Various views on the organizational values of Slovenian managers and entrepreneurs

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Abstract: Processes take place at various levels within an organization. Values thus form a part of organizational culture. They are usually developed artificially, whereby employees with a higher level of education more often assume internal values and those with lower levels of education assume external values. This study focuses on establishing differences in identifying these values among managers and entrepreneurs. As part of the GLOBE project, the organizational value scale developed by Robert House and colleagues (1997) was used. Fifty-nine leaders and 565 of their employees were included in the study. The results show that the two groups studied were most similar when assessing the values of consumer satisfaction and impacts on the organization’s long-term competitiveness and there was no statistically significant difference between entrepreneurs and managers in the assessments of values.

Key words: values, organizations, management, GLOBE

Različni pogledi na organizacijske vrednote slovenskih direktorjev in podjetnikov

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A value is a belief that something is good and wanted (Haralambos in Hilborn, 1999). Musek (1982) states that values are realized by achieving numerous concrete motivational goals. One can understand an individual’s process of combining such goals only by knowing their background and values as a whole. This involves a cognitive-emotional complex that assigns value to individual phenomena and classes of phenomena. Values can be conceived of as the most complex (and abstract) motivational goals, among which they assume the highest place within the hierarchic structure. In addition to “everyday” values, organizational values are well known; in organizations, people acquire these through tertiary socialization and they can differ from those of their environment. According to Robert Dilts (1996), processes in an organization take place at various levels. Dilts developed a neurological pyramid of an organization (environment, knowledge, capabilities, beliefs, values, identity), in which he also included values. In his model, identity refers to the organization's mission, beliefs and values refer to the organizational culture, capabilities refer to skills and competences, and knowledge refers to activities.

Just as individuals can determine their personal values, an organization can define factors that are more important to it than others. These are usually developed artificially, representing one of the most important linking elements between the organization and its members. They represent a hidden motivator, which is used to direct employee viewpoints, opinions, and behaviour.

For an organization to operate successfully it is important that employees’ values match the values of the organization; personnel management tests this through questionnaires filled out by selected candidates. Profit is the basic implicit value of a business organization. However, this does not apply to employees, who prefer other values (security, the opportunity to acquire and apply expertise, autonomy, and so on). New employees are first introduced into the organization, which means they gradually change their values so that they match those of the organization. The process of change must be slow because otherwise it would create revolt or resistance. However, new employees must be tolerant towards the new environment and at the same time contribute to certain changes and dynamics in the company. On the other hand also the old employees have problems, when an organisation is rapidly changing.

Values can be divided into explicit values, which are written and conscious, albeit weaker, and implicit values, which are internal and stronger. Internal values are often more typical for people with a higher level of education, whereas external values are more typical for people with a lower education. However, the majority of people work in order to make a living, which makes the external working value part of every individual. In explaining values, one must be careful and pay attention to certain characteristics such as race, age group, and ethnicity because they create differences in individuals’ value systems. In addition, one must take into account the fact that values change over time.

Organizational values may be different from those of the environment, but they can perhaps be built and transformed more easily and to a greater extent. Svetlik
Organizational values of Slovenian managers and entrepreneurs (2003) established that in Slovenian companies the feeling of security is emphasized. In comparison to companies in other European countries, gender equality and inclination towards risk are more strongly emphasized in Slovenia, whereas orientation towards achievements and the future are weaker. Slovenians are known to live for today and not for tomorrow; they are ascribed a lack of a humanitarian orientation (including a low level of interpersonal trust and trust in public institutions, xenophobia, discrimination against those that are different, and disrespect for others). It can be concluded that a small extent of pro-social behaviour and a greater extent of egoistic views are present (Konrad, 1999).

Gruban (2003) cites the data of a meta-study, according to which 80% of companies and organizations have defined their values. A full 50% of them have defined their values in the last 6 years. Twelve values repeat in all companies. This is connected with certain issues: the leadership defines and confirms the values, but it often fails to follow them. Because the rest of the workers in the company do not have an example for observing the declared values that they should follow, a full 95% of them do not take these values seriously.

