

The Link between Organisational Value Systems and Employee Performance: Myth or Reality

Bernie Ruttledge

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National College of Ireland
Mayor Street, IFSC, Dublin 1

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I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of MA in Human Resource Management is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

Signed:

B. Rust Lodge

Date:

17 June 2004

Student Number:

00113611



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Abstract

Current research indicates that an organisation's value system plays a crucial role in the success of the organisation. One of the main reasons for developing a value system is to influence the attitudes and behaviour of employees.

The objective of this study is to gain an understanding of whether senior managers see a potential benefit in the adoption of a formal organisational value system in relation to managing employee performance.

Research involved a review of the existing body of literature on values and employee performance in an effort to establish how value systems influence and impact on employee performance. The role of senior managers in this process was also established.

The research methodology employed was semi-structured interviews with a group of senior managers. The interviews investigated senior managers' perspectives on the links between organisational values and employee performance.

The findings indicate that senior managers are familiar with the concept of a value system and could clearly identify how it might impact on employee performance. Senior managers indicated that a value system would assist them in managing employee performance by enabling them set standards of behaviour against which employees could be assessed. The research also suggests that the values must link into the performance management system if they are to become an effective mechanism for driving improvements in employee performance.

The claims of a link between organisational value systems and employee performance would, indeed, appear to be a reality.

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Chapter 1: Introduction and Research Question

Setting the Scene

The subject for this study and the fascination it holds for me can probably best be summed up by this extract from Lucas (1999):

“Walk into the reception of any large organisation and you’ll probably find a statement of the corporate values pinned proudly on the wall. The words ‘creativity’ and ‘innovation’ are almost certainly in there, together with a few aspirational phrases like ‘striving for excellence’ and ‘putting the customer first’. But do these grand statements of corporate principles really mean anything - or are they just pretty words on glossy paper, designed to convince the outside world that the company is really in touch with itself.”

Why values are important

An organisation’s culture influences all aspects of organisational life and can exert a very strong influence on employees’ behaviour. Corporate or organisational culture can be defined in a number of ways. What it essentially means is “the system of shared values (what is important) and beliefs (how things work) that interact with a company’s people, organisational structures, and control systems to produce behavioural norms” (Boxx *et al* 1991).

The concept of culture has been widely used in the context of organisations particularly as an explanation for the economic success of a number of well known companies such as, General Electric, 3M, Hewlett-Packard, Sony and Southwest Airlines. A number of the studies show that the presence of a “strong culture” is a positive influence on organisational performance. The arguments relating cultural strength to performance draw particular attention to the benefits of having greater internal consistency in goals and behaviour which can be brought about through the value system.

The organisation’s value system is one of the major influences on the culture and hence plays a crucial role in the success of the organisation. One of the main reasons

for the development of a value system is to influence the attitudes and behaviours of employees who work for the organisation. Values can affect the way employees are supervised and rewarded, the way customers are treated and the way in which the future is anticipated and managed. Values are often defined as an individual's basic standards and beliefs about what is good and bad, acceptable and not acceptable, moral and immoral (Miller & Yu 2003).

Many researchers indicate the importance of having a formal value system and the resulting benefits in terms of improved employee and organisational performance (Peters & Waterman 1982, O'Reilly 1992, Deal & Kennedy 1999 and Lucas 1999). Indeed as Lucas (1999) says "it might be easy to dismiss this as yet more soft fluffy stuff if there weren't so many shining examples of values-driven businesses that consistently out-perform their competitors."

The Purpose of this Study

The purpose of this study is to gain an understanding of whether senior managers see a potential benefit in the adoption of a formal organisational value system in relation to managing employee performance. The research will specifically address the following objectives:

- To identify what senior managers see as the current values in the organisation
- To explore with senior managers what values they feel the organisation should have in order to deliver on its statutory functions
- To identify, from the senior managers perspective, the potential impact that a value system might have on the management of employee performance.

The Context for this Study

The research conducted as part of this study took place in a public sector organisation in May 2004. For the purposes of confidentiality and to protect the identities of those who took part in this study no information concerning the organisation will be disclosed to the public reader. In keeping with this decision the name of the organisation has been changed to The Commission for Administrative Affairs. (CAA). I am prepared to disclose that, as part of the current government's plans to

decentralise the public service, some sections of the organisation will be relocated. The reader will see that this fact was mentioned by a number of the respondents in the study.

The public sector presented a good context for this study because of the lack of similar studies within this industry sector and also because of the professional nature of the organisation. Professionals perform work that is complex and autonomous rendering traditional control mechanisms such as direct supervision impractical. This makes the organisation an appropriate setting for exploring the link between organisational value systems and employee performance.

Structure of this paper

Each of the subsequent chapters in this paper deals with part of the research study. The ideas and methods are discussed using as little jargon as possible. The paper is organised in the following way:

Chapter 2 examines the existing body of literature concerned with the link between organisational value systems and performance. It is a critical review of the claims that values-led organisations achieve superior performance. It explains the nature of culture, its link with value systems and how they impact on organisational performance. The chapter then goes on to examine this impact under a number of themes common throughout the literature. The chapter concludes with a brief look at the case of General Electric under the leadership of Jack Welch.

The importance of the appropriate research methodology is examined in Chapter 3. This chapter considers different research philosophies including positivism and phenomenology and looks in detail at the chosen research strategy. It summarises the main differences between quantitative and qualitative data and then goes on to outline the route followed in this study. It looks in detail at the interview as a data collection method and concludes by outlining some of the methods to overcome bias as used in this study.

In contrast to Chapter 2 the information contained in Chapter 4 is a report on the findings from the primary research phase of this study. It provides details from the

interviews that were conducted. The material is analysed and reported under the main themes that formed the basis for the interview questions.

Chapter 5 then goes on to examine the research findings in the context of the already existing body of literature as covered in Chapter 2. It outlines areas where similarities and/or differences are found to exist between the two bodies of knowledge. The format for this chapter follows that used for the presentation of findings in the previous chapter. It concludes by looking at the research objectives as set out at the start of the process.

Chapter 6 briefly outlines some of the limitations of this research study and the implications for further research.

Chapter 2: The Impact of Organisational Values on Performance

Introduction.

To understand and appreciate the current emphasis on developing values led organisations and the claims that such organisations achieve superior performance it is important to study the development of the existing body of literature concerning these topics. This chapter examines the important academic literature on these subjects.

The concept of culture has been widely used in the context of organisations, particularly, as an explanation of why Japanese firms performed so well in the 1980s. The view put forward was that these firms had managed to develop highly motivated workforces held together by their commitment to a common set of values and beliefs (Denison as cited by Lim 1995). An organisation's culture influences all aspects of organisational life and can potentially develop a strong understanding among employees about the "way things are done around here". According to Schein (1992, p.12) the culture of a group can be defined as

A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal-integration, that has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.

To many non academic observers this may seem a very theoretical definition of culture, consequently much of the management literature defines culture as the collective beliefs, values and approaches that are shared among members of the organisation. Bowditch and Buono (2001, p.285) say that organisational culture is a reflection of an organisation's personality and as such can assist us to predict attitudes and behaviours.

Schein's (1985, p.14) view of culture as comprising three levels provides an understanding of how values link with culture:

Level 1: Artifacts and Creations is the most visible level of culture consisting of the constructed physical and social environment, e.g. physical space, words and language and overt behaviour of members.

Level 2: Values are less visible and provide the day to day operating principles that guide members' behaviour. According to Schein values are "observed manifestations of the cultural essence".

Level 3: Basic Assumptions are the essence of what culture really is, representing an unconscious level of culture. Basic assumptions are usually taken for granted and invisible and thus most difficult to change.

The impact of culture on organisational behaviour has received constant attention from management researchers, no doubt in large part due to the pervasive nature of culture and its implications for managers. One of the major influences on an organisation's culture is its system of values and many writers have claimed that organisational performance is greatly enhanced if the cultural values are congruent with the values of the employees.

Strong Culture and its effects on performance

From the 1980s much attention has focused on the view that strong cultures - defined as a set of core beliefs and values that are widely shared and strongly held throughout the organisation - enhance organisational performance. The view is that widespread agreement about the basic assumptions and values in a firm should increase behavioural consistency and thereby enhance organisational performance. According to O'Reilly (1992) a strong culture gives a firm an advantage over its competitors by providing a competitive edge through the fit of culture and strategy and through increased commitment from employees. O'Reilly (1992, p.454) also likened organisational culture, in the form of shared expectations, to a "social control system." These observations would appear to be somewhat borne out by Sorensen (2002) who puts forward the view that having widely shared and strongly held values leads to:

- enhanced coordination and control,
- greater alignment of organisational and individual goals, and
- increased employee effort.

These three factors are what lead to the performance benefits of having a strong culture. Sorensen (2002) further suggest that quantitative analyses as conducted by Kotter and Heskett 1992, among others, support the argument that firms with strong cultures outperform firms with weak cultures.

Perhaps the most well known and probably among the first proponents of the view that strong culture firms outperform their weaker counterparts are Peters and Waterman (1982). In their book *In Search of Excellence* they claim that excellent companies (defined by a range of measures from long term growth to innovativeness) have eight attributes that are characteristic of such firms, one of which relates specifically to values, Hands-On Value-Driven. They found that the excellent companies were brilliant on the basics and worked hard to keep things simple in a complex world. According to them the real role of a CEO is to manage the values of an organisation because organisational purpose and values are defined more by what executives do than by what they say. Every excellent company is clear on what it stands for and takes the process of value shaping seriously. Not only the articulation of values but also the content of those values and probably the way they are said is what makes the difference (Peters & Waterman 1982, p.281). So what in relation to values did these excellent companies have in common? In the book Peters and Waterman put forward a range of factors, including:

- * The values were almost always stated in qualitative terms,
- * Financial values when mentioned were always ambitious not precise,
- * There was always an effort to inspire people,
- * Specific content was narrow in scope and included a few basic beliefs like “being the best”, the “importance of execution, superior quality, informality to improve communication, people and service”, and a belief in “innovation and the willingness to support failure”.

