

Understanding a value centered organisation essay

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UNDERSTANDING A VALUE CENTRED ORGANISATION K P Gopalkrishnan

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Studies and Research Panel -com This paper attempts to clarify what is

meant by value centred organisations since increasingly the word value is

being used by Human Resource professionals to delineate their prognosis. To

remove the fuzziness this paper takes a definitional stand and gives the HR

professional a working idea of this highly abstruse subject – a subject on

which divergent views expressed by a number of authors has managed to

confuse many a reader. More often than not it boils down to my views for the

rest of society-right or wrong. This is a sad commentary and every social and

behavioural scientist must work to bring about as much clarity as possible.

Economists define infrastructure as the relationship between the four major

factors of production i.

e. land, labour, capital and management. Of late, another factor has been

added and that is the creation of knowledge. Superstructure is defined as the

socio-political-cultural relationships based on the economic relationship

delineated in infrastructure. Hence capital budget allocations form the basis

of infrastructure but current budget allocations form the basis of

superstructure. However, management scientists do not speak the language

of economists.

When we speak of creating infrastructure in micro or organisational terms we

invariably talk of foundations required for generating value. This value is

usually in tangible and measurable terms. Hence we include power,

buildings, telephony, telecommunications, information networking, roads,

canals etc in infrastructure. When we speak of infrastructure in the organisational sense we tend to include systems and processes that assist value generation. It has also been observed, however, that the term value centred organisation is being increasingly used in literature on Human Resources Management and Organisational Development.

Top management is not far behind in using the term to spruce up their annual reports and after dinner speeches. Yet there is a great deal of ambiguity about what the term actually means. The upshot of it is that the young manager is confused about its implication and often takes decisions based on (highly) subjective perceptions of objective social reality believing (mistakenly at times) what such an organisation involves.

This affects the infrastructure of the organisation making it more dis-equilibrated than necessary. What stabilises it is its corporate culture. This paper presents the reader with a bird's eye view of what a value centred organisation means and what its basic characteristics are. To that extent this piece is informative and explanatory at the same time. It is hoped that at the end of the paper some of the grey areas and mental cobwebs associated with it are rendered a little less opaque. Value, to begin with, should not be mixed up with ethics since the former is a mind-based concept while the latter is an activity-based concept. That there is a fair degree of auto-correlation between the two is also well accepted.

But what seems to confuse the young management executive is the term value itself. Value has basically two connotations. In its subjective

connotation value implies beliefs as in these are our beliefs and this is what we stand by. In its objective connotation value implies the economic utility added by a person, process or product to the organisation. This is evidenced when we say this is the value of our company's output, this is the value added by this innovation or this much value was enhanced due to quality assurance measures. Please note that a value in the subjective connotation need not be ethical as was witnessed in the case the Madhavpura Bank and the Global Trust Bank episodes. Similarly a value in the objective connotation need not be positive as was witnessed in the case of sick private sector units that dot the Thana Belapur industrial belt in the outskirts of Mumbai.

The recent case of Satyam Computers is still fresh in memory and the whole saga (I am afraid) is yet to unfold. When an organisation accepts the subjective connotation of value and acts thereupon it is called a value-based organisation. Oxfam, Centre for the Advancement of Philanthropy, and the Reliance Group are good examples of this variety. When an organisation accepts the objective connotation of value and acts thereupon it is called a value driven organisation. The A V Birla Group, the Tata Group and the Godrej Group are good examples of this variety. However when a corporate house (or even an educational institution or a cooperative society) is both value based (ethical) and value driven (positive) it is said to be value centred. And this is the kind of corporate house any good HR intervention will seek to achieve. Is it any wonder that names like Tata, Godrej, Infosys and Wipro stand out like beacon lights in the Indian corporate world purely because of the value centred leadership at their helm? Conventionally, the

idea that the activity of business is essentially morally neutral and that ethical value must be imposed from outside the activity itself has gained wide credence and acceptance.

Business is expected to meet certain external criteria, derived from the prevalent/dominant moral philosophy in society if it is to gain wide acceptance and be deemed legitimate by the society in which it functions and operates. This reluctance to accept the intrinsic morality of business derives from the fact that self-interest and profit are its major and driving motivational factors. And this attitude is reinforced by the fact that barring a handful most businesses have cut several corners, stabbed many backs and slit several throats in getting to the top.

