Adjusting the employee management process to key organisational values

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Abstract:

Aim: The paper is aimed at highlighting the growing importance of values in both management theory and practice with a focus on aligning employee management practices with the key values in organisations which practise Management by Values (MBV).

Design / Research methods: Critical literature review and analysis of results of accessible empirical research.

Conclusions / findings: Management by Values can only yield effects if it is applied in all sections of the firm with employees taking up actions in line with the shared organizational values. That is why it is crucial to reflect the core values in recruitment and selection of employees, as well as training, motivation or work productivity assessment. The analysis of the literature revealed the need for more in-depth research on the links between staff policy and management by values, especially in management practices.

Originality / value of the paper: The paper is aimed at managers who implement MBV in their organisations as well as scholars focusing on the subject of values in management. What is more, it synthesizes different outlooks on MBV and embeds this concept in realities of Polish companies.

Limitations of the research: The literature review and analysis of the results of empirical research conducted in Polish companies indicate the growing importance of values in management practice and the necessity of constructing specific tools that would enable leaders to operationalize key values and use some indicators to assess present and potential employees in the terms of their respect for the organization’s shared values.

Keywords: key organizational values, employee management, management by values

JEL: A13, M54
1. Introduction

In considering the factors which enable today’s organizations to survive on the market and win competitive advantage in a turbulent business environment, it is hard not to notice that in vast majority these are non-material factors. The cornerstone of an organization are its employees who, through their knowledge, skills and ongoing improvement, as well as their engagement in performing their duties, contribute to the greatest extent to the firm’s growth, building its success and competitive advantage in the broad sense of these terms. Nowadays, it is increasingly more often that one talks about an employee’s market, in particular when individuals are sought whose competences match precisely the needs of a firm. This is why the concepts are becoming ever more popular which foster the development of employees’ potential, take into account the needs of knowledge employees, talent management, employer branding or personnel marketing.

In a rapidly changing world, organizations must adjust their operations very quickly to advancing technologies and ever more individualized preferences of consumers, which is why they look for enduring values ensuring stability while helping make decisions in accordance with the organization’s philosophy of operations and strategy. Values are predominantly present in organizational culture; in the relationships among people; in the systems of values and systems of ethics generally accepted by the members of an organization (Bugdol 2006:10). In the context of this paper, what appears necessary is to define the concept of key values more precisely and to place them among other values which operate in organizations. While a vision is a particular image of what the firm should be like in the future, with its mission and goals indicating the reason for the firm’s existence, organizational values, and in particular those of key importance, are valuable pointers towards success. It is through these values that executive staff and employees know how to go about things, how to run business and how to shape the organization in order to move it a step closer towards accomplishment of its mission (Hill, Jones 2012: 32).

The aim of this paper is to indicate the ways of adjusting employee management process to core organizational values. The analysis was conducted based on the
literature review, and taking into account the results of the research carried out in Polish organizations by a team of researchers from Warsaw and Cracow over the period of 2012-2014 (Herman et al. 2016: 9).

2. Organizational values

For many years now organizational values have been the focus of scholars from a variety of fields such as psychology, sociology or management science. While placing the discussion in management sciences one should mention the two major mutually complementary strands of research which take into account the role of values in organization: the studies on organizational culture, where values operate as one of its elements, and the concept of management by values which concentrates around the management process determined by a set of core values recognized in organization as the most important ones.

