



# VI International Scientific and Practical Conference "Business Psychology: Theory and Practice"

29<sup>th</sup> November – 1<sup>st</sup> December, Moscow, Russia

## THROUGH BALANCED ORGANIZATIONAL VALUES TOWARDS PURPOSE-DRIVEN ORGANIZATIONS

**Ivan Malbašić**



*University of Zagreb*

*Faculty of Organization and Informatics*



# Content



Let's Start to Talk About Purpose and Values



**WHY** Balanced Organizational Values



Research Results on Balanced Values



Creating a Purpose-Driven Organization



Conclusion

# The Golden Circle

## WHAT

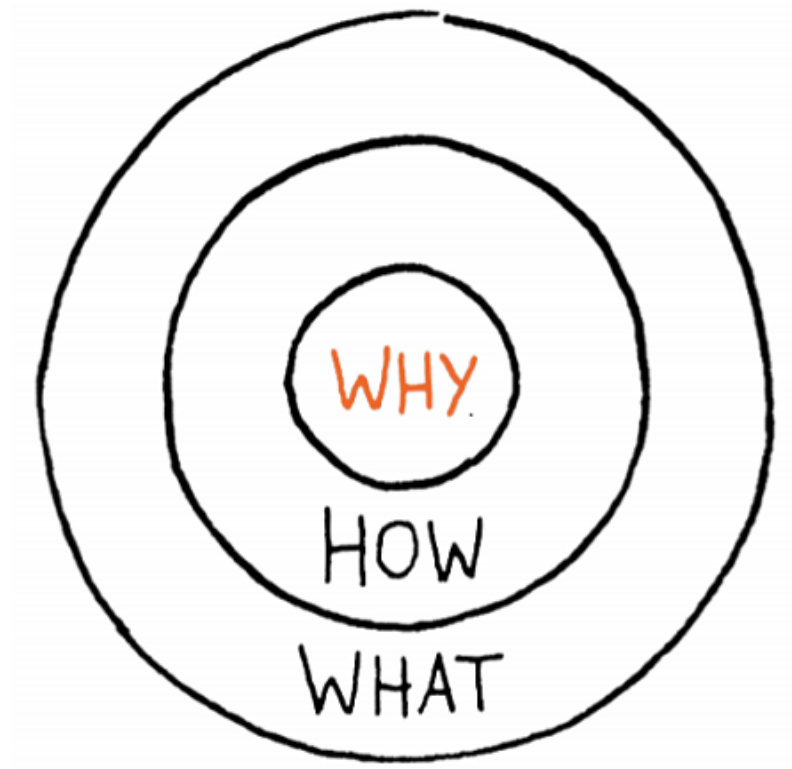
Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.


## HOW

Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

## WHY

Very few organizations know WHY they do what they do. WHY is not about making money. That's a result. WHY is a purpose, cause or belief. It's the very reason your organization exists.



**START**  
HOW GREAT LEADERS INSPIRE  
EVERYONE TO TAKE ACTION  
**WITH**  
SIMON SINEK   
**WHY**



People don't **buy** what you do; they buy **why** you do it. And what you do simply proves what you **believe**.

- Simon Sinek







## Values in ancient times...

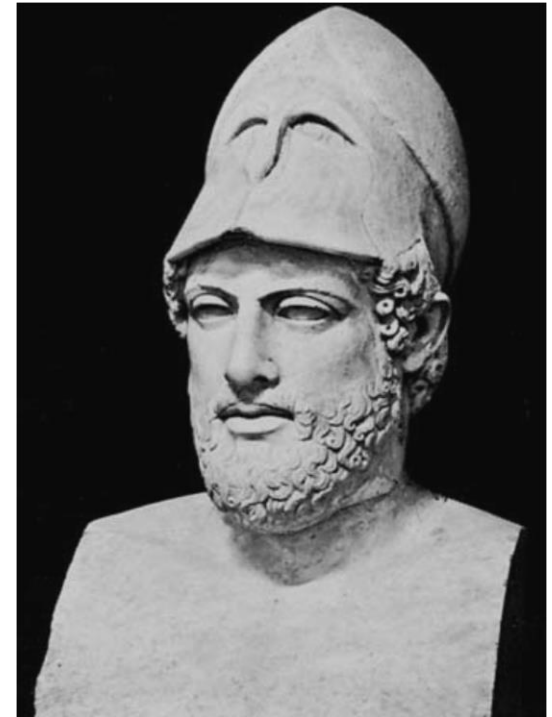
- Already in **2000 BC**, there has been an **Egyptian tomb** with an inscription describing the deceased as someone who had not:

- *stolen,*
- *been covetous,*
- *killed a human being,*
- *told lies,*
- *committed adultery,* or
- *abused a young boy*



## Values in ancient times...

- In **431 BC**, the famous Greek statesman **Pericles** kept persuading Athenians in their war against Sparta to hold fast to values such as those inherent to democracy:
  - *informal communication,*
  - *the importance of dignity of the individual,* and
  - *promotion based on success*





