The usage of value statements by companies has become a common practice. These value statements are aimed at providing a context or implicit framework to guide behaviors. A clear set of values provides exact standards against which corporate behaviors can be judged for their appropriateness. The purpose of this study is to explore what values are espoused by organizations through these statements and are these values given only to provide business success related context or beyond to encompass other ‘existentialist’ concerns. The espousal of values assumes greater significance in the light of various corporate misdemeanors and scandals.

The study finds four types of espoused values: the outcome values, performance values, external values and spiritual values. One most striking outcome of the pareto analysis is the supremacy of customer satisfaction, delight or value as the most commonly value incorporated by companies across all the categories. Although the external and spiritual values considered in this study are not commonly cited in the value statements, these are beginning to enter in the corporate consciousness.

Key words: Corporate values, Value statements, Business purpose, Social responsibility, Profit orientation.

JEL Classification: M14, A13, L21.

1. Introduction

Values seem to have broken the convention. From being purely personal and religious discourse, value discussion has broken into the territory of business and commerce. For long, religious institution and service missions have depended on value congruence to attract people, retain and fashion their behaviors. Now it is not uncommon to see value centric discussion in business organizations. Values have certainly found a new market that too in the most unlikely of spaces: the institutions predominantly given to the ideals of money, wealth and profits. Business and values were once considered to be like two parallel
lines with no intersection point in the horizon. Business firms were the representative of the material world given to the ideals and ideas of self satisfaction with the belief that pursuing this would lead to collective good. And for soul satisfaction it was Sunday mass meant for value oriented thinking and deeds. The business of business and business of conscience were confined to neatly drawn territories. For many, business success was directly in proportion to the dexterity with which one kept these two apart.

The talk about values in the corporate circles has come to assume centre stage. The misdemeanors by organizations have fuelled the widespread doubt and cynicism against business. The failure of many shining stars of Wall Street exposed the murkier side of the business world. These include Enron, WorldCom and Tyco. The recent corporate disaster caused by the oil giant BP further revealed as to how firms carefully construct perceptions of being socially and ecologically responsible. Both Goldman Sachs and BP were applauded for being firms of corporate social integrity only later to show that these efforts were nothing more than a dressing up exercise done to win public image battles. BP caused one of the greatest environmental disasters causing massive damage to the environment and Goldman had to scoff close to a half billion dollar fine for ill-advising their clients (Aiyar, 2010). This has sent business world thinking as to what causes managers to behave in this self centric and myopic fashion. Is there a role of ethics and conscience in the collective conscious of business?

2. Role of Values

There is a newfound realization in business of the importance of values. Values influence behavior. These act as guide posts to direct behavior by embedding a normative system in the mind. A clear set of values provides exact standards against which corporate behaviors can be judged for their appropriateness. The importance of values is highlighted by an observation made by Xerox chief when observed that values ‘helped save Xerox during the worst crises of our history’ (Mulcahy, 2004). J&J got embroiled in the Tylenol positioning crises in 1982. The tempering with Tylenol led to some deaths in the Chicago area. The firm responded to these crises swiftly by removing Tylenol from the entire market notwithstanding the financial effects. The company instead of shutting up from public scrutiny opened gates of communication and gave advisory on how to deal with the situation. During this trying time the company stuck to values enshrined in its famous credo and successfully navigated through the crisis. The company demonstrated how the company holds its first responsibility to people who use its products.
The instrumentality of values in fashioning corporate behaviors is widely appreciated. The quest for ways to by which values can be embedded in organizational psyche has led to the adoption of some kind of formal value statements. One study discovered the widespread use of mission and vision statements by the business corporations in India. One out of every two companies used vision as a management principle (Sen, 1996). In an earlier study in the Indian context, three aspects were explored (Verma, 2004): the extent of usage of vision and mission statements by the companies operating in India; the physical structure; and contents of these statements. Out of 200 most valuable companies, a total of 143 were discovered to have a formal mission and mission statement. Prima facie it appears, these statements have become the commonly followed business agenda (Babu, 2008). These statements were once assumed to be only decorative pieces with no influence on managerial behavior. But it is no longer true. Rather values given in the vision and mission statements influence behaviors and long term plans are drawn in consistency with them (Verma, 2010).

