



ALIGNING VISION AND VALUES TO BUILD ETHICAL LEADERSHIP AND BUSINESS CULTURE

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Introduction:

We live in interesting, and damning, times. Despite the efforts of companies to build ethical cultures, the actions of a few who have traded integrity for profits have cast a shadow on all. Never has it been more important for businesses to 'talk and walk the talk' of what they stand for.

Designing and understanding corporate cultures has been an uphill task for leadership and workers alike. Efforts to recognize and study the organizational culture began almost 40 years ago. Herskowitz (1948) viewed culture as 'a construct describing the total body of belief, behavior, knowledge, sanctions, values and goals that make up the way of life of a people'. It is in the context of formation of an organizational culture do values play a key role.

Organizations tend to have cultures of their own, normally evolved over a period of time depending on what the purpose of the organization is and what values it would stand for, which can be either an asset or a liability. Organizational culture can also be an important source of commitment and continuity. On the contrary culture can also be a source of inflexibility and resistance to change. It is therefore imperative to create, nurture and sustain a healthy culture that reflects on organizational performance.

Historically research in this area has focused on understanding and evaluating organizational culture, and not so much on designing processes that enable organizations to develop and manage their culture. At the same time organizations are constantly on a quest to acquire usable concepts about organizational culture.

In the face of continuing corporate breakdowns, it is crucial to address the critical importance of creating ethically viable corporate cultures. It is also imperative for corporate leadership to make an assessment of their organizations' growth and eliminate the risk of corporate scandals. Corporate leadership has to be convinced about creating, nurturing and sustaining ethical cultures because it not only minimizes the risk of breakdowns but actually adds value and creates a competitive advantage for their companies. In fact business ethics cannot be 'taught'. But tools can be developed to address the multiple needs of businesses in creating and sustaining ethical cultures. They will not only keep a check on today's businesses but will help in shaping the next generation of business leaders so that they too are committed to building ethical cultures.

Increasingly, several global companies are realizing that they cannot operate on a long-term basis in the global market without focusing on vision and value-based leadership. This reiterates the point that any work on developing an organizational culture should include vision and values as an important dimension.

The Context:

The context for this analysis is clear. In today's globalized era of business and enterprise, cutthroat competition has risen and business leadership is fast discovering that the only way to survive is to adroitly reshape to the needs of a rapidly changing world. And do it in a way that is globally acceptable. We live in a new era, an era of discontinuous change, where the business landscape changes dramatically, cutting across industries. While business in the 90s continued to increase in complexity, the demanding environment has forced senior executives to juggle ever-shifting priorities to deal with the constant and



accelerating change. In the process of coping with a change so complex in nature, business leadership has to remain focused on its vision and values with clarity and context sensitivity.

The Concerns:

Why were Enron, Tyco Electronics, WorldCom and Arthur Andersen in the news during the past year? A question that has troubled several management minds and strategic thinkers and has been the topic of debate in several leading business schools, besides revealing how hopelessly adrift businesses are irrespective of their size of operations, in today's globalised—and a largely polarized—corporate universe. To say that these corporate disasters were waiting to happen is an understatement. One is surprised that they did not happen earlier, and faster, than when they happened. What really could have happened besides the obvious?

Why did these organizations fall? A deeper analysis would clearly indicate that some of these organizations got carried away by their success and were more intent on satisfying the stakeholders in terms of the dollars and cents that the business brought. Value addition was to them measured in monetary terms. As a consequence the process of conducting the business was ignored. Gradually, greed took over and numbers kept multiplying till the bubble burst. The same investors who praised the CEOs of these organizations for excellent performance did not lose any time in blaming them for the debacle.

Outstanding professionals who possessed excellent skill sets and competencies were managing these organizations. But what they lacked in was an alignment between the purpose (vision) and the process (values). Every individual or organization starts with a clear set of vision and values, as they move forward, especially with a great deal of success, they tend to lose sight of the values that brought them to where they were, or the vision that kept them focused.

In every organization the leadership must be able to enable right things to happen at the right place, at the right time and in the right context, in order to ensure continuous sustainable growth. However, the road to continuous business growth may not be as smooth as seems, what with several critical factors acting as impediments in allowing the leadership to perform its role. One of the most critical factors is the lack of clarity on the vision and values that should govern the organization and fuel its journey towards its ultimate stated purpose. The vision and values of an organization need to be defined well and, more importantly, aligned. For, an imbalance in them will have serious implications. While vision without values is risky, a value without vision goes nowhere and a value with vision is evolution.