- in a **wider sense**, they define **something valuable or desirable** in the material, moral or spiritual sense
- in the **narrow sense**, they refer to the **fundamental beliefs and attitudes** underlying society or activity of an organization





## What are organizational values (OV)?

- they are the **guiding principles** according to which an organization operates
- they explain **what the organization stands for, what the organization believes**, and as such **they guide organizational behavior and decisions**
- they are the **DNA of organizational culture**
- they are the **“soul” of every organization**

**Question: how to manage organizational values to increase overall business success?**

→ The impact of **balanced** organizational values on **organizational effectiveness**



**Balance of organizational values is a characteristic of those organizations which evenly develop values from different and not only from a single category of values**

# Why balanced organizational values?

➤ Doing business in today's time is incomparably with doing business in the past

➤ Today's business should be run for a

## **BALANCE OF INTERESTS:**

- **owners** want a return on their investment
- **employees** want secure jobs and career development
- **managers** are primarily interested for growth and industry leadership
- **government regulators** want minimal pollution, safety, work opportunities for a wide variety of groups, and tax revenues

The level of balanced values was measured with the **Mission-based model of organizational values**, distinguishing between four basic value categories



- a) **business values** → refer to the organization's business and profit-making activity
- b) **relational values** → promote quality in interpersonal relations
- c) **development values** → aimed at differentiating and continuously improving the company
- d) **contribution values** → aimed at doing more for stakeholders than strictly required by the business relationship

## Research question:

- Whether organizations with balanced values, i.e., those with an equal representation of values from different categories with a common focus, are more effective than those with imbalanced values?

➤ *Five additional sub-questions are set up, regarding*

- *financial*
- *customers*
- *internal business processes*
- *learning and growth*
- *strategic*

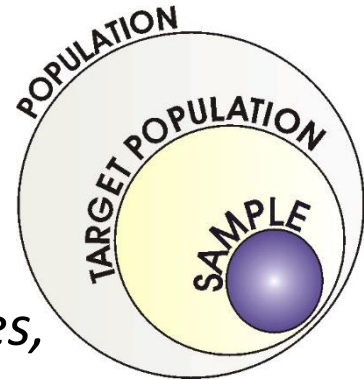
*perspective(s) of  
organizational  
effectiveness*



# Measuring organizational effectiveness

- **Simplified method for the overall measurement of organizational effectiveness**, based on the *Balanced Scorecard* approach (Kaplan & Norton)
- Selected performance indicators are distributed and evaluated among the five perspectives of the Balanced Scorecard (*financial, customers, internal business processes, learning and growth, and strategic perspective*) → 25 performance indicators in total
- In order to compare the effectiveness of organizations which differ by various criteria, only relative indicators are used to measure organizational effectiveness

