

Values and Organizational Effectiveness

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Where are they today?

DAIMLER CHRYSLER

Where are they today?



TimeWarner

And recently...



People and Organizations



People and Organizations

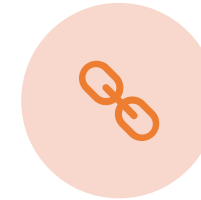
Why should we care about Values?



Psychologists study people and sociologists study organizations.



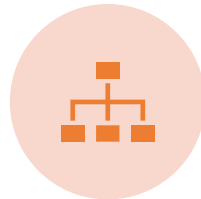
Psychologists ignore organizations; sociologists ignore people.



Values link people to organizations.



Values impact the success of both individuals and organizations.



Values are part of individual personality and organizational culture.

Values Guide Behavior in Unconscious Ways



Values Guide Behavior in Unconscious Ways

- Children unconsciously adopt their parents' political and religious beliefs, occupational, and cultural preferences—i.e., their values.
- Values are the DNA of cultural transmission—values explain the continuity of culture across generations.
- Values are mostly unconscious.
- Mark Twain: “It’s not what you don’t know that will hurt you, it is what you do know that isn’t true...”

Personality and Values

How are personality and values related?

Personality characteristics are always on—extraverts continuously seek interaction.

Values operate when choices and decisions must be made.

Personality concerns typical behavior; values concern typical choices.

How are values expressed?

Values are expressed in three ways:

1. The jobs you seek.
2. The organizations you join.
3. The culture you create for others based on what you reward and punish.