The excellent companies went in for constant monitoring of how people were doing and were measurement happy and performance oriented (Peters & Waterman 1982, p.240). It could perhaps be argued that this factor had more of a part to play in the success of such companies than their values. In later years Peters and Waterman were

criticised by others who claimed that their closed view based on a limited number of specific attributes was no longer valid.

Support for the stand of Peters and Waterman (1982) was provided by Boxx *et al* (1991) who conducted a study among not for profit organisations based on the seven organisational values identified by Peters and Waterman as representing “excellence”. Boxx *et al* (1991) concluded that management in the public sector should increasingly emphasise the excellence values identified by Peters and Waterman and focus attention on any differences that may exist between the organisational values and those of employees. “Thus, all organisations, including those in the public sector, should guide their institutions toward development of a strong allegiance to these values and the excellence which they purport to represent” (Boxx *et al* 1991, p.204). One could perhaps offer some criticism of the study as it elicited views only from middle and upper management officials and it may be that lower level employees would not have the same view as regards appropriate values for the organisations.

Deal and Kennedy (1999, p.25), however, also offer support for the views of Peters and Waterman by demonstrating through a reanalysis of an earlier study by Kotter and Heskett that “strong culture companies massively outperformed weak ones between 1977 and 1988”. In his own study Sorensen (2002) set about addressing a shortcoming which he identified in the earlier research on strong culture companies i.e. the lack of examination of how strong cultures affect performance variability or the reliability of firm performance. His conclusion was basically that strong cultures in general lead to reductions in performance variability. In stable environments strong culture companies demonstrate better and more reliable performance but there is some element of trade off when it comes to their adaptive ability in the case of fundamental environmental change. Sorensen’s view is that the advantages that such companies gain during periods of incremental change help them weather periods of upheaval.

Organisational Values

From the earlier section of this chapter looking at strong corporate cultures, it should be clear that organisational values play a significant part in how employees relate to their organisation and consequently impact on how they perform. In the literature a number of central themes emerge. Before examining these however, I propose to set

out an explanation of what is usually understood by “organisational values” and “value system” within the general body of literature.

As has already been noted, Schein defines values as “observed manifestations of the cultural essence”. For Schein all cultural learning ultimately reflects someone’s original values, their sense of what ought to be as distinct from what is (Schein 1985, p.15). In some cases where values are not based on prior cultural learning they may come to be seen as “espoused values” which will probably predict what someone will say in a given situation but may be out of line with what they actually do. Actual behaviour does not match up to the espoused values.

Values are the fundamental beliefs of the leaders and members of an organisation. Organisational value statements set out the basic shared beliefs within an organisation and should help to explain the basis on which decisions are made. The assumption is that these are basic beliefs and convictions which govern behaviour. Finnegan (2000) adopts the definition “an enduring belief that a specific mode of conduct or end state of existence is personally or socially preferable to an opposite or converse mode of control”. For Armstrong (2000) the purpose of a value statement is to help develop a value-driven and committed organisation that conducts its business successfully by reference to shared beliefs and an understanding of what is best for the enterprise. Deal and Kennedy (1999, p.4) offer a more everyday explanation of values “what we stand for as a group, what we’re all about, what we rally around even when things get tough.” The case of Johnson and Johnson and its response to the Tylenol crisis (when it incurred huge costs in a product recall due to tampering) is cited as an example of a company living up to its values in times of crisis.

As well as providing standards for evaluation of behaviour values can also serve to stimulate or discourage certain ways of behaving (Adair 2002, p.203). Adair also believes that an organisation’s mission statement should set out clearly the moral or ethical values that will guide the business into the future regardless of what may have happened in the past. Giving thought to ethical considerations is shared by Deal and Kennedy (1999) who believe that leaders must consider the issue of ethics when establishing a set of values. There are many ethical values that an organisation can consider and it is important to specify them because they inform employees and

managers what kinds of behaviour will not be accepted. While Deal and Kennedy (1999) are generally opposed to highly prescriptive codification of values (because they see this as stifling employee creativity) they are of the view that ethical values must be explicitly stated.

Another factor to consider is the fact that there may be different and competing value systems operating within an organisation. Morgan (1997, p.137) claims this can lead to a mosaic of organisational realities rather than a uniform corporate culture. Within any organisation there can be a multiplicity of reasons why differing values are held (e.g. race, language, professional groups, religion, friendship etc.) and these various systems can lead to the formation of subcultures. In some cases employees may have divided loyalties and coalitions can form where people are more interested in developing values that advance personal rather than organisational goals. The political manoeuvring that goes on in many organisational groupings can lead to the development of countercultures in opposition to the values that are espoused by those in charge. Morgan goes on to take what might be considered a very daring step by declaring trade unions as foremost among organisational countercultures.

I will now go on to examine some of the central themes that emerge in the literature, concentrating on the more prevalent ones.

Role of Leaders and Senior Managers

Almost all writers refer to the role of leaders and senior executives in shaping and modelling the appropriate values. In their study Peters and Waterman (1982) found that in the excellent companies, the values are acted out constantly by senior management and are well understood deep in the ranks. I have already mentioned the role which Peters and Waterman attribute to the CEO in managing the values of an organisation. They also found that the leader must have sustained personal commitment to the values and extraordinary persistence in reinforcing them. The role of senior managers in setting the tone and instilling the values with one voice was common throughout the excellent companies (Peters & Waterman 1982, p.290). Morgan (1997, p.147) picks up on this point where he refers to the fundamental task of management as being one of creating appropriate systems of shared meanings to mobilise efforts of staff in pursuit of desired aims.

There is nothing as powerful in developing a strong culture organisation as that of clear visible actions on the part of leaders in demonstrating support for the stated values. O'Reilly (1992) states that in strong culture organisations managers continually call attention to what is important, in word and in action. Managers who wish to influence the culture of an organisation must be aware of the impact their actions will have on employees and whether or not they live up to the values. Employees will generally copy behaviour they see being demonstrated by management as being the way to behave and as being important to get ahead in the organisation. The difficulty facing leaders in their role as models of organisational values is aptly demonstrated in the study by Cha and Edmonson (2003).

This particular longitudinal study carried out in a small advertising agency in a city in the northeast United States consisted of a range of interviews with staff and the CEO. During the second phase of the study most employees described certain aspects of the CEO's behaviour as violations of the values (without thinking that there may have been legitimate reasons for these actions) and thus undermining their commitment to the business. The researchers termed this a demonstration of hypocrisy attribution and employees did it so as to make sense of the leader's actions. An explanation given for this was that employees expect leaders to act in ways consistent with the values. As leaders are perceived to have control over their own actions breaching organisational values is likely to be seen as hypocrisy. The consequence of this is that employees become disenchanted developing feelings of bitterness, indignation and loss of trust in leaders with a consequent impairment in job performance and organisational effectiveness. Cha and Edmonson (2003, p.31) also identified a similar situation in other organisations, including Hewlett-Packard when Carly Fiorina as CEO was seen by some employees to have grossly violated the HP way. This led to a sharp drop in employees' enthusiasm for and effort on behalf of the company. The overall conclusion from this study is that the positive effects of enhanced performance and employee motivation caused by having communal values can be undermined by hypocrisy attribution. Managers can help overcome this effect by:

- a) Clear and systematic communication of the values so that employee sensemaking about the values is consistent with the intended meanings.

- b) Proactive explanation of reasons behind certain actions and re-affirmation of commitment to the values.
- c) Promoting feelings of psychological safety so that employees know it is okay to seek clarification or challenge the leaders' actions.

Values and Conflict

Both ends of the spectrum are covered in the literature in that values are seen to be a source of conflict and to assist in the prevention of conflict. Conflict arises whenever interests collide and will always be present in organisations. Many organisational conflicts become institutionalised in the value system and in such form the underlying conflicts can be difficult to identify and breakdown. In such cases history can be seen to shape the present in subtle ways (Morgan 1997, p.170). Miller and Yu (2003) see conflict as arising through value clashes where the values of the individual are not consistent with those espoused by the organisation. This is especially important for managers who are expected to be the role models of organisational values which can be very difficult where there is a mismatch between those same organisational values and the manager's own. They refer to research by Kouzes as demonstrating that employees who hold values that are congruent with their organisation's values are more productive and satisfied (Miller and Yu 2003, p.140). Cha and Edmonson (2003) also noted value incongruence by identifying two sets of values, those developed by the CEO which they termed "sent values" and "elaborated values" which are sent values that have been elaborated on by employees through infusion with personal associations. The implication of such incongruence is that managers may be likely to unwittingly engage in behaviours that employees see as inconsistent with the values.

Values can also provide a broad framework of order within which employees can be given freedom and thus assist in developing creative capabilities. According to Peters and Waterman (1982) having a set of shared values can provide the framework within which people can experiment because they know what is expected of them – shared values can provide the required discipline in preference to loads of rules and procedures which can kill experimentation. A theme that surfaced with surprising regularity in the Peters and Waterman (1982) study was the need to allow people develop their creative capabilities and the consequent support for failure. The

discipline that strongly held shared values provide was seen as crucial to this aspect of the excellent companies.

Most of the writers allude to the benefit that strongly held shared values give in relation to goal alignment and the fact that there is usually less room for debate and conflict over what may be in the organisation's best interest.

Change, Crisis and Decision Making

Having a clearly articulated set of values that can act as guiding principles in times of crisis or major change is another area where there is general agreement in the literature. I have already mentioned the case of Johnson and Johnson which was cited by many as a case in point. Values can play a role in helping employees focus on what's important during times of great change (Lucas 1999, p.10). Lucas examines the case of Ulster Bank Group who faced a very turbulent, competitive market in the financial services industry. The company decided that developing a clear set of corporate values would help employees understand and participate fully in the planned changes. The top team put an enormous amount of energy into this project including an intensive year long process of consultation resulting in the adoption of seven corporate values. Lucas claims this has clearly paid off in terms of staff commitment and improved performance on the job. In 1997 a staff survey showed that 54% of employees were proud to work for the company. When the question was asked again recently, the figure had risen to 82%. (Lucas 1999, p.11). Within the article, however, there is little other evidence supplied by the author to substantiate the claims of improved performance.