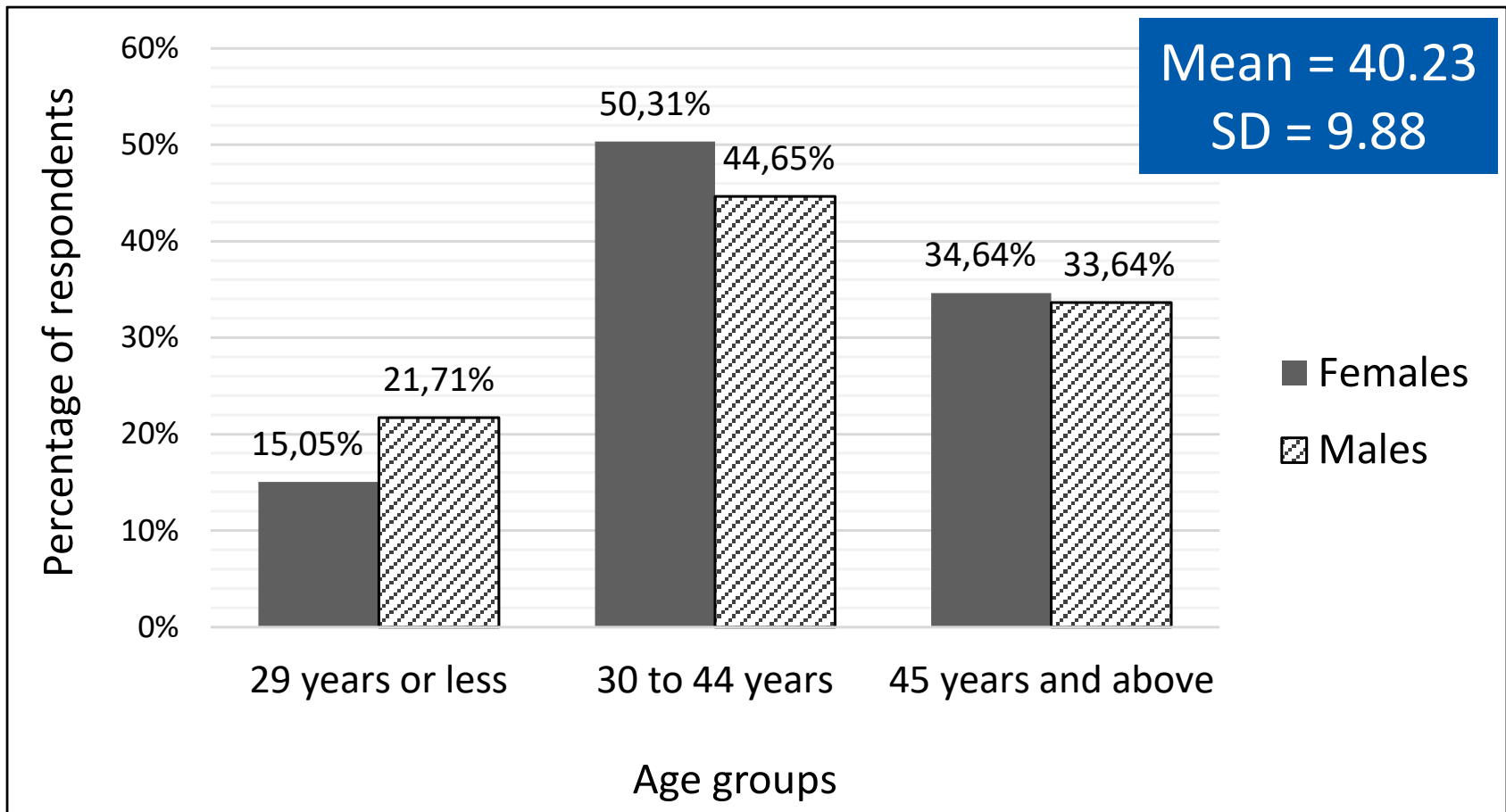
# Population and sample



- **Target population:** 203 large Croatian companies (*continental part of Croatia, privately owned companies, banks and companies that are part of business groups were excluded, only large companies were taken into account*)
- All 203 companies were invited to take part in this research
- **Result:** 24 companies accepted to participate in the research under the research conditions (response rate: 11.82%)
- **874 respondents** (out of 12,306 employees in total) were included in the research (7.10%)
- an anonymous submission of questionnaires was enabled
- **813 (93.0%) respondents filled out the questionnaire properly**

