

## **Organizational values: A dynamic perspective**

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### **Abstract**

We make the case that there are four distinct forms of organizational values – espoused, attributed, shared and aspirational. These partial, but related forms encompass variation in temporal orientation and levels of analysis. We use these forms to reveal the dynamic nature of organizational values by delineating the evolution of gaps and overlaps between them. We set out a series of propositions, originating from institutional, organizational and managerial sources to explain the nature of movement between these distinct forms of values and the potential implications for organizational behaviour and performance. Finally, we consider the possibilities of this fine-grained analysis of the organizational values concept for future research.

### **Keywords**

Organizational values, shared values, espoused values, aspirational values, attributed values.

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The significance of organizational values is underlined by their central place in many organizational phenomena including identity (Ashforth & Mael, 1989), culture (Schein, 1985), person-organization fit (Cable & Edwards, 2004) and socialisation (Dose, 1997). Conformity with organizational values is offered as an alternative to bureaucratic control (Ouchi, 1980), providing potential for remote management of subsidiaries (Nohria & Ghoshal, 1994) or functional activities such as service productivity (Dobni, Ritchie, & Zerbe, 2000). Organizational values are shown to influence the interpretation of strategic issues (Bansal, 2003), strategic choice (Pant & Lachman, 1998), strategic change (Carlisle & Baden-Fuller, 2004) and management decision-making (Liedtka, 1989), while Hambrick and Mason's (1984) 'upper-echelons' theory is based on the link between organizational outcomes and managerial values. Organizational values also shape the ethical stance of an organization (Finegan & Theriault, 1997), employee commitment (Ostroff, Shin, & Kinicki, 2005) and relationships with external constituents (Voss, Cable, & Voss, 2000). In short, values have a long reach and a wide span of influence on critical processes and characteristics in organizations.

There is a tendency for scholars to conceive organizational values as unitary, fully-formed and stable entities (see, for example, Amis, Slack & Hinings, 2002; Dobni et al., 2000; Van der Wal, de Graaf & Lasthuizen, 2008). A careful exploration of the concept, however uncovers differences indicating that organizational values adopt a number of forms. To illustrate this, we could select practically any commercial, public or not-for-profit organization and carry out a simple exercise. First, we might look for explicitly stated organizational values (Bansal, 2003). Typically, on the organization website will be a link to 'our values', usually a list of four to seven (e.g. 'customer focused', 'entrepreneurial', 'profit

driven', 'caring for others'), with perhaps a few lines of explanation and associated behaviours. We might also examine annual reports and other documents where, explicitly or implicitly, top managers espouse values in the words and phrases they employ (Kabanoff, Waldersee & Cohen, 1995). These organizational values are formally espoused and sanctioned by top managers.

Alternatively, we might ask members to describe their organization's values (Balazs 1990; Pruzan, 2001). They may say 'this organization values tradition', 'here, principles matter more than rules' or 'there's an emphasis on excellence', and so on. Members attribute the values that characterise their organization through the patterns they observe in day-to-day actions. If, instead, we were to ask organizational members what values they share (Weiner, 1988), they may answer, 'we like to exceed targets', 'we are keen to provide good service', or 'we want to be good team workers', and so on. Members are generally able to identify shared organizational values, at least within their immediate work groups (Maierhofer, Rafferty & Kabanoff, 2003; Schein, 1985). Finally, we might want to discover what members think the organization's values ought to be (Enz, 1988). It would not be unusual to hear them say, 'we need to be more responsive', or 'we need to be more goal-oriented', and so on. In contrast to those that have been established through patterns of actions, members may identify another form – the aspirational values they believe their organization should adopt if it is to thrive in the longer term.

Each of the above signifies a distinct form of organizational values: espoused, attributed, shared and aspirational. We contend that each is a valid but partial representation of an organization's values, and that the relationship between these forms is constantly fluctuating in ways that hitherto are unexplored. While a number of theoretical models incorporate

organizational values, gaps remain in our understanding of their dynamics. Some focus on content, categorising value profiles that reflect organizational culture orientations (for example: Quinn & Rohrbaugh, 1983; Wiener, 1988; Kabanoff et al., 1995), while others explore the role of values in, for example, the dynamics of organizational culture change (Hatch, 1993; Schein, 1985) or structural change (Amis, et al., 2002; Greenwood & Hinings, 1988; Hinings, Thibault, Slack & Kikulis, 1996). Such models yield many insights but do not explicitly explore the nature and dynamics of organizational values. This, we suggest, constrains theoretical and empirical dialogue, thus our ability to understand and explore an organizational phenomenon that is continually evolving.

This paper contributes to the substantial literature encompassing organizational values by isolating distinct forms and exploring relations between them. Development of the construct provides clarification of terms and exposes the dynamic nature of organizational values, offering scholars and practitioners the potential to explore further their influence and evolution. A fresh focus on organizational values is timely from both research and practice perspectives. The values construct is widely evoked in organizational literature, but tends to be compromised by lax conceptualization so that the progress of values research continues to be constrained by the lack of a common theoretical basis (Connor & Becker, 1994; Stackman, Pinder & Connor, 2000). At the same time, organizational values are increasingly being used in practice to stimulate, and enforce, the alignment of behaviours (see, for example, Quappe, Samso-Aparici & Warshawsky, 2007), emphasising a form of normative control (Ouchi, 1980) that raises a number of issues around effectiveness and ethics.

In the following sections, we briefly set out key characteristics of values then expand upon four forms of organizational values, drawing from empirical studies in the extant literature.

We develop a framework that shows the interrelationships between the forms of values, and which highlights the dynamic nature of organizational values. We then discuss four archetypal organizational value structures that arise out of tensions between forms and explore their origins in a series of propositions. Finally, we discuss the implications for research and practice, and offer suggestions for future research.