Hence it is psychologically difficult, nay impossible, for these businessmen to even dream of an intrinsic morality. Strategic HR interventions in any organization ideally seek to challenge and disprove the belief that business and corporate houses are intrinsically unethical and morally bankrupt. These experts believe that such a corporate house has knowledge of a moral responsibility towards its community and society and will therefore indubitably strive to fulfil those moral and social obligations. The moral and ethical values will be generated from within and strictly adhered to in all interpersonal and inter-organizational interactions. These values and principles are a part of their corporate culture and they go on to believe that all employees will inculcate them and enforce them rigorously. Enhancing the ethical climate and values-based decision making of individuals and

organizations has consistently been regarded as a critical factor in the long-term success of an organization.

Because statements of core values and codes of ethics provide for great latitude in individual decision-making, it is considered beneficial to have an ongoing conversation-interaction about how the organization's values and ethics affect actions. This conversation-interaction it is further assumed will change attitudes and bring about trust relationships. But trust, like respect, is a two-sided relationship.

CEOs cannot expect their employees to trust them when they do not trust their employees. Transparency similarly is not just a buzzword. Does a corporate decision maker have the gumption to be transparent? Alternatively does he expect the employees to be transparent when he need not be so himself? Next comes teambuilding. Leaders who lead by example and from the front are those who successfully build teams. CEOs who employ spies in their own organizations and also in their competitor's organizations often do so in the name of expediency and competitive need. The truth of the matter is that such CEOs are inherently insecure and this often springs from a paucity of a core competency. The three Ts of trust transparency and teamwork are then consigned to the trashcan.

What comes in their place is a culture of three Ss i. e. scheming, scamming and (back) stabbing. Value centred leadership has a definite role in the first case and is rendered inconsequential in the second. However, a value-centred leadership does not appear on the corporate scene by either the

wave of a magic wand or by the CEO wishing it to happen. It happens when the CEO walks his talk and has the gumption to stand up to be counted.

In the light of the above, a set of guidelines has been developed on the basis of our research between 1997 and 2003 and it is believed that the value-centred organization will do well to follow these guidelines. Such a corporation would normally expect their employees and staff to do the same. By doing so, the benefits of practicing an ethical and morally acceptable business that will contribute to the development of all stakeholders i. e. society, employees, management etc is enhanced. These guidelines hope to achieve the betterment of all their employees and help them to contribute to the greater good as responsible members of society.

These guidelines are self-enforceable and are based on an intrinsic appeal to the conscience of men and women so that they lead a good and satisfying life in civil society. The adherence to these principles will over a period of time promote the welfare of employees as well as performance of the organization in each and every aspect of its business. Value centred leaders tend to point to the framed codes of conduct and their general acceptance by one and all rather than to themselves when asked about ethics. Ethics is not just something associations devise in a strategic planning session and post in headquarters' buildings.

It involves a daily examination of the organizations' actions – and inaction – around the multitude of decisions it makes, both large and small. To be effective, ethics must be internalised. To be truly ethical, those organizations

that are “blessed” with a value centred leadership, our research demonstrated: ? Know their values and consistently commit to them. ? Are willing to stand up for what they believe, especially when it might be personally painful to do so. ? Share their worldview with others openly and freely making transparency synonymous with nudity, in a manner of speaking. ? Ensure that their personal values and organizational values are in synch – and be prepared to act if they are not.

Develop rules of engagement to direct daily organizational and personal lives. ? Demand that everyone act ethically and build an environment that allows them to do so. These value-centred leaders are known to create organizational cultures founded on certain widely accepted and clearly stated core values.

A core value is something one believes in and acts on even when the consequences of the action are at variance with private self-interest.

Organisations that have value centred leaders at the helm often have value centred cultures and the usual traits one finds in such places are as follows:

1. The organization highly values its employees, and will treat them with fairness, respect and dignity at all times.
2. Top management will provide outstanding facilities and services by recruiting and developing high-quality staff and employees
3. Their employees and staff are valued for their knowledge, skills, talents, service orientation, flexibility, commitment and the creativity they bring to the organization.

4. And along with all this the culture imbibes values such as loyalty, accountability, deliverability and consistency. The fundamental HR principles that govern such organisations make people management synonymous with organisational goals and their achievement, support the operations management to the hilt and do not permit self styled HR experts to become managers of discontent.

Strategic HR thus means that HR Manager is a part of the corporate policy formulation and implementation team. He and his team are constantly subjected to target setting, benchmarking, and performance analysis in line with the best players in the market, without sacrificing their core values. Reflecting these core values and recognizing budgetary realities, ideally such a company affirms the following fundamental human resource principles that commit the organization to:

1. Encourage the employees to take risks and be creative, generating fresh ideas and innovative practices that enhance the organization's ability to compete in the market place.
2. Reward and recognize employees for taking risks, being innovative and demonstrating creativity in support of organizational objectives, as well as for securing successful outcomes. Risk taking will inadvertently result in failures; the employees should communicate regularly with colleagues and superiors so as to identify the reasons for such failure and anticipate them in the future.
3. Members of the organization should recognize that creative change, even when mentored, monitored and supported, might not result in complete success.
4. Adopt and maintain a set of tenure, promotion, and salary

enhancement criteria that recognize and reward those employees who meet and exceed these expectations.

