



Uniwersytet Ekonomiczny
we Wrocławiu

**THE IMPLEMENTATION OF MANAGEMENT BY VALUES
IN ENTERPRISES – CURRENT STATUS AND THE DIRECTIONS FOR
CHANGES**

SUMMARY OF DOCTORAL DISSERTATION

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Research gap and rationale for the topic selection

The scientific problem raised in this paper **concerns the effective implementation of the concept of management by values (MBV) in economic practice**. It was decided to take up the problem formulated in this way for several important reasons. **Firstly**, although for years the problem of values and their significance in achieving success by an organization has been addressed, the authors have conducted or are performing research within various contexts (e.g. conceptual, methodological, cultural, temporal). The source literature does not offer comprehensive studies discussing MBV. **Secondly**, the presented guidelines regarding methods for managing by values are highly general. So far, surprisingly scarce empirical research covering this issue has been performed, primarily in terms of the studies providing the possibility of comparing MBV functioning between different enterprises. **Thirdly**, the topic is still relevant, requires in-depth research as well as taking into account the transformations occurring in the environment and inside enterprises. Organizations have turned into complex and dynamic systems operating in the conditions of ongoing changes and interactions with their environment. **Fourthly**, the observation of economic practice suggests that a more design, engineering oriented (focused on specific, proven tools) approach to the subject of MBV is required. **Fifthly, the absence of research discussing the scope of implementation and the obstacles** to the implementation of the analysed concept is noticeable, especially in the context of a larger number of organizations, since the existing research has mostly focused on the single case studies.

Objectives and structure of the paper

The main cognitive-empirical goal of the dissertation is to provide answers to the following research questions:

- what kind of shortcomings occur in enterprises in the process of management by values implementation?
- what are the future challenges faced by an organization in the context of the existing barriers and problems related to management by values?

The conceptual-postulative goal is focused on developing guidelines referring to the methods for approaching the identified shortcomings in practice and allowing the challenges to be met. A design oriented approach has been proposed in this case. Such approach organizes the tasks and responsibilities related to the process of implementing changes. Although a discussion is being held about a cultural change in an organization resulting from the

implementation of projects, the project oriented approach is rarely explored in the context of implementing changes in the intangible areas of company operations.

The intermediate stages aimed at achieving the dissertation objective to which the structure of the study was subordinated, were as follows:

- presenting the multidimensionality of the definition of value,
- determining the function of value in human life, both in its private and professional sphere,
- discussing values as the components of organizational culture,
- characterizing the origins underlying the concept of management by values,
- quantitative and qualitative analysis of the publications addressing management by values,
- indicating the source literature guidelines referring to the implementation of management by values,
- review of the examples related to MBV method implementation in enterprises presented in the literature,
- review of the concepts developed on the foundations of MBV, with particular emphasis on corporate social responsibility (CSR) and sustainable HRM,
- addressing the form, paradigms, strategy and time range of the research process,
- characteristics of the applied research methods,
- determining the scope of MBV implementation in organizations – including the respective shortcomings,
- analysing the opinions of respondents referring to the impact exerted by MBV on the organization's performance,
- identification of barriers to MBV implementation and improvement,
- analysis of the longitudinal case study highlighting the stages of the analysed concept implementation as well as the activities undertaken within the framework of MBV improvement,
- developing the formula of conduct in the implementation process (assumptions of the implementation project) and MBV concept improvement,
- developing tool oriented guidelines related to the identified problems and challenges.

The dissertation consists of an introduction, three chapters and the final part. The first chapter covers the theoretical background of the study. The second chapter discusses the methodological base for the conducted scientific analyses as well as the results of empirical

research. In the last chapter, the author presented both implementation and tool oriented guidelines.

The first chapter, focused on the literary approach, is of an introductory nature. It specifies the concept of value, with particular emphasis on its multidimensionality. The author presented the reasoning about the values occurring in organizations, analysing the factors influencing their choice, as well as the functions they performed. Simultaneously, the MBV concept was characterized in detail. Its origins and development were described, including the concepts which emerged based on its foundations, such as CSR and sustainable HRM. Both the quantitative and qualitative analysis of the publications devoted to management by values was addressed. The author – as part of the synthesis covering previous achievements accomplished by researchers – presented over a dozen of the analysed concept implementations, as well as guidelines for MBV implementation referred to in the source literature.

