

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

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## VALUES FOR CORPORATE DEVELOPMENT

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**ABSTRACT**

*In the modern era of technological advancements, market fluctuations, and fierce competition businesses are finding it harder to survive. Many companies fall by the wayside unable to take the heat. Many others have not only survived but grown continually and emerged as successful global institutions. Has 'values' any part to play in this? If we go by what Tom Peters & Robert Waterman observe in their seminal management book "In Search of Excellence" based on their research of the top Fortune 500 companies in the world, then it appears to be so: "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 the right sort of values." The research examined the role of values in shaping corporate institutions. Who sets the values? At what level in the organisation do values need to be applied? To what extent do they determine the longevity and continued success of organisations? The second part looked at different types of values. It examined the nature of Core values and how it differs from Strategies used by companies - which is more essential for corporate growth? Some of the key values like Action, Direction, Objectivity, Self control, Gratitude and Service were analysed with examples taken from companies to see if they work. These companies were multinationals such as IBM, Tata, GM, BT, John Lewis and others who've weathered the storm and established themselves as role models for future organisations. Establishing a strong base of values within the business is the best way to most effectively meet the dual interests of successful long term financial performance and also meeting the growing expectations for social and environmental responsibility. Without one, it can be a lot harder to achieve goals across the organisation, even if you have some successful programmes and certain leading business units that exemplify best practice. Getting it right can win all sorts of benefits:*

- *Employees who are loyal and supportive of the company, and more likely to stay if offered an equivalent position elsewhere*
- *Customers who are more likely to trust the company – because whenever they look they see the company's employees doing the right thing*
- *Suppliers who believe in the company's integrity*
- *Enhanced relationships with investors, who may see that the company runs less risk of corporate scandals or controversies*
- *Good relationships with government and local communities that begin to see the company as a good neighbour*

*To change a corporate culture from one of no values to a values driven company requires full and consistent commitment from the top, excellent communication throughout the organisation and empowerment of staff to begin to use the values as their guide for making decisions. Even with all of these factors, it takes time to change – time that may be in short supply for the modern top CEO whose tenure in any one position has become fairly short term.*

**KEYWORDS**

Action, corporate development, objectivity, service, values.

**ROLE OF VALUES**

Values can be defined in general as 'Principles or standards of behaviour' (Oxford Dictionary). Since we are looking at values specifically in the context of its role in the development of corporate organisations, we can define values as, 'important and enduring beliefs or ideals shared by the members of a culture about what is good or desirable and what is not. Values exert major influence on the behaviour of an individual and serve as broad guidelines in all situations' (<http://www.businessdictionary.com/>). To acknowledge some feature of things as a value is to take it into account in decision making, or in other words to be inclined to advance it as a consideration in influencing choice and guiding oneself and others. Corporate development is the 'systematic use of scientific and technical knowledge to meet specific objectives or requirements in the corporate environment.' Corporate development involves three processes: development of cognitive (thinking, idea generation, and decision making) highlighted as 'Purpose' in the diagram below; behavioural (choosing appropriate attitudes and values) indicated as 'People' and environmental (suited management style to the situation) skills, found as 'Process' below. Values play a vital role in developing all of the above.

**THE PURPOSE, PEOPLE AND PROCESS MODEL**

For businesses to be successful, it is necessary that the three critical dimensions of purpose, people and process are clearly aligned and work synergistically throughout the organisation at the strategic, tactical and operational levels.



([http://www.in-corporate.eu/our\\_approach/purpose\\_people\\_process\\_model.html](http://www.in-corporate.eu/our_approach/purpose_people_process_model.html). 2007 )

Over the years the corporate organisations have evolved to become one of the major forces directing the societies. They seem to permeate into every facet of life. In fact societies seem to have become largely dependent on the way these organisations operate. Any decisions they take affects the society at large – right from influencing wealth generation to influencing people’s choices.

Corporate values are shaped by a handful of people who are guardians of the vision and the shapers of the corporate conscience. It is especially the role of the chief executive to define the character of the business and to establish the corporate values system/ culture. A corporation can instil within its basic policy structure and patterns of behaviour a corporate culture, a corporate value system that can prevail. But values have to be understood and implemented at every level of the organisation. When practised earnestly, values build material prosperity for the company, their shareholders and further stabilises the larger financial system. Secondly it promotes personal growth of the management and workforce who would be able to translate these values into the larger society they relate to.

