The Influence of Organizational Values on Profitability

by

Kimberly Michelle Johnson

A dissertation submitted to the Graduate Faculty of
Auburn University
in partial fulfillment of the
requirements for the Degree of
Doctor of Philosophy

Auburn, Alabama
December 18, 2009

Keywords: organizational values, values statements,
organizational identity

Approved by

Charlotte Sutton, Chair, Associate Professor of Management
Howard Clayton, Associate Professor of Management
Allison Jones-Farmer, Associate Professor of Management
William Sauser, Professor of Management

Abstract

Organizational values have received increased attention in the literature. Research suggested that a relationship existed between organizational values and organizational performance (Alexander & Nagel, 1996; Cascio, 2006; Dobni, Ritchie, & Zerbe, 2000; Hitt, Hoskisson & Harrison, 1991; Van Beurden & Gossling, 2008; Wilkins & Ouchi, 1983; Wolfe, Parker, & Napier, 1994). Despite this belief and the increased attention organizational values have received in the literature, little empirical work has been directed at exploring specifically how this relationship is accomplished.

The current study attempts to advance empirical support for this field of study by investigating the influence of organizational values on organizational profitability. Using survey data from a sample of ten companies and 236 employees, this study contributes to the literature by investigating the intermediate factors (i.e., business practices and employee behavior) that may influence the relationship between organizational values and organizational performance in terms of profitability. This study developed scales to measure business practices and employee behavior. Several constructs on these measures, unfortunately, did not meet reliability requirements.

Pearson's *r* product-moment correlations and HLM analyses were used to test the hypotheses and research questions in this study. Partial support was found for several hypotheses. Specifically, support was found for the relationship between values-based business practices and the level of companies' reported organizational values for several values studied.

The strongest support was found for hypothesis 4, which examined the relationship between organizational identity and several dimensions of employee behavior. Surprisingly, overall findings provided little support for the hypotheses and research questions studied. Despite several significant findings, due to the reliability issues with the scales and a small sample size, study findings should be interpreted with caution.

In general, the findings of this study can be used to facilitate the discussion on organizational values and organizational profitability. Specifically, additional research can further the discussion on the relationship between organizational values and organizational profitability. Future research can examine the intermediate factors that should be present to ensure organizational values are implemented in the organization, thus creating an opportunity for organizational values to influence organizational profitability. Implications of this study and future research are discussed.

Acknowledgments

The author would like to thank Dr. Charlotte Sutton, Dr. Howard Clayton, Dr. Allison Jones-Farmer, Dr. William Sauser, and Dr. John Adrian for their assistance in preparing and writing this dissertation. Thanks are also due to my husband George, for his love, support, prayers, and encouragement. Special thanks to Calvin and Nicole Washington for their prayers and words of encouragement. Many additional thanks are due to the author's parents, Mr. and Mrs. Floyd and Carol Yelling, my son, my sister, and all other precious family, friends, loved ones, mentors, advisors, and colleagues for their generous support, prayers, and encouragement throughout the course of the doctoral program. Most importantly, I thank God for allowing me to successfully pursue and complete my doctorate degree.

Table of Contents

List of Figures

List of Tables

CHAPTER ONE:

INTRODUCTION

Overview

In today's rapidly changing business environment, companies have continued to struggle

to identify keys to financial success. Companies have been searching for opportunities that

would place them ahead of the competition. Traditionally, to improve competitiveness,

companies invested in the latest technological advancements, restructured the top management

team, engaged in mergers, and/or attempted to streamline operations through downsizing.

Although some companies may have been successful using these techniques, many

companies were not. Despite the popularity of some of the above-mentioned techniques, some

companies turned to organizational values statements and decisions driven by those stated values

to remain viable and competitive. Some researchers suggested that a clear focus on

organizational values may be a key to remaining competitive. In a 1982 study, Peters and

Waterman looked at companies that had excellent reputations for management and had superior

financial performance over the prior two decades (Peters & Waterman, 1982). According to

Peters and Waterman (1982),

> Every excellent company we studied is clear on what it stands for, and takes the
>
> process of value shaping seriously. In fact, we wonder whether it is possible to be an
>
> excellent company without clarity on values. (p. 23)

Although some companies are focusing more attention on their stated values, does a clear statement of organizational values actually make a company more competitive? The present study contends that simply having a statement of organizational values is not enough. To truly impact an organization, management must channel its energies into programs and decisions that reflect those values. Further, this researcher believes that employees must accept those values and use them in making decisions.

Still the question remains, even if a company does successfully instill stated organizational values into employees, would it have a positive effect on profitability? This study was designed to examine these issues.

When discussing values in the past, people automatically assumed one was referring to individual values. This assumption is no longer valid. The concept of values has evolved to include not only individual values, but organizational values as well. Individual values are the standards that guide individual behavior (Rokeach, 1973). Similar to individual values, organizational values are standards that influence the organization.

Often organizational values are shaped by the founder of the organization or those in top leadership positions (e.g., Walt Disney at Disney enterprises and Robert Wood Johnson at Johnson & Johnson). According to Nagel (1998), values held by decision-makers have the potential to influence the direction of the organization. For example, Berry (1999) wrote, "Values reflect what the leader holds worthy, what the organization assigns worth. They are the ideals, principles, and philosophy at the center of the enterprise. They are protected and revered. They reveal the company's heart and soul" (p. 21).

Organizational values illustrate those things for which the organization stands (Walter, 1995) and what the organization is. Organizational values provide the basis for decision-making

(Walter, 1995) and enable an organization to achieve its mission, goals, and objectives (Barker, 1994; Nagel, 1998). The *application* of organizational values is powerful, not just the existence of organizational values. According to Dalton (2006), "In too many organizations, values are rhetoric that graces the company's website or the halls of corporate headquarters, but do not form a solid foundation that guides employee behavior" (p. 345). According to Blanchard and O'Connor (1997), "No longer is values-based organizational behavior an interesting philosophical choice – it is a requisite for survival" (p. 3).

Business practices that are void of the discussion or consideration of organizational values can lead to problems for the organization (Anderson, 1997). These problems demonstrate the importance of having and implementing organizational values. If organizational values are not a part of business practices, then organizational performance can be seriously impacted.

Problem

Organizational values have been an increasingly important topic of discussion in our society (e.g., Abbott, White, & Charles, 2005; Alexander & Nagel, 1996; Everet, 1986; Fenton & Inglis, 2007; Finegan, 2000; Ghosh, 2008; Gruys, Stewart, Goodstein, Bing, & Wicks, 2008; Hassan, 2007; Wenstop & Myrmel, 2006). During the 1970s and 1980s, research indicated that even then, organizations were taking a keen interest in the effect of organizational values on organizational functioning (Nagel, 1998). As interest in organizational values increased, many researchers began to explore how organizational values impacted varying aspects of the organization (Alexander & Nagel, 1996; Cascio, 2006; Dobni, Ritchie, & Zerbe, 2000; Hitt, Hoskisson & Harrison, 1991; Van Beurden & Gossling, 2008; Wilkins & Ouchi, 1983; Wolfe, Parker, & Napier, 1994).

Researchers have explored various aspects of organizational values, such as the identification of organizational values (Barker, 1994); organizational values statements (Hassan, 2007); how to structure organizational values statements (Wenstop & Myrmel, 2006); the communication of organizational values (Mullins, 1989); and the identification of organizational values and associated workplace behaviors (Fenton & Inglis, 2007). These studies, however, did not empirically examine the relationships proposed in their models.

To further the study of organizational values, empirical research is needed. Empirical research on the topic of organizational values may help to confirm the importance of organizational values on organizational performance.

My study contributes to the literature on organizational values by empirically testing the proposed relationship between organizational values and organizational performance. Furthermore, my study attempts to open the "black box" by examining the means by which organizational values are translated into organizational performance.

Purpose

With the increased interest in organizational values, there is a need to shift from anecdotal support to empirical validation (Gruys, Stewart, Goodstein, Bing, & Wicks, 2008). This study helps to empirically validate the impact of organizational values on organizational performance. Additionally, this study investigates the intermediate factors that influence this relationship. Specifically, this study examines the importance of (1) ensuring that organizational values were implemented in business practices; (2) working towards employees' implementation of those organizational values; and (3) establishing congruence between the organizational values and employee values, thus creating organizational identity.

Significance of the Problem

The inclusion of organizational values in an organization is pertinent to overall organizational functioning (Mullins, 1989), particularly in terms of organizational performance. Research has indicated that a strong organizational value system is a common attribute of excellent companies (Peters & Waterman, 1982). This current study contributes to the literature by developing and testing a model that illustrates how organizational values impact organizational performance, in terms of profitability.

Not only is the inclusion of organizational values important in business practices, research also indicates that congruence between the organization's values and the values of its members is also beneficial. Thus, this study examines the role of organizational identity in the relationship between organizational values and organizational performance.

Finally, this study provides useful information to help organizations examine their organizational values and the influence these values have on organizational performance, especially profitability. For example, research by Shepherd (1996) found that congruency between organizational values and employee values related to measures of unit performance (i.e., return on net assets, sales, quality) and labor turnover.

In 2006, Cha and Edmondson noted that this field of study was in its "nascent stages." The goal of this research was to advance this field of study and contribute to the discussion on organizational values. Thus, in an evolving field of study, such as organizational values, an empirically-based study provides additional information for researchers, as well as organizations interested in this area.

CHAPTER TWO:

LITERATURE REVIEW AND RESEARCH HYPOTHESES

Theoretical Model

To study the impact of organizational values on organizational performance, this study utilized a funnel approach. In other words, this dissertation first examined the broad relationship between organizational values and organizational performance. Then, it looked retrospectively inward at the intermediate factors that affect this relationship.

This approach is supported by The General Systems Theory by Ludwig von Bertalanffy (1968) which suggests that every unit is made up of subunits (i.e., "groups contain individuals, individuals are comprised of organs, organs of cells, cells of molecules, and molecules of atoms" (Hatch, 2006, p. 37)). In modern organizational theory, the General Systems Theory has been applied to organizations and is more commonly referred to as The Systems Approach. Specifically, The Systems Approach illustrates how organizations are comprised of a subset of systems also referred to as "subsystems." These subsystems are interdependent and how well these subsystems are aligned or misaligned can influence organizational performance (Hatch, 2006). To understand the influence of organizational values on organizational performance, this current study utilizes The Systems Approach. Specifically, this study examines the following subsystems, (1) organizational values, (2) business practices, and (3) employee behavior and how these subsystems interact to influence organizational performance.

The first section of this chapter focuses on reviewing past research on organizational values and organizational performance. As a specific measure of organizational performance, profitability is examined. This portion of the chapter examines the overarching relationship between organizational values and organizational performance.

The second section introduces the first subsystem that this researcher believes impacts the relationship between organizational values and organizational performance. This section examines the relevant literature pertaining to business practices. Particularly, this section focuses on the impact of implementing organizational values into business practices and how this impacts organizational performance.

The next section focuses on the second subsystem, employee behavior, and the role that employee behavior has on the relationship between organizational values and organizational performance. Specifically, this section of the chapter focuses on how value-related business practices affect employee behavior.

The final phase of this chapter explores the role that organizational identity, as a subsystem of employee behavior, plays in the relationship between organizational values and organizational performance. This section discusses how the presence of organizational identity in an organization produces additional benefits that influence organizational performance.

Organizational Values and Organizational Performance

Background of Organizational Values

Throughout the 1970s and 1980s, many organizations became increasingly interested in the effect of organizational values on organizational functioning (Nagel, 1998). During this time, 80 percent of large corporations in North America were developing organizational values statements (Everet, 1986; McDonald & Zepp, 1990). By the 1990s, almost 90 percent of

7

organizations had values statements (Nagel, 1998). Many organizations outline their

organizational values in a corporate values statement, annual report, mission statement, or

shareholder letter. As the use of technology increases, many companies express their values

explicitly or implicitly on the company's web page (Wenstop & Myrmel, 2006).

Despite the increased use of organizational values statements, many people were still

unaware of their specific purpose. To fully comprehend the purpose of organizational values

statements and the role they play in organizational performance, an understanding of the concept

of organizational values is needed.

Organizational Values

Organizational values illustrate those things for which the organization stands (Walter,

1995). Hitt (1990) referred to organizational values as the "soul" of the organization.

Organizational values have several functions, all of which are important to the operation of the

organization. Organizational values provide the basis for decisions, actions, employee direction,

and guidelines for daily management (Fernald, 1987; Rokeach, 1973; Stevenson, 1995; Walter,

1995).

Several researchers have posited that by guiding the organizational decisions,

organizational values enable an organization to achieve its mission, goals, and objectives and

generate positive organizational results (Barker, 1994; Nagel, 1998). According to Posner and

Schmidt (1983), "Values are the bedrock of any corporate culture. As the essence of a

company's philosophy for achieving success, values provide a sense of common direction for all

employees and guidelines for their day-to-day behavior" (p.12). Thus, values have the ability to

impact profoundly any organization.

A revealing study examining the impact of organizational values on decision-making was conducted by Nagel (1995), who studied 70 public and private organizations. Based on his research, Nagel made many observations, including the following:

(a)   The top management team used the company values to guide behavior and decision-making, and to promote culture transformation in the organization.

(b)   Organizational values appear to affect the allocation and/or management of organizational resources.

(c)   The statement of organizational values was more effective in influencing employee behavior when employees were able to participate in the development of the organization's values.

(d)   Lack of adherence to the organization's values statement could result in an employee's dismissal from the company.

As research on organizational values has increased, many researchers have begun to focus on specific areas of organizational functioning. Specifically, researchers believe that identifying the potential relationship between organizational values and organizational performance is important (Alexander & Nagel, 1996; Hitt, Hoskisson & Harrison, 1991; Wilkins & Ouchi, 1983; Wolfe, Parker & Napier, 1994). However, research examining that relationship and, specifically, how that relationship might evolve is limited.

Identification of Organizational Values

Organizational values play a vital role in the functioning of an organization. According to Hassan (2007), organizations should be clear about their values and how these values are practiced within the organization. It is crucial that all stakeholders, especially employees, understand the values of the organization.

Many organizations outline their values in a corporate values statement, annual report, mission statement, or shareholder letter. These methods are considered formal statements of the organization's values. For example, many organizations formally state that they value the worker, the community, the environment, and/or diversity. For various reasons, however, not all organizations choose to formally state their values in one of the methods listed.

Today, organizational values statements are common (Posner & Schmidt, 1992) but differ in format, content, and other aspects (Figure 1 and 2). An organizational values statement

----

Insert Figure 1 about here

Insert Figure 2 about here

----

expresses to management and stakeholders what is important to the organization. The organizational values statement also provides goals for behavior and influence the socialization of employees into the organization (Sirota, 1986). Roueche, Baker, and Rose (1989) suggested that clarifying organizational values and developing a commitment to those organizational values by organizational members is the foundation to organizational excellence.

Research on organizational mission statements also provides valuable insight for the current study. Technically, organizational values statements and mission statements are different. Organizational values statements outline the values of the organization; while mission statements contain information about organizational values in addition to organizational goals and objectives. Despite their differences, organizational values statements have similar basic

10

characteristics to mission statements, such as passionate language, no specific time frame, and a communication of what the organization considers important (Bart, 1999).   Because of this basic similarity, mission statements and values statements will be used interchangeably in this research.

Financial Performance

When examining the various components of organizational performance, financial performance is one of the most important components in the eyes of many practitioners. So how would organizational values translate into an organization's financial performance? R. Edward Freeman (1984) contends through Stakeholder Theory that organizations that are more responsive to the demands of their stakeholders will outperform organizations that are not as responsive to their stakeholders. Organizational values can be used to convey a message to stakeholders regarding their importance or the importance of certain issues to the organization. For example, an organization through its organizational values can emphasize the importance of stakeholders such as employees, customers, and the environment. Recognizing their importance to the organization may influence stakeholders' behavior within the organization through employee behavior or external to the organization through the support of stakeholders with similar values.

Several studies have been conducted on the impact of organizational values on financial performance. Johnson, Sutton, and Clayton (2005) conducted an empirical study to examine how organizational values influence profitability. Their results indicated that significant relationships existed between specific organizational values and organizational performance. However, the authors cautioned that their study only examined the relationship between organizational values and organizational performance. They indicated the need for a more in-depth study to examine

how organizational values are translated into employee behavior and ultimately into organizational performance.

Studies have linked profitability to specific organizational values suggesting that companies that "live" their values may be more successful. A study by Stanwick and Stanwick (1998) compared the relationship between corporate social performance, organizational size, and environmental and financial performances. The authors studied 697 firms from 1987 until 1992. The study results indicated a strong relationship between profitability and corporate social performance.

A similar study by Russo and Fouts (1997) also examined the relationship between profitability and environmental performance, which they believed represented a company's concern for the environment. The authors analyzed 243 firms over two years and found a strong link between profitability and a company's concern for the environment. Similarly, de Geus (1997) found that extremely successful companies had several things in common, including valuing people and concern for the environment and community.

According to Pfeffer and Veiga (1999), valuing employees can influence organizational performance. They reported that people work harder, smarter, and more responsibly when they are heard in the workplace, encouraged to increase their skills and competence, and given increased responsibility.

From 1981 until 1992, Cascio, Young, and Morris (1997) studied management decisions regarding employment changes made by Standard & Poor's 500 companies. During the 12-year period, the researchers were able to observe 5,749 management decisions. Cascio et al. (1997) found that, in the short-run, focusing on reducing the workforce can lead to increased stock prices. However, long-term impacts of downsizing can have negative ramifications for the

organization. Generally, in the long-run, firms that downsized did not have significantly higher

returns than the average firms in their industry. Results suggested that downsizing a company's

workforce does not necessarily result in positive financial returns. Other studies also provided

evidence that valuing employees can have positive financial implications for the organization

(Blimes, Wetzker, & Xbonneux, 1997; Huselid, 1995).

Bart and Baetz (1998) examined the relationship between mission statements and firm

performance for 136 Canadian companies. Results of the study indicated that higher firm

performance was found in firms whose mission statements identified and listed organizational

values. Specifically, study results found a relationship between return on sales and employee

behavior in organizations with mission statements that contained statements of organizational

values and beliefs. This relationship was stronger in comparison to organizations whose mission

statements did not identify and list organizational values and beliefs.

Pearce and David (1987) examined the mission statements of 218 Fortune 500

companies, looking for eight "desirable" components of mission statements (e.g., company

philosophy and beliefs). They found that the mission statements of higher performing Fortune

500 companies exhibited more of the "desirable" components than did the mission statements of

the lower performing companies.

Subramanian, Kumar, and Yauger's 1993 study examined 339 hospital mission

statements. The results of the study indicated that the mission statements of high-performing

hospitals (i.e., higher occupancy rates) were significantly different from moderate- and low-

performing hospitals. One notable difference in the hospitals was that the high-performing

hospitals included a section on the company's beliefs in their mission statements.

According to researchers like Anderson (1997), an organizational values statement ranked higher than other company documents (e.g., business plans, corporate plans) serving as a guide for decision-making (see Figure 3).