## **The organizational values construct**

Values are defined as enduring beliefs that are personally or socially preferable to converse beliefs, which transcend specific situations, and which guide selection or evaluation of behaviour (Rokeach, 1973). Schwartz (1992; Schwartz & Bilsky 1987) identifies three ‘universal human requirements’ that form the basis for all values: the need for biological survival; the demand for social interaction; and social and institutional demands for group welfare. Differences in the relative importance placed on these requirements mean they hold potential for conflict within and between individuals and groups.

In common with values more generally, there remains a lack of agreement amongst scholars regarding definitions and conceptualisations of organizational values (see Agle & Caldwell, 1999; Dose, 1997; Rohan, 2000). We explore their variation more fully in the following sections, but begin by setting out some essential characteristics. Our position is that organizational values embody those general values that guide organizational members in their selection or evaluation of behaviour. They represent a form of consensus regarding the values that a social group or organization consider important for its aims and collective welfare (Schwartz & Bilsky, 1987; Williams, 1960).

The term 'organizational values' typically refers to the small number of values that together make up a value system. Individuals and groups develop value systems – broadly coherent arrangements of values that place greater importance on certain values over others – through experience and learning (Schwartz, 1992). Coherent value systems are stable and enduring: they are neither wholly fixed, for then there would be no ability for change, nor too fluid, for then there would be no continuity. Changes do occur over time as individuals and groups learn and adapt, but these are typically incremental, infrequent and limited by the requirement for associated adjustments to other systems of belief and action (Meglino & Ravlin, 1998; Rokeach, 1973).

In contrast to personal values, which are located at the level of individuals who 'have' or possess their own values (Schwartz, 1992), group and organizational values possess particular characteristics that make the level of analysis difficult to isolate. As Rohan (2000, p. 265) points out, there 'is no consensus about whether to understand these in terms of the average of the group members' personal value priorities or, for example, group leaders' or other significant members' beliefs about what the group priorities should be'. Moreover, a group or organization's values may refer both to those that are presently held in common, and to those that it intends to reach in future (Williams, 1960). Rather than opting for the adoption of one or other of these forms, we argue that each is valid and that it is their interrelation that provides the basis for a broader and more dynamic concept of organizational values.

Organizational values are closely connected to other organizational phenomena, in particular culture and institutionalism. Schein (1985) sees values as manifestations of shared basic assumptions, themselves revealed in organizational artefacts, while Gagliardi (1986) makes the distinction between primary characteristics of culture, its basic assumptions and values,

and secondary characteristics, which include artefacts and symbols. Both view values as integral to, but not homologous with culture, although in quantitative research studies, they frequently serve as proxies (O'Reilly, Chatman and Caldwell, 1991). From an institutional theory perspective, organizational values are the product of values prevailing in institutional fields, and which form the basis for organizational structures and routines (Greenwood & Hinings, 1988, 1996; Oliver, 1992). Conformity with the values of the institutional field is an issue of legitimacy: congruence between the values of the organization and its larger social system can assist in gaining support and access to resources, and so can be essential for survival (Ashforth & Gibbs, 1990; Parsons, 1956). Within organizations, groups such as professional associations and trade unions play an important part in transmitting the values of their groups to members. In highly professionalised institutional fields, such as health and education, members of organizations may be influenced by conflicting institutional values (Greenwood, Suddaby & Hinings, 2002).

In summary, values are based upon potentially conflicting human requirements. They are both enduring and capable of change. As group or social values, organizational values may be understood at different levels and in present and future contexts, and yet they are assumed to guide members in their selection or evaluation of behaviour. It is therefore understandable that scholars have adopted different approaches in describing, defining and operationalizing organizational values.

## **Forms of organizational values**

In this section, we expand upon each of the four forms of organizational values and consider



their characteristics, the assumptions that underpin them and arguments regarding their representation as organizational values. Our conclusion is that each has a partial claim, but none fully represents the construct.

### ***The espoused values form***

The values that top managers sanction through verbal or written statements and formal documents are often presumed to represent organizational values. Bansal (2003, p. 520) defines organizational values as those ‘determined by the top management team ... often stated explicitly in corporate documents’, while Pant and Lachman (1998, p. 198) assume ‘the values of the organization to mean the values of the top management team’. Kabanoff, et al. (1995, p. 1081) refer to this form of organizational values as ‘espoused’ and argue that they ‘clearly represent the value consensus among an organization’s senior managers’.

A number of arguments support equating organizational values with those espoused by its top management. First, top managers are vested with the authority to manage organizations so that they meet defined objectives or targets and, to this end, values may be used to shape behaviours through social control (Argandoña, 2003; Pant & Lachman, 1998). Second, the values of leaders and top managers have been shown to have greater influence on organizational outcomes than do those of other member groups (Agle, Mitchel, & Sonnenfeld, 1999; Hage & Dewar, 1973), while Hambrick and Mason’s (1984) upper echelons theory positions the organization as a reflection of the values, cognitive styles and biases of its top managers. Further, Enz (1988) suggests that corporate departments that display the values espoused by top management enhance their power and influence within the

organization. Finally, the values of many entrepreneurial organizations are those of their founders (Schein, 1985).

There are also arguments against this presumption. Top managers may formally espouse values that they believe should be the basis for decisions and actions, but that does not necessarily mean that these equate to organizational values. Hofstede (1998, p. 483) argues that organizational practices, originally established by founders and later modified by succeeding top managers, are based on values not necessarily shared by organization members, who 'have to follow the practices if they want to remain members, but they do not have to confess to the values'. Further, Hofstede (1998) points out that an organization's values are frequently operationalized by surveying top managers so, for example, Wiener (1988, p. 535) defines organizational values as shared by members 'across units and levels' but suggests they are identified by communication with top leadership. Such representation means that espoused values may appear to have greater significance than is actually the case. Furthermore, in certain situations, top managers may espouse values because they legitimise the organization by presenting a face that appeals to certain stakeholders, such as customers, shareholders or financial institutions (Ashforth & Gibbs, 1990). Suchman (1995, p. 588) acknowledges that values may be espoused before or without new structures and practices being embedded and argues that, while in some organizations this may be intended to give a false appearance of legitimacy, in others organizational members and close stakeholders may wish certain symbolic values to be espoused so that they might eventually become adopted.