With the complexity of global business all the time increasing, there is every possibility for senior leadership to lose sight of the organization's vision and its values apart from their individual vision and values. Their priorities keep shifting and in no time there is chaos. Quick success and quick failure seem to be a new trend, as much of this confusion arises because there is no clarity on the vision and values that the organization should stand by. Importantly, the organizational leadership must ensure that their vision and values are in alignment in any given situation, despite the opposing forces. Which means that the leadership will have to respond to the following basic questions at any point of time in the life cycle of the organization.

- Where to go?
- How to go?
- Why one wants to go to where one wants to go?
- What one wants to do?

If one looks at these questions deeply one would find that each question gives rise to an important component of organizational existence and direction. Let us see what the clarity one would get while attempting to respond to these questions is. The response to the first question 'Where to go?' would give clarity on the goal or vision which is the end point of an organization's or individual's objective.



Briefly let us understand what vision means. Vision is not just an objective or a goal but something more than that. It is the power of attempting to see the future...the ability to think about or plan the future with great imagination and wisdom. It is different from goals and objectives. For instance, an objective is a part of a goal, every goal comprises of many objectives. A few goals together form a vision. Goals can differ from person to person. But when one talks of a vision, there is an 'ultimateness' to it. It is what one wants to achieve in a long, long time... at least not immediately. Having a vision is not limited to individuals alone, even organizations need to have a vision, as is evident in grandiose organizational mission statements.

A vision also gives meaning to every action of the individual and the organization, like a lighthouse that guides us. It must be attainable. It is also like the horizon that keeps stretching beyond the limits and boundaries. A vision can never be totally attained, because the essence of every vision is perfection and perfection can never really be attained. A vision also gives a lot of scope for defining realms. It is not restricted to specific aspects of development or any one facet of the organization. It operates at multiple levels. And, within an organization every employee must define and align his vision to the organizational vision and continue his quest for perfection.

A vision is something that is etched in stone. It does not change with time. A vision is not only inspiring but it is also inspired. A vision also has to have a competitive edge. But it must also be able to transcend competition and look at evolution.

The response to the second question 'How to go?' will provide insight on the kind of values that would guide the actions of individuals and organizations to move in the set direction. This would determine the means to achieve an end.

Let us understand what values mean. They are subtle beliefs and life principles that get indoctrinated into the human psyche over time. They give meaning to every purpose through feeling. Simply put, values are the compass that guides one to one's ultimate destiny. Any time one has difficulty making an important decision, one can be sure that it is the result of being unclear about one's values.

The response to the third question 'Why one wants to go?' will give a deeper understanding of the goal and the appropriate means to be adopted to achieve the goal. The lack of clarity at this level will definitely lead to a lot of value conflicts as one is unclear on why the organization or the individual wants to achieve what they have set out to achieve.

Clarity is a response associated with any question. One undertakes any activity based on the likely expectations and outcomes and the value or benefit they hold. Complete awareness and full knowledge of the dynamics of an action – consequences included – defines clarity.

For instance, let us take the case of two individuals who have set a materialistic goal of wanting to earn a million dollars in a period of one year, who set out working on accomplishing the objective. They are also clear on their values; that is how they will earn this amount. But both have not spent enough time figuring out why they want to earn the million dollars. What is bound to happen in such a situation is, when they accomplish their goal of earning a million dollars, they will be confused about how to use the money. In all possibility, they will be indecisive or take wrong decisions. Lack of clarity on purpose, therefore, will lead to distractions and result in decision-making that is not in line with the long term vision of the organization or the individual.

The fourth question 'What one wants to do?' will give an insight into the context. But one can be sensitive to a given context only when one has the clarity to the responses to the first three questions.

Context is the framework within which one carries out an activity. A context-less activity is like a lost action, rudderless and meaningless. Context is a support to understanding, a situation that facilitates closeness to comprehension and appreciation.