According to Hofstede, values, understood as tendencies to make a specific choice, are the core of culture. As they begin to shape already in the early childhood, changing them is very difficult and requires a long lasting process. People are often not conscious of these values with the only way of reading them being an analysis of how employees behave in specific situations (Hofstede 2000: 44; Adedeji et al. 2017: 86). It should, however, be noted that Hofstede talks here about national culture, because for the organizational culture its core lies in “shared perceptions of daily practices” (Hofstede 2000: 268-270). E. Schein, on the other hand, draws attention to the fact that not all values that operate in organization can be perceived as corporate values. They only gain in importance when employees begin to see them as being helpful in solving problems encountered in the organization and so they are commonly applied in employees’ operations, since employees recognized the values as effective based on the positive experiences which they have shared in their own common reality (Schein 2009: 28). In this sense, not all the values circulating in the organization are equally valuable for the organization’s functioning. Every person employed in the firm brings with himself his individual hierarchy of values, yet not every such value is important from the perspective of the operations of the entire
organization. In order for the values to be recognized as organizational values they need to meet the following conditions: they have to exert impact on all the cells of the organization, and not merely on certain departments or branch offices; they must be linked to the organization’s success; they must be controlled by somebody or something (specific indicators); they have to be measurable; and all entities engaged in the organization must aspire to those values (Alas et al. 2006: 271). Only such values can form a foundation on which to build organization’s strong culture and to implement management by values.

3. The concept of management by values

Considering the diversity of values present in an organization and their key relevance for the firm’s stability, one should stress the importance of managing appropriately this extraordinary factor which exerts impact on whether or not one is successful on the market. Employing the concept of management by values requires a holistic approach to the organization and the processes unfolding within it. For in combining management philosophy with practice, this concept contributes to humanizing management in that it incorporates shared values in all aspects of the organization’s operations, while, on the other hand, it focuses on practicing these values and aligning them with the mission and vision of a particular enterprise (Lachowski 2012: 230). According to K. Blanchard and M. O’Connor, this is a business practice which motivates clients to keep on returning to the organization and inspires employees to strive for improvement on a daily basis. Management by values makes it possible for the owners to be proud of their organization and still make money, while also encouraging important stakeholders to foster business relationships with a specific firm (Blanchard, O’Connor 2003: 25).

Agata Stachowicz-Stanusch emphasizes the process-like nature of this concept and defines management by values as a “process of transferring core values of organization from the generation of those managing the organization onto the next generation by taking over the responsibilities arising from these values and by protecting them in the name and to the benefit of the organization and its
participants through institutionalization of these core values” (Stachowicz-Stanusch 2007: 38). This definition suggests that there are so called core values which underlie the functioning of the organization. They are conceived of as a specific group of “publicly expressed values or concepts which are believed in by the majority of members of a particular organization and which are regarded as the most central and important for the organization’s permanence and growth” (Stachowicz-Stanusch 2004: 40). As a part of national heritage, which the organization’s members transfer from generation to generation, the core values shape the firm’s identity and determine the way it operates (Stachowicz-Stanusch 2007: 14). It should, however, be stressed that there is not a single ideal set of core values that could ensure market success of every organization. This set, which is some sort of organizational canon of values, must be tightly fitted to the firm’s needs, must be shared and accepted by all employees and reflected in their daily practices (Lachowski 2012: 233-234).

The sets illustrating key values in contemporary organizations are presented in Table 1. In comparing them one begins to realize the fact that firms define their fundamental principles completely differently. Some organizations give single nouns to depict their values, while others present them using a more descriptive way. It should be further highlighted that even the name itself can harbor different definitions and ways of understanding organizational values, and they will ultimately determine completely different decisions and behaviors. Taking a closer look at the value “integrity” shows that the Kellog company defines it as follows: “We Act With Integrity and Show Respect.” For the Coca-Cola Company, on the other hand, “integrity” implies simply “be real,” while in the company Mosty Łódź S.A. “integrity and reliability” means nothing more but task implementation, fulfilling one’s responsibilities and avoidance of purposeful faults. This example demonstrates that it is not possible to create a universal list of actions across different elements of the personnel function, for they will result directly from the definition of a specific value and the firm-specific way in which this value is realized through organizational practices.
Table 1. Illustrations of the key value sets