Individuals drive an organisation. It is their initiative, skill, enthusiasm and creativity that shape the unit. They are its brain, nerve centre, heart and limbs. They play different roles as the management, labour, shareholders and consumers. And each one of them is crucial to the success of the organisation. Then the question arises, what drives individuals? This is where the role of values becomes crucial. Whatever ‘value’ the individuals cherish would be the driving force behind their actions. They would aspire to live up to the ideals they have set and inspire other members of the unit to imbibe it thus creating a work ethic in the organisation.

Most executives are nervous about discussing organizational values. Many are downright cynical, and believe that shared values are something that manager’s talk about to make their staff feel good but that has no bearing on performance.

Recent research indicates that shared values do in fact provide a framework within which people make decisions and take actions that ultimately affect the performance of their organizations. Values evolve as an organization tackles and solves the problems it faces. They are not always articulated. Some are so fundamental to human nature, to a company, or to an industry that people are not even conscious of them.

The CEO of Xerox, Anne Mulcahy reported at a keynote address to the Business for Social Responsibility annual conference in New York, USA: “corporate values helped save Xerox during the worst crisis in our history, and living our values has been one of Xerox’s five performance objectives for the past several years.”

(<http://www.strategy-business.com/article/05206?gko=7869b-1876-9176155>, Summer 2005)

Jaffe & Scott observe in their book, ‘Values: The Organisation’s Cultural Bedrock’, “Values represent an organising principle for our lives and for our organisation. What is most important for us to accomplish and to do at work, in our family and in our personal life and career can be described in relation to the values that we want to achieve... Values are sources of strength as they give people the power to take action... The highest achievement of people and organisations arise when they feel inspired to accomplish something that fits their highest values.”

Therefore the value of Values is:

1. Motivating Commitment – Values connect employees and their organisation. Values link individual effort to the whole organisation. And can help employees find meaning and purpose in what they do.
2. Aligning Action – Values establish a common guide for decision-making and reduce the need for specific rules to cover every situation. Values offer a set of guiding principles for all actions, relationships and decisions.
3. Transcending Conflict – Values represent the set of standards and ideals to be upheld in the organisation and can be used as a way to resolve individual and group conflict and determine appropriate behaviour.

(<http://www.breakthroughsunlimited.com/values.articulation/values7.htm>)

## STANDARD OF GROWTH X STANDARD OF VALUES

Two factors that constitute a corporate organisation are the standard of growth & standard of values. A healthy organisation is dependent upon the development of both these facets. But an organisation devoid of a value system and merely looking to generate profits falls into a state of imbalance which would ultimately lead to downfall of the unit. Values act much like the foundation of a building – one does not see its role immediately. One may admire the look, shape and size of the building but that is possible because of the foundation. Though apparently not seen, the foundation holds the building together. Similarly the value of values is hard to measure. Hence Albert Einstein (1879 – 1955), the world renowned physicist remarks: “Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.” (<http://www.valuequotes.net/chronological.html>). Stronger the values greater would be the stability and longevity of the organisation. In sheer ignorance some companies ignore values and focus on mere growth and profits. They pay a heavy price - instability, corrupt practises leading to extinction of the organisation. Henry Ford 1863 – 1947, American industrialist observes: “A business that makes nothing but money is a poor kind of business.” (<http://www.valuequotes.net/chronological.html>, Jan 08)



**TYPES OF VALUES**

Values may be grouped into various categories depending upon the area of application. At a personal level there are Healthy values, Moral values, Religious & Traditional values. At the community level one can have Social values, Aesthetic values & Historic values. And at the national level Social, Economic & Political values.

Similarly corporations have a set of values to instil within its basic policy structure and patterns of behaviour a corporate culture, a corporate conscience that can prevail. These values uphold the dignity of the individual, openness to people and ideas, optimum standards of service, entrepreneurship, synergism, leadership through competence, and behaviour based on values.

Shared values affect performance in three key ways. They provide a stable base for guiding employee decisions and actions in an otherwise rapidly changing workplace; they form an integral part of an organization’s value proposition to customers and staff; and they energize people to go the extra mile for their company, thereby creating a source of competitive advantage that is hard to replicate.

Below are listed different types of values. These are considered complementary and juxtaposed on the same level if illustrated graphically on for instance an organization’s web page.

