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COMPANY VALUES IN HRM:

The use of company values in increasing the effectiveness of Human Resource Management

Master's Thesis
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Abstract of master's thesis

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Objective of the study

In the Human Resource Management literature, company culture has been established as a potential source of competitive advantage. However, while company culture can be a great asset, developing and managing one can be a very difficult ordeal. This study aims to explore and shed light into the building blocks of culture: company values. Looking at values from the point of view of HRM, the study will answer three research questions: 1) How can companies identify their company values? 2) How can companies use their company values to improve their HRM? and 3) What kind of benefits can a company gain from linking values with HRM practices?

Methodology and analytical framework

The data for the research was collected through six semi structured interviews. Three different companies were selected for the interviews, and from them, an HR manager and a regular employee were interviewed. Value programs are often a 'pet project' of the HR department, thus an employee was interviewed to see beyond the prepositions of the party that conducted the program. This separation allowed the study to explore not only the reasons behind the implementation of value programs, but also the perceived worth of the programs in the company. The interviews focused on the theoretical framework of 1) Strategic selection of values, 2) Operational selection of values, 3) Use of values in HRM, and finally 4) Feedback loop of evaluation of values.

Findings and conclusions

The study found that value programs are used in various strategic purposes, but they are rarely implemented in a way that gives full benefit for the company. It was found that companies tend to focus on either core/cornerstone values, or internal/operational values, but rarely have both working together for full benefit. Cornerstone values were used to ground the company and give its employees a clear direction for the long-term. Companies with cornerstone values saw increased employee satisfaction in the long term, as well as minor benefits in value driven decision making. Operational values on the other hand, were used to guide the everyday behavior of the employees in a way that best supports the long-term vision and mission of the company. Operational values greatly benefitted the company culture and climate, proving a strong tool for strategic human resource management. It was also found, that evaluation of the value program was very important, not only in continuous improvement, but also for the credibility of the entire program. Employees pay special attention to the evaluation of value programs, as a measure of their importance for the management, and thus the company.

Keywords company values, company culture, strategic human resource management

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Tutkielman tavoite
Henkilöstöjohtamisen tieteellisessä kirjallisuudessa yrityksen kulttuuri on todettu olevan kilpailuedun mahdollinen lähde. Kuitenkin, vaikka kulttuuri voi olla suuri voimavara yritykselle, sen kehitys ja hallinta voi olla erittäin vaikeaa. Tämä tutkimus pyrkii tarkastelemaan kulttuurin rakennuspalasia: yrityksen arvoja. Tutkimuksessa arvoja käsitellään henkilöstöjohtamisen näkökulmasta, ja tutkimus pyrkii vastaamaan seuraaviin tutkimuskysymyksiin: 1) Kuinka yritykset voivat löytää tai perustaa arvonsa? 2) Kuinka yritykset voivat käyttää arvojaan parantaakseen henkilöstöjohtamisen toimivuutta? ja 3) Minkälaisia hyötyjä yritykset voivat saada käyttämällä arvojaan henkilöstöjohtamisessa?

Tutkimusmenetelmät ja analyyttinen viitekehys
Tutkimusaineisto on kerätty kuuden puolistrukturoidun haastattelun avulla. Kolme yritystä valittiin haastatteluja varten ja niistä haastateltiin sekä henkilöstöjohtamisen johtoasemassa olevaa henkilöä, että rivityöntekijää. Arvoprojektit ovat usein henkilöstöjohdon 'lempilapsia', joten tämän takia haastateltiin myös rivityöntekijöitä antamaan toinen perspektiivi. Tämä erotus mahdollisti tulosten tutkimisen niin projektien suunnittelun, kuin käytännön hyödyn näkökulmasta. Haastattelut perustuivat teoreettiseen viitekehykseen joka tutki: 1) Arvojen strategista valintaa, 2) Arvojen operatiivista valintaa, 3) Arvojen käyttöä henkilöstöjohtamisessa, ja 4) Arvojen hyödyn seuranta ja jatkuva kehitystä.

Tulokset ja johtopäätökset
Tutkielma osoitti, että arvojärjestelmiä käytetään erilaisin strategisin tarkoituksin, mutta niitä harvoin toimeenpannaan niin, että ne antaisivat maksimaalisen hyödyn yritykselle. Tutkimuksen perustella vaikuttaa siltä, että yritykset keskittyvät arvojärjestelmissään, joko peruskallio/perus arvoihin, taikka operatiivisiin/sisäisiin arvoihin, mutta harvoin yhdistävät molemmat. Peruskallioarvot vahvistavat yrityksen perusteita, ja antavat työntekijöille suuntaa yrityksen pitkäaikaisesta strategiasta. Yritykset jotka käyttivät peruskallioarvoja, hyötyivät pitkällä aikavälillä työntekijöiden viihtyvyydessä, sekä työntekijöiden arvojen perusteella tehdyn pulmanratkonnan helpottumisesta. Operatiivisia arvoja taas käytettiin jokapäiväisen käyttäytymisen johtamisessa yrityksen strategian mukaiseen suuntaan. Operatiiviset arvot vaikuttivat merkittävästi vahvan kulttuurin ja ilmapiirin luomiseen yrityksessä, ja olivat toimiva työkalu strategisessa henkilöstöjohtamisessa. Tutkimus myös osoitti, että arvojen hyödyn seuranta on tärkeää, ei ainoastaan jatkuvan kehityksen, vaan myös arvojärjestelmän uskottavuuden kannalta. Työntekijät huomioivat erityisesti arvojärjestelmien hyödyn arvioinnin, sillä se osoittaa järjestelmän tärkeyden yrityksen johdolle.

Avainsanat yrityksen arvot, yrityksen kulttuuri, strateginen henkilöstöjohtaminen

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1. Introduction

Human resource management as a field has seen a big change from a functional “soft issue” personnel management, to a more strategic and cost driven function in a company (Ulrich, 1997; Lepak & Snell, 1998). While previously, HRM would manage the payslip and support the employees when needed, increased cost pressures, and the more developed academic research on the topic has pushed the field towards seeking competitive advantage from the employees and their interactions (Porter, 1985; Barney, 1986). This shift has further been enhanced by the shift towards service economies, where the knowledge of the workers is the main asset for the company. In this new economy, HRM has a big role in creating and maintaining a company culture that is most likely to get the best results from the employees.

However, ever since Barney (1986) showed that culture can in fact be a competitive advantage, companies have wondered how to actually get there. Geert Hofstede (1998) took a step further explaining that the culture, is the total values of a firm and often companies fail to generate an advantage through company culture because they mistake the values of the management team to those of the whole company. This relation of culture and values is important, as HRM is often the department in a company that is responsible from fostering a corporate culture, as well as the one that acts as the agent for changing it (Ulrich et al., 2008). The intention of this study is to find tools and practices that a company can use, in order to identify the true core values of the company, and then incorporate them to their HRM practices.

With the study, I hope to shed light to values, the building blocks of culture. The study will draw from research on organizational culture, studies on both individual as well as organizational values, as well as general HRM literature, which will be used to focus on specific functions of the field. By examining a smaller sample of companies descriptively, I aim to generate findings that are more in depth in explaining what, and why, some approaches work while others don’t. To achieve this, this study will focus on the following research questions:

RQ1) How can companies identify their company values?

RQ2) How can companies use their company values to improve their HRM?

RQ3) What kind of benefits can a company gain from linking values with HRM practices?

Previous studies have often approached this topic from a more quantitative point of view, looking at the effects of values (Posner et al., 1985; Boxx & Odom, 1991; Finegan, 2010;), or at the results of different management functions based on it, for example person organization-fit, and attraction, selection, attrition model (Schneider, 1987; Kristof, 1996). Instead, I aim to look at specific case companies, and examine the steps they took in figuring out their values, using them, and then examine the results these practices had on their human resource management. Looking at the topic from a more qualitative point of view should also give a better understanding to why things worked out one company as opposed to another, which should allow me to examine the complex phenomena of values more deeply.

The study will be structured so that, I will first define the key terms of the thesis, and then expand upon the definitions by examining the literature around the topic, focusing on company culture, values and human resource management as a field. Then the methodology of the study will be discussed. This will be followed by the findings of the study, and from them discussion and conclusions will be drawn.

2. Key Concepts

In this section, some key concepts to the thesis will be defined before starting the look at the academic literature around the topics of company values and human resource management. Many of these terms do not have a universally accepted definition and remain under debate within the academic field which makes it important to explain how they are interpreted in this study. The terms included in this section are essential for the thesis and thus explaining them is important for understanding my perspective.

Company values

Put simply, Geert Hofstede defines organizational values as “a broad tendency to prefer certain states of affairs over others” (1998, p478). Company values are decision making heuristics, shared within the company, determining which kind of action is preferred over another. A distinction is made between added values, the external values of the company that customers can identify with; core values, the enduring and essential tenets of the company, a hub around which the strategy and business revolve; and organizational values, the internal values that define the organizational identity, what the company and its employees stand for (Urde, 2003). This study will focus mostly on the core and organizational values, as added values have more to do with branding and marketing, than HRM.

Company culture and climate

Company culture can be described as the behavioural patterns of the organization that stem from its values (Ulrich, 1984; Barney, 1986; Schein, 1992). It’s a complex sum of different communicative processes, attitudes as well as more lasting values of the employees. Organizational culture is something that sets the company apart from its competitors, whether in good or bad, based on the values, norms and symbols that define the culture (Ulrich, 1984; Hofstede ,1998). Company culture affects the behaviours and meanings that the employees place on those behaviours within the organization.

Company climate on the other hand, describes how well employees’ expectations of how the work is done are met. Examining and measuring climate will allow companies to find issues with motivation or satisfaction, as they are fairly simple to find with surveys. (Howard & Stanley, 1981)

However, one should not mix the terms of climate and culture. Climate is a more short-term measure, the fit between the values of individual and the organization's operations at that point. Climate can be managed and might change based on a period of poor or great performance, it's highly dependent on operational effects. On the other hand, culture is more long term and strategic. It is quite hard to change, as culture is based on the rooted values that tend to define the key operational principles of the company. In this study, both culture and climate will be discussed, culture as it is the end product of managing values; and climate as much of the more operational benefits of managing values are derived from it

Human Resource Management

In modern companies HRM is the management of the human resources of the company in a way that best suits its strategic needs (Ulrich, 1997, Ulrich et al., 2008). In this study I will examine and discuss HRM as a department or selected individuals within a company that are in charge of policies regarding the use of human capital. These policies include but are not limited to: recruitment, training, firing, and promoting people, designing performance appraisals as well as the rewards systems, and also providing a channel of varying support for the employees.

The role of HRM has recently seen a shift from personnel management and "soft human issues" management, to a more strategic role (Lin et al., 2008). The premise here is that aligning the company culture and climate with the strategic needs of the company, will help the company in creating a competitive advantage with their workforce. This is the reason why this study focuses on the relationship of values and HRM, as the two are highly connected and interdependent.

With these clarifications, I hope to make the prepositions of the writer more clear and understandable. Many of these concepts will be further examined and expanded upon in the following literature review. These definitions thus serve as guidelines for understanding the topic of company values and their relevance for human resource management.

3. Literature review

In this part of the paper, the literature around organizational values and human resource management will be examined and discussed. In order to understand why organizational values are so important for a company, organizational culture will be looked at first. Next, the research around organizational values will be presented with an emphasis on how organizations develop and nurture values, how they can be used and with what results. Then, literature will be used to define human resource management, as well as focus the study around specific functions of HRM. Finally, I will combine the three topics into a theoretical framework used for this study.

Organizational culture

Before discussing values themselves, let's take a step back and look at why values are important for companies as building blocks of organizational culture. Much research has gone into organizational culture, and understanding the bigger picture of culture, will allow us to take a better look at values. Organizational culture has been defined differently by different authors but examining the different definitions we can see similarities. The definitions by Ulrich (1984) Barney (1986) and Schein (1992) describe organizational culture as behavioural patterns of the organization that stem from its values. Ulrich (1984) and Schein (1992) discuss how values are communicated through norms and artefacts, while Hofstede (1998) prefers the terms beliefs, assumptions and symbols that define the organization. Overall, the different definitions of organizational culture come together in that they all agree it's a more complex sum of different communicative processes, attitudes as well as more lasting values of the employees. They all also stress, that organizational culture is something that sets the company apart from its competitors, whether in good or bad depends on the values, norms and symbols that define the culture.

So, what does it take then for culture to have a positive impact for a company? Barney (1986) discusses organizational culture from the competitive advantage point of view, stating that for a culture to be a lasting competitive advantage, it needs to be valuable, rare, and not easily imitated. This definition has also been used to discuss other forms of competitive advantages (Porter, 1985). Applied to the topic of organizational culture Barney (1986) concluded that while culture can be a competitive advantage, it is a very difficult one to exploit. This is partly due to the nature of culture, as a specific kind of culture is difficult to develop and foster (Lencioni, 2002; Hogan & Coote, 2014; O'Reilly et al., 2014) while other cultural traits might end up harming the company (Lencioni, 2002). However, the studies of Hogan & Coote (2014) and O'Reilly et al. (2014) argue, that with the right tools, culture is manageable.

In their article O'Reilly et al. (2014), discuss the effect of a company's CEO's personality on the organizational culture. By analysing multiple companies, they concluded that, indeed the personality of the CEO has a significant effect on the overall culture of the company, showing that the right kind of leadership can guide a company towards a specific organizational culture. O'Reilly et al. (ibid) also show that if the organizational culture is guided towards a strategic direction, it has a distinct impact on the performance of the company. The results are also mirrored by Hogan & Coote (2014) who found that an innovative culture was a clear indicator of increased performance in today's increasingly dynamic and competitive markets. Combining these theories, proper management of organizational culture can have a big impact on the success of a company. Decades of research shows that culture has a clear effect on the competitiveness of a company, while also its also shown to follow the direction of the top management (Lencioni, 2002; Hogan & Coote, 2014; O'Reilly et al., 2014).

