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## **MANAGEMENT BY VALUES. RESULTS OF SELF- RESEARCH**

### **Abstract:**

This paper shall present the synthesis of the results of research carried out in Poland in 2014 by a team of five researchers from three academic centres from Poland with relation to management by respecting and promoting values. These referred to data surveys (N=512) and case studies (five multinational and national corporations operating in Poland). With regard to the research, this related to groups of economic and managerial values, as well as competence and developmental ones, while also ethical and cultural, civic and social ones in terms of their perception and utilization in organizations for the purposes of management itself. The relations of values with that of staffing policies have been analysed, such as decisions on recruitment and redundancies, promotions and demotions, while also appraisal of work and employees, remuneration and intangible rewards. Likewise, the ties between the concept of MBV and the legislative and organizational forms have been placed under analysis. The research at hand was the basis for the formulation of an array of interesting conclusions

### **Keywords:**

values, management, management by values, code of values.

**JEL Classification:** J24

## Scope and organization of research

The research described here is the effect of the research subject matter executed in the period of 2013–2014 by three researchers from the Institute of Value Management of the Warsaw School of Economics – Prof. Andrzej Herman and Prof. Tadeusz Oleksyn, as well as Andrzej Metelski PhD, with the additional assistance of two researchers from other universities: Izabela Stańczyk PhD from the Institute of Economy and Management of the Jagiellonian University in Cracow and Grzegorz Sobiecki PhD from the Faculty of Economics and IT of Warsaw University of Life Sciences.

The results of research are described in the report on the research in the following three sections:

- (1) **The First Section** –survey analysis executed in accordance with the original research tool that was prepared, tested and improved on in the third quarter of 2013, while also the copyright IT system to support the preparation of the results. The research analysis encompassed 512 respondents – both managers and specialists from joint-stock companies, as well as other trading companies and organizations that were not enterprises. The variation of the analysed organizations facilitated the grasping of the differences between the scope of the approach to values in management.
- (2) **The Second Section**– case studies of four enterprises functioning in Poland, which are of interest to researchers from the viewpoint of the level of involvement and advancement in the sphere of Management by Values (MBV). Analysis was carried out and the following companies have been described:
  - Capgemini, a global and multi-cultural corporation of French origin that operates in 44 countries and renders consulting services in the fields of management, IT technologies and outsourcing; Capgemini employs over 130,000 workers worldwide, including almost 6,000 in Poland;
  - a core Polish engineering company called Qumak S.A. as one of the largest integrators on the Polish telecommunications market that operates in 12 various areas encompassing among others: “intelligent construction” and construction technologies; airports and radars; IT systems for the public sector; intelligent transport systems; Business Intelligence; Data Centres; while also systems supporting management; outsourcing of specialists. Qumak has come a long way over a short period of time – from a small firm established by a group of friends/students and subsequently engineers and graduates from the same college of Cracow to one of the most significant enterprises from the so-called “List of 500.” Simultaneously, they succeeded in maintaining the type of partnership culture despite their rapid development;
  - the family firm of Five O’clock was founded by the Brzezicki family and the Siess family whose domain is the propagation of the culture of consuming noble drinks of tea and coffee, while also the associated cultural and social background; this firm is already present in all the largest cities in Poland and maintains close ties with the producers from scores of countries worldwide;
  - the joint-stock company Delphi Automotive S.A. is the leading worldwide supplier of electronic solutions and systemic technologies in the motoring,

aviation and telecommunications sectors. The concern possesses 100 production plants and 33 technical centres in 32 countries of the world in Poland; while also employing over 100,000 workers, including 4,000 in Poland.

- (3) **The Third Section** – two copyright study cases– Andrzej Herman on the issue of axiology of economic values and Tadeusz Oleksyn on the nature of the values and proposition of the catalogue of values (offering and describing 34 values and the ways of availing of them for managerial purposes).

Due to the restricted content of the herein paper, the main focus was placed on the synthesis of the results of survey analysis.

## Research aims

The aims of the research carried out in the years 2013 - 2014 were the following:

- establishing the significance of various groups of values in management and priorities in this field;
- specifying the impact of values on management in organizations of various types;
- establishing which values gain in terms of importance and which ones lose importance;
- establishing the significance of the chosen economic values (long-term and medium-term profit, competitiveness, innovativeness and effectiveness);
- establishing the significance of the chosen non-economic values (sustainable growth, corporate responsibility, dignity-based values, trust, balancing professional work and other dimensions of life (personal and family dimensions, spiritual dimensions, participation in culture, social and political life, etc.), broad perception of (not only in an economic dimension) quality, justice and honesty;
- establishing and analysing common values in the analysed organizations;
- recognising the values respected in the personnel policy (in terms of decisions relating to recruitment and redundancies, promotions and demotions, evaluation of work and employees, remuneration, intangible rewards);
- establishing to what extent and in what way values may be availed of in terms of professional management while taking account of the specifics of entities of various legislative and organizational forms.