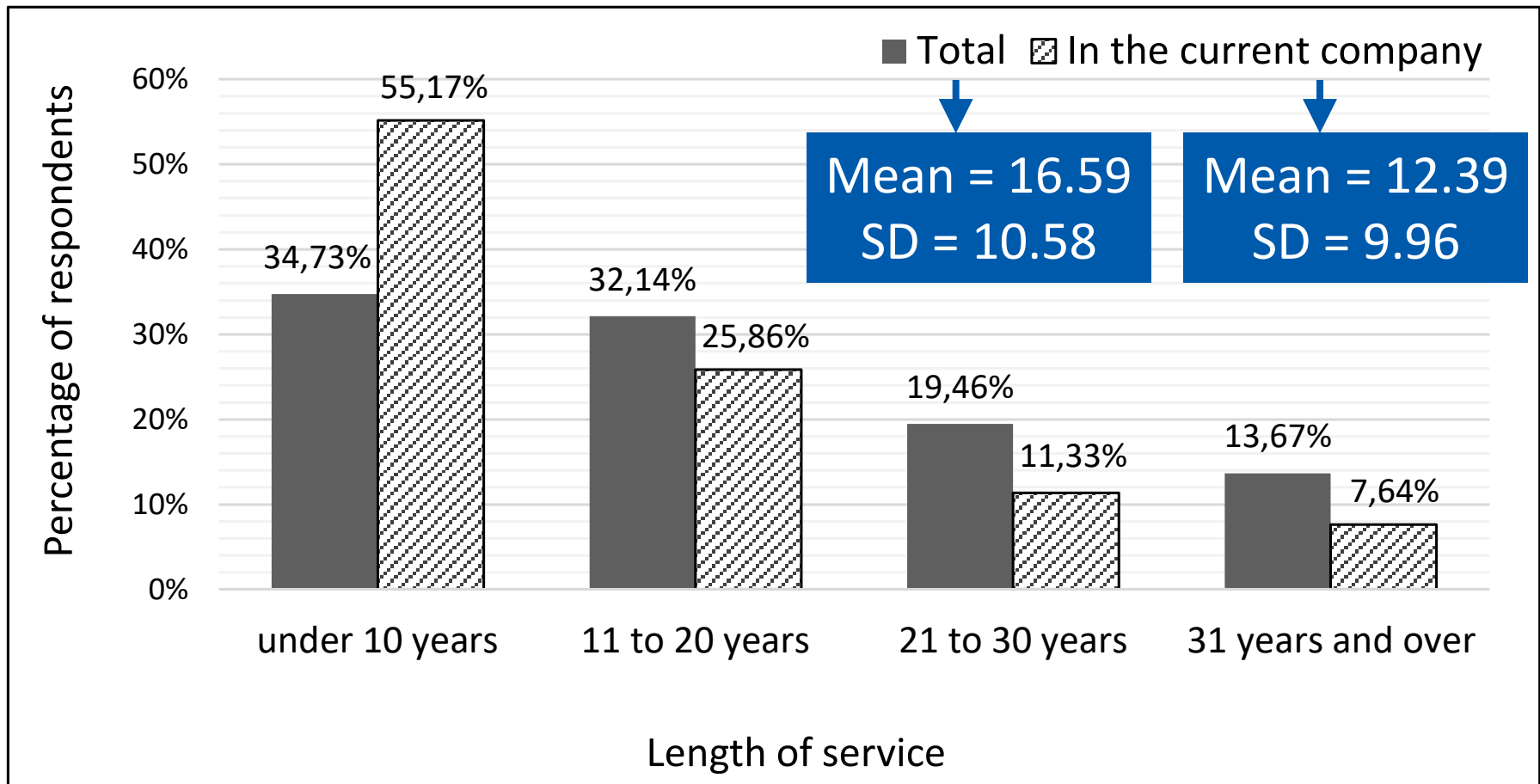
# Analysis of sample characteristics

Distribution of the respondents by age and sex



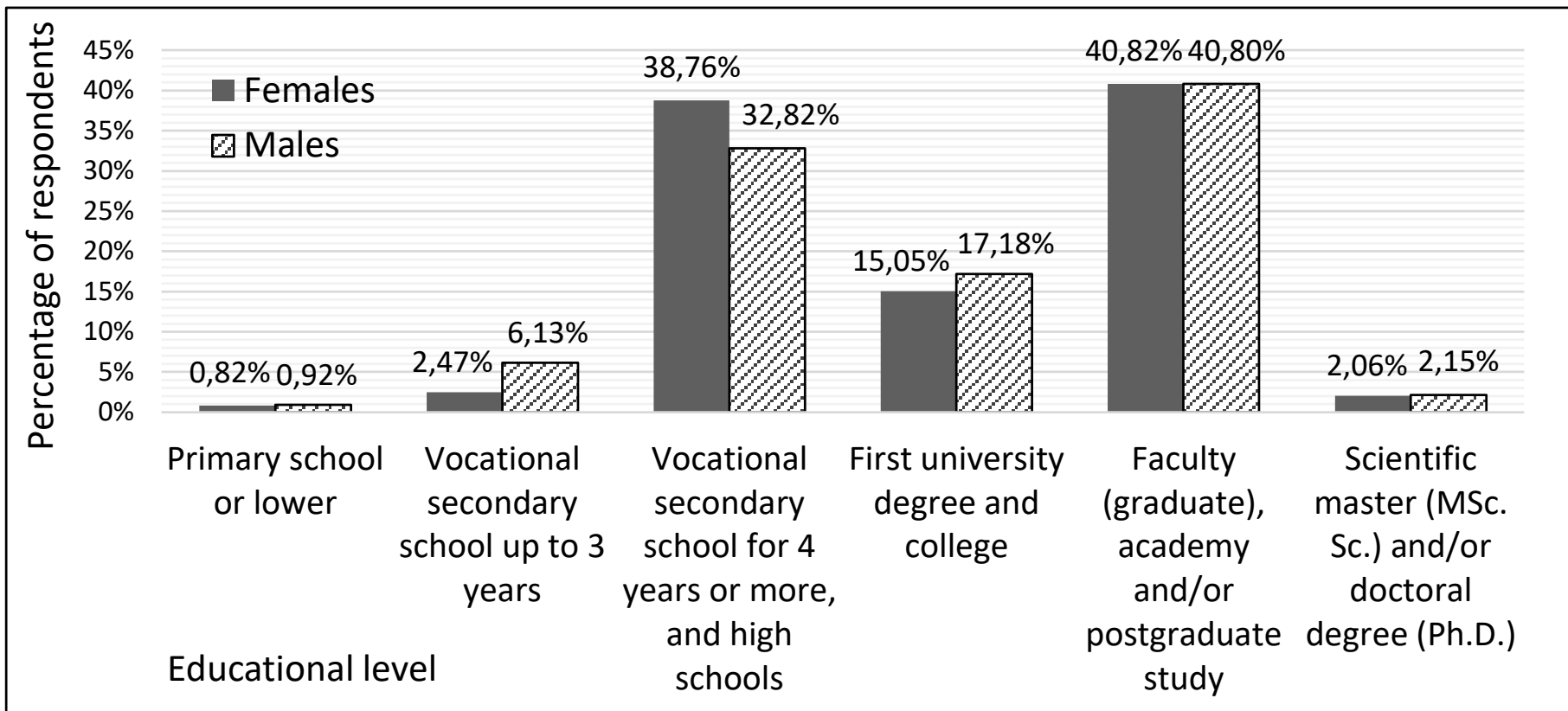