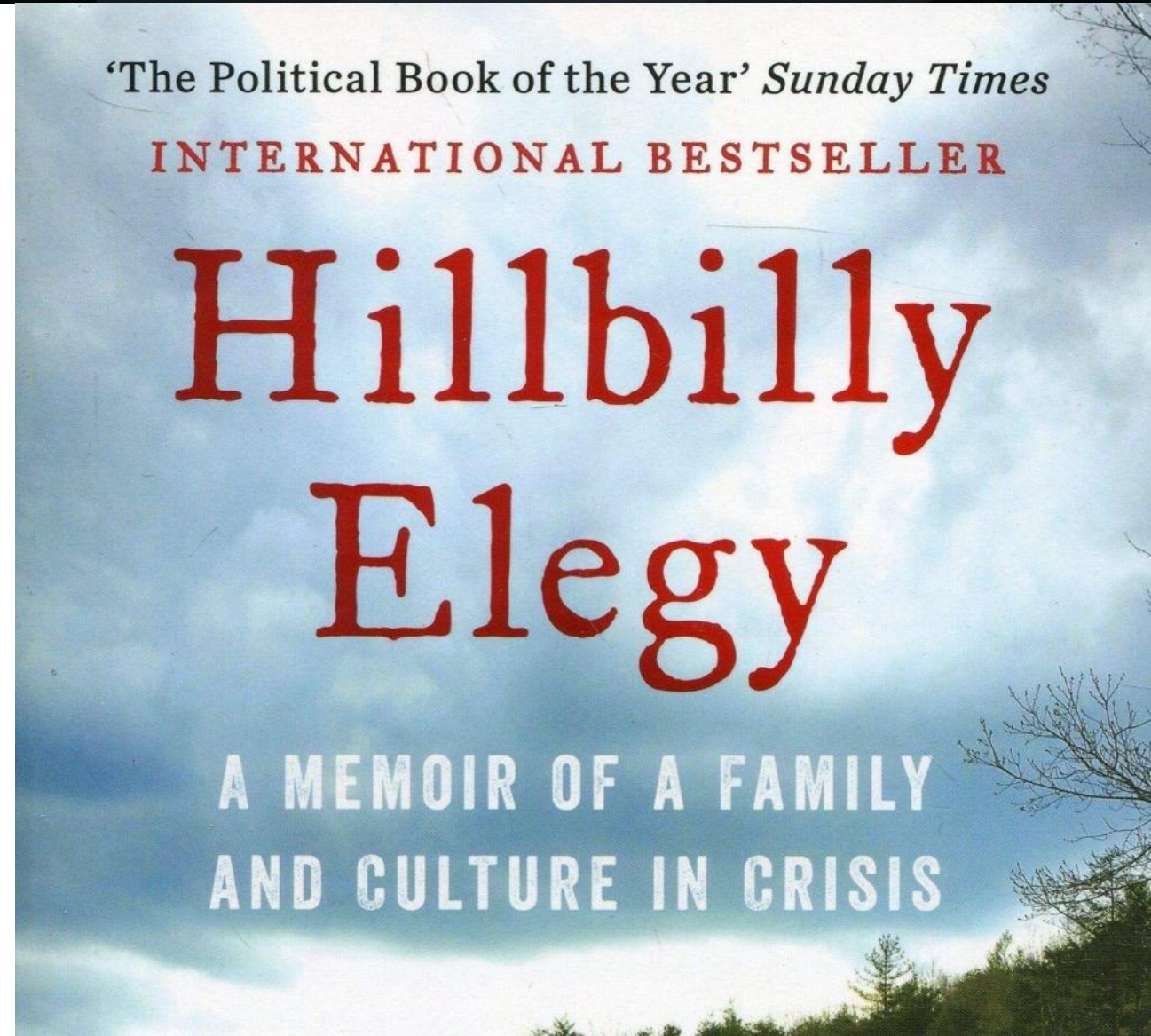
People and Organizations

- The quality of peoples' lives depends on the success of the organizations in which they live and work.
- What is good for an organization is always good for its members, but not vice versa—the free rider problem.
- Organizations are defined by their cultures—which are about values.
- Some values produce better outcomes than others.



Values and Careers

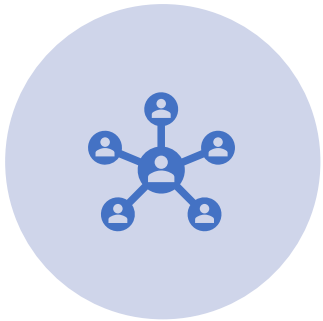
- J.D. Vance's *Hillbilly Elegy* (NY Times best seller) describes how values influence career success.
- Some values produce bad results.
- The values of poor white southerners in the US create economic misery.
- Freud's primary vs. secondary process thinking summarizes this issue.



Values and Prejudice



Values and Prejudice



Byrne's Similarity Attraction hypothesis states that we like people who share our values, and we dislike people who don't share our values.



Values create unconscious biases.



Unconscious biases are prejudice.



Values can be dangerous, leading to wars.

Evaluating Values

Not all values are equally valuable.

- Greed and selfishness are values that create self serving elites and resentful “have-nots”.

Some values produce better outcomes than others.

- In ancient Rome, poor people adopted Christian values because they produced better social outcomes than pagan values.

The Power of Values

- Values are powerful unconscious determinants of social behavior.
- How do values apply to business?

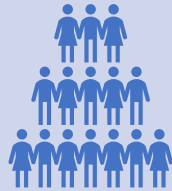


Schneider's ASA Model

Attraction
Selection
Attrition



Schneider's Attraction-Selection-Attrition model predicts that people are attracted to organizations with compatible values.



People leave organizations when their values are incompatible.



This creates “group-think” and stifles innovation.

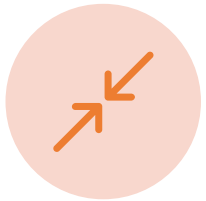
The ASA Model in Real Life

AT&T and Time Warner

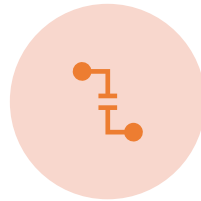


In 2018, AT&T bought Time Warner for \$100 billion.

Their values were incompatible and “A vibrant (Time Warner) culture of creative energy and success nurtured over decades was destroyed in months” (New York Times, November 20, 2022).



AT&T is an engineering firm; Time Warner was an entertainment company.



In 2022, the deal failed, \$100 billion was wasted, and AT&T sold Time Warner.



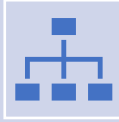
Engineers value process and control; artists value freedom and exploration.

What Happened to Boeing?

WE HAD THIS SLIDE YEARS AGO

- Between 1997 and 2017 two former GE executives Stonecipher and McNerney imposed GE values on Boeing.
- GE is a conglomerate that values short term profitability; Boeing is an engineering firm that values safety, quality, and innovation.
- Stonecipher and McNerney vowed to run Boeing “like a business, not an engineering firm”.
- McNerney developed the new Boeing 737 MAX trying *to save money*.
- Two 737 MAXs crashed (in 2019 and 2020) and the problems continue.
- Boeing has not recovered.

Organizational Culture and Employee Engagement



The values of senior management drive corporate culture.



Corporate culture drives employee engagement.



Employee engagement drives every important measurable organizational outcome.



Low engagement predicts high absenteeism, high turnover, low productivity, and low customer service ratings.



High engagement predicts low absenteeism, low turnover, high productivity, and high customer service ratings.