3. The Study

The spate of scandalous revelations of corporate misbehaviors has raised important question about a management culture devoid of values. Now the realization seems to be dawning on the managers on the role values can play in imposing conscience based checks and balances to regulate decision-making. Now companies are going beyond purely displaying the value statements to engaging in value driven management that includes value based training and appraisals (Lee, Fabish and McGaw, 2005). Value driven cultures help companies perform better than their rivals companies. The companies which have built strong value driven cultures have managed to outperform the ones which did not have strong value driven cultures by a factor of six (Collins and Porras, 1994). Organizations face the risk of degenerating into self-serving systems in the absence of a shared vision. They can drift into becoming self-serving bureaucracies when leaders focus on power, reward, recognition and status instead of the larger purpose and goals for which these come into existence (Blanchard, 2007)

What are values in the business context? Value in the perspective of an individual refers to an enduring belief that a particular type of behavior or conduct or state of existence is preferable compared to the opposite way of conduct or existence (Rokeach, 1968). Every business either explicitly or implicitly conveys to its members its ideals, principles or beliefs. And it is these beliefs or values which later find expression in executive decisions and actions. What a company stands for defines its identity. Corporate identity can be articulated.
to reveal its philosophy and strategy. This is communicated through communications, behaviors, and symbolism. One of the important methods of communicating the identity to both internal and external public is through mission statement (Leuthersser and Kohli, 1997). The message embedded in a mission statement also acts as disciplining device. This is achieved by mounting pressure on people to act in sync the mission (Morsing, 2006).

4. The Purpose

In discussing an organizational evolutionary model, seven levels of consciousness are suggested (Barrett, 1998). Starting from the bottom level to the top, these include financial stability, belongingness and loyalty, pride in performance, continuous renewal and learning, values and value alignment, sustainability and social responsibility. There are some implicit questions that organizational members are confronted with. These may include concerns about self gain (‘what is in for me?’), customers, stakeholders, society, and the planet. Organizations need direction. It is important for the top management to signal both explicitly and implicitly what it expects from its members. Accordingly organizations attempted to build different cultures depending upon what their top managers believed in. They included ideas like profit maximization, shareholder value maximization, stakeholder concerns, customer satisfaction, sustainability and care for the planet. The corporate scandals have triggered the debate whether ethical ideals like honesty, fairness, and integrity have some role to play in business reality. Similarly turning blind to the environmental and social degradation caused by externalities has too much of cost for the planet as a whole to absorb. Hence do organizations have to build their value systems woven around the existentialist concerns like good and well being for all?

There is no denying the fact that corporate values are important. It is important for any organization to lay stress on values that it considers important. The signaling about values emanates from the top. The strategic planning involves clarification of values which signify what an organization stands for and what it does and what it does not (Bryson, 1989). Value audit is one of the strategic planning tools to examine values and organizational philosophy and culture (Pfieffer, Goldstein and Nolan, 1985). Three key elements which are recommended for creating a compelling vision are: significant purpose, a picture of the future and a set of clear values (Stoner and Zigarmi, 1993). Value statements have gained widespread currency in organizations as devices to focus on what is valued and what are the benchmarks against which the actions and decisions can be judged. With this background, this study was undertaken with the following purpose:
To identify the values that firms in different categories of industries propagate. What philosophical underpinnings do firms provide to their members to guide their decisions and actions in consumer goods, business to business and service industries?

To study the instrumentality of espoused values whether organizations focus on building value system given to the existence concerns (business domain) or the values extend beyond business to embrace the existentialist concerns (beyond the business).

To study the sub-components of the vision and mission statements. Value statements may have four categories of sub statements (Leuthesser and Kohli, 1997). These are benefit statements (value to customer, employees), value statements (organizational norms and values), self-image (how the firm wants to be perceived by important groups) and focus statements (market and technological boundaries).

5. Methodology

In order to carry out the objectives, the data for the study was collected from secondary sources. In our case, these were the value statements (vision and mission statements) employed by companies to communicate their goals and values. The following steps were employed for this purpose.