Encourage the remuneration of employees who advance the organisation's commitment to excellence at or above the levels paid by competing organizations. ? Promote, in the markets where they operate, the competitive payment of staff who support an efficient, high-quality organization. ? Create pay-for-performance strategies that reward collaboration, teamwork, and superior results; develop career pathways and job transfer strategies that facilitate the career growth of high-performing staff; and institute other reward strategies that recognize and value work performance in support of the organization's evolving needs. 2. Develop and maintain policies and programs that support creative, flexible, high-performance employees. ? Provide employees with the tools and the opportunities required to develop the new skills that are needed in the organization and strive to retain those employees who have the needed skills, flexibility, ability to adapt to changes and demonstrated work performance. ? The good and honest employees (not to be confused with servile yes men) are the assets of the organization; the organization will ideally provide supervisors and managers with the training necessary to enable them to manage staff effectively, especially during times of change. Hold supervisors accountable for giving to the staff honest and timely appraisals of work performance, developing improvement plans and, when necessary or desirable, supporting the transition of staff to other jobs ? Develop or refine time-away-from-work policies that reflect the value that

such an organisation places on having a competitive, highly motivated, flexible staff.

? Develop a total compensation strategy that gives employees increased choice and provides to them assistance to enable them to make their compensation decisions. 3. Develop and maintain an environment that promotes a cohesive, inclusive, and diverse community, affirming the inherent worth of all individuals and underscoring the importance of teamwork, trust, and open communication. ? Communicate regularly and openly with employees about changes in the organization and its environment, our challenges and our priorities, and the progress toward achieving our objectives. ? Encourage team-based approaches to accomplishing our work. ? Hold supervisors accountable for maintaining a safe and healthy workplace. Respect and support the importance of balancing work and family responsibilities. Organisation's expectations from employees in such organisations are usually of a high order as well.

In addition to the business expectations the Company holds for itself as an employer, they look upon their employees to: ? Be ethical in their work practices and follow the law of the land as well as the moral values of the society; of which they and the organization are an integral part. ? Create a positive living and learning environment for all employees. At all times, the employees are expected to listen to and respect the opinions of their colleagues and maintain decorum and order in the organization. Abusive and/or unparliamentary language is strictly prohibited so as to promote a congenial work atmosphere free from animosity and tension. ? Support the

Company's priorities and act as responsible members of the organization. ?

Ask questions and learn about issues that will affect them. ? Exercise individual responsibility for benefit choices, career considerations, and professional behaviour.

Accept new responsibilities and participate in activities aimed at making organizational systems and processes more efficient and streamlined, effective and valuable. ? Take risks and think "outside the box" in order to keep the organization competitive and comparable to the best in the world. ? Participate in opportunities in order to keep skills current and in line with the organization's requirements and objectives. ? Work collaboratively and effectively in teams across units and departments to support the mission and objectives of the organization. Do not hesitate to freely (but with due decorum) point out when things are not quite as per book or in the interests of the organisation. Finally a value centred organisation is usually one where the following traits either do not exist or are careful to follow the following guidelines.

? The mediocrat-bureaucrat is a powerful player in the scheme of things and constantly looks at short run actual costs without thinking of long run opportunity costs. ? Profit making becomes the only aim of all business activity. ? Trusting the person who bites the hand that feeds him will also lick the boot that kicks him. Believing a person who bad mouths others is ill-advised as most likely he is likely to bad mouth your organisation at the drop of a handkerchief. ? Employees are directly or indirectly told that rules are meant to be followed even when these are clearly detrimental to long-term

corporate interest or violate known code of professional conduct. ? The practice of administration takes precedence over the purpose of administration. ? Promotions and rewards to employees are given for reasons other than performance.

? Informal work groups that spend an inordinate time chit-chatting and having long lunch breaks instead of doing what they are paid for. Yes persons who are poor performers themselves and who exist by ratting on their colleagues and who can be found in every nook and corner. The situation gets worse when they are publicly acknowledged and rewarded. India by 2006 had well and truly become a part of the WTO regime. I opine that besides gaining the technological edge what will distinguish the corporate house that thrives on the cutting edge of competition from the one that is also in business is whether or not the organisation is value centred. The question then posed is which side of this divide would you like to be seen on? 1. Acton, H B (1955): The Illusions of the Epoch, London, Cohen and West. 2.

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