However, the issue with organizational culture is that it is so complex in nature. On one hand, we have studies showing that the culture of an organization is directly influenced by the CEO's personality (O'Reilly et al., 2014) and some researchers suggest that the cultivation of culture should always be done by the top management team as well as key personnel of the company, to make sure that it follows the company's strategic direction (Lenicioni, 2002). On the other hand, we also have studies specifically warning companies to not mistake their organizational culture to that of the management team, but instead examine the values and norms of employees from top management to engineers at the manufacturing department (Hofstede, 1998). Hofstede (1998) stresses that organizations need to be careful that their culture doesn't become too shattered between different levels of hierarchy, as well as different organizational units. This brings us back to values, as the deeper you go into organizational culture it always comes down to being guided by values of an individual, be it the CEO or the employees in a specific unit (Hofstede, 1998; Lencioni, 2002; Hogan & Coote, 2014; O'Reilly et al., 2014).

In this part, I have shown that organizational culture is defined as the total sum of values, attitudes and different communicative processes that makes an organization unique. It was shown that different kinds of cultures are directly linked to organizational results, and that guiding the culture towards strategic goals is a worthy cause. This concludes the look at organizational culture, and moves us to the next point of examination: the organizational values that guide and define the culture.

Organizational values

Geert Hofstede defines organizational values as “a broad tendency to prefer certain states of affairs over others” (1998, p478). Next, we will discuss the literature on organizational values, first looking at what are values and are there different kinds of values? Then we will look at how values can be used in companies, and finally examine what kind of benefits, or problems, can different value programs bring. In this section, the study will examine values first from the point of view of an individual, followed by the organization, and then discussing the effect of using values.

Values of an individual

Before discussing the values of an organization, it is important to understand how the values of an individual work. We will see in later parts that the culture and values of a company is greatly affected by the people in it, both by its line employees (Schneider, 1987; Hofstede, 1998) as well as the top management (Lencioni, 2002; O’Reilly et al., 2014). For an individual, the value system is a stable meaning-producing superordinate cognitive structure (Schwartz & Bilsky, 1990). Values influence behaviour but should not be mixed with goals, for example, an individual does not aim to be socially progressive, but being socially progressive guides their behaviour (Lewin, 1952). Values provide evaluations of what is positive and what is not. This has been explained to begin by an individual seeing what results in the most positive (or least negative) outcome and creating a behavioural pattern based on it (Feather, 1996). Values are closely related, but should not be confused to: attitudes, focus on a specific entity; worldview, beliefs about the way the world should be based on one’s values; and ideologies, value based linguistic constructs that are used to define decision making or its effects (Rohan, 2000).

Authors within the psychological field have agreed that value systems should be based on a finite and universal value types that each individual places different importance to (Allport et al., 1960; Rokeach, 1973; Schwartz, 1992, 1996). The number of value types has been argued on, and is still under question, but the Schwartz value theory (1992, 1996) maintains 10 value types that an individual prioritises between. These ten value types fall under the four categories of ‘focus on social context outcomes’. ‘focus on organization’, ‘focus on individual outcomes’, and ‘focus on opportunity’. Each category has multiple values within it and they balance each other out, with people valuing social context outcomes tending to be less inclined to be individual outcome focused.

Apart from personal value system, individuals also have multiple social value systems (Cantor & Mischel, 1979), and this is where we start to see the relevance for this study. While an individual has only one value system for their own values, their values of others (a social context) may change depending on the social situation they are in (Cantor & Mischel, 1979). Whether a person is more likely to change their views within social context depends on their individual values (Schwartz, 1992; Sidanius et al., 1996), for example a person who values conformity and security might change their views fast if their social context so desires, while a person who values self-direction and universalism might be much more inclined to keep their own opinions. Social psychologists have also researched value congruence and fit, from the point of view of the individual, finding similar results of lessened workplace stress, and increased job satisfaction and commitment, if there was a fit between the values of the social setting and the individual (Rohan & Maiden, 2000).

To sum up the values of individual, they are relatively stable social constructs that are used to determine preference over one situation over another. Values are not context specific, in that an individual with the value of power, values it across different situations, not only in a specific instance (this would fall under attitudes). Individuals are also considered to have multiple social value systems, that determine their behaviour in different social contexts, with the individual value system determining how much variance there is between situations. So, moving into the values of an organization we now know that not only do individuals have their own value systems, but also their social value systems vary depending on the situation. We also know that finding a fit between the individual value systems and the social value system results in positive outcomes.

Organizational values

There are several different studies outlining the categorization of organizational values, but many of them focus on separating external values, core values, and internal values (Lencioni, 2002; Urde, 2003; Wenstop & Myrmel, 2006). In his article Urde (2003) separates values in categories he calls: 1) Added values, the external values of the company that customers can identify with. 2) Core values, the enduring and essential tenets of the company, a hub around which the strategy and business revolve. And 3) Organizational values, the internal values that define the organizational identity, what the company and its employees stand for. Similar separation was made by Wenstop & Myrmel (2006) though they used different terms, still focusing on external stakeholders, internal practices and core strategic values. From these definitions, this study will focus on the core values and organizational values, which define the internal values of the company. Even though Urde (2003) separates the term of core values from organizational values, we will use the term organizational values as a broader term, while focusing on the internal values as a whole, as they are more related to the Human resource management field. Added, in other words external, values have more importance for marketing as they are used to flesh out the core values and create an external brand (De Chernatony et al., 1998; Urde, 2003).

Another example of how to define different kinds of values comes from Lencioni (2002). In his article, he focuses more on the internal values of the company defining them as either core values, which are the constant core of the company that defines it; aspirational values, meaning the values the organization wants to have; permission-to-play values, the minimum behavioural and societal standards required from an employee; and accidental values, which the company might end up with but that, might or might not, have nothing to do with the core values. The article by Lencioni (2002) is a more specific look at internal values and shows how many different kinds of values a company can have. This realization is important, as companies often confuse the kinds of values they have, mixing core values with aspirational values or ending up with a very strange organizational culture because of unmanaged accidental values (Keeney, 1992; Lencioni, 2002; Wenstop & Myrmel, 2006). An example of this could be a company that hires a lot of graduates and ends up with very youthful values. These values are accidental and aren't related to the core values of the company, but they are enforced by the workforce that shares a common strong climate. Same can happen if a company lists its aspirational values as core values, for example stating that they don't compromise on quality, and take pride in their work, while at the same time having employees rush through the quality checks for the sake of speed. Both of these situations are problematic since the company ends up with values that do not support the strategy of the company, thus lowering the effectiveness of the workforce.

So how then does a company develop values? As explained earlier, the individuals within the company have values of their own, and even though congruent values are a great asset to a company (Posner et al., 1985; Schneider, 1987; Kristof, 1996) realistically they are rarely fully in line. Instead as mentioned before, it has been found (O'Reilly et al., 2014) that the personality of the CEO has a direct impact on company culture and values. The O'Reilly et al. (2014) study shows that CEOs with different personality traits are likely to nurture a company culture that reflects their ideals, for example CEOs who are more open to experience are more likely to favour an adaptive culture that accepts failure as a part of innovation, while more sceptical and competitive natured CEOs are likelier to favour results-oriented company cultures.

Identifying and communicating values

Knowing that company culture and values tend to be reflections of top management, what are the tools that companies use to communicate the desired values to their employees? The most common way of doing this are different kinds of value statements, with the amount of firms conducting them steadily on the rise (Lencioni, 2002; Murphy, 2005; Wenstop & Myrmel, 2006). Value statements are made both internally and externally, depending on whether the company wants to communicate their added values for marketing purposes, or core/organizational values for management purposes (Lencioni, 2002; Urde, 2003; Wenstop & Myrmel, 2006).

Creating a value statement however is not a simple task and a lot of companies tend to get them wrong (Osborne, 1991; Lencioni, 2002; Wenstop & Myrmel, 2006). If companies want their value statements to serve a purpose, the statements need be taken seriously, as they often end up being a waste of managements time, lip service for the sake of stating grand values (ibid). When looking at the biggest issues with value statements, the case is often that companies don't quite know what are their values, and which values they are talking about (Keeney, 1992; Lencioni, 2002; Wenstop & Myrmel, 2006). Too often companies list values that they find desirable or fitting for the company, making the employees feel like there is a clear divide between the management and the workers (Lencioni, 2002). Another similar issue is making the value statement too general, with values that tell very little about the company. Instead, it would be better to focus the value statement on parts of the company culture that make it unique and separates it from the mass (Keeney, 1996; Lencioni, 2002).

When it comes to finding those key cultural values, different authors suggest different ways. As mentioned earlier Hofstede (1998) considers company culture to be the total values of the company, and others (Ulrich, 1984; Schneider, 1987) maintain that the employees of the company will eventually be the ones to shape the culture. This is based on the idea of the company being built of people, and the relationships and communication between those people driving the values within it. On the other hand, authors like Lencioni (2002) stress that company values should be based on the vision of top management as well as that of key individuals within the firm (long time employees, founders of the company, etc people who embody the values of the firm). Lencioni (ibid) explains that focusing on the overall values of the company loses the focus on the core values that make a company distinct, as well as making individuals with clearly contrasting values have an impact on the value statement.

The two views aren't totally opposites, they just tend to serve different purposes. Combining the ideas, companies need to remember that the values they claim to have need to be found in their employees, otherwise they will find the value statement a common laughing stock at the employee coffee room table. Studies like Ulrich (1984) and Canto et al. (2013) also show that trying to implement cultural change programs with highly contrasting values will often end up in failure, as the dominant culture will resist change. Therefore, it is important to focus on the core values represented by key personnel within the company. The one thing that authors tend to agree on is that core values should be long term tenets that then are enrichened by the different organizational values that make the company unique (Ulrich, 1984; Lencioni, 2002; Wenstop & Myrmel, 2006). Making a good value statement is thus often the case of finding the relevant values, and the communicating them using proper definitions on what kinds of values (internal, external, core, organizational or aspirational?) the company is talking about.

Using the values

Having found and communicated their values, the next thing is using them to create value for the company. As mentioned earlier, companies use their core values and external values to create a brand for their products, but the same works of internal values as employee brands (Urde, 2003). By communicating the internal values of the company, they can both market themselves to potential new employees, as well as manage the current workforce (ibid). This use of values in internal management has led to the theories of attraction, selection, attrition (ASA)- model, as well as person-organization (p-o) fit (Schneider, 1987; Kristof, 1996; Ployhart et al., 2006).

Kristof (1996) explains the idea of p-o fit by showing that people select to apply for companies that match their values, while companies are more likely to hire employees that match theirs. The author explains that there are two kinds of fit, supplementary: the characteristics of person and organization match; and complementary fit: the person meeting the requirements of an organization or other way around. Supplementary fit is purely based on the values of the individual and the organization, showing that clearly communicated values can guide the recruiting process of a company.

Studies (Posner et al., 1985; O'Reilly et al. 1991; Kristof, 1996;) have also showed that supplementary fit increases work satisfaction and organizational commitment, as well as motivation, work cohesion and overall feelings of personal success. On the organizational level, high p-o fit linked to better work climates, satisfaction, commitment, lesser stress and better work performance Also high p-o fit decreases the intention to quit the work as well as overall turnover. If there is a low level of suplementary fit, people are way more likely to not only have the intention of leaving, but also leaving. This system alone shows how important the values are.

The theory of p-o fit has also been expanded by Schneider (1987) and later Ployhart et al. (2006) with the attraction selection attrition (ASA) model. The ASA model explains that organizations are the way they are because of the people in them, taking the point of view that values make the firm, not the other way around. Schneider (1987), argued that through attracting, selecting, and retaining certain kinds of individuals, an organization moves towards a more shared and homogenous skills, knowledge, abilities and other competencies.

Both the p-o fit, as well as ASA model have been linked to positive results, but at the same time there is a worry of the workforce becoming too homogenous (Schneider, 1987; Kristof, 1996; Ployhart et al., 2006) resulting in myopic perspectives and an inability to adapt to changing environment. This however can be countered with the notion of complementary fit, since if you are thinking of the needs of the company, then one should react before ending up in a situation where you are overly homogenous. Ployhart et al. (2006) also points out that having high p-o fit at lower levels of the organization while having a diverse management team will also lower the effect of homogenization while still benefitting from a unified workforce.

When looking more closely into the benefits of managing values, the effects are well researched (Posner et al. 1985; Allen & Meyer, 1996 Finegan, 2010). Finegan (2010) examined the effect of matching values on specifically employee commitment, and found that different kinds of values produce different kinds of commitment towards the organization. He found that there are three different kinds of commitment 1) Affective commitment, denoting an emotional attachment to, identification with, and involvement in the organization. 2) Continuance commitment denoting the perceived costs associated with leaving the organization. And 3) normative commitment, which reflects a perceived obligation to remain in the organization. The study (ibid) showed that if the organization’s values are focused on employee welfare, it was more likely to cause affective commitment, while if higher focus was on obedience and bottom line issues, then continuance commitment was more likely to be found. Finegan (2010) also made an argument that companies should pay attention to the values of sub cultures as the work/job environment has a significant effect on the type of commitment as well as the company core values.

Overall Finegan (2010) and Allen & Meyer (1996) both show that all three forms of commitment reduce turnover, but Affective commitment has the strongest positive correlation with desirable work behaviours, followed by normative commitment; while continuance commitment is unrelated or negatively related to these behaviours. Affective commitment was influenced most by organizational support given, with the authors noting that HRM policies have a big impact on this.

Apart from commitment, other effects have also been examined. Boxx & Odom (1991) found that on top of commitment, congruent values affected employee satisfaction and workforce cohesion. Workforce cohesion makes sense, as we already noted that a company with higher p-o fit will create a more homogenous workforce. Moreover, a study by Posner et al. (1985) found that shared company values increase commitment, relate to self-confidence at understanding the values of the organization, increase ethical behaviour, lessen the feelings of job and personal stress, are related to reaching organizational goals, and make the employees more aware of organizational stakeholders and their wishes. Together all the effects of value congruence can give a clear performance edge for a company (Posner et al., 1985; Boxx & Odom, 1991; O'Reilly et al, 2014).

