Shared values make a difference: An empirical test of corporate culture

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Human Resource Management

Shared Values Make a Difference: An Empirical Test of Corporate Culture

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Is the recent popular management literature on corporate culture and cultural values just a passing fad or is it highlighting some fundamental organizational realities? The results from a recent nationwide survey of American managers shows, we are convinced, that clearly articulated organizational values do *make a significant difference in the lives of employees, as well as in their organization's performance. This article is an effort to integrate this broad-based data on individual managers' values with the reported experience of successful organizations that pay careful attention to their culture. It also offers ideas on how human resource managers can facilitate the alignment of personal and organizational values.*

A growing body of management literature deals with corporate culture and its relationship to organizational productivity and individual vitality. Deal and Kennedy (1982) claim that strong corporate cultures are the "new 'old rule' for business success," and that "a strong culture has almost always been the driving force behind continuing success in American business." Peters and Waterman (1982) claim that if there were but one piece of advice to distill from their research on excellent companies it would be: "Figure out your value system. Decide what your company *stands for*." They go on to observe: "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." Values are often considered the bedrock of corporate culture.

Many corporate leaders have validated these observations about the central importance of organizational values. Thomas Watson, Jr., is one representative spokesman of these views. He wrote an entire book about values considering his experience at IBM. In *A Business and Its Beliefs* (1963) Watson writes:

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> I believe the real difference between success and failure in a corporation can very often be traced to the question of how well the organization brings out the great energies and talents of its people. What does it do to help these people find common cause with each other? I think you will find that it owes its resiliency not to its form of organization or administrative skills, but to the power of what we call beliefs and the appeal these beliefs have for its people. This then is my thesis: I firmly believe that any organization, in order to survive and achieve success, must have a sound set of beliefs on which it premises all its policies and actions. Next, I believe that the most important single factor in corporate success is faithful adherence to those beliefs and, finally, I believe if an organization is to meet the challenge of a changing world, it must be prepared to change everything about itself except those beliefs as it moves through corporate life.
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> In other words, the basic philosophy, spirit, and drive of an organization have far more to do with its relative achievements than do technological or economic resources, organizational structure, innovation, and timing.

Though corporate culture is the current rage among many managers, some hard nosed business executives criticize the concept of organizational values as being "soft" or too abstract. These critics prefer to base their arguments about the ingredients of success on the importance of strategies, management control systems, organizational structures, budgets, and the like. Rigorously trained academic researchers also seem to be put off by the essentially qualitative, nonempirical nature of studies concerned with culture and values. Rae Andre of Northeastern University, for example, recently took a savage swipe at a few best selling management authors who write about corporate culture and the like, cynically referring to them as "management evangelists" (Andre, 1985). In this paper we address both these viewpoints and explore the question "What difference does it make whether or not an individual's values are compatible or congruent with those of his/her organization?"

Our values comprise the things that are most important to us. They are the deep seated, pervasive standards that influence almost every aspect of our lives: our moral judgements, our responses to others, our commitments to personal and organizational goals. Values constitute our personal "bottom line." Organizations, too, have values. Implications about "what *really* counts" can be read between the lines of every decision made, every objective formulated. In America's best companies, say Peters and Waterman (1982): "You either buy into the company's values or get out. There's no halfway house for most people in excellent companies."

In our own research we have carefully examined the relationship between individual and organizational values (Posner and Schmidt, 1984). This research involved nearly 1500 managers from across the United States, representing all types of organizations and all levels in the organization from the first level supervisor to the highest executive level.

The findings clearly reveal that efforts to clarify and merge personal and corporate values can have a significant payoff for both managers and their organizations.

STUDY

Prior to the current spotlighting on "corporate culture," we sent lengthy questionnaires to over 6000 managers, asking about their personal values and expectations. The study was sponsored by the American Management Association. Replies were received from nearly 25 percent of those surveyed (N = 1498).

In the total sample (see Figure 1) approximately 59 percent were executive managers, 28 percent were middle level managers, and 10 percent were supervising managers. The average age of all respondents was 44.6 years. Eighty-four percent of the respondents were college graduates, earning (on average) salaries of $54,000 a year. About 35 percent were employed in small organizations (less than 500 employees), 27 percent in medium-sized firms (500–2500 employees), 19 percent in organizations of 2500 to 10,000 employees, and 19 percent in organizations with more than 10,000 employees.

