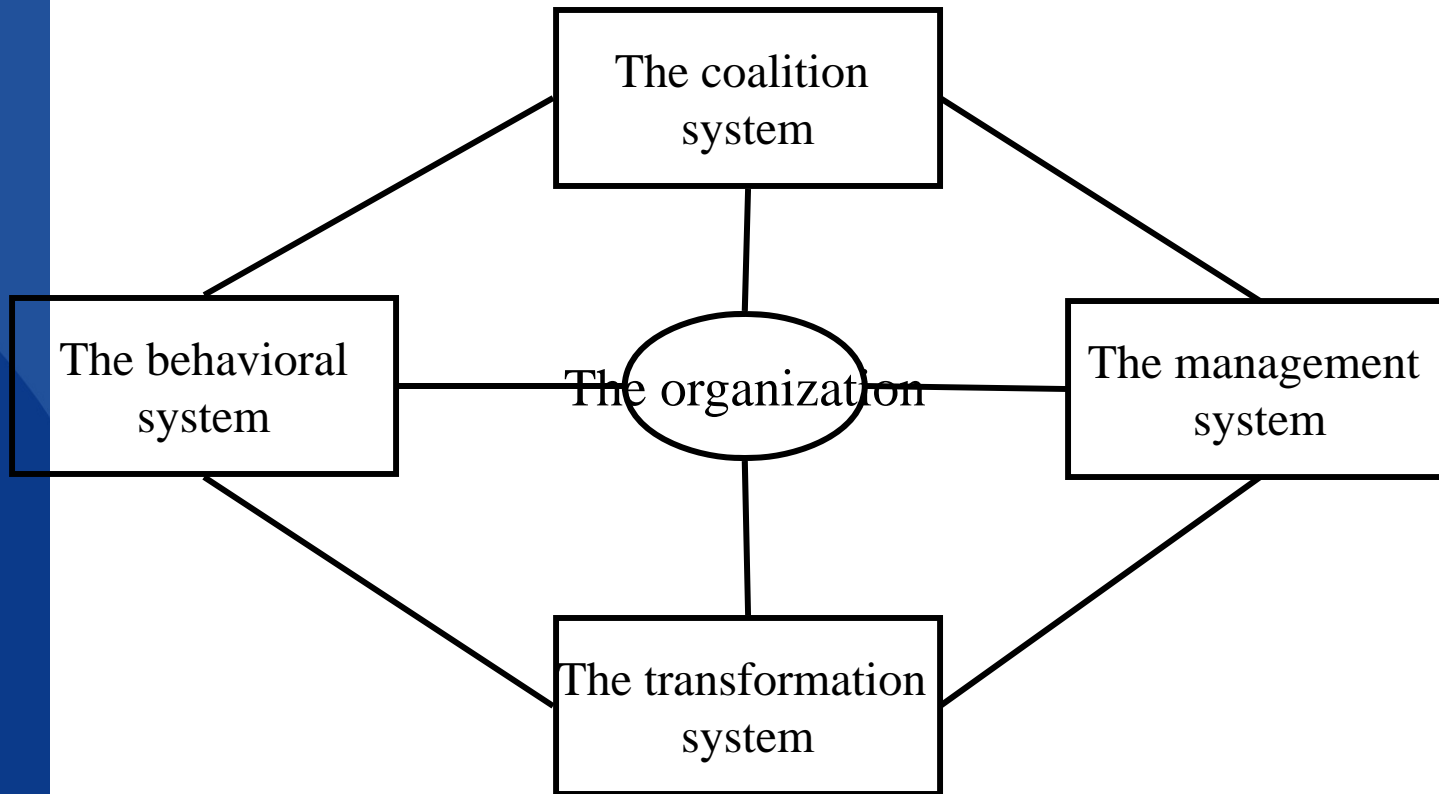
- Romslig, modig, sunn...Tolerant, brave, healthy
- I sentrum for framtiden.... At the heart of the future...



The intention...

- To create a common focus for the organization (increase organizational effectiveness)
- To strengthen the organizational culture and the employees pride and sense of belonging (increase organizational effectiveness)
- To strengthen the image and the reputation of the organization in the eyes of stakeholders (increase organizational legitimacy)

Organizations - a conceptual framework



Findings

- Is organizational culture shared?
No hardly....
- Did the focus on values increase organizational effectiveness?
- Did it increase the legitimacy of the organization?

Clearly yes...

Both yes and no...

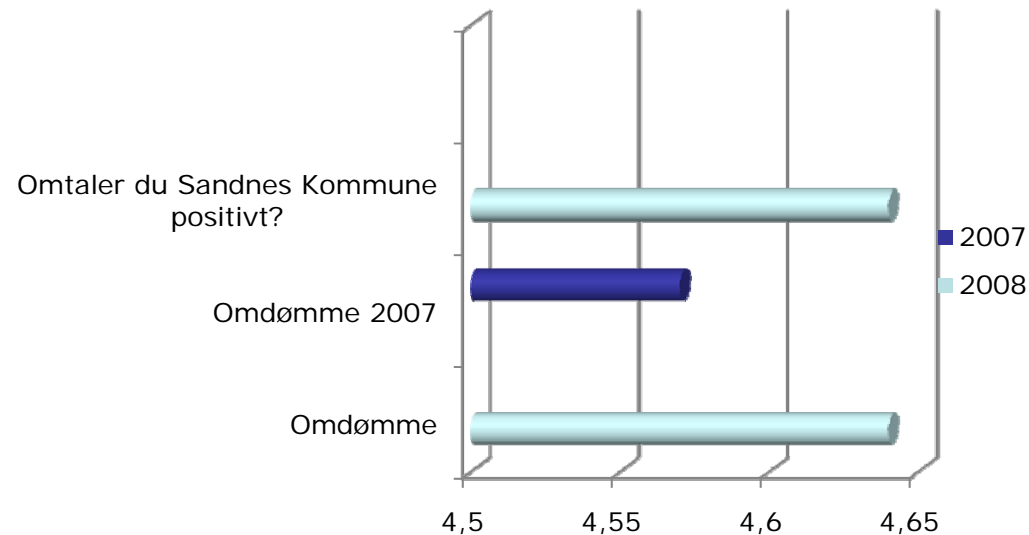
Findings

The increased focus on values in the organization did not make people change their behaviour significantly, and individuals or leaders did not report increased effectiveness on a personal level...

- However, it clearly increased the effectiveness of the management system....

Legitimacy, identity and image

- People clearly felt prouder to work in the organization and perceived the organization as more professional with a clearer image....



Conclusion

- Should organizations spend more time on organizational purposes, values and visions?
- Yes, there are positive effects, but do not think that it will solve all your problems....