Insert Figure 3 about here

According to Anderson (1997), the pursuit of values by the entire organization is beneficial, just as a zero defects goal is beneficial to production. If the values of an organization are strictly adhered to, the values guide strategic decision-making in the organization (Lencioni, 2002). Such a focus may improve organizational performance, particularly financial performance.

The research cited here and the implications of Stakeholder Theory suggest there is a potential link between organizational values statements and organizational profitability. Specifically, this study will examine how eight organizational values relate to organizational profitability. The eight organizational values were identified by Batstone (2003), who suggested that focusing on these organizational values may help organizational profitability. In this study, the eight values identified by Batstone (leadership and governance, transparency and integrity, community, customer care, valuing the worker, respect for the environment, equality and diversity, and globalization) are proposed to be associated with organizational profitability.

Hypothesis 1a: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to leadership and governance.

Hypothesis 1b: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to transparency and integrity.

Hypothesis 1c: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to the community.

Hypothesis 1d: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to customer care.

Hypothesis 1e: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to valuing the worker.

Hypothesis 1f: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to the environment.

Hypothesis 1g: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to equality and diversity.

Hypothesis 1h: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to globalization.

Business Practices

Though numerous studies have suggested a link between organizational values and organizational performance, it was important to begin to understand how that process takes place and why it may fail. One obvious factor is whether the company actually incorporates its values into business practices.

Task Interdependence Theory may shed some light on the importance of the relationship between organizational values and business practices. According to Task Interdependence Theory (Thompson, 1967), tasks (i.e., activities) within an organization are related to each other and influence the organization's technology (i.e., how organizations convert inputs to outputs) and organizational structure. There are varying levels of task interdependence among the subsystems in an organization (i.e., reciprocal, sequential, and pooled interdependence). Despite the level of task interdependence, the tasks that transpire within an organization should ultimately position an organization to accomplish its goals and mission.

Although Task Interdependence Theory focuses primarily on how task interdependence within the organization impacts an organization's technology and structure, the current study applies this theory to the sequential interdependence between an organization's stated values and its business practices. Sequential interdependence emphasizes how one subsystem cannot do its "job" without another subsystem. In this case, this current study posits that organizational values will not be effective if they are not translated into business practices within the organization.

If a company does not incorporate its stated company values into business practices, then the stated company values do not have an opportunity to influence organizational performance. For example, Hassan (2007) wrote,

It is important that sound mechanisms are in place within the organization to communicate and inculcate these values. Without adequate as well as effective employee development and organizational support programs, the core organizational values printed on glossy paper will remain only on paper. (p. 445)

According to Wheatley (1992), "Values statements must move off the walls and into the corridors, seeking out every employee, in every recess of the organization" (p. 55). Pole (2007) even suggested that organizational values should be reflected in the workplace design. If organizational values are not routinely incorporated into business practices, they are meaningless. According to Goodman and Svyantek (1999), "Values that are socially endorsed by the organization and prized by the individuals (employees) can lead to close relationships, positive affect, and attachment" (p. 257). Unfortunately, in many instances, bottom-line results, not company values, guide decision-making.

When there is a difference between what the company says it believes in and what it actually does, a gap in values can take place. When a gap in values exists, organizational values are not likely to influence organizational performance because the organizational values are not incorporated into the organization. In other words, the espoused values are not the same as the values-in-use within the organization. This situation results in the stated organizational values having no meaningful influence on organizational decisions. For example, Gruys, Stewart, Goodstein, Bing, and Wicks (2008) wrote,

Failing to reinforce the important connection between espoused core values and employee activities can lead to cynicism and mistrust, or as seen in the Enron case, can set the stage for an ethical disconnect that can undermine the integrity and long-term performance of the organization. (p. 808)

17

In contrast, organizations that implement their organizational values have active

programs supporting those values. For example, a study by Blimes, Wetzker, and Xbonneux

(1997) examined 100 German companies in 10 industrial sectors from 1987 until 1994. Study

results indicated that companies that valued and invested in their employees (i.e., human

resource policies and opportunities for intrapreneurship) had better stock market performance.

Specifically, the authors suggested that companies which placed employees as a core component

of their strategies had higher long-term returns for their shareholders.

Frequently, organizational values are communicated through human resource activities

and decisions. At AES Corporation, 50 percent of an employee's performance appraisal is based

on how the employee comprehended and abided by the organization's values (Wetlaufer, 1999).

In an empirical study, Hassan (2007) found that

> HRD (Human Resource Development) practices like potential appraisal and promotion,
>
> learning/training, performance guidance and development were positively related to
>
> organizational values of collaboration, creativity, quality, delegation and humane
>
> treatment. However, performance appraisal systems, career planning and contextual
>
> analysis contributed negatively to organizational values such as trust and creativity.
>
> (p. 435)

Huselid (1995) conducted a study examining the link between High Performance Work

Practices (e.g., thorough employee recruitment and selection procedures; incentive compensation

and performance management systems; and extensive employee involvement and training) and

firm performance. The researcher studied 3,452 publicly held U.S. firms representing all major

industries. Study results provided evidence that using High Performance Work Practices resulted

in better firm performance. Specifically, Huselid (1995) found that a one-standard-deviation

increase in High Performance Work Practices resulted in a decrease in turnover (approximately 7 percent). Additionally, such practices resulted in per employee increases of $27,044 in sales, $18,641 in market value, and $3,814 in profits.

Bennis (1997) concluded that organizations must engage their employees in a conversation about values if they hope to inculcate those values throughout the organization. In an analysis of Singapore Airlines (SIA), Chong (2007) noted the company's "relentless" communication of its six core values (pursuit of excellence, safety, customer first, concern for staff, integrity, and teamwork). These values were communicated to employees at four "touch points": (1) when they become employed with SIA; (2) at company events; (3) through company communication, such as newsletters and employee magazines; and (4) during employee training. It was worth noting that SIA's cabin crew training lasted four months, the airline industry's longest basic crew training. Much of that training touched on SIA's core values.

Values are communicated through a web of mutually reinforcing elements, including company policies, programs, procedures (e.g., job descriptions, interviews), and company media (e.g., recruitment literature, brochures, advertisements). Every activity of the organization should reinforce the organizational values, ranging from all human resource functions to the telling of organizational stories.

Corporate Scandals

The potential ramifications of failing to implement organizational values into organizational decision-making are well-documented. According to the 2000 Annual Report of the energy giant Enron, the company's stated values were communication, respect, integrity, and excellence. The demise of Enron was a result of many factors. First, Enron failed to make ethical and legal business decisions, and then it violated each of its stated company values.

19

Enron did not *communicate* to its employees and shareholders the financial problems that the

organization faced. Enron did not *respect* its employees and shareholders and, ultimately, did

not treat them in the manner in which they expected to be treated. For example, Enron

employees were not allowed to sell stock in their 401K accounts as stock prices fell. As a result,

many employees lost their pensions and 401K investments (Trevino & Nelson, 2004).

Enron executives did not live up to their stated value of *integrity*, as they were dishonest

in their financial and business dealings by disguising company losses under shell companies.

Finally, Enron did not embody a spirit of *excellence*, which was demonstrated through

reprehensible financial and business transactions. The demise of Enron resulted in one of the

largest bankruptcies in U.S. history.

Enron is an example of an organization that failed to integrate its organizational values

into its business activities. Enron failed to use the concept of task interdependence. An example

of a company that exemplifies task interdependence in terms of the stated values of the company

and the company's business decisions is Ben & Jerry's.

An organization's decision to focus on its organizational values does not mean the

organization has forgotten the importance of remaining competitive and profitable. Ben &

Jerry's is a company that focuses on values, while believing in making profits. Social

improvement is an important value at Ben & Jerry's. The organization seeks innovative ways to

improve its local community, as well as national and international communities (Ben & Jerry's

Mission Statement).

Annually, Ben & Jerry's contributes more than $1.1 million to the Ben & Jerry's

Foundation and donates products to local community groups and nonprofit organizations. The

amount of the contribution to the foundation is adjusted upward depending on sales growth and

inflation (Ben & Jerry's Social Performance Report, 2001). Ben & Jerry's demonstrates how a company can incorporate its values into business practices and still require profitable performance.

The research cited here and the implications of Task Interdependence Theory suggest there is a potential link between organizational values and values-based business practices.

Hypothesis 2a: Values-based business practices reflecting leadership and governance values are positively associated with the level of companies' reported organizational values with respect to leadership and governance .

Hypothesis 2b: Values-based business practices reflecting transparency and integrity values are positively associated with the level of companies' reported organizational values with respect to transparency and integrity.

Hypothesis 2c: Values-based business practices reflecting community values are positively associated with the level of companies' reported organizational values with respect to the community.

Hypothesis 2d: Values-based business practices reflecting customer care values are positively associated with the level of companies' reported organizational values with respect to customer care.

Hypothesis 2e: Values-based business practices reflecting valuing the worker values are positively associated with the level of companies' reported organizational values

with respect to valuing the worker.

Hypothesis 2f: Values-based business practices reflecting respect for the environment values are positively associated with the level of companies' reported organizational values with respect to the environment.

Hypothesis 2g: Values-based business practices reflecting equality and diversity values are positively associated with the level of companies' reported organizational values with respect to equality and diversity.

Hypothesis 2h: Values-based business practices reflecting globalization values are positively associated with the level of companies' reported organizational values with respect to globalization.

Organizational Values and Employee Behavior

Research also suggests that values-based business practices impact employee behavior. Typically this occurs through the socialization process. Organizational Socialization Theory stems from research on Socialization Theory. According to Chatman (1991), organizational socialization "is the process by which an individual comes to understand the values, abilities, expected behaviors, and social knowledge that are essential for assuming an organizational role and for participating as an organizational member" (p. 462). When organizations have intensive socialization practices, employees are more likely to be committed to these organizational values (Caldwell, Chatman, & O'Reilly, 1990). For example, programs and initiatives like those of

22

Singapore Airlines (Chong, 2007) that train and reward certain behaviors are more likely to elicit those behaviors.

Organizations that are effective at socializing their employees use techniques such as "a strong, clear, visible organizational value system manifested through role models and management actions" (Chatman, 1991, p. 463). In addition, Reichers (1987) posits that socialization influences employees to think and behave in ways that benefit the organization. Furthermore, organizational values "perform dual duty as a unifying theme that provides meaning and direction for organizational members and as a tool of social control that informally approves, constrains, or prohibits behaviors" (Dobni, Ritchie, & Zerbe, 2000, p. 93).

Cascio (2006) researched the economic impact of employee behaviors on organizational performance. He stated that "the behavior of employees has important effects on the operating expenses of organizations in both the private and public sectors of our economy" (p. 42). Having employees that are connected to the company and that desire to work for the organization can have huge benefits. According to Cascio (2006), the total cost, including separation, replacement, and training costs of replacing employees who left an organization can vary depending on the job level of the worker. In most cases, the cost varied from 1.5 to 2.5 times the annual salary paid for that position. Cascio examined several companies such as Wal-Mart, Costco, and SYSCO, to study how employee behaviors impacted the performance of the organization.

For example, Cascio (2006) found that Costco focused more on valuing their workers than did Wal-Mart. Many of Costco's employees received health insurance, life insurance, and retirement plans. Additionally, Costco paid its employees on average $15.97 an hour versus $11.52 at Wal-Mart. The impact of Costco valuing its workers helped the company experience a

23

low turnover rate of 6 percent versus 21 percent at Wal-Mart, which equated to a $566 million

dollar difference a year. Furthermore, Costco employees sold more per square foot than Wal-

Mart employees ($795 versus $516). Henle (2005) noted that employee decisions in the

workplace are influenced by organizational factors such as organizational values and policies.

According to Wang, Shieh, and Wang (2008),

> The values of an organization can provide a framework for the collective leadership to
>
> encourage common norms of behaviors which support the achievement of the
>
> organizational goals and missions. In other words, the values of an organization should
>
> provide a guide or framework for the organizational members in accomplishing their part
>
> of the organizational mission. (p. 1014)

SYSCO Corporation, a major food service marketer and distributor, periodically

conducted a work climate survey among its operators (Cascio, 2006). The work climate survey

measured seven dimensions of employee satisfaction – support of leadership, front-line

supervision, rewards, quality of work life, degree of engagement, degree of diversity, and

customer focus. Results of SYSCO's analysis found that highly satisfied employees delivered

better results in terms of improved customer loyalty, higher pretax operating income, lower

operating costs, and improved retention rates. According to Cascio (2006),

> SYSCO's experience is typical of many contemporary organizations, in that
>
> more and more of its asset value rests in its human capital. To prosper and grow,
>
> organizations need to … develop an employer brand that attracts the right kind of
>
> applicants. (p. 44)

A Gallup poll (Micco, 1998) identified 12 worker beliefs that measured employee

satisfaction/engagement. These 12 beliefs, such as "the mission/purpose of my company makes

me feel my job is important," impacted organizational performance. Specifically, organizations that supported the 12 worker beliefs averaged 24 percent higher profitability, 29 percent higher revenue, and 10 percent lower employee turnover than those that scored lowest on the statements. To some degree, employees' perception of organizational values impacts the employees' level of commitment to the organization (Finegan, 2000).

 Although, there is little research specifically examining the implementation of company values and its effect on employee behavior, the link is integral to understanding the relationship between organizational values and organizational performance. The research cited here and the implications of Organizational Socialization Theory suggest there is a potential link between values-based business practices and employee behavior.

Hypothesis 3a: The leadership and governance dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to leadership and governance.

Hypothesis 3b: The transparency and integrity dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to transparency and integrity.

Hypothesis 3c: The community dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to the community.

Hypothesis 3d: The customer care dimension of employee behavior is positively

associated with the level of a companies' reported values-based business practices with respect to customer care.

Hypothesis 3e: The valuing the worker dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to valuing the worker.

Hypothesis 3f: The respect for the environment dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to the environment.

Hypothesis 3g: The equality and diversity dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to equality and diversity.

Hypothesis 3h: The globalization dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to globalization.

Organizational Culture

According to Rokeach (1973), values are the standards that guide individual perceptions, preferences, goals, and behavior. Shared values, beliefs, or norms is referred to as organizational culture (Deal & Kennedy, 1982; Sackman, 1991; Schein, 1992). According to Schein's Theory of Organizational Culture (1992) the basic premise of culture is organizational values and behavioral norms that employees recognize and use in decision-making. These decisions then produce artifacts (i.e., manifestations and expressions of the culture).

Barney (1985) stated that an organization's culture is valuable and has the potential for creating a competitive advantage. For example, a study of 764 firms by Denison and Mishra (1995) found support for the impact of organizational culture on organizational performance. In particular, the study found that organizational culture impacted growth, profitability, employee satisfaction, and overall performance.

In a study of 392 participants from 26 organizations, Marcoulides and Heck (1993) tested a model concerning how an organization's culture affected organizational performance. The results of the study confirmed the fit of their model and indicated that organizational culture impacts organizational performance.

The superior performance of firms with strong corporate cultures has been attributed to their use of socialization and other techniques to emphasize specific core values (Barney, 1985; Tichy, 1983), particularly organizational values that are positive (Bettinger, 1989). Ensuring that organizational culture has a healthy foundation involved three steps: (1) carefully thinking through the basic values of the organization; (2) communicating those values; and (3) making those values a priority in the daily operation of the organization (Randall, 1982).

Organizational Identity

Organizational culture reflects the shared values within an organization, typically the values stated within the organization's values statement. On an individual level, organizational identity is the congruence of individual and organizational values (Hall & Schneider, 1972; Hall, Schneider, & Nygren, 1970; Lee, 1971), the perception of belonging to or having oneness with the organization (Ashforth & Mael, 1989). This concept of "Organizational Identity" was coined and introduced into modern organizational theory by Stuart Albert and David Whetten in 1985.

Not only is it important for organizational values to exist and be implemented, it is equally important for the employees of the organization to identify with the organizational values. When a member's values and the values of the organization coincide, organizational identity results (Dutton & Dukerich, 1991).

Posner, Kouzes, and Schmidt (1985) found that organizational identity between a manager and the organization resulted in numerous benefits. Some of the benefits found in the study were: (1) feelings of personal success; (2) increased organizational commitment; (3) improved self-confidence; (4) a greater demonstration of ethical behavior; and (5) an increased commitment to organizational goals.

As with organizational culture, organizational identity was positively related to many favorable employee and organizational outcomes (Dutton & Dukerich, 1991; Riketta, 2005). For example, employees who strongly identified with their organization were less likely to focus on self-centered interests and more likely to focus on goals and objectives that benefited the entire organization, such as acts of obedience, loyalty, greater participation, assisting new employees, working on long-term organizational projects, and providing ideas for organizational improvement (Van Dyne, Graham, & Dienesch, 1994).

When employees strongly identify with the organization, they are more likely to engage in organizational citizenship behaviors (Dutton, Dukerich, & Harquail, 1994). In a study of accounting recruits, Chatman (1991) found a strong relationship between organizational identity and members' satisfaction and intent to stay with the organization for an additional year.

O'Reilly and Chatman (1986) found that employees who identified with their organization based on value congruence reported higher intentions to stay with the organization, a higher likelihood of extra-role behaviors, and lower turnover rates. Other studies have found that value congruence was related to employee motivation and intent to leave (Posner, 1992; Sheridan, 1992). Kouzes and Schmidt (1993) found that managers who experienced value congruence with their organization had higher levels of commitment, success, and credibility with others. They also experienced less stress.

A similar concept is person-organization fit (POF). POF was defined by O'Reilly, Chapman and Caldwell (1991) as the compatibility of values or values congruence of individuals with the organization in which they worked. Numerous researchers have found that the greater the POF, the higher the employees' satisfaction, which resulted in greater commitment to the organization and its goals (i.e., Cable & DeRue, 2002; Cable & Judge, 1996; Chan, 1996; Huang, Cheng & Chou, 2005).

Further, Yaniv and Farkas (2005) found that POF positively affected employee attitudes toward their corporate brand, which in turn positively affected customers' perceptions of the corporate brand. Studies from various streams of research (organizational culture, organizational identity, and person-organization fit) all provide support for a positive relationship between employee behavior and an employee's organizational identity.

Hypothesis 4a: The leadership and governance dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4b: The transparency and integrity dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4c: The community dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4d: The customer care dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4e: The valuing the worker dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4f: The respect for the environment dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4g: The equality and diversity dimension of employee behavior is positively associated with the level of an employee's organizational identity.

Hypothesis 4h: The globalization dimension of employee behavior is positively associated with the level of an employee's organizational identity.

As previously mentioned, when the values of an employee and the organization are in agreement organizational identity results (Dutton & Dukerich, 1991). This can result in numerous benefits to the organization (Dutton & Dukerich, 1991; Riketta, 2005). But how is this relationship impacted by the influence of company business practices? In organizations, seldom do relationships occur in isolation. The moderating effect of business practices on the relationship between employee behavior and organizational identity is a valid area of interest. If employees favor some business practices such as customer care, but do not favor other business practices reflecting values such as the environment, how does this impact how employees identify with the company and thus their behavior on the job?