This study intended to explore the thrust areas highlighted in the value statement of three industry groups. First step in direction was to make choice of the industry groups. Accordingly consumer goods, industrial or business to business marketing firms and services groups were chosen. Second, a convenience sampling method was used to get access to the value statements of companies belonging to these industry groups. The value statements were accessed through internet and were printed. In total one hundred twenty companies’ value statements were collected for analysis purposes. Each sub group was equally represented in the total sample. Third, then these value statements were analyzed to identify the important or focus areas that were emphasized in these value statements. Fourth, for each of the thrust or focused area a card was created and the name of the company was mentioned there on. Fifth, once sampled value statements were analyzed and cards were made then these were classified into different groups of heads. Sixth, then frequency tables and pareto diagrams were developed which revealed broad areas are focused by the top management of the companies belonging to different industry groups.
6. Findings and Discussion

6.1 All Groups

Values are important for a number of reasons. Support for creating a value driven organization stems from their instrumentality in guiding human behavior and defining relationships at work. How people in an organization relate with each other and outside publics is influenced by values. Therefore, most of the companies tend to be driven by values which underlie the thinking and creativity of these organizations (Wall, 1992). Organizations are large assemblies of people. The members therein are likely to channel their energies in different directions with little probability of their convergence. People need context for decisions and actions. A context less environment is likely to trigger confusion and chaos. Values in terms of what an organization stands for act as navigational aids especially when explicit directions go missing.

In one of earlier studies on the contents of the value statements employed by companies the most included value was found to be the ethical behavior and integrity (Kelly et al, 2005). The other most cited values in the decreasing order of inclusion were: commitment to customers, commitment to employees, teamwork and trust, commitment to shareholders, honesty and openness, accountability, and social responsibility and corporate citizenship. This study included companies from North America, Europe and Asia Pacific region. It is quite striking that ethics and integrity in business conduct is the most widely mentioned corporate value. This reveals that existentialist idea has begun to enter into corporate conscience and business at least in its intention acknowledges ethics as the guiding principle. How much of this espoused value is actually pursued in business conduct is something that is a matter of inquiry.

The values that were mentioned the most in company value statement in this study in decreasing order are (see table 1): customer satisfaction or value to customer (74 percent), innovation and technology (58 percent), quality (34 percent), efficiency of operations (31 percent) and profitability and shareholder value maximization (30 percent). These thrust areas typically are purely business areas. The beyond business values like the corporate social responsibility (23 percent), sustainability and concern for environment (13 percent), corporate governance (17 percent) and ethical conduct (21 percent) find mention in much fewer number of companies. Since all of the companies included in this study are business corporations operating in the private enterprise space, these are expected to govern by the
fundamental principle proposed by Peter Drucker (1973) that the purpose of business is to create a satisfied customer. No business can sustain in the absence of customer. And it is fundamental for a business to create customer satisfying value. Therefore, value of customer satisfaction and delight is espoused by the maximum number of companies.

Table 1: Values mentioned Value statements (all companies)

<table>
<thead>
<tr>
<th>Thrust areas/Values</th>
<th>% companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Innovation, technology</td>
<td>58</td>
</tr>
<tr>
<td>2. Customer satisfaction/ delight/value to customer</td>
<td>74</td>
</tr>
<tr>
<td>3. Quality</td>
<td>36</td>
</tr>
<tr>
<td>4. Economy and value for money, efficiency, cost, productivity</td>
<td>33</td>
</tr>
<tr>
<td>5. Profitability, shareholder value</td>
<td>32</td>
</tr>
<tr>
<td>6. Workforce-passion, winning culture, welfare, human capital</td>
<td>27</td>
</tr>
<tr>
<td>7. Social responsibility</td>
<td>23</td>
</tr>
<tr>
<td>8. Integrity, transparency, honesty, ethics</td>
<td>21</td>
</tr>
<tr>
<td>9. Market leadership, growth</td>
<td>21</td>
</tr>
<tr>
<td>10. Global focus</td>
<td>20</td>
</tr>
<tr>
<td>11. Corporate governance</td>
<td>17</td>
</tr>
<tr>
<td>12. Research and development</td>
<td>15</td>
</tr>
<tr>
<td>13. Respected brand, trust</td>
<td>14</td>
</tr>
<tr>
<td>14. Sustainability, environment</td>
<td>13</td>
</tr>
</tbody>
</table>