Almost 75 percent of the respondents were employed in the following kinds of organizations: industrial manufacturing, consumer manufacturing services, and financial/real estate/insurance. In terms of functional field, 42 percent were employed in general management positions, 14 percent in human resources, nine percent in finance, and nine percent in marketing. Eighty-seven percent of the respondents were male.

We were interested in gauging the importance of the link between personal and organizational values. In order to discover this, we developed a *Shared Values Scale* based on participants' responses to two statements in our survey. The first asked managers to estimate the extent to which their personal values were compatible with the values of their organization. The other question assessed the extent of their agreement or disagreement with the statement: "I find that sometimes I must compromise my personal principles to conform to my organization's expectations." Responses to these questions were summed and three categories of value congruence—or shared values—were created: low, moderate, and high. Each group contained approximately equal numbers of respondents. The questionnaire also included a series of questions about such issues as feelings of career success (as compared with peers), organizational commitment, understanding of the values of others in the organization, concerns about ethical issues, and perceptions of job stress.

Table 1 summarizes the data which provide us with the following findings:

Shared values are related to feelings of personal success. Managers who reported greater compatibility between their personal values and the values of the organization reported experiencing significantly greater feelings of success in their lives. They were more likely to feel that they would

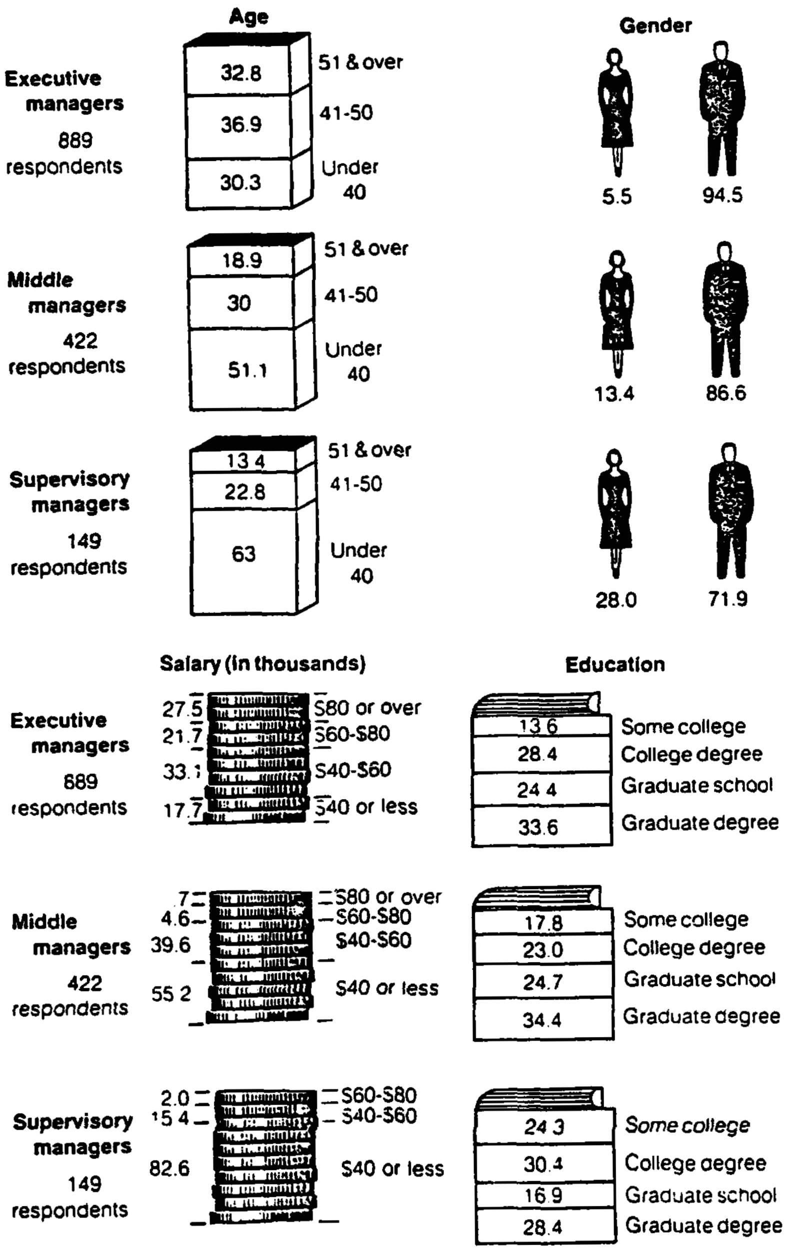

Figure 1. Demographics of survey respondents (percentages).

reach (or had reached) their life's ambitions. Those with a minimal match between personal and organizational values were twice as likely as those with considerable value overlap to express doubts about fulfilling their ambitions.