On the other hand, studies show that poorly done value statements can also have a negative impact. Lencioni (2002) notes that if the values of the company aren't followed by the management team, it might put them in a bad light, lowering their credibility. His study also points out that not all values are beneficial to the company, if you enforce the strategically wrong values then you will not only lose the opportunity of enforcing the right values but also might end up having to reverse and go through another culture change, remember culture resists change and change can take a ton of energy from the employees. Canto et al. (2013) give an example of this when 3M tried to change from a highly innovative company to more bottom line focused they saw their employees greatly resisting the change, finally having to admit the project as a partial failure as it went directly against their core values.

Values can also be used to drive the overall decision making within a company, as Keeney (1988, 1994, 1996) expresses with the idea of 'value based decision making'. Keeney argues that companies with clear and well communicated values can use them as a decision-making tool, allowing employees to be more independent and empowered while simultaneously serving the needs of the company due to decisions being based on company values. This puts further emphasis on effective definition of values, as well as communication from the management to the employees.

With well stated values serving as a tool for acquiring and maintaining a satisfied, less stressed out and overall more satisfied workforce (Posner et al., 1985; Boxx & Odom, 1991; Allen & Meyer, 1996; Finegan, 2010; O'Reilly et al, 2014), as well as guiding the decision making of the workers to a more unified model (Keeney, 1988, 1994, 1996) it makes values a great way of aligning employees with strategic goals of the company. As we saw earlier with company culture, the main benefit apart from a more satisfied workforce is that aligning culture with strategic goals will bring increased organizational performance as well (Hogan & Coote, 2014; O'Reilly et al., 2014). In the end, even if a company knows that it cannot maintain a culture that will lead to highly satisfied and motivated workers (high turnover industries like fast-food for example), looking for workers that share some of the company values will at least bring performance gains, be it short term. Hiring based on certain values brings logic to the otherwise often confusing world of hiring seasonal workers. When hiring seasonal workers who will take any job that pays them, focusing on a value like reliability is likelier to give you a good worker than hiring a potentially good employee who might grow into a managerial position based on their education.

To sum up, individuals develop value systems that help them create priorities. Individuals also have multiple social value systems that vary depending on the social context they are in, with their individual value system determining how much their values vary between situations. Looking from the organizational side of things, values give identity to the organization and can be used to lead it towards the strategic goals through ASA-model and p-o fit. You can consider values from both sides, either your values make your company what it is, or you want to change values so that they would guide you towards a certain goal. Whichever you prefer, value congruence between employees and the company have been shown to have a big impact, resulting in both more overall satisfied workforce, as well as increased organizational performance.

Human resource management

Human resource management as a field has seen a big change from a functional "soft issue" personnel management, to a more strategic and cost driven function in a company (Ulrich, 1997; Lepak & Snell, 1998). Traditionally the roots of HRM stem from the basic need of managing the workforce when a company grows too large for the general manager of the company to deal with all of the people related matters. However, with the increase in research over the topic, companies have been shown how the human capital, and the culture they create, can be a clear competitive advantage (Porter, 1985; Barney, 1986), moving the profession more and more towards a strategic direction.

HR departments can be organized in a lot of different ways, much like the rest of the business units in a company. Ulrich et al. (2008) argues that there is a continuum of different types of HR structures, ranging from functional HR, often seen if the company has a single business, performed by HR specialists on the corporate level for greatest cost efficiency; to dedicated HR, used by holding companies with multiple business units and models, each requiring localized HR. In between the two extremes are the so called Shared service HR systems where the corporate HR deals with common programs, while specific units might have their own localized HR when needed. Ulrich et al. argue that most companies fall into the middle category and companies should determine the structure of their HR unit based on their specific needs.

As for the roles that HRM has, Ulrich (1997) separates them into four categories:

1) Management of strategic human resources, deals with aligning the business strategy and the human resources. Aligning HR with strategy can, for example, be done with ASA model, using the strategic direction in selecting new employees, training them and retaining the "right people" while letting the others go. The strategic approach has to do with all of the functions, but this category specifically deals with the "human resource" meaning employees.
2) Management of firm infrastructure, meaning the engineering/reengineering of the organizational processes. These processes can be, for example, rewards systems and the decisions whether the company wishes to base rewards around ranking of individual employees, groups, or overall firm performance.
3) Management of transformation and change, as in building capabilities for change through corporate culture and flexibility of workforce. This has been referred earlier as the HRM's role as the developer and nurturer of organizational culture. Much of the work around values relate to this function.
4) Management of employee contribution, which is the "traditional soft issues" management, listening and responding to employee issues. Finally, the counselling and support given to the employees this includes coaching, training as well as employee satisfaction issues.

HRM is also sometimes outsourced, as not all companies can afford specialized HR departments and using an external company for it can be more cost effective (Klaas et al. 2000). Outsourcing HR can be beneficial especially for small and medium sized companies that either don't have the expertise or find that outsourcing HR gives their employees better benefits through the economies of scale, that the HR service providers have (ibid). In my study, I will not focus on outsourced HRM, but interestingly research by Klaas et al. (2000) suggested that even if a company outsources their HRM, the value congruence between the company and HR service provider influences the satisfaction on the service as well as the perception of cost effectiveness. This further shows the ties that company values and HR have.

HR has long been battling to maintain its position as a necessary part of an organization, with the department often being the first one to be facing cuts or totally outsourced during financially tougher times (Stewart, 1996). What has helped the field gain legitimacy has been the move away from personnel management, towards a more strategic role, in what is called Strategic Human Resource Management (SHRM) (Walker, 1978; Lin et al., 2008). This point of view argues that the HRM of a company should always follow the strategic direction of the company, and authors such as Jackson & Schuler (1987) and Writgh & Snell (1991) took it as far as to make readymade frameworks for different situations. While not all authors agree with the 'best practices' view of readymade solutions, the idea of adapting the function of an HRM department to the strategic objectives has been shown to have value for a company (Huselid, 1995; Andersen et al., 2007).

Much of SHRM rise can also be traced to its close relation to the Resource Based View (RBV) (Wright et al., 2001). RBW theory states that a company is made of the resources it has available, and competitive advantage lies in exploiting those resources effectively, while keeping them unavailable from competitors (Wernefelt, 1984; Peteraf, 1993). RBW uses the same framework introduced earlier of competitive advantage existing if resources are valuable, rare, and not easily imitated (Barney, 1986). The reason why SHRM took such notice in RBV was mainly due to the linkage with company culture and the human capital as sources of competitive advantage, with multiple authors arguing that a specific strategy requires the employees to act and think in a specific way, and the job of HRM is to provide the employees with said competencies (Cappelli & Singh, 1992; Wright et al., 1994;). RBV also turned the attention of strategy scholars inwards towards the internal resources of a company, shedding light on the importance of human competencies such as knowledge and learning, which are especially important in many modern expert and knowledge-work based companies. (Hoskisson et al., 1999; Wright et al., 2001).

So far, we have seen that for HRM to be effective, it needs to reinforce the strategic direction of the company. So once the company has figured out its strategic needs for the human resources, what determines the success of the implementation? Bowen & Ostroff (2004) argue that the strength of HRM system is one of the main determinants of its success. The authors describe strength of HRM as the HR departments ability to create a strong climate within the company, strong climate meaning a state where employees "share a common interpretation of what behaviors are expected and rewarded" (Bowen &

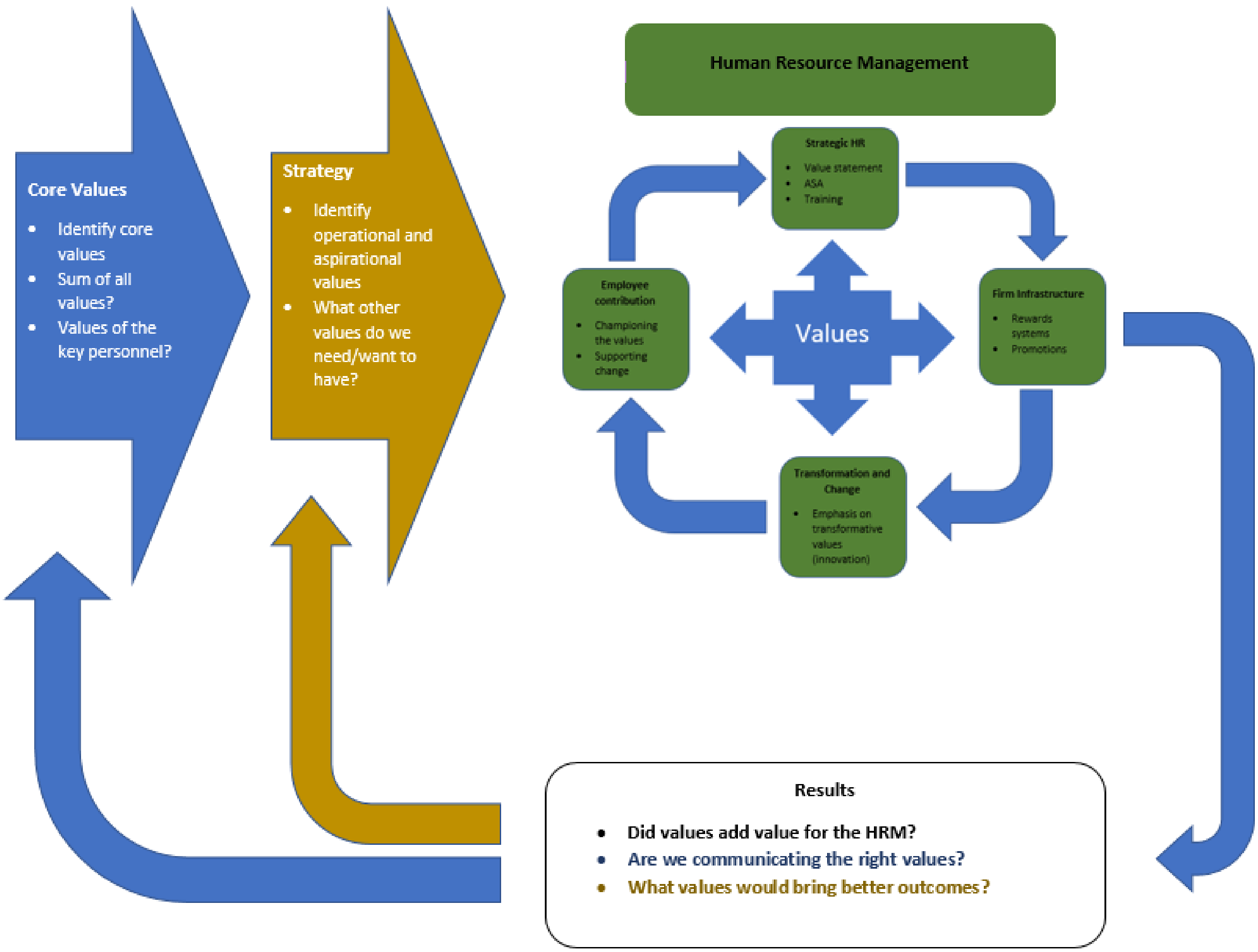
Ostroff, pp.203, 2004). The theory is largely based on the psychological phenomena where people's focus is often different within same events and they end up responding to the same stimuli very differently (Schneider, 1990). This is problematic for a company, as they cannot be certain as to how employees do their decisions, leading to confusion in implementing strategy as well as doing every day work. However, if a company manages to create a strong organizational climate, this would mean that employees are more likely to see issues and to react to them in a similar matter, thus making HRM, the department responsible for fostering culture and climate, a major advantage for the company (Bowen & Ostroff, 2004).

To sum up, Human resource management deals with the issues around the human capital, employees, of the company. Recently however, HRM has moved into much more strategic role, as companies have realized how important competitive assets their human resources can be. The structure of the HR department should overall reflect the structure of the company itself, with more multi business companies needing more localized HR while a single business companies benefitting more from the cost benefits of higher amount of corporate side HR. As well as the structure of the HR department, also its functions should follow the strategic objectives of the company. By finding the capabilities that the company most needs to fulfil its strategy, HRM should focus on creating a strong climate that guides the decision making of the employees.

Theoretical Framework

Next, I will present the theoretical framework used in the study. Having considered both values and HRM individually, we can see they have a lot to do with each other. Based on the literature covered, there are two main threads that link HR and values: company culture and strategy. The framework (Diagram 1) shows this on the left side as values and strategy are presented as precursors to HRM. The right side of the diagram shows the roles of HRM as connected by the values of the company, and the bottom displays the feedback loop a company should do based on the results.

(Diagram 1: Theoretical framework)



As we have seen earlier, company culture is the total sum of values in the company (Hofstede, 1998), and the values that the company represent, should be based on the key personnel within the company (Lencioni, 2002). The competitive advantage of HRM is often considered to come from managing a company culture that enables the company to reach its strategic goals (Porter, 1985; Barney, 1986), and for HR to be effective, it needs to create a climate where employees react similarly to situations (Bowen & Ostroff, 2004).

The theory of strong climates and their creation (Bowen & Ostroff, 2004) shares many of the same qualities as that of Keeney's value-based decision making (1988, 1994, 1996), where he suggests that values can be used to give employees the framework needed for making individual and empowered decisions, while still being within the borders of the company's strategic direction. Both, strong organizational climates as well as value-based decision making depend on clear and consistent communication of values and strategic objectives, and they result in a workforce that is more aware of their place in the company and unified in their actions (Keeney, 1996; Bowen & Ostroff, 2004)

Also, strategy formulation itself relies on values. The core values of the company, and the identity built around them, both limits and enables specific strategies (Lencioni, 2002; Urde, 2003; Wenstop & Myrmel, 2006;). For example, a company like Ben & Jerry's, known for their dedication to sustainability and prosperity of the whole supply chain, is very unlikely to attempt a low-quality price leader product strategy, while the more 'outside the box' flavours or increase in price due to social issues will likely be better received by their customers. On the other hand, the organizational values that drive the everyday interactions and processes within the company, can be developed, nurtured or extinguished by the SHRM actions of the company (Ulrich, 1997; Urde, 2003).