Although research is lacking that specifically examines the moderating effect of business practices on the relationship between employee behavior and organizational identity, the implications of this link are integral to understanding how organizational values influence organizational performance. The general research on business practices, employee behavior, and organizational identity previously cited suggests values-based business practices may moderate the relationship between employee behavior and organizational identity.

> *Research Question 1a: Leadership and governance business practices moderate the relationship between the leadership and governance dimension of employee behavior and organizational identity.*

> *Research Question 1b: Transparency and integrity business practices moderate the relationship between the transparency and integrity dimension of employee behavior and organizational identity.*

Research Question 1c: Community business practices moderate the relationship between the community dimension of employee behavior and organizational identity.

Research Question 1d: Customer care business practices moderate the relationship between the customer care dimension of employee behavior and organizational identity.

Research Question 1e: Valuing the worker business practices moderate the relationship between the valuing the worker dimension of employee behavior and organizational identity.

Research Question 1f: Respect for the environment business practices moderate the relationship between the respect for the environment dimension of employee behavior and organizational identity.

Research Question 1g: Equality and diversity business practices moderate the relationship between the equality and diversity dimension of employee behavior and organizational identity.

Research Question 1h: Globalization business practices moderate the relationship between the globalization dimension of employee behavior and organizational identity.

Employee Behavior and Organizational Performance

Strong organizational identity results in employees who have more positive beliefs about their organizations. Specifically, they believe that their organizations produce valuable outputs (Dutton et. al, 1994). Cable and DeRue (2002) argue that when employees accept the values of their organization, they become in effect "ambassadors of the corporate values" to customers, which leads to better brand performance. In this manner, employees become more than "vital machines," as Robert Owen described them in the 19th Century. They become resources.

Similarly, Resource-Based Theory (Dierickx & Cool, 1989; Prahalad & Hamel, 1990; Wernerfelt, 1984) argues that an organization's internal environment including its employees, can impact an organization's performance. Other examples of intangible resources within an organization, according to Resource-Based Theory, are company reputation, organizational culture, and employee commitment and loyalty (Russo & Fouts, 1997). Several researchers posit that an organization's intangible resources, such as corporate culture (Barney, 1986) and organizational employees (Huselid, 1995), can positively impact organizational performance and give an organization a sustained competitive advantage (Barney, 1991). Research from multiple sources showed that employees unconsciously communicated organizational values through their behavior. Such influence positively or negatively impacted organizational outcomes, such as profitability, corporate reputation, and customer loyalty.

For example, a study by Saxton (1998) illustrated the impact of employee behavior on a company's reputation, which can influence stakeholder behavior. Study results indicated that among the top four sources of information that impacted a customer's viewpoint of a company's reputation was the behavior of company employees. Specifically, the study suggested the greatest method of improving corporate reputation was to focus on employees and instill in them

company beliefs and values. Additional studies have shown the impact of corporate reputation on organizational outcomes, such as stock prices (Brown, 1997) and returns for investors (Fombrun & Shanley, 1990; Roberts & Dowling, 1997).

Kennedy (1977) argued that every employee of an organization should be viewed as a salesperson for the company. Each employee, whether consciously or unconsciously, influenced the image stakeholders have of the organization. There is a need for management to have a consistent method of informing all employees about the values and beliefs of the organization, so stakeholders will receive a consistent image of the company. Having a positive organizational image can result in favorable behaviors towards the organization, such as an increase in product sales, the attraction of additional shareholders, and positive attitudes towards the organization in general.

Research Question 2a: Organizational financial success is positively associated with the employee behavior dimension reflecting leadership and governance values.

Research Question 2b: Organizational financial success is positively associated with the employee behavior dimension reflecting transparency and integrity values.

Research Question 2c: Organizational financial success is positively associated with the employee behavior dimension reflecting community values.

Research Question 2d: Organizational financial success is positively associated with the employee behavior dimension reflecting customer care values.

Research Question 2e: Organizational financial success is positively associated with the employee behavior dimension reflecting valuing the worker values.

Research Question 2f: Organizational financial success is positively associated with the employee behavior dimension reflecting respect for the environment values.

Research Question 2g: Organizational financial success is positively associated with the employee behavior dimension reflecting equality and diversity values.

Research Question 2h: Organizational financial success is positively associated with the employee behavior dimension reflecting globalization values.

Overall, this current study sought to answer the question: If a company successfully instilled stated organizational values into employees, would it have a positive effect on profitability? However, to answer this question, the subsystem factors affecting the relationship between organizational values and organizational performance were examined. Those subsystem factors were the implementation of the organization's values into business practices and having employees accept and implement these organizational values on their jobs.

See Figure 4 for a diagram of all the proposed relationships in the current study.

Insert Figure 4 about here

35

CHAPTER THREE:

RESEARCH METHODOLOGY

Sample and Setting

Initially, over 600 companies were reviewed for their participation in this study. After

verifying the availability of information on the company's net profit margins from 2002-2007 in

the Standard & Poor's Compustat Database and whether the company had a website, only 155

companies remained. Of the 155 human resource representatives invited to participate in the

study, 42 (27 percent) completed and returned the initial survey. For a company to be included in

this study, the researcher also had to be able to collect data on employee behavior within the

organization. After all criteria were met, a total of ten companies (6.5 percent) remained and

were included in this study. To examine the implementation of organizational values throughout

the organization, the researcher chose to survey employees outside of headquarters, in local

offices and plants.

Human Resource Representatives. Survey responses were obtained from ten human

resource representatives in ten organizations in the Southern region of the United States. The

organizations included a bottling and distribution company, a wholesale bakery, an insurance

company, an automobile parts manufacturer, a building parts manufacturer, a package delivery

company, a utility company, and three banks. All were a part of regional or national chains. A

multi-organizational sample was sought to enhance generalizability. Table 1 summarizes the

sample size, response rates, and demographic information for the human resource representatives.

Insert Table 1 about here

On average, human resource participants had worked in their current organizations for 8.3 years (S.D. = 9.7). Seventy percent were female, 70 percent were Caucasian, and 30 percent were African-American. The average age was 38.9 (S.D. = 8.9).

Employee Participants. Survey responses were obtained from 236 employees in the ten organizations. The number of employees invited to participate in this study could not be reported because human resource representatives were asked to invite a minimum of 15 employees to participate in the study but the researcher did not set a maximum limit. As a result, some human resource representatives invited more employees to participate in the study than other human resource representatives. Table 2 summarizes the sample sizes and demographic information for the employees that participated in the study.

Insert Table 2 about here

On average, employee participants had worked in their current organizations for 6.9 years (S.D. = 7.5). Approximately fifty percent (50.2 percent) were male, 61.6 percent were Caucasian, and 34.5 percent were African-American. The average age was 36.2 (S.D. = 12.1).

Procedure

The data were collected in four phases. To measure organizational profitability, the net profit margin was obtained for each company from 2002-2007. Analyzing net profit margin over six years offset any fluctuations in the market beyond the control of the organization (English & Cohen, 2001; Stanwick & Stanwick, 1998). The net profit margin for each company was obtained from the Compustat Database (Cascio et al., 1997). The Compustat database has been used in other studies to obtain accounting and stock market based measures of firm performance and risk (McGuire, Sundgren, & Schneeweis, 1988).

The second phase in the data collection process was to measure organizational values. The areas of the company website that generally display the organization's values are the values statement, mission statement, vision statement, and letter to the shareholders from the annual report. Safrit (1990) suggested that a qualitative method can be used for the initial identification of organizational values. To measure organizational values, four expert judges were used.

Each expert judge was given a packet for each company. The packet included an evaluation form and pages from the company's website that indicated, explicitly or implicitly, what the company valued. Although the expert judges could have examined the entire website for each company, in consideration of time, the researcher pulled numerous website pages for the judges to review.

The expert judges completed one evaluation form per company (Appendix A). To complete the evaluation form, the expert judges identified the perceived relative importance of eight organizational values (i.e., leadership and governance, transparency and integrity, community, customer care, valuing the worker, respect for environment, equality and diversity, and globalization) to the organization in accordance with Batstone (2003).

38

The next phase of data collection was gathering information on company practices. The purpose of this phase was to determine if organizations implemented stated organizational values into business practices. To evaluate company practices, one human resource representative was surveyed per company. Human resource representatives were contacted by e-mail (Appendix G) to determine their interest in participating in the study. After the initial e-mail, if a response was not received within a week, the researcher sent an additional e-mail requesting the voluntary participation of the human resource representative in the study (see Appendix H). After agreeing to participate in the study, human resource representatives were e-mailed a URL link to access the human resource representative information letter (Appendix C) and human resource representative survey (Appendix D). To analyze properly the data and match human resource representative responses with employee responses, each human resource representative was asked to give the name of the company for which he or she worked. The results of each human resource representative survey were collected into a database and made available for the researcher to review and analyze.

The final phase of data collection focused on assessing employee behaviors in the organization and employees' level of organizational identity. Employees were surveyed to assess (1) the employees' awareness of their organization's values, (2) their perceptions of whether these values were implemented by the company in company decisions, (3) their own implementation of the organization's values in their jobs, and (4) how well they identified with the organization.

Initially, human resource representatives that agreed to participate in the study were also asked to send an e-mail to employees inviting them to participate in the employee behavior survey (Appendix I). Human resource representatives were asked to distribute the e-mail to at

least 15 employees in the organization. In the e-mail, employees were given a URL link to access the employee information letter (Appendix E) and employee behavior survey (Appendix F). Employees interested in participating in the study were able to access anonymously the employee behavior survey.

Due to low response rates from employees, the researcher contacted upper-level management and received permission to survey employees within the organization directly. All surveys were administered to employees via personal delivery by the researcher and/or designated personnel. A labeled box was placed in companies' break rooms or conference rooms, and completed surveys were returned to the labeled box by the deadline. Several organizations delivered the surveys in sealed envelopes to employees and completed surveys were placed in individually-sealed, anonymous envelopes and given to the designated personnel at each company.

All participants (i.e., human resource representatives and employees) were asked not to write any identifying information on the surveys, except for the names of their companies. Respondents were assured by both the researcher and upper-level management that responses would remain confidential.

Measures

Organizational Performance. The researcher chose to focus on financial performance as an indicator of organizational performance. Financial performance was chosen because of its importance to the viability of an organization. The financial indicator chosen to represent financial performance was net profit margin. Net profit margin has been used in other studies to evaluate the impact of mission statements on financial performance (Sufi & Lyons, 2003).

Other financial measures were excluded because of problems associated with their use. For example, using stock prices as the criterion for performance was problematic because stock prices do not reflect profitability and stocks have different risk levels (Aupperle, Carroll, & Hatfield, 1985). Another possibility was the use of return on equity (ROE) as a measure of firm performance. Using ROE could be misleading since it is a function of not only profitability, but also of a firm's financial leverage (Aupperle et al., 1985).

Net profit margin was calculated by taking the income before provisions for common and/or preferred dividends, divided by net sales. Then this value was multiplied by 100 (Standard & Poor's COMPUSTAT Database). Taking annual sales into consideration is a benefit in using net profit margin. Additionally, net profit margin also controlled for company size (Stanwick & Stanwick, 1998).

Organizational Values. To identify a company's organizational values, a content analysis of the organization's website was performed by four expert judges. The four expert judges consisted of an attorney, an entrepreneur, a business professional with a master's degree, and an MBA student with an International Business Management focus. The company's score for each value was determined by summing the four expert judges' scores for that specific value.

In his book entitled, "Saving the Corporate Soul and Who Knows Maybe Your Own," Batstone (2003) indicated how an organization that embraces organizational values can create and preserve its profitability. The following is a list of the eight organizational values used in this study and the meaning of each value (Batstone, 2003):

1. Leadership and Governance – "the directors and executives of the company align their personal interests with the fate of stakeholders and act in a responsible way to ensure the viability of the enterprise."

2. Transparency and Integrity – "the company's business operations are transparent to shareholders, employees, and the public, and its executives will stand by the integrity of their decisions."

3. Community – "the company thinks of itself as part of a community as well as a market."

4. Customer Care – "the company represents its products honestly to customers and honors their dignity, up to, and beyond a transaction."

5. Valuing the Worker – "workers are treated as valuable team members, not just hired hands."

6. Respect for the Environment – "the environment is treated as a silent stakeholder, a party to which the company is wholly accountable."

7. Equality and Diversity – "the company strives for balance, diversity, and equality in its relationship with workers, customers, and suppliers."

8. Globalization – "the company pursues international trade and production based on respect for the rights of workers and citizens of trade partner nations."

On the evaluation forms, for example, the expert judges were asked to respond to the statement: "*Valuing the worker* is one of the organization's most important values," for each of the eight values listed. Each statement was rated on a 7-point Likert scale, ranging from strongly disagree (1) to strongly agree (7). Expert judges were asked to evaluate each company on each of the eight values listed.

The results of the expert judges' findings were examined and an assessment of each organization's values was determined based on the scoring of the expert judges. The assessment of each organization's values based on the combined findings of the expert judges served as eight variables in the study.

Prior to participating in the study, each expert judge received training related to procedures and the values being assessed. During the training session, each expert judge received an information letter (Appendix B) as well as information on the meaning and importance of organizational values. After receiving information about organizational values, each expert judge had an opportunity to ask questions for clarification. Then, the expert judges were trained on how to review the company packets and complete the evaluation forms (Appendix A). Examples of company packets and evaluation forms were provided during the training session.

Since more than two raters were used, the researcher calculated intraclass correlation, an interrater reliability measure (Gatewood & Feild, 2001), to compare the ratings of the four expert judges for each of the eight values categories. Overall, the intraclass correlation ratings of the expert judges were consistent on several values (i.e., community, .94; customer care, .77; valuing the worker, .91; respect for the environment, .95; equality and diversity, .73; and globalization, .80). However, the ratings for two values (i.e., leadership and governance, .69; transparency and integrity, .60) were below the generally acceptable value of .70 (Gatewood & Feild, 2001; Nunnally, 1978). However, DeVellis (1991) stated that it is not unusual for published scales to have alphas lower than Nunnally's .70 cutoff. The scale used in this analysis was not a published scale, but the scale was pretested.

The researcher performed an item-total statistical analysis to determine if any specific judge contributed to the low intraclass correlation score. The results of the analysis indicated that no specific judge contributed to the low alpha scores. Despite the low alphas for these values, leadership and governance and transparency and integrity were retained in the analysis. However, the results related to the two values should be interpreted with caution.

Business Practices. To determine whether an organization was implementing its stated organizational values into business practices, one human resource representative was surveyed per company. The survey contained a total of 72 questions. The first 60 questions were measured on a 7-point Likert scale ranging from strongly disagree (1) to strongly agree (7).

The last 12 questions were demographic questions (e.g., gender, age, ethnicity, and education). The entire survey took approximately 25 minutes to complete. The coefficient alphas for the variables in this survey were: general information, .85; leadership and governance, .87; transparency and integrity, .67; community, .85; customer care, .75; valuing the worker, .81; respect for the environment, .71; equality and diversity, .70; and globalization, .82. However, the coefficient alpha for the transparency and integrity category (.67) was below the generally acceptable alpha of .70 (Gatewood & Feild, 2001; Nunnally, 1978). This scale also was not a published scale, but was pretested. Despite the low alpha for transparency and integrity, this value was retained for analysis. However, results should also be interpreted with caution.

Employee Behavior. Each company's employees were surveyed to assess (1) employees' awareness of their company's organizational values; (2) employees' perception of whether organizational values were being implemented within the organization; and (3) if employees themselves were implementing organizational values on their jobs. The employee behavior survey contained a total of 62 questions. The first 49 questions were measured on a 7-point Likert scale ranging from strongly disagree (1) to strongly agree (7).

Similar to the human resource representative values survey, this survey consisted of six general questions concerning the organization and what it valued (e.g., "My evaluations and compensation are connected to how well my decisions and actions reflect the company's values"). The next 43 questions evaluated whether the company and the employee specifically

implemented the eight organizational values into their daily business practices (e.g., "Whenever possible, I use my position in this company to help the community").

The last 13 questions were demographic questions (e.g., gender, age, ethnicity, and education). Identifying demographics were not traceable back to participants. The entire survey took approximately 30 minutes to complete. The coefficient alphas for the variables in this survey were: general information, .81; leadership and governance, .90; transparency and integrity, .78; community, .74; customer care, .82; valuing the worker, .82; and globalization .82. However, the ratings for two values (i.e., respect for the environment, .67; equality and diversity, .62) were below the generally acceptable alpha of .70 (Gatewood & Feild, 2001; Nunnally, 1978). The employee behavior scale was also not a published scale, but was pretested. Despite the low alphas for these two values, these values were retained for analysis. However, results should be interpreted with caution.

Organizational Identity. The employee survey also included three questions to evaluate employee levels of organizational identity. The questions were a modified version of the Perceived Person-Organization Fit survey by Cable and Judge (1996). Similar to organizational identity, person-organization fit is the congruence between the values of the organization and the values of the individual (Fraga-Doran, 1996).

The three questions were measured on a 7-point Likert scale ranging from strongly disagree (1) to strongly agree (7) (e.g., "The values and personality of this organization reflect my own values and personality") (Appendix F). These three items directly assessed an employee's perception of his or her fit within the organization. Cable and Judge (1996) found that the coefficient alpha for this scale was .87. Cronbach's alpha for the perceived person-organization fit measure in the current study was .88.

45

When utilizing an organizational identity scale or the perceived person-organization fit scale, study findings were similar. Both scales indicated that when organizational identity (i.e., person-organization fit) existed, employees were more satisfied with their jobs and had greater organizational commitment (Arogyaswamy & Byles, 1987; Cable & Judge, 1996; Kouzes & Schmidt, 1993).

Data Analysis

To test hypotheses 1, 2, and research question 2, Pearson's *r* product-moment correlations were used to compute the strength of relationships between designated variables. Pearson's *r* product-moment correlations are commonly used to measure the degree of linear relationship between two variables.

The responses of the human resource representatives regarding business practices were averaged within each of the eight value categories, essentially creating a sample of size ten for each of the value categories. The extremely small sample size created problems for statistical analysis, especially in the analysis of research question 2 which involved sample sizes of 236 employees and 10 companies.

To deal with this issue the responses of the employees were aggregated by company such that employees' responses were correlated against the net profit margin for his or her company. Aggregating data is a common statistical technique used to generalize data from the individual level (i.e., employee behavior, n = 236) to the group level (i.e., employee behavior, n = 10) (Croon & Van Veldhoven, 2007). Specifically, the employee behavior for each company was averaged (i.e., aggregated), thus creating one employee behavior score for each company. This enabled the researcher to run one-to-one correlations between employee behavior (n = 10) and organizational profitability (n = 10) (i.e., research question 2).

