

## Clarifying and Applying Personal Values: Priorities and Integrity



### In a Nutshell

Identifying and focusing on our personal values helps us become successful. By clarifying and applying our values, we can achieve ...

- enhanced self-awareness, ...
- more effective time management, ...
- greater integrity, and ...
- greater credibility as a leader

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### Not "Walking the Talk" at American Airlines

Former American Airlines Chairman and CEO, Don Carty, lost credibility and his job in April when it was discovered that his actions contradicted the values he expressed. The airline was in negotiations with its three labor unions to accept an austerity package in order to avert bankruptcy. Personnel were being asked to accept \$1.8 billion in company-wide budget cuts as a form of "shared sacrifice." The unions' leaders agreed to the cuts--which were very unpopular with membership--until it was discovered that a select group of executives were spared from significant sacrifice. The \$1.8 billion savings plan did not eliminate a bonus package for the top 6 executives, and it allowed a trust fund that would partially protect the pensions of 45 senior officials in case of bankruptcy<sup>1</sup>. Although this case of corporate mismanagement didn't involve any illegal activity, the violation of trust was so significant that Carty had to be replaced and negotiations with the labor unions had to be revisited.

### What Values and a Values Complex Are

The term "values" means different things in different contexts. I was at a strategic planning retreat summer year, and one of the items on the agenda was to reconsider the organizations' values. From the discussion, I could tell that it wasn't clear to everyone what the term "values" meant. The term meant something much different to me than it did to the guy from finance. Before diving into a discussion of personal values, I should share the definition of values that I use and describe the concept of a complex of values too.

Our personal values are our *convictions regarding what we believe is important and desirable*. Each of us

has a "complex of values." A values complex is the set of values that we hold and the conflict, compatibility, and hierarchical relationships among them<sup>2</sup>. Personal values come in two varieties; terminal and instrumental<sup>3</sup>. Terminal values are the desired end-states that a person strongly wants to achieve such as "a comfortable life", "freedom", or "salvation." Each individual has a different set of terminal values in his or her values complex. Instrumental values are convictions about a person's desired characteristics or ways of behaving such as "ambitious", "forgiving", or "polite." We possess instrumental values because we believe that each one helps us achieve our terminal values. For instance, "ambition" may be an instrumental value that helps one progress toward the terminal value of "a comfortable life."

On occasion, we encounter dilemmas where we cannot simultaneously act in accord with two of our values. We resolve such dilemmas by assessing the priority of the relevant values in our values complex. Each of us has a set of core values that we rarely subordinate to others. These core values are our personal principles.

Of course, valuing the right things is also very important. In *First Things First*, Stephen Covey and colleagues caution that our principles must contain more than self-centered values such as "self respect" or "a sense of accomplishment" because they can push us to develop arrogant, utilitarian relationships with others<sup>4</sup>. The authors suggest that we develop core values that are more holistic and anchored in the fundamental realities of nature and healthy social relationships (in their terms, "the law of the farm"). Making your family a higher priority than your career seems to be a good example of subordinating self-centered values.

The corporate information on American Airlines' website indicates that the company values social justice and the environment, and it would be great if all their employees and managers were committed to those values. Notably, the mission statement (see <http://www.amrcorp.com/corpinfo.htm>) says that they value "balancing the needs of the company with the needs of employees," and it focuses on inclusiveness and the importance of "all employees." Don Carty's actions contradicted those values.

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## Why Values Matter

Attention to our values helps us (a) become more self-aware, (b) make ethical decisions, (c) prioritize our tasks, and (d) develop credibility as a leader. First, understanding one's own core values is integral to becoming self-aware<sup>5</sup>. Self-awareness, in turn, helps us understand how people perceive us and allows us to identify the personal qualities that we would like to change. Values influence our choices, but our choices also influence our values over time. If we neglect to examine the congruence of our actions with our values, our actions may be guided by immediate concerns and instant gratification rather than our values. Change in values is a slow process, but it often begins with changes in behavior<sup>6</sup>. Over time, we come to take for granted the choices that we repeatedly make even if they are initially incongruent with our values, and our values begin to drift as well. Clarification and reclarification of our personal values can halt that drift.

A second reason why values are important to managers is that people who internalize and act on standards of justice and human rights achieve a high level of moral development, and they make ethical decisions<sup>7</sup>. During our lifetimes, we pass through various stages of moral development. Small children, at the *preconventional* level of moral development, make choices on the basis of the immediate consequences of their decisions. People who have not developed beyond the preconventional level of moral development only choose an ethical alternative if it's in their immediate personal interests. People who progress to the *conventional* level of moral development make decisions on the basis of the formal rules and informal norms of their social context, and will choose ethical alternatives even at the cost of forgoing their self-interests. The small percentage of people who progress to the highest level of moral development, the *postconventional* stage, make decisions on the basis of human rights, fairness and justice. Such people are willing to ignore their self-interests and may even violate society's rules and norms in order to act in accord with their principles. People who achieve the postconventional level of moral development are trustworthy. They cannot be bribed and they are not swayed by peer pressure.