The second chapter discusses the assumptions of empirical research conducted to achieve the goals of the study. The applied research methods were characterized, i.e. individual in-depth interview supported by a single case study, and the research sample was also described. In its further part, chapter two presents the results of scientific analyses. In this section the detailed findings of the qualitative research carried out among the surveyed organizations was outlined. The scope of this method awareness among the managerial staff in charge of HR departments was highlighted and attention was paid to the level of MBV implementation. The barriers which appear in the course of MBV implementation and improvement in the analysed enterprises were presented as well. In this chapter, the author also described the implementation process and the activities undertaken as part of MBV in an enterprise representing the recruitment sector. A single case study supplements the conducted research based on the Individual In-Depth Interview (IDI).

In the final – **third chapter** – an attempt was made to develop practical guidelines for the implementation and improvement of management by values in organizations. For this purpose, a comprehensive, detailed model scheme of MBV implementation was constructed. Directions for the improvement of the MBV tool layer were also proposed, taking into account the changes occurring in the labour market, which were identified in the research process as the primary challenges. Inspired by the scientific literature in the field of project management covering the area of human resource management, an original project card was proposed, a comparison of goals with the planned implementation time, personnel resources and the expected project effects. They constituted the basis for the analytical development of two key

projects, namely defining organizational values and motivating based on the application of gamification elements.

In the **final part** of the dissertation, the author described the methods using which the scientific problem formulated in the presented dissertation was solved. At the same time, attention was devoted to the originality of the study, against the background of scientific literature along with emphasizing the author's original solutions. Certain limitations related to the research process were also indicated and the directions for further research were suggested.

Research methodology

In order to achieve the purpose of the study, the following scientific methods were applied: **the review of domestic and foreign literature, empirical research using in-depth direct interviews and a longitudinal case study.**

Taking into account the characteristics of the addressed subject matter, in the dissertation the empirical research was based on a **qualitative approach**. The selection of such a research approach was connected with the author's desire to thoroughly understand the functioning of MBV in the practice of enterprises. Qualitative research, based on inductive reasoning, due to the analysis and identification of the problem, allows its better comprehension and understanding.

The enterprises associated in the Polish-German Economic Circle (DWK Poznań) constituted the subject of the conducted research. When selecting the sample for in-depth interviews, the author was guided by the following premises: the convenience criterion (availability of the surveyed group), the criterion of key cases (focus on organizations employing managers and HR directors presenting extensive knowledge in the analysed area) and the criterion of representativeness (ensuring diversity of the analysed organizations and therefore, reflecting the characteristics of the studied group of enterprises associated in DWK).

In-depth interviews were conducted with managers/directors of HR departments in the surveyed enterprises. When providing justification for the selected method, the author highlighted that the Individual In-Depth Interview represents an insightful conversation conducted by a moderator who, using a scenario defining the threads of the interview in detail, collects information from the respondent which allows acquiring in-depth knowledge regarding the issues of interest. IDI gives each participant the sense of being an expert in a particular field, rather than just one of many respondents ticking off the selected answers in the quantitative interview questionnaire or one of several participants in a group discussion. This feeling is especially important when dealing with difficult problems, which certainly include values. The

application of the method consisting in individual in-depth interviews was also dictated by the fact that the surveyed population of enterprises – DWK members, remains relatively small.

The conducted in-depth interviews were supplemented by the **longitudinal case study** of an enterprise representing the recruitment sector, which implemented MBV. Its main task is mainly to allow conducting an in-depth and comprehensive analysis of a specific case, along with the context of its functioning in practice. The most important factors justifying the choice of a single case study method include: the durability of the analysed phenomenon, its uniqueness, its typical or innovative nature, especially when the case is critical from the theoretical perspective.

As a result of the case study method application, the process of implementing the analysed method as well as its improvement over time was examined in detail in the dissertation. The study allowed recognizing the conditions of MBV implementation from the very beginning of the enterprise functioning. The added value of using this research method was the **identification of several original implementation tools**.