The espoused values form is grounded in the assumption that senior managers have the ability to impose values in a way that subsumes the personal values of organizational members. Some research supports this view. Berson, Oreg and Dvir (2008), for example,

found a correlation between CEOs personal values and their organizations' culture, although a more critical counter-view suggests that the appearance of conformity to espoused values is all but a façade (Hewlin, 2003). Meanwhile, Dow (1988, p. 60) offers a pluralistic perspective in stating that values 'emerge from processes of social interaction in which top management is only one player among many'. In summary, research indicates that espoused values carry considerable weight in organizations, but to consider them as a valid representation of the entirety of organizational values is problematic.

### ***The attributed values form***

While espoused organizational values are those advocated by the senior management team, 'attributed values' are those that members, generally, regard as representative of the organization. A number of scholars adopt the attributed values form, particularly when using values as a variable in assessing person-organization fit (Kristof, 1996). Balazs (1990, p. 173) defines an organization's values as those that its members 'attribute to the firm', while Liedtka (1989) measures the values attributed to the organization by a cross-section of its managers. Kalliath, Bluedorn and Strube (1999, p. 1185) describe organizational values as 'members' judgment of the values of the organization as a whole', and Finegan (2000, p. 156) defined organizational values in terms of their 'perceived importance to the organization' by its members. The assumptions behind such attribution to an organization are fundamentally those that Whetten (2006, p. 221) describes in the context of organizational identity: the treatment of organizations by society as though they were individuals; the concept of a collective actor; and the view that organizational attributes such as its identity or

values 'is an unobservable subjective state ... inferred from its posited effects or consequences'.

Pruzan (2001, p. 274) defines organizational values from an attributed perspective in stating that they are 'those values which could be said to implicitly underlie decisions made'. While there may be overlap with the values espoused by senior managers, it is not necessarily the case. First, the implication in Pruzan's (2001) definition is that because they underlie decisions, they are differentiated from those that may be espoused but not enacted. A second implication is that because organizational members are able to attribute such values to the organization, they have a history that members recognize in patterns of past decisions; in contrast, espoused values may not always reflect this history. Moreover, while members may recognize attributed values as being characteristic of the organization, and although those members may also identify with the organization, it does not necessarily follow that they share these values (Ashforth & Mael, 1989; Hofstede, 1998); attributed values are therefore clearly distinct from shared values.

There are arguments for equating attributed values with organizational values. The attributed form is based in repeated patterns and so has had historical influence on actions and decisions. Attributed values can be agreed upon more readily than other forms because members can point to the values without necessarily sharing them. Some survey research makes this quite specific: Kristof (1996, p. 13), for example, requires respondents to state their organization's values, making it clear that 'individuals are not required to respond similarly to the individual question (what do you value?)'. There are also arguments against: attributed values reflect past patterns that may no longer characterise an organization that is adapting to a changing environment; they do not address the notion that values may refer to a

future, intended state (Greenwood & Hinings 1988; Williams 1960); and they do not acknowledge the role of leadership in the management of legitimacy (Suchman, 1995).

Attributed values therefore represent the history of the organization, but do not typically hold aspirations or intentions for the future.

### ***The shared values form***

The shared values form positions organizational values as an aggregation of the values of its members. People are socialised through exposure to customs, norms and practices so that the characteristics of societies, organizations and groups are manifested in their members' personal values (Rokeach, 1979; Schwartz, 1999). Aggregation of these values reveals the focus of shared enculturation and points to the underlying organizational values, with individual member differences reflected in variation from the mean. The shared values form is summed up by Weiner (1988, p. 535), who states that '[t]he shared values of organizational members constitute an organizational value system', its breadth measured by the proportion of members who share the values, and its intensity by the importance with which a value is held in relation to other shared values.

The shared values form, as described here, originates from studies of cultural values (e.g. Rokeach, 1973; Schwartz, 1999), and is distinct from the use of the same phrase to indicate organizational members' subjective sense of the similarity between their own values and those of their organization. Examples of the latter sense of shared values can be found in the person-organization fit literature (see, for example, Cable & Edwards, 2004; Maxham & Netemeyer, 2003; Posner 1993). Sharing with 'the organization' is, in the context of this paper, a subjective fit of personal values typically with either espoused or attributed values.

There are reasons for adopting the shared form of organizational values. In periods of relative stability, correspondence between member and organizational values is likely to develop in line with Schneider's (1987) attraction-selection-attrition (ASA) model, which states that members are attracted to, selected by, and removed from an organization on the basis of 'fit' with its orientation and characteristics. Because orientation and characteristics are manifested in individual members (Schwartz, 1999), fit with the organization's values corresponds to fit with the prevailing values of other members, leading over time and in stable environments to increasing within-organization homogeneity (Kristoff, 1996). The shared values form also overcomes objections to organizations 'possessing' values (Meglino & Ravlin, 1998; Stackman et al., 2000); the level of analysis is the organizational member and aggregation reflects the cultural profile of the organization.

The concept of within-organization homogeneity of member values is attractive to those who take a sociological functionalist view of organizations (Parsons, 1956), which suggests that the internalisation of shared values by actors in a social system should ensure that each 'wants what it should want, and acts as it should act' (Nohria & Ghoshal, 1994, p. 493). It is based upon the assumption that members' personal values can be shaped or subsumed through socialisation, and that divergence of interests can be minimised (Barnard, 1938), and has led to the notion of the 'normative organization' (Etzioni, 1965).