Values are enacted to guide people’s thinking and behavior in directions believed to be important for immediate and beyond concerns. In spelling out the distinguishing features of excellent companies, Peters and Waterman (1982) found that these organizations were hands on and value driven. The leadership challenge is to achieve mastery at two ends of a spectrum on which one end is ideas at the most abstract level and action at the mundane level on the other. Organization philosophy is essential for preventing the substitution of rules for judgment which can trigger self defeating cycle. Figure 1 exhibits different layers of values in the context of a business system. The values can be classified in the following categories:

- **Outcome values**: Business organizations are created entities. Their creation is motivated by a number of considerations. Although differences may exist in terms of
expected outcomes but some of these include profits and profitability, shareholders’ wealth, stake holders concerns, growth and leadership. Behind these outcome metrics lie performance variables or parameters internal to the business.

- **Performance values**: Outcomes are the result areas. The drivers of these outcomes sit inside the business organization. Depending upon the strategy most businesses identify critical drivers of performance. Essentially the question is what is important for a business to succeed. Corporate value statements are also employed to orient the people towards these through performance metrics in business reporting system. The concerns for superior performance lead to performance centric values like quality excellence, work environment, efficiency of operations, innovation and research and development.

- **External values**: Between these input and output metrics some business leaders and their companies have foresight and far sight to include the externalities of doing business. Business in this paradigm is perceived as an organ of society and some believe that business practices should be ecologically consistent or green and socially desirable. Accordingly, they incorporate external metrics and values like social responsibility, ecology and environmental consistency.

- **Spiritual values**: Many businesses are run on the basis of sight not vision. However, some leaders are governed by universal principles of goodness much beyond pure economic sense. The vision does not and should not end with the inclusion of areas that are usually considered external to business. Beyond the external domain lies the next layer of concerns which develop and appeal to conscience. This sphere concerns issues like universal good, ethics, and integrity. Here business is concerned with attracting and developing people with conscience where their behavior is guided by an internalized ethics rather than imposed. The words like honesty, integrity, being responsible, caring and fairness and justice describe this orientation.

In this scheme of things our study revealed that value related to performance (customer satisfaction) was the most widely (74 percent) included one followed by profits and wealth maximization (30 percent). However, the values of integrity and honesty are mentioned in 21 percent value statements of the companies. However, more than half of the total values set belongs to the category of performance values. This highlights that companies attach importance to focusing people’s attention to the activities critical for immediate survival of business.
6.2 Different Groups

Data on value statements was collected for three sub groups of industries. These were consumer goods, industrial or business to business and service organizations. This analysis was motivated by the objective to explore whether the thrust areas or values espoused differ between different groups of companies because these operate in three different market domains. Intuitively, there is no significant justification for espoused values to be different amongst these groups because these are broadly business firms confronting almost similar market reality. The differences exist in terms of the type of market served. Consumer goods companies market their products directly to end consumers whereas industrial firms do not. Their customers are businesses. Services per se differ from goods with respect to characteristics such as intangibility, inseparability, perishability and variability (Zeithaml et al, 1985). These characteristics as a consequence alter the way they are produced and marketed. This change can potentially influence the performance dimensions and hence espoused values of service firms making these different from the others. However, there is no reason for the outcome, external and existentialist values to be different in these groups.
Table 2: Most mentioned values in value statements in different groups of companies