1. **Core Values**, which prescribe the attitude and character of an organisation, and are often found in sections on Code of conduct on its web page. The philosophical antecedents of these values are Virtue ethics.
2. **Protected Values** are protected through rules, standards and certifications. They are often concerned with areas such as health, environment and safety.
3. **Created Values** are values that stakeholders, including the shareholders expect in return for their contributions to the firm. These values are subject to trade-off by decision-makers or bargaining processes.  
Wenstøp, F. and A. Myrmel (2006). "Structuring organizational value statements" Management Research News 29(11): 673 - 683.
4. **Instrumental Value** (or **extrinsic value, contributory value**) is the value of objects, both physical objects and abstract objects, not as ends-in-themselves but a means of achieving something else. These are values that can be used to get something else. In other words the value is an instrument which allows you to get some other things. It is often contrasted with items of intrinsic value. ([http://en.wikipedia.org/wiki/Instrumental\\_value](http://en.wikipedia.org/wiki/Instrumental_value), Jan 09)
5. **Intrinsic value** is generally defined as the inherent worth of something, independent of its value to anyone or anything else. Something has intrinsic worth simply because of what it is and not necessarily what it will lead to or because of its acceptance. (<http://cnx.org/content/m12160/latest/>, July 04)
6. **Prerequisite Values:** These are values that are necessary before you can get to some bigger goal. It is similar to the prerequisite course that you must take in order to get to the more advanced course. Some good examples of this type of value include safety (which is needed before people can even think about having anything else), Justice (which is needed before we can move onto equality), or the common good (which must be honoured if we can ever get to a state of peace).

(Ref: Lincoln-Douglas Debate) ([www.mcsoh.org/mhs/langarts/quade/values.doc](http://www.mcsoh.org/mhs/langarts/quade/values.doc), Sep 08)

**CORE VALUES**

‘Core values’ are defined as: operating philosophies or principles that guide an organization's internal conduct as well as its relationship with the external world. Core values are usually summarized in the mission statement or in the statement of core values. ([businessdictionary.com](http://businessdictionary.com))

**What would you expect to find in a core values statement?**

There is no ‘one size fits all’. However, factors that often come up in values statements include:

- Treating employees fairly, equitably and with respect
- Operating ethically and with integrity
- Observing key standards of human rights, and keeping within the law
- Protecting the environment for future generations
- Being a responsible neighbour in the community.

Core values are a high level statement that describes how the company behaves. It is not a mission statement that describes what task the company aims to fulfill. Neither is it a set of commercial objectives. The rule of thumb is that if it describes time limited objectives, task-oriented goals, or aspirations of achievement then it is a mission statement or goals. Core values are about how and what the company stands for and how its employees behave. They are about framing a role for the business that gives it a purpose beyond profit. ([http://www.bitc.org.uk/resources/publications/corporate\\_values.html](http://www.bitc.org.uk/resources/publications/corporate_values.html))

The core values of an organization are those values we hold which form the foundation on which we perform work and conduct ourselves. We have an entire universe of values, but some of them are so primary, so important to us that through out the changes in society, government, politics, and technology they are still the core values we will abide by. In an ever-changing world, core values are constant. Core values are not descriptions of the work we do or the strategies we employ to accomplish our mission. The values underlie our work, how we interact with each other, and which strategies we employ to fulfil our mission. The core values are the basic elements of how we go about our work. They are the practices we use (or should be using) every day in everything we do.

|  |   |
|--|---|
| <p><b>CORE VALUES</b></p> <ul style="list-style-type: none"> <li>• Govern personal relationships</li> <li>• Guide business processes</li> <li>• Clarify who we are</li> <li>• Articulate what we stand for</li> <li>• Help explain why we do business the way we do</li> <li>• Guide us on how to teach</li> <li>• Inform us on how to reward</li> <li>• Guide us in making decisions</li> <li>• Underpin the whole organisation</li> <li>• Require no external justification</li> <li>• Essential tenets</li> </ul> | <p><b>CORE VALUES ARE NOT:</b></p> <ul style="list-style-type: none"> <li>• Operating practices</li> <li>• Business strategies</li> <li>• Cultural norms</li> <li>• Competencies</li> <li>• Changed in response to market/ administrative changes</li> <li>• Used individually</li> </ul> |
|--|---|

(<http://www.nps.gov/training/uc/whcv.htm>)

In a visionary company, the core values need no rational or external justification. Nor do they sway with the trends and fads of the day. Nor even do they shift in response to the changing market.

(Collins & Perras: “Built to Last – Successful Habits of Visionary Companies”)

## CORPORATE STRATEGY

Corporate Strategy is the approach to future that involves (1) examination of the current and anticipated factors associated with customers and competitors (external environment) and the firm itself (internal environment), (2) envisioning a new or effective role for the firm in a creative manner, and (3) aligning policies, practices, and resources to realize that vision. ([www.businessdictionary.com](http://www.businessdictionary.com))

Corporate Strategy is a means to an end. It is there to serve core values. For example: Bank of England may increase or decrease taxes, increase or decrease inflation but all that is done to uphold their two core values: monetary stability and financial stability.