Synthesis of the study results

In order to discuss the problem of management by values, the author first analysed the concept of value. Based on the studies of world literature, covering the disciplines of science ranging from philosophy to the science of management and quality, the essence of value was characterized. For this purpose the author used a comparative analysis and prepared compilations aimed at illustrating the multidimensionality of the analysed concept, which contributed to the systematization of the conceptual apparatus.

The formulated goal of the dissertation required an unequivocal definition of the concept being management by values. There is no a universally adopted definition of this method in the scientific literature. At the same time, according to the author of the presented study, none of the existing definitions is a complete one. Therefore, for the purposes of the dissertation, the author created and adopted the following definition: ***Management by values represents an orderly arranged, systematically performed process of identification, implementation, adjustment and consolidation of values in an organization. It combines the core values of an organization with its strategic goals, taking into account the values recognized as important by employees, customers, owners and other relevant stakeholder groups. MBV includes management activities focused on values and consistently practiced in all areas of the enterprise functioning.*** In the author's own definition of MBV, attention was drawn to the obligatory presence of several important elements:

- having the nature of an orderly arranged, systematically implemented process, which consists of four stages, namely: identification, implementation, adjustment and consolidation of values in an organization,
- combining the core values of an organization with its strategic goals, however, taking into account the values which have been recognized as important by employees, customers, owners and other relevant stakeholder groups,
- alignment regarding both operational and declared values,
- covering value-oriented management activities,
- consistent practice in all areas of the enterprise functioning.

Since the basis of management by values is the assumption that employees remain the primary stakeholders of an enterprise, the author concluded that the **tools for adjusting and consolidating value should be sought in the process of human resource management (HRM)**. In the author's opinion, this approach enables the enterprise to function as an open system, owing to the use of a network of connections between employees sharing common values. At the same time, it prevents forcing the desired behavior, traditionally based on an instrumental approach.

In the source literature, the MBV notion is assigned such terms as the concept, process, method, sequence of activities, scope of activities, a set of correlated managerial activities, management tool, management philosophy and practice, or even a set of measures increasing the awareness and understanding of value in an organization. After an in-depth analysis of the scientific literature, the author arrived at a conclusion that the idea of MBV is the closest to the concept of management functioning primarily as part of a positive management orientation. He also pointed out that the term "concept" should be used, in particular, when discussing the origins of MBV idea and the respective considerations are undertaken at a very general level. However, using the "management method" term should also be considered appropriate, paying particular attention to separate, within MBV, stages of determining and implementing value and improving the entire MBV process. The analysis of source literature also allowed comparing MBV and management by organizational culture (MBOC). It was adopted that MBV is an important component of MBOC, which, being a broader and more general approach, established the theoretical base and the scientific foundation for management by values.

The basic assumption of MBV comes down to the fact that the achievement of the desired result is determined **not by the declarative values, but the ones which have actually been implemented and function throughout the organization (so-called operational**

values). It is not a great accomplishment to proclaim values. The actual success is their consistent implementation and application in every business situation that comes across. Only the values adhered to on a daily basis bring about tangible results. Therefore, the process of introducing the MBV concept followed by maintaining the coherence of activities and their improvement is of crucial importance in this case. For the management by values to function properly, it has to be implemented in the long-term perspective, in all areas of the organization, and above all within the framework of HRM. Maintaining value as a compass for business in the long run is certainly not easy and requires consistency. Determined and strong leadership as a role model remains essential.

Having analysed the scientific literature, the author came to the conclusion that MBV has acquired a new dimension through the development of other management concepts based directly on its foundations: corporate social responsibility (CSR) or sustainable HRM. At the same time, it was observed that none of the authors have come with a comparison of these three concepts, despite the fact that each of them is based on defining values (along with emphasizing the non-economic ones) important for various stakeholders, followed by putting them into practice in an enterprise. Especially the last of the aforementioned ideas influenced the extensive spectrum of activities and the organization's impact on the life of present and future generations, emphasizing the significance of social and environmental values. Thus, the dissertation not only introduces the problem of management by values, but also, in order to illustrate a broader context, identifies the existing correlations between MBV and other concepts. The author recognized that the analysed concepts – being a response to changes both in the environment and inside enterprises – use the approach typical for MBV, at the same time specifying the values that should be cared for by organizations (such as, e.g., natural environment), which represents the original contribution to the development of the scientific discipline.