<table>
<thead>
<tr>
<th>Consumer goods companies</th>
<th>Industrial companies</th>
<th>Service companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction/ delight/ value to customer</td>
<td>Customer satisfaction/ delight/ value to customer</td>
<td>Customer satisfaction/ delight/ value to customer</td>
</tr>
<tr>
<td>Innovation, technology</td>
<td>Innovation, technology</td>
<td>Economy and value for money, efficiency, cost, productivity</td>
</tr>
<tr>
<td>Quality</td>
<td>Workforce-passion, winning culture, welfare, human capital</td>
<td>Innovation, technology</td>
</tr>
<tr>
<td>Research and development</td>
<td>Quality</td>
<td>Profitability, shareholder value</td>
</tr>
<tr>
<td>Economy and value for money, efficiency, cost, productivity</td>
<td>Profitability, shareholder value</td>
<td>Market leadership, growth</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>Social responsibility</td>
<td>Workforce-passion, winning culture, welfare, human capital</td>
</tr>
<tr>
<td>Integrity, transparency, honesty, ethics</td>
<td>Global focus</td>
<td>Perfection, excellence, service orientation</td>
</tr>
<tr>
<td>Respected brand, trust</td>
<td>Integrity, transparency, honesty, ethics</td>
<td>Global focus</td>
</tr>
<tr>
<td>Workforce-passion, winning culture, welfare, human capital</td>
<td>Economy and value for money, efficiency, cost, productivity</td>
<td>Integrity, transparency, honesty, ethics</td>
</tr>
<tr>
<td>Sustainability, environment</td>
<td>Sustainability, environment</td>
<td>Social responsibility</td>
</tr>
<tr>
<td>Market leadership, growth</td>
<td>Respected brand, trust</td>
<td>Quality</td>
</tr>
<tr>
<td>Profitability, shareholder value</td>
<td>Market leadership, growth</td>
<td>Respected brand, trust</td>
</tr>
</tbody>
</table>

Table 2 lists the values contained in the value statements of companies belonging to consumer goods, industrial and service groups. These values are arranged in the decreasing order of their mention in the value statements. One most striking outcome of the pareto analysis is the supremacy of customer satisfaction, delight or value as the most commonly incorporated by companies across all the categories (‘total customer satisfaction’, ‘delight our customers’, ‘outstanding client experience’, ‘serve needs of our customers’, ‘exceeding customer expectations’, ‘value for our customers’). The espousal of this value suggests that businesses understand the importance of customer as the final arbiter of business success.
Context building by value statements

quite in sync with the ideas of Drucker (1973) and Levitt (1960) who proposed that the purpose of business is to create a satisfied customer. And another visible aspect in their value focus is that profits and profitability do not figure in the top three most commonly mentioned values across all the groups. Rightfully profit is essential but not the driving motivation. It is to be seen as a reward for doing what business is essentially supposed to do. That is to create customer satisfaction. Obsession with profits can potentially blur the distinction between what is effectiveness and what it is not. Further, another common category of value in the values statements is innovation and technology. It is next to customer satisfaction in fast moving consumer goods and industrial companies and third for service companies.

Prima facie their value orientation does not differ much from each other. All types of values are present in the corporate value statement. That is, companies do reveal their concern about outcome, performance, external and spiritual values. As mentioned in the above paragraph, the customer satisfaction tops the list (outcome value). Consumer goods companies attempt to reach this outcome by performance values like technology, quality, research and development and efficiency. The industrial or business to business companies focused on building the performance oriented values like innovation and technology, promotion of winning culture by people oriented values (‘teamwork, nurturing talent, pride and passion’, ‘highly skilled and motivated team’, nurturing and retaining good performers’, ‘fairness, honesty and courtesy towards employees’, ‘great place to work for’) and quality of products and services (‘highest quality’, ‘best products’, ‘highest quality and reliability’, ‘quality excellence’).

Like consumer goods and industrial categories of companies, in service companies the value that reigned at the top was the outcome value of customer satisfaction. Customer can be relegated to background in controlled markets but in a competitive set up the survival of a company depends upon its customer franchise. This probably explains why customer satisfaction is the more shared value. Besides customer satisfaction, other outcome values that find place in first five values are shareholder value or profits and market leadership and growth. The service firms aim to reach these outcomes by developing performance metrics like passionate workforce (‘spirit of family and opportunity for personal growth’, ‘teamwork and respect’, ‘leverage our people’, fairness, honesty and courtesy towards employees’) and service excellence (‘highest possible standards in our work’, ‘setting global standards of excellence’, ‘excellence in customer service’).