Third, values are important to managers because an understanding of one's personal values is useful for time management. Most of us have the opportunity--not to mention the encouragement--to do more things than we'll ever have time to do. Consequently, we need to wisely select the tasks that we'll work on. A clear picture of our personal values allows us to rank the tasks on our "to do" lists according to how closely each task is associated with what's really important to us.

Finally, having a clear set of personal values helps us build the credibility and trust that facilitate leadership. The most challenging times for leaders are times when they must lead others into "the unknown", leading innovation, and managing change. Transformational leaders are able to persuade their followers to take a leap of faith and follow them into the unknown. In other words, transformational leaders build trust. Trust is a willingness to take a risk and make oneself vulnerable. We are more inclined to trust people when we understand their values, and observe that their actions are congruent with those values, because we can reliably predict how they will act.

The unions lost faith in Don Carty when they saw the apparent contradiction between his choices and the expressed values of the company during his leadership. While the organization says it values balancing the needs of the company and the employees, and that it intends to show fairness and respect to all employees, special privileges were arranged for top executives. Trusting Carty after such a contradiction becomes difficult.

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## Practicing This Management Skill

***Clarifying Your Personal Values.*** As individuals, each of us can clarify our personal values by taking time to reflect on what is truly most important to us and writing those things down. It can be difficult to make a comprehensive list on the first try, so it might be advantageous to make an initial list and then return to it after a few days to allow for mental incubation.

You can also compare your list of values to an extensive published list of values that people commonly possess. (For instance, one of the most used lists is Rokeach's<sup>8</sup>.) You will notice that many of those values are on your list in one form or another while others are not. Some of them shouldn't be on your list because those things aren't important to you. However, the real advantage of comparing lists is that you might find values that you want to add to your list. Think about the implications of the values on your list for your daily activities and think of ways in which your actions can become more congruent with those values.

Clarifying personal values can also be a group activity. People can form groups and share their lists of personal values and explain why they are important. I would recommend some ground rules though: Participants should approach the activity as a learning exercise and not as a performance or competition. No one should be made to feel self-conscious about having difficulty generating an elaborate or altruistic set of values. Some people are simply more introspective than others and therefore are better able to produce an extensive list. It is important to bear in mind that the goal of the exercise is to stimulate thought. Everyone needs to develop his or her own list without overt or tacit pressure to accept particular values.

Having identified a list of personal values, it helps to write a personal values statement or credo. Kouzes and Posner recommend imagining that you will be taking a long leave of absence from your place of work and that you are writing a memo to leave behind describing the most important things to be accomplished during your absence<sup>9</sup>. This is something that you can share with others so that they can better understand you, or something that you can keep private to use as a guide for your actions. Periodically checking the list is a good way to reclarify your values.

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***"Walking the Talk."*** Having clarified what is really important to you, it is essential that you take the next step and act on your values. Failure to act in accord with your values--in a principled way--is a disservice to you and others. When you've clarified what is really important, the challenge then becomes resisting the influence of work, social pressures and immediate gratification to deviate from what is really important. This is a particularly vital concern for time management. Since most of us have more opportunities and demands on us than we could ever fully satisfy, we need to carefully examine how our values connect with how we spend our time.

When you act in accord with your core values (i.e., act in a principled way), you do the "right thing" for its own sake, but you get the added bonus of being a more influential leader. People tend to be more receptive to the persuasive appeals of principled leaders. Principled leaders have more credibility and engender a higher level of trust. There's less of a concern that a principled leader will mislead or have a hidden agenda.

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***Instilling Values in Others.*** Effective team leaders and business executives build common values among the people they lead. Up to this point, I have described values as if they originate from within a person. In fact, a person's environment and life experiences shape their values. Moreover, social systems such as business organizations, schools and churches influence their members' values.

Instilling values in employees is part of the "socialization" process<sup>10</sup>. New employees are socialized into to the context of their organization and their work unit. In organizations with strong cultures, the values of the broader organization may have a greater influence on employees' values than their work units do. However, anyone who has made several lateral moves within an organization knows that the values of different work units in organizations also differ. Managers can have a significant impact on their subordinates' values.