## Research thesis

The main thesis adopted is as follows: Management that respects the acknowledged values and not only economic ones, increases the level of credibility and effectiveness of an organization, matches the contemporary needs and expectations of the management staff and employees, favours the integration of people in an organization and facilitates the running of personnel policies.

## Detailed thesis:

1. Values are always taken into account in management and have a driving force, even if this is not done in a conscious manner. Understanding this fact may have a positive impact on the attitude of the management staff and employees in terms of values.

A similar notion may be expressed in the following words: Management devoid of values is impossible and does not exist in practice even when the management staff renounce management that respects values. Hence, it is not the case of whether values are respected as certain values are always respected,<sup>1</sup> but rather which values are acknowledged as being important and what their hierarchy is, while also which values in reality (and not only in postulates or desires) constitute the motivation to undertake action on their bases.

2. It is not possible to manage professionally and efficiently only by means of values. Thus, it is necessary to search for compilatory and integrated techniques where values have a certain, but usually restricted role to fulfil or apply management that respects and promotes values instead of MBV.

Hypothesis 2 assumes that although values are necessary in management and are utilized, restricting it to management by values (MBV) exclusively would not be a good idea as this would make management too soft and “underspecified” and would hinder its operationalization (perhaps even render it impossible). Hence, it would be quite necessary to adopt compilatory techniques as MBV is one of two or more techniques of management, e.g. alongside management by aims, management by results, offensive management, or even others that are appropriate to the needs of an organization or to promote management by respecting values (not only economic ones) instead of MBV. In hypothesis 2, the conviction is expressed that values should enrich management and not strip it bare of all the “hard” elements, substantiveness and measurability. There would also not be the deliberate creation and spreading of the illusion that maintaining specific values is sufficient for an efficient and effective management.

3. With relation to the *tyranny of values* of Nicolai Hartmann, we express the conviction that there is no absolutization nor excessive promotion of any singular value or homogenous group of values.
4. Economic values play a dominant role in large corporations, particularly in joint-stock companies. In smaller entities, which are not listed, greater balancing of the economic and non-economic values takes place.
5. Operationalization of management with the use of values is difficult and this whole process is generally weak in advanced enterprises.

## Sample tables

In the report on the research, 82 tables and 58 charts were presented and commented on. As there are no possibilities of illustrating them all in this paper, we have restricted ourselves to several of them, while preserving the numeracy from the report.

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<sup>1</sup> Profit, profitability of the economic activity is also a value. Thus, if an entrepreneur or another person in a managerial position claim that the sole aim of his activities is that of profit, this also matches a defined value, although it is surely excessively one-sided.

**Table 1: Importance of particular value groups depending on the type of organization**

No.	Significance of value group	Joint-stock companies (*)		Other enterprises		Public sector	
		number	%	number	%	number	%
1.	The most important are economic values, alongside respecting the law	48	35.8	107	32.5	12	24.5
2.	The most important are economic values, alongside respecting the law, ethical norms and good practices	77	57.5	187	56.8	25	51
3.	Non-economic–ethical values, as well as cultural, civic values associated with development, the ecology are acknowledged by us to be equally important as economic values as none of the value groups is treated as a priority.	8	6	34	10.3	10	20.4
4.	Other responses	1	0.7	1	0.3	2	4.1
	Total	134	100.0	329	100.0	49	100.0

*Source: Report from self-analysis (prepared for printing)*

**Table 2: Impact of values on management in the opinions of respondents, aggregated data**

No.	Types of impact:	1 very weak		2 weak		3 average		4 rather strong		5 strong	
		l.	%	l.	%	l.	%	l.	%	l.	%
1.	Integrate people in organizations	10	1.9	44	8.6	119	23.3	221	43.1	118	23.1
2.	Constitute a real element of the motivational system	12	2.3	46	9	141	27.6	232	45.3	81	15.8
3	Facilitate overcoming crises and difficulties	7	1.4	44	8.6	148	28.9	331	43.2	92	17.9
4.	Increase discipline	7	1.4	58	11.3	173	33.8	198	38.7	76	14.8
5.	Have a favourable impact on the culture of an organization	13	2.5	44	8.6	152	29.7	185	36.1	118	23.1
6.	Serve the higher level of effectiveness of an organization	7	1.4	29	5.7	109	21.3	228	44.5	139	27.1
7.	Favour greater satisfaction among employees	14	2.8	48	9.3	118	23.1	211	41.2	121	23.6
8.	Have a restrictive impact on pathology	24	4.7	102	19.9	167	32.6	152	29.7	67	13.1
9.	Cause people to expect their presence and respect	14	2.7	49	9.6	168	32.8	205	40.1	76	14.8
10.	Have an impact on the external image of the firm	7	1.4	29	5.7	68	13.3	203	39.6	205	40