John Young, President and CEO of Hewlett-Packard, has been with his company for 26 years. For 21 of those years he has been a general

Table I. The impact of shared values on perceptions of personal and organizational vitality (Mean Scores).

	Low	Moderate	High
Perceived career success[a]	5.48	5.66	6.01
Likely to fulfill ambitions[b]	1.75	1.80	1.85
Intention to stay with firm	4.59	5.31	6.08
Willing to work long hours	3.76	4.10	4.39
Clarity about organizational values	5.07	5.47	6.28
Clarity about superior's values	4.72	5.08	5.85
Clarity about peer's values	4.80	4.86	5.45
Clarity about subordinate's values	4.90	5.01	5.22
Organization guided by ethical standards	4.73	5.66	6.56
Organizational policies affect unethical actions	3.87	4.14	4.32
Execute unethical action if requested by superior[c]	2.06	1.77	1.53
Accept promotion if doubts about ability[c]	2.60	2.47	2.34
Extent of ethical concern by my superiors	3.83	4.94	6.14
Extent of ethical concern by my colleagues	4.13	4.78	5.32
Extent of ethical concern by my subordinates	4.50	4.94	5.42
Work creates stress in home and/or personal life	4.07	3.45	3.04
Job keeps me from family and/or friends	4.11	3.72	3.34

NOTE: Analysis of variance procedures were used to test for differences between the shared values groups. All differences were beyond the 0.001 level of chance probability (probability of one in a thousand that the difference was random, or due to chance).

[a] Unless otherwise noted, all responses used seven-point Likert scales, with higher scores indicating agreement or more strongly felt perceptions.

[b] This statement was scored (1) No (2) Yes.

[c] Responses to this statement were on a five-point Likert scale.

manager. In a recent speech on U.S. competitiveness in world markets, he discussed how H-P was responding to the competitive challenge. He referred to the founders, Bill Hewlett and Dave Packard, and invoked the "H-P Way," saying, "Successful businesses operate better when they operate as a team." It is clear from Young's comments that after 26 years he still firmly believes in the key values set forth by the founders. His personal success is no doubt linked to this belief.

Tom Watson, Sr. was fond of saying: "You have to put your heart in the business and the business in your heart." Employees make a *career* at IBM. Turnover is consistently below industry averages. As one 20-year IBMer put it: "This place has made me feel good, feel successful, ever since the first day I began. In return, I've always worked hard for them. It's a good match!"

Don Seibert, former CEO and Chairman of the J.C. Penney Company, puts it this way: "If you want to succeed, it's extremely important to settle as soon as possible on some coherent, comprehensive set of personal values" (Seibert and Proctor, 1984). Seibert refers to this as the "primary principle" and explains that it is the philosophical foundation which undergirds a successful career. Choosing the company that's right for you based upon the personal values you have is also the first step in building loyalty and commitment to the firm.

Shared values are related to organizational commitment. Managers who felt that their values were particularly compatible with those of the organization were significantly more confident that they would remain with their current employer for the next five years. They were, not surprisingly, also more likely to be willing to work long hours for their employer.

At Dana Corporation, Vice President for Human Resources Bill Sheehan has spoken about how his company threw away the 22½-inch thick corporate procedures manuals in the late sixties: "We eliminated reports and sign-offs. We installed TRUST." Dana's productivity ratios are the envy of its competitors. Turnover is minimal. "Why should I look for another job?" says one first-level supervisor, "when I'm trusted and respected here."

Longs Drug Stores, long before the notion became popular in management circles, realized that independence, entrepreneurship, and shared values drive people to success and dramatically affect retention of key people. Longs store managers pilot their own ships and collect a piece of the profits. These managers not only double the industry norm for store profitability, but they also remain with Longs twice the industry standard.