Values as Culture

- The values of the people with power create organizational culture.
- Peter Drucker famously observed that, in business, culture always trumps strategy.
- If cultures are dysfunctional, strategies will fail — because the employees are alienated.
- What are the values that define a good organizational culture?
- It depends on whom you ask.

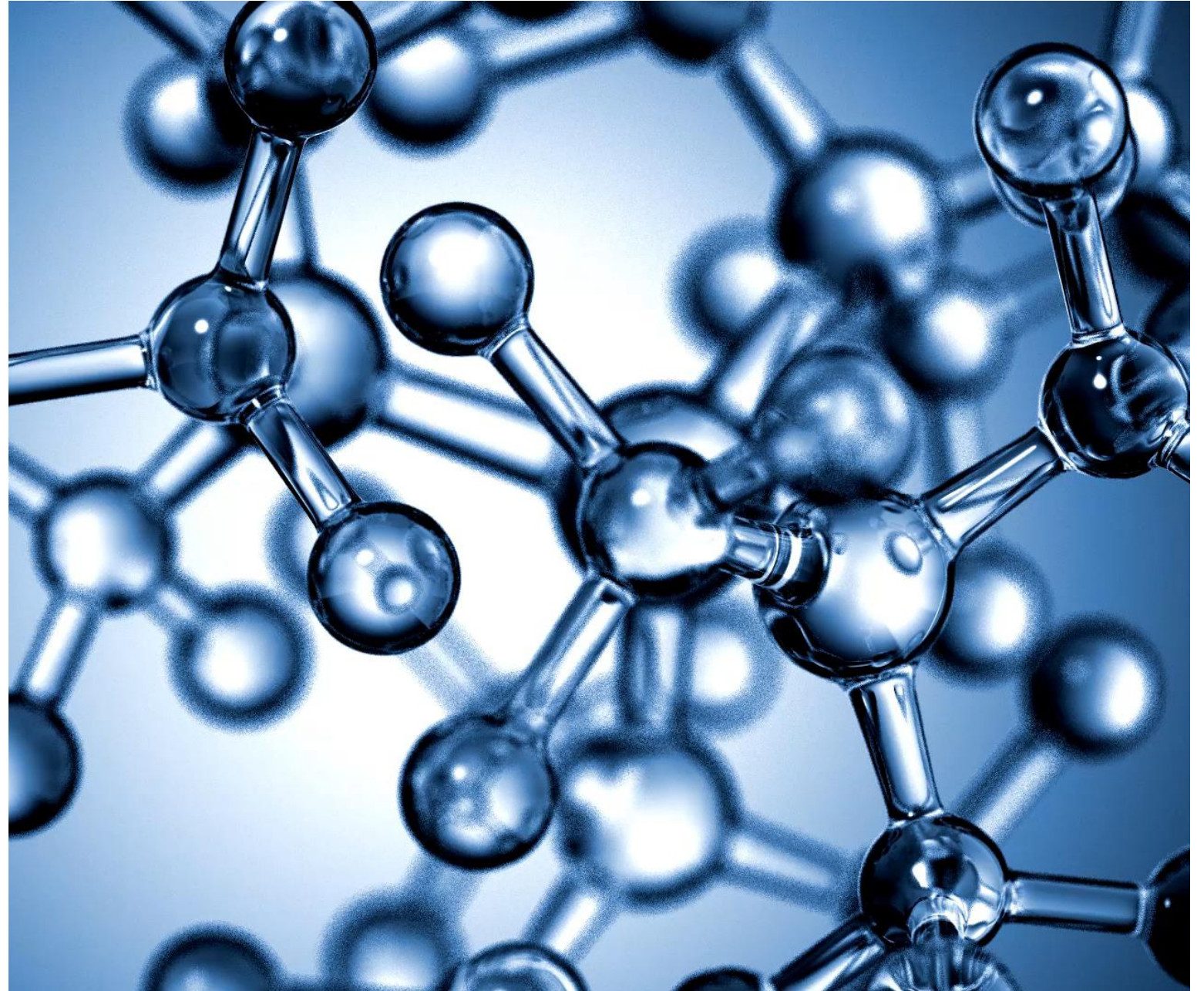


Academic Research on Values

Most values research describes the values that **exist** in teams and organizations.

Values research is **rarely connected** to organizational effectiveness—which is the **bottom line**.

