

The Importance of Organisational Values

Part 3: Choosing and implementing organisational values

by

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This is the third in a series of articles exploring the power of organisational values and their potential influence - positive and negative - on an organisation's ability to sustain its performance over time. The series is underpinned by empirical evidence gathered through an important, year long piece of work to produce a business strategy for the Solicitor's Office of HM Customs & Excise. In the first article we considered 'value congruence'. We provided some empirical evidence that the alignment of individual and organisational values does matter to employees. Moreover, we concluded that the degree of alignment is associated directly with employee satisfaction. In article two we examined the nature of values; how individual and organisational values differ and described a process for discovering the values which are important to people. So, you know 'value congruence' matters. You're armed with data about the values people hold and their views about organisational values. What should you do next?

Deliberately choosing values: an organisational dilemma

Personal values, which we defined as "Underlying and relatively stable dispositions which people use to guide their actions and decisions and to help them make judgements about what is right and wrong" can only be the product of upbringing and socialisation, with purely individual differences stemming from personality characteristics also having a bearing. In adult life it is often a worthwhile process of self development to spend some time **clarifying** one's values: reviewing and reflecting on what is really important to you in an enduring way. It is not really a meaningful thing to **choose** values.

Organisational values however may be different. The classic route to the development of organisational values is the influence of the 'founder'. Peter Anthony¹ argues that the distinctive cultures that exist in companies such as ICI, Marks & Spencers, and Ford Motors

were not acquired out of deliberate effort or attention but established by their founders and sedimented further by the personalities and transforming activities of their inheritors.

In a similar way, Collins and Porras² use convincing examples of values derived from the personal convictions of Robert W. Johnson Jr. (Johnson & Johnson); George Merck II (Merck); Thomas J. Watson Jr. (IBM); and David Packard and Bob Hewlett (Hewlett-Packard) - all founders or leaders at one time or another of their respective companies.

Blessing/White³ refer to this as an 'organisational legacy' whereby generations of CEOs preside over the 'values legacy', inheriting the company's core values from their predecessor, acting as custodian and steward through their period of tenure, and then passing them onto their successor. The Blessing/White study also refers to core values having to be 'distilled': they 'cannot be created but must be discovered'. This appears to imply an anthropological stance which sees the development of shared values and beliefs in organisations akin to the natural evolution of social communities and the development of rituals and traditions. Economic organisations are, of course, smaller so the influence of the founder/leader on shaping values will be that much greater.

More recently, organisations have taken to developing and promulgating core values in the same way that mission statements and strategies are developed: by fiat from the Chief Executive, as an output from top team Awaydays, and as the product of task forces and project teams. The problem this creates is a need to then "sell" the values into the organisation

Collins and Porras make the point that "when articulating and codifying core ideology, the key step is to capture what is authentically believed...core ideology exists as an internal element, largely independent of the external environment". Similarly, Blessing/White say: "the key is to capture what is authentically believed, not what other companies select as their values or what the outside world thinks should be the values". This kind of thinking was certainly the starting point for the work described here, but our experience shows that it is helpful but at the same time too simplistic.

In summary, the findings of the Solicitor's Office values survey – undertaken to discover precisely "what people authentically believed" - were that :

- ⇒ A majority wanted to have explicit values and thought it was important to work for an organisation which in tune with their personal values. A significant minority thought the Office was not presently in tune with their personal values.
- ⇒ There was support for the Department's values but these were not the most supported values and hence there was implicit support for additional values for the Office.
- ⇒ People valued professionalism and Staff well being very highly although these were not officially espoused values.
- ⇒ They felt that staff well being in particular was not being delivered against.
- ⇒ They did not seem to see as important a cluster of values which were increasingly being seen as critical to the future development of the Department and to the Civil Service as a whole: continuous improvement, innovation and diversity.

The process of values choice

It became clear to us that discovering the values that people held was only the first step in the process and the model below describes the process as a whole as we came to understand it.

VALUES CHOICE PROCESS



Measuring and describing the values people hold is the critical first step. But it is incomplete without the next step which is to diagnose what the answers mean. In the light of the data and diagnosis it becomes possible to make an informed and grounded choice of the values to which the organisation will subscribe. However, the process does not end there – the chosen values still need to be embedded into the organisation.

Diagnosis

The first impetus to diagnosis came from the discovery that employees in Solicitor's Office appeared not to share some values increasingly being seen as vital by Customs and the Civil Service generally to the future health and effectiveness of the organisation.