My data was multilevel; employees were nested within organizations. Therefore, to test hypotheses 3, 4, and research question 1 Hierarchical Linear Modeling (HLM) was used. HLM is a statistical technique that "estimates linear equations that explain outcomes for members of groups as a function of the characteristics of the members" (Arnold, 1992, p. 58). This analysis is referred to as hierarchical because it can be used to predict characteristics about one group (i.e., level 1, employees) while that group is nested within a larger group (i.e., level 2, companies).

Listed below is the model for hypotheses 3, 4, and research question 1 in equation format. Hypotheses 3a-3h examine the relationship between the eight dimensions of employee behavior and the corresponding eight dimensions of values-based business practices. To determine if a specific dimension of employee behavior (e.g., H3a: leadership and governance) was positively associated with the leadership and governance dimension (H3a) of values-based business practices, the researcher tested to see γ_1 of the β_{0i} equation differed from zero. γ_1 represents business practices in the model. Thus, examining γ_1 answers the question, do business practices relate to employee behavior for each dimension examined.

Hypotheses 4a-4h evaluate the relationship between each dimension of employee behavior (e.g., H4e: valuing the worker) and organizational identity. To determine if a specific dimension of employee behavior (e.g., H4e: valuing the worker) relates to organizational identity, the researcher tested to see if the slope (λ_0) of the β_{1i} equation differed from zero. Thus answering the question, does organizational identity relate to employee behavior.

HLM was also used to test research questions 1a-1h. Research questions 1a-1h examined how a specific dimension of business practices (e.g., R2a: transparency and integrity) moderated the relationship between employee behavior and organizational identity. To determine how

47

business practices moderate the relationship between employee behavior and organizational identity, the researcher tested to see if λ_1 of the $\text{\ss}_{1i}$ equation differed from zero. Examining λ_1 enabled the researcher to answer the question, do business practices moderate the relationship between employee behavior and organizational identity, for each value studied.

Prior to running the HLM analyses, the data had to be centered. Centering data is a common data cleaning method used in HLM (Arnold, 1992). In this analysis, level 2 data was grand centered (i.e., business practices) and level 1 data was group centered (i.e., organizational identity).

Model for Hypotheses 3, 4, and Research Question 1 in Equation Format

Y_{ij} = behavior of the jth employee from the ith company

x_{ij} = organizational identity of the jth employee at ith company

z_i = business practices of ith company

Level 1

$$Y_{ij} = \text{\ss}_{oi} + \text{\ss}_{1i}x_{ij} + \varepsilon_{ij}$$

Level 2

$$\text{\ss}_{oi} = \gamma_o + \boxed{\gamma_1} z_i + u_i$$

$$\boxed{H3}$$

$$\text{\ss}_{1i} = \boxed{\lambda_o} + \boxed{\lambda_1} z_i + v_i$$

$$\boxed{H4} \quad \boxed{R1}$$

48

CHAPTER FOUR:

RESULTS

Organizational Values and Organizational Performance

Table 3 reports the means, standard deviations, and correlations for the study variables. Hypotheses 1a-1h predicted that organizational financial performance was positively associated with the level of companies' reported organizational values (based on the average of four raters) with respect to a specific organizational value, such as leadership and governance (e.g., H1a). To examine the relationship between organizational values and organizational financial performance, the researcher examined the correlation between each of the eight organizational values and organizational performance.

Surprisingly, Hypotheses 1a-1h were not supported. None of the organizational values were statistically significantly correlated to organizational financial performance. The following are the results of the analyses: valuing leadership and governance (H1a: $r(8) = -.14$, p = .35), transparency and integrity (H1b: $r(8) = -.15$, p = .34), community (H1c: $r(8) = .18$, p = .31), customers (H1d: $r(8) = .32$, p = .18), workers (H1e: $r(8) = -.25$, p = .25), the environment (H1f: $r(8) = -.01$, p = .49), equality and diversity (H1g: $r(8) = -.24$, p = .25), and globalization (H1h: $r(8) = -.39$, p = .13).

Insert Table 3 about here

Organizational Values and Business Practices

Table 4 reports the means, standard deviations, and correlations between organizational values and business practices. Hypotheses 2a-2h predicted the level of companies' reported organizational values (based on the average of four raters) were positively associated with values-based business practices (based on responses from a human resource representative from each company). For example, H2a predicted a positive association between the organizational value of respect for leadership and governance and business practices related to leadership and governance.

Results for hypotheses 2a-2h were mixed. As expected, several organizational values were statistically significantly related to corresponding business practices focused on those same values. Of the eight organizational values studied, three values [leadership and governance (H2a: $r(8) = .71$, p = .01, p<.05), valuing the worker (H2e: $r(8) = .70$, p = .01, p<.05), and respect for the environment (H2f: $r(8) = .82$, p = .00, p<.01)] were statistically significantly correlated to corresponding business practices. Surprisingly, the remaining five organizational values [transparency and integrity (H2b: $r(8) = -.21$, p = .28), community (H2c: $r(8) = .36$, p = .16), customer care (H2d: $r(8) = .48$, p = .08), equality and diversity (H2g: $r(8) = -.47$, p = .09), and globalization (H2h: $r(8) = .46$, p = .09)] were not significant. Although three of the correlations were significant, the sample size was not large enough (n = 10) to produce enough power to conduct a true test of the hypotheses. As a result, these findings should be interpreted with caution.

Insert Table 4 about here

Business Practices and Employee Behavior

Hypothesis 3a-3h predicted a specific dimension of employee behavior such as

transparency and integrity (e.g., H3b) was positively associated with the level of a companies'

reported values-based business practices with respect to a specific value such as transparency

and integrity (e.g., H3b). Since hypotheses 3a-3h focused on values-based business practices

across several companies, these business practices were considered Level 2. Because hypotheses

3a-3h also examined individual employee behavior, these behaviors were entered in HLM as

Level 1. Table 5 reports the results of the HLM analyses. No support was found for any of the

relationships between values-based business practices and employee behavior (H3a: $\gamma_1 = .10$;

H3b: $\gamma_1 = .26$; H3c: $\gamma_1 = -.36$; H3d: $\gamma_1 = -.35$; H3e: $\gamma_1 = -.21$; H3f: $\gamma_1 = .05$; H3g:

$\gamma_1 = -.14$; H3h: $\gamma_1 = .10$).

Insert Table 5 about here

Organizational Identity and Employee Behavior

Hypothesis 4a-4h predicted a specific dimension of employee behavior such as leadership

and governance (e.g., H4a) was positively associated with the level of an employee's

organizational identity. In this HLM analysis, organizational identity was considered Level 2

data and individual employee behavior, Level 1 data. Table 6 reports the results of the HLM

analyses. As expected, several dimensions of employee behavior were positively associated with

organizational identity. Specifically, support was found for six dimensions of employee

behavior [leadership and governance (H4a: $\lambda_0 = .23$, p<.05), transparency and integrity (H4b:

$\lambda_0 = .23$, p<.10), the community (H4c: $\lambda_0 = .28$, p<.05), customer care (H4d: $\lambda_0 = .30$, p<.01),

51

valuing the worker (H4e: $\lambda_0 = .28$, p<.10), and globalization (H4h: $\lambda_0 = .37$, p<.01)]. No support was found for the dimensions of employee behavior with respect to the environment (H4f: $\lambda_0 = .20$) and equality and diversity (H4g: $\lambda_0 = .13$).

Insert Table 6 about here

Organizational Identity, Employee Behavior, and Business Practices

Research questions 1a-1h predicted that the relationship between organizational identity and a specific dimension of employee behavior (e.g., leadership and governance) was moderated by values-based business practices (e.g., leadership and governance). In this HLM analysis, organizational identity and business practices were considered Level 2 data and individual employee behavior was Level 1 data. Table 7 reports the results of the HLM analyses. Contrary to expectations, no support was found for seven of the eight relationships examined. Specifically, no support was found for the moderating effect of business practices on the relationship between employee behavior and organizational identity for the following values; leadership and governance (R1a: $\lambda_1 = -.11$), transparency and integrity (R1b: $\lambda_1 = .21$), the community (R1c: $\lambda_1 = .20$), valuing the worker (R1e: $\lambda_1 = -.03$), respect to the environment (R1f: $\lambda_1 = -.16$) and equality and diversity (R1g: $\lambda_1 = -.08$) and globalization (R1h: $\lambda_1 = .05$). Support was found for customer care. The relationship pertaining was statistically significant (R1d: $\lambda_1 = -.58$, p<.01); however, the negative direction of this finding was unanticipated.

Insert Table 7 about here

Employee Behavior and Organizational Performance

Table 8 reports the means, standard deviations, and correlations between employee behavior and organizational performance. Research questions 2a-2h predicted organizational financial performance was positively associated with the employee behavior dimension reflecting a specific value (e.g., globalization).

Results were mixed. Contrary to expectation, the one dimension of employee behavior, equality and diversity (R2g), that was statistically significantly correlated to organizational profitability was in the wrong direction (R2g: $r(10) = -.76$, p = .00, p<.05). The results of the remaining hypotheses were not statistically significant: leadership and governance (R2a: $r(10)$ = .19, p = .30), transparency and integrity (R2b: $r(10)$= -.04, p = .45), community (R2c: $r(10)$ = -.21, p = .28), customer care (R2d: $r(10)$ = -.04, p = .45), valuing the worker (R2e, $r(10)$ = -.00, p =.50), respect for the environment (R2f: $r(10)$ = -.34, p = .17), and globalization (R2h: $r(10)$ = -.30, p = .20). The findings of the correlations analysis did not support research questions 2a-2h. See Table 9 for a summary of all findings.

Insert Table 8 about here

Insert Table 9 about here

CHAPTER FIVE:

DISCUSSION

Summary

The purpose of this study was to strengthen empirical support for the relationship

between organizational values and organizational profitability. This study examined eight

specific organizational values identified by Batstone (2003) (i.e., leadership and governance,

transparency and integrity, community, customer care, valuing the worker, respect for

environment, equality and diversity, and globalization). The study also sought to offer empirical

support for the subsystem factors that are believed to contribute to the relationship between

organizational values and organizational profitability.   These relationships were examined under

the following theories: The General Systems Theory (Bertalanffy, 1968), Stakeholder Theory

(Freeman, 1984), Task Interdependence Theory (Thompson, 1967), Organizational Socialization

Theory (Chatman, 1991), Organizational Culture Theory (Schein, 1992), Organizational Identity

(Albert & Whetten, 1985), and Resource-Based Theory (Dierickx & Cool, 1989; Prahalad &

Hamel, 1990; Wernerfelt, 1984).

Measurement Issues and Hypothesized Relationships

Ideally, when conducting this study, the researcher should have used reliable, validated

measures for analyzing values-based business practices and employee behavior. The reliability

of several values on these two measures and on the expert judge measure (used to assess

54

organizational values) were low. However, because developed measures for the constructs being studied could not be identified the researcher chose to develop measures for this study.

According to Nunnally and Bernstein (1994), reliability is necessary to make sure that the variables being measured are in fact assessing underlying latent factors. In other words, reliability sets an upper limit for accessing validity. This helps a researcher to determine if the items (e.g., survey questions relating to valuing the worker) being studied are actually measuring the intended construct (e.g., valuing the worker). Scales with low reliability (i.e., under .70) have less statistical power (Redden, 2001). When a scale has low statistical power, the likelihood of finding statistically significant relationships is diminished.

In addition to the scale reliability problems in this study, the sample size in this study was small, particularly relative to the number of constructs being studied. The sample size in this study was ten companies; whereas, the number of constructs studied was eight. It is recommended that there should be a 20:1 ratio between number of cases and number of variables (Kline, 2005). Ideally, this study should have had at a sample size of at least 160 companies, based on the recommendation of Kline.

The above-mentioned problems likely contributed to the unexpected findings in this study. Specifically these problems may have contributed to the lack of statistically significant relationships, the low correlation scores, and the large number of negative correlations in this study. The problems in this study may have been avoided by using scales with higher reliabilities and by having a larger sample size.

Organizational Values and Organizational Performance

First, the broad relationships between the eight organizational values and organizational performance were examined (H1a-H1h). Contrary to expectations, none of the eight

organizational values were statistically significantly related to organizational profitability. These findings were surprising, given Stakeholder Theory (Freeman, 1984) and prior research indicating that organizational values can influence profitability (e.g., de Geus, 1997; Johnson, Sutton, & Clayton, 2005; Russo & Fouts, 1997). Additionally, this finding was surprising given the literature specifically examining the importance of valuing the worker (e.g., Cascio, 2006; Micco, 1998) and respect for the environment (Russo & Fouts, 1997; Stanwick & Stanwick, 1998). However, research on organizational values indicates that the term "values" can be broadly interpreted by an organization. Specifically, research by Stevenson (1995) indicated over 50 different organizational values companies may have. While the hypotheses related to the eight values examined in this study generally were not supported, other organizational values may have more impact.

Organizational Values and Business Practices

Hypotheses 2a-2h examined the first relationship the researcher believed was necessary if companies were going to live their organizational values, as opposed to just stating them. As predicted several organizational values were statistically significantly related to corresponding business practices that emphasized those same values (i.e., H2a: leadership and governance, H2e: valuing the worker, and H2f: respect for the environment). These findings were expected given the Task Interdependence Theory (Thompson, 1967), which emphasizes in sequential interdependence situations one subsystem (e.g., espoused organizational values) cannot do its "job" without the help and assistance of another subsystem (e.g., company business practices). As mentioned previously, this result should be reviewed with caution, given the small sample size and the fact that there was not enough power to conduct a true test of the hypotheses.

Business Practices and Employee Behavior

The next crucial link in the model is the relationship between values-based business practices and employee behavior. Employees in any organization are instrumental in carrying out that organization's mission, goals, and objectives. This researcher believed that a vital link between an organization and its customers is its employees. As a result, how employees execute company values on their jobs is critical.

Contrary to expectations, no relationship was found between any of the categories of business practices and corresponding employee behavior (H3a-H3h). This finding does not support common knowledge among researchers in the field of management that when management "walks the talk" employees are more likely to demonstrate the same behavior on their jobs. In addition, this finding does not support the theory on Organizational Socialization. According to Chatman (1991) organizations that are successful in socializing their employees do so primarily through having strong values and through the actions of management (i.e., business practices). This results in employees thinking and behaving in ways that benefit the organization. Thus, when a business emphasizes, for example, transparency and integrity values then employees are more likely to emphasize these values on their jobs. These findings could suggest that the organization did not do a thorough job of emphasizing in the workplace the eight values studied. According to Caldwell, Chatman, and O'Reilly (1990), employees are more committed to their company's values when they believe their company has "intensive" socialization policies.

Organizational Identity and Employee Behavior

Another aspect of studying employee behavior in the organization is to examine how the employee identifies with the organization. Specifically, does the employee identify with the

57

values of the organization? Research indicates that when the employees' values and the values

of the organization are compatible this results in numerous benefits to the employee and the

organization (e.g., Kouzes & Schmidt, 1993; Yaniv & Farkas, 2005). Therefore, it is important

to study the relationship between organizational identity and employee behavior. As expected,

support was found for the relationship between organizational identity and several dimensions of

employee behavior (i.e., H4a: leadership and governance; H4b: transparency and integrity; H4c:

the community; H4d: customer care; H4e: valuing the worker; and H4h: globalization). This

finding corresponds to the literature on Organizational Identity (Kouzes & Schmidt, 1993; Yaniv

& Farkas, 2005).

Contrary to expectations, no support was found for the dimension of employee behavior

with respect to the environment (H4f) and equality and diversity (H4g). This finding does not

coincide with the literature on Organizational Identity. A possible explanation for these

unexpected findings is the employee behavior scale used. The coefficient alpha for both the

respect for the environment (.67) and equality and diversity (.62) scales were below the generally

acceptable value of .70 (Gatewood & Feild, 2001; Nunnally, 1978). Due to the low alphas,

results from these scales should be interpreted with caution.

Organizational Identity, Employee Behavior, and Business Practices

The next link the researcher felt was important to explore was the moderating effect of

business practices on organizational identity and employee behavior (RQ1a-h). If an employee

identifies with some business practices in the organization but not others, how does this impact

the employee's behavior on the job? Contrary to expectations, no support was found for seven

of the eight relationships examined. Although research is lacking in this area, these findings are

contrary to the researcher's intuition. The analysis did find a statistically significant result for

RQ1d predicting a moderating effect for business practices focused on customer care and the relationship between organizational identity and the customer care dimension of employee behavior. However, the negative direction of this finding was not anticipated. Because of the lack of research in this area, there is no research that suggests why a negative relationship may have been found. Intuitively, this finding goes against common reasoning. A possible explanation could be that employees are resentful of common practices in some businesses such as "the customer is always right," particularly in organizations where employees may feel that "taking care of the customer" means "stepping on the employees." However, without theoretical support, the interpretation of this analysis is only speculative.

Employee Behavior and Organizational Performance

When examining the relationship between employee behaviors and organizational profitability, the final factor the researcher believes influences the relationship between organizational values and organizational profitability, the researcher found that one dimension of employee behavior was statistically significantly related to organizational profitability (R2g: equality and diversity). However, contrary to expectations, the equality and diversity dimension of employee behavior was negatively correlated with organizational profitability. These findings do not support Resource-Based Theory (Dierickx & Cool, 1989; Prahalad & Hamel, 1990; Wernerfelt, 1984) which suggests that employees are a valuable, intangible resource. According to Cable and DeRue (2002) when employees become ambassadors of the company values, this can lead to better organizational performance. One possible reason for this unexpected finding is the coefficient alpha for the equality and diversity ($r = .62$) scale used to measure employee behavior. This alpha was below the acceptable value of .70 (Gatewood & Feild, 2001; Nunnally, 1978). Therefore, findings from this scale should be interpreted with caution. While these

59

results did not support research questions 2a-2h, intuitively, these findings suggest that the relationship is worth further exploration.

Limitations

This study has limitations that need to be noted. The number of companies included in this study is perhaps the study's greatest limitation. To adequately evaluate the hypotheses and research questions proposed, there should have been approximately 20 observations per variable. Despite extensive efforts of the researcher, only 10 organizations could be identified for inclusion in this study. This limited the types of analyses that could be performed and reduced the statistical power in the analyses that were performed. Furthermore, the small sample size caused the researcher to eliminate the control variable for industry from the analysis. According to Stanwick and Stanwick (1998), industry should be controlled because the type of industry can impact organizational performance. Future studies should control for type of industry.

Another limitation is the use of unpublished scales. The scales used in this study, with the exception of the organizational identity scale, were developed by the researcher. Although the scales were pretested and modified, the use of previously validated measures is more desirable.

In addition, the reliability measures (alphas) for several of the values from each of the scales were below the generally acceptable alpha of .70 (Gatewood & Feild, 2001; Nunnally, 1978). Specifically, the organizational values, as determined by the expert judges, had two values categories with low alphas (i.e., leadership and governance and transparency and integrity). The human resource representative survey, which measured business practices, had one value below the .70 threshold (i.e., transparency and integrity). Additionally, the employee behavior measure for respect for the environment and equality and diversity had low alphas.