Shared values are related to self confidence in understanding personal and organizational values. This finding is somewhat self evident but nonetheless remarkable in the consistency of the empirical results. As managers' perception of a close personal–organizational values match increased so did the extent of their awareness and understanding of the organization's values. This clarity extended to their professed understanding of the values of their superiors, colleagues, and subordinates. It may be that when managers experience value congruency they have more energy available to use in discerning (and perhaps influencing) the values of other people around them. Interestingly enough, clarity about one's own values was independent of their degree of personal–organizational values congruency. This suggests that the "shared" values notion is not simply an artifact stemming from the fact that some individuals have greater insight into their values in the first place.

Donald Guinn, President of Pacific Telesis, in speaking about his company's outlook following divestiture from AT & T says: "The bottom line is for us to develop a shared vision of our future business direction—and to hammer out and articulate a new value system that supports it." Indeed, the bedrock of corporate culture are values and without an articulation of how one's personal values mesh with those of one's organization and colleagues, the sense of common mission and the energy borne of working together is quickly dissipated.

A common vision is one of the reasons why some companies (for example, Proctor & Gamble, IBM, Hewlett-Packard, Tandem) spend considerable time in their recruitment and selection processes to make certain that the values of their new hires are in alignment with the values of their organization. One fast growing electronics firm stresses the strict screening process they utilize for potential employees. All candidates, for example, are grilled about their sentiments toward dedication and teamwork. As one senior manager puts it, "We don't want to make it easy for people to join. We want to make certain they know who we are and what they are signing up for. We're all in this together."

Richard Pascale describes the exhaustive application and screening process of Proctor and Gamble—two early interviews, a general knowledge test, three one-on-one interviews, and a group interview. Pascale notes that "P&G regards this as a crucial task; it predestines the creative and managerial resources on which the institution's future depends" (Pascale, 1985). Pascale reveals similar socialization processes at Bain and Company, IBM, and Morgan Guarantee. The common thread in all these examples is the systematic and extensive means by which firms communicate and develop an understanding of crucial company values and norms.

Shared values are related to ethical behavior. We uncovered this proposition after examining several factors. For one thing, as values compatibility increased so did the extent to which respondents agreed that their organizations were guided by highly ethical standards. When person–organization values matches were slight, respondents were significantly more likely to report that they would carry out an action requested by the boss *even* if they felt it was unethical. In other words, a low congruence manager would be a more likely candidate to take a bribe, falsely report earnings, steal company secrets, and the like.

In response to a question about whether or not they would turn down a promotion if they had doubts about their ability to handle it, those with minimal values congruence replied: "Sure, I'd take the promotion. Why not?" Those with a strong sense of shared values were more likely to decline the promotion if they felt they couldn't handle it and, correspondingly, to not take advantage of the organization. All value related choices are trade-offs. Turning down a promotion means turning down power and money. But if one shares the company values, accepting a promotion if unqualified means psychologically betraying a certain trust the company has placed in the employee. In addition, as their sense of shared values diminished, managers expressed increasing degrees of cynicism about the level of ethical concern of their peers, subordinates, and superiors.

Studies of employee theft in retail department stores have shown a clear relationship between organizational climate and employee honesty. In a study of 22 large department stores in shopping malls, the company with the lowest shortages had established a climate of honesty characterized by a well defined code of ethics and a well understood set of organizational values.

In shared values companies where there is consensus and intensity about values, a climate is created for legitimate discussion of issues on the basis of values. Posner (in press) has found, for example, that when people talk over ethical dilemmas they are more likely to make the more ethical choice than if they make the decision without consulting others. It follows that in firms where ethical, values-oriented discussions are legitimate and encouraged, the choices are more likely to be moral ones.

There is no clearer recent example of this than the Johnson and Johnson Tylenol case. From the moment it was discovered that someone had laced Extra Strength Tylenol with cyanide, "J & J reacted with openness, honesty, and candor that has won the company and its management praise from press and public alike." In commenting on the case, James E. Burke, Chairman and CEO of J & J, said, "One of our great strengths as a company is that we have a set of truths in our credo which helps bring us together even though we are a big company operating worldwide" (Ruch and Goodman, 1983). There is no better testimony to clear and shared values than the driving force behind ethical executive behavior.