The shared values form of organizational values, however, takes no account of asymmetric power relations within organizations and so does not reflect the relatively greater influence of the personal values of more senior and centrally located members over those on the periphery (Agle et al., 1999; Hage & Dewar, 1973). The concept is also limited by the extent to which there can be any meaningful sense of shared values, particularly in larger organizations

(Meglino & Ravlin, 1998; Roe & Ester, 1999). In small work groups convergence around similar shared values is more probable because of the proximity of members and the frequency with which they interact (Maierhofer et al., 2003). However, in larger groups or organizations, interactions can be infrequent or absent, while members may be diversely located. Hofstede (1998) observes that in multinational organizations there may be greater variation between the values of those working in the same organization but in different national locations than there is between the values of those working in different organizations but in the same national location.

The shared values form is therefore relatively complex when placed under closer scrutiny, perhaps explaining why there are few studies that explore the concept empirically, particularly in relation to the frequency that shared values are evoked (Nohria & Ghoshal, 1994). Representing the organization's values as an aggregation of the personal values of individual members is, however, clearly distinct from the espoused and attributed values forms.

### ***The aspirational values form***

So far we have identified three forms that characterise partial representations of organizational values: those that top managers formally espouse; those that members attribute to the organization; and those that members share. Our fourth and final form is that which members believe ought to be the values of the organization; we describe these as 'aspirational'.

Changing trends in social life may lead to changes in personal values that become reflected in the aspirational values of organizational members. Posner (2010), for example, notes a gradual shift in the priorities of American managers in a direction from self to more society-centred values over three decades. Aspirational values may also be associated with variation in the professional values of group members, so that those of marketers differ from those of accountants, those of physicians differ from those of administrators, and so on. Alternatively, beliefs about the values that an organization ought to aspire to may come from exposure to changes in the institutional field (Oliver, 1992), which reaches some groups before others. Still more may come through the growth of the organization via new recruits, mergers, takeovers and new stakeholder influence. In short, organizations may be viewed as repositories of a 'multiplicity of values' (Hinings et al., 1996, p. 888) representing the range of beliefs held by its members regarding the set of values that should be the basis for its behaviours and actions.

While attributed values represent organization members' understanding of existing preferences, aspirational values represent ideas of what should be in the future and so may signal a break from historical patterns. Importantly, the locus of aspirational values is at the level of the members; unlike espoused values, they are not necessarily endorsed by top managers and instead may emerge from anywhere in an organization. Furthermore, aspirational values are likely to have close similarities with the shared personal values of those individuals promoting them, but they differ from the shared values form in that they emphasise intention: what ought to be, rather than what is.

Aspirational values have on occasions been the focus in research studies. Badovick and Beatty (1987) explored both attributed values and those that respondents would like to see



incorporated into future policies. Similarly, Van der Wal et al. (2008) compared both attributed and aspirational values in the Dutch public and private sectors. The aspirational form is also implicit in Enz's (1988, p. 287) definition of organizational values as those that members believe organizations 'ought to or should identify in the running of the enterprise'. In practical applications, Cameron and Quinn (1999) approach organizational culture change by assessing the gap between current, attributed values and future, aspirational values.

To summarise, organizations as social entities carry intentions for their future survival. Aspirational values are representations of these intentions held and so form a significant component of organizational values, but differ from espoused values by their location at the level of organizational members.

## **Toward a framework of organizational values**

We have identified four distinct forms of organizational values. In the following paragraphs we argue that these representations can be usefully considered together in a single framework of organizational values, as illustrated in Figure 1. The framework encapsulates two dimensions concerning the nature of organizational values: their orientation both as patterns embedded in an organization's history and as its future intentions; and their level as both personal and social constructs. We suggest that the arrangement of value forms within the framework exposes variation in their composition. Similarity between the four value forms reveal overlaps, while differences expose tensions or gaps between forms and which, we argue, are the basis for dynamics in organizational values.

----- FIGURE 1 ABOUT HERE -----

### ***Organizational values orientation: Embedded or Intended***

Williams (1960, p. 409) observes that while group values can refer to those that are presently held in common throughout a group, they may also ‘represent a future state of affairs intended to be reached by collective action’. Similarly, Greenwood and Hinings (1988) suggest that values may be expressed in advance of (and perhaps without) eventual realisation and so represent intentions, while Suchman (1995) acknowledges that institutions may formally espouse values as a strategy to gain moral legitimacy prior to their adherence by organizational members.

Values are embedded when they are expressed in the structures and systems of organizations (Greenwood & Hinings, 1988), or when they are shared to the extent that members are able to anticipate other members’ actions behaviours and expectations (Maierhofer et al., 2003). Conversely, values are intended when they are formally espoused by top managers or are advocated by a significant part of an organization’s membership, but are not yet manifest in the structures and systems of organizations (Amis et al., 2002). We can see distinctions in orientation in the four organizational value forms. Attributed values reflect patterns of actions; they are those that members identify as values embedded in history and enacted in the present (‘we are flexible’; ‘we like to challenge the way things are done’; ‘we respect traditions’). Similarly, shared values develop over time and reflect historical patterns of actions and behaviours, and so they are predominantly embedded. Conversely aspirational values represent those that members and groups of members believe to be desirable, often couched in ‘ought’ terms (‘we ought to be more open to change’, ‘we ought to be more achievement oriented’). Finally, formally espoused values represent those that top managers believe the organization ought to hold in order to achieve its aims. For these reasons,

espoused values carry some degree of intention, so although in practice they may not differ in content or emphasis from values embedded in patterns, their orientation is forward-looking.

To summarise, values embedded in past patterns contrast with those oriented to future intentions and therefore introduce a temporal dimension to the framework.

### ***Organizational Values: Aggregated or Collective***

The notion that values are conceptual abstractions incorporating individual and group requirements (Schwartz & Bilsky, 1987; Williams, 1960), brings to attention the observation that values are both personal cognitive structures and collective social structures (D'Andrade, 2008). The dual level of values exposes a dilemma facing every individual: the extent to which we respond to our own requirements and desires, or to the socially-accepted desirable values that belonging to a group requires (Rohan, 2000).

Social psychologists explore values at the level of the individual, and understand a person's value system as 'a stable meaning-producing superordinate cognitive structure' developed through learning and elaborated through experience (Schwartz & Bilsky, 1987, p. 257).