Having established that values, strategy and HRM are deeply interconnected we will use the roles of HR by Ulrich (1997) to build the practical steps within the framework. First, the role of management of strategic human resources, meaning the actions a company should take to make sure HR follows strategy. To start off, the first step is the formulation of the value statement, as it has been found while the communication of values is critical for their meaningful use, many companies don't know how to find or communicate them effectively (Osborne, 1991; Lencioni, 2002; Wenstop & Myrmel, 2006). Define your values with strategy in mind and create the value statement with the help of key employees focusing on values that are strategically important and set your organization apart from others. One should avoid using overly general values, and make sure that they define which values are the current core and organizational values, as opposed to aspirational values that the organization hopes to reach (Lencioni, 2002; Wenstop & Myrmel, 2006), also one should keep in mind the different role and need of external added values (De Chernatony et al., 1998; Urde, 2003). Once you have crafted the value statement, a company shouldn't only circulate it within the organization, but begin implementing it into the core of your HRM practices.

When looking at the ASA (attraction, selection, attrition) of employees, values give you a good framework to work under (Ployhart et al., 2006). One can use the values in setting themselves apart from competitors by building an employer brand, then recruit with person-organization fit in mind (Kristof, 1996; Schneider, 1987). By ensuring value congruence from the get go, a company does not have to spend so much resources into training the new hires. Clear mismatches in values can also guide you in letting people go, as employees who don't share the values of the company are much less likely to be satisfied, productive and stay with you in the long run (Posner et al., 1985; Boxx & Odom, 1991; O'Reilly et al, 2014).

Another big part of HRM is the training and development of the workforce. This is the main area where you can affect the values of the current employees, making it important to keep reminding them of the company value system. Through training, companies can attempt to make changes into their current organizational culture and climate and thus it's an important tool for creating value-based decision making/strong organizational climate (Keeney, 1994; Bowen & Ostroff, 2004).

The second role of HRM, according to Ulrich (1997) is the management of firm infrastructure, mostly meaning the engineering and reengineering of organizational processes. Here values can be used in designing the rewards systems of the company, with companies not only remembering to think of their strategic goals, but also think of your values when designing them (Posner et al., 1985). Not all rewards systems need to be monetary, there are other ways to show appreciation, something as simple as acknowledging the most positive or dedicated worker and congratulating them in front of others can make a difference in long term satisfaction of said employee (Gupta & Singhal, 1993; Pragya, 2008). It is important to make sure that rewards don't cross values, for example if one states that teamwork is a big value, but rewards purely on individual basis then they are sending mixed messages.

The same principle holds when looking to promote employees. One should be vary of the values of candidates when promoting, as studies show that the values of employees with strategically important positions, as well as high managerial positions have a much higher impact on the overall values of the company (Lencioni, 2002; O'Reilly et al., 2014). Promoting people who perform excellently with the technical portions of the job, but don't share the values of the company, into a managerial position requires either additional training for said employee, or risks the manager becoming a burden for the strength of the organizational climate, which we saw as one of the major competitive advantages provided by HRM (Bowen & Ostroff, 2004).

The third role of HRM is the management of transformation and change, meaning the building of capabilities for change through corporate culture and flexibility of workforce (Ulrich, 1997). Much of this role happens through the actions within the other roles, as the capabilities are built within trainings, while organizational culture develops through the interactions between people based on the systems in place within the company. Culture and values overall are very difficult to truly affect, companies can merely select people that fit their desired end state, expose them to the right values through their stay, and get rid of misses (Ployhart et al., 2006, Canto et al., 2013). And even then, it can be very hard to say whether the culture and values chosen were the optimal ones for the situation. However, studies have found that in the concurrent world of business, the values of innovation and openness to change are highly related to long term success of the company (Hogan & Coote, 2014; O'Reilly et al., 2014). No matter what the organization does, it seems that being able to thread carefully, make critical decisions and pivot when needed are virtues within the rapidly changing markets of the 21st century. Of course, there needs to be consistency with values to create a strong climate, but the organization shouldn't fall into complacency of status quo (Bowen & Ostroff, 2004) and these values, especially within top management of the company are more important than ever before.

The fourth and final role of HRM in Ulrich's (1997) framework is management of employee contribution, what is often called the traditional, soft, people issues of the company. This role deals with the overall support given to the employees of the company, and is often considered as not adding value to the system. However, this is a role where the HR professionals can really champion their ideals and the values of the company (Ulrich, 1997). They can work to bridge different organizational silos and show leadership, leading through example to bring the values of the organization to life (Stewart, 1996). It is very hard to put a finger to where this role succeeds and what has actually been achieved because of it (ibid), but it is especially important during times of change, when employees are feeling confused, helpless and worried of their place in the company. It is important that HRM is there to make sure that these people are able to convert into what the organization needs of them and sometimes it just takes the human touch to work (Posner et al., 1985).

The final part of the framework displays the feedback loop. To evaluate the effectiveness of using values, companies should measure and test whether their resources are providing results. To examine the effects of value congruence, companies can conduct internal surveys on things such as p-o fit and the climate of the organization (Allen & Meyer, 1996; Bowen & Ostroff, 2004, Finegan, 2010). If value congruence is on a good level and provides the HR department good tools to work with, the company knows it's on the right track. On the other hand, if there is a lack of value congruence, one needs to go back into the earlier parts of the framework. Are the right values being communicated, or does the company realize what are its true core values, and are the operational and aspirational values the right ones for the selected strategy. Company values and culture can fiercely resist change, and it takes committed long-term effort to change them (Canto et al. 2013). It is important that the company stops and does this reality check and makes sure that they aren't just throwing away the time of the HR team managing the values.

4. Methods

Next, the methodology of the study will be discussed. I will begin by explaining the research design, then describe the data gathering process, and thirdly describe the data analysis. Lastly, I will also evaluate the quality of the methods, as well as disclose any ethical considerations regarding the study.

The aim of this study is to examine how companies can benefit from using their company values. I will specifically focus on how HRM benefits, as they are the part of a company that is mostly in charge of culture and value related issues. For this I have generated three research questions:

RQ1) How can companies identify their company values?
RQ2) How can companies use their company values to improve their HRM?
RQ3) What kind of benefits can a company gain from linking values with HRM practices?

Researching values is important, as they can be a great asset for a company and help create a competitive advantage as a part of company culture. They are especially important for the HR departments, as HRM is often seen as the part of a company that is in charge of setting up systems and enforcing behaviours that lead to a strategically meaningful company culture. Also, the further contemporary economies move from industry-based companies to service and expert organizations, the more important company culture, values and HRM overall becomes. People are becoming the main input of the modern service company, making their management incredibly important.

Research Design

Before going into how data was collected and analysed, I need to explain the research philosophy behind the study. It is important to understand my assumptions and base of arguments, before further going into the methods I have chosen, as according to Eriksson & Kovalainen (2008) methods should always follow the research philosophy. The assumptions of a researcher carry over to the work they do, and it is important for the reader to understand my ontological viewpoint.

The view that best describes my assumptions is the critical realist view (Fletwood, 2005). Since my study aims to describe a phenomenon that is hard to quantify, I needed to approach it from a more humanistic point of view. Researching values in a truly empirical way would be quite frankly impossible, as values are not physical objects that the researcher is capable of manipulating. In this study, I aim to explore and explain, discover and draw conclusions, the point is to test the accuracy of current literature. Through examples, I aim to develop the field even if just a little, about the use of values in the context of HRM. Critical realist view proves a good lens to examine a social construct such as values. As discussed in the literature review, individual values are considered to be fairly universal and the definitions can fit different settings and cultures. On the other hand, organizational values are nearly always constructed by the organization, based on the values of some members of said organization. Fletwood (2005) explains that critical realist view is well suited for examining such phenomena as it acknowledges that an entity can exist without our knowledge or identification of it, while at the same time, much of reality is constructed by subjective sense making of the world.

For this study, a qualitative method was selected. While quantitative methods are more likely to provide generalizable results, and allow for more accurate descriptions of causality, I feel like making such statements on something as ambiguous as company values would not be reasonable. Quantitative methods have also been used fairly frequently in past research, especially in measuring the results of specific programs related to values. However, the point of this study is to examine the phenomena in more detail and for such descriptive analysis, qualitative methods are considered more suitable (Alasuutari, 1999)

Moving on to the design of the study itself, it was decided that to fit the need of building a rich description of the phenomena as well as build on the theory, two kinds of interviews were used. This was done because company values are often considered a pet project of management or HRM (Lencioni, 2002) and thus fail in being accepted by the majority of employees. HR managers, and HR personnel overall, might have an overly positive image of the value programs, after all they are the ones that likely sold them to the top management, as well as implemented the program. However, both the literature, as well as my personal experience have shown that the perception of the workers, in regard to these value programs, can be one of total indifference or even dislike for time "wasted" by management. In past literature, there has also been a debate over values being the total values of a company (Hofstede, 1998) or the more management and key personnel focused view of Lencioni (2002). To better explore the effectiveness of values, it was decided that both HR managers, as well as standard company workers would be interviewed.

Three HR managers were asked through email to take part in the study. One of them was a part of the family that owned the business and had personally conducted the value program of the company. One was an HR manager of a Finnish financial group. And the last one was the current head of personnel and training in a medium sized recruiting company. These three represented a good and knowledgeable group of HR specialists, and the questions to them focused on how the value systems were set up, how they are used, and what sort of evaluation is there of their effects.

Also, three workers from the same companies were asked to discuss the implementation of their companies' value systems, as well as their interpretation of how effective these systems were. The three were selected based on suggestions from the HR managers, as unlike the HR managers, I could not just send emails to random personnel of the company. To make the data collected from the employees more meaningful, it was advised that the employees should have been in the company for at least one full year and be in either a low-end position or a team/squad leader in the company. This was to ensure that information from the employees would be focused more on the mundane, every day, aspects of value programs. I wished to get information on the perception of value on these programs from the parts of the organization that were intended to benefit from them.

Also, instead of focusing on a single company, it was decided that a more complete picture of the phenomena could be built based on differences between different kinds of companies. Thus, the sample of interviews consisted of three companies, representing different industries. One company was selected to represent the highly-trained knowledge workers, companies where value systems are hypothesised to have the largest impact as these consultants are the main resource of a company and their actions make up for most the operations of the firm. The next company was selected to represent the service sector with less highly educated workforce but still employees as a big part of their input. And the third company was selected to be a more standard production focused industry, with a bigger focus on the products they assemble and sell. The point with this step was to ensure rich descriptiveness of the data. Instead of a case study with very specific issues, this method of multiple companies from different industries, should expose the study to more varying problems, as well as successes.

Data collection

For this study, semi structured interviews were selected as the most appropriate method, as it allowed for collection of in depth descriptive data in a controlled manner. Hirsijärvi & Hurme (2011) describe research interviews as the most used method in social sciences and behavioural studies. The authors comment that this is due to the flexibility of the method, as it can be fairly easily conducted and produces in depth data. Semi structured interviews are also suitable as they can be planned in advance but have room for adaptation and reaction to unexpected results (Gillham, 2005). Semi structured interviews work so that interviewer creates a set of themes and questions under them, then using these pre-set questions to guide the interview. While there is a structure to the interview, the answers are not pre-selected like one would see in a fully structured interview or survey. Instead the researcher asks questions and gives the interviewee time to think and answer in their own words.

Hirsijärvi & Hurme (2011) explain that because of the time given to interviewee, answers can also take a turn to the unexpected. Both in terms of lessons learned as well as going totally off rail. Thus, the role of researcher is important here as you need to direct the questions so that the interview remains fluid, while not allowing the interview to go off topic. Asking additional questions is important if answers don't seem to come naturally, but mostly aim for a freer flowing conversation where the interviewee talks most of the time. In my interviews, especially the HR managers were very vocal, and the answers were extremely easy to get. Often, I would complete other sections of the interview, as the discussion side tracked from another part. On the other hand, the employees generally needed more direct questions and guide through the topics. I found this only natural, as the HR manager are experts in the field and have thought about the topic a lot more, where as some of the employees needed quite specific explanations of what was asked of them.

As explained earlier, three distinctly different companies were selected for the interviews. For the study, a total of six interviews, three with HR professionals, three with employees, were conducted. The interviews were conducted so that first I would interview the HR manager, then the employee. The focus of the interviews with HR managers was on understanding the value systems and the reasoning behind them. Questions about who conducted the program, how was it implemented, and how are its results measured were asked to get a good overall picture of what the company was aiming for with the program. The interviews with the employees focused more on the perception of value placed on these programs, what value do they see in the programs and what do they generally think of company values as a concept.

The reason for this set-up was because it would give me a good outlook at first what the company wants to achieve with its value program, and the opinion of management on how it is doing, and then the employees view on how the system is executed. This set-up was designed to outline the difference of perceived value of HR managers and the employees, making it possible to analyse what kind parts of the value systems work and why.

The interviews were recorded as it is considered critical for analysis (Hirsjärvi & Hurme, 2011; Gillham, 2005). Anonymity was promised to ensure the respondents felt comfortable answering the questions. For this reason, each company will be referred to with a code, the manufacturing company being 'company A', Financial group 'company B', and consulting 'company C'. The HR managers will also be referred as managers of said codes. However, to strengthen the anonymity of the employees they will rarely be referred as employees of any specific company, especially portions that could affect them negatively will be anonymous and three employees merged together. While part of the analysis will deal with comparisons between the perceptions of a manager and an employee of a specific company, I have made the ideas of a specific employee more difficult to piece together. This is purely for ethical reasons, which will be discussed further at the end of the methodology, but the main idea is that the position of said employees in the company could be affected if their HR managers were to read this study. For this reason, a difference will often not be made between the specific employee, and they will instead be treated as a single respondent.