O'Reilly (1992) believes that during times of crisis or when people are new to a situation, they will look to others for guidance about what to do and for interpretation of events. There is generally consensus in strong culture organisations about these questions. Morgan (1997), however, views such consensus in a negative light as it can hinder finding new and alternative ways of doing things. In this way value systems, on which our understanding of issues is based, can act as a block to finding a solution to a crisis. Values also exert considerable influence over what decisions eventually emerge from discussion by shaping how we think and act.

Sorensen (2002) discovered that strong cultures (values that are widely shared and strongly held throughout the organisation) face difficulty in times of environmental change because success in volatile environments requires being able to learn from new and changing situations. The lack of internal diversity in these organisations makes it difficult for them to adapt.

Attracting, Recruiting and Retaining Staff

Values can assist companies in the war for talent and help self select the right employees for an organisation. Lucas (1999) claims that the knowledge workers of the future are more likely to choose an organisation whose values are in tune with their own. If a company is clear on what it stands for then people who share those beliefs will be attracted to the company. Having a clear value statement gives potential employees guidance on what is considered important to the organisation. Miller and Yu (2003, p.141) point out that organisations nowadays are looking more to recruit staff on the basis of the values they hold rather than their skills because skills can be learned on the job but the values a potential employee brings to the job are much harder to change.

Adair (2002, p.221) refers to a survey published by McKinsey which showed that people wanted to work for companies whose values and culture they admired and to be inspired by the business mission.

Sheridan (1992) investigated whether particular cultural values help or hinder organisations in retaining their most productive staff. What Sheridan concluded was that professionals hired in firms emphasising interpersonal relationship values (team orientation, respect for people etc.) stayed fourteen months longer than those in firms emphasising work task values (detail and stability). This difference in survival rates was felt to have important implications for organisational performance and effectiveness. Considering the total number of employees hired in each business during the study, Sheridan estimated that a company emphasising task values incurred an opportunity loss of approximately \$6 to \$9 million more than a company emphasising interpersonal relationship values. However, generalisations from this research may be limited as it was conducted in the accounting profession which is generally regarded as highly mobile. Another limitation is that it was based on a

purely quantitative approach which offers no explanation of how differing cultural values influence retention in specific organisations.

Manipulation of Employees and development of cynicism

A rather critical view of the writings on the success of strong culture is taken by Morgan (1997) who cautions against management nativity in believing that modifications to the existing culture will improve productivity. This belief is causing management to focus attention on what Morgan sees as the potentially dangerous trend of "values engineering". The resulting resistance and reaction of employees to such manipulation is, according to Morgan (1997), often overlooked in the writings.

Miller and Yu (2003) also caution against the simplistic view that adopting a set of value statements will result in changed employee behaviour. Establishing a fashionable set of values that do not match the business or the employees can lead to the creation of cynicism, de-motivated employees and undermine management credibility.

Improved Organisational Performance and Employee Commitment

In addition to the points above and in many ways resulting from them, the one aspect of having a strong set of corporate values that's most often referred to in the literature, is that of the link with improved organisational performance. Back in 1982 Peters and Waterman extolled the virtues of strong corporate cultures and clearly articulated the view that such companies performed better than their counterparts. Deal and Kennedy (1999) say that, in the fifteen years since they wrote their first book, a number of studies have demonstrated solid quantitative evidence that companies with strong cultures outperform run-of-the-mill companies by a massive margin. Based on an earlier study by Kotter and Heskett and through a reanalysis of their data, Deal and Kennedy concluded that:

1. Culturally strong companies averaged 571% higher gains in operating earnings over an eleven year period.
2. Companies with highly rated cultures averaged 417% higher returns on investment, and

3. Companies with strong cultures saw their stock prices increase 363%, when compared with their culturally challenged peers over the period of the study. Core values appear central in those companies classified as culturally robust by Deal and Kennedy (1999).

Among the many benefits of having a clear value statement, put forward by Miller and Yu (2003), is the development of more committed employees and improved productivity. They do not, however, put forward any quantitative data to support this contention but refer to the studies of others such as Dearlove and Coomber (1999). Boxx *et al* (1991) support this view and concluded in their study that most executives will agree that adhering to the values espoused by Peters and Waterman will enhance organisational effectiveness and performance.

Sorensen (2002) in looking at environmental effects on organisational performance concluded that in stable environments companies that are perceived to have strong cultures exhibit superior and more reliable performance. These organisations are also able to use the advantages gained during these stable periods to help them overcome difficulties in periods of fundamental change. O'Reilly (1992) refers to a number of well known companies (3M, Johnson & Johnson, Apple and Kimberley Clark) whose success is attributed to their distinctive culture. He also attributes the dramatic turnaround at an NUMMI (joint venture between Toyota and General Motors) plant in California to the development of a distinctive culture which empowered employees to improve quality and the production process. The result is that "productivity is almost double what GM gets in other facilities and the quality of the automobiles is the highest in the GM system" (O'Reilly 1992, p.452). Another consequence of the changed culture is that absenteeism is 2% at the California plant compared to 8% at other GM facilities.

Lim (1995) is one of the few writers who paint a somewhat different picture. He highlighted a lack of consistency in the performance measures used and the lack of a commonly agreed definition and model of culture as some of the methodological problems in other studies. He cites research by Frame *et al* (1989) and Quick (1992) as providing no empirical evidence relating culture to organisational performance. There was little evidence to support a relationship between the inculcation of a set of

values in a workforce and a resulting improvement in organisational performance. On examination of research by Lewis (1994) carried out in an educational institution, Lim (1995) concluded the findings suggested a negative, or at best no, relationship between culture and performance, contrary to the views of Peters and Waterman (1982) or Deal and Kennedy (1999). Studies looking at the impact of a strong corporate culture failed to account for the influences of sub-cultures and other variables such as structure and leadership. Lim's overall conclusion is that despite claims of a causal relationship, the culture performance link remains unclear.

Using Organisational Values to Improve Employee Performance

The key to successfully using an organisational value system to drive performance is to ensure a clear link with the performance management system in operation in the business. If an organisation wishes to use values to improve performance then, clearly, employees must be assessed on how they demonstrate and adhere to these values. The literature would seem to confirm this is the case. For instance all of the excellent companies identified by Peters and Waterman (1982) measured adherence to organisational values and this was an inherent part of the performance management system. Effective performance management is crucial for enhancing organisational effectiveness and the accompanying financial returns. Current examples of organisations that use values to drive performance are General Electric, Hewlett-Packard, Microsoft and Southwest Airlines. According to Ulrich and Smallwood (2003) both General Electric and Microsoft are among the most valuable brands in the world.

Performance can be taken to mean the extent to which an employee fulfils his or her job requirements (Dreher & Dougherty 2003, p.140). This can be seen in terms of outcomes achieved and/or behaviour, i.e. the way in which an individual gets work done. Armstrong (2000, p.3) acknowledges the definition by Brumbrach "performance means both behaviours and results" as bringing both these concepts together. Performance management should be seen as a strategic and integrated process whose fundamental goal is to establish a culture that delivers sustained success to the organisation by improving the performance of staff and developing their capabilities while at the same time improving business processes. Dreher &

Dougherty (2003, p.140) see the role of performance management as that of identifying, measuring, revising and developing human performance in organisations.

High levels of organisational performance can only be achieved if employees have a clear understanding of the strategies and goals of the organisation. Through a performance management system corporate objectives and values can be cascaded down through business units thus setting standards of performance at the individual level. Standards define the behaviours required for successful performance and should reflect the value system of the organisation. Through the performance management process organisations can ensure that the values are understood and followed throughout the business. Values influence both the focus of performance management, for example on customer care, quality or innovation and how performance is management is carried out, for example, the things that are measured (IBEC 2002). Armstrong (2000, p.138) believes that a significant factor contributing to organisational effectiveness is a value system that emphasises performance, capability, productivity, quality, customer service, teamwork and flexibility. Appropriately implemented the performance management system can play a major contribution to making this happen.

I wish to conclude this chapter by taking a brief look at how General Electric (GE) managed performance during the time of Jack Welch – someone I consider a master at using values to drive performance. Since the early 1900s GE has been recognised as one of the world's leading businesses and has regularly found itself at the top of the list of the most admired companies. GE has also been seen as, and widely followed as, a model of modern management practice (Bartlett & McLean 2004). This much admired model is rooted in the organisation's cultural values.

Jack Welch became Chairman and CEO in 1981 and set each business within the corporation the goal of being No. 1 or 2 in their business. Even though he conducted a radical restructuring programme eliminating over 100,000 jobs up to the mid 1980s he also invested heavily in management development programmes. In 1989 Welch initiated a cultural change programme called "Boundaryless" which would break down the barriers that divided businesses, functions and geographic regions. Welch described boundaryless as "the idea that will make the difference between GE and the

rest of world business in the 1990s" (Welch & Byrne 2003, p.186). In order to ensure that the new cultural values were being embedded in the company, Welch insisted that managers be graded not only on their performance against business objectives but also on how they lived to the values. In 1992 Welch did something that really made the values (including boundaryless) come to life, he developed a matrix to help identify the different types of managers based on their ability to deliver the numbers while maintaining the values (Welch & Byrne 2003, p.188). This identified four types:

Type 1: delivers on commitments and shares the values. His or her future is an easy call.

Type 2: doesn't meet the commitments and doesn't share the values. Again an easy call but not a pleasant one.

Type 3: misses the commitments but shares all the values. Will be given a second or perhaps a third chance to make a comeback.

Type 4: delivers on the commitments but doesn't share the values. The most difficult to deal with as generally this type of manager forces performance out of people.

In the new value system the Type 4 manager could not remain at GE. Welch made a point of letting the management teams know that not living up to the values was not acceptable and what the result would be "...four were asked to go because they didn't practice our values" (Welch & Byrne 2003, p.189). These core values were what would ultimately set GE apart from its competitors. A group of over 5,000 GE employees worked for a three year period to develop a values statement. Welch considered this statement so important that it was reproduced on a laminated card which everyone carried.