Organizational values are aggregations of personal values that reveal shared cognitive structures, or as Rokeach (1979, p. 50) put it, 'institutional and individual values are really the opposite side of the same coin'. However, as Rohan (2000, p. 266) points out, differences in values between individuals and the various social groups they belong to mean that 'people must decide whether to behave in line with others' expectations – consistent with social value priorities – or their own value priorities'. Moreover, not every social group holds the same values, and so the decision may differ when the social group concerned is one's work organization, family, community, religious group, and so on. Furthermore, social theorists do

not share the psychologists' view that social values are simply aggregations of individual personal values, but instead recognize the influences of history, power and group dynamics (D'Andrade, 2008), which means that social values may be collectively agreed upon, but not necessarily shared by all (Hofstede, 1998).

There is therefore a distinction between social values as an aggregation of personal values, located at the level of the individual, and social values derived from precedence, power and influence, located at the level of the collective organization. Both the social psychologists' and the social theorists' representations of social values are accommodated in the four forms of organizational values, although the lines of distinction may not always be that clear.

Attributed values are collectively agreed upon social structures, not necessarily shared, but established and accepted. Espoused values are also collective social structures onto which carry a degree of power and influence and, while individual executives may privately disagree, collective responsibility means they are accepted as appropriate for the organization as a whole. Aspirational values are those that some individuals and groups believe to be desirable for the organization and as such, they are shared personal cognitive structures.

The four forms of organizational values are aligned in the framework according to the extent to which they reflect an orientation embedded in past patterns or an orientation towards an intended future, and the extent to which they are at the level of collectively accepted social structures or the shared personal cognitive structures of organizational members. While there will inevitably be debate about where exactly on these two continua each form might sit, we can represent them approximately and usefully by using these two dimensions to construct a framework of organizational values (set out in Figure 1).

## **A dynamic perspective of organizational values**

On the basis that forms of organizational values differ in level and orientation, we can anticipate that in most organizations, much of the time, there will be some variation in the composition and emphasis between them. So, for example, an organization might espouse values emphasising individual performance, while most members share values that emphasise teamwork. We can suppose that such contrasts generate tensions that will increase the greater the differences, or gaps, between the forms of values. Conversely, tensions will reduce the greater the similarities, or overlaps, between the forms.

We anticipate that endogenous and exogenous factors would each contribute to the extension and reduction of gaps between forms over time. Expansion of an organization, particularly through acquisitions and mergers, will introduce new members and an influx of potentially competing values, while its parts – subsidiaries, divisions, functions and so on – may develop at different rates and in different ways. Meanwhile, social change, the regulatory environment or competitive activity, may introduce alternative aspirational values to an organization. Together, these factors may lead to ‘normative fragmentation’ (Oliver, 1992, p. 575), a loss of consensus amongst members and so variation between forms of organizational values. Conversely, forms of values are likely to overlap increasingly during extended periods of stability and positive performance, as success reinforces underpinning assumptions (Schein, 1985), as processes of attraction, socialization and attrition lead to greater similarity in values (Schneider, 1987), or as positive feedback from an organization’s institutional field continues. For most organizations, therefore, shifting overlaps and gaps between the forms of values mean that they remain in a state of flux. Periods of relative stability interrupt, and are

interrupted by, periods of tension, and we suggest that conceiving organizational values as a number of distinct, but overlapping, empirical forms provides the basis for a more fine-grained analysis of their dynamics.

Below we set out four archetypal configurations and propositions: a high overlap between all forms of organizational values; a gap between embedded and intended forms; and two where gaps open between collective and aggregated forms of values. Figure 2 provides a schematic of these potential configurations. We position these propositions, not as a fully formed theory of values, but as the beginnings of a more empirically refined perspective and one which explicitly recognises the potential divergence and dynamism of value forms in organizations.

----- FIGURE 2 about here -----

### ***High overlap***

An overlap between forms of organizational values occurs when members share values that are similar to those they attribute to the organization and which correspond to those that top managers espouse in formal documents and statements. When asked what values they aspire to, members identify those they currently exhibit. There is little difference between each of the four forms, illustrated as the ‘overlapping’ configuration in Figure 2.1.

From some perspectives, a high degree of overlap may be considered desirable. There would be little dissent from the values that underpin decisions and actions, and members of such an organization would have a clear sense of purpose and shared understanding that underpins a compatible team of individuals (Barnard, 1938). Those whose personal values do not fit will seek, or be encouraged, to leave and there would be high levels of loyalty and satisfaction.

From the perspective of top managers, high overlap would simplify normative control as there would be widespread agreement about what is good and bad for the organization.

From other perspectives, however, too much of an overlap may be considered undesirable. Where espoused, attributed, shared and aspirational values are essentially indistinguishable, there would be little motivation for challenging the basis for decisions and actions. Moreover, such strength in the organization's values would reduce diversity and create difficulties for anyone with different value priorities; they would be 'expunged like a virus' (Collins & Porras, 1994, p. 9). Reaction to critical comment would likely be defensive and the high degree of value overlap could lead to 'excessively crystallized attitudes' (Barnard, 1938, p. 225).

One factor promoting overlap in the forms of organization values is long-term positive performance, which creates conditions of stability and certainty. Overlaps might begin to develop after top managers espouse certain values as part of an organization's initial strategic orientation or reorientation (Schein, 1995; Tushman & Romanelli, 1985). As performance meets or exceeds expectation, espoused values will be progressively embedded into organizational structures and processes (Schein, 1985). This, in turn, will result in members increasingly attributing these values to their organization. New members will be appointed at least in part on selectors' perception of fit between applicants' values and those they attribute to the organization (Cable & Judge, 1997), while socialization processes accentuate shared values and encourage the attrition of those opposed to espoused and attributed values (Schneider, 1987). Provided that positive performance continues, aspirations are likely to be limited to maintaining embedded values and the forms will further overlap as social and

normative processes are reinforced by structures and political equilibrium (Tushman & Romanelli, 1985).