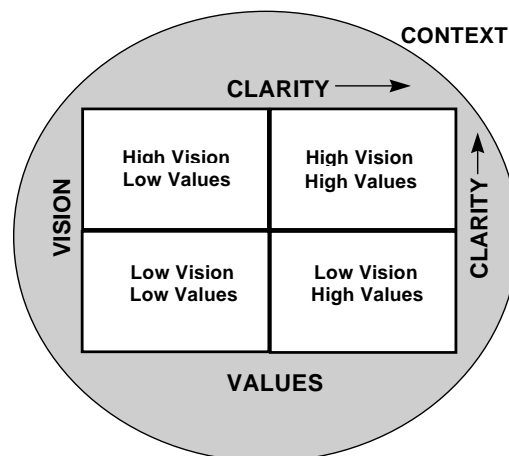
Therefore, the four key words that emerge in the process of responding to these questions are: vision, values, clarity and context. Each of these words is powerfully interconnected and any imbalance will lead to undesirable consequences, be it in the organizational or personal sphere.

These questions appear simple, but are profound. The clarity of purpose and context is what differentiates good from bad, right from wrong and inferior from superior. The two questions are fundamental in nature and only clarity about them will infuse the required impetus to propel the organization in its charted path. Clarity on purpose and process are the main factors that influence organizational well-being and differentiate a successful organization from a mediocre one. While the former indicates the destination one wants to reach, the latter provides the path and clears the route that the organization needs to take.

Leadership styles:

The illustration below gives idea of the various combinations possible. Mapped against clarity of vision and values in a given context, the leadership can have high vision and low values, high vision and high values, low vision and high values and low vision and low values.

Illustration 1: Leadership styles



Each of these four leadership styles has distinctive characteristics. A brief view on each of these styles is given below while a detailed analysis is presented in the appendix.

Illustration 2: Brief view on each of the styles

<p>High Vision Low Values</p> <ul style="list-style-type: none"> - Survival of the fittest - Ends justify means - Self-centered - Master game player 	<p>High Vision High Values</p> <ul style="list-style-type: none"> - Change is way of life - Principle centered - Trendsetters - Leaders
<p>Low Vision Low Values</p> <ul style="list-style-type: none"> - While in Rome be a Roman - Shortsighted - Comfortable following established paths 	<p>Low Vision High Values</p> <ul style="list-style-type: none"> - Believes his way of life is 'the' way of life - Form-centered - Externally-driven

While it can be argued that these leadership styles are not absolute they are, in essence, commonsensical and true. Jack Welch, the legendary CEO of General Electric, has intuitively classified these four leadership styles into four types of managers, and gives an indication as to how the top leadership of the company should deal with them.

Illustration 3: A corollary to Jack Welch’s types of managers

<p>High Vision Low Values (Type 4)</p> <ul style="list-style-type: none"> - Managers deliver on commitments - Do not share the values of the company 	<p>High Vision High Values (Type 1)</p> <ul style="list-style-type: none"> - Deliver on commitments - Shares the value of the company
<p>Low Vision Low Values (Type 2)</p> <ul style="list-style-type: none"> - Does not deliver on commitments - Does not share company’s values 	<p>Low Vision High Values (Type 3)</p> <ul style="list-style-type: none"> - Does not fulfill commitments - Shares the company’s values

Type 1 managers are those who deliver on commitments and also share the values of the company. Their futures are an easy call: “Onward and upward.” These are high vision–high value leaders who, apart from ensuring their growth, also ensure the organization’s growth.

Type 2 managers neither deliver on commitments nor do they share the company’s values. Their future is an easy call too: “Out of the door they go.” These are low vision–low value leaders who neither add value to themselves nor to the organization and eventually court failure.

Type 3 managers do not fulfill commitments but share the company’s values. Welch believed in giving them a second chance, in a different setting. These are low vision-high value leaders who demonstrate character more than competence, but hardly realize that they are not able to move the organization in the required direction. They lose their ability to influence and eventually the organization stagnates.

Type 4 managers deliver on commitments, but do not share the values of the company. They are high vision-low values individuals who improve the bottom line of the organization without realizing that they have ruined the foundation [of the organization] in the process. Their success is widely appreciated until they are caught for flouting the rules.

Jack Welch, and General Electric, believed that while Type 1 managers have to be retained, Type 2 managers have to be shown the door, and Type 3 and Type 4 managers have to be given a chance to move into the Type 1 space. While others take different views on the way of handling each of these type.