As for the interviews themselves, they were conducted between 14th of March and 31st of April and they lasted from 35 minutes to an hour. The interviews were all conducted in Finnish as it was the most natural language for these settings. As was explained earlier, the interviews were semi structured, so the questions were organized within themes which in turn were based on the research questions and the theoretical framework outlined at the end of the literature review:

a. Identifying values
b. Role of values in HRM of the company
    i. Strategic HR
    ii. Firm infrastructure
    iii. Transformation and Change
    iv. Employee contribution/support
c. Evaluation of benefits from using values in HRM

The interviews of both the HR managers, as well as the employees, were based on these themes, though specific wording of the questions varied. It was important to change the wording in the employee set of questions, as the terms used in HR literature were not as familiar, thus making it more reasonable to use terms that would be less academically specific, but more understandable to the employee in question. The full interview guide can be found in Appendix 1.

Data Analysis

The analysis of the interviews was done by transcribing the interviews and using these transcribes. The transcripts were written on the day of the interview, as it allowed me to have a clear memory of both the verbal and nonverbal factors. The transcribes were not made to be word to word transcribes, as this is not a narrative/discourse analysis. Focus was in the meaning of what was said, thus transcribing every word and filler sound was not deemed necessary. The transcribes were then sorted out to fit the themes in the framework, as the nature of semi structured interviews often finds it better to let the discussion flow if a certain topic is touched upon, instead of keeping too strictly within the plan. As mentioned earlier, some of the HR managers were very vocal about their views and the interviews were could be directed more naturally if some themes were asked before, returning to the original line of thought. As mentioned, all interviews were done in Finnish as were the transcriptions. This results in some interpretations having to be made in terms of translations, as well as direct quotes within the findings. The effect of interpretation within the translation is acknowledged, though I wouldn't consider it a major issue.

The data from the transcripts was then analysed using content analysis (Tuomi & Sarajärvi, 2013). The first step in this was to categorize the data to match the themes in the framework. This then made comparisons between different interviews possible in the way described in the design of the research. The data was used in different layers of analysis. First comparisons between the HR manager and the employee of each company were made to find difference in their perception of value programs. Then, the data sets for both HR managers and employees were analysed for similarities and again compared to get a broader picture of the difference. Doing these cross analyses on each of the themes in the theoretical framework gave a more thorough look at what seems to work and why.

Evaluation of research

Finally, this portion will evaluate the quality of the research, as well as examine the ethical concerns regarding the study. It is important part of academic research to acknowledge shortcomings of a study, as well as stay critical as social studies are never an exact science (Eriksson & Kovalainen, 2008). It is also a part of the critical realist view to accept the subjectivity and instead focus on giving the reader full transparency of the shortcomings (Fletwood, 2005) so that the reader can also evaluate the suitability of the study for their needs.

Firstly, there are limitations to qualitative research overall. The setting of an interview, while good at finding in depth information and progressing theory through unexpected findings, can also be quite unreliable at finding the "truth" (Hirsjärvi & Hurme, 2011). An interview is a social situation where anything from poor attention from the researcher to a bad day of the interviewee can severely affect the results. Also, one needs to keep in mind that everything written is an interpretation of the researcher, made on the interpretation of the situation made by the interviewee, the situation might not be such objectively looking, but there are already two lenses its perceived through. The interviewees might also be giving socially acceptable answers instead of their own true thoughts (Hirsjärvi & Hurme, 2011, pp. 35) twisting the results.

Which brings us to the interviews specifically. As mentioned earlier, the selection of employees for the interviews has significant implications for both the reliability of the results, as well as the ethical aspects of the study. The employees were selected based on a suggestion of the HR manager which is likely to make them give "acceptable" answers. It is also an ethical consideration, as the respondents of academic study should never be forced to give their answers (Eriksson & Kovalainen, 2008). This pressure to answer is a negative for both the reliability of the study as well as the ethical standard. However, an attempt to lessen the impact was made by stressing that these individuals should not be pressured when the HR person asks them. I also dealt with them personally after the HR person had initiated the talks, with the intention being that I get their contact information through HR but I would be the one to ask for their willingness to do partake. Also, during the interview setting it was stressed that this is not an internal study, and I would not present information in a way that would endanger their position in the company, should such information arise. A chance to pull out at any point was also presented, as well as the compromise made in making identifying the individual employees from the finished thesis more difficult.

On top of that, the number of interviews can also be considered a limitation for the study. Because the research design favours broadness of information by having both employees and HR managers, as well as from three distinctly different companies, it also makes the analysis less in depth and specific to certain issues. The data is not specific enough to make a case study out of any of the companies, and neither is there enough data points to make comparisons between industries. However, these are not the points of the study, as the intention of this study is to look at the use of value programs in HRM. The use of both HR managers and employees, as well as the company selection, serves to give a more complete look of the field of HR and how they use values in their processes. Comparisons made in the analysis are made to support the research questions, not to replace them.

5. Findings

The next section of the thesis will examine in detail the interviews with three HR managers and employees. The findings will be structured in the same order as the theoretical framework, focusing first on how the companies found their values, moving on to how the value systems are used in their HRM, and finally how the company evaluates the success of their value program. As explained in the methodology, the HR personnel will be discussed as the representatives of their companies, but the employees have been mostly mixed into a single entity due to ethical considerations. The findings of the interviews will also be reflected with the literature in mind. In the findings, we will refer to the HR manager of the manufacturing company as 'HR manager A', the HR manager of the financial service company as 'HR manager B', and the HR manager of the consulting company as 'HR manager C'.

Identifying values

In this portion the interviews examined the first section of the theoretical framework: core values of the company and specifically how companies should find their values. In the interviews, it was found that all three companies have considered and found the core values of their companies, though through different means and different results. All three companies included not only the management, but also lower end employees in their value programs, making Hofstede's (1998) "total sum of values in the company" approach relevant. However, there was a significant difference in how much emphasis the company placed on the voice of the lower end employees. Each of the companies also used their management to refine the wordings, and pick from the generated values to make sure the core stays in line with the vision and mission of the company (Lencioni, 2002). Next, we will discuss the findings of each of the companies in separate.

What are the core values of the company?

The values of company A were quality, responsibility, trust, and co-operation. The HR manager explained that each of the values also had a set of sub values/explanations that help the employees grasp the meaning of the values. Examples of the sub-values under 'Trust' are: "We will do what we promise, We will work in a long term manner, We will communicate with honesty and openness, and You can trust in our ability". While the core values of company A are quite generic, and don't stand out in themselves, the HR manager explained that: "… the explanations give each of the values a practical feel, pointing towards specific models of acting". The core purpose of the company A values was to be bottom up values that serve as the backbone of the company. The HR manager explained that the values were designed with the intention to commit the employees and management to the true company A way of doing business.

The value program of company A was implemented during the economic downturn of 2008-2010 when the company saw decreased revenue and the future was not looking very bright. HR person A explained: "At the time company A sought a way to communicate its commitment to the employees and give something to hold on during the turbulent times. Everyone was a bit scared about the situation, so the values were brought in as a way to have a discussion and show future direction". The values of company A turned out as not very operational or short term but succeed in focusing the company towards a similar goal. It also gave the employees a way to judge the decisions of the management as much as management to guide the workers. HR manager A explained about the results: "This questioning of managers was intended. The company experienced unusually high turnover of employees in middle management, and we wanted a way to keep the new hires in line with the company values and strategy." This clearly reflects the Bowen & Ostroff (2004) study, which suggested that a company should be especially careful with hires to key positions in the company, as they will have a larger effect on its values.

The values of company B are: Succeed with co-operation, Work in an entrepreneurial manner, and Benefit the customer-owners. During the interviews, it became clear that the values of company B were quite generic, meant as a general guide in working within the company. Both the HR person and the employee commented that the values were very close to industry standards, basic service company principles that need to be followed. HR manager B explained that: "The strategic purpose for our value program was to move the company away from its focus on internal operations following a major merger, back to focusing on the owner-customers. Our customers are not only our customers, but also owners, so it's doubly important to always keep them in mind"

During the interviews it became rather apparent, that the values of the company B were so generic, that it was difficult to not comply with them without breaking major industry standard behaviors. Thus, while the findings of company A and C will represent different ways to make a working value system, the findings with company B tend to have a more negative tone, as I will discuss possible downfalls with overly generic value systems.

For company C their values were: share energy, beat yesterday, and show heart, which already stand out from the other two companies. During the interview with the HR manager, he explained that C had a very different purpose to their value program: “Instead of creating underlying values, our values were designed to be operational and influence the culture and everyday life of the company.” It was explained to me that the company has such a distinct and strong culture that new recruits would from time to time leave on their own because they did not fit in with the culture of the company. As explained by HR manager C: “We expect very high energy and work in an intense manner. This pushes away people who are not comfortable with ambiguity or prefer to work more carefully. We value thinking on your feet and keeping the pace high” On the other hand, the values of the company were described to truly bring energy and create comradery within the company, differentiating it from the immediate competition.

How did the companies find their values?

When asked about how the company had found their values, companies A and B responded using a method of pulling ideas from bottom-up, in workshops, followed by management shaping and choosing the ideas that would best fit the company. This process is very similar to that suggested by Hofstede in his 1998 article. Hofstede’s (ibid) argument was, that the values of the company should be the ‘total sum of values’ or else they would fail to be recognized by the employees, instead looking like a management tool. HR manager A explained that: “The process of gathering the values was exhaustive to say the least. I personally interviewed every member or our company, many of them first personally, and then met in workshops later.” Company A had multiple cycles of bottom up ideas, and management refining them until a few remained. This was seen very positively by the employees of the company and generated great visibility for the value program. Even the employee agreed that: “The value gathering process was something else… She (the HR manager) took time to interview us all, it really made the whole program feel important, no one could miss it happening”. The strategic purpose of the company after all, was to create a cornerstone for the employees to ground the company and its direction. This approach reflects the core values of the theoretical framework, where the values precede the strategy of the company, giving stability to the company.

For company B the process was less extensive and received far less visibility, but the employees are aware of the values not being set up fully by the management. HR manager B explained: “We held quite a few workshops, where members of both the management and lower end employees discussed the values. The intent was clear from the start, to focus on the customer-owners, and instead of redesigning the wheel, we ended up trimming the old values a bit”.

As a contrast, the company C values were mostly top to bottom with values coming from group level management. The HR manager told me: “We did have workshops here in Finland too, but they focused more on the implementation of the values and how to translate them properly”. Company C had had a set of values, that were described by the HR manager to be functional, but lacking impact. He explained that: “The idea behind the new value program was to tighten them up and make them more effective and operational. We wanted to avoid pretty phrases and grand pictures, the values were meant to make an impact”.

Of the three companies, company C leaned the most towards Lencioni’s (2002) idea of using key personnel to find the most representative and “true” values of the company. This gives the tightest control over the effects of the values, while risking their credibility to the low-end employees. However, this approach makes sense in light of the theoretical framework, with the operational values supporting strategy. Company C specifically created their values to be operational, not underlying core/cornerstone values. The result of this was a more direct impact on climate and culture, creating a very strong one of both (Keeney, 1988, 1994, 1996; Bowen & Ostroff, 2004).

Looking at the way all three of the value systems were generated, the biggest influence of the low-end employees seems to be in company A, where the value generation process itself was so important as suggested by Hofstede (1998). The employees were proud of the results and thus have bought into the values. For company B values appeared to be too generic to generate interest in employees. They were also not operational thus not creating much in terms of short term gains. The employees of company B have little reason to care about their origin. As noted, the values of company C were shaped by the top management with a purpose. This shows in how operational the values became. The value system was crafted to create a specific culture, and it worked. Both the employee and the HR manager felt that the values have a positive effect in making the company a good place to work in. Interestingly, the values being top to bottom did not matter to the lower-end employees in a negative way, mostly because they were liked and proved to be effective for the company. This reflects the argument of Lencioni (2002) who argued that the key personnel of the company are more important in generating the value system, as they have a clearer picture of what the company values are and why.

Did the companies find their method effective?

Next, the findings on the success of the value programs will be discussed, focusing on if there is a need to change the way values were created in the three companies, and what kind of effects the value programs had for HRM.

Starting with company A, the HR manager explained: “Both me personally, as well as the top management, were happy with how the values came to be… they fulfilled exactly the purpose we had set out for them”. The HR manager was the one who spearheaded the entire value process, having pitched it to the top management of the company. She mentioned that: “There was a problem with convincing the old guard (the CEO of the family company) to be fully on board with the values. ‘The old generation’ just isn’t used to this kind of management”. The company had a very clear strategic purpose for the value program: to create a cornerstone for the company, a rock to stand on. Gathering the values from bottom up fulfilled this strategic goal, so it was seen positively from top to bottom. HR manager A explained: “Once the top management saw the increase in employee satisfaction and commitment they were quick to jump fully on board the full implementation of the system. I was also happy… the employees felt my intentions with the system were for their benefit, and really gave the system their all. I think that’s why they are so proud of the system, it’s *theirs*” She later also elaborated on the results: “It is important to remember the context, (the company was having a rough time at the point) I feel like just discussing the direction of the company gave the employees a sense of control”.

For company B, the values were generated on workshops as a part of the second strategy cycle of the fusion company. The strategic goal was to move the values from inwards looking to outwards looking. The HR person explained that: “The first strategy cycle was all about creating a unified company, the second was a return to customer focus.” The workshops brought in employees from all ranks, but the system was not truly bottom up as the HR manager explained that the goal of the change in values was set by management. However, whether the plan actually worked is quite hard to say. As described earlier the values of company B were described as very generic by both the employee and the HR manager. They were meant to return the focus to the customer, and since this is a very common theme in today’s economy, the value system fails to stand out. The HR manager elaborated their approach: “the values aren’t meant to be known by heart, the point is to know that they are the way we do business. The values shouldn’t be seen in phrases, they should be felt in actions”. In a sense company B also created a cornerstone approach to values; have something general to base your decision making on. However, employee of company B explained: “There is very little talk about the values, not even for new hires. The system is heavily on the background, I don’t really ever think about them (values)… ….One could argue that their values are working well, but mainly because you would need to do something professionally wrong to go against these basic rules”.