# Analysis of sample characteristics

Distribution of the respondents by length of service



# Analysis of sample characteristics

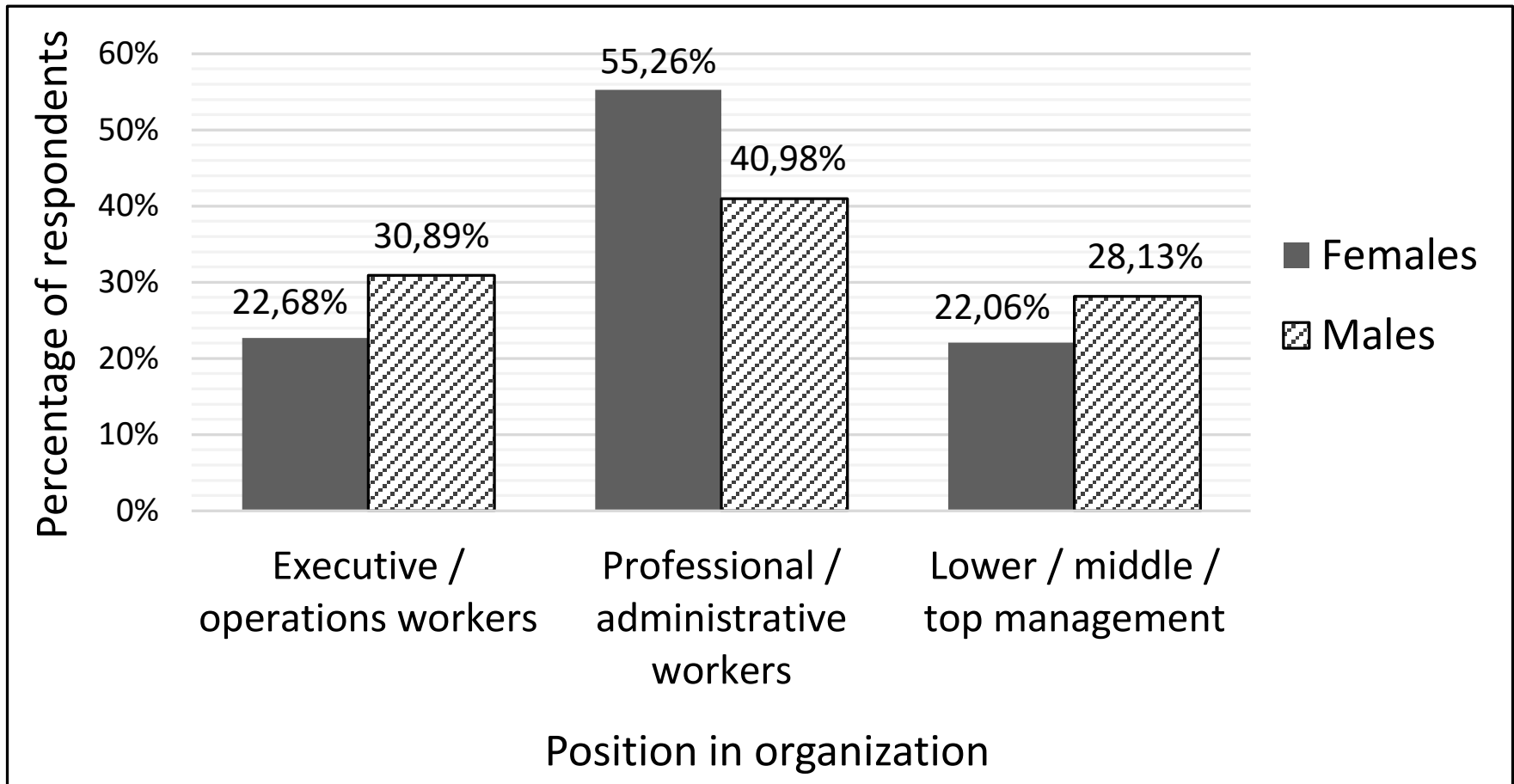
## Distribution of the respondents by educational level