Academic research on values is **not helpful** for understanding organizational effectiveness



Content of Commercial Values Surveys

1

Denison: Goals/vision;
Change orientation; Team
orientation;
Agreement/Coordination

2

O'Reilly, et al: Innovation;
Mutual support; Stability;
Respect for people;
Outcome orientation; Detail
orientation; Team
orientation; Aggressiveness

3

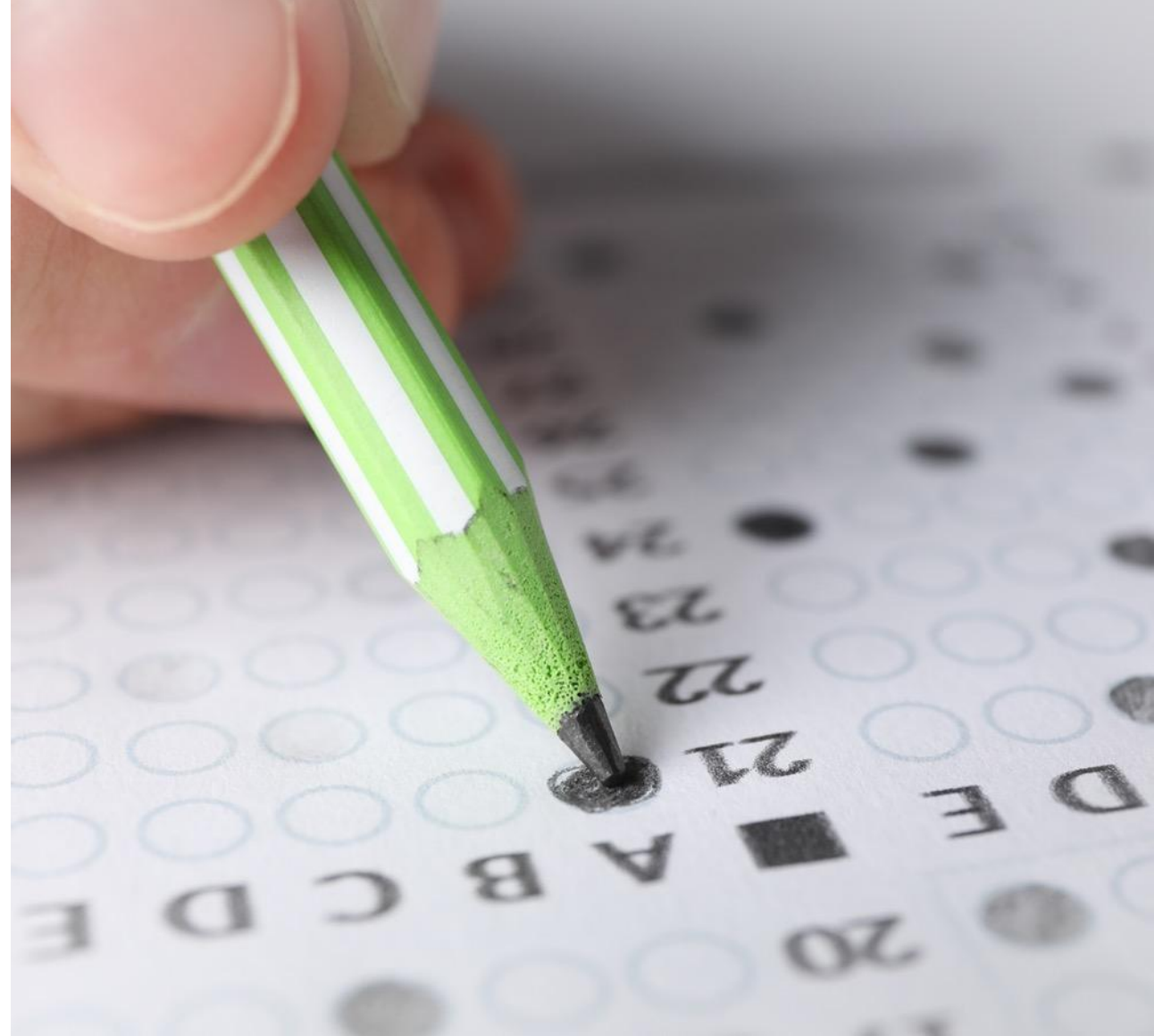
Hofstede: Power distance;
Uncertainty avoidance;
Individualism/collectivism;
Long vs. short term focus

4

These commercial
surveys concern the
values that
organizations have,
not the values they
should have.

Descriptive vs. Prescriptive

- Existing values surveys are descriptive—they describe existing values.
- What if a values survey *told* organizations what values they *should* endorse?
- Descriptive vs prescriptive analyses.



What are the values of successful organizations?

Peter Turchin: Warfare was the central factor driving human evolution.

Charles Tilly: “States make wars and wars make states.”

Human groups always fight, and bad things happen to the losers.

What values characterize winners—e.g., the Roman Empire, the Arab Empire, the Ottoman Empire?