In company C, the values came from management of the group, not only the country management, but all the way top from group management. They were a change from old values that were described as working decently, but the company wanted to tighten them up. When asked if the employees liked the value system, the employee C answered: “Even though most of us had nothing to do with the generation of the values, they are really well crafted. The company has grown so much that new hires wouldn’t know the difference anyways. The point is that they make working here special, who made the values doesn’t matter for me” The values of the company are so liked that they have generated a highly distinct culture that stands out from the competition and sets working in company C apart. The HR manager C expressed that he was very satisfied with how the values turned out, and his only criticism was that: “We should return to focusing more on the values. Rapid growth and increase of resources has led to us focusing on better systems, but the core of our success is not those systems, it’s the way we work”

The way employees reacted to the value generation processes depended on the communication from the top management. During the interviews, it became apparent that the more the employee knew about the goals behind the value system, the more likely they were to find the system effective. On the other hand, one of the employees expressed doubt on the system by saying: “I wasn’t sure why they were changing the system at first, it just seemed like extra work. But the process ended up being a well needed break. I think it just gave everyone a moment to think and reflect.” This also relates to another point discussed later about the evaluation of the value systems, where the employees pay attention to how much the management discusses the value system, as a measure of how important the system actually is.

While the literature does not say much about what kind of process is generally liked the most by employees, we can speculate that what is important is that the values feel right. For company A, the values were very clearly bottom up, and the employees consider them to be the “company A way”. The values are favored to the degree that they are used to openly question management’s decisions, and rightly so this was the intention of the cornerstone values from the beginning. The values being valued seems to be related to how strong a culture (Bowen & Ostroff, 2004) they manage to create. The same can be said for company C but their values are different in how operational they are. While in company

A the values are valued because they are the underlying rules, in company C their effect can be seen more in everyday actions, and they direct how one should do their work. While A's values allow employees to stop and think if a bigger problem should be dealt in a specific way, C's values affect less on the long term, and more during workdays. They steer the company towards their long-term vision and company mission, instead of being the underlaying principles that the company direction should be based on. Company C values, and how they were generated, were liked since they genuinely provide visible day to day results. They make the workplace feel special, truly separating the way the company works from its competitors. This also pushed back individuals who did not like the company culture, and as we will discuss later with ASA, this is exactly how a very strong climate/culture should affect a company (Bowen & Ostroff, 2004; Ployhart et al., 2006).

Strategy and values

Overall, the interviews indicated a lack of understanding on how to use values in a strategic way. While all the companies had thought about their core values, only one had planned their values with strategic operational purposes. None of the companies had identified desired values, and none separated internal and external values (Urde, 2003). The next portion will discuss the findings on the two different approaches to value systems: the cornerstone values, and the operational values. This reflects on the relationship between the first and second parts of the theoretical framework, with the discussions continuing more on the topic.

Based on the interviews with all three HR professionals it appears that companies don't seem to have a complete idea of what they could achieve with value systems. Even company C, who clearly had operational values that provided clear direction of action, did not answer that their values were used to specifically define their culture to fit their strategy, at least when asked the question directly. When asking questions around the topic however, it became apparent that their values were, in fact, set by the top management and specifically meant to create a strong culture and a workforce that approaches work in a specific way. This shows throughout the company, the values of "share energy, beat yesterday, and show heart" are present and visible for both the employees as well as visitors. When asked, when is the first time employees see the values and how often they are repeated, HR manager C explained that: "The values are present already at recruitment, they are a core part of the application, as well as its evaluation." "… it's clear that they drive the culture of the company, at least in the operational sense, we want to be different, and our values clearly define what is **our** way”. Of the three companies, company C values were most used in SHRM, where they were both integrated to the recruitment process (Kristof, 1996; Schneider, 1987), as well as actively affected the retention of people. This is the core of ASA-theory where the employees that agree and buy into the values of the company enjoy their time in the company much more, while those not agreeing with the values being more likely to leave the company (Posner et al., 1985; Boxx & Odom, 1991; O’Reilly et al, 2014).

Of the two companies that used the values as a cornerstone, company A was more strategically valid. Their goal was specifically to maintain their core beliefs during a troubled time for the company and to provide employees with answers and backing in a time when there was none. In this sense their value program succeeded, and the cornerstone values ended up being very liked. HR manager A explained that: “… strategy changes over time, especially focus changes a lot based on the market. But the values of the company are deeper”. This clearly shows how strategy can move within the values of the company, making the values of company A specifically core values (Urde, 2003). When asked about operational values, she answered: “We do not specifically separate them, but there are differences in how the values are interpreted, and especially which part is focused on by which part of the organization.” This is rather normal as there can be a multitude of subcultures within a company (Hofstede 1998), and as long as they follow the overall values of the company, it generally does not become an issue. However, if a part of the company starts varying too much, it could become an issue for the validity of the entire value program, and the different parts of the company beginning to “silo up” creating inefficiencies in work involving more than one department (Lencioni, 2002; Hofstede, 1998). The employee also believed the values to be more of a cornerstone as they mentioned that: “The values are to be too general for being a specific tool, I don’t think they are used for any specific purpose”, when asked about operational use of values. He then added: “The values are more for thinking about the bigger picture… sometimes you just stop and think if something went right, and then you might think about them (the values)”.

The HR manager B explained about their approach to values “The values should be felt through actions, rather than directly communicated. If the system was working optimally, nobody would even need to mention the word ‘value program’.” While this holds true, it is in a rather stark contrast to the interviews with employees, who would have preferred more discussion about the values, and as clear as possible communication on how they affect the company. Two of the three employees mentioned that they felt the systems were working better, when they were discussed more during work days, and they were on top of their minds, instead of quietly in the background.

The HR representatives in the interviews did not separate between different kinds of values. Urde’s (2003) Internal, external and operational values tended to be mixed and all values were communicated both internally and externally. Company A did differ in this, since the HR person said that the different parts of the company focus on different values, thus making the values show different in customer interface, as opposed to internal channels. Indeed, this is the closest my interviews got to separating external and internal values.

When comparing how the cornerstone and the operational value systems the companies had, we can draw from the articles of Lencioni (2002) Urde (2003) and Wenstop & Myrmel (2006) who describe the situation well. The core values of a company should come before company strategy, seen most clearly with company A. Their value system created strong core values, that can be used to guide decision making in the long run, as expressed by the employee earlier, while not being as strong in directing the strategy implementation and short-term actions. On the other hand, operational values such as found in company c, are an effective tool in SHRM. Their value system focuses specifically on internal values that help define how work is done in the company.

All companies considered that vision and mission were more important in communicating the aim of the company in the long term, as opposed to core values. Company C HR manager displays this mindset during the interview when he comments that: “while vision and mission guide the long-term strategy, values determine how we get there”. This is another indication of how the companies have not researched how the different values work, and by leaving out either core or internal values, they might not get full benefit of their value programs.

When asked directly, all the HR managers said that the values aren’t operational tools, yet at the same time refuse that they would be long term guidelines for the company. This lack of awareness about the terminology has an impact on the outcome and effectiveness of value programs. This point will be explored further in the discussion and conclusion sections, as it seems that defining values is a big issue for companies, and because they don’t quite understand what the purpose of each kind of value system is, they also fail to draw full benefit from them.

Firm infrastructure and values

In this portion we will have reached the HRM portion of the theoretical framework. Designing internal processes is a core function of HRM and allows it to guide the company culture towards its strategic goals. When it came to firm infrastructure and how values affect them, two of the three companies admitted most of their processes were not developed with values in mind. The infrastructure of companies B and C were more based on their operations, than their value systems. As discussed earlier, company B's values were generic industry standards, so the company infrastructure automatically follows the values to a degree, but actually optimizing the systems based on values was practically impossible. For example, the HR manager B mentioned that: "An example of our values affecting a core process is that taking responsibility shows up in the reward structure as positions with more responsibilities have higher pay. And also, better customer satisfaction is tied to group wide bonus to all employees because customer focus is a value". However, it could be argued that these are very standard practices in most if not all businesses, and as Lencioni (2002) mentioned in his article; if the values don't differentiate the company from others, the value system will lack impact.

Company A on the other hand, was the only one of the three where the value program had specifically raised the issue and started affecting their processes as suggested important by Posner et al. (1985). For example, Christmas bonuses and argument settling systems were mentioned as of systems that were specifically changed to fit the values better. The HR manager gave another example: "We have the sub-value 'knowing our customers' and this was brought up as a clear weakness by the sales team. So together we created a process that allowed them to better get information before and during their meetings with customers and suppliers." While changing processes did not show much to the employees, the HR person was very adamant that she had made the importance of processes matching values clear to the top management. She explained: "Going forwards, this is where our focus should be. One of the main things I want to ensure is that the management stays true to this value program, specifically through the processes of the company." She continued: "If our actions are not the same as our words, it will ruin the entire system. Processes like these are management's way to show that their words aren't just sweet talk to keep employees satisfied for now. If the values are to be our cornerstone, they need to be seen in our actions"

In company C the effect of the value program follows the strategic idea of values being a short-term guide in how the company does business. Within their processes, they have multiple value driven parts that aim to increase the energy within the workplace, give employees chances to build lasting relationships with each other, and thus support each other. A concrete example of this was explained by the employee: "… probably the clearest one is the "culture cards" practice. Once a week nearly the whole company gathers to give cards that commend people for acting within a certain value. We are encouraged to give these cards liberally, and its actually fun, you can see that people enjoy it". She continued on the topic: "It really doesn't feel fake or forced, everyone is so used to it now. Just feels good to give and get, and its encouraged anyways". Both the HR and the employee also noted that the values define much of the non-monetary rewards within the company as well as the everyday doing of things. This fits their agenda, as the point is to affect how they do things, not what they do. Indeed, the articles by Gupta & Singhal (1993) and Pragya (2008) found that even nonmonetary systems fitting values were likely to increase long term satisfaction of employees, and creating a strong climate Keeney (1988, 1994, 1996) can make the decision making within the company much more efficient.

However, when asked about more long term and core processes of the company the HR manager responded more hesitantly: "I have to admit that stuff like promotions and payment are more performance based, than value based. You need to fit the values to do the work, but in the end the core systems are designed with performance in mind".

Values and change in the company

As suggested by articles by Hogan & Coote (2014) and O'Reilly et al. (2014) one of the most important effects of a value program was how it affects change in the company. Innovation and openness to change are extremely important in today's turbulent economy. In the interviews, both the HR managers as well as the employees showed great interest when asked if the culture would benefit change, and how difficult would it to change the culture if needed.

For company A their values were meant as a cornerstone, so the HR saw values as something that will help change, if it was within the limits of the values, while rightly resisting change when it was outside values. She mentioned that the company culture should resist change if it isn't within the core values of the company, as it just wouldn't be right for the company to act outside them. This reflects the results of Canto et al. (2013) results, where they found that companies trying a strategy change outside the company core values faced intense resistance. On the other hand, the HR manager A considered that the value program should help make operational and process changes that are supported by the values, as the common rules are known to all, and it would make communicating the change easier. She explained:

“When we introduced the new process to better research the needs of our customers, it was easy to sell it to the employees as well as management. Most agreed, this was something we weren’t doing well enough, so the change was seen as necessary progression for the company.”

In company B the HR manager was focused on the values supporting change through the value of working in an entrepreneurial way: “We expect our employees to seek control and responsibility of their own work. Change is also made easier by co-operation, its easier to change things when everyone is pulling to the same direction.” The employee however was slightly more cynical and noted that: “The values are quite generic, really the basics of service companies. The company strategy would need to do something substantial for it to not fit within the values” which showcases the difference in HR’s perception of a good plan, but employee’s difficulty in understanding how it could be implemented due to its overly generic nature, and the earlier discussed lack of direct communication and training.

For company C, the HR manager saw that their operational values support strategic change well: “Supporting each other, having high energy in the workplace, and striving for growth and learning, are all great qualities for a workforce when pushing a new strategy.” He later added to this: “On the other hand, if the change would be to slow down the growth, and instead of young and energetic, we would need to be careful and professional, the values might become a real issue. That’s not how we do things currently” However, he did not feel this was a major issue as: “… it would be a major branding shift for company C, not just in strategy, but also in mission and vision”.

The employees supported the ideas of the HR managers, stating that company values are excellent in giving them a boost, especially when facing difficulties and change that would normally be taxing mentally. Company A and C employees mentioned that during times of high stress, the values can be something to ground your thinking on and push forwards knowing that you are less likely to make a big mistake. This is a good example of the theory of value-based decision making by Keeney (1988, 1994, 1996), as he argued that employees that share the same values, are more likely to act in unison.

Changing the values

In company A changing the values was seen as considerably difficult by the HR manager, based on that they were very liked and acknowledged by the employees. For company B changing the values was seen as both rather easy and quite hard. Easy by the employee as they could be made more specific and operational at any point, without much resistance. On the other hand, the HR manager believed that going against the current values would be near impossible since that would be going against the current standards of the industry. Company C values were considered hard to change. They were described to be heavily operational and the HR manager commented: “I think changing our values would require changes to both core every day processes, as well as probably employees. We have attracted a special kind of group of people, they probably wouldn’t like if the tone of the company changed completely”. On the other hand, he believed that updating and changing some focus would be beneficial and fairly easy to make.