60

Although many of these measures might be considered marginally acceptable, they were retained for analysis. Still their use might be considered problematic.

Studying organizational values stated on companies' websites is another limitation of this study. Although many organizations express organizational values on their companies' website, some companies choose to express organizational values through different media such as company brochures, newsletters, or other forms of advertisement (Mullins, 1989). This lack of consistency in how companies express their organizational values can make the identification of a company's values problematic (Barker, 1994).

In addition, the time frame of the financial data utilized in this study is also an area of concern. In this study, the researcher was working with current organizational values that may or may not have been in place during the six years of financial data collected. Because of the time frame of the data included in this study, this may create a potential problem when examining how organizational values influence organizational profitability.

Directions for Future Research

The results of the study provide no clear information for understanding how organizational values might affect organizational profitability. The study does little to open that "black box." However, this study may have set the stage for a more in-depth study of organizational values. Future studies should explore the differing types of organizational values and the implication of companies instilling these values in their organizations. Maybe other values will have a more meaningful impact on organizational performance, particularly organizational profitability.

This study can also be the launching pad for studying the impact of organizational values on other employee behaviors (e.g., turnover, extra-role behaviors, and organizational citizenship

behaviors). This coincides with the belief that the implementation of organizational values can generate positive organizational results (Barker, 1994; Nagel, 1998).

Future research should also test these hypotheses and research questions with a larger study sample. In addition, future research could explore how the outcomes vary based on type of industry, company size (Stanwick & Stanwick, 1998), and longevity of the company.

In future studies, potential moderators of the relationship between business practices and employee behavior should also be investigated (e.g., employee intent to stay, organizational commitment, and employee cynicism). Examining other moderators may help to explain why employees may or may not implement organizational values on their job.

There is also a need to further develop, refine, and test the scales used in this study. Although the scales were pretested and improved based on pretest results, additional scale development is necessary.

Conclusion

The purpose of this study was to the answer the question, does a clear statement of organizational values actually make a company more competitive? This study proposed that having values is not sufficient, but the subsystem factors that enable the values to be lived throughout the organization must be considered.

Blanchard and O'Connor (1997) stated, "No longer is values-based organizational behavior an interesting philosophical choice – it is a requisite for survival" (p.3). Researchers such as Barker (1994) and Nagel (1998) posited that organizational values enable an organization to achieve its mission, goals, and objectives and to generate positive organizational results. Although this field of study is in a nascent stage (Cha & Edmondson, 2006), this study was an initial attempt to test empirically the relationship between organizational values and

organizational performance and to understand how that relationship might occur. Despite the

lack of significant findings in this study, the model proposed does merit consideration as an

attempt to understand if and how organizational values relate to organizational performance.

Clearly, however, there is still a lot to learn about these relationships and numerous opportunities

for future research. For the most part, the "black box" remains closed. However, there is more

to learn about this relationship and many future research opportunities to advance this field of

study.

REFERENCES

Abbott, G. N., White, F. A., & Charles, M. A. (2005). Linking values and organizational

    commitment: A correlational and experimental investigation in two organizations.

    Journal of Occupational and Organizational Psychology, 78, 531.

Albert, S. & Whetten, D.A. (1985). Organizational identity. In L.L. Cummings and M.M. Staw

    (eds.), *Research in organizational behavior*. Greenwich, Conn.: JAI Press, 7: 263-295.

Alexander, P. & Nagel, K. (1996). Employee health: The new competitive edge. *Group*

    Healthcare Magazine, 27-30.

Anderson, C. (1997) . Values-based management. *The Academy of Management Executive,*

    11(4), 25-46.

Arnold, C.L. (1992). Methods, plainly speaking. An introduction to hierarchical linear models.

    Measurement and Evaluation in Counseling and Development, 25, 58-90.

Ashforth, B. & Mael, F. (1989). Social identity theory and the organization. *Academy of*

    Management Review, 14 (1): 20-39.

Aupperle, K.E., Carroll, A.B., & Hatfield, J.D. (1985). An empirical examination of the

    relationship between corporate social responsibility and profitability. *Academy of*

    Management Journal, 28 (2), 446-463.

Barker, W.A. (1994). The identification of organizational values in the Minnesota Extension

    Service (Doctoral dissertation, University of Minnesota, 1994). *Dissertation Abstracts*

    International, 55 (3), 543. (UMI No. AAT 9422285).

Barney, J. (1985). Organizational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review*, 11 (3), 656-665.

Barney, J. (1986). Strategic factor markets: Expectations, luck, and business strategy. *Management Science*, 32: 1231-1241.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.

Bart, C.K. (1999). Mission statement content and hospital performance in the Canadian not-for-profit health care sector. *Health Care Management Review,* 24 (3), 18-29.

Bart, C.K. & Baetz, M.C. (1998). The relationship between mission statements and financial performance: An exploratory study. *The Journal of Management Studies*, 36(26), 823-853.

Batstone, D. (2003). *Saving the corporate soul & (who knows?) maybe your own. Eight principles for creating and preserving integrity and profitability without selling out.* San Francisco: Jossey-Bass.

Ben & Jerry's Mission Statement. Retrieved August 3, 2005 from http://www.benjerry.com/our_company/our_mission/index.cfm

Ben & Jerry's 2001 Social Performance Report. Retrieved November 12, 2002, from http://www.benjerry.com/socialmission/01socialaudit/socialmission01.html

Bennis, W. (1997). *Rethinking the Future.* Nicholas Brealy Publishing.

Berry, L.L. (1999). *Discovering the soul of service: The nine drivers of sustainable business success.* New York: The Free Press.

Bertalanffy, Ludwig von (1968). *General systems theory: Foundations, development, applications* (revised ed.). New York: George Braziller.

Bettinger, C. (1989). Use corporate culture to trigger high performance. *The Journal of Business Strategy*, 10 (2), 38-42.

Blanchard, K. & O'Connor, M. (1997). *Managing by values*. San Francisco: Berrett-Koehler, 3.

Blimes, L., Wetzker, K., & Xbonneux, P. (1997). Value in human resources. *Financial Times*, 10.

Brown, B. (1997). Stock market valuation of reputation from corporate social performance. *Corporate Reputation Review*, 1 (1), 76-80.

Cable, D.M. & DeRue, D.S. (2002). The congruent and discriminant validity of subjective fit perceptions. *Journal of Applied Psychology*, 87 (5), 875-884.

Cable, D.M. & Judge, T.A. (1996). Person-organization fit, job choice decisions, and organizational entry. *Behavior and Human Decision Processes*, 67 (3), 294-311.

Caldwell, D.M., Chatman, J.A., & O'Reilly, C.A. (1990). Building organizational commitment: A multi-firm study. *Journal of Occupational Psychology*, 63, 245-261.

Cascio, W.F. (2006). The economic impact of employee behaviors on organizational performance. *California Management Review*, 48 (4), 41-59.

Cascio, W.F., Young, C.E., & Morris, J.R. (1997). Financial consequences of employment-change decisions in major U.S. corporations. *Academy of Management Journal*, 40(5), 1175-1189.

Cha, S.E., & Edmondson, A.C. (2006). When values backfire: Leadership, attribution, and disenchantment in a values-driven organization. *Leadership Quarterly*, 17, 57-78.

Chan, D. (1996). Cognitive misfit of problem-solving style of work: A facet of person-organization fit. *Organizational Behavior and Human Decision Processes*, 68 (3), 194-

207.

Chatman, J. (1991). Matching people and organizations: Selection and socialization in public accounting firms. *Administrative Science Quarterly*, 36: 459-484.

Chong, M. (2007). The role of internal communication and training in infusing corporate values and delivering brand promise: Singapore Airlines' experience. *Corporate Reputation Review*, 10 (3), 201.

Croon, M. A., & van Veldhoven, M. (2007). Predicting group-level outcome variables from variables measured at the individual level: A latent variable multilevel model. *Psychological Methods*, 12 (1), 45-57.

Dalton, C. M. (2006). When organizational values are mere rhetoric. *Business Horizons*, 49 (5), 345.

de Geus, A. (1997). The living company. *Harvard Business Review*, 75 (2), 51-59.

Deal, T. & Kennedy, A. (1982). *Corporate cultures: The rights and rituals of corporate life*. Reading, Mass.: Addison – Wesley.

Denison, D.R. & Mishra, A.K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6 (2): 204-223.

DeVellis, R.F. (1991). *Scale development: Theory and applications*. Newbury Park, CA: Sage Publications.

Dierickx, I., & Cool, K. (1989). Asset stock accumulation and sustainability of competitive advantage. *Management Science,* 35: 1504-1511.

Dobni, D., Ritchie, J.R., & Zerbe, W. (2000). Organizational values: The inside view of service productivity. *Journal of Business Research*, 47, 91-107.

Dutton, J.E., & Dukerich, J.M. (1991). Keeping an eye on the mirror: Image and identity in

organizational adaptation. *Academy of Management Journal*, 34 (3), 517-554.

Dutton, J.E., Dukerich, J.M., & Harquail, C.V. (1994). Organizational images and member

identification. *Administrative Science Quarterly*, 39 (2), 239-263.

English, H. & Cohen, D. (2001, January). Who's minding the future? *Executive Excellence.*

Enron Annual Report 2000. Retrieved November 12, 2002, from

http://www.enron.com/corp/investors/annuals/2000/ourvalues.html

Everet, W.J. (1986). Convergence in business ethics. *Journal of Business Ethics*, 5, 313-325.

Fenton, N.E. & Inglis, S. (2007). A critical perspective on organizational values. *Nonprofit*

Management & Leadership, 17 (3), 335-347.

Fernald, Jr., L.W. (1987). Values and creativity. *Journal of Creative Behavior*, 21 (4), 312-324.

Finegan, J.E. (2000). The impact of person and organizational values on organizational

commitment. *Journal of Occupational and Organizational Psychology,* 73 (2), 149-170.

Fombrun, C.J. & Shanley, M. (1990). What's in a name? Reputation building and corporate

strategy? *Academy of Management Journal*, 33, 233-258.

Fraga-Doran, E. (1996). The effects of person-organization culture fit on employee

organizational commitment and employee internal work motivation (Doctoral

dissertation, California State University, Long Beach, 1998). *Dissertation Abstracts*

International, (UMI No. AAT 1383250).

Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pittman.

Gatewood, R.D., & Feild, H.S. (2001). *Human resource selection*. Fifth edition. New York:

Harcourt College Publishers.

Ghosh, D. (2008). Corporate values, workplace decisions and ethical standards of employees.

Journal of Managerial Issues, 20 (1), 68-87.

Goodman, S.A., & Svyantek, D.J. (1999). Person-organization fit and contextual performance: Do shared values matter? *Journal of Vocational Behavior*, 55, 254-275.

Gruys, M.L., Stewart, S.M., Goodstein, J., Bing, M.N., & Wicks, A.C. (2008). Values enactment in organizations: A multi-level examination. *Journal of Management*, 34, 806-843.

Hall, D.T., & Schneider, B. (1972). Correlates of organizational identification as a function of career patterns and organizational types. *Administrative Science Quarterly*, 17, 340-350.

Hall, D.T., Schneider, B., & Nygren, H.J. (1970). Personal factors in organizational identification. *Administrative Science Quarterly*, 15, 176-189.

Hassan, A. (2007). Human resource development and organizational values. *Journal of European Industrial Training*, 31(6), 435.

Hatch, M.J. (2006). *Organization theory*. Second edition. New York: Oxford University Press.

Henle, C.A. (2005). Predicting workplace deviance from the interaction between organizational justice and personality. *Journal of Managerial Issues*, 17 (2), 247-263.

Hitt, W.D. (1990). *Ethics and leadership: Putting theory into practice*. Columbus, OH: Battelle Press, 14-16.

Hitt, M., Hoskisson, R. & Harrison, J. (1991). Strategic competitiveness in the 1990s: Challenges and opportunities for US executives. *Academy of Management Executive*, 5 (2), 7-22.

Huang, M.P., Cheng, B.S., & Chou, L.F. (2005). Fitting in organizational values: The mediating role of person-organization fit between CEO charismatic leadership and employee outcomes. *International Journal of Manpower*, 26 (1), 35.

Huselid, M.A. (1995). The impact of human resource management practices on turnover,

productivity and corporate financial performance. *Academy of Management Journal*, 38, 647.

Johnson, K., Sutton, C., & Clayton, H. (2005). The influence of organizational values on profitability. *Proceedings of the Southwest Academy of Management Conference*.

Kennedy, S.H. (1977). Nurturing corporate images: Total communication or ego trip? *European Journal of Marketing*, 11 (3), 120-164.

Kline, R.B. (2005). *Principles and practice of structural equation modeling.* Second edition. New York: Guilford Press.

Kodak values. (n.d.). Retrieved November 12, 2002, from

http://www.kodak.com/UK/en/corp/employment/kodakValues.shtml

Kouzes, J.M. & Posner, B.Z. (1993). *Credibility*. San Francisco: Jossey, Bass, 59-65.

Lee, S. (1971). An empirical analysis of organizational identification. *Academy of Management Journal*, 14 (2), 213-226.

Lencioni, P. M. (2002, July). Make your values mean something. *Harvard Business Review,* 80 (7), 113.

Liedtka, J. (1989). Managerial values and corporate decision-making: An empirical analysis of value congruence in two organizations. In J. Post (Ed.), *Research in Corporate Social Performance and Policy*, pp. 55-92. Greenwich, CT: The JAI Press.

Marcoulides, G.A. & Heck, R.H. (1993, May). Organizational culture and performance: proposing and testing a model. *Organization Science*, 4 (2), 209-225.

McDonald, G.M. & Zepp, R.A. (1990). What should be? A practical approach to business ethics. *Management Decision*, 28 (1), 9-14.

McGuire, J.B., Sundgren, A., & Schneeweis, T. (1988). Corporate social responsibility and firm financial performance. *Academy of Management Journal*, 31 (4), 854-872.

Micco, L. (1998, September). Gallup study links worker beliefs, increased productivity. *HR News*, 16.

Mullins, D.G. (1989). Messages of values inculcation in a hospital organization (organizational values). (Doctoral dissertation, Bowling Green State University, 1989). *Dissertation Abstracts International*, 50 (10), 3105. (UMI No. AAT 9000353).

Nagel, K.F. (1998). Organizational values and employee health initiatives: Influence on performance and functioning (Doctoral dissertation, University of Victoria, 1998). *Dissertation Abstracts International*, 60 (3), 805. (UMI No. AAT NQ36646).

Nagel, K.F. (1995). A survey of values, ethics, and management principles in public and private sector organizations: Executive summary report. Victoria, BC: *Independent Management Consultants of British Columbia.*

Nunnally, J.C. (1978). *Psychometric theory.* Second edition. New York, NY: McGraw-Hill.

Nunnally, J.C. & Bernstein, I.H. (1994). *Psychometric theory*. Third edition. New York: McGraw-Hill.

O'Reilly, C., Chatman, J.A. & Caldwell, D.F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. *Academy of Management Journal,* 34 (3), 487-517

O'Reilly, C. & Chatman, J. (1986). Organizational commitment and psychological attachment: The effects of compliance, identification, and internalization on prosocial behavior. *Journal of Applied Psychology*, 71 (3): 492-499.

Pearce, J.A. & David, F. (1987). Corporate mission statements: The bottom line. *Academy of*

Management Executive, 1 (2), 109-114.

Peters, T.J., & Waterman, Jr., R.H. (1982). *In search of excellence*. New York: Harper & Row.

Pfeffer, J. & Veiga, J.F. (1999). Putting people first for organizational success. *Academy of Management Executive,*13(2), 37-48.

Pfizer values statement. (n.d.). Retrieved November 12, 2002, from

http://www.pfizer.com/pfizerinc/about/focus/mission_values.htm

Pole, S. (2007). The office of the future - more than just a pretty place. *The British Journal of Administrative Management*, 14.

Posner, B.Z. (1992). Person-organization values congruence: No support for individual differences as a moderating influence. *Human Relations*, 45 (4), 351-361.

Posner, B.Z., Kouzes, J.M., & Schmidt, W.R. (1985). Shared values make a difference: An empirical test of corporate culture. *Human Resource Management*, 24 (3), 293-309.

Posner, B.Z. & Schmidt, W.R. (1992). Values and the American manager: An update updated. *California Management Review*, 34 (3), 80-94.

Posner, B.Z. & Schmidt, W.R. (1983). *Managerial values in perspective: An AMA survey report*. AMA Publication Division.

Prahalad, C.K., & Hamel, G. (1990). The core competence of the corporation. *Harvard Business Review*, 68 (3): 79-91.

Randall, R. (1982). What is the appropriate role of program evaluation during downsizing? *Evaluation News,* 3 (1), 25-28.

Redden, E.E. (2001). Measuring and understanding individual differences in the situation awareness of workers in high-intensity jobs (Doctoral dissertation, Auburn University, 2001). *Dissertation Abstracts International* (UMI No. AAT3028879).

Reichers, A. E. (1987). An interactionist perspective on newcomer socialization rates. *Academy of Management Review*, 12, 278-287.

Riketta, M. (2005). Organizational identification: A meta-analysis. *Journal of Vocational Behavior*, 66, 358-384.

Roberts, P.W. & Dowling, G. (1997). The value of a firm's corporate reputation: How reputation helps attain and sustain superior performance. *Corporate Reputation Review*, 1 (1), 72-76.

Rokeach, M. (1973). *The nature of human values.* New York: The Free Press.

Roueche, J.E., Baker, G.A., & Rose, R.R. (1989). *Shared vision: Transformational leadership in American community colleges*. Washington, DC: Community College Press.

Russo, M.V. & Fouts, P.A. (1997). A resource-based perspective on corporate environmental performance and profitability. *Academy of Management Journal*, 40 (3), 534-559.

Sackman, S.A. (1991). Uncovering culture in organizations. *Journal of Applied Behavioral Science*, 27, 295-316.

Safrit, R.D. (1990). Values clarification in the strategic planning process of an adult education organization. *Dissertation Abstracts International*, 51 (4), 1086. (UMI No. AAC 9025624).

Saxton, K. (1998). Where do reputations come from? *Corporate Reputation Review*, 1 (4), 393-399.

Schein, E.H. (1992). *Organizational culture and leadership*. San Francisco: Jossey-Bass.

Shepherd, W.J. (1996). Behavioral manifestations of organizational values: Congruence and its implications (Doctoral dissertation, Bowling Green State University, 1996). Dissertation *Abstracts International*, 57 (11), 7261. (UMI No. AAT 9713121).

Sheridan, J.E. (1992). Organizational culture and employee retention. *Academy of Management Journal*, 35 (5), 1036-1056.

Sirota, D. (1986). Bridging the gap between philosophy and action. In M.A. Berman (Ed.), *Corporate culture and change: Highlights of a conference*. pp. 57-59. New York: The Conference Board, Inc.

Standard & Poors COMPUSTAT Database.