Two hypotheses were developed in this study:

\[ H_1: \text{ Leaders' values are similar to those of employees; } \]
\[ H_2: \text{ Compared with the managers entrepreneurs tend to direct their value systems to economic and impersonal values. } \]

**Method**

**Participants**

The basic unit of this study is the entrepreneur, manager, or a member of a company’s board of directors. They all are leaders but the remainder of this paper distinguishes between the terms “manager” as a person on the top position but not own the company he or she leads and “entrepreneur” as a leader and also the founder of his or her company. In their interviews, the interviewees defined themselves as entrepreneurs or managers on their own account. Among them, 59.3% \((n = 35)\) were managers, whereas 40.7% were manager-entrepreneurs. Fifty-nine leaders participated in the study, of whom 47 were men and 12 were women. The typical age of participants was 41 to 50 years. The majority of leaders deal with commerce \((n = 14)\), followed by eight companies dealing with government/official, common, and personal services, six dealing with financial intermediation, and six with the production of machines and appliances.

The second part of the sample was made up of their directly subordinated staff \((N = 565)\). The gender structure is consisted of 46% women and 54% men. The majority deal with trade and marketing (23%). The rest deal with a more general
area, including activity coordination, promotion, planning, and advising (11%), as well as finances (19%). Their average age was 39 years ($SD = 5.48$). The youngest among them was 27 years old, and the oldest was 53 years old. On average, they had 15 years of formal education behind them, which means they earned at least one post-secondary school degree.

**Instruments**

The Organizational Value Scale (House, Delbecq, & Taris, 1997) was filled out by leaders and persons that are directly subordinated to them and have daily contacts with them. Seventeen organizational units were included on the scale and individuals assessed them using a seven-point Likert-type scale (1 = insignificant, 7 = extremely important).

**Procedure**

Data collection was part of the third phase of the international project GLOBE and took place at two different times: in 2001 and 2003. In addition to the interviews, the results of which have been presented in other articles, all of the participants, including managers, entrepreneurs, and their employees (at least 9 people), filled out the questionnaires on organizational values. The task of every respondent was to mark on a seven-point scale the importance he or she would ascribe to each of the factors listed in making critical managerial decisions. The response on the part of the employees was extremely good because 72.4% of all questionnaires were received.

**Results**

In analyzing the results, the focus was primarily on the organizational level, the relationship between leaders and their employees, and the differences between entrepreneurs and non-entrepreneurs or managers. Individual viewpoints were not analyzed and will have to be dealt with in future analyses. A comparison of the value systems of leaders and employees (Figure 1) showed that the differences are relatively small; in most cases, employees gave a higher score than leaders to the importance of the organizational values listed.

The average values were ranked, thus establishing that the ranks of individual values are very similar. Both groups ascribe the highest value to customer satisfaction, and its impacts on product quality, sales, and the organization’s long-term competitive capability. This is followed by values describing the financial views on the company’s effectiveness and attitude towards people. The last four values refer to the wellbeing of the nation and local community, and respect for God, ideals, or supernatural forces.
It can be established that leaders ascribe greater significance to the following values: customer satisfaction, impacts on sales and the organization’s long-term competitive capability, ethical aspects, environmental impact, and respect for God and ideals. These are values that are oriented primarily toward the external environment or that refer to the results of a specific organization’s work; these two values are more of a social nature. It is interesting that there are no values among these describing the attitude towards employees.

In order to establish the differences between leaders’ and employees’ assessments ($H_1$), the coefficient of variability (CV) was first used as a relative measure of variability. The coefficient showed that the variability of answers was the greatest with values referring to respect for God and ideals (CV = 78.8%), cost control (CV = 68.8%), the nation’s wellbeing (CV = 66.1%), and local community wellbeing (CV = 64.1%). The lowest level of variability was reached by the values of customer satisfaction (CV = 7.5%) and impacts on the organization’s long-term competitive capability (CV = 13.2%). Cases with a high coefficient of variability involve big differences in the perception of a specific value. A more reliable indicator of differences in perception occur with regard to the following values: customer satisfaction, $t(58) =$
respect for God and ideals, $t(58) = -3.11, p < .01$; ethical aspects, $t(58) = -2.32, p < .05$; impacts on relations with other organizations with which serious business is conducted, $t(58) = 3.12, p < .01$; impacts on minority employees, $t(57) = 2.75, p < .01$; and impacts on employed women, $t(57) = 2.30, p < .05$. There may be several reasons for such results or the discrepancy in certain values between leaders and employees. The first one refers to the different attitude towards a specific value and different importance within the hierarchy of perceived values. A second reason is certainly the relatively unclear definition of values or the fact that every individual understands them differently; this primarily involves values referring to the attitude towards God, ideals, and supernatural phenomena. Let us return to the basic hypothesis. Leaders tend to give higher scores to the importance of values that refer to the company’s external environment (e.g., consumers, God, ideals, and ethical aspects), whereas employees are focused on the company or organization (e.g., minority employees and employed women).