The employees were more critical about changing values, stating that the companies would need to be in a crisis to meddle with the values. However one of them pointed out that: “At the point when we are talking about the survival of the company, values should obviously bend the knee. We shouldn’t be so stubborn we let the entire company go under” One of the employees also mentioned something interesting, in that he considered that the change of values wouldn’t come through another value program, but they would just be intentionally forgotten: “As we (the employees) would see the values not being discussed or mattering in decision making, they would become obscure. Then the company management could just generate a new value program with new values. This would start the whole cycle anew.” In fact, this employee was worried about this happening now, as the talk about values was becoming less frequent, and he was not aware of the ways the current value system was being evaluated. We will touch on the importance of measuring the value systems later, as its effect was one of the major findings that came from the employee side of the interviews.

The role of HR in the company overall

All companies shared the same system where HR does not deal with employees on a daily basis. The main superior of the employee is the first line of support for them, and this was considered to be a well working system. One of the employees showcased this by saying: “Its better that I can deal with personal issues within my foreman, I don’t want my issues being discussed in the group level management, at least I know who I’m talking to with the foreman.” The HR managers explained that the point of HR is to support the middle managers within their teams, creating a clear hierarchy and providing support to each level.

For company A, Ulrich’s (1997) idea of championing values was seen clearly. The employee noted that: “the whole value program exists because of HR manager C. If there is any issues with values, I know she is the one who set them up, and will back up anyone in holding them up. HR manager A gives face to the values, from the top of the family company” This also reflects on the article by O’Reilly et al., (2014) who pointed out that the values of the CEO have a great effect on the company. And while the HR person interviewed was not the CEO of the company, she was an heir to the current CEO of the company, which gives credibility to the program, as well as has a direct influence on the current CEO.

One thing reported by the employees was that they weren’t 100% sure what the HR in their company actually did. The employees assumed that they are somehow supporting the foremen that took care of their teams, but they would have preferred having more factual knowledge of the role of HR. One employee explained: “I do know who our HR manager is, and even where their office is, but I can’t honestly say what their day consists off. In fact, I have no clue” There seems to be an interest towards the supporting role of HR in the lower ends of the hierarchical ladder, but it appears to only become clearer to the employees on higher positions.

Benefits of value programs

Finally we will take a look the feedback cycle portion of the theoretical framework. This portion of the interviews proved out to be more significant than first expected. As the literature pointed out, using measurements and tests, the HRM of a company should determine if their value programs were producing the wanted effects (Allen & Meyer, 1996; Bowen & Ostroff, 2004, Finegan, 2010). But the interviews seem to point that the benefit of measuring the value programs is not only the information for the management’s side. The responses form the employees especially show just how important measurement and knowing that measurement happens is for the overall effectiveness of the value programs. We will next examine how the value systems in the three companies were measured and evaluated, following with what the HR managers as well as employees felt could be improved on in the programs.

How is the value of value systems measured?

This proved to be a very interesting finding. There was a significant gap in how HR and employees perceive measuring the effect of value systems. In two of the three companies, there were systems in place that indirectly measured how well the values of the company were affecting the company. In company A there was an employee satisfaction survey that very closely examined how each of their values were doing and affecting the satisfaction and commitment of the employees. HR manager A also explained: “We evaluated many of our core processes before the value program, just to get data on the starting point. Then after we had made the changes, we have periodically started measuring their performance to see the impact". In company B, a similar survey examined their values through indirect questions in the employee satisfaction survey. Company C was slightly different in that their measurements were not specific to the value program and they relied more on the feel of the company climate than quantitative measures. When talking about this, the HR manager C explained: "Our values are designed to be so operational and action oriented that it wouldn't be difficult to spot if they weren't working. I bet both me and the employees could feel if the values were not affecting us" Considering how carefully their value program was designed otherwise, this stood out like a sore thumb. Company C did measure employee satisfaction, but it was not designed to measure the effect of values.

The reactions of the employees varied a lot on this based on if they knew they were observed or not. When interviewing the employees, their opinions on the value systems were quite dependent on how much measurement they perceived the programs to have. If the employees felt that there was no evaluation and measurement of the value systems, they deemed the systems as being lip service. For example, while it was clear from a HR manager's side that the values were important and being observed tightly, the fact that an employee felt like they weren't evaluated at all, made him feel like the whole system was already fading away. As mentioned earlier, he felt like the system might just fade to obscurity and then be replaced when nobody remembered the values anymore. This same effect was seen in company C, where the employee answered when asked about how values are evaluated: "I'm sure there is evaluation, probably in the employee surveys. That's generally how HR does it right?" She expected the company to be paying close attention to the value system while in fact the company was the one with least practical measurement. This might show how a higher educated employee is more likely to understand how such a system would work and perceived the system as functional even when no actual measurements were taken. Overall, it seems that employees consider measurement of the effects of value systems to be important part of the process, and if they don't see it happening, they feel like the system isn't as important for management.

Are values valuable?

When asked whether the HR managers or employees felt that their value systems were providing value for the company, most agreed. The HR managers all agreed that if they didn't have values, then there would need to be another system to enforce their way of doing business. "It's preferable to guide with values than set up more rules" explained HR managers for B and C. For employees, they mostly thought the same to a lesser degree. However, they weren't as sure that there was a concrete outcome to the value programs, as they did not see the results of the measurements. But, all three agreed that companies need to be given direction in one way or another, and value systems for the most part seemed to be doing that.

I asked all the interviewees, what could be improved with the current system? This brought numerous good responses on the issues of value systems as well as further pointed towards the importance of clarity in the measurement of value systems.

The HR manager of company C explained: "Looking forwards, I would like to see the company focus on getting back to repeating the importance of the values a bit more. We used to talk about values all the time, maybe excessively much, but it clearly worked. With our growth, it's hard to keep the same up." For company A, the HR manager was more focused around getting the processes of the company right by the values. Her focus was making sure that they have reviewed everything and made sure they are "walking the talk". For company B, the HR manager felt like the current values were serving their purpose as cornerstone values, but she hoped they could be implemented without as much focus on training and discussing them. She explained: "In my opinion, you should be able to feel the values from the company culture, and the company would socialize the new employees on its ways through the culture. I would much prefer that values are automated reactions, than we would need to force them upon employees every month or so." While this is how a strong culture functions (Hofstede, 1998) I feel like company B might not understand that the point of value systems is to help create strong culture (Bowen & Ostroff, 2004), instead of other way round. Company culture is not easy to manage, and without careful guidance from the HRM, it might result in more negative than positive (Lencioni, 2002)

Also in a contrast to company B, the employees felt like the number one most important chance should be that the value programs need to be mentioned more and their effects made clear. Two of the employees expressed worries that the lack of talk about the values felt like the system was going away. One employee also commented: "It would be interesting to hear how the values are measured. From a personal perspective this would help me in behaving in a way that most benefits the company and me in the long run". Overall, communication about the importance and effects of the system were mentioned several times, as the employees seemed to gauge the importance of the value programs based on how strictly they were enforced.

6. Discussion and analysis

Finally, the thesis will discuss the main findings and examine them from the point of view of the three research questions. In the beginning of the thesis, I proposed three research questions:

RQ1) How can companies identify their company values?

RQ2) How can companies use their company values to improve their HRM?

RQ3) What kind of benefits can a company gain from linking values with HRM practices?

The findings can be sorted to fit these questions and the theoretical framework, by first discussing the strategic purpose behind setting up value systems, and then how it should determine the way the value system is implemented. Finally looking into the effects of the value systems, and how the evaluation and feedback cycle of the value system is important for not only the management, but the employees as well.

The goal in setting values

The first major finding of the thesis was that it appears companies do not seem to realize why they are setting up values, and how setting up certain kinds of values systems affect the effectiveness of the entire program. As stated by Lencioni (2002), a company that doesn't clearly define its values risks confusing management, employee, and customers alike with values that are not actually important to them. Looking back at the theoretical framework, this first point deals with Core values and Strategy, more specifically the relation between the two. If a company does not have a clear plan as to whether their values are core values and come before strategy, or operational and support the strategy, they might end up with a value system that confuses more than guides. Also, a system that lacks either part, will likely not perform as well as a complete one.

In fact, none of the companies interviewed had a complete value program. Companies A and B had found their core values, that served as cornerstone values of the companies. Yet they had no operational/internal values. Their value programs focused around creating acceptable boundaries for strategy and creating some value driven decision making (Keeney; 1988, 1994, 1996). When you look at the values of company A, the examples under the core values give it more of an operational feel, yet they aren't communicated as such. In the employee interviews, two of the employees felt that their value programs weren't specific enough to give them a practical purpose. This shows how the lack of clarity in definitions can cause confusion even with a good value program in place.

For company C, the values were highly operational, specifically designed to direct how the company is to reach its strategy. The company was more aware of the design and effects of the system, and while they lacked longer term core values, they had made their company vision and mission to cover these bases. Because the values of company C were so operational, they worked incredibly well in creating a strong culture of unity, high energy and a focus on growth. With the financial results of the company being very good as well, the company had built an extremely strong climate of success and positivity, that feeds the culture further.

Company C is in fact a very good example of how big a difference internal values can make on the culture of the company, which as we have discussed earlier, has been argued to be one of the main goals of HRM, and a way to create a competitive advantage (Barney, 1986). Their values were found to work exactly as the ASA model suggested (Posner et al., 1985; Boxx & Odom, 1991; O'Reilly et al, 2014), guiding the right people in, while pushing away those who got through initial recruitment, but don't fit the culture.

It should be noted as well, that company B is a good example of too vague cornerstone/core values. While their process of finding the values was a mix of companies A and C, with a top down strategic mission of refocusing on the customer, coupled with workshops on what values should the company have, the system fails to have any practical effects due to too generic values. The values are not action oriented enough to direct operations, while too generic to truly guide processes or strategy either. Statements such as "there is no need for employees to memorize the values, it's more important to act based on them", become rather pointless when the values follow general industry standards, and going against them would be practically impossible. If the value system of a company does not separate them from the mass at all, is there a point in having one in the first place. My findings seem to comply with the argument of Lencioni (2002) and Keeney (1996) that too generic values fail to make a positive impact for a company.

It was also notable that none of three companies separated internal and external values. I'm sure that if the interviews had dug deeper on external values, the companies would have had marketing and PR related systems that they use to portray a specific image outward. Yet none of the companies made this differentiation knowingly. This is worrying because mixing internal and external values is a) bad for employees since they must deal with a set of values that they might not see in their workplace, and b) confusing for the outside, as they don't really care about the internal values in the list, as they don't build the brand like specifically external values do (De Chernatony et al., 1998; Urde, 2003).

To sum up the discussion around research question 1. Companies can see benefits with starting their value programs by properly defining values. Understanding how different values (core, internal, external) work, one can create a more complete system that benefits the company both in short and long term. Depending on the kinds of values they want, companies can select the system for finding values. Clearly planning and communicating the terms within the value system allows both the HR managers, as well as the employees to better understand the relationship between core values, strategy, and operational values. Core values seem to be the total sum of values and finding them bottom up, gives the employees a feeling of pride in their company, and makes it easier to buy into the system. Internal values are more operational and setting them to fit your current strategy seems to lead to a stronger culture. Selecting and carefully wording operational values based on the feedback from key individuals can help to home in on the core of how the company works to reach their goals. External values were not examined deeper in this thesis, but it became apparent that companies tend to communicate all values both internally and externally. By separating internal and external values, the company can allow their marketing to work in building a brand, without confusing the employees with values that might not be present in the day to day work of the company.

The values and HRM

The second main finding of the thesis deals with taking the actions that lead to a successful value program. This point directly relates to both the HRM section as well as the Results section of the theoretical framework. The findings showed how the Core Value and Strategy sections clearly effect the HRM portion, as two of the companies with clearer strategic purposes were more effective in creating processes to fit their values, while the company with generic and ambiguous values failed to benefit their HRM as much. The importance of the feedback loop was also found to be significant not only in finding out the effects of the value program, but also in relation to its overall credibility.

The interviews gave two good examples of companies with very different goals in mind, company A wanted cornerstone values to ground the company decision making, while company C aimed to create a system that defines how they reach the company mission and vision. Thus, the processes they built around reaching those goals varied.

Creating company processes that support the value systems was considered important by all three HR managers, but company A and C had the clearest examples present in their companies. The two had very different purposes for their value programs, with A focusing on long term stability and creating a cornerstone for the employees, and C aiming at creating a company culture that will best allow them to reach the long-term mission and vision of the company. It is in the contrast of long term and short term that we can find what made the impact for each approach.

For the long term focused company A, the focus was in adjusting major processes within the company, to support employees acting with the core values of the company. Examples of this were payment structure, where bonuses were redesigned to reward quality instead of quantity, and a whole new process being developed to allow the marketing and sales to better know their customers, in order to serve them in a way that generates trust.

Company C on the other hand focused on less major systems and processes. It had introduced protocol and processes that ensure a specific etiquette in day to day interactions. Employees were expected to credit each other for their successes, be energetic in their communication, and spend time together both in and out the job. The strategic idea being that by creating a culture around the highly energetic and growth-oriented values, would lead to a very strong culture within the company, that then supported the long-term plans.

Another important factor in the successful implementation of the value program is the setting up of the feedback cycle. However, in the interviews, one of the major differences between the HR managers and the employees appeared in the perception of the evaluation of the value systems. As expected, the HR managers began explaining how their systems are evaluated, and what results they have found. The employees on the other hand raised an important, yet fairly unexpected point that they did not have an accurate view on how the values are measured in their companies.

For the HR professionals, the importance of the feedback loop is clear; it allows them to see if the system is working, and if it is providing the wanted results. Constant development is a core tenet of business, so it makes sense for trained HR professionals to see it as the main purpose of the feedback loop. However, form the point of view of the employees; they view the evaluation of value programs as evidence that the system is important for the company. This shows that the documented and well communicated measurement of values is an important factor for not only the HR but also the employee's perception of the system. Whether the company measures the effect of the value system or not, and whether the employees realize that it is being measured appears to influence whether it is perceived as a working valuable system, or something that was set up and forgotten. Here it needs to be stressed: in the interviews perception of measuring was more important than the actual measuring. An employee that believes to be measured, while actually there was very little evaluation going on, was more satisfied with the system, than an employee that perceived the measurement as lacking, while there was extensive evaluation going behind the scenes. The interviews also indicated that evaluation is more important than holding more trainings, as training can be something pre-designed, while maintenance and constant feedback seems to be more credible and practical, in showing that the systems are important for the company.

