'ORGANIZATIONAL VALUES' AS RELIABLE PARAMETER FOR PREDICTING PATTERNS OF CORPORATE CULTURE

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Abstract

Corporate cultures have been classified on several bases by experts in the field. Parameters such as technology, structure, managerial style, systems have been widely used in the past to identify cultural patterns. Very few attempts have been made so far in classifying organizations on the basis of 'Shared values'. This paper attempts to highlight the importance of 'organizational values' as a major factor to assess corporate culture and suggests a methodology for predicting cultural patterns. The proposed methodology has been empirically tested and the results are promising.

Values-The core of corporate culture

The study of human values has been of interest to researchers in many areas of human knowledge, such as philosophy, political science, psychology, economics, anthropology and religion. It is only within the last two decades that social sciences have increasingly come to rely upon the study of values to understand organizational behavior.

Peter and Waterman in their book 'In Search of Excellence' wrote 'Every excellent company we studied, is clear on what it stands for, and takes the process of value shaping seriously. In fact we wonder whether it is possible to be an excellent company, without clarity on values and without having the right sort of values'. (280) In 'Making America Work' James O'Toole emphasizes the centrality of culture and values for the national economy as

well as for particular corporations. He perceives that the role of management must be understood in terms of organizational culture and values rather than viewed individualistically. (116) In his work on corporate strategy, Kenneth Andrews underscores the importance of environment of values in which business operates. Value commitments and choices based on careful evaluation, he points out, are inevitable throughout corporate action and the development strategy. (88) 'Values are the bedrock of any corporate culture' Deal and Kennedy remind us. 'As the essence of a company's philosophy for achieving success, values provide a sense of common direction for all employees and guidelines for their day-to-day behavior.'(21) In their work on corporate culture, Bernard and Yosh Wiener argued that as foundations of strong culture shared values play a double role: They serve as powerful built-in motivational force for members, and they provide guides for corporate goals, policies, strategies and actions.(38)

Meaning of corporate culture

People working in organizations are expected to perform their roles and functions within a broad framework of organizational norms and work procedures. Human behavior in these organizations is well within the limits set by the management, as well as, the accepted behaviors under the tradition, which has been shaped gradually by such organizations over a period of time. In this way, each organization has its own unique set of values and beliefs to guide their operation, achieve goals and for staying in

the business environment. The employees, as participants in the organizational process internalize such values to give meaningful expression of the same, in their day to day activities. Eventually, therefore, most of the members of an organization come to grip with a set of shared values, attitudes, norms, and the related routines, customs, ceremonies and tradition. This common understanding of the value system gives the culture a mystical quality. The function of a leader is to provide the 'culture glue' to the company which will facilitate members to stick together in a common value system, resulting in a strong corporate culture.

Values and their classification

On surveying value definitions of several authors, including that of Rokeach and Kluckhohn, it can be inferred that values have several features that can be listed as follows:

1. A value is an enduring belief. It is neither completely stable nor completely unstable.

2. A value refers to a mode or standard of conduct or end state of existence.

3. A value is a preference as well as a conception of the preferable. It directs or influences the individual in his choice from among available modes, means and ends of action.

4. Values are learned and must be internalised to have effect on individual's behavior.

5. Values guide human behaviour.

Values may be classified and grouped

on several bases. Rokeach classified values as **Terminal values** and **Instrumental values.** Terminal values refer to end-states. Instrumental values refer to modes of conduct. George Edgin Pugh classified values into three types: **selfish values**-those that are concerned with individual survival, **social values**-those that are concerned with the welfare and survival of the social group, and **intellectual values**-those that serve to motivate intellectual activities. Bernard C. Reimann and Yoash Weiner classified values into two types. **Functional values**-those are concerned with functions performed for and relations with important organizational publics (customers, shareholders, suppliers, competitors and employers). Functionally focused values deal with such issues as product quality, customer service and innovation. The second type is **Elitist values**. These values view the primacy or superiority of the firm's membership, products, or services as an end in itself. They emphasize a strong sense of pride in the organization, its membership or its output.

Values may further be classified into **Strategic values** and **Operative values.** Strategic values have a strategic focus. For example 'Customer service' as value may serve a strategic advantage over competitors. Operative values are those that are operational for day to day work. 'Participation' is a value which may become part of every day decision-making. Yet another classification of values may be **Work values** and **Relationship values**. Work values are those that are related to work and work related behavior e.g. risk-taking. Relationship values are those that are concerned with inter-personal relations e.g.

open mindedness.

Values in action

A value is acted upon, performed and carried out. Thus, what a person does reflects his values. The importance of a value may be judged in terms of how much time and effort one spends on it. When workers in a Japanese company spend time after normal working hours to discuss work and in particular quality in 'quality circles', they attach great value to 'quality'. It is a value in action. When values are acted upon repeatedly, they become life pattern. And the stronger it is, the more it influences one's way of doing things. People who hold 'work' as a value for example, get up early to go to work; relaxation breaks are short; meals are strictly functional; work is valued over family life. Similarly people who value health, do regular excercises, eat moderately and have periodic health check- ups. A value that becomes a pattern of life manifests itself in all aspects of one's existence : in dress, in friends selected; in spending time; in one's career; in the way one relates to others, says Maury Smith (10). People who dedicate themselves to their values experience joy, regardless of the problems, difficulties, or sacrifices they encounter. When 'Achievement' for example, is a value, people single mindedly work towards achieving a goal no matter what hardship they undergo. Values are, by their nature goal directed.