New employees can be socialized through applicant selection criteria, public statements of values, orientation programs, mentoring programs, symbols, stories and language. From the application and interview process, new employees will have had the chance to observe which information the employer believes to be important for making hiring decisions. For instance, discussions regarding rapport and efforts to establish it during the interview process may convey that camaraderie is important. As another example, the use of an intelligence test in employee selection emphasizes that intellect is valued. Prior to the start of employment, new hires "presocialize" by accessing information about the organization from personal contacts and even from its website. (For instance, look at the values stated on GE's "careers" page <http://www.gecareers.com/GECAREERS/jsp/workingatGE/values.jsp> or KPMG's "careers" page <http://www.kpmg.be/detail.thtml/en/careers/people/values/> on their respective company websites.) For this reason, statements of an organization's values on its website and in its annual reports may be the first opportunity for organizations to convey their values to their new hires. Once employment begins, many organizations and work units within organizations devote time to formal employee orientation programs, many of which broach values. Mentors can also influence their protégés' values, so managers need to consider the values of the senior personnel that they assign to mentor new employees. Symbols such as attire and the physical workspace nonverbally communicate values. For example, an open office space may indicate that a work unit or organization values collaboration. Many of the stories that senior personnel share with new employees help them understand the value system of their organization or work unit. Finally, the jargon used can also convey values. For instance, derogatory names for a type of customer or a work process demonstrate employees' disdain for them.

While it may be easier to shape the values of rookies, the values of veterans can also be influenced. It is essential that managers scrutinize what gets rewarded, because that is what will be valued. For example, quality gurus have long admonished that productivity-based incentives (in the absence of quality-based incentives) will undermine quality initiatives. Managers also need to examine the influence of praise and recognition. When you've clarified what you value, then determine how you have publicly acknowledged or celebrated actions that are consistent with those values. Have you posted a note on a bulletin board, sent out a congratulatory memo, or included a notice in the employee newsletter? It's important to remember that both pay and nonfinancial rewards convey values.

### **In Summary, ...**

It's wise for managers to spend some time thinking about their values and how their actions are compatible or incompatible with those values. By clarifying and applying our values, we will do a better job managing our time, and we will have greater integrity and credibility as leaders.

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### **Notes**

1. Shapiro, W. (2003, April). Buccaneer capitalism risks payback. *USA Today*, April 25, p. 12A.
2. Schwartz, S. H. (1992). Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. In M. P. Zanna (Ed.), *Advances in experimental social psychology*, 25: 1-65. Orlando, FL: Academic Press.
3. Rokeach, M. (1973). *The nature of human values*. New York: The Free Press.
4. Covey, S. R., Merrill, A. R., & Merrill, R. R. (1995). *First things first*. New York: Simon & Schuster.

5. Whetten, D. A., & Cameron, K. S. (2002). *Developing management skills*, (5th ed.). Upper Saddle River, NJ: Prentice-Hall.
6. Kelman, H. C. (1958). Compliance, identification and internalization: Three processes of attitude change. *Conflict Resolution*, 2: 51-60.
7. Kohlberg, L. (1976). Moral stages and moralization, the cognitive-developmental approach. In T. Lickona (Ed.), *Moral development and behavior*. New York: Holt, Rinehart & Winston. Rest, J., Narvaez, D., Bebeau, M. J., & Thoma, S. J. (1999). *Post-conventional moral thinking: A neo-Kohlbergian approach*. Mahwah, NJ: Lawrence Erlbaum Associates.
8. Rokeach's list and similar lists of values are widely available. For instance, see page 60 in *Business ethics: A global and managerial perspective*, by David Fritzsche (New York: McGraw-Hill).
9. Kouzes, J. M. & Posner, B. Z. (1993). *Credibility: How leaders gain and lose it, why people demand it*. San Francisco: Jossey-Bass.
10. Van Maanen, J. & Schein, E. (1979). Towards a theory of organizational socialization. In B. M. Staw (Ed.), *Research in Organizational Behavior*, vol. 1, pp. 209-264. Greenwich, CT: JAI Press.

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### About the Newsletter and Subscriptions

*LeaderLetter* is written by Dr. Scott Williams, Department of Management, [Raj Sooin College of Business](#), Wright State University, Dayton, Ohio. It is a supplement to my MBA 751 - Managing People in Organizations class. It is intended to reinforce the course concepts and maintain communication among my former MBA 751 students, but anyone is welcome to subscribe. In addition, subscribers are welcome to forward this newsletter to anyone who they believe would have an interest in it. To [subscribe](#), simply send an e-mail message to me requesting subscription. Of course, subscriptions to the newsletter are free. To [unsubscribe](#), e-mail a reply indicating that you would like to unsubscribe.

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### A Good, Clean Joke ... apparently written by an engineer

Engineers and scientists will never make as much money as business executives. Now a rigorous mathematical proof has been developed that explains why this is true:

Postulate 1: Knowledge is Power.

Postulate 2: Time is Money.

As every engineer knows,

Work = Power \* Time

Since Knowledge = Power, and Time = Money, we have:

Work = Knowledge \* Money

Solving for Money, we get:

$$\text{Money} = \frac{\text{Work}}{\text{Knowledge}}$$

Thus, as Knowledge decreases, Money increases, regardless of how much Work is done.

Conclusion: The Less you Know, the More you Make.

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