Over time Welch further refined the performance management process by asking each manager to rank employees on a forced distribution of (1) the top 20%, (2) the highly valued 70% and (3) the least effective 10%. This came to be known as the "vitality

curve". Managers were urged to counsel those in the bottom 10% to improve or move out of the company. Everyone had to walk the talk.

In his time at GE, Welch generated an average annual total return to shareholders in excess of 23% (Bartlett & McLean 2004).

Conclusions

Taking the above studies into account it seems to me that the evidence is clear that having a well understood and deeply rooted value system leads to improved organisational performance. The examination of the literature has also demonstrated that those organisations with a value system perform better than those organisations without a clearly articulated set of values.

Working from that perspective it is now time to move on and put some of the findings from the literature to the test. The remaining chapters report on this process.

Chapter 3: Research Methodology

Introduction

Research can be defined as something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge (Saunders, Lewis & Thornhill 2003). Research can be directed towards the confirmation of existing facts or the discovery of new knowledge. Whatever the ultimate aim of the research the nature of the process can often be relatively unstructured and frequently unpredictable thus leading Remenyi *et al* (1998) to liken it to a voyage of discovery where the researcher may end up not only learning about the subject matter and research methodologies but also about him or herself.

This chapter sets out to explain the methodology I employed on such a voyage of discovery, it will also examine the underlying methodological ideology and outline the research questions.

This research sets out to gain an understanding of whether senior managers, in my organisation, see a potential benefit in the adoption of a formal set of organisational values in relation to managing employee performance. Senior managers were chosen because of the crucial leadership role they play in the management of performance as highlighted in the review of the literature outlined in chapter two of this paper.

Research methodology can be thought of as the procedural framework within which research is conducted, or the instrument through which the research objectives are achieved. It reflects a number of philosophical assumptions and can be seen as bridging the gap between these higher philosophical ideas and the actual research findings (Wass & Wells 1994, p.5).

The Philosophical Traditions

A common objective for research in management and the social sciences is to explain social behaviour. Researchers are divided when it comes to the interpretation of explanations and how the study of the empirical world can be used to gain that explanation. These positions, often seen as opposing, are characterized by alternative philosophical assumptions between positivism and phenomenology.

Positivism

The key idea of positivism is that the social world exists externally, and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition (Easterby-Smith, Thorpe & Lowe, 1991). Some of the implications of this philosophical stance are:

- The observer is independent of and neither affects nor is affected by the subject of the research
- The emphasis is on quantifiable observations that lend themselves to statistical analysis
- The methods employed should be objective and impartial and immune from the influences of human values and beliefs
- The findings of research should be capable of generalization.

According to Saunders *et al* (2003) the researcher in this tradition assumes the role of an objective analyst, coolly making detached interpretations about those data that have been collected in an apparently value free manner.

Phenomenology

This research paradigm is sometimes described as the interpretative approach and implies that every event studied is a unique incident in its own right. Each situation is seen as unique and its meaning is a function of the circumstances and the individuals involved (Remenyi *et al* 1998). This paradigm developed largely in reaction to the application of positivism to the social sciences. It views the world and reality as being socially constructed and given meaning by people and not objective and exterior. The task here is not to gather facts but to appreciate the different constructions and meanings that people place upon their experience. Human action arises from the sense that people make of different situations, rather than as a direct response from external stimuli (Easterby-Smith *et al* 1991). Saunders *et al* (2003) say the role of the interpretivist is to seek to understand the subjective reality of those that they study in order to be able to make sense of and understand their motives, actions and intentions in a way that is meaningful for these research participants.

This paradigm uses a much more inductive approach to social research which moves from observation to the construction of theories rather than the other way around.

Positivism or Phenomenology?

Taking both of these different philosophies and their respective advantages and disadvantages into account I formed the view that phenomenology was the most appropriate strategy for me to follow in this research. Positivism has trouble explaining the why behind many organisational issues such as why people hate their jobs, why customer service is poor or why some corporate cultures can be centralised and others need high degrees of autonomy. This leads Remenyi *et al* (1998, p. 95) to state that "to cope with the problems of people and organisations it is necessary to go beyond positivism and use a phenomenological approach to research". Implicit in the research being carried out in this study is a requirement to understand the why behind manager behaviour and attitudes.

It must also be remembered that the positions outlined above are pure examples of each paradigm. In practice many researchers do not hold firmly to one or other approach. While the distinctions may be clear at the philosophical level, when it comes to the issue of the use of qualitative or quantitative methods and to the issue of research design the distinctions can break down (Easterby-Smith *et al* 1991).

Quantitative and Qualitative Approaches

Within the research literature many authors draw a distinction between quantitative and qualitative research, with qualitative methods being most often associated with the phenomenological paradigm and quantitative methods associated with the positivist philosophy. Saunders *et al* (2003) set out the following as the distinctions between quantitative and qualitative data:

Table 3.1 Distinctions between quantitative and qualitative data

Quantitative data	Qualitative data
<ul style="list-style-type: none">• Based on meanings derived from numbers• Collection results in numerical and standardised data• Analysis conducted through the use of diagrams and statistics	<ul style="list-style-type: none">• Based on meanings expressed through words• Collection results in non-standardised data requiring classification into categories• Analysis conducted through the use of conceptualisation

Source: Saunders, Lewis & Thornhill (2003)

Qualitative research can add new dimensions to the area under study but by its very nature it can be more demanding on the researcher because there are no formal fixed rules governing qualitative research and analysis. Many researchers claim that qualitative methods come into their own where the research focus is more on behavioural or people issues. When we want to investigate feelings, attitudes, values, perceptions - those unobservable, fluid and intangible factors which help explain human behaviour - we need to ask questions and collect data in the form of words rather than numbers (Riley *et al* 1998). This type of research is labelled qualitative and seeks to describe explanations based on non-numerical data. My main reason for deciding on a qualitative route is most aptly summed up in this quotation from Sykes (as cited in Healey & Rawlinson, 1994): "the main reason for the potential superiority of qualitative approaches for obtaining information is that the flexible and responsive interaction which is possible between interviewer and respondent(s) allows meanings to be probed, topics to be covered from a variety of angles and questions made clear to respondents".

Research Strategy

Research strategy is concerned with the overall approach adopted to answering the research question. There are various strategies that can be employed some belonging firmly to the positivist approach and others firmly rooted in phenomenology. It is important that the strategy selected is appropriate to the research question and objectives. The strategies available include among others, experimentation, case study, action research, survey - in-depth and large scale - and grounded theory. Taking account of the nature of my research topic and research objectives I decided to follow the in-depth survey. This generally attempts to obtain detailed evidence from a relatively small number of informants through a series of interviews. Saunders *et al* (2003) recommend this approach where it is necessary for the researcher to understand the reasons for the decisions taken by participants or to understand the reasons for their attitudes and opinions.

Research Question and Objectives

The central research question to be addressed is :

to gain an understanding of whether senior managers see a potential benefit in the adoption of a formal organisational value system in relation to managing employee performance.

The objectives set out as part of this research question are:

- To identify what senior managers see as the current values in the organisation
- To explore with senior managers what values they feel the organisation should have in order to deliver on its statutory functions
- To identify, from the senior managers perspective, the potential impact that a value system might have on the management of employee performance.

Interviews as a Data Collection Method

Within business research interviews can range from the very structured (asking everyone the same set of questions in an identical form) to discussions on a series of items where questions vary from one interview to another. Riley *et al* (1998) maintain that interviewing is particularly suited when the researcher is seeking insight into how individuals or groups think about their world and how they construct the reality of that world. Easterby-Smith *et al* (1991) see the interview as being important because it gives the researcher the opportunity to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate, inclusive accounts that are based on personal experience.

Structured interviews are most suited to gathering factual, quantitative or non-emotive information and evidence. Non standard or semi-structured interviews are suitable for seeking explanation and understanding and are often associated with interpretative research which mainly uses qualitative forms of analysis. In a semi-structured interview the questions posed vary from one interview to the next according to how the interview develops, the knowledge of the respondent and level of understanding of the interviewer at the time of the interview (Healey & Rawlinson, 1994). In this situation the interaction between the interviewer and interviewee is emphasised rather

than minimised. It is more like a social process with the interviewee taking an active role.

The Interview Process

Therefore, it seemed to me that a semi structured interview would be the most appropriate data collection method. Supplemented with my in-depth knowledge of the organisation and my access to a wide range and level of other data I felt that interviews alone would be sufficient as my primary method of data collection. I felt that use of a questionnaire would not suit the nature of the information I sought to collect as the interpretation of certain values and the meanings behind them could not be adequately covered in a series of set questions. Additionally, reasons behind respondents replies could not be adequately probed in a questionnaire. These issues were significant reasons for the choice of semi-structured interviews as part of this research project.

I decided to use one-on-one interviews and all senior managers whom I approached agreed to participate. One-on-one interviews would allow each participant express views freely and allow me to probe reasonings behind responses without causing any tensions which I felt might have happened in a group situation. This was indeed borne out by some of the information revealed to me that could be interpreted by some as criticising members of one's peer group and other colleagues.

Due to time limitations a total of seven managers were interviewed and this represents 60% of the population and so I felt it was extremely representative of the group. Managers were selected so as to cover the core senior layer within the organisation and also to ensure representatives from each of the three main structural divisions in the organisation were included. I approached all selected individuals initially and explained the objectives behind my research, why I wished to interview them, how long the interview should take and the use to which my findings could be put in terms of benefit to the organisation. The experience noted by Saunders *et al* (2003, p. 251) "that once expectations have been clearly established about the length of time required, and participants understand and agree with the objectives of the research interview, they have generally been willing to agree to be interviewed" was borne out in my situation.

The average length of service, of participants, in the organisation was approximately eight years ranging from almost fifteen years to just over six months and length of service in a senior management position ranged from ten years to just over six months.