Shared values are related to feelings of job and personal stress. Work related demands were felt to be the cause of much of the stress in the personal (home) life of those whose values were not compatible with those of their organizations. Managers in the low shared values category reported higher levels of job related anxiety spilling over into their personal (home) lives. To the extent that the values of their organization were believed to be compatible with the personal values, managers felt that the pressures of their work lives did not substantially effect their lives off the job.

These findings take on additional importance in light of statistics from the U.S. Clearinghouse for Mental Health, which show a $17 billion annual decrease in U.S. productivity due to stress-induced mental dysfunctions. Other studies estimate even greater losses ($60 billion or more) arising from stress-induced physical illness.

In Silicon Valley, California, home of over 2000 electronics companies, young start-ups by nature require long hours from their employees. Project teams within these companies frequently work 70 hours per week, including weekends. Evidence of the dedication of these groups is the T-shirt worn by members of Apple's Macintosh development group. Below the Macintosh insignia was printed, "90 hours a week and loving it."

The energy that goes into coping with, and possibly fighting about, incompatible values is enormous and takes its toll on both personal effectiveness and organizational productivity. Managers with minimal values congruency were more likely to feel that their jobs prevented them from spending as much time with their family and/or friends as they would like.

At the same time, we found that when asked what gave them the greatest satisfaction in their lives (e.g., home, career, other interests) managers with high values compatibility were significantly more likely to choose "careers" than were managers with low values compatibility. This suggests that managers can better "cope" with the demands of their careers, and balance their work and personal affairs more effectively, when they are working within an organizational milieu that is consistent and compatible with their personal preferences and values. In this environment people are more likely, as well, to form supportive relations with their superiors and co-workers, which helps to reduce tension levels at the office and, subsequently, at home. Other studies have shown that compatibility between co-workers and shared values reduces levels of role ambiguity and conflicts.

Shared values are related to organizational goals. The importance attached to a variety of common organizational goals by managers differed significantly according to the extent of shared values. In general, the goals of an organization were seen as more important by those who felt their values were aligned with the organization than by those who felt that their values were not in sync with their organization.

Those with high shared values ranked the goals of effectiveness, productivity, reputation, morale, profit maximization, and stability as being more important than did those with less values overlap. No significant differences were found among the various managers' value compatibility levels for organizational goals like efficiency, leadership, growth, value to the community, and service to the public. The former set of goals tends to be primarily internally oriented, while the latter are more externally focused. Personal–organizational values compatibility appears to increase managers' attachment to the goals and objectives of their corporation. In turn, this finding reinforces the notion that managers view organizational priorities and policies through the prism of their personal values.

At Tandem Computers, the company's fundamental management principle is expressed this way: "The controls are not a lot of reviews as meetings or reports, but rather the control is understanding the basic concept and philosophy of the company." Tandem takes pains to give its employees an understanding of the essence of the company's business and of its five year plan. Every employee attends a two-day seminar on the subject. Letting people see the big picture and peek at strategic secrets boosts loyalty, they claim.

At Action Instruments they have tried to build a business enterprise founded upon profoundly humanistic principles; or as company founder Jim Pinto explains: "We are building capitalism with a heart." Employees are expected to take an active interest in the company's management and success. An "info center" supplies workers with all sorts of detailed information usually accorded top managers at many companies, including weekly statements about profits, shipments, bookings, and even the cause of key bottlenecks.

The deeper purpose of such activities at Tandem and Action Instruments is, of course, to point everyone in the right direction, explain what's happening on all sides of them, and let them work hard to get where they need to get! What all of this underscores is that people whose values are more congruent with the company's values will be more likely to work hard to help the company achieve its goals. Clarity and consensus on values accordingly leads to greater goal attainment.

This is exactly what they are experiencing at Quad/Graphics, one of the nation's largest and fastest growing magazine printing businesses. There is such a strong level of agreement on goals and responsibilities that every year the entire management gets up, walks out of the plant for a day of strategizing, and leaves the rank and file to completely run the plant. This is just one opportunity to reinforce our idea, says company founder and president Harry Quadracci, that "nothing should ever be 'somebody else's responsibility.' Anybody who sees that something needs to be done ought to assume the responsibility for doing it."