O’Reilly, Chatman, and Caldwell (1991) introduced a new technical term used in connection with organizational values and describing the level of an individual’s inclusion in the organization. They named it the “organizational cultural profile” (OCP), which is expressed through the level of agreement between personal and organizational values. Although this does not involve the same method, the values of the employees and the values of the leader within an organization were compared in the next step. The $t$-test method of comparing pairs revealed that the correlations between 59 pairs (59 companies) range from 0.081 to 0.952 and that the great majority are significant at the .01 risk level. An overview of individual companies showed that in 22 companies (37%) the evaluation difference is significant – that is, the employees’ perception of values differs from their leader’s perception. In seven companies, employees ascribed less importance to values than their leader, and in 15 companies they ascribed greater importance.

Another question that may be addressed with the findings described above referred to establishing differences in perceiving values between leaders that were appointed to the executive position within their organization (primarily entrepreneurs and those that had already worked in the organization before this appointment) and those that were appointed from the outside (they had worked in another company before assuming this position). Analysis of variance showed that leaders that had been promoted within their organizations pay greater attention to ethical aspects of business operation, $F(1, 56) = 4.03, p < .05$, and are more aware of the impacts on product quality, $F(1, 56) = 4.39, p < .05$, and of sales impacts, $F(1, 56) = 7.61, p < .01$.

Although data were collected from only 12 female managers and entrepreneurs, and from a total of 47 male managers and entrepreneurs, the comparison between genders revealed that the only statistically significant difference in the perception of both genders—$t(57) = -3.26, p < .05$—can be found in the value impacts of supernatural forces (i.e., exceptional days, clairvoyant’s predictions, and so on). Women
ascrIBE greater importance to this value ($M = 2.50$, $SD = 1.68$) than men ($M = 1.74$, $SD = 0.72$).

In order to facilitate the analysis of all of the results obtained in the study, a principal component analysis of organizational values was also conducted. In order to establish the level of correlation between individual dimensions, a correlation matrix among dependent variables was calculated. The correlation matrix showed that dependent variables were not independent of one another and instead revealed a statistically significant correlation with one another. Based on this, we also decided to test the component structure of organizational values and determine whether it is possible to extract superordinate dimensions or components. Bartlett’s Test of Sphericity confirmed that the correlation between dimensions is in fact statistically significant.

A main component method with a varimax rotation and Kaiser’s normalization was used. The first five of the components obtained explain 65.7% of the total variance.

By using Cattell’s criterion for extracting components (Scree Test), it can be established that according to Figure 2 it is most prudent to extract only the first two components because the difference in the height of the curve between the third and the fourth component and the rest of the components is too small. However, because the eigenvalue of the first five components is above 1, all five were included in further analysis.

![Organizational values: Scree plot](image-url)

*Figure 2. Organizational values: Scree plot*
Table 1 shows how dimensions correlate with individual components. Of interest are only those that correlate significantly with an individual component and are indicated with shaded fields in Table 1. All of the correlations that are large enough to classify an individual dimension under a specific component are positive. A dilemma occurred only with the value referring to impacts on minority employees because it also explains a large part of the first component; however, it was classified under the fourth component due to a higher correlation with the two values under the fourth component.