<table>
<thead>
<tr>
<th>Company</th>
<th>Key values</th>
</tr>
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<tbody>
<tr>
<td>Kellogg</td>
<td>integrity, accountability, passion, humility, simplicity, results</td>
</tr>
<tr>
<td>The Coca-Cola company</td>
<td>leadership, collaboration, integrity, accountability, passion, diversity, quality</td>
</tr>
<tr>
<td>Wolters Kluwer</td>
<td>Focus on customer success; Make it better; Aim high and deliver; Win as a team</td>
</tr>
<tr>
<td>The Adecco Group</td>
<td>passion, entrepreneurship, responsibility, team spirit, customer focus</td>
</tr>
<tr>
<td>BP</td>
<td>Safety, respect, excellence, courage, one team,</td>
</tr>
<tr>
<td>Marriott</td>
<td>We put people first; we pursue excellence; we embrace change; we act with integrity; we serve our world</td>
</tr>
<tr>
<td>Ceresit</td>
<td>Innovation; Quality; Technical knowledge; Sustainable development</td>
</tr>
<tr>
<td>Mosty Łódź S.A.</td>
<td>Honesty; integrity and reliability; safety; compliance with the law; compliance with social standards; compliance with environmental standards.</td>
</tr>
<tr>
<td>KGHM Polska Miedź</td>
<td>Zero harm, teamwork, results-driven, accountability, courage</td>
</tr>
<tr>
<td>PKN Orlen</td>
<td>Responsibility, Progress, People, Energy, and Dependability</td>
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In moving on to the process itself of managing by values, one ought to assert that scholars identify different stages of its implementation. Table 2 includes the comparison of how management by values unfolds according to the approaches presented in literature. Stachowicz-Stanusch distinguishes four stages of the process of management by values starting with the discovery of the core values, their development, institutionalization to their redefinition (Stachowicz-Stanusch 2007: 39-41). Within the institutionalization stage, the author identifies the protection of the core values, which consists in taking actions supporting their development at every stage of the process involving employee management. Blanchard and
O’Connor, on the other hand, propose to start the MBV by explaining the mission and values, then by proceeding to communicating the mission and values to employees, and then to adjusting organizational practices to the mission and key values (Blanchard, O’Connor 2003: 39). In light of the subject of this paper, one should cite the stages of value development in organization according to A. Argandoñy, as they make the process slightly more specific. Argandoñy believes that the process should begin by identifying the already existing values, and only then one should move on to identify the preferred values. The third stage involves communication, institutionalization of values and employees’ commitment, which is then followed by adjusting organizational practices to the values. Argandoñy notes that during the subsequent phase it is necessary to align the human resources policy to the core values, while the final stage is comprised of the revision of the management by values process (Argandoña 2003: 21).

Table 2. Management by values

<table>
<thead>
<tr>
<th>Stachowicz-Stanusch A.</th>
<th>Blanchard, O’Connor</th>
<th>Argandoña A.</th>
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</thead>
<tbody>
<tr>
<td>1. discovering core values</td>
<td>1. explaining mission and values</td>
<td>1. identification of existing values</td>
</tr>
<tr>
<td>2. development of core values</td>
<td>2. communicating mission and values to employees</td>
<td>2. identification of desired values</td>
</tr>
<tr>
<td>- description of core values</td>
<td>3. adjusting organizational practices to mission and key values</td>
<td>3. communicating and institutionalizing values and employees’ engagement</td>
</tr>
<tr>
<td>- definitions of behaviors</td>
<td></td>
<td>4. adjusting organizational practices to core values</td>
</tr>
<tr>
<td>- formulating the declaration of core values</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- communicating core values</td>
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<tr>
<td>3. institutionalization of core values</td>
<td></td>
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<tr>
<td>- core value implementation</td>
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<tr>
<td>- core value protection</td>
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<td>- core value control</td>
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<td></td>
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<tr>
<td>4. redefinition of core values</td>
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</tbody>
</table>

 Blanchard and O’Connor emphasize that what is crucial for successful management by values are organization’s employees (Blanchard, O’Connor 2003: 32). This assertion is reflected in each approach to the MBV outlined above, since it is people who are carriers, promoters and propagators of values. If the management staff does not evince specific behaviors, the implementation of the key values is not possible, while lacking the employees’ acceptance, the organization has no chances of sustaining and transferring these values to next generations, which is what makes them endure.