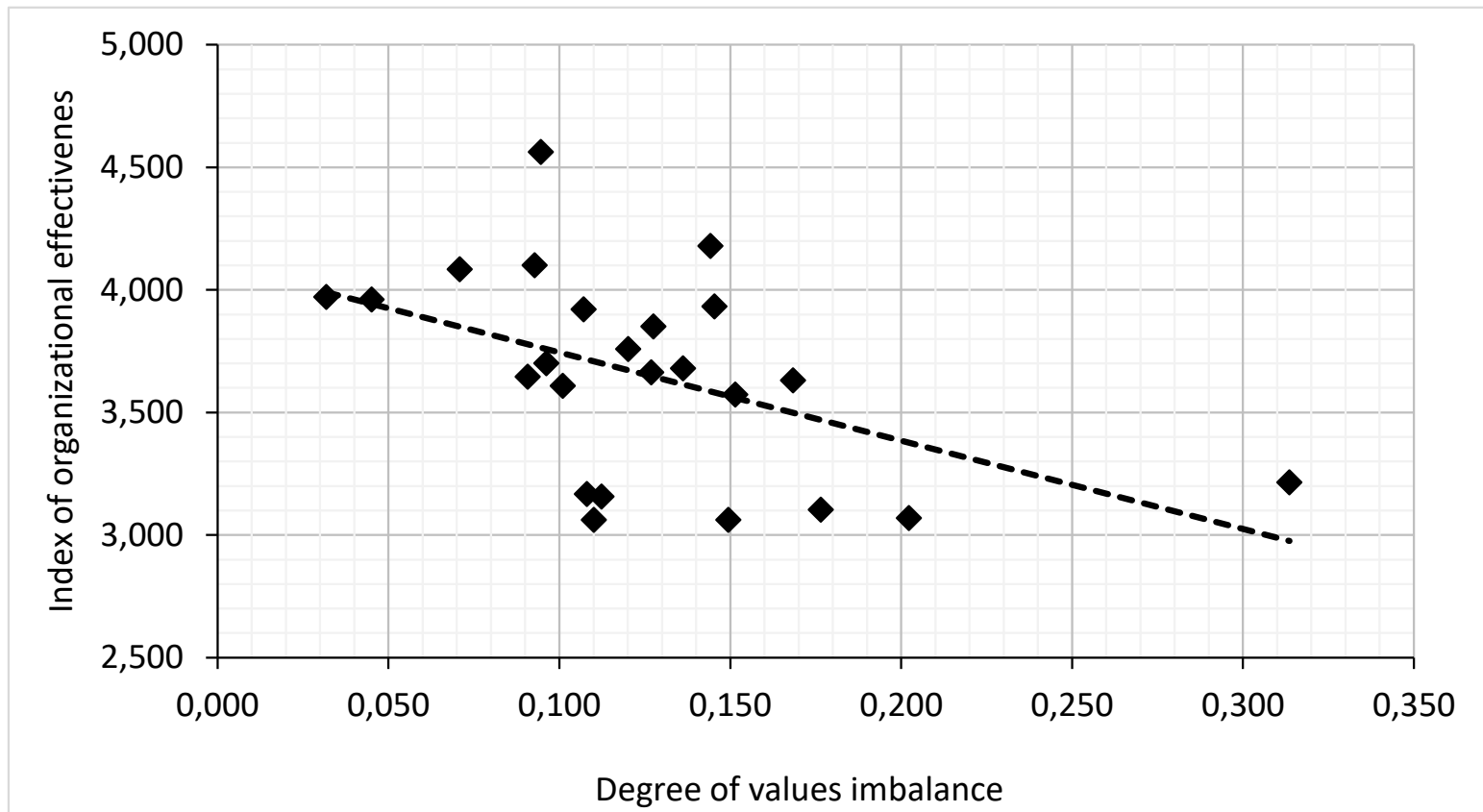




# Analysis of sample characteristics

Distribution of the respondents by current organizational position





**MAIN RESULT:** Organizations with **balanced values** achieve a higher level of **organizational effectiveness** than organizations with imbalanced values