Stanwick, P.A. & Stanwick, S.D. (1998). The relationship between corporate social performance and organizational size, financial performance, and environmental performance: An empirical examination. *Journal of Business Ethics, 17*, 195-204.

Stevenson, R. (1995). Clarifying behavioral expectations associated with espoused organizational values (Doctoral dissertation, The Fielding Institute, 1995). *Dissertation Abstracts International,* 56 (9), 3652. (UMI No. AAT 9600547).

Subramanian, R., Kaman, K., & Yauger, C. (1993). Mission statements of hospitals: An empirical analysis of their content and their relationship to organizational factors. *Journal of Business Strategies*, 10 (1), 63-78.

Sufi, T. & Lyons, H. (2003). Mission statements exposed. *International Journal of Contemporary Hospitality Management*, 15, 255-263.

Tichy, N. (1983). *Managing strategic change: Technical, political and cultural dynamics.* New York: Wiley.

Thompson, J.D. (1967). *Organizations in action*. New York: McGraw-Hill.

Trevino, L.K. & Nelson, K.A. (2004). *Managing business ethics*. Hoboken, NJ: Wiley.

Van Beurden, P., & Gossling, T. (2008). The worth of values – a literature review on the relation between corporate social and financial performance. *Journal of Business Ethics*,

82, 407-424.

Van Dyne, L., Graham, J.W., & Dienesch, R.M. (1994). Organizational citizenship behavior: Construct redefinition, measurements, and validation. *Academy of Management Journal*, 37 (4), 765-803.

Walter, K. (1995). Value statements that augment corporate success. *HR Magazine,* 40 (10), 87-92.

Wang, I., Shieh, C., & Wang, F. (2008). Effect of human capital investment on organizational performance. *Social Behavior and Personality*, 36 (8), 1011-1022.

Wenstop, F. & Myrmel, A. (2006). Structuring organizational value statements. *Management Research News*, 29 (11), 673-683.

Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5, 171-180.

Wetlaufer, S. (1999). Organizing for empowerment: An interview with AES's Roger Van Sant and Dennis Bakke. *Harvard Business Review*, 17, 110-123.

Wheatley, M.J. (1992). *Leadership and the new science: Learning about organization from an orderly universe.* San Francisco: Berrett-Koehler, 55-57

Wilkins, A.L., & Ouchi, W.G. (1983). Efficient cultures: Exploring the relationship between culture and organizational performance. *Administrative Science Quarterly*, 28, 468-481.

Wolfe, R., Parker, D., & Napier, N. (1994). Employee health management and organizational performance. *Journal of Applied Behavioral Science*, 30, 22-42.

Yaniv, E., & Farkas, F. (2005). The impact of person-organization fit on the corporate brand perception of employees and of customers. *Journal of Change Management*, 5(4), 447.

FIGURE 1

KODAK VALUES STATEMENT

Kodak Values

At Kodak, we conduct ourselves according to six corporate values. These values define who we are, and how we act toward each other, our customers, our shareholders, and all our publics. It is important that everyone understand our values so we can work together as one worldwide company as we navigate today's increasingly tough, competitive market.

Respect for the Dignity of the Individual
We cannot operate effectively unless each of us is able to treat everyone else with appropriate respect. This essential value is at the heart of our culture and will help us focus on many important issues like diversity of our workforce.

Integrity
In today's increasingly complex business and social world, integrity and honesty must be the hallmarks of any organization or person striving to consistently achieve and maintain the respect our publics.

Trust
We must be able to work in an environment in which we trust each other. We must depend upon and trust our colleagues to do their assigned tasks without the need to check and recheck their work. Likewise, each of us must handle our responsibilities so that our colleagues can trust we are doing our part.

Credibility
Each of us must earn credibility with others inside and outside the company. Certainly, the company as a whole must strive for the highest credibility with all its external publics. We must commit to do what we say we will do, and no later than we commit to do it.

Continuous Improvement and Personal Renewal
Results do count, and continuous improvement toward world-class levels is essential to achieve credibility with our publics. We must each continually improve ourselves and renew our skill sets. Training and education must be accepted as a common responsibility between us as employees and the company as a whole.

Recognition and Celebration
We will search out and welcome opportunities to openly celebrate the achievements of others and congratulate individuals, teams, employees, suppliers and customers for delivering results that contribute to Kodak success. Recognition and celebration will be an integral part of our everyday work activity.

Note: From Kodak Limited: Kodak Values. http://www.kodak.com/UK/en/corp/employment/kodakValues.shtml

FIGURE 2

PFIZER INC. VALUES STATEMENT

Pfizer Inc.

OUR VALUES

To achieve our Purpose and Mission, we affirm our values of Integrity, Leadership, Innovation, Performance, Teamwork, Customer Focus, Respect for People, and Community.

Integrity – We demand of ourselves and others the highest ethical standards, and our products and processes will be of the highest quality.

Innovation – Innovation is the key to improving health and sustaining Pfizer's growth and profitability.

Respect – We recognize that people are the cornerstone of Pfizer's success, we value our diversity as a source of strength, and we are proud of Pfizer's history of treating people with respect and dignity.

Customer Focus – We are deeply committed to meeting the needs of our customers, and we constantly focus on customer satisfaction.

Teamwork – We know that to be a successful company we must work together, frequently transcending organizational and geographical boundaries to meet the changing needs of our customers.

Leadership – We believe that leaders empower those around them by sharing knowledge and rewarding outstanding individual effort. Leaders are those who step forward to achieve difficult goals, envisioning what needs to happen and motivating others.

Performance – We strive for continuous improvement in our performance, measuring results carefully, and ensuring that integrity and respect for people are never comprised.

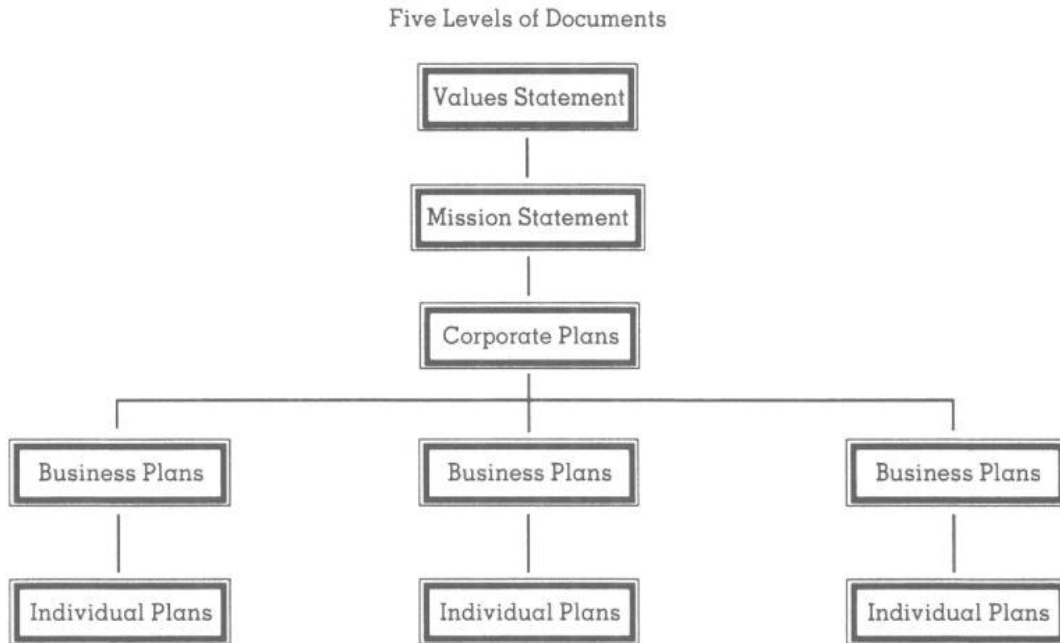*Community* – We play an active role in making every country and community in which we operate a better place to live and work, knowing that the ongoing vitality of our host nations and local communities has a direct impact on the long-term health of our business.

Note: From Pfizer Inc. Our Values http://www.pfizer.com/pfizerinc/about/focus/mission_values.htm

FIGURE 3

FIVE LEVELS OF DOCUMENTS IN AN ORGANIZATION

Five Levels of Documents

Values Statement

Mission Statement

Corporate Plans

Business Plans   Business Plans   Business Plans

Individual Plans   Individual Plans   Individual Plans

The first step in implementing values-based management is formalizing— writing down— the organization's value choices. The diagram shows where the values statement fits in the heirarchy of documents a typical organization might generate and how values statements precede and are different from mission statememnts, corporate plans, and other formal, commonly used goal setting approaches.

1. A values statement drives the goals and actions listed in the following documents. A values statement has a longer time frame than the documents listed below. As shown in the Appendix, values statements are built on ethical principles.

2. Mission statements describe the business arena for the corporation. Products, markets, and desirable financial results may be included. This statement begins the process of defining actions and outcomes that is continued in more specific terms in the following documents.

3. Corporate plans include the definition of various businesses, specific financial goals for them, time frames for accomplishment, and new directions that will be pursued.

4. Business plans are similar, but at the business level. Quantifiable, short-term results are stated.

5. Finally, function, team, or individual plans specify actions and goals at operational levels for the immediate future.

Depending on the size of the organization, one or more of these documents can be elminated, but the statements of values, mission, and one level of operational planning are essential.

Note: From "Values-Based Management," by C. Anderson, 1997, *The Academy of Management Executive*, 11(4), 25-46.

FIGURE 4

DIAGRAM OF HYPOTHESIZED RELATIONSHIPS AMONG ORGANIZATIONAL
VALUES, BUSINESS PRACTICES, EMPLOYEE BEHAVIOR, ORGANIZATIONAL
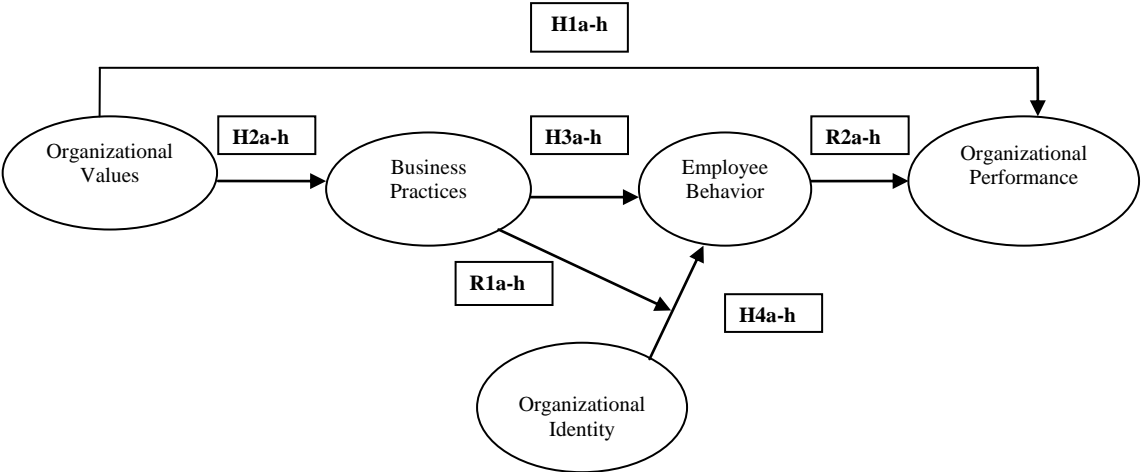IDENTITY, AND ORGANIZATIONAL PERFORMANCE

TABLE 1

HUMAN RESOURCE REPRESENTATIVE DEMOGRAPHICS

Variable			
N		10	
Gender			
%	Male	30	
%	Female	70	
Race			
%	African-American	30	
%	Hispanic	0	
%	Native American	0	
%	Caucasian	70	
%	Pacific Islander	0	
%	Other	0	
Marital Status			
%	Single	20	
%	Married	60	
%	Widowed	0	
%	Divorced/Separated	20	
Education			
%	Middle School	0	
%	Some High School	0	
%	High School Graduate	0	
%	Some College	0	
%	Trade/Vocational School	0	
%	College Graduate	80	
%	Masters Degree	10	
%	Professional Degree	10	
Management Level			
%	Upper Management	40	
%	Middle Management	30	
%	First-Line Management	0	
%	Non-Supervisory	30	
Type of Company			
%	Manufacturing	50	
%	Public Utilities	10	
%	Finance	30	
%	Insurance	10	
Mean age (years)		38.9	(8.9)
Mean length of tenure at company (in years)		8.3	(9.7)
Mean number of organizational employees		7,223.3	(12,469.7)

Note: Standard deviations are shown in parentheses

TABLE 2

EMPLOYEE DEMOGRAPHIC INFORMATION BY SAMPLE

Variable	Sample 1	Sample 2	Sample 3	Sample 4	Sample 5
Organization	Bottling and Distribution Company	Wholesale Bakery	Insurance Company	Auto Parts Manufacturer	Building Parts Manufacturer
N	7	44	40	28	23
Gender					
% Male	100	54.8	37.5	44	52.2
% Female	0	45.2	62.5	56	47.8
Race					
% African-American	28.6	55.8	15	45.8	17.4
% Hispanic	0	0	0	0	0
% Native American	0	0	0	4.2	0
% Caucasian	71.4	44.2	77.5	45.8	82.6
% Pacific Islander	0	0	0	0	0
% Other	0	0	7.5	4.2	0
Marital Status					
% Single	28.6	29.3	17.5	28	13
% Married	71.4	53.7	70	64	61
% Widowed	0	4.9	2.5	0	0
% Divorced/Separated	0	12.2	10	8	26
Education					
% Middle School	0	0	0	0	0
% Some High School	0	0	0	0	0
% High School Graduate	0	21.4	5	4	0
% Some College	57.1	40	17.5	12	17.4
%Trade/Vocational School	14.3	14.3	7.5	4	26.1
% College Graduate	14.3	23.8	52.5	0	47.8
% Masters Degree	0	4.8	15	60	8.7
% Professional Degree	0	4.8	2.5	20	0
Management Level					
% Upper Management	0	11.1	2.5	8	0
% Middle Management	28.6	25	22.5	44	18.2
% First-Line Management	14.3	13.9	15	20	27.3
% Non-Supervisory	57.1	50	60	28	54.5
Mean Age (years)	31.7 (10.6)	42.8 (11.5)	39.2 (10.8)	38.5 (7.8)	39 (13.9)
Mean length of tenure at company (in years)	8.3 (4.8)	9.2 (9.1)	11.1 (8.7)	4.3 (2.2)	7.1 (9.1)
Number of Employees	2,700	8,800	10,000	90,000	22,000

Note: Standard deviations are shown in parentheses

TABLE 2 (continued)

EMPLOYEE DEMOGRAPHIC INFORMATION BY SAMPLE

Variable	Sample 6	Sample 7	Sample 8	Sample 9	Sample 10
Organization	Package Delivery Company	Utility Company	Bank 1	Bank 2	Bank 3
N	29	11	7	14	34
Gender					
% Male	79.3	72.7	42.9	42.9	20.6
% Female	20.7	27.3	57.1	57.1	79.4
Race					
% African-American	44.8	36.4	14.3	0	41.2
% Hispanic	10.3	0	0	0	0
% Native American	0	0	0	0	0
% Caucasian	41.4	63.6	85.7	100	55.9
% Pacific Islander	0	0	0	0	0
% Other	3.4	0	0	0	2.9
Marital Status					
% Single	65.5	45.4	57.1	71.4	54.5
% Married	27.6	54.5	28.6	28.6	42.4
% Widowed	0	0	0	0	0
% Divorced/Separated	6.9	0	14.3	0	3
Education					
% Middle School	0	0	0	0	0
% Some High School	0	0	0	0	0
% High School Graduate	10.3	27.3	14.3	0	5.9
% Some College	37.9	63.6	28.6	50	47
%Trade/Vocational School	13.8	0	0	0	0
% College Graduate	3.1	0	42.9	28.6	32.4
% Masters Degree	3.1	0	42.9	28.6	32.4
% Professional Degree	0	0	0	7.1	0
Management Level					
% Upper Management	3.7	0	14.3	0	0
% Middle Management	7.4	18.2	14.3	0	6.4
% First-Line Management	22.2	9	42.9	21.4	16.1
% Non-Supervisory	66.7	72.7	28.6	78.6	77.4
Mean Age (years)	31.8 (12.4)	34.6 (14.6)	32.9 (13.6)	29.8 (10.1)	27.6 (7.2)
Mean length of tenure at company (in years)	5.1 (5.2)	8.0 (9.6)	2.2 (1.4)	4.5 (4.0)	3.0 (3.0)
Number of Employees	415,000	20,000	830	4,000	30,784

Note: Standard deviations are shown in parentheses

TABLE 3

MEANS, STANDARD DEVIATIONS, AND CORRELATIONS AMONG
ORGANIZATIONAL VALUES AND ORGANIZATIONAL PROFITABILITY

Variable	M	SD	Pearson Correlation (r)	p-value
Dependent Variable:				
Organizational Profitability (NPM)	7.76	5.77	-----	
Independent Variables:				
H1a: Leadership and Governance	5.15	0.77	-.14	.35
H1b: Transparency and Integrity	4.88	0.56	-.15	.34
H1c: Community	5.33	1.11	.18	.31
H1d: Customer Care	5.73	0.75	.32	.18
H1e: Valuing the Worker	5.53	1.06	-.25	.25
H1f: Respect for the Environment	4.78	1.23	-.01	.49
H1g: Equality and Diversity	4.80	0.89	-.24	.25
H1h: Globalization	4.00	0.89	-.39	.13

Notes: N=10. The analysis is based on the expert judges' ratings for each organizational value, averaged for all companies studied. Significance levels are based on one-tailed tests.
 *p<.10
 **p<.05
***p<.01

TABLE 4

MEANS, STANDARD DEVIATIONS, AND CORRELATIONS AMONG ORGANIZATIONAL VALUES AND BUSINESS PRACTICES

Variable	M	SD	Business Practices							
			L/G	T/ I	C	CC	VW	E	E/ D	G
Organizational Values										
H2a: Leadership/ Governance	5.2	.79	.71** (.01)	---	---	---	---	---	---	---
H2b:Transparency/ Integrity	5.1	.72		-.21 (.28)	---	---	---	---	---	---
H2c:Community	5.5	1.27			.36 (.16)	---	---	---	---	---
H2d: Customer Care	5.9	.74				.48 (.08)	---	---	---	---
H2e: Valuing the Worker	5.8	1.14					.70** (.01)	---	---	---
H2f: Environment	4.8	1.03						.82*** (.00)	---	---
H2g: Equality/ Diversity	4.9	.99							-.47 (.09)	---
H2h: Globalization	4.4	.84								.46 (.09)

Notes: N=10. The analysis is based on the expert judges' ratings for each organizational value, averaged for all companies studied. The Business Practice measure is based on the results from the Human Resource Representative Survey. Values enclosed in parentheses represent p-values. Abbreviations: Leadership and Governance (L/G), Transparency and Integrity (T/I), Community (C), Customer Care (CC), Valuing the Worker (VW), Respect for the Environment (E), Equality and Diversity (E/D), and Globalization (G). Significance levels are based on one-tailed tests.
*p <.10 **p <.05 ***p<.01

