MANAGING THE UNMANAGEABLE:

The Role of Values in Organizations

A Technocrat Viewpoint
by
Boris Zhmud, Ph.D., Assoc. Prof.
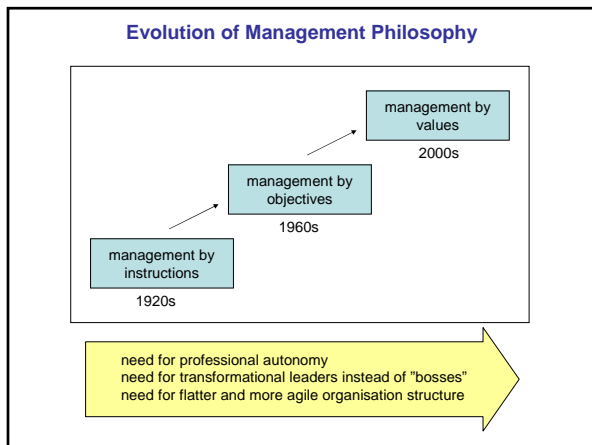*Research Program Manager, AB Nynas Petroleum, Sweden*

Gottlieb Daimler- und Karl Benz-Stiftung Stipendiaten-Treffen, Lichtenfels, Germany 2006

Deterministic Organizations
Outdated Managerial Philosophy

All organisations inhibit growth.
(C. Zook, Profit from the Core: Growth Strategy in an Era of Turbulence, Bain & Co., 2001)

Evolution of Management Philosophy

management by values
2000s

management by objectives
1960s

management by instructions
1920s

need for professional autonomy
need for transformational leaders instead of "bosses"
need for flatter and more agile organisation structure

Behaviourial Paradox of Human Society

If people find themselves confined by narrow rules, riots are likely to begin.

but

As soon as anarchy is established, social conscience starts
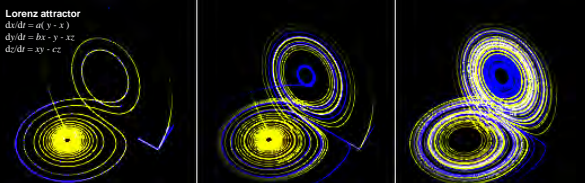to grow and new rules are created.

Values as Attractors of Chaos
(*Shimon Dolan, Journal of Economics, 2003*)

Axiom I: Business organisations are chaotic systems.

Axiom II: Chaotic systems have capacity for self-organisation
(which distinguishes chaos from randomness).

**The greatest creativity occurs on the boundary of chaos
Management by fear gives its place to management by values**

Lorenz attractor
$dx/dt = a(y - x)$
$dy/dt = bx - y - xz$
$dz/dt = xy - cz$

What Do Values Mean?

Values can be considered as strategic references indicating
that acting in one way is more appropriate to achieve certain
goals than acting otherwise

(Prof. Shimon Dolan, The School of Industrial Relations, University of Montreal, Canada)

*Axiology - the science about values.
axios = guidance, loudness, axis*

Value Dilemmas
The Scale of Values Is Never Balanced

*values for
relational wellness*

*collective
wellness*

*personal
wellness*

"It would not seem realistic to expect human beings to suppress their subjectivity in the name of altruistic causes that may jeopardize their occupational standing or emotional well-being." - *Isaac Prilleltensky, Wilfried Laurier University*

A Recourse to History: Values in Religion

Over hundreds of years, it used to be the church's prerogative to tell citizens what behaviour is good, and what is sinful.

All major religions promote tolerance, non-violence and patience tenets, promoting an ethos of care and a sense of "community".

To bring you some examples, there're a few quotes from the Bible:

- "*In Gods eyes we are all the same.*"
  (reminiscent of today's equal opportunity principle, isn't).

- "*If we are guilty of the least we are guilty of the whole.*"
  (take the blame when something goes wrong)

- "*If you love your neighbour, and your neighbour loves his neighbour, would you not also love your neighbour's neighbour? And if this continues, would you not love all people?* "
  (respect and care for people)

Different Religions, the Same Moral Standards

A recently published book *The Heart of Islam: Enduring Values for Humanity*, by Seyyed Hossein Nasr reveals the common ground of the Abrahamic faiths and highlights the core spiritual and social values of Islam:

- peace
- compassion
- social justice
- respect for the other

Doesn't the core of any religion simply amount to adhering to a high moral standard? If one strips away the overlying myths, is not one left with essentially the same value system as the average morally upstanding atheist strives to live by and uphold?

*Isn't atheism
also a faith!*

Why the Human Society Needs Values?

It's easy to say what is bad:

- Kill
- Steal
- Lie

More difficult to say what's good:

- Love others
- Help those who need it
- Be honest and dependable

As humanity is only effective as a group, the judgement of good or bad must be the recognition of what is good and what is bad for the group.