We also anticipate that an alternative predictor for overlap between forms of values will be the isomorphic pressures found in highly institutionalized organizational fields where the influence of professional associations and other regulatory mechanisms are particularly strong, as in accountancy and law (Greenwood, et al., 2002). In these contexts, widespread conformity to social prescriptions across firms within the field leads to similarity in values, beliefs and routines as organizations attempt to enhance legitimacy and status (Amis et al., 2002; Johnson & Greenwood, 2007). Moreover, in settings such as medicine, accountancy and law, most organizational members will have been socialised to a particular set of shared values through an extended period of education and training, and through membership of their professional associations (Bloor & Dawson, 1994). Employing organizations form part of the same institutional field, are run by members belonging to the same professional associations, and so espouse essentially identical values. Typically, the values shared by members and espoused by top managers are embedded in social processes and structures. In the absence of exogenous 'jolts' (Greenwood et al., 2002), and with continued approval from within the institutional field and by stakeholders, there would be little support for alternative aspirational values, while success and stability will further encourage convergence between forms of organizational values.

Under both situations, that of long-term positive performance and that of organizations in highly institutionalised fields, conditions are created for relative stability. It is in times of stability that we anticipate the forms of organizational values to converge so that,



Proposition P1: Positive organizational performance or highly institutionalised fields foster extended periods of stability in organizations, which promotes overlap between all four forms of values.

### ***Gap between embedded and intended values***

A gap may occur between forms of values embedded in past patterns and forms oriented toward an intended future. This occurs, typically, when an organization is pulled through a process of radical change leading to managerial attempts to replace ‘old’ values with new ones (Greenwood & Hinings, 1988). This gap is illustrated in Figure 2.2 as an ‘expectation gap’, where an overlap between the attributed values and the shared values of the majority of members is separated from an overlap between the aspirational values of other members and the espoused values of the top managers.

An expectation gap may develop following a period of organizational underperformance that provokes increasing dissatisfaction amongst a significant number of members. Greenwood and Hinings (1996, p. 1033) point out that ‘in any organization are the seeds of alternative ways of viewing the purpose of that organization’, and eventually one or other viewpoint regarding the route to better performance may emerge encapsulating new aspirational values. At some point, a gathering coalition of support for these values will include top managers, who may have been replaced by a new set subscribing to the changes (Hinings et al., 2002), and the aspirational values become espoused. An expectation gap is established between intended values – the aspirations of a body of organizational members and espoused by top managers, and embedded values – those that members attribute to the organization and which are still shared by a most members. Tushman and Romanelli (1985, p. 205) allude to this gap

in stating that, ‘during reorientation attempts, previous structures, systems and values become part of the organization’s past’, and that these ‘become inertial forces which resist the implementation of new strategies and systems’. Intended, future-oriented forms of organizational values conflict with historical, embedded forms, illustrated in Carlisle and Baden-Fuller’s (2004) study of strategic change in the oil distribution industry, where an attempt to build new strategic capabilities involving more flexible behaviour was obstructed by tanker drivers’ commitment to shared and attributed values. Tension between tradition and renewal is also revealed in Turnbull’s (2001) study of ideology change in a UK aerospace firm, where middle managers’ responses to new values espoused by top managers range from enthusiastic support to indifference, cynicism and outright opposition.

Proposition P2: Organizational underperformance will lead to a search for alternative values. If such values are adopted, an expectation gap will emerge between intended forms of values (aspirational and espoused) and those embedded in the organization’s past (attributed and shared).

The identification of this gap highlights what may need to occur if tension is to reduce and the gap is to close, consistent with Greenwood and Hinings’ (1988) ‘tracks’ between structural design archetypes. One resolution involves a change process which moves currently attributed and shared value forms toward espoused and aspirational forms. Alternatively, intended changes fail to materialise so espoused and aspirational values revert to the attributed and shared. There may also be movement on both sides towards negotiated version or, finally, the tension may remain.

### *Gaps between the level of values*

Gaps that indicate tensions between levels of value forms can be characterised in two ways.

The first we term a ‘dislocation gap’ (Figure 2.3), where espoused and attributed values differ from shared and aspirational values. The second type of gap, we describe as the ‘leadership gap’ (Figure 2.4), where there is broad alignment between shared, aspirational and attributed values, but not with the values espoused by the top management team.

The dislocation gap represents a fundamental disconnect between the values shared by a significant part of an organization’s membership, and the values they attribute to the organization and which are espoused by top managers. This can be characterised as an explicit lack of belonging and association and may appear when members also belong to powerful groups, such as trade union or professional associations, which hold values antagonistic to those espoused by leaders and attributed to the organization. Two studies, for example, expose value-related conflict between professionals and administrators in health service organizations: Mueller, Harvey and Howorth (2003) reveal ‘contested archetypes’ between a UK hospital’s management and the medical profession, rooted in a gap between their institutional values; while a similar gap is also evident in Fiol, Pratt, & O’Connor’s (2009) analysis of conflict between medical staff and administrators in a US hospital. In these situations, top managers control organizational structures and processes but are reliant upon key members who possess the knowledge, skills or professional qualifications that endow them with a power that means they cannot be ignored and they cannot be arbitrarily replaced (Ackroyd, 1996). Managers are able to embed the values they espouse into structures and processes so that members attribute these to their organization, but do not have complete control over all social processes, in particular the selection and socialization of this

key body of members. Should these members share an alternative set of values that they also aspire for their organization, a dislocation gap will arise..

Alternatively, dislocation gaps may appear as organizations expand and cultural distances between functions and divisions emerge. One cause for dislocation is when members of parts of a globally distributed organization hold differing values related to their local cultures (Hofstede, 1998; Nelson & Gopalan, 2003; Roe & Ester, 1999). The dislocation is between shared values of members of particular subsidiaries and the values espoused by the corporate centre, which are embedded into structures and systems adopted throughout the organization. A gap between forms of values may also arise for those subsumed into another organization following acquisition. The espoused and attributed values of the acquiring organization may differ from the shared and aspirational values of the acquired members, who may experience dislocation from the organization they originally joined (Vaara, 2002; Weber 1996).