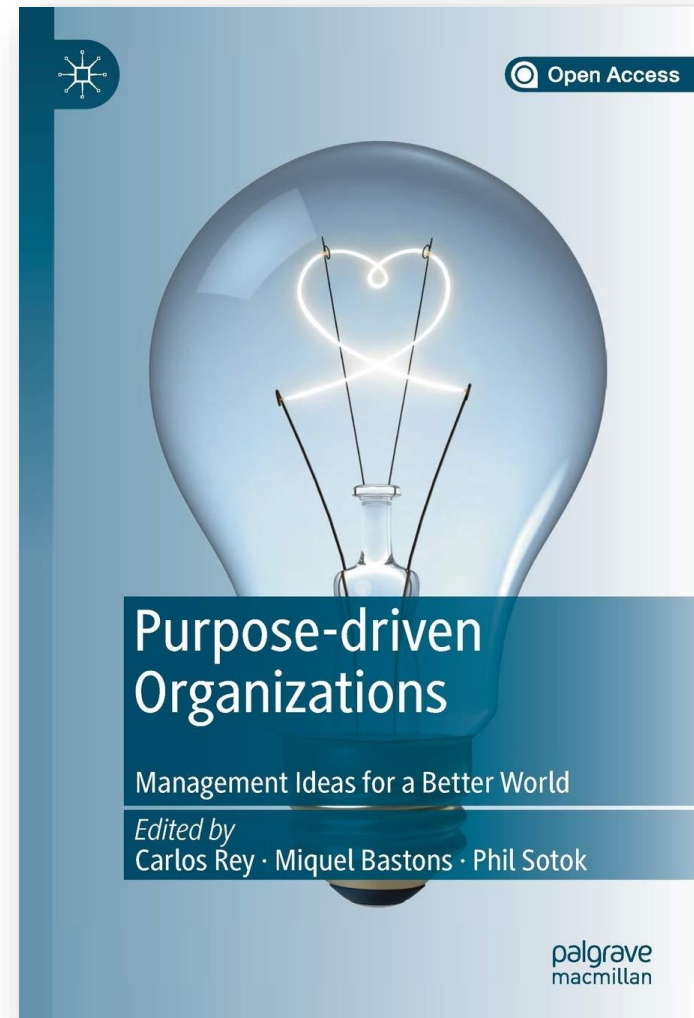
# Additional sub-questions

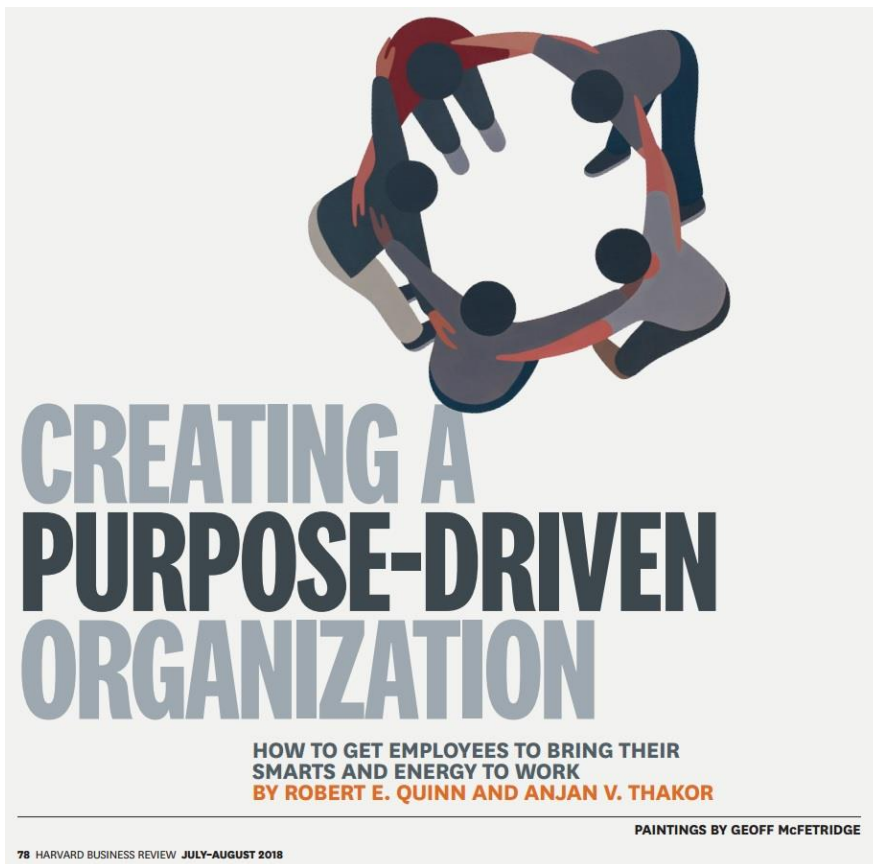
Degree of values imbalance vs. **Organizational effectiveness**

Sub-question tested	Statistics...	Degree of values imbalance
<b>MQ:</b> Index of organizational effectiveness	Spearman's $\rho$ Sig. (2-tailed)	-0.546** 0.006
<b>sQ1:</b> Financial perspective of organizational effectiveness	Spearman's $\rho$ Sig. (2-tailed)	-0.531** 0.008
<b>sQ2:</b> Customers perspective of organizational effectiveness	Spearman's $\rho$ Sig. (2-tailed)	-0.392 0.058
<b>sQ3:</b> Internal business processes perspective of organizational effectiveness	Pearson's $r$ Sig. (2-tailed)	-0.253 0.233
<b>sQ4:</b> Learning and growth perspective of organizational effectiveness	Pearson's $r$ Sig. (2-tailed)	-0.414* 0.044
<b>sQ5:</b> Strategic perspective of organizational effectiveness	Spearman's $\rho$ Sig. (2-tailed)	-0.475* 0.019

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).





A higher purpose is not about economic exchanges. It reflects something more aspirational.



It explains how the people involved with an organization are making a difference, gives them a sense of meaning, and draws their support.

*A leader's most important job is "to connect the people to their purpose."*  
(Gerry Anderson, businessman)





Employees get stuck in a rut, disengage from their work, and stop performing to their potential. So managers respond with tighter oversight and control, yet nothing improves.