**Good is that which improves the community.
Evil is that which weakens the community.**

The Green GDP Debate in China

Debate on civil liberties and surveillance in USA

Good or Evil: Use and Misuse of Values

Medieval Times

(✚) Chivalry was introduced – Christian knights were to be merciful, humble, and courteous. *The Peace of God* forbade knights from attacking peasants, women, priests, and merchants;

(–) During the Middle Ages, the Crusades undertaken by Christian knights to recapture from Muslim control the holy places of pilgrimage in Palestine;

(–) The Inquisition was appointed by the Chirch of Rome to supress heresy (and scientific progress; Giordano Bruno was declared a heretic and burned at the stake in 1600).

A conflict between different values is unavoidable and serves a basis for the satanism philosophy:

"The complete picture of the living and natural world is that evil dominates: without evil there would be no good. To deny evil is to deny good."

Misuse of Values in Modern Times

To live certain values is not as simple as to declare that you live those values!

"Custom will reconcile people to any atrocity".
- *George Bernard Shaw*

While the mass murder of barbarians could be considered good by the Romans, it was certainly considered evil by the unfortunate victims.

Some vague values may be used as a part of mass brain-washing practices by various political technology groups:

- Terrorist attacks in various places;
- The war in Iraq;
- The Hague Tribunal handling of Milosevic case;

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On the Role of Value-Driven Leadership

"*Value-based leadership may be conceptualized as practice aimed at fostering cogent values in consideration of personal interests and degrees of power held by people within an organization and in the group of people it serves. Vested interests and social power can interfere with the promotion of certain values.*"

Isaac Prilleltensky, Department of Psychology, Wilfrid Laurier University, Canada

DOs and DON'Ts

DON'Ts	DOs
- Let the same mistake happen twice - Try to show that you're the best performer - Show complacent ignorance - Avoid open debate - Use "I said it, full stop" as your best argument - Try to "fix" people - Stifle initiative - Abuse your power - View your people simply as "labour"	- Know yourself and seek self-improvement - Take the blame when things go wrong - Be technically proficient in your field - Empower your people, be selfless - Be adaptive to changes - Motivate rather than direct - Demonstrate your own integrity - Use reasoning and evidence, rather than unsupported opinion - Give individual consideration

... and realize the resistance to any new ideas

Why We Need Business Ethics

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"This isn't rocket science, folks. One, we substitute code words for substansive ideology. Two, we create misleading advertising. Three, we issue bold pronouncements on phony profit margins. It's all right here in the corporate training manual."

loose values ⇓ **quick money** | CHOICE IS YOURS | **high values** ⇓ **sustainable growth**

Values as a Moral Code for Business

"I'm sorry Bagshaw, but we're going to have to let you go."

The business environment is hostile; there's no chivalry; just a continuous struggle for survival.

Examples of bad business practices:

- The Enron case in USA.
- The Yukos case in Russia.
- The Scandal around Scandia's retirement benefits

In such conditions, your reputation is an asset, that can be converted into money. It's important for enabling sustainable growth. That's why values hold a prominent place both in business ethics and in organization theory.

Following the Trend:
Values Program at AB Nynas Petroleum

- We cooperate and act as one company
- Expect everyone to perform well in his/her role
- Customer intimacy
- Respect and care for people and environment
- We change and innovate to succeed

www.nynas.com

Expecting Everyone to Perform Well in His/Her Role

HE ONLY WORKS PART-TIME .. UNFORTUNATELY IT'S NOT THE PART WHEN HE'S HERE !

"Unless your software engineer is interested in implementing a specific feature in the system and considers his job important, you'll end up with a half-baked product, no matter how much you pay him",

Steve Balmer, CEO, Microsoft

A team of specialists will always outperform a team of generalists

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Customer Intimacy

IT'S ONLY BY CULTIVATING A DEEP MUTUAL TRUSTING RESPECTFUL RELATIONSHIP WITH CLIENTS THAT YOU'LL GET THE CHANCE TO SHAFT THEM MORE THAN THE ONCE!

RIPOFF FINANCE

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Change and Innovate to Succeed

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1972
Ged Davis at Shell conjectured a scenario "Energy Crisis"

1976
Nynas abandoned the fuel branch

CHAFF

"...and, if your idea is so imaginative, innovative and original, why aren't our competitors doing it?"

The Company that Does Not Evolve Risks Extinction

Cooperate and Act as One Company

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Concentrate on fostering relations rather than on engineering "processes"

"WHAT DO YOU MEAN BY, YOUR PEOPLE DO NOT WANT TO GET IN TOUCH WITH MY 'KIND' OF PEOPLE?"

A Value-Driven Organization - Is It an Utopia?

➢ Values are the principles adherence to which is beneficial for other individuals, for the organzation as a whole, and for the community at large. Shared values are a part of your corporate identity.

➢ Values set certain moral or ethic constraints, not legal constraints. Acting against values does not lead to criminal prosecution, but may cause public disapproval of your actions and a depreciation of your intangibles.

What one should be aware of:

- There *always* exist tensions among **v**alues, **i**nterests, and **p**ower (the VIP world);
- There *always* exist tensions among citizen groups, workers, and leaders.

A value-based organisation is meant *to alleviate* these tensions, but *not to eliminate* them all together.

In changing times, vision and values can be the most powerful focus an organisation can have (*Ginsburg & Miller, Management Decision, 1991*).

About the Talker

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