By attempting to compare the concepts of MBV and CSR, the author arrived at a conclusion that they are inherently correlated, showing much more similarities than differences. The distinguishing characteristic of CSR is, firstly, paying attention to social welfare, including the environmental issue. The enterprises which implemented this concept are obliged to undertake social issues and, moreover, are characterized by responsibility. Another important element taken into account in the case of CSR is the common employee volunteering and ethical behavior. The remaining comparable elements appear in both concepts as a rule, however, with different intensity. For example, the same groups of stakeholders are involved both in management by values and in corporate social responsibility, however, in the case of CSR

greater emphasis is placed on external stakeholders. It is also worth highlighting that none of the compared aspects appears purely and simply in one of the analysed concepts, thus suggesting conceptual closeness and correlation of both notions.

In turn, when comparing MBV and sustainable HRM, there is no doubt that both concepts interpenetrate. MBV allows implementing the idea of sustainable development as well as sustainable HRM. As the conducted analysis shows, sustainable HRM is primarily characterized by a broader approach to stakeholders, whereas MBV refers to four groups of stakeholders, sustainable HRM, through the actions performed by employees, actually affects the entire humanity. The second important element taken into consideration in the case of green concept is the long-term perspective. It is focused on how our current actions are going to affect the lives of future generations, and not just the present one. The other elements may appear in both concepts, but with diverse intensity. For example, caring for the environment may stand for one of the values adhered to by companies; in the case of sustainable development concept, however, it is an obligatory component. None of the aspects is present in one of the analysed concepts alone, thus confirming to what extent they are related to each other.

After conducting a comprehensive analysis of 413 items from the scientific literature in the field of values, and next the concept of management by values as well as the related concepts based on such values as CSR and sustainable HRM, the author presented the main conclusions. Firstly, the author indicated that a typical MBV implementation takes place as a sequence of several events, namely: defining values by the owner or the management board, followed by communicating them only among the internal stakeholders and internalizing values by including them in the recruitment process. The analysed examples provided a **fine, cross-sectional picture of the implementation barriers** faced by organizations. First of all, the absence of MBV implementation as an ordered, systematic process was identified. The adopted values, in some cases, indeed, took into account external stakeholders, but were not agreed with them. A conclusion was also put forward that MBV is not practiced in all areas of enterprise operation.

In addition, the analysis of the source literature allowed the author **to demonstrate numerous benefits resulting from the implementation of MBV**. Many studies have confirmed that the companies which implemented the discussed method, on the one hand, did achieve the cost-reduction benefits, such as: higher emotional involvement of employees, lower staff turnover, increased stability of operations, recommendations or lower costs of acquiring new business partners. On the other hand, attention was drawn to the occurrence of numerous benefits that directly or indirectly increase revenues, for example: higher efficiency of

operations, increased customer loyalty, stronger competitive position and greater trust. The answers collected from the respondents in the course of in-depth interviews correspond to the presented findings.

Due to the above, the author concluded that defining values followed by adjusting company operations to these values enhances achieving positive results in business practice. In addition, he pointed out that it is the employees, who constitute the foundation of enterprises, decide about the success of any venture, regardless of whether it refers to, a start-up or an international corporation. Owing to the adopted values, employees feel one, they are more involved, and as a result, the employer can take full advantage of their potential, passions and talents. Even though different studies indicate various sets of “effective” values, researchers agree that a well-coordinated team, sharing common values as a background, is more effective and, thus, achieves better results, providing its organization with a competitive advantage.