Core values remain stable over long periods of time and would further include Intrinsic and Instrumental values. Strategies are the fundamental business concepts that cause customers to prefer a firm's products or services to those of its competitors. It may have to be adapted, modified and tailored to suit current economic conditions, labour market, product demand etc. Strategies provide short term gains and Core values lead to long term growth. But if there is total reliance of strategy to the neglect of core values then greed, corruption and unethical practises take over. At the same time only adherence to core values would make the company inflexible, rigid and unable to keep up with the competition. A good corporation is one which is able to strike the right balance between core values and strategy.

British Telecom, BT Group, is the largest communications service provider in the United Kingdom. It is also one of the largest communication companies in the world.

Its strategy is outlined as: "We build long-term partnerships with our customers. With their support, we can maximise the potential of our traditional business, through a combination of enhanced quality of service, creative marketing, innovative pricing and cost efficiency. At the same time, we'll pursue profitable growth by migrating our customers to new wave products and services, such as ICT (information communications technology), broadband, mobility and managed services."

In contrast its core values are:

- Trustworthy - we do what we say we will
- Helpful - we work as one team
- Inspiring - we create new possibilities
- Straightforward - we make things clear
- Heart - we believe in what we do

(<http://www.btconferencing.com/btc/company/values.asp>)

## KEY CORE VALUES

### ACTION

Action is the insignia of a work environment, the heart and soul of every business. More action, more productivity leads to more prosperity. A report published by the ILO – International Labour Organisation reports that the workers in the United States had the maximum working hours and the United States still leads the world in terms of productivity. ([http://www.chinadaily.com.cn/en/doc/2003-09/01/content\\_260191.htm](http://www.chinadaily.com.cn/en/doc/2003-09/01/content_260191.htm), Sep 03). Action keeps the minds of the workers fresh. Like you find the water in flowing rivers is clean and fresh while stagnant ponds collect dirt and breed germs. Other qualities come forth from being active. For example one of Tata's (India's largest business group and multinational company) core values is *Excellence* and they describe it as: "We must constantly strive to achieve the highest possible standards in our day-to-day work and in the quality of the goods and services we provide." (<http://www.tata.co.in/aboutus/articles/inside.aspx?artid=CKdRrD5ZDV4=>). General Motors, the world's largest automaker adopts the Japanese principle of 'Kaizen' which means *Continuous Improvement* as one of their core values: "We will set ambitious goals, stretch to meet them, and then "raise the bar" again and again. We believe that everything can be done better, faster, and more effectively in a learning environment."

([http://www.gm.com/corporate/responsibility/reports/06/300\\_company/2\\_twenty/320.html](http://www.gm.com/corporate/responsibility/reports/06/300_company/2_twenty/320.html), 2007)

### DIRECTION

- True productivity is achieved when actions are guided by a purpose. The purpose, goal or ideal gives the direction to the action. This is achieved by the alignment of the interests and actions of every employee towards the clearly stated and communicated key goals of the organisation. Johnson & Johnson is a global American pharmaceutical, medical devices and consumer packaged goods manufacturer founded in 1886. Johnson & Johnson is known for its corporate reputation, consistently ranking as the world's most respected company by *Barron's Magazine*. Its products are sold in over 175 countries. They are guided in everything they do by 'Our Credo', a management document authored more than 60 years ago.

([http://en.wikipedia.org/wiki/Johnson\\_&\\_Johnson](http://en.wikipedia.org/wiki/Johnson_&_Johnson), May 2009)

According to their website this document has given them the direction that has made them successful: "The overarching philosophy that guides our business is Our Credo, a deeply held set of values that have served as the strategic and moral compass for generations of Johnson & Johnson leaders and employees." (<http://www.jnj.com/connect/about-jnj/management-approach/>). Dell, Inc. is a multinational technology corporation that develops, manufactures, sells, and supports personal computers and other computer-related products. Dell grew during the 1980s and 1990s to become (for a time) the largest seller of PCs and servers. (<http://en.wikipedia.org/wiki/Dell>, Jan 09) But there was a time when the company's growth stopped. Dell's share prices tumbled and the employees lost motivation and interest in the organisation. Kevin Rollins, the CEO remarks: "I realized that we had created a culture of stock price, a culture of financial performance, and a culture of 'what's in it for me?' throughout our employee base." Then he went about setting a direction: "There had to be something more in this institution that we loved and enjoyed than just making money or just having a stock price that went up." What kind of company do we want to be? What is our aspiration? What would a new winning culture look like here at Dell?" Indeed, the company's resurgence and sustained growth during the past several years owes much to its leaders' insight that something fundamental needed to be reformed: Dell's soul.