O'Reilly and Caldwell (1985) provide evidence about the impact of shared values on organizational goals. In a study of ten Silicon Valley high technology firms, they investigated the effects of strong vs. weak cultures. Strong cultures were defined as those in which there was consensus and intensity on key organizational norms (operating values). In the strong culture companies, there were significantly higher levels of cohesiveness, management credibility, pride, satisfaction, identification, and willingness to work hard. There were also significantly lower intentions to turn over and fewer thoughts about leaving.

Kouzes and Posner (1985) found a similar result among leaders. In an initial study of the attributes and practices of superior leaders, they found that these people possessed the abilities, among others, to "Envision the Future" and "Inspire A Shared Vision." In measuring leaders' performance on these and four other related dimensions, Kouzes and Posner found that the higher the scores on the leadership practices, the higher the perceived leader effectiveness and the higher the satisfaction with the leader.

Regardless of how it is measured—whether on the dimension of goals, norms, or vision—clarity, consensus, and intensity about vision and values produced significant results for the organization.

Shared values are related to organizational stakeholders. Whether or not managers feel their values are aligned with those of the organization seems to affect their orientation, attention, and concern for the various people and groups who have a stake in the activities of the corporation. For example, stockholders, owners, *and* customers are viewed as being more important by managers with strong shared values than by those with minimal values compatibility. Managers and bosses are viewed as being less important by managers with weak shared values. Generally, as a manager's sense of shared values increases, so does the importance attached to internal stakeholders (e.g., employees, technicians, craftsmen, colleagues, subordinates, and professionals). It is interesting to note that the degree of shared values did not differentiate among respondents on the importance attached to myself (me), public officials, government bureaucrats, or the general public as organizational stakeholders.

It is significant that the compatibility between personal and organizational values is related to the strength of managers' attention to important stakeholders. An extensive study by Citibank found that when senior executives were clear about their company philosophy, excellent service and quality were delivered to the customer, and "profitability naturally followed."

Walt Disney Productions often comes to mind when analyses describe the importance of matching personal and organizational values in service to the corporate stakeholders. A long time Disney analyst has observed "How Disney looks upon people, internally and externally, handles them, communicates with them, and rewards them, is in my view the basic foundation upon which its five decades of success stand." There is no such thing as a worker at Disney; everyone is a member of the "cast" (the personnel department is the "casting department"), and everyone is always "on stage." Even gate ticket takers are required to attend four eight-hour days of instruction before they are allowed to go on stage. All of this effort and energy ensures that every "employee" understands the corporate philosophy, their own role in the "big picture," and the importance placed on key stakeholders (i.e., the customer, or "Guests" at Disney).

CONCLUSIONS: SHARED VALUES MAKE A DIFFERENCE

The data from this nationwide survey of American managers lends empirical evidence to the claim that efforts to understand and improve the congruence between the values of an organization and its employees is well worth the effort. The strength of this relationship affects both the quality and character of managerial commitment, and the direction of energy and effort on behalf of the organization. Strong shared values provide individuals with a sense of success and fulfillment, a healthy (less cynical) assessment of the values and ethics of their colleagues, subordinates, and bosses, and a greater regard for organizational objectives and significant organizational constituents.

The findings are even more remarkable given the consistency of the results and the cross-sectional nature of the sample. The study included managers at several hierarchical levels, with varied technical (functional) backgrounds, ages, and educational levels. They represented hundreds of both large and small organizations across the country producing all kinds of goods and services.

In addition, our findings are consistent with the results of several extensive within-company surveys. For example, studies of high technology electronics firms reveal a clear relationship between clarity of company (top management) philosophy and employee behaviors. Those firms with the lowest levels of *actual* turnover and strongest work group norms about high productivity were characterized as having the most clearly articulated and consistently reinforced organizational value system (O'Reilly and Moses, 1983).

Shared values do make a difference to organizational and personal vitality. The organizational philosophies and approaches to business of the nation's most admired companies are well known. They direct the energies and activities of their employees. Companies with strong corporate cultures (and high degrees of shared values) underscore the conclusion of Pascale and Athos (1981) that "great companies make meaning."

ATTENTION TO *WHOSE* VALUES?