The original intention was to interview the CEO first and then to put his suggested value set to the other senior managers within my range of questions. However, this did not turn out to be possible because my interview with the CEO had to be rescheduled unexpectedly and interviews had already been arranged with some of the other senior managers. While a little disrupting at the time the benefit of this, in hindsight, was that all the senior managers when asked to suggest their own values showed remarkable similarity which I would otherwise have missed. Another point which they all raised was that the value set should be arrived at by consultation and agreement and not dictated by those at the top of the organisation.

Healy and Rawlinson (1994) state that the most important factors contributing to a successful interview are trust and rapport. Sympathetic understanding is the attitude most likely to promote such an atmosphere and hence yield the best response. The social skills of the interviewer are thus a key factor. I consider that through my role in the organisation, as Human Resources Manager, I have built up a considerable level of trust with all the senior management group and they respect me as a person of integrity. I also have considerable interview experience gained through a wide range of human resource management processes such as, recruitment, counselling, grievance and disciplinary investigations. This coupled with my sound knowledge of the business itself and the backgrounds of the interviewees made for an open and detailed series of interviews and I was able to assess the accuracy of the information offered.

All managers were assured of confidentiality and anonymity in relation to the information disclosed. Riley *et al* (1998) make the point that it is possible that guarantees of confidentiality can increase the reliability and truthfulness of respondents' inputs into your research. I wished to tape the interviews because this would enable me to concentrate on listening and the phrasing and order of the questions rather than on extensive note taking. Once assurances were given that the transcribed records would not be appended to the report all managers were happy to proceed on that basis. Many authors make the point that recording the interviews may

inhibit the responses [Healey & Rawlinson (1994); Easterby-Smith *et al* (1991); Riley *et al* (1998)]. However, I found this not to be the case, and all quickly forgot about the tape recorder, as evidenced by the open and frank way in which information was freely given, the language used and the nature of the examples put forward to illustrate particular points of view. Each interview was transcribed as quickly as possible after its occurrence (usually within hours) this helped to control bias and provide an accurate and reliable data bank for analysis.

Overcoming bias in the process

A number of data quality issues can be identified in relation to the use of semi-structured interviews, related to :

- Reliability
- Forms of bias
- Validity and generalisability. Saunders *et al* (2003, p.252).

In relation to qualitative research reliability is concerned with answering the question "would the same study carried out by two different researchers using the same technique produce the same findings" (Healey & Rawlinson 1994, p.132). The lack of standardisation in qualitative research interviews can lead to concerns about reliability and this concern is also connected to bias. In these types of interview bias can occur in two ways. Interviewer bias can occur where the researcher attempts to impose their own beliefs and frame of reference through the questions asked thus creating bias in the way that interviewees respond. The interviewer can also demonstrate bias in the way in which responses are interpreted. The second form of bias is interviewee bias and this can lead to respondents providing only partial information to ensure they are cast in a "good light" or that their organisation is cast in either a positive or negative fashion.

Validity refers to the extent to which the researcher gains access to their participants' knowledge and experience and is able to infer a meaning that the participants intended from the language that was used by this person (Saunders *et al* 2003, p.253). I have already referred to the possible superiority of qualitative interviews especially with

regards to validity as evidence by the quotation from Sykes outlined earlier in this chapter.

Being aware of these issues I tried to design my research and data collection approach in such a way as to reduce the possibility of bias and error. The techniques employed in my research incorporated many from the checklist "key measures to overcome bias in qualitative interviews" provided by Saunders *et al* (2003) including the following:

- **The level of information supplied to the interviewee**

All participants were supplied with relevant information at least a week in advance of the interviews. Providing them with a list of themes I wished to explore promoted validity and reliability by enabling them consider the information being sought and also by allowing them time to prepare in advance. The interview themes were derived from my experience of the organisation, the literature I had read, subjects I had covered as part of my masters programme and discussion with my supervisor. A sample letter that I sent to participants is attached at Appendix A.

- **The nature of the opening comments at the commencement of the interviews**

At the start of each session I took the opportunity to again thank the participants for agreeing to the discussion and to reassure them as to the previously agreed right to confidentiality and anonymity. The right of the participant not to answer any question was stated and their option to stop the tape recording if they so wished. Neither of these issues arose during the interviews. Participants were also informed that the written transcript of the interview would be sent to them for review. Each of these matters worked to increase the level of openness on the part of the participants and therefore reduce the possibility of bias.

- **Approach to questioning**

When conducted appropriately, your approach to questioning should reduce the scope for bias during the interview and increase the reliability of the information obtained (Saunders *et al* 2003, p.258). Being conscious of this I

ensured that my questions were clearly phrased and posed in a neutral tone of voice. As much as possible open questions were employed. When I wished to focus on discovering responses to specific alternatives a selection of probing questions were used to improve or sharpen the interviewee's response. Theoretical concepts and jargon were avoided as far as possible and where needed I always ensured that the interviewee understood my intended meaning. Leading questions or overly long questions were avoided.

Where interviewees tended to give long and somewhat rambling answers to the questions I used reflective and summarising techniques to ensure my understanding was accurate. This can be a powerful technique for avoiding a biased or incomplete interpretation.

Based on the methodology set out above I then went on to conduct my primary research and the findings from this are outlined in the next chapter.

Chapter 4: Analysis and Presentation of Findings

This chapter presents the results of my research and details from the interviews that were conducted. All seven interviews took place over a two-week period and each lasted approximately 40 to 45 minutes. All interviewees were asked the same main questions but the order of the questions was changed in some cases depending on how the interview was flowing.

The analysis and findings are presented under the main themes of the questions as I feel this will assist the reader to gain a better understanding of the issues emerging in the results. As mentioned in the methodology chapter all interviewees were assured of confidentiality and anonymity. In keeping with this assurance a summary of the views from the interviews are presented in this chapter. The interview transcripts amount in total to approximately 30,500 words and these are available separately for review.

These are the questions I posed to each interviewee. For confidentiality reasons the name of the organisation has been changed as outlined in the introduction chapter.

1. Have you any experience of values systems from other organisations you worked with, and if so, what impact the value system had on the organisation?
2. What do you see as the current values of the Commission for Administrative Affairs?
3. What values do you think this organisation needs in order to deliver our statutory obligations?
4. How would you expect people to behave if living to these values?
5. Would you see a role for a value system in the CAA, and if so, how would you like to see it introduced?
6. What impact, if any, would a value system have on the CAA?

7. Would a value system assist you in managing staff performance?
8. Would you see a role for senior managers in reinforcing the values?
9. Whether you think having a set of core values would have any impact on:
 - a. employee commitment;
 - b. recruiting staff;
 - c. dealing with conflict, change and crises; and
 - d. decision making in the CAA?

The remainder of this chapter presents a summary of the findings under each of the main themes.

Experience of other organisations that had a core value set and what impact that had

<p>Interviewee No. 1</p> <ul style="list-style-type: none"> • Organisations had defined value sets • One organisation used value set to create positive dynamic environment • Taken for granted used as a baseline for all activities • Strong customer service values instilled in everyone • In the other organisation nature of competition changed and organisation no longer lived to espoused values • Demoralising effect on staff and development of cynicism 	<p>Interviewee No. 2</p> <ul style="list-style-type: none"> • Voluntary sector organisation • Fundamental values of respect for the individual and teamwork • These two values formed the bedrock for everything • Values gave very clear focus to the organisation • Professionalizing the service led to sense of team being lost • Importance of the professional became the driving force and not the delivery of service 	<p>Interviewee No. 3</p> <ul style="list-style-type: none"> • Experience in engineering company • Had clear objectives and values • Great pride in technical competence of staff • Values drove performance and teamwork • Staff recruited on basis of values that were core to the organisation
<p>Interviewee No. 4</p> <ul style="list-style-type: none"> • Worked in transport company where values more implicit than explicit • Values used to develop standards of behaviour • People learned to comply • If people strayed from values peer pressure would bring them back into line • Very much part of the culture 	<p>Interviewee No. 5</p> <ul style="list-style-type: none"> • Experience in different industry sectors • Values usually implicit and concerned with professionalism and competence • Professional nature of the organisations led to values of integrity and fairness • Teamwork and learning from each other were integral to success 	<p>Interviewee No. 6</p> <ul style="list-style-type: none"> • Worked in manufacturing company and involved in developing value system • Core values around customer, product brand and employees • Changes in competitive market led to lack of attention on value system and ultimately it did not endure
<p>Interviewee No. 7</p> <ul style="list-style-type: none"> • Experience in education sector • Core values around developing others and imparting knowledge • Values generally shared by all but organisation did not have mechanisms in place to deal with those who didn't live to the values 		

Summary of Findings

All interviewees had experience of working in organisations that had value systems and could clearly identify the positive and negative impact of them. Many also made the distinction between implicit and explicit values. The most common values among the various organisations were teamwork, a focus on the customer and professionalism. A number of interviewees highlighted changes in the competitive nature of the industry which led to a lack of attention being paid to the values and the consequent development of cynicism among employees. One referred to "a mismatch between what was said and what was happening". In those organisations where the values were deeply embedded interviewees often referred to the culture of the organisation and one remarked "values are important because for me they are the culture".

From the above it seems that the senior managers are familiar with the concept of value systems and have significant experience of this from previous employments covering a range of industry sectors.

Current values in the Commission for Administrative Affairs

<p>Interviewee No. 1</p> <ul style="list-style-type: none"> • Strong commitment to public service • Supportive and professional. • Balanced approach – see both sides • Need more cross functional teamwork 	<p>Interviewee No. 2</p> <ul style="list-style-type: none"> • Focus on technical competence • Premium on professional opinion • Deep pride in importance of the organisation's role • Teamwork needs to be improved 	<p>Interviewee No. 3</p> <ul style="list-style-type: none"> • Values not clearly articulated • Commitment to public service and role of organisation • Customer service but without clear focus
<p>Interviewee No. 4</p> <ul style="list-style-type: none"> • Fairness and integrity • Customer focus but not universal in the organisation • Professional • Open communications • Commitment of staff 	<p>Interview No. 5</p> <ul style="list-style-type: none"> • Competence and professionalism • Service to customers • Need greater commitment to mentoring staff 	<p>Interviewee No. 6</p> <ul style="list-style-type: none"> • Competence and expertise • Some element of public sector complacency • Should focus much more on serving the customer
<p>Interviewee No. 7</p> <ul style="list-style-type: none"> • Shared commitment to public service • Committed employees. • Development of expertise and competence • Freedom for professional staff 		

Summary of Findings

In answering this question many interviewees made reference to the attempt to define corporate values through the business strategy documents and the implicit values within the organisation. In answering the question I asked them to focus on the values they observed from peoples' behaviour in the organisation.