On the other hand, Solicitor's Office employees identified professionalism as their top personal and organisational value. This is not a surprising result from an office where over 50% of staff are qualified legal 'professionals'. But is this group of professionals really saying to us that they do not believe that continuously improving the delivery of legal services is part and parcel of 'professionalism'? And how can 'service to clients' – also rated in the top group - be disconnected from continuous improvement? Do they really not believe there is scope for innovation within a legal office? And what about 'diversity' How can the organisation with possibly the most diverse workforce in Customs rate this value of such low importance?

A survey can only serve to unearth a number of new questions that would otherwise remain buried: the task of the diagnostic stage is to explore these questions and find answers. Solicitor's Office followed up on the survey with small focus groups which considered these specific issues. The findings were illuminating. For example, on diversity, employees were simply not familiar with the term. 'Diversity' had been interpreted in a wide variety of ways as staff attempted to guess at what the survey was attempting to measure. On closer examination, therefore, a low score for 'diversity' simply indicated a lack of understanding rather than a lack of perceived importance.

Similarly, the apparent rejection of 'continuous improvement' was explained at the focus groups first as a rejection of 'management speak' and secondly, of a past history afflicted by 'reviewitis' - where reviews and initiatives had been instigated but, from their perspective, never brought to fruition. In voting down continuous improvement, staff were not saying they did not believe it important that they and the Office strive to improve and aim for the highest standards. They were giving vent to frustrations born of their personal experience of how change had been managed in the past. This was not about too much change. Rather it was about too much illusion of change - manifested through a seemingly endless cycle of reviews with little sign of improvement to the core business.

Clearly, there were important messages here for Solicitor's Office senior management. But what the survey had provided was evidence that there existed a strong foundation of shared values on which to build. Employees connected with the Department's values. Employees also saw 'professionalism' as perhaps the core value underpinning everything they did. And when put in context, an apparent resistance to change was more about the way change had been managed and a collective desire to see it managed better in future.

The other piece of diagnostic work concerned the Staff well being value. Staff at all levels were invited to attend, on a wholly voluntary basis, a series of workshops, facilitated by two of the Office's senior management team. Confidentiality was stressed from the outset and participants were encouraged to speak openly about how they had rated the Staff well being value and why. The results were fascinating. Staff at the workshops generally thought highly of their managers *as people* and offered examples of how they had received authentic support during difficult times in their professional and personal lives. However, they were much less

happy with their managers *as managers* and were fiercely critical of the way they perceived decisions to be taken without consultation or, indeed, an opportunity for input of any sort. Through discussion there emerged a recognition that management did genuinely believe that it put considerable effort into behaving inclusively in its decision making. This was not reflected in the experiences of staff. Lack of effective, managed communication - compounded by a lack of communication skills in some individuals - often gave rise to and fuelled the negative perceptions of staff. Clearly, any future strategy would have to include action to raise the profile of the management function, improve the skills of some individual managers and the communication process, particularly in regard to the communication of decisions.

Deciding

The decision on the 'choice' of values - particularly if consideration is being given to 're-framing' existing values already made explicit - requires a rich process of discussion and debate. A detached, objective analytical approach will not suffice - values are by their nature deeply felt and as such decisions over 'choice' must balance equally the rational and the emotional response.

For Solicitor's Office, a pure analytical reading of the survey results would produce a clear outcome:

- retain the Departmental core values - all were reasonably supported;
- add as new Office values 'professionalism'; 'service to clients'; and 'Staff well being' - all of which scored highly in the survey, confirming a shared value-base across the Office.

However, the 'rich' discussion and debate that followed produced a different outcome. 'Professionalism' was accepted as a strong candidate for an additional core value. The other two were described in the emerging values statement as the 'operating principles' of the Office, important but not core. Why was this?

The reason, at its most piercingly simplistic, is that these 'values' both require definition in a way that 'Professionalism' does not. For example, on 'service to clients', there exists a range of views on the identity of the Office's primary clients. Most would agree that the Chairman

and the Board are primary clients. But what about individual Board members who have their own functional responsibilities and priorities? And then there are the Administrators and the Investigators to whom the lawyers in the Office individually provide services in the form of legal advice? Here, the Office's objectivity and independence is vital and advice given may not always sit well with the 'client'. 'Service to clients' is an important concept. But it requires definition, explanation and parameters in a way that 'professionalism' - immediately understood by everyone at an emotional level - does not.

Similarly, 'Staff well being' is all things to all staff - decent accommodation; respect shown by management and colleagues; a fair rate for the job; opportunities for self-expression and development and so on. All laudable aspirations. But again requiring description and definition. And we must not forget that businesses often have to take tough decisions that will impact on staff. How these are communicated and managed says a lot about an organisation's core values. But by adopting 'Staff well being' as a core value, an organisation is at risk of having to defend any and all business decisions that have an HR impact (and how many don't!), constantly re-defining 'Staff well being' to an increasingly sceptical workforce. Core values are 'simple, clear, straightforward and powerful'². If they require definition, clarification, explanation, supporting statements and analysis they are not core. Better, in our view, to express these as principles, aims, aspirations, standards, goals or objectives.