While our study dealt with congruence between individual and organizational values, it inevitably raises the question: "What are *good* organizational values?" Most corporate executives would probably agree with Peters and Austin's (1985) "Big Four": (1) staying close to the customer: (2) respect for the individual; (3) innovation and entrepreneurship; and (4) leadership. These are, however, only a starting point.

Some would argue that the *most significant* values deal with the organization's hoped-for impact on society. Value congruence between organization and member may enhance loyalty, commitment, and satisfaction, but it leaves unanswered the importance and desirability of the ends toward which all that organizational effort is directed. The Moral Majority, the ACLU, the Moonies, the Mafia, and the Third Reich attract or repel different people precisely because they have clearly stated values related to their desired role and impact in the larger society.

In our free society, we permit a wide variety of groups to form and disband on the assumption that those with undesirable social goals will be kept in check by competing groups and that organizations which do not serve a useful purpose will in time fail to attract sufficient individuals who share their values. Thus, we assume that one indication of the "rightness" or "healthiness" of an organization's values might be the duration of its members' tenure or the level of publicness (openness) by which their business is conducted.* The issue might be summed up, as John Gardner (1983) put it: "Our problem is not to find better values but to be faithful to those we profess." It is important to be explicit about the values we hold and to encourage behavior consistent with these beliefs.

Organizational leaders can benefit from being mindful of the potential discrepancy between what Chris Argyris (1977) called "espoused values" and "values-in-use." Employees attend to the latter more than to the

*One interesting paradox, however, is that most highly respected companies tend to be the breeding ground for the largest number of new ventures and the training ground for leaders of other companies.

former, and are very critical of wide gaps between the two. They watch to see how stated values are reinforced and how those values influence the actions of key executives. For example, they listen for the "first question asked" when assessing a policy or a program. As one middle level hospital administrator remarked: "We're constantly talking about our philosophy of *quality* patient care, but the first question in management meetings always seems to be about costs, expenses, and the bottom line." To insure greater consistency, the top management team of one large disk drive manufacturing company systematically evaluates *every* corporate policy in terms of their stated corporate values. To drive these values home, senior executives now actively participate as faculty in the company's new managers development programs. In another situation, the president of a major fast food chain recently modified his company's mission statement to emphasize product and service quality, rather than financial return to investors, to clarify the values he wants his colleagues to espouse. (Not surprisingly, as product and service improved, so did the bottom line!)

IMPLICATIONS FOR HUMAN RESOURCE MANAGEMENT

Our findings clearly point to a strong and positive correlation between the sharing of organizational values by employees and important individual and organizational success measures. Whether it be perceived career success, willingness to work hard, ethical behavior, understanding of goals, or personal stress, the greater the fit between individual and organizational values, the more positive the result. If you combine this data with O'Reilly and Caldwell's (1985) findings that strong culture companies possess a strong "people orientation," human resource managers have clear empirical support for emphasizing the important role values play in organizational performance.

There are several levers human resource managers can pull to gain a "values advantage" in their organizations. The most useful of these are: (a) programs to clarify and communicate values; (b) recruitment, selection, and orientation; (c) training; (d) reward systems; and (e) counseling support (Wilkins, 1974; Ulrich, 1984).

Programs to Clarify and Communicate Values

While many of America's excellent companies, such as IBM, Johnson and Johnson, and Hewlett-Packard have well articulated statements of values, many (excellent or otherwise) do not. Using the evidence provided here, human resource managers can champion the process of developing such credos. These values charters can provide the "rules of the road" for employees; they comprise the guides necessary for staying on course.

Jay Elliot, Vice President of Human Resources for Apple Computer, Inc., describes one of his department's roles as "Keeper of the Culture." To this end, he periodically surveys a sample of employees to determine their feelings about the published values of the company. (During this time of change in the computer industry, this has become an even more significant task.) Johnson and Johnson has one of the oldest "credos" of any American company. Yet annually, managers are asked, in what J & J calls the "Credo Challenge," to accept or change and then rededicate themselves to the basic beliefs of their organization. At San Jose Hospital, where no values charter existed until recently, the management group, with the help of human resource consultants, developed such a document. The human resources function is the logical place for such a task to reside.