The author of the dissertation noticed that CSR and sustainable HRM clarify MBV to some extent, defining more specific directions for shaping value. At the same time, he indicated the literature gap, mainly the absence of a comprehensive approach to MBV. Many literature items are of postulative nature rather than based on empirical research. In turn, other items lack tool oriented guidelines, and also no research has been carried out on the impact of MBV on the strategy or the financial results of enterprises. In some cases, the authors based their considerations on the theoretical case of a company and the entire study is of a conceptual nature. The majority of such items were published at least a decade ago, and therefore do not contain many of the latest, significant results of scientific research carried out in the country and abroad. Hence, some of the presented studies have become obsolete because the circumstances related to the functioning of organizations change dynamically, which, in turn, contributes to a change in the values themselves over time. In the analysed studies, no attempt was made to analyse the concept of CSR and sustainable HRM which, based on values, represent a significant development of MBV; the substantive aspect of values in human life has not been analysed, and also the potential implementation barriers of the method have not been identified in detail. Many items lack theoretical background, with a simultaneous shortage of research findings from abroad.

In order to identify the above-mentioned deficiencies, the **empirical research** was conducted in the form of in-depth interviews with directors and managers of HR departments of the organizations associated in DWK. Focusing on the answers to the **first research question, the following shortcomings in the implementation of MBV were detected:**

- no formalization of the provisions concerning the main values, especially in small companies. Failure to write down the essential values makes clarifying and interpreting them impossible, which should be supported with practical examples,
- failure to agree upon organizational values with external stakeholders,
- no implementation of MBV as an orderly arranged, systematic process,
- understanding the implementation of MBV in the narrow sense of a closed project, the implementation of which is usually performed according to three stages: defining values by the owner or the management board, communicating among internal stakeholders and their internalisation only in the recruitment process (although without applying a competency profile that would define the desired employee characteristics and attitudes in detail),
- inconsistency in the functioning of values at the declarative and operational level,
- failure to practise MBV in all the areas of enterprise operations,
- value is not of significant importance in the periodic appraisal of employees' performance.

An important aspect of the conducted empirical research – corresponding to **the second research question** – was **to identify barriers and challenges** related to the implementation of MBV. Most of the respondents reported **a problem with a different approach to values by the representatives of different generations**, with particular emphasis on younger generations. A direct impact of the approach to values regarding employee involvement was noticed. **Adapting to changes, underestimating the importance of value and treating the MBV method as a one-off event** also seem to pose a challenge. A certain correlation was observed between the implementation barriers and the size of an enterprise. Small organizations did not report any barriers.

As a result of the identified shortcomings related to the implementation of MBV – resulting both from the analysis of case studies presented in the source literature and from the author's own research taking the form of in-depth interviews – the study proposed solutions the role of which was, on the one hand, contribute to the perception of MBV as a continuous process and, on the other, increase employee involvement in MBV. **They confirm the realization of the conceptual-postulative goal of the dissertation.**

A comprehensive scheme has been presented, assuming, in accordance with the definition adopted in the dissertation, that MBV is an endless process consisting of: initiation and implementation of the project aimed at defining organizational values, execution of

implementation projects, ensuring consistency, consolidation and improvement of the processes within MBV. Diagnosis is the final element of the process. Its task is to determine whether the tool layer should be improved or the values followed should be updated. While discussing the practical implementation guidelines, many solutions were presented, such as **recommendations regarding the selection of tools dedicated to the selection of appropriate candidates**, including a list of several tests verifying the values represented by employees.

An **example of the project aimed at defining organizational values** has been presented. A tool illustrating how to prepare and carry out such a project in an enterprise step by step has been developed. Its universal nature results from the fact that it is useful for the organizations which have not defined such values and for the enterprises planning to redefine the already functioning organizational values. In turn, bearing in mind the importance of employees' involvement and motivation, in response to the challenges identified in the dissertation, the author developed the assumptions of the project focused on **motivation through gamification**.

Summary

The main **cognitive-empirical goal** of the dissertation was to provide answers to the research questions: what kind of shortcomings occur in enterprises in the process of management by values implementation and what are the future challenges faced by an organization in the context of the existing barriers and problems related to management by values.

Referring to the first research question, the author identified many deficiencies in the implementation of MBV in economic practice, highlighting primarily such factors as: the absence of formalization in the provisions regarding the crucial organizational values and failure to agree upon them with external stakeholders, as well as the implementation of MBV in the narrow sense of a closed project, rather than an orderly arranged, systematic process. Among the significant shortcomings the following were also listed: inconsistency in the functioning of values at the declarative and operational level and failure to implement MBV in practice in the all areas of enterprise operations.