Most saw the organisation as being professional in its approach and having professional staff but their definitions of professional behaviour differed somewhat, with some viewing it as linked closely with technical competence and others viewing it in a very broad sense of one's own abilities and also one's dealings with other staff. The majority interviewed felt that the commitment to public service and the public service ethos was a positive thing, in that the organisation is not tainted by

commercial interests and this allows for a fair and balanced approach to issues. One interviewee, however, thought the public sector ethos led to a certain level of complacency and a lack of focus on the importance of our customers.

There was certainly a difference of opinion in relation to customer service and how much this is valued within the organisation. Depending on interviewee's roles within the organisation they tended to see the customer from different perspectives and this seemed to influence their judgement as to the level of service offered to customers. One commented that "we provide a good service to our customers" whereas another said "on a one-to-one basis people do their best but there wouldn't be an overall customer centred approach". This finding did not surprise me as it is a debate that has been going on in the organisation for some time.

A few interviewees referred to the dedication and commitment of staff as being of significant importance and a value that should be highly prized within the public sector. One interviewee commented "If you ask people to do anything in here they will break their necks to do it".

Values needed in order to deliver its statutory obligations

<p>Interviewee No. 1</p> <ul style="list-style-type: none"> • Strong public service ethos • Fairness and Balance • More information dissemination • Willingness to try new strategies • Integrity and openness • Commitment to customer 	<p>Interviewee No. 2</p> <ul style="list-style-type: none"> • Implementation of best practice • Respect for individual • Genuine collaboration • Belief in our own competence • Teamwork • Creative environment 	<p>Interviewee No. 3</p> <ul style="list-style-type: none"> • Drive and enthusiasm • Professional competence • Teamwork • More focus on core activities • Achievement orientation
<p>Interviewee No. 4</p> <ul style="list-style-type: none"> • Using best practice • Strong customer focus • Integrity in all our dealings • Fairness and proportionality 	<p>Interviewee No. 5</p> <ul style="list-style-type: none"> • Customer service • Professionalism • Leadership • Competence • Open communication 	<p>Interviewee No. 6</p> <ul style="list-style-type: none"> • Values around the customer • Importance of image of the organisation • Employee centred values • Results orientation
<p>Interviewee No. 7</p> <ul style="list-style-type: none"> • Best practice • Accountability • Professionalism • Personal values like courtesy and empathy 		

Summary of Findings

There was general agreement around the need for professionalism and highly competent staff and linking back to the previous question most felt that these values already existed in the organisation. As a development, on professionalism some interviewees suggested that the organisation needs to develop a mechanism for ensuring best practice in all activities of the organisation. Many also saw the need for fairness and balance in our dealings with customers as a sub set of professionalism and this is understandable given the role and nature of the organisation.

Those who mentioned values focusing on customer service also made the point that this should be one of the key values in the organisation and that service delivery to our customers should inform all other strategies in the organisation.

Looking at the organisation from an internal perspective most suggested that values like integrity, openness and the employees' right to be listened to are important. Only one interviewee mentioned leadership as a specific value that the organisation should have although leadership as a concept was mentioned by many interviewees in responding to subsequent questions. This arose particularly in relation to the role of senior managers in demonstrating the values.

How would you expect people to behave if living to these values?

<p>Interviewee No. 1</p> <ul style="list-style-type: none"> • People would have a sense of doing the right thing • Everyone would look at the broad picture • A shared view and peer review would be commonplace • Everyone is open in their communication • Fairness in dealings with customers and staff 	<p>Interviewee No. 2</p> <ul style="list-style-type: none"> • People would meet to solve common problems • Management would provide a clear focus on what is important • People would work together to find new and better methods • Strong teams where everyone feels they have something to contribute 	<p>Interviewee No. 3</p> <ul style="list-style-type: none"> • People would put in time and effort to get the job finished • No wasted energy with people working against each other • Everyone's contribution would be recognised
<p>Interviewee No. 4</p> <ul style="list-style-type: none"> • People are honest with each other and share information • It's the norm for everyone to put themselves in the customers shoes • All activities are looked at from the customers perspective. • Values are used as a prism for analysing all behaviours 	<p>Interviewee No. 5</p> <ul style="list-style-type: none"> • Everyone is looking at the needs of customers • People are clear on what they can and cannot achieve • People used a broad range of skills to deal with problems and don't rely solely on technical competence • Staff are open and honest in their dealings with each other 	<p>Interviewee No. 6</p> <ul style="list-style-type: none"> • People would analyse issues from perspective of customer • Managers and staff behave in the same way • Before taking any action people would ask themselves who might this impact on • People would measure all decisions against the values
<p>Interviewee No. 7</p> <ul style="list-style-type: none"> • People would go over the top to get the job done • Everyone is up to speed with new technological developments • Everyone is in agreement on the priorities for the organisation • People have instant access to a wide range of information 		

Summary of Findings

In responding to this question most interviewees envisaged an organisation where everyone would work towards common agreed goals and teamwork would be the

norm. Organisational activities would be dictated by the need to satisfy customer requirements much more so than at present.

Having a value set was seen as a way of giving focus and clarity to staff who would come to work knowing what was required of them and that their contribution would be acknowledged.

Role for a value system and how should it be introduced

<p>Interviewee No. 1</p> <p>Yes</p> <ul style="list-style-type: none"> • Consultation with management and staff • Define agreed value set • Cross functional workgroups • Identify behaviours to reflect values • Use I.T. system to educate and disseminate information 	<p>Interviewee No. 2</p> <p>Yes</p> <ul style="list-style-type: none"> • Facilitative process of renewing/restating core values • Introduce as part of review of corporate objectives • Use decentralisation as catalyst to review how organisation operates • Discussion and agreement through team meetings 	<p>Interviewee No. 3</p> <p>Yes</p> <ul style="list-style-type: none"> • Need to get staff buy-in and understanding • Examine nature of the organisation and determine appropriate values • Consultation with all work groups
<p>Interviewee No. 4</p> <p>Yes</p> <ul style="list-style-type: none"> • Use two pronged approach (1) examine organisation and customers needs, (2) identify implicit values. • Develop programme for staff involvement in determining values • Plan of action to inculcate new value system 	<p>Interviewee No. 5</p> <p>Yes</p> <ul style="list-style-type: none"> • Start with values governing internal relationships • Integrate values into performance management system – evaluate performance on work objectives and demonstrating values 	<p>Interviewee No. 6</p> <p>Yes</p> <ul style="list-style-type: none"> • Use consultation mechanism to include staff, management and unions • Must take account of nature of our business and customers • Learn from other organisations
<p>Interviewee No. 7</p> <p>Not at this time</p> <ul style="list-style-type: none"> • Staff unsure and uncertain about future because of decentralisation • Need to evaluate what it can achieve and what people would get from it 		

Summary of Findings

Six of the seven interviewees saw a role for introducing a core value set in the organisation. Reasons ranged from using a value set to give greater focus to our activities to it being a mechanism to assist in managing staff performance. One

commented "I think there are things that are lacking around performance so having a value set that helps that will help me".

The manager who responded that now is not the right time to introduce a value system into the organisation does, however, see merit in it as the reservations relate solely to the current situation with regard to decentralisation and the uncertainty this is causing for staff. At least three other managers suggested that as part of managing the decentralisation project the way the business operates would need to be reviewed and a new model might be required. Within this new model of operations a value system could be introduced and might in fact be useful for determining core principles to guide managers in dealing with decentralisation. One comment was "the big challenge facing us is decentralisation and I think our values are going to be terribly important in how that is managed and how it is communicated and the perception staff have."

A number of interviewees mentioned the benefit to be gained from ensuring as much as possible that corporate values reflected the values held by individuals within the organisation. This could be better achieved by ensuring that employees had the opportunity to input into the choice of values. All managers felt that the value system could only be successfully implemented if staff had significant involvement in the process and none of them envisaged a situation where senior management alone would decide on the core values to be adopted. One stated "buy-in is really necessary to get the benefit of people's knowledge and understanding as well". While another commented "you always get best results by involving staff". Another comment was "value sets aren't something that management decide they can probably be influenced by management".

Two managers suggested that in determining the core values the customer should be the driving force and the values should be those that will ensure delivery of the products and service our customers want.

What impact, if any, would a value system have on the CAA?

<p>Interviewee No. 1</p> <ul style="list-style-type: none"> • Stronger alignment and focus on core message. • Improved efficiency and productivity • Clearer focus on customer • Improved morale and commitment 	<p>Interviewee No. 2</p> <ul style="list-style-type: none"> • People would see this as an organisation they would like to work in • Organisation would be more creative • Everyone feels they have a right to be heard and contribute • Organisation would be recognised by its peers as being one of the best 	<p>Interviewee No. 3</p> <ul style="list-style-type: none"> • We could stand over what we do • Contribution of all units would be recognised • Greater focus and alignment in what we do
<p>Interviewee No. 4</p> <ul style="list-style-type: none"> • Agreement on importance of customers • Decisions made against value system • More open information flows • If something goes wrong it would be analysed against value system 	<p>Interviewee No. 5</p> <ul style="list-style-type: none"> • Standards would be set against the values. • Clarity for staff in what is expected of them • Organisation would clearly demonstrate its commitment to staff 	<p>Interviewee No. 6</p> <ul style="list-style-type: none"> • Customer would come first and organisation second • More recognition for the organisation externally • Teams working more productively • Improved commitment of employees
<p>Interviewee No. 7</p> <ul style="list-style-type: none"> • Clear priorities set • Improved internal relationships • Information flows freely • Provided values lived by senior managers – improved employee commitment 		

Summary of Findings

Nearly all managers felt that the value system would benefit the organisation by providing a clearer focus on what the core objectives should be and give greater agreement on how we should serve our customers – “stronger alignment or stronger focus by everyone on what is our message”.