Source: Report from self-analysis (prepared for printing)

**Table 3: CSR in joint-stock companies, the remaining enterprises and in the public sector according to respondents**

No.	Corporate Social Responsibility	Joint-stock companies		Trading companies		Public sector	
		number	%	number	%	number	%
1.	It is treated in our firm in a universal and responsible way; we are subjected to regular external audits and we acquire good results;	47	35.1	111	33.7	15	30.6
2.	It is treated in our firm in a universal and responsible way; however up to now we have not been subjected to regular external audits;	45	33.6	106	32.2	21	42.9
3.	We are not distinguishable either in a positive or negative sense in this sphere in terms of groups similar to our organization;	40	29.8	101	30.7	9	18.3
4.	I feel that we are adhering to CSR well, however we should work intensively on some particular issues;	0	0	2	0.6	1	2.1
5.	Other responses	2	1.5	9	2.7	3	6.1
	Total	134	100.0	329	100.0	49	100.0

Source: Report from self-analysis (prepared for printing)

### Findings and conclusions from survey analysis

1. The results of the survey research would seem to be more optimistic and uplifting than we had expected. It turned out that this issue enjoys great interest and there is currently a favourable social vibe for the spreading of management with greater use of (and promotion of) values. This may be a benefit to both the effectiveness of management, as well as the integration of people in the organization and their motivation, while also cooperation with other stakeholders, the realization of the concept of sustainability, organizational vibe and behaviour and the perception of the organization from the outside.

2. Almost all of the respondents from the private sector acknowledge economic values as at least important. 56% of respondents deem them to be the most important alongside adherence to the law and ethical norms; whereas in joint-stock companies this percentage is even higher. This is confirmed by the high level of importance of economic values among the total values, which was to be expected.
3. The group of ethical and cultural values is perceived to be significant and sufficiently displayed in their organizations by 43% of respondents. In joint-stock companies, this indicator is clearly lower (37%), while the highest is in the entities of the public sector where it amounts to 51%. This is also a high indicator, although it may certify to the fact that in joint-stock companies the orientation towards profit in some cases pushes non-economic values into the background. Such a conviction also strengthens the analysis of the differences in the perception of the groups of values as follows: competence and developmental, as well as civic and social in joint-stock companies and other entities.
4. Competence and developmental values are acknowledged to be important by 87% of respondents, of whom 35% state that they are sufficiently displayed, while 52% state that they are insufficiently so. 12% think that in their organizations they are of rather secondary importance (in the opinions of 16% of respondents working there). A large proportion of respondents is convinced that these values require strengthening in their organizations.
5. Social and civic values are deemed to be secondary by 43% of respondents (by 47% of those in joint-stock companies), while by 28% in the public sector.
6. The impact of values on the system of management in an organization is most frequently stated to be important by the respondents. This particularly relates to the impact of values on the following:
  - external image of the organization (as many as 79.6 % of respondents feel that it is strong or even very strong);
  - motivating employees (72.9% indicate the impact as being strong, or rather strong);
  - strengthening the organizational discipline and work (72.5 % of respondents evaluate it as strong);
  - overcoming crises (72.1 % of such indicators);
  - growth of the effectiveness of the operations of the organization (71.6 % of people state that it is strong or even very strong);
  - integrating people in the organization (66.3 % of people indicated as above).

There are certain, albeit not very significant differences between the impact of values on the management of an organization depending on the legislative and organizational form, while also area of operations. Generally speaking, the impact of values on the management in joint-stock companies is slightly weaker than in the remaining enterprises and in organizations from the public sector.

7. The significance of values is not stable over time – some gain in terms of importance, while others lose it relatively speaking. The most frequently indicated growth is the significance of effectiveness (and profitability), which is possible to relate to the particularly high economic values in society, as well as the profile of



education of the respondents (economics, management). Likewise, the following were also rated highly: creativity, knowledge, professional development and competitiveness. The rating of 8<sup>th</sup> place in terms of innovativeness and only 15<sup>th</sup> place in terms of honesty are surprising. With relation to innovativeness, this corresponds with the further responses (to question 20) from which a certain ambivalence is evident in the responses: in approximately 70% of cases, innovativeness is acknowledged to be important in organizations, but of little importance in 26% of cases due to factors of varying nature (type of business activities and products, monopolistic and oligopolistic positions and others). With regard to honesty, it is worth remembering that we are analysing a value list here, which has significantly grown.