The two set of values that are common to value statements are external and spiritual values. Conventionally these have been either considered extrinsic or unimportant from
business perspective. Their citations in the value statements are relatively low. This reality probably owes its roots in how business and its missions have been defined and articulated by thinkers whose views have influenced business thinking and orientation. The corporate rationality so created determines the limits of social and environmental responsibility of business. The only good a corporation can do is to help itself do well and there is a limit on how much good it can do (Bakan, 2004). Levitt (1958) once called social responsibility ‘a happy new orthodoxy’, a fad and fancy that could be harmful for business interest. A very strong opinion puts social responsibility as ‘a fundamentally subversive doctrine in a free society’ (Friedman, 1962). Fundamentally, a business has to work within the framework of its economic responsibility and it commands a business to produce and sell these for a profit (Carroll, 1979). The pursuit of profit for a business is seen to be legitimate with the concept of invisible hand and such motivation can bring the greatest good to the society.

Although the external and spiritual values in this study were not commonly cited in the value statements to make these to the top of the list but they have entered in the corporate consciousness (less than twelve percent of the value statements incorporated statements about honesty, integrity, transparency, social responsibility and environmental consistency). It appears the businesses are yet to embrace the enlightened self-interest concept. The organizations are overwhelmingly governed by the old view of pursuing narrow self-interest. Anshen (1970) maintains that business has an implicit social contract with the society within which the business is responsible for its side effects labeled by economists as externalities which should be internalized. The values related with environmental and ecological consistency do not figure much in the value statements of companies. This in a way implies the lack of sensitivity towards care for the planet.

7. Concluding Remarks

The importance of values statements creating direction and purpose is well established and documented. Consequently, corporations adopt this as strategic tool to lend value orientation across the length and breadth of the organization. These often provide both reasons and emotions of what an organization does and for what. This study was primarily undertaken with the objective to find out values that are espoused by companies and this was done at aggregate and industry group level. After collection of the value statements, these were analyzed and important themes were identified which was later pareto analyzed. Four important categories of values could be identified: performance, outcome, external and spiritual values. One of the most striking findings was that most organizations seek to create a
customer orientation as this was the most commonly cited value across all categories. The instrumentality of performance values was equally found to be perceptible. Shareholder wealth and profits were found to be important as it is logically so but this does not reign at the top. This probably indicates an understanding that profits are the consequence and not the purpose of business. Lastly, organizations have a long way to go in adoption of external and spiritual values. This certainly exhibits the lasting influence of the proponents of invisible hand wealth maximization. The externalities usually take the back seat and spirituality, integrity and honesty are not much of issues for business.

References

Despite being a group of contiguous countries, South Asia is one of the least integrated regions in terms of intra-regional investment and trade relations. The share of services in GDP of South Asian countries has increased substantially with South Asia exhibiting a high revealed comparative advantage in commercial services and more particularly in “other services” including computer and information technology enabled services. Analysis of the foreign direct investment (FDI) inflows in South Asia reveals that the number of total sale deals including Greenfield investments and Merger and Acquisition have increased in recent years. Though India is ranked as the second most attractive destination for FDI, South Asian countries, including India, do not rank high in terms of the FDI performance and potential indices and are also ranked low in the global competitiveness index. The study points out the investment constraints in South Asia and cites poor infrastructure and labour market inefficiencies as the bottlenecks in attracting higher FDI inflows. Emphasising the importance of Doha Development Agenda on the one hand, the paper lays out the importance of larger and broader RTAs like Pan Asia Free Trade Agreement (PAFTA) instead of narrow RTAs like SAFTA. The success of SAFTA in enabling regional integration would depend on turning its current shallow constitution in favour of a deep agreement taking into account various behind the border issues.

Key words: Trade, Services, Investment, South Asia

JEL Classification: F14, F16, F22, F23

1. Backdrop

The present paper is an attempt in understanding the issues and dimensions of trade in services and investment flows in South Asian countries vis-a-vis other regions of the world as well as in intra-regional terms.

April 3-4, 2008, The Imperial Hotel, New Delhi, India.

Rajesh Chadha and Geethanjali Nataraj are Fellows/Senior Economists at the National Council of Applied Economic Research (NCAER) in New Delhi.

References

Terrill, C. and A. Middlebrooks (2003), Market leadership strategies for service companies, New Delhi, McGraw Hill.
Wall, B., R.S. Solum and M.R. Sobol (1992), The Visionary Leader, Rocklin, CA, Prima Publishing.