Most management practices and incentives are based on conventional economic logic, which assumes that employees are self-interested agents. And that assumption becomes a self-fulfilling prophecy.



By connecting people with a sense of higher purpose, leaders can inspire them to bring more energy and creativity to their jobs. When employees feel that their work has meaning, they become more committed and engaged. They take risks, learn, and raise their game.

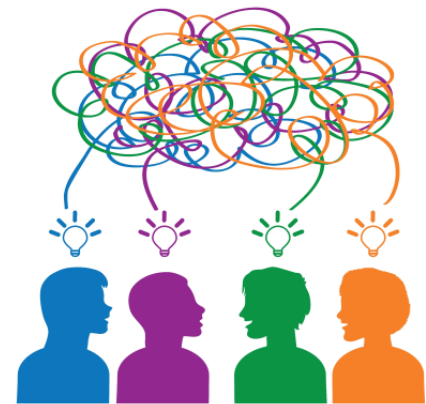
## HOW TO DO IT?

1. **ENVISION** AN INSPIRED WORKFORCE
2. DISCOVER THE **PURPOSE**
3. **RECOGNIZE** THE NEED FOR AUTHENTICITY
4. TURN THE AUTHENTIC MESSAGE INTO A **CONSTANT MESSAGE**
5. **STIMULATE** INDIVIDUAL LEARNING
6. TURN MIDDLELEVEL MANAGERS INTO **PURPOSE-DRIVEN LEADERS**
7. **CONNECT** THE PEOPLE TO THE PURPOSE
8. UNLEASH THE **POSITIVE ENERGIZERS**



## Shared Purpose as the Core

- One of the aims of a management system should be to ensure that the organization's purpose is noticed, and becomes part of and gives meaning to daily work.
- Recruitment, training and development, task, planning, performance evaluation, incentive systems, budget management, and the rest of the company's policies should be focused on developing and enhancing the shared and common purpose. Otherwise, purpose becomes nothing but a slogan that appears on the website.
- The core of any management system is that it drive the dynamics of the organization and that it has an impact on the employees' daily activities (...)."



- This paper contributes to a better understanding of the **role of organizational values** in business, especially emphasizing the importance and role of balanced organizational values as one of the **preconditions for successful business**

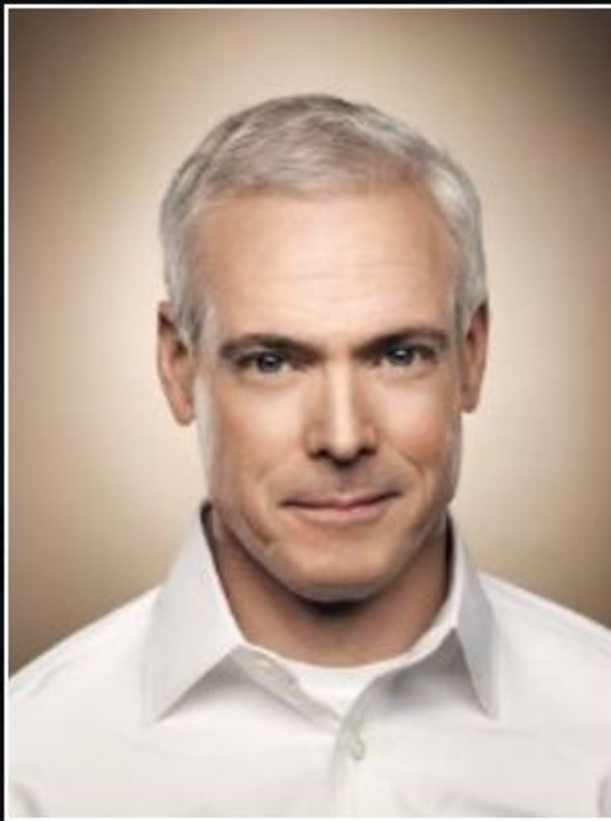


*"Organizations are like ships on a stormy sea, battered on all sides by the winds of change. Values function as a rudder or, even better, as a compass. By ensuring that values are viable, **balanced**, congruent, and authentic, organizational leaders can help individuals, teams and organizations successfully navigate the rough waters through which they must pass."*

Ken Hultman

**Purpose-driven organizations are those with  
BALANCED ORGANIZATIONAL MISSION**





For, in the end, it is impossible to have a great life unless it is a meaningful life. And it is very difficult to have a meaningful life without meaningful work.

— *James C. Collins* —

A wide-angle shot of a large, empty theater. The foreground and middle ground are filled with rows of plush, red upholstered seats, all facing towards the back of the room. The theater's walls are dark, and several spotlights are mounted on the side walls, casting a warm, yellowish glow. At the far end of the theater, a large, bright white screen is illuminated. On the screen, the text "Thank you for your attention!" is displayed in a bold, black, sans-serif font. The overall atmosphere is quiet and formal, typical of a presentation or lecture hall.

**Thank you for  
your attention!**