TABLE 5

HLM ANALYSIS OF THE RELATIONSHIP BETWEEN BUSINESS PRACTICES AND
EMPLOYEE BEHAVIOR

Hypotheses	Coefficient (γ_1)	Conclusion
H3a - Leadership and Governance	.10	Not supported
H3b - Transparency and Integrity	.25	Not supported
H3c – Community	-.35	Not supported
H3d - Customer Care	-.35	Not supported
H3e -Valuing the Worker	-.21	Not supported
H3f- Respect for the Environment	.05	Not supported
H3g- Equality and Diversity	-.14	Not supported
H3h- Globalization	.10	Not supported

Notes: Level 1 predictors were entered group mean centered. Level 2 predictors were entered
grand mean centered.
N = 10 (Level 2), 236 (Level 1).
d.f.=8
  *p<.10
 **p<.05
***p<.01

TABLE 6

HLM ANALYSIS OF THE RELATIONSHIP BETWEEN ORGANIZATIONAL IDENTITY AND EMPLOYEE BEHAVIOR

Hypotheses	Coefficient (λ_0)	Conclusion
H4a - Leadership and Governance	.23**	Supported
H4b - Transparency and Integrity	.23*	Supported
H4c – Community	.28**	Supported
H4d - Customer Care	.30***	Supported
H4e -Valuing the Worker	.28*	Supported
H4f- Respect for the Environment	.20	Not supported
H4g- Equality and Diversity	.13	Not supported
H4h- Globalization	.37***	Supported

Notes: Level 1 predictors were entered group mean centered. Level 2 predictors were entered grand mean centered.
N = 10 (Level 2), 236 (Level 1).
d.f.=8
  *p<.10
 **p<.05
***p<.01

TABLE 7

HLM ANALYSIS OF THE MODERATING EFFECT OF BUSINESS PRACTICES ON THE RELATIONSHIP BETWEEN ORGANIZATIONAL IDENTITYAND EMPLOYEE BEHAVIOR

Hypotheses	Coefficient	Conclusion
R1a - Leadership and Governance	-.11	Not supported
R1b - Transparency and Integrity	.21	Not supported
R1c – Community	.20	Not supported
R1d - Customer Care	-.58***	Supported
R1e -Valuing the Worker	-.03	Not supported
R1f- Respect for the Environment	-.16	Not supported
R1g- Equality and Diversity	-.08	Not supported
R1h- Globalization	.05	Not supported

 Notes: Level 1 predictors were entered group mean centered. Level 2 predictors were entered grand mean centered.
 N = 10 (Level 2), 236 (Level 1).
d.f.=8
  *p<.10
 **p<.05
***p<.01

TABLE 8

MEANS, STANDARD DEVIATIONS, AND CORRELATIONS AMONG EMPLOYEE
BEHAVIOR AND ORGANIZATIONAL PROFITABILITY

Variable	M	SD	Pearson Correlation (r)	p-value
Dependent Variable:				
Organizational Profitability (NPM)	7.76	5.77	-----	
Independent Variables:				
Employee Behavior				
R2a: Leadership and Governance	6.27	.24	.19	.30
R2b: Transparency and Integrity	5.32	.66	-.04	.45
R2c: Community	4.98	.52	-.21	.28
R2d: Customer Care	5.78	.42	-.04	.45
R2e: Valuing the Worker	5.96	.36	-.00	.50
R2f: Respect for the Environment	5.64	.26	-.34	.17
R2g: Equality and Diversity	5.05	.28	-.76**	.00
R2h: Globalization	5.62	.27	-.30	.20

Note: N=10. The dimensions of employee behavior were aggregated for each company to compute Pearson's r product-moment correlations with respect to organizational profitability. Significance levels are based on one-tailed tests.

  *p<.10
 **p<.05
***p<.01

TABLE 9

SUMMARY OF FINDINGS FOR THE HYPOTHESES AND RESEARCH QUESTIONS
PROPOSED IN THE STUDY

Hypotheses	Supported
Hypotheses 1	
Hypothesis 1a: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to leadership and governance.	No
Hypothesis 1b: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to transparency and integrity.	No
Hypothesis 1c: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to the community.	No
Hypothesis 1d: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to customer care.	No
Hypothesis 1e: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to valuing the worker.	No
Hypothesis 1f: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to the environment.	No
Hypothesis 1g: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to equality and diversity.	No
Hypothesis 1h: Organizational financial performance is positively associated with the level of companies' reported organizational values with respect to globalization.	No
Hypotheses 2	
Hypothesis 2a: Values-based business practices reflecting leadership and governance values are positively associated with the level of companies' reported organizational values with respect to leadership and governance .	Yes
Hypothesis 2b: Values-based business practices reflecting transparency and integrity values are positively associated with the level of companies' reported organizational values with respect to transparency and integrity.	No

Hypothesis 2c: Values-based business practices reflecting community values are positively associated with the level of companies' reported organizational values with respect to the community.	No
Hypothesis 2d: Values-based business practices reflecting customer care values are positively associated with the level of companies' reported organizational values with respect to customer care.	No
Hypothesis 2e: Values-based business practices reflecting valuing the worker values are positively associated with the level of companies' reported organizational values with respect to valuing the worker.	Yes
Hypothesis 2f: Values-based business practices reflecting respect for the environment values are positively associated with the level of companies' reported organizational values with respect to the environment.	Yes
Hypothesis 2g: Values-based business practices reflecting equality and diversity values are positively associated with the level of companies' reported organizational values with respect to equality and diversity.	No
Hypothesis 2h: Values-based business practices reflecting globalization values are positively associated with the level of companies' reported organizational values with respect to globalization.	No
Hypotheses 3	
Hypothesis 3a: The leadership and governance dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to leadership and governance.	No
Hypothesis 3b: The transparency and integrity dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to transparency and integrity.	No
Hypothesis 3c: The community dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to the community.	No
Hypothesis 3d: The customer care dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to customer care.	No
Hypothesis 3e: The valuing the worker dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to valuing the worker.	No
Hypothesis 3f: The respect for the environment dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to the environment.	No

Hypothesis 3g: The equality and diversity dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to equality and diversity.	No
Hypothesis 3h: The globalization dimension of employee behavior is positively associated with the level of a companies' reported values-based business practices with respect to globalization.	No
Hypotheses 4	
Hypothesis 4a: The leadership and governance dimension of employee behavior is positively associated with the level of an employee's organizational identity.	Yes
Hypothesis 4b: The transparency and integrity dimension of employee behavior is positively associated with the level of an employee's organizational identity.	Yes
Hypothesis 4c: The community dimension of employee behavior is positively associated with the level of an employee's organizational identity.	Yes
Hypothesis 4d: The customer care dimension of employee behavior is positively associated with the level of an employee's organizational identity.	Yes
Hypothesis 4e: The valuing the worker dimension of employee behavior is positively associated with the level of an employee's organizational identity.	Yes
Hypothesis 4f: The respect for the environment dimension of employee behavior is positively associated with the level of an employee's organizational identity.	No
Hypothesis 4g: The equality and diversity dimension of employee behavior is positively associated with the level of an employee's organizational identity.	No
Hypothesis 4h: The globalization dimension of employee behavior is positively associated with the level of an employee's organizational identity.	Yes
Research Question 1	
Research Question 1a: Leadership and governance business practices moderate the relationship between the leadership and governance dimension of employee behavior and organizational identity.	No
Research Question 1b: Transparency and integrity business practices moderate the relationship between the transparency and integrity dimension of employee behavior and organizational identity.	No
Research Question 1c: Community business practices moderate the relationship between the community dimension of employee behavior and organizational identity.	No

Research Question 1d: Customer care business practices moderate the relationship between the customer care dimension of employee behavior and organizational identity.	Yes
Research Question 1e: Valuing the worker business practices moderate the relationship between the valuing the worker dimension of employee behavior and organizational identity.	No
Research Question 1f: Respect for the environment business practices moderate the relationship between the respect for the environment dimension of employee behavior and organizational identity.	No
Research Question 1g: Equality and diversity business practices moderate the relationship between the equality and diversity dimension of employee behavior and organizational identity.	No
Research Question 1h: Globalization business practices moderate the relationship between the globalization dimension of employee behavior and organizational identity.	No
Research Question 2	
Research Question 2a: Organizational financial success is positively associated with the employee behavior dimension reflecting leadership and governance values.	No
Research Question 2b: Organizational financial success is positively associated with the employee behavior dimension reflecting transparency and integrity values.	No
Research Question 2c: Organizational financial success is positively associated with the employee behavior dimension reflecting community values.	No
Research Question 2d: Organizational financial success is positively associated with the employee behavior dimension reflecting customer care values.	No
Research Question 2e: Organizational financial success is positively associated with the employee behavior dimension reflecting valuing the worker values.	No
Research Question 2f: Organizational financial success is positively associated with the employee behavior dimension reflecting respect for the environment values.	No
Research Question 2g: Organizational financial success is positively associated with the employee behavior dimension reflecting equality and diversity values.	No
Research Question 2h: Organizational financial success is positively associated with the employee behavior dimension reflecting globalization values.	No

APPENDICES

APPENDIX A

ORGANIZATIONAL VALUES SURVEY

ORGANIZATIONAL VALUES SURVEY

Values influence organizational performance through both individual and collective decision-making that occurs continuously at all levels (and in every functional unit) of an organization. Consequently, values can have both a broad and complex effect on organizational performance.

You will be asked to develop a values profile of an organization. This will involve identifying the importance you perceive the organization places on those values. On the form, please indicate your feeling or perception of the importance of the values identified using the seven-point Likert scale where: 1 = strongly disagree; 2 = disagree; 3 = marginally disagree; 4 = neither disagree or agree; 5 = marginally agree; 6 = agree; and, 7 = strongly agree. If you do not have a feeling or perception in regard to the values or importance, mark an "X" in the space provided.

Organization ID # _____

Reference: Revised from Nagel, K.F. (1998). *Organizational values and employee health initiatives: Influence on performance and functioning* (Doctoral dissertation, University of Victoria, 1998). Dissertation Abstracts International.

IDENTIFYING THE RELATIVE IMPORTANCE OF ORGANIZATIONAL VALUES

For each of the values identified below, assume that you have been asked to respond to the statement: "____" is one of the organization's most important values. Use only the scale provided (where: 1= strongly disagree; 2 = disagree; 3 = marginally disagree; 4 = neither disagree nor agree; 5 = marginally agree; 6 = agree; 7 = strongly agree) to respond.

1) _____ Leadership and Governance
   The directors and executives of a company
   align their personal interests with the fate of
   stakeholders and act in a responsible way to
   ensure the viability of the enterprise.

5) _____ Valuing the Worker
   The worker is treated as a valuable
   team member not just a hired hand.

2) _____ Transparency and Integrity
   The company's business operations are
   transparent to shareholders, employees, and the
   public, and its executives will stand by the integrity
   of their decisions.

6) _____ Respect for the Environment
   The environment is treated as a silent
   stakeholder, a party to which the
   company is wholly accountable.

3) _____ Community
   The company thinks of itself as part of a community
   as well as a market.

7) _____ Equality and Diversity
   The company strives for balance,
   diversity, and equality in its
   relationships with workers,
   customers, and suppliers.

4) _____ Customer Care
   The company represents its products honestly to
   to customers and honor their dignity up to and
   beyond a transaction.

8) _____ Globalization
   The company pursues international
   trade and production based on respect
   for the rights of workers and citizens
   of trade partner nations.

Expert Judge # _____   Organization ID # _____

References: Revised from Nagel, K.F. (1998). *Organizational values and employee health initiatives: Influence on performance and functioning* (Doctoral dissertation, University of Victoria, 1998). Dissertation Abstracts International.

APPENDIX B

INFORMATION LETTER
for Research Study Entitled
"The Influence of Organizational Values on Profitability Expert Judges"

INFORMATION LETTER
for Research Study Entitled
"The Influence of Organizational Values on Profitability Expert Judges"

You are invited to participate in a research study examining the relationship between organizational values and organizational performance, specifically organizational profitability. This study is being conducted by Kimberly Johnson of the Department of Management at Auburn University. You were chosen as an expert judge to help identify several companies' organizational values. Although you were selected to serve as an expert judge, you must agree to receive and complete training before participating in this study. As a result of your participating in this study, you will receive a $50 money order. While we would prefer for you to participate in the study, we fully understand if you are unable to participate.

This study is important in that it will provide organizations with evidence that focusing on organizational values does influence organizational performance, particularly organizational profitability. It is important for management and members of the organization to fully understand the implications associated with creating and executing organizational values in all decision-making efforts. Organizations need to know the implications of choosing to establish and live by certain values.

To identify a company's organizational values, you will perform a content analysis for each company in the study. The time frame of the content analysis depends on several factors including but not limited to the amount of information you receive on each company and the number of companies that agree to participate in this study. More detailed information regarding your role as an expert judge will be given during your training session, if you agree to participate. Once you have finished the content analysis for each company, please return your findings in the attached self-addressed, stamped envelope. Please understand that your responses are confidential and that you may withdraw from participation at any point and that such a decision will not jeopardize your future relations with Auburn University or your current employment status with your employer.

Should you wish, I will be happy to send you a summary of the findings of this research. You may request a copy of the results via separate mail or by email. The information collected through your participation may be published in a professional journal or book, and/or it may be presented as group data only with no personally identifiable data. Any information obtained in connection with this study will remain confidential. No information you provide in this study will be shared with anyone associated with your company. Only a summary of the findings will be made available, if requested, to participants and the Human Resource representative.

Thank you for your help. Your responses will provide valuable insights regarding the influence of organizational values on organizational performance. If you have any questions please do not hesitate to contact me at (334) 244-3398 or johnsk3@auburn.edu

For more information regarding your rights as a research participant you may contact the Auburn University Office of Human Subjects Research or the Institutional Review Board by phone (334)-844-5966 or e-mail at hsubjec@auburn.edu or IRBChair@auburn.edu

HAVING READ THE INFORMATION PROVIDED, YOU MUST DECIDE WHETHER TO PARTICIPATE IN THIS RESEARCH PROJECT. IF YOU DECIDE TO PARTICIPATE, THE DATA YOU PROVIDE WILL SERVE AS YOUR AGREEMENT TO DO SO.   THIS LETTER IS YOURS TO KEEP.

_____
Investigator's signature   Date

APPENDIX C

INFORMATION LETTER
for Research Study Entitled
The Influence of Organizational Values on Profitability

INFORMATION LETTER
for Research Study Entitled
The Influence of Organizational Values on Profitability

You are invited to participate in an important research study examining the relationship between organizational values and organizational performance. Your company was selected from a list of companies within your industry. If you are unable to participate, please pass the questionnaire along to another employee within your company who is over 19 years of age.

This study is important in that it will provide organizations with evidence that focusing on organizational values does influence organizational performance, particularly organizational profitability. It is also important to fully understand how those values affect everyday decisions within the organization.

The on-line questionnaire should take 20-40 minutes to complete. Please understand that your responses are confidential. Your responses are linked only through a company code and will not include your name. If you choose, you may withdraw from participation at any point. Such a decision will not jeopardize your future relations with Auburn University or your current employment status with your employer. After your survey has been submitted, you will be unable to withdraw your survey since there will be no way to identify which survey you submitted.

Should you wish, I will be happy to send you a summary of the findings of this research. You may request a copy of the results via email. The information collected through your participation may be published in a professional journal or book, and/or it may be presented as group data only, with no identifiable personal data. Any personal information obtained in connection with this study will remain confidential and will not be shared with anyone associated with your company. Only a summary of the findings will be made available, if requested, to participants and the Human Resource representative.

Thank you for your help. Your responses will provide valuable insights regarding the influence of organizational values on organizational performance. If you have any questions please do not hesitate to contact me at (334) 244-3398 or johnsk3@auburn.edu.

For more information regarding your rights as a research participant you may contact the Auburn University Office of Human Subjects Research or the Institutional Review Board by phone (334) 844-5966 or e-mail at hsubjec@auburn.edu or IRBChair@auburn.edu.

"HAVING READ THE INFORMATION PROVIDED, YOU MUST DECIDE WHETHER TO PARTICIPATE IN THIS RESEARCH PROJECT. IF YOU DECIDE TO PARTICIPATE, PLEASE CLICK ON THE LINK BELOW. YOU MAY PRINT A COPY OF THIS LETTER TO KEEP.

http://bizsurvey.aum.edu/cgi-bin/rws3.pl?FORM=Dissertation-OrgValues-HR-Survey

_____
Investigator's signature   Date

APPENDIX D

ORGANIZATIONAL VALUES –
HUMAN RESOURCE REPRESENTATIVE SURVEY

ORGANIZATIONAL VALUES –
HUMAN RESOURCE REPRESENTATIVE SURVEY

The following are statements about company values. You may agree with certain items and disagree with others. **Indicate which comes closest to your feelings about the statement.**	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
1. When making hiring decisions, this company looks for people with values similar to the stated values of the company.	1	2	3	4	5	6	7
2. This company celebrates accomplishments related to its stated company values.	1	2	3	4	5	6	7
3. This company views the implementation of its values as a good business strategy.	1	2	3	4	5	6	7
4. Company values do not influence my decisions.	1	2	3	4	5	6	7
5. Company values are taught or discussed in new employee orientation.	1	2	3	4	5	6	7
6. In performance appraisals, our managers evaluate how employees support company values.	1	2	3	4	5	6	7
7. This company is committed to its values.	1	2	3	4	5	6	7
8. Company values are not reinforced regularly among existing employees.	1	2	3	4	5	6	7
9. This company values and encourages continuous personal improvement (for example - through workshops).	1	2	3	4	5	6	7
10. This company rewards employees who actively support stated company values.	1	2	3	4	5	6	7
11. Employees' evaluations and compensation are connected to how well their decisions and actions reflect the company's values.	1	2	3	4	5	6	7
12. The most financially beneficial way is always the "right" way in this company.	1	2	3	4	5	6	7
13. A major consideration when making a decision is whether it violates our company code of ethics.	1	2	3	4	5	6	7
14. Company values are frequently reinforced (for example - posters; something employees carry; communication networks – e-mail, TV monitors).	1	2	3	4	5	6	7
15. When employees disregard stated company values, they are rarely punished in this organization.	1	2	3	4	5	6	7
16. This company encourages members of the top management team to live by company values.	1	2	3	4	5	6	7

103

		Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree

17. This company encourages members of the top management team to "walk the talk" on key company values.

    1   2   3   4   5   6   7

The following are statements about company values. You may agree with certain items and disagree with others. <u>Indicate which comes closest to your feelings about the statement.</u>