Ibn Khaldun (1332-1406): *Asabiyya* predicts the rise and fall of empires.

***Asabiyya* means social solidarity and sense of shared purpose and sounds like engagement.**



The Puritan Gift

Hopper and Hopper (*The Puritan Gift*, 2009) is unique because it concerns how values impact group effectiveness.

They argue that values characterize successful organizations:

1. The Massachusetts Bay Colony (first successful US colony in 1628).
2. The Industrial Revolution in the US (in the 1870s).
3. The Japanese economic miracle after WWII.
4. Successful ethnic groups (New England industrialists, Mormons).

What those Values?

- 1. A higher purpose** — as Peter Drucker said, “if the only reason you are in business is to make money, you should quit.” Organizations need a higher purpose.
- 2. Economic success** —is a sign that the higher purpose is being achieved.
- 3. Rationality, technical competence, and continuous improvement.**
(Essential values in competitive economic environments)
- 4. The capacity for collective action**—valuing *Asabiyya*.

Capacity for Collective Action

The capacity for collective action depends on:

Valuing equality of opportunity.

Valuing expertise by delegating downward.

Valuing innovation and continuous improvement (Kaizen and Jo-Jo).

Valuing accountability.

These values will create engagement.



The Rise of the MBA Class

- Many people believe that the US economy faltered in the 1970s and has yet fully to recover.
- The Hoppers believe the decline of the US economy is a function of the cult of the MBA and the loss of values made organizations successful in the past.
- MBAs have *formal business* knowledge, but they often lack: (1) local content (competence); and (2) the proper values (they are greedy).

Greed and the MBAs



A sample* of 444 U.S.-based CEOs of the kind that are featured in *Fortune*, etc.

CEOs with MBAs were significantly more likely to engage in **self-serving behavior** that enriched themselves at the expense of their organizations.

*Miller & Xu (2015). *Journal of Management Inquiry*.

Motives, Values, Preferences Inventory (MVPI)

We assess values with the MVPI:

Recognition	Fame
Power	Status
Hedonism	Fun
Altruistic	Compassion
Affiliation	Companionship
Tradition	Liberalism - Conservatism
Security	Risk seeking – Risk avoidance
Commerce	Wealth
Aesthetics	Quality
Science	Rational understanding

Entrepreneurial Values

Entrepreneur Profile

Recognition	Average
Power	High
Hedonism	Above Average
Altruistic	High
Affiliation	Average
Tradition	Low
Security	Low
Commerce	Above Average
Aesthetics	Average
Science	High

This is the value profile of (energetic) people who want to do big things, innovate, and solve problems. They want to make a difference, not make money.

MBA Values

MBA Profile

Recognition	Average
Power	High
Hedonism	Average
Altruistic	Above Average
Affiliation	Average
Tradition	Average
Security	Below Average
Commerce	Very High
Aesthetics	Average
Science	Average

The MBA profile suggests that they think making money is more important than making a difference.

Hotel Management Team

Hotel Manager Profile

Recognition	Very Low
Power	Very Low
Hedonism	High
Altruistic	Average
Affiliation	Average
Tradition	Low
Security	Average
Commerce	Very Low
Aesthetics	Average
Science	Low

The values profile of a 9-person management team of a failing luxury hotel in London. Note the high Hedonism and low Power, Commerce, and Science.

Example of Cultural Mismatch

MVPI Scale	Team Average	Candidate Score
Recognition	42	66
Power	67	76
Hedonism	34	53
Altruistic	63	3
Affiliation	53	51
Tradition	92	33
Security	63	51
Commerce	71	73
Aesthetics	52	12
Science	48	43

Values and Organizational Effectiveness

These values create employee engagement



A clearly defined higher purpose (Drucker's rule).



Wanting to win, to outperform the competition.



Rationality: data-based decision making.



Innovation and continuous improvement.



Minimal hierarchy/delegating downward/equality of opportunity (which includes DEI).

Summary

What makes sense to remember after this talk?



The values of senior leaders create corporate culture.



Corporate culture drives employee engagement.



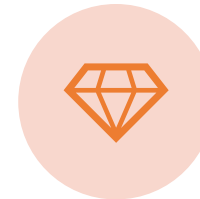
Employee engagement drives productivity and profitability.



Leaders need to understand how their values impact the cultures of their organizations:



People are often unaware of their values.



Not all values are valuable.



By The Numbers

11
Million
Assessments

974
Job Solutions

More than
68K
Certified

520+
Journal Articles &
Book Chapters



1.6K
Research Studies

54
Languages

Thank You

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