8. Research has confirmed what was indicated by other researchers, namely the drop in significance of such values as trust (most frequently indicated), while subsequently: respect, social solidarity/solidarity, while moreover loyalty, understanding, justice, protection of health and life, amiability, flexibility, empathy, discipline and patriotism (in 10<sup>th</sup> place on the list of dropped significance).
9. The concept of sustainable growth (and its value) is enjoying decisive support (93%), although twice more people claim that it is realized in a limited scope than those who express the opinion that it is implemented to a satisfying degree at present. The indicators of support are at the highest in the joint-stock companies, although the differences in the evaluation between them and the remaining types of organizations are not big.
10. Opinions relating to CSR are generally positive: 67% of respondents expressed the view that the approach to CSR by their organization is “universal and responsible”, while 29% informed that their organizations did not differ either positively or negatively against the background of others. Nevertheless, organizations in which standardized ethical audits are applied are in the clear minority.
11. With relation to the dignity-based values (respect, respecting dignity, amiability, respecting human freedom and privacy, etc.) 48% of respondents are of the view that they constitute a real pillar in terms of shaping the relations with people both within the framework of the firm, as well as outside of it (in shaping the relations with clients, trading partners, local communities, etc.). 32% feel that they are generally declared, but not necessarily respected. 16% of those analysed are convinced that they are treated as second-rate. In the case of several percentage points (3%), there were critical opinions in terms of the free description on the issue of the lack of respect for human dignity and low personal culture and communication with the management staff. This is however a marginal matter.
12. Opinions associated with trust in their organizations are in general better among respondents than what was presented in the nationwide research. This may be connected with the fact that educated people gave their opinions and did so in terms of human environments they are familiar with and not strangers where the level of trust is by nature lower. 61% of respondents stated that “we can show trust and enjoy trust ourselves”, while 35% felt that trust should be strengthened and its improvement worked on, as it is not in the best shape. Research run by CBOS (2012), reveals that a mere 23% of Polish people think that the majority of people can be trusted, while trust in large enterprises was indicated at the level of 35%. Against this background, the results of the research outlined reveal a more optimistic picture.

13. Balancing professional work and other spheres of life is a relatively significant value in the context of the fact that the Polish (those employed) belong to the group of people that work particularly hard against the background of the EU, while having a negative demographic growth <sup>2</sup>, whereas the civic and political involvement of our fellow countrymen is low and a multitude of people are exhausted with work. Research indicated that only every fourth organization perceives this problem as requiring systemic activity on the scale of an organization. Half of the organizations deem this to be an issue to be resolved (solely) between the employees and their direct superiors, while in 22% of cases no-one from the framework of organizations was interested in this issue. Hence, there is a lot of work to be done.
14. In 65% of cases (79% in the case of joint-stock companies, whereas 49% in the analysed entities from the public sector) respondents inform that in their organizations common values (corporate) have been distinguished, acknowledged to be important and those which should be commonly respected. Most frequently, the number of these common values ranges from 3 to 7. These are relatively frequently as follows: effectiveness, quality, satisfaction of clients, responsibility, professionalism, business orientation, cooperation and teamwork, creativity and innovativeness, as well as entrepreneurship. In the majority of organizations (70%), there is no one value that is acknowledged to be the most important of all. Familiarity with these values among managers and employees is widespread in 34% of entities, rather high in 51%, while low in 14%. Only 15% of respondents feel that the benefit of common values is meagre and does not lead to much.
15. Values are taken into consideration in personnel policy and management of human capital, particularly in terms of recruitment and selection of staff, in advanced policies, evaluation of employees, remuneration and intangible rewards. However, ties are most frequently fragmentary, moderately significant, while also visible in approximate terms with one third of organizations. Great difficulties are caused by operationalization. Without doubt this aspect of the subject matter of research requires both more thorough research (this is our intention), as well as new ideas and research.
16. The main thesis was completely confirmed on multiple occasions in terms of the results of the research. Among the five complementary theses presented, the first, fourth and fifth have been completely confirmed by research. The second and third theses have only been confirmed in part. This is mainly due to the resignation from the first version of the survey, which was more extended and had a separate set of questions directed towards confirming or rejecting the second thesis. However, we decided that a survey numbering 14 pages in length had only a slight chance of being completed by anyone, while the set of questions for the second thesis in the longer version of the survey was the most difficult in terms of providing responses.
17. We express the conviction that the term Management by Values (MBV) is not the most appropriate as it is not possible to manage only via values. The values that were emphasized by among others, the previously quoted contemporary German philosopher Hans Joas, encounter difficulties when subject to operationalization (if at all), while management solely by means of values would have to resemble management by appeal, which is difficult to accept for professional managers and indeed not recommended by us. Hence, in the title of this report under the formal

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<sup>2</sup> The indicator of female fertility in Poland is among the lowest in the world and amounts to 1.3 (GUS, 2012), with regard to 2.1 that is essential for simple reproduction.

name accepted for this research – “Management by values” – we added the subtitle “Management that respects and promotes values”.

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