4. Aligning HR policy with core organizational values

Employees of an organization play a crucial role at each stage of the management by values process. Every employee can and should make his own contribution to the identification of the most important values by indicating what he believes is crucial for the firm. Naturally, not all the principles mentioned can find their way to the list with key values underpinning operations of a firm, and yet without this preliminary gathering of information given by different employees, discovering those values would be difficult. After all, this is the employees who talk to one another about what is the most important for their firm, being the link between the organization and the environment, and by inference, potential clients, partner or the local community. This is why it is so important that employees understand the definitions of the key values precisely, accept them along with their consequences in terms of making decisions and taking up actions in specific situations. To this end, tools are created aimed at supporting the MBV in organization with the core values taken into account when constructing the individual elements of the HR policy.

Each of the approaches to the MBV process presented above has the stage of aligning organizational practices with core values, with Stachowicz-Stanusch mentioning this aspect while discussing the stage of institutionalization of those values, while Argandoña emphasizes the need of adjusting them to the HR policy. For Blanchard and O’Connor, on the other hand, the stage which ensures coherence
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of daily practices with key values is one that is most expanded, since it distinguishes individual, team and organizational practices (Blanchard, O’Connor 2003: 134).

While looking for ways of aligning HR policy with key organizational values the conclusion to be made is that the values are here an independent variable, being something primal in relation to the form of the individual elements of employee management. The shape of the individual processes making up the personnel function is, on the one hand, determined by the conditions on the labor market, and, on the other hand, by organizational internal regulations. Thus, adjusting this process requires, on the one hand, general arrangements which would define how the key values can impact the HR elements, while on the other hand, once a specific set of values has been established, it is possible to develop the individual elements of the personnel function in such a way as to allow their implementation to foster the application of core organizational values.

The further section of the paper presents selected issues pertaining to the process of adjusting employee management practices to key organizational values. Stachowicz-Stanusch refers to the components of personnel function at the stage involving the institutionalization of the core values, which encompasses, among other things, aligning every operation of an organization with these values. The author stresses that what is needed is to hire employees displaying “the necessary personal characteristics and basic abilities allowing for the implementation of the core values,” in other words, the candidate’s cultural compliance with the organization’s core values (Stachowicz-Stanusch 2007: 125). Devising recruitment procedures that would be coherent with the key values is undeniably a task that is time consuming and demanding, but it will pay dividends in the future, since an effective employee recruitment leads to savings in time and money which would otherwise be needed to carry out new recruitments following the departure of an employee who turned out to be a wrong hire. Ineffective recruitment may be particularly costly for small and medium-sized businesses, where “resources are limited, with every recruitment mistake affecting the productivity of the entire firm”. Moreover, considering the fact that shaping attitudes among employees which are consistent with the values espoused in the firm is a long process, it is better to hire, if possible, persons who respect values which are consistent with the organizational
values (Lachowski 2012: 290). Not only will this allow an employee to adapt more quickly, but it will also reduce the training costs. While designing a recruitment system what is crucial is to ensure that all candidates have a comparable opportunity of presenting their abilities, thereby allowing one to really see whether a particular candidate is suitable in terms of the firm’s key values. It should be emphasized that the role of the recruitment system that is based on values grows in direct proportion to a sought-after employee’s participation in the implementation of the organization’s strategy (Dolan et al. 2006: 188).