The Challenge:

The challenge in today’s corporate world is in identifying these styles in leadership and enabling the leaders from every other quadrant to move into the high vision-high values space. It is easier said than done, but this is what separates ordinary leadership from extraordinary leadership.

These apparently conflicting leadership styles, or managerial types, are present in every organization in good measure. While some of them focus on the vision others focus on the value, without ever realizing that neither of them can exist without the other. To understand this further let us consider the hypothetical case of two leaders working in different departments of an organization. Leader-A is strictly quality conscious and lacks the foresight of time and related factors. He is typically a high values-low



vision leader. Leader-B is more bottom-line driven who does not mind bending the rules a bit. He is a low values-high vision leader. Both are likely to get into conflict when there is an issue of quality, because of which delivery is rendered not possible. The high vision-low values leader somehow wants to ensure delivery, to achieve his targets, seemingly insensitive to quality considerations, while the low vision-high leader turns insensitive to the need to achieve targets, focusing instead on quality.

The illustration underscores the point that each group needs to be given a better idea of the philosophy of the other group(s). It can lead to a process of integration thereby enabling both groups to move towards the high vision-high values space. That would mark the beginning of a lasting organizational revolution. Every such conflict is an opportunity for navigating the organization towards its objective, with the leadership learning valuable lessons along the way.

The movement from any other category to the high vision-high values space will be lasting if the change arises out of realization, and not merely out of knowledge. The change has to happen at the 'causal level' than at the 'effect level'. This is precisely what Robert Pirsig states in his much-read book, 'Zen and the art of motorcycle maintenance'.

Rise and Fall of Organizations:

When we look into the life cycle of organizations their rise and fall have been predominantly due to the fact that the organizational leadership has tended to lose sight of the organization's vision and values. Most of the turnaround strategies, therefore, are aimed at realigning the vision and values within the organization.

Every organization, whether for profit or not, has to wrestle with the vexed issue: 'In the organization what should change and what should not.' The heart of the matter is really to distinguish between the timeless core values and the day-to-day operating principles. Take the case of Enron, for instance. The conflict that seems so obvious now was unapparent to the top leadership then. So much so, Kenneth Lay had to bear the entire burden of the disgrace that tore the company apart. It was because, as management experts put it, 'Enron failed to realize that its core values should never change while its operating practices should never cease to change.' What they simply mean is Enron should not have compromised on values to achieve its vision. The alignment was, obviously, missing.

IBM's turnaround strategy predominantly concentrated on refocusing its vision to align with market needs. The downfall in the first instance was because IBM lost sight of its vision, blinded by the stupendous success it achieved.

Ultimately, the question that every leader should ask him is not *whether* there is alignment between vision and values, but what is the *extent* of that alignment. When this question is addressed to the total satisfaction of the leadership the growth of the organization is assured.

The process of aligning vision and values: The Vision-Value Instrument

The Vision-Value tool is an instrument that measures the extent of misalignment of vision and values in an individual and establishes the current location of the individual on the grid. It is a forty item instrument also aimed at measuring the clarity on vision and values. It has been developed by Dr J M Sampath. In developing the instrument the author has used the method of Summated Rating Scales developed by Rensis Likert (1932).

Process of developing the instrument:

An exhaustive survey of relevant literature was carried out and a list of statements reflecting on the basic premise and the four key concepts were prepared. The list of statements was scrutinized and



consolidated. The list of statements, revised by the author in consultation with research experts and a number of corporate executives, constituted the first draft of instruments. The draft instruments were pre-

tested with a sample of executives. The scores on items were subjected to inter-item correlation analysis. The items with significant coefficients of correlation were deleted. Thus final drafts of instruments were prepared which were again pre-tested to determine its reliability.

Reliability of instrument:

To test the reliability of the instruments Alpha and Split-half (Spearman-Brown and Guttman) coefficients were calculated. The results are presented in the following table.