Embedding

Becoming 'values-driven' is not something to be entered into lightly. As Collins and Porras reiterate throughout *Built to Last*, articulating your core values is only the starting point. As they say: "far and away the biggest mistake managers make is ignoring the crucial importance of alignment". And alignment will not happen by itself, at least not quickly.

The potential power of achieving 'value congruence' is only likely to be realised from within a wider business strategy which establishes and aligns objectives with tangible mechanisms designed to:

- achieve your business objectives; and
- promote behaviours associated with your core values; and

- remove processes that conflict with your core values.

To become a 'values-driven' business, therefore, you will need to pay attention to:

- ⇒ the selection process to ensure that it presents the right message and is likely to attract the right people.
- ⇒ induction and other training programmes to ensure that new recruits especially are given a clear initial steer about the values which are seen as important;
- ⇒ the criteria used to guide recruitment; appointment; advancement; succession; retention and release decisions;
- ⇒ incentives and rewards;
- ⇒ penalties and sanctions;
- ⇒ standards behaviour of management, especially senior management;
- ⇒ environmental and other 'hygiene' factors;

In the case of Solicitor's Office, the Values Survey was undertaken as part of a wider project to develop a vision and business strategy for the organisation. A description of the full project is the subject of the final article in this series. But the results of the survey proved to be crucial in helping the Office setting its strategic goals. The table below shows an extract from the Office's emerging strategy document. The document sets tangible outcome-based performance targets aligned to the organisation's vision and values statement. For each target, a member of the Solicitor's Management Group has taken personal responsibility and will be held to account for its achievement. These targets will both require and drive changes to most, if not all, of the processes outlined above.

| Objective | Drives changes to: |
|--|--|
| To establish by 2005 a reputation amongst those with whom we deal as a change-oriented and innovative organisation. | Customer facing processes; training; approach to risk management |
| To achieve a year on year increase in the % of staff who feel that they are equipped to deliver performance to a high standard; motivated and engaged by their work; and focused on meeting standards agreed with those with whom they work. | Training; technical and environmental support; management behaviour |
| To ensure that by April 2003 all of our established managers will have achieved recognised accreditation of their management skills and those new to management will be seeking to achieve accreditation. | Management culture; performance management systems; incentivisation and reward mechanisms |
| To achieve a year on year improvement in the level of services provided by and the performance of our staff as measured by the EFQM model. | Training; incentivisation mechanisms |
| To achieve a year on year increase in the % of staff who feel valued for their individual contribution and that they work in an organisation free of prejudice. | Incentivisation and reward mechanisms; management culture; training. |

Outcome-based Performance Targets: Extract from Solicitor's Office Strategy

Conclusions

We believe that the core values of your organisation exist whether or not you or your predecessors have made them explicit. They are bound into the fabric of your organisation. They probably bear the hallmarks of the founder of your organisation. They will have shaped and have been shaped by, the organisational processes; procedures and practices that are now part and parcel of your organisational life. And they will be revealed and reinforced by behaviours; traditions; rituals; and myth telling which have come to define 'the way we do things around here'.

We also believe that you **will** discover an alignment of some personal values with the organisational values. These are your touchstones. But some will not align. We do not believe you should disregard these. Nor do we believe that embarking on a marketing exercise driven by the new values statement which contains values which you know have little resonance for your workforce is likely to be productive. We do believe that it would be well worth exploring the context of the apparent mis-alignment and if appropriate describing these values in different terms - terms that help connect them with your aligned values.

Finally, the determining factor in whether or not you can become a 'values-driven' business is how successful you are in translating you core values - and those your workforce might not see as core but are nevertheless important to you - into behavioural patterns that begin to transform performance. You may decide to do this by setting stretching performance targets or goals - as the Solicitor's Office has done. Alternatively, you may decide to introduce self-

improvement programmes or target specific systems for change. Ultimately, however, you may never instil within your people a belief that 'continuous improvement' is good for them. But what you want is your people engaged in the business of continually improving - what they produce and how they produce it. If you can achieve the behavioural change required then perhaps that is sufficient.

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¹ Peter Anthony, *Managing Culture*, Open University Press, 1994.p29.

² James C Collins & Jerry I Porras, *Built to Last*, paperback edition, 1997.

³ Des Dearlove and Stephen Coomber, *Heart and Soul*, Blessing/White, 1999, p8.