The research conducted by Herman et al. showed that “most people who are involved in staff recruitment and selection focus on values, but only 23% of them believe that their organization has an adequate methodology” (Herman et al. 2016: 101). That values are taken into account in the recruitment and selection process was confirmed by 94% of respondents, with 40.6% being those who reported having neither suitable tools nor procedures which could allow them to diagnose and compare candidates in terms of values on a routine basis. For 29.9% or respondents, satisfactory operationalization of values became a fact with respect to certain job positions and occupational groups (Herman et al. 2016: 102-103). The findings of the empirical studies confirm that in the recruitment process the values of candidates applying for individual jobs are of importance, while showing the need for developing adequate tools to be used in firms for comparing candidates as regards values.

For the implementation of the core values, what makes one of the most important stages in the employee management process is training, including initial training, just after starting the job, and the training that comes at a later stage of one’s employment. Creating a training program designed to support management by values should be preceded by answering two basic questions: what new beliefs employees should learn and what beliefs they should abandon in order to foster and develop each of the organization’s key values? What abilities and knowledge should employees have so as to be able to develop in themselves patterns of behaviors which are consistent with the organizational values? (Dolan et al. 2006: 190).

If an organization is just beginning to implement management by values, it has to devise a definition for each core value, and then a particular value-related
standards which employees have to learn to respect. In this case training is aimed at teaching employees in such a way as to make them understand those values, and further on, to equip them with possibilities that would allow them to realize those values in practice (Stanusch 2007: 125). Merely communicating the values and the standards which define them may prove to be insufficient for those values to be realized in firm’s everyday practices.

While offering employees a cohesive training system one should also bear in mind the attractiveness and effectiveness of the different forms aimed at one’s improvement. Instead of lectures, it might be better to suggest meetings with other employees with a view to share experiences, to create a good practice data base, where proven solutions to problems from the past would be described, or also to organize meetings once a project has been completed in order to discuss mistakes encountered at different stages of the project. It is quite often that employees emphasize that what counts the most for them in the context of learning are meetings aimed at sharing experience with people who encounter on a daily basis problems which are similar to those emerging at work. It is therefore worth making sure that employees have adequate conditions for sharing knowledge, and that such elements as on the job training, cooperation and coaching, as well as mentoring programs are supported.

Motivation is yet another element of employee management in an organization. People take up work to satisfy their diverse needs, from the need for living conditions, relationships with other people to self-actualization and growth. Considering that academic literature differentiates between external and internal motivation, the motivations behind taking up a job cannot be reduced merely to the expectations in terms of financial gain, since what should also be noticed are the dignity-based motivations which are related to employee’s subjectivity and the importance of the employee’s individual values being consistent with the organizational values. What is also highlighted in literature is the need to create a motivating work environment adjusted to the individual needs of employees (Barrett 2014: 35-36). Referring to Herzberg’s two-factor theory of motivation, remuneration for work is placed in the group of hygiene factors which do not make job satisfaction grow, although when those factors are not present the employee’s
productivity falls and he gets dissatisfied with his work conditions. One should therefore keep in mind that non-material motivating factors can fulfill their role if the employee is decently rewarded. One comes across the fundamental principle of rewarding one for a gainful employment in the Holy Scripture which says, “Worthy is the laborer of his pay” (Vol. 5, 18). The specific terms and conditions of employees’ remuneration are governed by the relevant provisions of law, and first and foremost, by the contract of employment concluded with an employer.

While the financial terms are often what determines whether or not people take up a specific job, over the course of doing this job the motivators which gain in importance are those associated with receiving recognition from other fellow workers, with a sense of co-owning the firm or with the possibilities in terms of professional growth. With financial incentives being adequately secured, people search for something else that could provide them with the basis for their actions, something that would afford them joy and satisfaction engendered by accomplishing their goals. Key organizational values are just this element, as they are a benchmark by which one makes decisions, resolves conflicts and creates value for clients.