([http://www.bitc.org.uk/resources/publications/corporate\\_values.html](http://www.bitc.org.uk/resources/publications/corporate_values.html), Feb 2009).

## OBJECTIVITY

Objectivity is defined in the Business Dictionary.com: Striving (as far as possible or practicable) to reduce or eliminate biases, prejudices, or subjective evaluations by relying on verifiable data. To see things as they are, not as you would like it to be. Objectivity enables one to look beyond the daily mechanical work and see the direction in which the company is going, to appreciate the gains and anticipate the losses. Without objectivity one would function like a mere robot. Further objectivity brings innovation and creativity to work. Thereby one finds satisfaction and enthusiasm at work. The Civil Service is an integral and key part of the government of the United Kingdom. It supports the Government of the day in developing and implementing its policies, and in delivering public services. Civil servants are accountable to Ministers, who in turn are accountable to Parliament. One of its core values is 'objectivity' - basing your advice and decisions on rigorous analysis of the evidence (<http://beta.civilservice.gov.uk/about/work/vision.aspx>). Citi Institutional Consulting <http://www.citi.com>

/investconsulting/homepage/mission.htm, March 2008) & The McGraw-Hill Companies (<http://www.mcgraw-hill.com/cr/values.shtml>) also have objectivity as one of their core values. The core values of MIT – Massachusetts Institute of technology speaks of the highest standards of objectivity in its research conduct (<http://web.mit.edu/fnl/volume/196/lerman.html>), . IBM has listed 'Innovation' as their core value: "Innovation that matters, for our company and for the world." (<http://www.ibm.com/ibm/values/us/>)

### SELF CONTROL

A corporate organisation is designed to benefit not one individual but the collective organisation and the society as a whole. However there is a temptation for one or a group of executives to grab all the profits for themselves. The practise of self-control is essential to prevent this individualism taking over collectivism. Values are like the banks of a river. They keep the water in check and avoid it from overflowing and destroying the crops it has been nourishing. Similarly there is a tendency in human beings to be self-centred and individualistic. The role of values is to introduce checks to prevent this tendency from corrupting the growth of the organisation. In 'Anatomy of Greed: The Unshredded Truth from an Enron Insider' Brian Cruver highlights how a lack of values led to greed and brought down the billion dollar energy giant 'Enron', then the seventh biggest company in the world.

### GRATITUDE

The culture of gratitude is inculcated and encouraged by the management. They show their gratitude towards their employees through financial rewards, freedom to make decisions or recognition of their achievements. In some cases like the John Lewis Partnership, all their permanent employees have been given co-ownership of the business as a fundamental recognition of the gratitude for their efforts towards the organisation. In fact it is enshrined in their 'Constitution', one of very few companies to have one. John Lewis is a chain of upmarket department stores operating throughout Great Britain and popular amongst the British middle class for its high quality goods. All 69,000 permanent employees have been made partners in the business and they own the leading UK retail business. In 2007 John Lewis was voted 'Britain's Favourite Department Store'. Charlie Mayfield, Chairman of the John Lewis Partnership, said: 'This is a huge accolade for the John Lewis Partnership. I hope that all our employees, who as Partners own our business, will feel proud to see their efforts recognised in this way. It demonstrates the commitment of Partners to making our customers' experience of shopping in John Lewis stand out from the crowd.'

### SERVICE

Service is an attitude of putting others interests first - an organisation that looks after the employees interests, the staff that looks after customers interest, the management that looks after shareholder interests. This motivates the recipient and leads to satisfaction and long-term loyalty. Tesco plc is a British-based international grocery and general merchandising retail chain. It is the largest British retailer by both global sales and domestic market share with profits exceeding £2 billion. In 2008, Tesco became the world's fourth largest retailer, the first movement among the top five since 2003. It has designed a corporate steering wheel (given below) that reflects this value of service it expects from the management and employees. Its mission statement is 'Every little helps'.



Johnson & Johnson explains: Our Credo (a set of its values) challenges us to put the needs and well-being of the people we serve *first*. It also speaks to the responsibilities we have to our employees, to the communities in which we live and work and the world community, and to our shareholders. We believe Our Credo is a blueprint for long-term growth and sustainability that's as relevant today as when it was written.

In the next century, the emphasis will be on values... People will be seeking to work in organisations that allow them to bring their personal values to work, that give them an opportunity to make a positive difference in the world and allow them to become all they can be – to fulfil their potential... Organisations will then create a vital, self-actuated work force that will outperform companies operating under the old paradigm of command and control (Richard Barrett – Institutional Change & Strategy Department, World Bank) (<http://www.breakthroughsunlimited.com/values.articulation/values4.htm>)

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