Contribution to the nation’s economic wellbeing, respect for God and ideals, and impacts of supernatural forces are values making up the *Supernatural forces and nation’s wellbeing* component. According to Rokeach’s classification (Rokeach, 1973), this component could be included among the terminal or final values. The dimensions listed under Component 2 were given the common title *Ethics, environment, and product quality*. These values refer to ethical conduct and take into account the company’s impact on the environment as well as the quality of products and services.
Component 3 includes the most dimensions (that is, five), which can be described as *the organization's performance and customer impacts*. It refers to customer satisfaction and the organization’s effectiveness, which can be measured according to sales (in the sense of the profit made), competitive capability, and relations with other organizations. Component 4 covers cost control and impacts on minorities and women, this making up the superordinate dimension of *cost control and impacts*.
on employee groups. Without doubt, the most uniform component is Component 5: Employee development and relations. It can be placed among instrumental values or those based on competences because they deal more with individuals and employees than with the wider social perspective.

Because of the nature of the leaders’ work and various kinds of problems, the second hypothesis ($H_2$) took into account that entrepreneurs, in comparison to managers, are oriented more to results, company profit, and quality of products and services. Table 2 (below) presents the results of a comparison of differences between the two groups obtained by using the $t$-test of independent samples, presenting descriptive statistics for an individual group, Levene’s test of homogeneity of variance ($F$) and its significance, and in the last two columns the results of the $t$-test and its significance. Levene’s test revealed that a significant difference in the variance of both groups only exists with regard to the value environmental impacts. There was no statistically significant difference between entrepreneurs and managers in the assessments of values.

Discussion

In companies one can often find some sort of unconscious connection between the manager’s personality, his or her management style, and the general organizational culture. This is especially evident in companies with an authoritarian style of management. According to Musek (1982), values are distinguished from other motivational goals by being general and representing internal or interiorized motives, and being relatively permanent, long-term, and intense. Knowing and understanding organizational values is important because they influence employees’ perceptions of themselves and the working environment. The study demonstrated that values directed towards work results and their impact on the environment and competitiveness predominate among Slovenian managers. But also the human factor and related values are quite respected and observed. We believe this partially has to do with a socially desired answer because managers are aware that people are of key importance; nonetheless, their personality structure and management method are directed more towards external goals and results, and constant growth. This attitude towards people can be summarized in a sentence frequently used by many managers: “I take all the credit for success; employees are responsible for failure.” But we can comment that many managers only declaratively put high priority on human factor, but when it comes to the question of spending money and time on their people, their support to human factor is easily gone.

It was somehow expected that values referring to God, ideals, and supernatural forces would score low. However, these may be typical of other organizational environments and cultures. Slovenian culture (Toš, 1999), which is also present in the companies, is based on responsibility, diligence, accuracy, and a relatively low
level of creativity. As already established in a 1999 study (Gruban, 2003), the least emphasized Slovenian values included imagination, hard work, obedience, and devoutness. In this study as well, devoutness proved to be insignificant (or incomprehensible) to Slovenian employees and leaders.

Congruence of values between the leader and employees is one of the most important features of transformational management, which is based on the leader-employee relationship in which they encourage one another towards values and higher levels of motivation. In transferring values, this theory emphasizes the importance of the leader’s role (Kouzes & Posner, 1995). Under the leadership of a transformational leader, employees identify themselves with the manager and his or her mission. This identification reveals itself primarily because of the similarity between the value system of the leader and that of the employees. Naturally, the manager bears the most responsibility. It is very important that the leader’s values are congruent with the organizational principles and that he or she transfers these values to lower levels. In fact, this form of management involves a dyadic relationship rather than a group effect on employees, which was already discovered by Seltzer and Bass (1990). Before them, Weiss (1978) assumed that employees assume the leader’s values if they perceive the leader as competent and successful. If congruent values can be observed within an organization, one can conclude that a harmonious relationship exists between the leader and employees, and that employees identify themselves strongly with the leader. One can speak of a strongly expressed organizational cultural profile (O’Reilly et al., 1991), which was also listed extremely high in our study. In more than half of companies, the leader’s perception is not significantly different from that of the employees. A detailed analysis shows that the discrepancy between the employees and the leader (or the organization) is bigger in larger companies with more than 30 employees ($r = 0.41; p < 0.05$). The cases discussed involve a large group of people that the leader’s influence sometimes does not even reach. In larger organizations, managers and entrepreneurs primarily have contacts with the first line of management, which then delegates tasks to lower levels.