According to A. Blikle, working for values brings about inner satisfaction with people wishing to repeat the action they embarked on, whereas being driven by financial gain comes in a situation when this aspect is clearly absent, yet once it has been satisfied, it no longer works as a motivator. Blikle also draws attention to dignity-based discord which emerges with abandoning one’s values for financial gain. When this occurs, people are reluctant to repeat their actions, for it involves an inner sense of punishment and dissatisfaction (Blikle 2016: 73). In a situation when this discord between employer’s demands and employee’s values and moral principles keeps on recurring, it happens that the employee no longer condones using unethical solutions and resigns.

The management by values process should be supported by adequately constructed motivational systems which foster the behaviors which respect key values, while containing actions that contradict those principles. The questions that remain open are those concerned with the extent to which the traditional motivational schemes linked to work results are suitable to the needs of today’s employees, how these schemes work in organizations driven by values and how
strong, in such organizations, is the influence of values on employees’ motivation and actions. The findings of the research mentioned earlier show that among the managers and specialists from the firms examined the prevalent belief is that when rewarding employees values are taken into account only sporadically and in exceptional cases (34.6% of respondents). It should, however, be stressed that 24.8% of respondents confirmed that values were considered when rewarding employees through a reward and punishment scheme. Sometimes, an increase in a basic salary was attributed to behaving in accordance with organizational values. Respondents also reported quite frequent (19.1%) and sporadic links (45.9%) between promoting values and non-material distinctions. The scheme-based relationship between values and non-material motivation was reported by 5.9 respondents, while 29.1% of the surveyed did not see such relationships in their organization (Herman et al. 2016: 110-115).

A tool supporting the implementation of management by values as well as allowing for its monitoring may be periodic employee appraisal scheme, provided it takes into account the criteria related to the key values being respected at every work position. On the one hand, a superior will receive information about the extent to which these values have been implemented by his employees, and on the other hand, during the appraisal meeting, he will be able to pay attention to behaviors aligned with the principles governing the firm and to indicate those ways of behavior which are against the philosophy adopted. Thus, the scheme of periodic appraisal will allow for the achievement of the corrective objective (discovering errors so as to be able to avoid them in the future), the stabilizing objective (encourage an employee to repeat the desired behaviors) and the development objective (to show the employee the superior’s expectations that are to be met as they determine the employee’s development) (Ludwiczyński 2006: 279-280).

In the practice of the firms examined, 52.7% of respondents declared taking into account values while appraising employees; however, only 11.1% of responses pertains to the majority of professional groups or the majority of employees. In the employee appraisal, 13.3% of respondents applies the value criterion in relation to selected professional groups, with 28.3% of respondents applying this practice in individual and exceptional cases. A large number of managers and specialists from
the organizations participating in the study (41.8%) said that they did not consider values while appraising employees, focusing only on their skills and work performance (Herman et al. 2016: 104-105).

5. Conclusion

In summing up the above discussion, the conclusion to be made is that given their functioning in a constantly changing environment, employees need a solid foundation in their organization which will assist them in making specific decisions and taking specific actions. What makes such a pillar are the key values. One of the elements of their institutionalization is aligning them with organizational practices in every aspect of the operations of the firm. Since people come to an organization already with their own values, and then realize organizational values, the employees’ values should be considered while constructing the HR policy. As the analysis of the literature shows, the issue surrounding the adjustment of individual components of employee management process to organizational values is not an area that has been extensively explored. The research conducted by a team from Warsaw Universities and the Jagiellonian University of Cracow allows one to conclude that this phenomenon exists in Polish firms, with many managers seeing the need of taking into account values, predominantly during the process of employee selection. They argue that it is necessary to introduce tools which will allow for operationalization of different values and for comparing people applying for a specific job in terms of how well they match organizational values. The subject of organizational values also comes up in the process of motivating and rewarding employees; however, considering values in those aspects has not been a common development yet, just like the management by values itself. Whether this concept has been gaining in importance or whether it was just a passing trend in management can only be revealed by similar research conducted in a few years’ time. The changes unfolding in the modern world, however, suggest that there is a need to build firms which are based on strong foundations, and organizational values are certainly that.
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