No.	Statement	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
18.	Members of the top management team are held accountable for their decisions.	1	2	3	4	5	6	7
19.	This company rewards members of the top management team who actively support stated company values.	1	2	3	4	5	6	7
20.	This company values people and profits equally.	1	2	3	4	5	6	7
21.	This company encourages members of the top management team to take company values into account in business practices.	1	2	3	4	5	6	7
22.	Practicing company values is not a requirement for advancement in the company.	1	2	3	4	5	6	7
23.	This company punishes people who admit mistakes.	1	2	3	4	5	6	7
24.	This company has an open book policy (for example - employees know about financial operations and other sensitive company information).	1	2	3	4	5	6	7
25.	This company abides by its company code of ethics.	1	2	3	4	5	6	7
26.	Workers have access to sensitive company information (for example - market shares, profits).	1	2	3	4	5	6	7
27.	When making decisions in this company, the law is the major consideration.	1	2	3	4	5	6	7
28.	This company is not responsive to problems in the community (for example - some companies give fans during periods of high summer temperatures; some companies financially support issues related to poverty, education, and natural disasters).	1	2	3	4	5	6	7
29.	This company encourages charitable activities outside the company (for example - volunteering on company time; matching gifts to employees who make contributions to charities).	1	2	3	4	5	6	7
30.	This company has an active community relations program (for example – United Way).	1	2	3	4	5	6	7
31.	Employees are not encouraged to volunteer.	1	2	3	4	5	6	7

No.	Statement	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
32.	This company listens to citizen concerns regarding the impact of the company.	1	2	3	4	5	6	7
33.	It is not expected at this company that employees will always do what is right for the customer and the public.	1	2	3	4	5	6	7
34.	This company is willing to lose money on a transaction to satisfy a customer.	1	2	3	4	5	6	7

	The following are statements about company values. You may agree with certain items and disagree with others. Indicate which comes closest to your feelings about the statement	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
35.	This company is actively dedicated to customer service (for example - the company has a customer service office or area dedicated to customer service).	1	2	3	4	5	6	7
36.	Employees are trained in customer care.	1	2	3	4	5	6	7
37.	Customer service is a company priority.	1	2	3	4	5	6	7
38.	Employees are not considered as important as customers and shareholders.	1	2	3	4	5	6	7
39.	This company believes that helping employees reach their potential, helps the company reach its potential.	1	2	3	4	5	6	7
40.	This company tries to preserve jobs in times of economic downturn.	1	2	3	4	5	6	7
41.	This company offers a generous equity or profit-sharing program.	1	2	3	4	5	6	7
42.	This company does not take into consideration the family needs of its employees (for example - relocation, work hours).	1	2	3	4	5	6	7
43.	This company offers strong retirement benefits.	1	2	3	4	5	6	7
44.	This company searches for ways to reduce and eliminate waste from its operations (for example - reducing paper usage).	1	2	3	4	5	6	7
45.	This company actively discourages its employees from recycling paper.	1	2	3	4	5	6	7
46.	This company works hard to prevent its pollution of the environment.	1	2	3	4	5	6	7
47.	This company abides by applicable environmental protection laws.	1	2	3	4	5	6	7
48.	This company supports environmental awareness programs (for example - educating children about recycling; neighborhood cleanup days).	1	2	3	4	5	6	7
49.	This company rarely seeks job applicants from underrepresented groups.	1	2	3	4	5	6	7

50.	This company offers diversity training to its employees.	1	2	3	4	5	6	7
51.	This company's workforce reflects the demographics of the community.	1	2	3	4	5	6	7
52.	Women are represented among the company's executive management and directors.	1	2	3	4	5	6	7
53.	Employment opportunities are not open to the disabled.	1	2	3	4	5	6	7

	The following are statements about company values. You may agree with certain items and disagree with others. <u>Indicate which comes closest to your feelings about the statement.</u>	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
54.	Minorities are appropriately represented among the company's executive management and directors.	1	2	3	4	5	6	7
55.	This company does not have a bias against older employees.	1	2	3	4	5	6	7
56.	This company is willing to vary its products or services to accommodate customer taste and needs outside the U.S.	1	2	3	4	5	6	7
57.	Members of the top management team rarely travel on international business.	1	2	3	4	5	6	7
58.	This company is willing to promote the best or most qualified employees regardless of their home country (note: this includes promotion to the headquarters office).	1	2	3	4	5	6	7
59.	Corporate policy is designed to protect human rights, regardless of the country in which the related work is being done.	1	2	3	4	5	6	7
60.	This company promotes a consistent standard for worker health and safety regardless of the country.	1	2	3	4	5	6	7

Demographic Data:

61. Gender ____ male ____ female

62. What is your age? _____

63. What is your race?

____ Black ____ Hispanic ____ Native American
____ White ____ Pacific Islander ____ Other

64. What is your marital status?

_____ single _____ married _____ widowed _____ divorced/separated

65. What is the highest level of education you have completed?

__ Middle School   ___ Some College   ___ Masters Degree
__ Some High School   ___ Trade/Vocational School   ___ Professional Degree (e.g. Ph.D.,
__ High School Graduate   ___ College Graduate   M.D., J.D.)

66. What is your occupation? _____

67. What is your current job title? _____

68. Do you consider your current job to be (check one):

___ upper management   ___ mid-management   ___ first-line management
___ non-supervisory

69. What type of company do you work for?

Goods Producing:	___ manufacturing, durable goods		
	___ manufacturing, non-durable goods		
	___ mining	___ construction	

Service producing:	___ transportation	___ public utilities	___ communications
	___ wholesale trade	___ retail trade	___ health-related
	___ legal		

Financial:	___ finance	___ insurance	___ real estate

Government: ___ government agency

Education: ___ education

Other (please explain): _____

70. How long have you worked for your current company? _____

71. What state do you work in? _____

72. Approximately how many employees work for your company? _____

APPENDIX E

INFORMATION LETTER
for Research Study Entitled
"The Influence of Organizational Values on Profitability"
Employee Participants

INFORMATION LETTER
for Research Study Entitled
"The Influence of Organizational Values on Profitability"
Employee Participants

You are invited to participate in a research study examining the relationship between organizational values and organizational performance, specifically organizational profitability. This study is being conducted by Kimberly Johnson of the Department of Management at Auburn University. Your company was selected from a list of companies within the consumer staples, consumer discretionary, or multi-line insurance industries. While we would prefer your responses to the attached questionnaire, if you are unable to participate, please pass the questionnaire along to another employee within your company who is over 19 years of age.

This study is important in that it will provide organizations with evidence that focusing on organizational values does influence organizational performance, particularly organizational profitability. It is important for management and members of the organization to fully understand the implications associated with creating and executing organizational values in all decision-making efforts. Organizations need to know the implications of choosing to establish and live by certain values.

The questionnaire should take 20-40 minutes to complete. Once you have finished the questionnaire, please return it in the attached self-addressed, stamped envelope. Please understand that your responses are confidential and are linked only thru a company code and will not include your name. If you choose, you may withdraw from participation prior to submitting your survey and that such a decision will not jeopardize your future relations with Auburn University or your current employment status with your employer. After your survey has been submitted, you will be unable to withdraw your survey since there will be no way to identify which survey you submitted.

Should you wish, I will be happy to send you a summary of the findings of this research. You may request a copy of the results via separate mail or by email. The information collected through your participation may be published in a professional journal or book, and/or it may be presented as group data only with no personally identifiable data. Any information obtained in connection with this study will remain confidential. No information you provide in this study will be shared with anyone associated with your company. Only a summary of the findings will be made available, if requested, to participants and the Human Resource representative.

Thank you for your help. Your responses will provide valuable insights regarding the influence of organizational values on organizational performance. If you have any questions please do not hesitate to contact me at (334) 244-3398 or johnsk3@auburn.edu .

For more information regarding your rights as a research participant you may contact the Auburn University Office of Human Subjects Research or the Institutional Review Board by phone (334) 844-5966 or e-mail at hsubjec@auburn.edu or IRBChair@auburn.edu

HAVING READ THE INFORMATION PROVIDED, YOU MUST DECIDE WHETHER TO PARTICIPATE IN THIS RESEARCH PROJECT. IF YOU DECIDE TO PARTICIPATE, THE DATA YOU PROVIDE WILL SERVE AS YOUR AGREEMENT TO DO SO.   THIS LETTER IS YOURS TO KEEP.

_____
Investigator's signature   Date

APPENDIX F

ORGANIZATIONAL VALUES –EMPLOYEE BEHAVIOR SURVEY

The following are statements about company values. You may agree with certain items and disagree with others. **Indicate which comes closest to your feelings about the statement.**	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
1. My evaluations and compensation are connected to how well my decisions and actions reflect the company's values.	1	2	3	4	5	6	7
2. I strictly follow the company's stated values.	1	2	3	4	5	6	7
3. The majority (over half) of employees implement company values when making decisions.	1	2	3	4	5	6	7
4. In my performance appraisals, my manager evaluates how well I implement company values.	1	2	3	4	5	6	7
5. Company values were discussed in my employee orientation.	1	2	3	4	5	6	7
6. I believe company values should be frequently reinforced (for example - posters; something employees carry; communication networks – e-mail, TV monitors).	1	2	3	4	5	6	7
7. I think company leaders should be held accountable for their decisions.	1	2	3	4	5	6	7
8. I think company leaders should put themselves in the minds and situations of others.	1	2	3	4	5	6	7
9. I think company leaders should verbalize company values to employees.	1	2	3	4	5	6	7
10. I think company leaders who disregard stated company values should be reprimanded.	1	2	3	4	5	6	7
11. I expect company leaders to do a good job of demonstrating company values ("walking the talk").	1	2	3	4	5	6	7
12. I think the practice of company values in leadership should be a requirement for advancement in the organization.	1	2	3	4	5	6	7
13. I think implementing company values is a good business strategy.	1	2	3	4	5	6	7
14. Company values do not influence my decisions.	1	2	3	4	5	6	7
15. I protect my own self-interests above other considerations.	1	2	3	4	5	6	7
16. I implement company values only if they are considered in my performance appraisal.	1	2	3	4	5	6	7
17. Sometimes it is necessary to be dishonest.	1	2	3	4	5	6	7
18. I participate in charitable activities supported by this company (for example - volunteering on company time; matching gifts program for charitable	1	2	3	4	5	6	7

contributions).

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
19. Whenever possible, I use my position in this company to help the community.	1	2	3	4	5	6	7
20. I personally volunteer in community nonprofit organizations.	1	2	3	4	5	6	7

The following are statements about company values. You may agree with certain items and disagree with others. <u>Indicate which comes closest to your feelings about the statement</u>.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
21. I am actively dedicated to customer service.	1	2	3	4	5	6	7
22. I am trained in customer care.	1	2	3	4	5	6	7
23. I always do what is right for the customer and the public.	1	2	3	4	5	6	7
24. I show respect to customers.	1	2	3	4	5	6	7
25. I am always honest with customers.	1	2	3	4	5	6	7
26. I believe that helping employees reach their potential, helps the company reach its potential.	1	2	3	4	5	6	7
27. I am responsive to the personal needs of coworkers.	1	2	3	4	5	6	7
28. I treat coworkers fairly.	1	2	3	4	5	6	7
29. I make an effort to try to develop my peers and subordinates – to help them succeed in this company.	1	2	3	4	5	6	7
30. This company should do whatever is necessary to avoid polluting the environment.	1	2	3	4	5	6	7
31. I search for ways to reduce and eliminate waste from company operations (for example - reducing paper usage, recycling).	1	2	3	4	5	6	7
32. I support environmental awareness programs (for example - educating children about recycling; neighborhood cleanup days).	1	2	3	4	5	6	7
33. I do not believe this company should make special efforts to seek minority applicants for jobs.	1	2	3	4	5	6	7
34. Women should be represented among the company's executive management and directors.	1	2	3	4	5	6	7
35. I feel the company's workforce should reflect the demographics of the community.	1	2	3	4	5	6	7
36. I did not participate in diversity training.	1	2	3	4	5	6	7
37. I support minorities being represented among the company's executive management and directors.	1	2	3	4	5	6	7
38. I would be reluctant to hire a disabled person.	1	2	3	4	5	6	7
39. I believe older workers can make a major contribution in our company.	1	2	3	4	5	6	7

Note: If you do not work for an international company please respond as if you did.

40. A company with international operations should always promote the most qualified	1	2	3	4	5	6	7

employees regardless of their home country.

41. If we do business overseas, top management should visit international operations.	1	2	3	4	5	6	7
42. I support a company policy designed to protect human rights, regardless of the country in which the related work is being done.	1	2	3	4	5	6	7
43. I support my company operating overseas.	1	2	3	4	5	6	7
44. I support my company having additional operations/locations outside the United States.	1	2	3	4	5	6	7

The following are statements about company values. You may agree with certain items and disagree with others. <u>Indicate which comes closest to your feelings about the statement</u>.

	Strongly Disagree	Disagree	Slightly Disagree	Neither Agree nor Disagree	Slightly Agree	Agree	Strongly Agree
45. I would be willing to work closely with someone from another country.	1	2	3	4	5	6	7
46. I treat (or would treat) international coworkers fairly.	1	2	3	4	5	6	7
47. The values and "personality" of this organization reflect my own values and personality.	1	2	3	4	5	6	7
48. My values match those of the current employees in this organization.	1	2	3	4	5	6	7
49. My values "match" or fit this organization and the current employees in this organization.	1	2	3	4	5	6	7

50. Approximately how long after starting the job did you receive or become aware of the company values _____ (months)?

Demographic Data:

51. Gender   ____ male   ____ female

52. What is your age?   _____

53. What is your race?

____ Black   ____ Hispanic   ____ Native American
____ White   ____ Pacific Islander   ____ Other

54. What is your marital status?

____ single   ____ married   ____ widowed   ____ divorced/separated

55. What is the highest level of education you have completed?

__ Middle School   ___ Some College   ___ Masters Degree
__ Some High School   ___ Trade/Vocational School   ___ Professional Degree (e.g. Ph.D.,
__ High School Graduate ___ College Graduate   M.D., J.D.)

56. What is your occupation? _____

57. What is your current job title? _____

58. Do you consider your current job to be (check one):

___ upper management   ___ mid-management   ___ first-line management   ___ non-supervisory

59. What type of company do you work for?

Goods Producing: ___ manufacturing, durable goods
                      ___ manufacturing, non-durable goods
                      ___ mining   ___ construction

Service producing: ___ transportation   ___ public utilities   ___ communications
                      ___ wholesale trade ___ retail trade   ___ health-related
                      ___ legal

Financial: ___ finance   ___ insurance   ___ real estate

Government: ___ government agency

Education: ___ education

Other (please explain): _____

60. How long have you worked for your current company? _____

61. What state do you work in? _____

62. Approximately how many employees work for your company? _____

APPENDIX G

E-MAIL INVITATION
For Research Study Entitled
"The Influence of Organizational Values on Profitability"
Human Resource Representative

E-MAIL INVITATION

Dear Human Resource Representative,

At Auburn University, I am conducting a national study regarding the impact of organizational values on company performance. Given the recent corporate scandals, it is important for us to identify, with some degree of certainty, whether corporate values and the enactment of those values within companies actually affects companies' bottom lines. In that vein, I need your help. Because of the position that you hold, your input is crucial to this study. Therefore, I have designed a survey that will allow you to discuss your companies' values.

The survey should take 20-40 minutes to complete. If you are willing to help, please access the URL link in this letter. The URL link will take you to the survey. Please understand that your responses are confidential, and you are not required to give your name on the survey. If you choose, you may withdraw from participation at any point and such a decision will not jeopardize your future relations with Auburn University or your current employment status with your employer.

Furthermore, to fully understand the impact of organizational values on companies' bottom lines, I need to examine different people's perspectives about their company's values. Would you send an e-mail invitation to employees within your organization? If so, I will send you an e-mail invitation to forward to employees inviting them to participate in the study. If they are interested, they will be instructed in the e-mail to go to the URL link to access the employee survey. Other than sending the e-mail, you will not have any other obligations.

To fully understand the influence of organizational values on an organization's profitability, it is essential that I obtain both your viewpoint of your company's values as well as the viewpoints of other employees in the company. Will you please help me? You will be doing an important service to the academic and business communities by participating in this study.

If you have any questions about this study, please do not hesitate to contact me. My contact information is (334) 244-3398 or johnsk3@auburn.edu. Thank you in advance for your time and consideration.

Sincerely,

Kimberly Johnson
Department of Management
Auburn University

APPENDIX H

SECOND E-MAIL INVITATION
For Research Study Entitled
"The Influence of Organizational Values on Profitability"
Human Resource Representative

SECOND E-MAIL INVITATION

Dear Human Resource Representative,

One week ago, you should have received an e-mail inviting you to participate in a study examining the impact of an organization's values on its performance.

Given the many corporate scandals over the last few years, the importance of establishing and living by organizational values has received a lot of attention. As companies are creating, revitalizing, and/or implementing company values policies, many researchers are attempting to better understand the importance of company values.

With your help, I will be able to study and thus provide a better understanding of how a company's values impacts its profitability. You would be doing an important service to the academic and business communities if you took a few minutes to participate in this study.

Would you take a few minutes and complete a survey about your company's values? If you are interested in participating in this study, please access the URL in this letter. Your input will contribute to a more comprehensive understanding of the impact of organizational values on a company's profitability.

It should take approximately 20 minutes to complete the survey. Please understand that your responses are confidential and will not include your name. If you choose, you may withdraw from participation at any point and that such a decision will not jeopardize your future relations with Auburn University or your current employment status with your employer.

In addition to obtaining your viewpoint regarding your company's values, I would also like to obtain the viewpoint of fifteen employees within your organization. If you agree, I will send you an e-mail invitation to send to fifteen employees inviting them to participate in the study. If they are interested, they will be instructed in the e-mail how to access the employee survey. Other than sending the e-mail this will be your only obligation.

To fully understand the influence of organizational values on an organization's profitability, it is essential that we obtain both your viewpoint of your company's values and those of other employees in the company.

If you have any questions about this study, please do not hesitate to contact me. My contact information is (334) 244-3398 or johnsk3@auburn.edu.Thank you in advance for your time and consideration.

Sincerely,

Kimberly Johnson
Department of Management
Auburn University

APPENDIX I

EMAIL INVITATION
For Research Study Entitled
"The Influence of Organizational Values on Profitability"
Employees

EMAIL INVITATION

Dear Sir/Madam:

This email is requesting your assistance. At Auburn University, I am conducting a study on organizations and how those organizations' values impact their success. But I need your help. Would you take a few minutes and complete an on-line survey about your company's values? If you are willing to help, please copy the link below into your internet browser. There is no username or password required.

The survey is confidential and will only be used to help me complete my doctoral degree and to publish articles in academic journals. Several companies are participating in the study and only data will be used in my journal writings, no company or individual names will appear in my writings.

If you would like to receive a copy of the results after the study is completed, please let me know. Again, I would greatly appreciate your help. If you have any questions you can contact me via e-mail at kjohns36@aum.edu or at (334) 244-3398. I truly appreciate your company's help with my study. Thank you again for your help.

Kimberly Johnson
Auburn University

Survey Link:

http://bizsurvey.aum.edu/cgi-in/rws3.pl?FORM=OrganizationalValues_EmployeeSurvey