Many also made the point that because employees would have greater clarity in what is expected of them they would become more committed and one manager commented that this would ultimately impact on the organisation's reputation externally.

The importance of ensuring that the values were lived to in order to avoid the development of cynicism was mentioned by some managers.

Would a value system assist in managing staff performance?

<p>Interviewee No. 1</p> <p>Yes</p> <ul style="list-style-type: none"> • Especially under-performance. • Manager could use values to help improve performance. • Peer group pressure could also influence individuals. 	<p>Interviewee No. 2</p> <p>Yes</p> <ul style="list-style-type: none"> • Values would help support managers • Values would make performance assessments more rounded • Would need less tight control if value system adopted 	<p>Interviewee No. 3</p> <p>Yes</p> <ul style="list-style-type: none"> • It would give a structure against which to compare performance • Would assist manager in giving feedback to staff
<p>Interviewee No. 4</p> <p>Yes</p> <ul style="list-style-type: none"> • Would help manager develop and enable staff • Values could assist in developing quality performance indicators 	<p>Interviewee No. 5</p> <p>Yes</p> <ul style="list-style-type: none"> • Values can be used as a framework for discussion and feedback with staff • Values would provide clarity to staff on how they are expected to behave 	<p>Interviewee No. 6</p> <p>Yes</p> <ul style="list-style-type: none"> • Values could be used to build new competencies • Could assist managers focus on what's important
<p>Interviewee No. 7</p> <p>Yes</p> <ul style="list-style-type: none"> • Staff would have clarity on what is expected of them • Managers would have up to date information on performance indicators 		

Summary

All managers were unequivocal in their view that a value system would assist them in managing staff performance subject to the demonstration of those values by the senior team – “if we had a value set that was acted upon, then without question it would help”. This is expanded on further in the next question.

The main reason why managers felt it would assist them was because values could be used to set standards against which employees could be assessed and it would be easy to explain to employees the behaviours required by using the values as a framework. One manager commented “there is scope for what I call the value set to be used to

influence performance and behaviours". Another said "you can use it as a framework for discussion and development and if you have clarity within your value set and examples of what you mean, it can help resolve difficult issues but it can also help people to recognise what the organisation expects of them and how it expects them to behave".

The majority suggested that the value system should be linked into the performance management system so that staff would be assessed on what they achieved i.e. the work objectives and also on how they achieved these, i.e. living the values. An indicative quote on this aspect is "if the values are to be values that we live by, then from my point of view the performance management system has to give effect to them". Another stated "it would help if the value set was integrated more into the performance management system, the problem I have with the performance management system at the minute is that it's too mechanistic and adding the values would help move that".

Role for senior managers in reinforcing the values

<p>Interviewee No. 1</p> <ul style="list-style-type: none"> • Senior managers should agree what behaviours are required to give effect to values • Senior managers should recognise and reward the right behaviours. 	<p>Interviewee No. 2</p> <ul style="list-style-type: none"> • Must be the role models • Demonstrate values and support others to do so 	<p>Interviewee No. 3</p> <ul style="list-style-type: none"> • Staff entitled to expect senior managers to live to the values • Must give guidance and support to all staff to live to the values
<p>Interviewee No. 4</p> <ul style="list-style-type: none"> • Must all be led by senior managers • Managers must demonstrate the values 	<p>Interviewee No. 5</p> <ul style="list-style-type: none"> • Must be their top priority once established • Would need to work hard at demonstrating the values 	<p>Interviewee No. 6</p> <ul style="list-style-type: none"> • Must give the example • Whole team has to sign up to it
<p>Interviewee No. 7</p> <ul style="list-style-type: none"> • Managers must believe in it • Has to be a priority for managers 		

Summary of Findings

There was absolute agreement that senior managers must act as role models for the rest of the staff. It was seen as part of their job to demonstrate the values on a daily basis and that staff would judge them on how they lived to the values. There was also agreement that staff had the right to expect this of the senior management team. Some of the comments include:

“the key thing is not actually to tell people to do it but to demonstrate it yourself and maybe even ask your staff are you demonstrating it”

“in fact people will say if your man isn't doing it then why should I bother”

“it won't be done unless senior managers do it and unless senior managers are on the same wavelength”.

One manager felt that the senior team must not only demonstrate the values but recognise and reward staff who also demonstrate them. This was seen as an important aspect to reinforcing the values throughout the organisation.

A few made reference to the development of cynicism in the organisation if the senior managers did not live to the values but expected staff to do so – “if senior managers didn’t live to them then it would affect morale, it would affect performance and there would be a knock on all the way down”.

Some also pointed out the heavy workloads that managers carry and this might take their attention and priority away from making sure the value system was embedded in the organisation.

Would having core values have any impact on:

- employee commitment;
- recruiting staff;
- dealing with conflict, change and crises; and
- decision making in the CAA?

Employee Commitment

Five of the managers were sure that the value system would impact positively on employee commitment. Reasons ranged from general improvements in morale resulting from employees feeling more appreciated and consulted to employees witnessing an improvement in organisational performance and better relationships among colleagues. Comments included "we've seen in the past the difference a small thank you can make" and "absolutely, that's kind of almost one of the reasons why you do it because it's all about commitment".

Of the two remaining managers one felt that employees were already fully committed and the other felt that it could impact positively or negatively depending on the actions of senior management in demonstrating the values.

Recruiting Staff

Most saw the impact here around the values creating a good atmosphere at work and the organisation being known externally as a good employer but one did point out that this could take quite a long time to achieve. One stated "if we get to become what we talked about, what it could be like in the future where people are seen as prepared to take on new ways of doing things, where we train our staff properly and give them opportunities to experience different things, then that will spread, you know and people will say: hell, yeah, I could have an interesting job in that place".

Dealing with conflict, change and crises

All managers saw the value system as having a positive impact on how the organisation would deal with conflict or respond to change or a crisis situation. Values would act as the backdrop or framework against which the change or crisis could be managed – "you have to manage it and stay in touch with the values all the time" and "the values would give you markers to lean against to associate with" are two of the comments. Many suggested that conflict could be avoided as the values would dictate how situations should be handled. A few made the point that decentralisation is a major change facing the organisation and values would be important in ensuring that the change is implemented effectively while also protecting the interests of our employees.

Decision making

In common with responses to the previous point values were again seen as a framework against which organisational decision making would take place. One commented that if the value system was truly embedded in the organisation then all decisions would take the values into account. Another saw the possibility of allowing decisions to be made lower down in the organisation – "if we had that sort of system in place a decision could be made at the very lowest level. Having a value set is a guide for people as to what's acceptable and what's not and within that then you could have freedom".

I picked these particular aspects to ask about as they were some of the main areas of impact that came through from the literature review. The next chapter dealing with my conclusions from the primary research will look again at these issues.

Chapter 5: Believe it or not, a value system can make a difference

The previous chapter outlined the findings of my research based on an analysis of the information I gathered from the group of senior managers. This research was conducted in a specific organisation and the topics covered in the interviews were derived from a review of the current academic literature. It is now time to examine the findings of the research in the context of the existing literature to determine what similarities and/or differences exist between the two bodies of knowledge. Questions 6 to 9 are especially drawn from the material in the literature.

Conclusion and Discussion

For ease of reading and to maintain a consistent style this chapter follows the same format and structure as the previous chapter.

1. Have you any experience of values systems from other organisations you worked with, and if so, what impact the value system had on the organisation?

From the information outlined in response to this question it is clear that the senior managers interviewed understand what culture and values are all about and how they impact on organisational life. Many of the explanations and meanings coming through in the literature, as outlined in chapter two, were reflected in the language used by the interviewees. For instance “values are important because for me they are the culture and culture drives performance in the organisation” is a quote from one of the interviewees, while another said “values formed the bedrock for everything”.

In expanding on their examples of the impact that values had on organisations the interviewees demonstrated an understanding not only of the impact but also how the impact came about. Again many of the issues mentioned in the literature were reiterated by the interviewees, for instance effects on employee commitment, values being used to drive performance improvements, values used as a method to set standards etc. One interviewee talked about peer pressure as a way of ensuring that employees adhered to the value system thus echoing O'Reilly's (1992) view of culture as a “social control system”.

What are the implications for the Commission for Administrative Affairs? Well, clearly the senior managers in the organisation have a breadth of experience of this issue from other organisations and would seem to have a respectable level of knowledge on the subject. If the CAA is to set about introducing a formal value system then the existing knowledge and experience of the senior managers should add a value and richness to the debate in the organisation. This, ultimately, should lead to a successful experience of a value system in the CAA.

2. What do you see as the current values of the CAA?

While there is a certain level of agreement on the values currently existing in the organisation it is clear that there are also different values operating in different divisions of the organisation. Even where there is general agreement on the label given to a value such as professionalism, competence, customer service etc., in describing the behaviours employees demonstrate it became obvious to me that the standards imposed by the senior managers differ. In identifying the values in place the managers used their own values and past experience as reference points and these framed and influenced how they viewed others' behaviours.

If the senior management team was to act on the level of agreement around a need for improved teamwork this could perhaps be used as a means of generating greater agreement on the level of service that should be given to customers.

My observation from all of this is that if the CAA is to introduce a formal value system then there is a clear need for the senior managers to agree and define the values required and the underlying standards and behaviours to ensure the values are uniformly applied.

3. What values do you think this organisation needs in order to deliver our statutory obligations?

Most managers accepted that having a formal value system would improve how the organisation delivers on its statutory obligations. Many of the values noted as already existing in the organisation were repeated by the managers in responding to this question. The implication of this is that the CAA does not need to introduce a totally new value system but a system that formalises what is already there that is good and

introduce whatever new values are required. This point was made by one of the managers in responding to question 5 who suggested that what the organisation requires is perhaps an incremental change in the value system.