Proposition P3: Where organizations include significant groups of members who have bonds with institutions or cultures ideologically distant from the corporate centre, a dislocation gap may develop between these groups' values at the aggregated individual level (shared and aspirational) and those at the level of the collective organization (espoused and attributed).

A leadership gap (Figure 2.4) occurs when espoused values are not in alignment with either the shared or aspirational values of organizational members, or with those they attribute to the organization. For example, a leadership gap may appear should organizational leaders espouse new values to signal conformity with certain institutional norms or strategic expectations before there is sufficient organizational support for such a move. This is illustrated in Glynn's (2000) exploration of identity conflict in an orchestra, where

fundamental differences arose between, on the one hand, the musicians shared, attributed and aspirational artistic values and, on the other, the commercial values espoused by senior managers. Alternatively, a gap may occur as a consequence of divergence in shared meanings between an organization's membership and its leadership, as was illustrated by Cha and Edmonson (2006) in their account of a young advertising agency. Here, members interpreted the values originally espoused by its founder in such a way that, as the agency grew, a gap developed between the members' shared and attributed values, and those that the founder later espoused. A leadership gap may also arise out of a cynical ploy by top managers to 'give off a false appearance of conformity to society ideals' (Suchman, 1995, p. 588), illustrated by Lencioni's (2002) analysis of the 'empty' values used by Enron, which outlines the destructive effects of an attempt by a management team to espouse a set of values that are not supported by authentic behaviours and policies. Such situations would be exemplified by a pronounced leadership gap between these different forms of values.

Proposition P4. In situations when leaders have lost, or have failed to gain, the support of organizational members through their behaviour and actions, a leadership gap will be evident between the espoused organizational values and all other forms.

These propositions also indicate ways in which tensions resulting from gaps between forms of values may be reduced, although none can be construed as simple or rapid. Where dislocation is a consequence of member affiliation to professional or other institutions, resolution may result if the bodies concerned redefine institutional logics and legitimise alternative values (Greenwood et al., 2002). In situations that create cultural distance, tensions may eventually reduce through member adaptation to collective-level values and the attrition of those unable or unwilling to accommodate the values of the integrated

organization (Schneider, 1987). Alternatively, tension may be reduced by shifts in an organization's espoused and attributed values so they better reflect those of its dominant institutions or its broadening cultural diversity. Finally, to reduce tension resulting from a leadership gap, the choice for senior management is either to shift espoused values to be closer to those of the core of the organizational membership or to create an organization-wide value shift, something which is both challenging and complex.

We do not claim the propositions outlined above to represent a complete theory of the dynamics of organizational values, but they do demonstrate ways in which such theorising might be carried out. The propositions may be tested through either longitudinal or cross-sectional studies, the initial challenge being to integrate measures for each form of values into a single research design. Espoused values could be measured by the content analysis of documents sanctioned by top managers as, for example, in the studies carried out by Kabanoff et al. (1995). Attributed, aspirational and shared values have at times been measured using appropriate survey methods so, for example, Finegan (2000) measures attributed values, Badovick and Beatty (1987) aspirational values, and Ostroff et al. (2005) measures shared values. The use of a common basis for mapping the values into a framework would be essential so that similarities and differences could be measured. Examples of these include Kabanoff et al.'s (1995) typology of organizational values and Quinn and Rohrbaugh's (1983) competing values model. Both have been used to compare value structures and could be adapted to compare forms of values in testing the propositions. Our contention is that forms of organizational values are in a state of flux so we would expect overlaps and gaps to fluctuate over time. Long-term observation of the forms of values through multiple site longitudinal case studies would reveal their dynamic nature as

organizational events unfold. Changes might be observed more readily if sites are selected on the basis of anticipated interventions such as strategic reorientations, acquisitions or changes in leadership that would disrupt equilibrium amongst the forms of values. Tracking the relationships between the forms of values would reveal similar or contrasting patterns and so help build a more refined understanding of the dynamics of organizational values.

Alternatively, the propositions could be tested through cross-sectional research. Overlaps, and expectation gaps might be tested, for example, by comparing forms of values across a sample that includes organizations with a history of stable, positive performance and those with a disrupted past, perhaps including those that are currently, or have recently, been undergoing substantial reorientation. Similarly, the dislocation gap might be tested by measuring the forms of values in a sample of organizations that have widely dispersed locations, or have made recent acquisitions, or which have substantial and powerful subgroups.

## **Conclusion**

There is a tendency for organizational values to be viewed as single, fully formed and stable entities. The ways in which the concept has been described and operationalized across a range of studies, however, reveals four distinct empirical forms of values, each of which has separately been the subject of inquiry in organizational research. In the literature, there are examples of comparisons between pairs of forms (e.g. Knoppen, Dolan, Díez-Piñol, & Bell, 2006; Kristof, 1996) and there are arguments in favour of one form over others (e.g. Pant & Lachman, 1998), or in conflating forms (Daly, Pouders, & Kabanoff, 2004), but the suggestion

that these partial representations of organizational values might usefully be considered together has not been previously proposed.

We make a number of contributions to the organizational values literature. First, the elaboration of forms of organizational values provides both the clarification and the language for more fine-grained analysis of the nature and dynamics of organizational values. Second, the integration of four forms along dimensions of orientation and level provides a framework for understanding relationships between value forms. Further, the identification of the shifting gaps and overlaps between value forms reveals the dynamic nature of organizational values. Finally, we have developed a number of propositions that suggest possible causes of gaps and overlaps and their implications for organizations and for leadership behaviours.

