



# TO THE POINT

## Dispatches from the Ethical Frontier

### Do Corporate Values Make a Difference?

They're everywhere, and they can help—but it's not automatic. Here's how to ensure your mission and values statements make a real impact.

These days, corporate values statements are all over the place. Most large companies now post them online—and everywhere else from wall signage to wallet cards. Many include them as components of corporate training, and sometimes even in performance reviews.

Sure, a carefully crafted value statement is a way for owners and managers to say what their companies care about most. It is also communicates those aspirations to employees and others who might actually help live out those values.

But what are we really saying here? Edward J. Conlon, faculty director of the Notre Dame Deloitte Center for Ethical Leadership within the Mendoza College of Business at the University of Notre Dame, wanted to find out more.

Ed and his team started by surveying at random the stated values of 150 multinational corporations.

All of these are admirable aspirations. And as

#### TOP TEN VALUES:

1. Integrity (111)
2. Concern for customers (62)
3. Respect for all (58)
4. Teamwork (49)
5. Respect for employees (45)
6. Innovation (37)
7. Ownership of actions (31)
8. Excellence (30)
9. Safety (24)
10. Quality (23)



corporate values, they have the prospect of being useful, especially in shaping the judgments and actions of employees.

According to pioneering values expert Shalom Schwartz of Hebrew University, values can play an important role in regulating behaviors. Specifically, they can serve someone's interests, motivate behavior, and be standards for guiding, judging, and justifying courses of action. Values can also help remedy ethical breakdowns by communicating the "oughts" and "ought nots" of potential strategies, tactics, and employee actions. So in theory, values can be useful for governing behavior in a company.

But in reality, how effective are they?



Ed Conlon

In an exploratory survey of alumni from ND's MBA program, 70 percent of respondents reported that their employer had a formal values statement (although 27 percent couldn't recall any of the values it actually contained). Still, all of the respondents to the survey believed that the company had clear values. And for those reporting a value statement, most felt there was a strong correspondence between the statement and what was truly important to the firm's managers and owners.

**“Make sure that stated corporate values are 1) discussed between supervisors and employees, and 2) incorporated into the formal performance evaluation process.”**

Values were communicated in various ways. Corporate websites were most common, followed by employee orientation presentations, employee handbook content, and posters. Just fewer than half reported that values were part of formal employee performance evaluations.

The survey also included an experiment on the impact of values statements on employee judgments, assessing the extent to which a stated company value affected judgment when that value could be served by favoring some options over others.

Overall, the simple inclusion of a value in a value statement didn't affect decisions respondents made in the experiment. But when a value was frequently discussed with one's boss, or when it was included in formal performance evaluations, it tended to have a greater effect. Discussions with peers and subordinates, or more casual discussions of values, didn't have the same impact.

While these findings are preliminary, they suggest that the simple presence of values statements—and even their presence in an organization's general “culture”—may not be enough for them to have an effect. For real impact, try the steps recommended below.



## Key Points

If you want them to matter in decision-making and be lived out by employees, make sure that stated corporate values are 1) discussed between supervisors and employees, and 2) incorporated into the formal performance evaluation process.