As a result of the conducted empirical research, barriers and challenges related to the implementation of MBV were identified, constituting the answer to the second research question posed in the dissertation. A different approach to values by the representatives of different generations, with particular emphasis on the generations Y and Z was indicated as the

most important problem. At the same time, a direct impact of the approach to values on employee involvement was noticed. The following challenges were also observed: adapting to changes, underestimating the importance of value and treating the MBV method as a one-off event.

The presented dissertation contributes to the theory of management science in the following way:

1) In the theoretical part of the dissertation:

- bibliometric and qualitative analyses were presented and numerous comparisons based on literature sources were introduced, contributing to the synthesis of scientific knowledge (e.g. a comprehensive list of definitions covering the concept of “value” in seven scientific disciplines; results of the frequency analysis regarding the occurrence of specific values in previous studies, comparing declarative values “the world vs. Poland”; systematizing the following notions: concepts, methods, tools and techniques of management; comparing MBV and management through organizational culture; a list of benefits related to the implementation of management by values; identifying MBV implementation barriers; listing paradigms along with their characteristic features). Within the framework of synthesizing the achievements accomplished by previous researchers, the author presented a dozen or so examples of the discussed concept implementation and prepared the analysis of the declared organizational values including the correlations of the defining elements presence in the description of MBV process,
- the author’s own definitions were introduced, which comprehensively cover the analysed phenomena (e.g. the definition of MBV and organizational values). Based on a detailed analysis, it was concluded that MBV can be approached as a concept or a method of management,
- to the best of the author’s knowledge, a comparison of MBV with CSR and sustainable HRM was performed for the first time in the scientific literature,

2) Next, in the course of the empirical research:

- it was determined what kind of declarative values are followed by the examined entities,
- different approaches to values by employees representing different generations were identified,
- the methods of defining values followed by the companies participating in the study were specified,

- the ways of communicating values to employees were identified,
- it was established whether enterprises are managed by values in practice,
- the types of activities related to management by values and implemented in organizations were analysed,
- the extent to which values function in practice was determined,
- barriers and challenges related to the implementation of MBV in organizations were compiled,
- the positive impact of following the values and MBV implementation on the effectiveness of enterprises was verified,
- the original MBV implementation tools were identified,
- future challenges for an organization were listed in the context of the existing barriers and problems with management by values,
- correlations in the presence of MBV definition elements were observed, resulting from the comparison of the conducted research with the definition adopted in the theoretical part,
- all research findings were compiled and compared with the results of previous source literature achievements and also the empirical research carried out by other researchers.

It should be emphasized that the research results allow concluding that the theoretical and empirical goals of the dissertation formulated by the author have been achieved.

The **conceptual-postulative goal** of the dissertation was to develop guidelines referring to the methods for addressing the identified shortcomings in practice, which allow meeting the challenges. In connection with the above, the author made the original, practical contribution by proposing the following solutions as part of the conceptual layer:

- the author's original, comprehensive model scheme for the implementation of MBV was developed,
- all activities and steps occurring in the process of management by values were listed along with their breakdown into individual stages of implementation,
- a detailed formula of activities in the process of implementing and improving the MBV concept was developed using a wide range of management instruments,
- the tool oriented guidelines related to the identified problems and challenges were presented,
- the author's original project card was prepared as the basis for the implementation of the key projects,

- the assumptions for two projects were developed: the project focused on defining organizational values and the motivation oriented project using the elements of gamification.

Undoubtedly, the findings presented by the author are not free from some simplifications and, simultaneously, include both limitations and disadvantages. For example, the bibliometric analyses were conducted at a specific point in time and thus cover publications issued at that point in time. Due to the fact that scientific knowledge is expanding rapidly, it is worth updating the results presented in the study. The conducted empirical research was carried out at a relatively small scale, therefore any attempts of generalizations on its basis should remain highly cautious. In order to verify certain assumptions, it is worth supplementing them with the analysis which applies the quantitative method.

The author took into consideration further research directions in the dissertation, pointing to such potential research areas as: attracting attention to higher awareness and involvement of management staff, identifying potential mismatches present in the labour market between organizational and individual values, as well as the impact of technological changes on both values and MBV.