This could be seen as an issue with the cornerstone value systems, as the values are seen as underlying factors, instead of action oriented operational factors. HR professionals didn't measure them in terms of practical actions, but in overall satisfaction and attitudes of the employees. While the results of such surveys might show that the company culture is indeed in line with the values, they aren't practical enough to report and draw much conclusions on, at least for the quantitatively oriented management of the businesses. For most employees though, this lack of reporting could seem like lack of testing in the first place, a general disinterest in the system. If the management isn't interested in the system, why should the employees be.

On the other hand, we have the operational and more action-oriented values systems. Company C did not have much of direct evaluation of how the system was working. They did measure employee satisfaction, but not from the point of view of the values per se. However, since the value system was far more operational, one can argue that evaluating it is easier based on the everyday actions in the company. Both the HR and the employee mentioned that they could see/feel if the values weren't being applied at a time, as they had such an effect on the culture and climate. In fact, both mentioned that they would currently prefer, if the values were brought out more, as the rapid growth of the company meant that there were more and more new people joining. While the company did not have their feedback loop as a defined process that was quantitatively evaluated, both the HR manager and the employee qualitatively felt like adjustments needed to be made in order to keep the spirit of the value program intact.

The importance of the feedback cycle for the employees was not expected in the theoretical framework at all, as it was seen more as a tool for management and continuous improvement of the system. The findings however indicate that communication about the evaluation and the results of the evaluation are a considerable factor for the credibility of the system in the eyes of the employees. Thus, the feedback cycle serves a dual purpose.

To sum up research question 2, HRM needs to take clear steps in changing and maintaining processes to fit the strategic purposes of the value programs. With cornerstone values, the focus is adjusting long term processes to promote the core values of the company. While the core values might not show in every day actions, it is important that the employees succeeding are those who follow the core tenets of the company. For operational value systems, it is more important to create processes that shape the short term feeling and emotion within the company culture. For example, creating a strong climate through non-monetary rewards systems can keep the company values fresh in the minds of the employees, as well as giving positive reinforcement to the preferred behaviors. The study also suggests that the feedback loop is not only important for the management's ability to actively steer the company. It's also important for the employees, so that they see that the company has a direction and actions are taken to get there. This appears to be an underdeveloped area within value programs, with none of the HR personnel realizing it.

The effects of a value system

As discussed earlier, setting up the cornerstone and operational value systems differ. The same goes for the effects of the two systems. We have good example of each of the sides of the spectrum: company A value program was focused on core values with the intention of creating a cornerstone for the company, something to ground it during troubling times. While their values did not create as much operational effects, they did give the employees a sense of belonging, and ease of mind, knowing under what guidelines the company would be directed. The management also had a clearer framework to work under, as they had a better idea what kind of strategic changes are likely to cause greater resistance with the employees. Core values also allow the company to match their long-term processes such as salary and promotions based on individuals displaying the core values of the company.

On the other side, company C had very operational values, that clearly showed its employees how to behave on the job. While their values had very little to do with guiding their strategies, and the employees could not look at the values and use them to judge strategic directions, they defined how they would get to the strategic goals in every day actions. This created a positive cycle of strong culture and climate that feed each other and clearly separate the company apart from their competitors. Company C saw benefits with SHRM as well as a highly energetic, committed and satisfied workforce.

While the previous section found that the feedback cycle had a secondary purpose, in keeping up the credibility of the value system in the eyes of the employees, the effect on management was more expected in the theoretical framework. The findings showed that evaluation is indeed important in adjusting the system, and all of the companies were making adjustments based on their evaluations. Notable here is that although company B had also made changes to its value system based on the strategy change and the old system not giving right results, their change did not seem to focus the value enough to make an impact.

To sum up research question 3, we have already seen that setting up the values properly already has a big impact in using them, as they need to be considered credible. If one sets up just core/cornerstone values, then they are likely to not have a great operational effect. Core values need to have an effect on the long-term processes like promotions and salaries, otherwise the employees will question their legitimacy. The main benefits observed with core values, is value-based decision making, a guideline for the employees on how things should generally go, as well as a grounding factor for a company that needs stability. If cornerstone values are too generic, a company was observed gaining very little, as the values are too wide to effectively guide strategy, while not operational either. Operational values were observed to have greater effect on daily operations, culture, and climate of a company. They require constant management with the day to day company processes and could be managed effectively with non-monetary short-term acknowledgements. If operational values are off, the employees reported feeling it immediately, and this can quickly turn an issue as the employees begin to question the legitimacy of the system.

7. Conclusions

Practical implications

In this section, I will give three managerial implications based on the major findings of the study. These will be three steps that can help a company get more out of their existing value system or help in developing a new program.

First, a strategic purpose for the value program makes it more likely to generate wanted effects. The findings of this study show that having a clear strategic goal and driving the values towards that goal is far more effective than having a value system just for the sake of having one. By having a clear purpose for the value program, it is easier to select the kinds of values needed for that specific purpose, as seen with the two very distinctively different systems in companies A and C. Company A wanted stability, thus they focused on core values, while company C aimed at behavior models that lead towards their long-term goals, thus their value were operational internal values.

Too ambiguous goals run the risk of the value program becoming scattered, or as it was found with company B, too generic to be distinctive. Ensuring that the values a company generates are focused around the strategic purpose, and as we saw the way you conduct the values, affects the way the values turn out. Employees often prefer stability in their work, and if the value program is set up with bottom-up workshops, the company will more likely end up with stable core values. On the other hand, the top management and key personnel within the company have a better picture of the strategic outlook of the company and are more suited to create a value system that is more operational in nature.

The second managerial implication deals with clearly defining values to increase the clarity of the system. The findings of the study suggest, that while companies can have well working value systems that were created with a clear strategic purpose, they will come up short due to the different kinds of values (core, internal, external) mixing, or being completely absent. While the first implication suggested that having a clear strategic purpose for the value program will make it more likely to be valuable, a company should avoid tunneling in on just a single kind of value.

While its important to create a value system that focuses on the strategic objective, the value system was found to benefit from including all kinds of values. Core values give direction and ground the company in the long run, while operational values help drive the behavior towards desired patterns that lead to these long-term goals. By defining which values are intended as stable and which are more focused on short term behaviors, it makes it easier for the employees to understand the system, and the values make more sense as well. Mixing the types of values becomes problematic, as the employees don't know if they should immediately react and change their behavior, or if they should strive to an ideal overall. The same goes for aspirational values, and although the study did not encounter any, these mixed in with the core and internal values could water down the entire system, as employees could always point out to a value that is clearly not represented in the company and argue that the system has no legitimacy.

By clearly defining which values are used in which ways, and then clearly communicating them, a company can increase the effectiveness of the system. After you have a clear goal, its important to implement with clarity.

Finally, after the system has been developed and implemented, evaluating its performance is important. However, as the study found, the way and to whom you report the results also matters. The management of the company will wish to know the results of a system that has taken resources and evaluate if the strategic purpose of the system is being met. Continuous improvement is a core principle of business, and one should see if some of the values are not represented in the company, as it can erode the legitimacy of the entire system.

But management is not the only one interested in the effects of values. Employees of a company appear to judge the importance of value systems based on how much the systems are being measured and evaluated. Thus, it appears that there is a point in sharing the results of the measurements with the employees, to show them that the system is being evaluated and steps are taken to improve it.

Often companies evaluate value programs through employee satisfaction surveys, where the questions indirectly ask about the values and how they are represented in the daily interactions within the company. And while companies hold follow up sessions with their employees about the results of such surveys, they rarely discuss the values themselves, instead focusing on the satisfaction portions. The results of this study suggest that there could be value in adding a segment to the satisfaction survey result sessions, where the success and effects of the company value system is discussed. This could benefit the company, as they would remind employees about the company values, as well as generate discussion around what works and what doesn't work. As the surveys rarely ask directly about the values, to avoid employees feeling tempted to give out "right answers", in the results discussions the topic could be discussed with the correct terms and a proper discussion could be had.

To sum up practical implications, the findings of the study suggest that companies could increase the effectiveness of their existing value systems, as well as upcoming value programs, by having clear strategic direction, defining and communicating the desired values to employees, and processing the results of the value programs with both the management, and employees in mind.

Suggestions for further research

This study was focused on the parts of the value program that are mostly affected by HRM, and as such did not discuss external values. For future research, it would be interesting to see how can HRM and marketing co-operate to create and manage external values in building a brad for a company. External values can be a great asset for marketing purposes, as we have seen with for example; Ben and Jerry's whose green and environmentally aware values define much of the company's marketing.

Another suggestion for the future research would be specifically change and values. Two out of three companies in this study had cornerstone values, that were intended as coming before strategy in organizational direction. Studying how companies manage their value systems during times of significant strategic change could give insight on how employees react when the value system is exposed as being a set up system, instead of the stable value system of a person. Are there ways to manage this kind of change, to lessen the impact to credibility that the new program is going to suffer?

Finally, one of the findings of the study was that none of the three companies involved in this study had a full fleshed out value system with all of core, internal and external values as parts of the system. It would be fascinating to see if this is more because of small sample size, or a current norm. A quantitative study that would question a larger number of firms could be made to survey if companies tend to focus their value systems on a single value type or have all present in some degree. This would also allow to draw more generalizable conclusions if having all three kinds of values is more or less effective than focusing on one, as this study suggests that having all present and well communicated could be of benefit. Would the strategic focus on a single kind of value outweigh having a more complete system?

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9. Appendix 1: Interview Guide

Questions for the HR managers:

Identifying values

What are the core values of the company?

How would you define the company culture? Do you think the company culture is a result of the values, or do the values reflect the culture?

Do you think your values are unique? do they set you apart from the competition?

How did these values come to be?

- Who made the values? When were they made? Are they updated regularly, or has the company stuck to the same values for a longer time?
- if answer relates to top management: how do you ensure that the rest of the employees share these values?
- if answer relates to gathering from bottom up: who was involved in the process? Was it a survey or based on key personnel?

Are there separate corporate/strategic values and operative values? Are these separate from the values that the company want to project to customers?

Is there a specific strategic purpose with your company values? Are they just the values your organization has, or are they a means to an end?

How are values used in HRM?

First ask generally and then move into specific functions of HRM:

What would you say is the main function of the values in your company? How often do you think if something you do is according to the values?

Strategic HR:
How are values communicated in the company?

When is the first time that an employee is exposed to the values?

Is value congruence a factor in

- hiring new employees?
- letting go employees? Has there been a case where you let go of an otherwise good employee who didn't seem to share the values/fit the culture of the company?

After new employees have joined the company and received the initial training, how are values enforced after that?

Firm infrastructure:

When you think of the different processes of the company, for example rewards or communication systems, do you think they reflect the values of the company?

- Can you give an example from within the company?
- When designing these systems, do you think of values or is there another more operative reasoning for these designs?

Transformation and change:

Do you think your values allow the company to adapt to change? or should the values change if there is a change in the company strategy/ in the market overall?

If you were to try to change the values of the company, how difficult do you think it would be? (see if the answer is about core values or operational values)

Employee contribution/support:

What is the role of HRM in the company?

Is the role of HRM in the company suitable, and how could it be improved?

Benefits of linking values and HRM

Do you think the values of the company actually make a difference?

- Considering how much time and effort needs to be put into values is it worth it?

What do you think is the biggest benefit from using values?

- have you measured it somehow?

Do you think that the current values of the company are the most productive for the company?

- Should something be changed? Why, why not?

Questions for the employee:

Identifying values

What are the core values of the company?

How would you define the company culture? Do you think the company culture is a result of the values, or do the values reflect the culture?

Do you think your values are unique? do they set you apart from the competition?

How did these values come to be?

- Who made the values? When were they made? Are they updated regularly, or has the company stuck to the same values for a longer time?
- if answer relates to top management: do you think they reflect the values of the whole organization, or are they top managements values that they hope the rest will follow?
- if answer relates to gathering from bottom up: who was involved in the process? Was it a survey or based on key personnel? Do you think this system was good?

Do you think there is a specific strategic purpose with your company values? Do they seem like the values that the company stands for, or means to an end?

How are values used in HRM?

First ask generally and then move into specific functions of HRM:

What would you say is the main function of the values in your company? How often do you think if something you do is according to the values? Do values affect your decision making?

Strategic HR:
How are values communicated in the company?

When was the first time that you were exposed to the values?

- What did you think of them at that point? Did they feel meaningful or just empty talk?

Do you think that sharing the values of the company has an actual impact on:

- the new employees that get hired?
- the people who get fired?
- or are these more based on technical capabilities?
- Should value congruence have an effect on these?

After you joined the company, how often do you hear about the company values?

Firm infrastructure:

When you think of the different processes of the company, for example rewards or communication systems, do you think they reflect the values of the company?

- Can you give an example of a system that uses values from within the company?
- How about is there something that clearly goes against the values?

Transformation and change:

Do you think your values allow the company to adapt to change? or should the values change if there is a change in the company strategy/ in the market overall?

If the management would try to change the values do you think it would work? What kind of values would you think would be resisted? (see if the answer is about core values or operational values)

Employee contribution/support:

What is the role of HRM in the company?

Is the role of HRM in the company suitable, and how could it be improved?

Benefits of linking values and HRM

Do you think the values of the company actually make a difference?

- Considering how much time and effort needs to be put into values is it worth it? Could this time be put into use better elsewhere?

What do you think is the biggest benefit from using values?

- Has it been measured somehow?

Do you think that the current values of the company are the most productive for the company?

- Should something be changed? Why, why not?