In this connection, the results of this study are very encouraging because they show that congruence in assessing organizational values between the leader and the employees is extremely high for two values: customer satisfaction and impacts on the organization’s long-term competitive capability. Both values were listed under the factor of the organization’s performance and customer satisfaction, which describes extremely realistic, tangible, and economic goals. The obtained result points to and perhaps also confirms the general state of Slovenian society and business, which is oriented towards and primarily values material goods and work results, and pays much less attention to employees, ethical and moral business aspects, and ideals. A parallel can be drawn with Schein (1992), who established that, within an organization, the leader selects people in whom he or she recognizes his or her own values and beliefs, which in turn are effectively incorporated into the organizational structure. Furthermore, as Zadel (2002) concludes in his analysis of the importance
of the right choice of behavioural patterns for effective behaviour, values are very close to an individual’s emotional world, thus having significant influence on behaviour and perception of the environment. If leadership knows how to emphasize the importance of values that the employees respect and acknowledge the leadership as having, cooperation between leaders and employees can be congruent. Under such conditions, the influence of leadership on employees is significantly more effective than elsewhere. People that can justifiably appeal to values have advantages over those that do not respect values and do not rely on them. Companies whose employees do not acknowledge that their leadership respects values will find it difficult to follow the path of business excellence.

It is still questionable whether the values described above can really begin to thrive in a company and still thrive there a year or two later. Many companies have their values posted on their websites but, when asked about the three most important values of their company, employees will not be able to list any of them. Figure 1 shows that employees ascribe greater importance to the impacts on employed women and minority. It is also interesting that managers and entrepreneurs have a higher regard for respect for God and ideals. Do they only say this or do they really follow this principle? Personal experience shows that the majority of participating leaders are very realistic in assessing, planning, organizing, and developing their companies – perhaps even too realistic. They are forced into planning and fulfilling goals, making increasingly higher profits, and constant development by the company owner, competition, employees, or simply by their own internal motivation. Values direct behavior, support vision, and shape the community (culture) among people. Gina Mitchell (1995) distinguished between assumed and used organizational values. She defined them in the following way: Organizations consider assumed values those that are alive, whereas used ones are usually commanded from the “above,” where they are also written down, but are also actively present and visible in an individual’s behavior. When the author of this paper compared their presence in organizations, she established statistically important differences between managers and their employees. Employees perceive values as not being fully incorporated into and not activated in the working environment, whereas managers believe that the most effective values in the company are those that depend on the people: teamwork, associativity, and profitability. Employees also perceive the used values of “customer and quality orientation.” Leaders that want something more must establish “meta-values” in their organizations (Kets de Vries, 2004), which transcend the orthodox lists of organizational values. This involves the three most important senses: the sense of community, the sense of joy, and the sense of meaning.

Regardless of the results, one must be aware that values play an important role in shaping the organizational culture and subsequently affect the organization’s results and performance. It is best if organizational values are internalized. If an advisor comes to a company, it is much better if he or she discovers values already assumed than creating new ones.
Organizational values must be realistic and credible because they influence much more than merely satisfaction. A study conducted by Ronald J. Burke in 2001, in which 251 female managers participated, showed that organizational values affect satisfaction and happiness with work, career, and family. After assuming specific values, fluctuation decreases, employed women perceive their working environment as less stressful, there are fewer psychosomatic symptoms, and emotional stability improves.

The appeal and development of a functional relationship is based on realizing values, and therefore employees prefer coworkers and senior staff that they believe enable them to achieve important work-related values. Although rare, it may happen that the functional relationship between the leader and employees crosses the boundaries, becomes personal, and is based on attraction. This is characterized by an attractive personality, a deeper relationship, and similar fundamental viewpoints and values. Thus leaders must face changeable and increasingly more heterogeneous values within both the company and the wider social environment.

Regardless of the style of management, it is also important that leaders that spent a longer period of time in the organization and later assumed a managerial position pay more respect to the ethical aspects of business operation and have higher expectations with respect to impacts on product quality and sales volume. These values may be of key importance to many Slovenian companies. At the same time, they open up research questions about the connections between organizational values and competences, and the inclusion of values in employee’s psychological contracts.

References