Each form of organizational values, described here as espoused, attributed, shared and aspirational, is valid in its own right, but each is also limited by its temporal orientation and level of analysis. Together, however, the resulting forms provide a more complete perspective on organizational values as they encompass orientation and level. In doing so they enable greater clarification of terms and data so that studies in organizational values may be further refined and differentiated. Each of the terms used here is intended to clarify the characteristics of the particular organizational value form, so enabling researchers to identify the form relevant to the subject of inquiry, its level and relationship to other forms. A language that distinguishes forms of values should assist in improving research design and procedures and so reduce the ambiguity evident in the literature where values definition and operationalization can be vague (Becker & Connor, 1994). Moreover, it opens up avenues for new research, providing a basis for comparing values forms within and across



organizations, for tracking relationships between forms over time, and for relating forms of values to organizational context and outcomes.

Organizational values incorporate present and future orientations, and are both individual and collective structures. Each form varies in the extent to which it reflects each of these dimensions, represented by its position in a framework of values. The framework provides the basis for theorising relationships between forms of values, and for anticipating the effects of changes within the organization and its wider environment on these relationships.

Furthermore, we suggest a number of gaps that explain particular combinations of alignment and non-alignment between forms of values and suggest that these may represent particular archetypal configurations. We have elucidated a number of propositions which consider the causes of such gaps and overlaps, and therefore provide a foundation on which we hope other researchers will build. The framework emphasises the dynamic nature of the values construct while exposing the limitations of a unitary view of organizational values. It highlights the notion of values being in constant adjustment as organizations adapt to, and are adapted by, their changing environments. It also underlines that organizations reflect their changing membership, institutional fields and cultural settings.

The model proposed here is a first, tentative step in developing a broader representation of the dynamics of organizational values. The volume of scholarly work invoking the influence of organizational values makes clear their significance and so it is a concern that limitations in the present conceptualisations of organizational values means that there is not a coherent body of literature based upon a common understanding of the term. We believe that the ideas developed in this paper go some way towards clarifying representations of the organizational

values concept, which may, in turn, assist in furthering our understanding of this important construct.

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## Figures

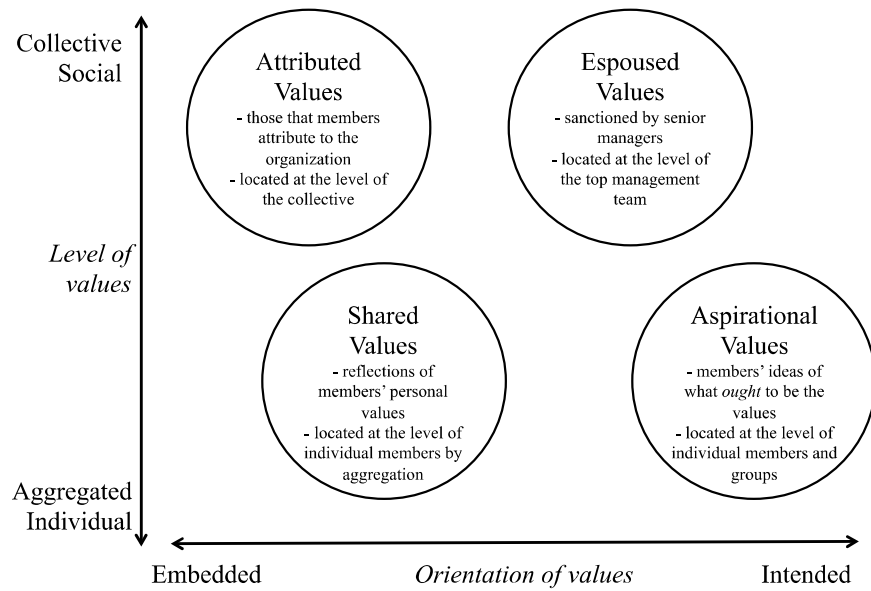
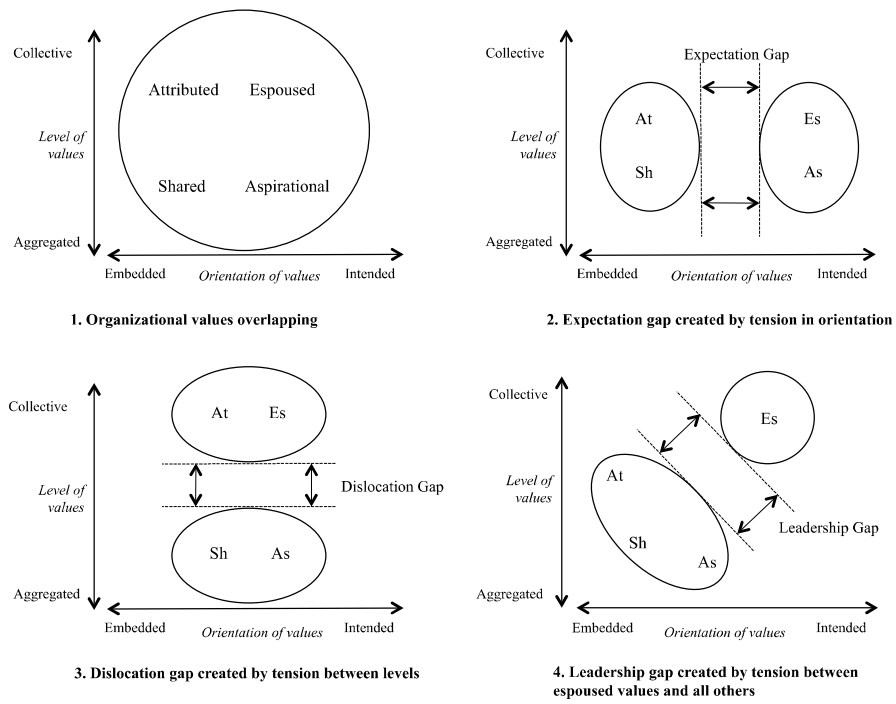


Figure 1: Forms of organizational values



**Figure 2: Overlaps and gaps between forms of Organizational Values**

# Organizational Values: A Dynamic Perspective

Bourne, Humphrey

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