Table 2: Reliability Index chart

CLARITY ON VISION	RELIABILITY INDEX
Alpha	0.7924
Split-half (SPEARMAN-BROWN)	0.7412
Split-half (GUTTMAN)	0.7212
CLARITY ON VALUES	RELIABILITY INDEX
Alpha	0.5884
Split-half (SPEARMAN-BROWN)	0.8055
Split-half (GUTTMAN)	0.8055

Validity of instruments:

The face validity of the instruments appears to be fairly high as only those items have been selected for which there was a high degree of agreement between the author, executives and research experts. Further, the content and face validity was established by the author using the method of known groups, validated against ratings by self and others. This has given a high consensual validity to the instrument.

The uniqueness of these instruments is their ability to assess the extent of clarity on vision and values covering various dimensions. The instruments were administered and subjects were asked to respond to each of the statements on a seven-point scale. The responses to various items are scored and the total scores of each subject are computed. The total scores depict the extent of clarity on vision and values.

The tool presents the location of the individual in the vision-value grid and describes the predominant characteristics of the individual in the current state of being. It also provides the focus area for immediate action.

Illustration 4: Sample vision-values grid

VISION VALUE GRID

		HIGH	
		HIGH VISION LOW VALUES	HIGH VISION HIGH VALUES
			*
V I S I O N		*	*
			*
	*	*	*
	*	*	*
		LOW VISION LOW VALUES	LOW VISION HIGH VALUES
		LOW	HIGH
		VALUES	

Using the tool and evaluating the senior leadership to gain clarity on their existing locations and working out an action plan and to enable those outside the High Vision, High Values space to get into the High Vision, High values space is critical to the vision-values alignment process. General Electric spends a considerable amount of time and resources in this process of aligning vision and values of its senior executives using several intervention processes. The vision-values instrument outlined here is a process that has evolved out of several years of research. This tool can be effective in identifying the location of an individual within the given group and initiate the process of coaching them to work towards moving into the high vision, high values space.

Conclusion:

Continuous alignment of vision and values through ethical leadership would result in evolving a business culture, which would nurture excellence and larger well-being, which would further become the foundation for building a lasting organization.

Ethical leaders – it is important to be effective leaders too - are driven by a singular vision, not of what is, but of what is to become and they make sure that everyone around them understands and buys into that vision, and navigate through the maze of chaos to achieve an alignment between their vision and values. Like Mohandas Gandhi, Winston Churchill and Martin Luther King, who were not merely leaders but navigators; men who negotiated the nuances of life; pilots who pursued their goals to perfection. It is therefore imperative for leaders to turn navigators and to create an environment, and a process, which enables people to identify misalignments and eliminate the causes.

Ethical leadership and vision driven business cultures are catalyst processes that guarantee lasting organizational success, especially in an era of fragile corporate existences. Ultimately effective



organizational leadership is an alignment of vision and values, and an effective leader has to have high vision and high values, clarity on purpose and context sensitivity.

Endnotes and References:

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Appendix:

Profile of Leadership qualities

Profile	Low vision - Low values	Low vision - High values	High vision - Low values	High vision - High values
Vision	No vision	No clarity on vision	Focus on vision only	Clear focus on vision along with values
Values	No convictions or values	Strong values	No conviction or values	Principles centered and values driven
Initiative	Low initiative	Externally driven	Externally driven	Internally driven
Leadership	Followers	Value keepers	Game players	Leaders
Influence	Can be easily influenced	No exploration	No exploration	Introspective and influential
Context orientation	Context insensitive	Out of context	Out of context	Context sensitive
Convention	No convention	Conventional	Unconventional	Highly progressive
Commitment	Can't say	Is committed when in line with values	Is committed when in line with vision	Is committed only when in line with vision and values
Driven by	Others	Values	Vision	Vision and values
Ego	No ego	Egoistic	Egoistic	Humble
Flexibility	Flexible out of ignorance	Rigid	Rigid	Flexible out of awareness
Learning	No introspection, no learning	Arrogant out of being right	Power driven hence arrogant	Process driven hence humble
Response	Reactive	Reactive	Reactive	Proactive
Conviction	No convictions or values	Strong conviction	No conviction	Principles centered
Certainty	Wants absolute certainty	Deals ambiguity with resistance	Does not bother about ambiguity	Finds solutions out of ambiguity
Options	Zero self options	Few options	Few options	'n' Number of options
Tradition	Mixed up tradition	Traditional	-	-
Orientation	Comes from the past	Lives in past	Lives under constant threat	Lives in present.
System	Just follow	Stagnates	Degenerates	Creates