'Truly accepted values must infuse the organization at many levels' wrote Philip Selznick, 'affecting the perspective

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and attitudes of personnel, the relative importance of staff activities, the distribution of authority, relations with outside groups, and many other matters'. (26) 'To be infused with values is to have corporate integrity based on common commitments. Not everyone has the same tasks to do or the same authority, but everyone possesses a firm knowledge that they are part of the same organization and contributing in different ways to shared goals' says Charles S. McCoy. (182)

Values as parameters

A value based approach to predict patterns of corporate culture stems from the conviction that a set of organizational values acts as the nucleus of the culture of an organization. However, a practical difficulty in this approach is to identify organizationally relevant values that are operational and which pervade down and across organizations. Once this primary task is completed, then with the help of an appropriate methodology, it becomes easier to ascertain the extent to which those values are shared and practised by most members. The methodology may vary depending upon the investigator. Survey questionnaires, observations, critical incident methods, case studies are some of the methods available.

Suggested methodology

A survey questionnaire method is suggested here to measure the level of consensus members have among themselves with respect to a set of organizational values.

Though several authors have suggested that corporate values are mainly imposed by managers through their behavior, leadership practices, implementation of symbols and personal style, etc. (Peters and Waterman, 1982; Deal and Kennedy, 1982; Melin, 1982; Bhatia, 1986; Kirkbride and Wan Chaw, 1987) it would be more appropriate to say in this context that the corporate values are better perceived by managers than other employees in an organization. Moreover, diagnosing the culture of the total organization may call for an assessment of the extent to which corporate values have percolated down and across an organization. In other words, the assessment of the level of consensus on values they are expected to practise in their functioning. Higher the level of consensus, stronger the culture and lower the consensus weaker the culture.

In using the value-based approach to diagnose culture there are at least three key issues to be considered:

1. Test instruments developed and found suitable in one country need not necessarily produce reliable results when applied in another country. This is obviously due to cultural differences between countries.

2. It is preferable that employees from all levels of an organization participate in the culture diagnosis process. Therefore, restricting the respondents to the survey to managerial personnel only should be avoided.

3. Employee's personal value orientations need not coincide with the organizations' value ori-

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entation which members are expected to share. In fact there could be a culture gap. Hence, it may mot be appropriate to judge an organization's culture on the basis of value preference of individual members.

Taking into consideration the foregoing issues raised, a survey instrument may be prepared. The biggest challenge, however, is choosing the right values to be included in the instrument. Right values mean those values that are organizationally relevant and also that are measurable through a survey instrument.

In choosing the values for the purpose, it is suggested that two sets of values be used viz, a list of work-related values and a list of relationship values. Some examples of work related values are: perfection, creativity and achievement. Examples of person-related values are; trust, participation and openmindedness. It is generally believed that these two sets of values have a comprehensive coverage of most of the organizational activities members may perform. This classification is somewhat similar to the approach adopted by Blake and Mouton in the Management Grid to determine leadership styles based on two dimensions: concern for production and concern for people.

Finally, depending upon the level of consensus members have in respect to work related values and relationship values, culture patterns can be identified. At least five patterns can clearly emerge by using the methodoloy. The following diagram illustrates the five patterns:

'SHARED VALUES' AND CULTURAL PATTERNS
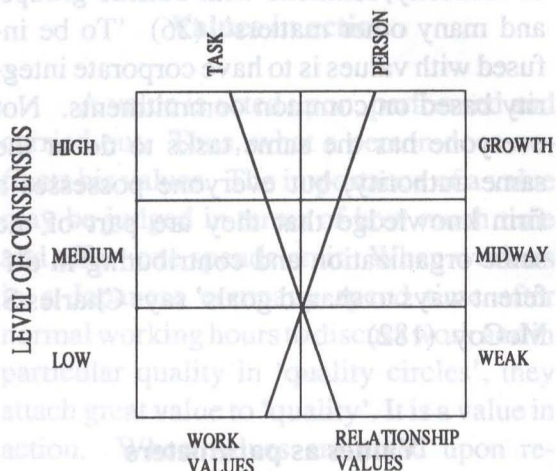
1. **Growth Centred Culture**: There is high level of consensus both in respect of work related values and relationship values. In such organizations, the culture is considered to be strong and growth oriented.

2. **Midway Culture**: There is moderate level of consensus both inrespect of work related and relationship values. It is neither strong nor weak. Such organizations are in the midway process of developing a strong culture.

3. **Weak Culture**: There is low consensus of the values of both types. This presents a weak culture. It may represent a declining trend. Such organizations are not likely to have a common understanding of the way of doing things.

4. **Task Centred Culture**: There is high consensus in respect of work related values but low consensus in respect of relationship values. Such organizations provide an environment for

work and performance but have very little concern for people and their quality of work life.

5. **Person Centred Culture:** There is high level of consensus for relationship values and low level of consensus for work related values. Such organizations recognize the importance of relationship values but neglect the value of efficiency of task performance.

Conclusion

Corporate culture influences the internal psychological climate of an organization. This superordinate dimension of corporate worklife has significant impact on employees motivation and morale. Japanese management philosophy emphasises 'family feeling' and 'team spirit'.

Many succussful American corporations also advocate the same spirit. If such an internal climate is necessary for organizational success, then the association between culture and organizational effectiveness has to be firmly established. There have been research findings that a strong culture is associated with higher levels of performance. For the same reason, the author tested the association between culture patterns using the suggested methodology and the level of organizational effectiveness in an empirical study of selected industrial organizations in the south Indian city of Madras. The results revealed that there is significant association among the patterns of culture (based on values) and organizational effectiveness. Growth centered cultures have been found to have significantly higher levels of organizational effectiveness while weak cultures have been found to have lower levels of organizational effectiveness.

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