Recruitment, Selection, and Orientation

As in the earlier Proctor and Gamble example, the prospective employee's first encounter with the organization is a major opportunity to confront him or her with the business beliefs of the firm. Since these tasks are part of the human resources function, the HR manager should have a well designed process for determining the fit between individual and organization. Interview questions can be developed to discover the prospect's values. Processes can be designed to communicate company values and norms, as well as to test the prospect's commitments to them. If the recruit meets the company's hiring criteria, early employment protocols can be devised to socialize the new employee to "the way we do things around here" (Pascale, 1985).

At Disneyworld and Disneyland, new employees all receive as part of their orientation "Traditions One." In "Traditions One" they learn what Walt Disney envisioned for the theme parks. They learn about cleanliness and courtesy. They learn everything about what Disney values from its people.

These measures may seem like the Boy Scouts and Girl Scouts—and in a sense they are like them—but they serve the just purpose of ensuring that both individual and company are right for each other.

Training

The development of employee skills is important for any company. The development of the *right* employee skills can be the difference between excellence and mediocrity. Corporate values can provide the needed guidance in selecting curricula and faculty and designing training events. If "close to the customer" is an important value, then there ought to be training programs on what the company means by it and how it expects customer service to be provided. The same is true for "technical excellence," "innovation," or "respect for the individual." Every important value ought to be reflected in training programs.

This does not necessarily mean a course on each value. In fact, it would be more impressive if companies were to design ways for key values to be part of functional skills training. Accounting could be as customer-oriented as sales and marketing, if that were what the firm believed to be important. At Hewlett-Packard, for example, corporate training is responsible for linking managerial competencies and the H-P way. At Kollmorgen Corporation, Chairman Bob Swiggett spends one week per month—25 percent of his time—leading "Kollmorgen Kolture" sessions, in which he takes an active role in describing and discussing the important values of that excellent company. At Bank America Corporation, Robert Beck, Executive Vice President of Human Resources, championed the creation of Bank of America University. Beck, a former IBM executive, was also a major driving force in the development of the "Vision, Values, and Strategies" program which now serves as the foundation for the building of a new banking leader.

Reward Systems

Another HR responsibility is the management of compensation and reward systems. Typically, these tasks are thought of as the administration of salaries, wages, and benefits. But the creative HR manager can find ways to develop recognition programs consistent with important organizational values.

One HR manager we know awards stickers to her employees who exemplify key company values. Each month she holds "Sticker Redemption Night" when stickers can be redeemed for pizza and beverages. Another developed certificates for customer listening.

Tom Melohn, President of North American Tool and Die, distributes "Super Person" awards to his employees. The "Super Person" award is typically a fifty dollar check given out at a full company meeting. He has been known to recognize employess for product innovation, zero rejects, and smiling.

Research indicates that intrinsic rewards are more powerful builders of commitment than extrinsic rewards. Recognizing people for their consistency with organizational values is one way to tap the well-spring of intrinsic motivation. The only limits to the application of this principle are the creative capacities of the HR manager.

Counseling Support

As the external environment changes, internal adaptions are made. Increased competition, technological advancement, demographic shifts, economic fluctuations, organizational life cycles, and the like all challenge the core values of the firm. While most of the fundamental business beliefs stand the test of time in the strong culture companies, some inevitably must change. It is during these times that HR managers can provide a valuable support function.

At Apple Computer, for example, Jay Elliot, Vice President of Human Resources, is a major player in providing consultation and support for employees as the company adjusts to new market realities. Sue Cook, Manager of Employee Development, is champion and producer of a leadership development program which helps key managers build skills and devise solutions to the critical issues facing the company.

Organizational transitions can be traumatic for employees. As new conditions challenge old ways of doing things people often feel lost, confused, even angry. This is particularly true when the values they signed up for are different from the values required by the new situation. HR plays an important role in helping employees at all levels make personal choices about the fit between their values and those of the transformed organization.

So we have come full circle. We began our discussion of implications with HR managers as values clarifiers, and we end our discussion on the same note. The HR function, because it is *the* people function in the firm, must above all be concerned about what people want, need, and value in their work life. And as stewards of the organization, they must also attend to its welfare. It is a constant vigil. By keeping watch on values, HR managers remain alert to the critical task of aligning individual and organizational hopes and dreams.

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