The key issue of focus on the customer first, as made by a number of writers in the literature including Peters and Waterman (1982), was echoed by a few of the managers in their responses. Other values and attributes of the excellent companies (as identified by Peters and Waterman) that were mentioned include; open communications, belief in innovation and creativity and focus on core activities. Another theme from the literature as highlighted in Sheridan's (1992) study, the importance of having what might be termed interpersonal values, was reflected in a number of the values suggested by the managers.

4. How would you expect people to behave if living to these values?

The responses to this question in many ways reflected the attributes of strong culture companies as outlined in chapter two. Many talked about staff having a clear focus and common goals to work towards and greater agreement on what is important for the organisation. The responses in many ways re-iterate the factors identified by Sorensen (2002):

- Enhanced co-ordination and control
- Greater alignment of organisational and individual goals
- Increased employee effort.

5. Would you see a role for a value system in the CAA, and if so, how would you like to see it introduced?

The clear agreement among the group on the merit of introducing a value system in the organisation is encouraging and it seems likely that they would be very supportive of such a move. Again they were all in agreement on the need to consult with and include staff in the project from the outset. It would seem, therefore, that the implementation of such a system should be given careful consideration and could in fact form part of the new business strategy arising from decentralisation.

All managers saw decentralisation as a major challenge facing the organisation and many commented that in managing such a major change our values would be extremely important, thus echoing the view that values can act as a guiding principle in times of change or crisis as articulated in the literature.

Perhaps the case of Ulster Bank Group (Lucas 1999), as outlined in chapter two, where the company decided that developing a clear set of corporate values would help employees understand and participate fully in the planned changes might be a useful model for the CAA to examine.

Another issue from the literature that the managers picked up was that of alignment of individual and corporate values as much as possible and the benefits this could bring.

6. What impact, if any, would a value system have on the CAA?

This is the one area where managers most reflected the themes from the literature with all agreeing that the introduction of a value system would have a positive impact on the organisation. The greatest impact would be around the provision of a clearer focus for staff, improved organisational and employee performance, increased employee commitment and enhancing organisational image.

It would seem that the findings in the general body of literature as to the benefits of having a formal value system are borne out by my research in the CAA. The negative impact that could develop if the values were only written on paper but not lived by staff was also mentioned.

7. Would a value system assist you in managing staff performance?

As outlined in the previous chapter there was universal agreement among the managers that an organisational value system would assist them in managing staff performance. Many of them reflected the idea from the literature that values can be used as a mechanism for determining and controlling employee behaviour. The literature is also clear in its view that through the performance management process organisations can ensure that the values are understood and followed throughout the business. In my research this theme also emerged with the majority suggesting that the values must link into the performance management system if they are to become

an effective mechanism for driving improvements in employee performance. The idea of values forming part of a social control system as outlined by O'Reilly (1992) was again re-iterated by reference to peer pressure to ensure adherence to the values.

If the CAA is to introduce a formal value system then based on the findings of my research the organisation should gain a number of benefits culminating in improvements in organisational and employee performance. The evidence from this study is that the senior management team is very clear on how a value system can be used to deliver such benefits.

8. Would you see a role for senior managers in reinforcing the values?

Within the literature there is universal agreement on the role of leaders and senior managers in shaping and modelling the appropriate values. Peters and Waterman (1982) and Morgan (1997) make this point and also the necessity for the senior team to act in uniform on the question of what values are appropriate. This is also one of the core messages coming through from my research with the interviewees highlighting the responsibility that would be placed upon them with the introduction of a formal value system.

The problems and difficulties that can arise in an organisation where the senior managers do not live to the values also came through in my research. Within the literature this is aptly demonstrated in the case study by Cha & Edmonson (2003). The development of cynicism, lowering of morale, loss of trust in leadership and consequent impairment of performance as discovered by Cha & Edmonson were among some of the possible consequences identified by senior managers in responding to this question. These negative aspects were highlighted by Miller & Yu (2003) as well.

With the level of understanding, about this subject, that the senior managers displayed throughout the interviews I am confident that with their full support the introduction of a formal value system into the CAA would be successful. The senior team are acutely aware of their own responsibilities in this regard and it appeared to me that they would take this responsibility very seriously.

9. Whether you think having a set of core values would have any impact on:

a) Employee commitment

Much of the previous research as outlined in chapter two puts forward the view that having a clear value statement leads to the development of more committed employees and this in turn leads to improved productivity. The senior managers interviewed as part of my research would seem to share this opinion. Many of them are convinced that a formal value system would impact positively on employee commitment and this would act as a lever for other improvements.

b) Recruiting staff

The main theme in the literature is that a value system can assist companies in the war for talent and help self select the right employees for an organisation. Having a clear value statement can also give potential employees guidance on what is considered important to the organisation.

Sheridan's (1992) study concluded that organisations emphasising interpersonal relationship values (team orientation, respect for people etc.) retained new employees on average fourteen months longer than organisations emphasising work task values (detail and stability). In a way one of the interviewees in my research seems to have picked up on this when suggesting that personal values like integrity, honesty, courtesy and respect might have more influence in attracting staff.

In general my research findings mirror what came through from the literature that having a formal value set can enhance the reputation of an organisation and thus help it to attract staff.

c) Dealing with conflict, change and crises

The senior managers interviewed as part of this research project all saw the value system as a useful framework against which an organisation can manage change or deal with a crisis. A few mentioned that the values (once firmly embedded) would in some way help predict how employees would act in a crisis situation. This almost matches exactly the view that comes through from the literature discussed

in chapter two – having a clearly articulated set of values can act as guiding principles in times of crisis or major change. Earlier in this chapter I referred to the major change facing the CAA in the form of decentralisation and the work of Lucas at Ulster Bank Group.

Morgan (1997) cautions that the consensus that such value systems can bring may hinder employees from finding new and alternative ways of doing things but this aspect was not an issue in my research.

One other area where there are differences between the literature and this research is that of dealing with conflict. Both ends of the spectrum are covered in the literature with values seen as a source of conflict and assisting in the prevention of conflict. Only the latter view was put forward by the managers in my research with them viewing the value system as something that could help avoid conflict.

d) Decision making in the CAA

As reported in the previous chapter one of the interviewees in my study commented that a value system would allow decisions to be made further down in the organisation based on the view that the values act as a guide for people as to what is acceptable and what isn't and within this framework employees could be given freedom. While this particular aspect was examining decision making the manager's comment mirrors a view from Peters & Waterman (1982) as outlined in chapter two under the heading Values and Conflict.

The interviewees in this study again saw the values as providing a framework against which decision making would take place. In the literature values were seen as exerting considerable influence over what decisions eventually emerge from discussion by shaping how we think and act. This was reflected in the responses in my own research.

Convergence or Divergence

In this paper claims that a relationship exists between organisational value systems and performance have been examined by reviewing the existing literature in this area and by conducting new research in a public sector organisation. Taking account of all

of the material outlined in this and the previous chapter it seems reasonable to conclude that there is more of a convergence of opinion than a divergence between the literature and my research. I have, however, outlined one or two minor areas of disagreement between the two bodies of knowledge.

The material presented in this chapter has also answered the research question and objectives as outlined in chapter three of this paper, namely:

to gain an understanding of whether senior managers see a potential benefit in the adoption of a formal organisational value system in relation to managing employee performance.

The objectives set out as part of this research question were:

- To identify what senior managers see as the current values in the organisation
- To explore with senior managers what values they feel the organisation should have in order to deliver on its statutory functions
- To identify, from the senior managers perspective, the potential impact that a value system might have on the management of employee performance.

The overall conclusion from this study is that senior managers agree that shared values are a very significant issue in organisational life. They also accept that introducing a formal value system would deliver benefits in terms of managing employee performance.

As mentioned in Chapter 3 Remenyi *et al* (1998) likened the research process to a voyage of discovery. I am now at the end of that voyage and it is opportune to ask what have I discovered about myself. I have certainly learned that the research process can, indeed, at times be unpredictable and I had to adapt and learn to cope with unexpected changes. This helped give me a different perspective. I realised in some cases that my perceptions of people and issues were in fact incorrect.

While at times I had feelings of frustration, anger and, on occasion, despair the journey has certainly been worthwhile and I think I'm more patient as a result.

Chapter 6: Limitations and implications for further research

While this research has produced interesting results it is important to remember that it concentrated on one particular organisation and all participants were from the senior management group. It was also carried out at a time when the organisation is faced with a major change in the operation of its business.

Whether or not these results will generalise across other organisations and populations is a question that could be explored in the future. Recognising these limitations does not in any way undercut the main findings with regard to the impact that organisational value systems can have on employee performance.

It is clear from this research that the senior managers' own backgrounds and the professional nature of the organisation influenced their views on the potential benefits of a formal value system. Future research could perhaps examine the effect of these variables.

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Appendix A

Dear

Thank you for agreeing to meet with me in relation to my dissertation research.

The main subject of my research is the impact that a set of core organisational values can have on employee performance. From the review of the current literature that I have carried out, it seems that a strong case can be made that those organisations with a set of core values perform better than organisations without a core value system. I want to gain an understanding of whether the adoption of a formal value system would assist senior managers in managing employee performance.

Values can be thought of as the fundamental beliefs of leaders and members of an organisation, what people stand for as a group and turn to when things get tough. The assumption is that these are basic beliefs and convictions which govern behaviour.

Themes I would like to explore in our discussion include:

- What you see as current values of the organisation
- What values do you think we need to deliver our statutory obligations – and why
- How you would like to see these values introduced
- What behavioural indicators would people demonstrate if living to these values
- What impact you think they might have, on what, on whom and how
- Whether these values could assist you managing staff performance
- Your role as Senior Manager in reinforcing the values
- What experience of values systems you may have from other organisations you worked with
- Whether you think having a set of core values would have any impact on employee commitment; recruiting staff; dealing with conflict, change and crises; and decision making within this organisation.

I would like to assure you that the views you express will be confidential and not attributed to you in my report. With your permission I would like to record the conversation as this will assist me in analysing the findings and writing up my report.

Again, many thanks for your assistance and I look forward to our discussion next Thursday.