

# Engage for Success

## Organisational Integrity & Values TAG – Contributor Overview

*Having organisational integrity, which is about how an organisation's values are lived every day by everyone in the organisation through their behaviours, is key to creating an engaging workplace. The purpose of this group is to research how to address a “say, do” gap so that trust can be built between employees and their managers.*

### Introduction

The Integrity and Values Thought and Action Group (TAG) will find ways first to explore the gap between what organisations say about their culture and how values and traditions exist in practice. We shall then build on this insight to consider how any gap might be closed.

The purpose is to equip firms to achieve greater ‘integrity’, which over time leads to better performance and stronger growth. The approach is designed to discover practicable insights, and support firms across various industries to move beyond the rhetoric of culture change to deliver concrete enhancements in the areas of employee behaviour, management and leadership activities, and operations.

### Why Values and Integrity Matter

How do you get people to work together? This is the first problem for every organisation. Whatever the business – make chocolate biscuits, sell women’s clothing, cure disease or offer bank accounts – success depends on the effort of more than one person.

People with various skills work in separate departments – R&D, manufacturing, IT, sales and marketing, legal, HR – and must cooperate on the overall mission. The problem is that individuals have goals that only partially overlap. Firms need a way to align the activities of specialists with the (broadly) single purpose.

There are three main ways of influencing people to work toward a common goal: economic incentives, bureaucratic control and cultural traditions. The table below shows features of these three different mechanisms.<sup>1</sup>

	Market	Bureaucracy	Culture
Governance	Prices	Rules	Values, traditions
Surveillance	Low	High	Low
Information requirement	High	Moderate	Low

In a market system, people’s behaviour is influenced, assessed and rewarded in a way that is similar to what we see in a typical marketplace: a strong individual, for

<sup>1</sup> Based on Ouchi, W. G. (1979). A conceptual framework for the design of organizational control systems. *Management Science*, 25(9), 833-848.

example, buys supplies at a low cost and sells products for a high price. However, it is difficult (and therefore costly) for an organisation to establish meaningful prices and many roles in today's businesses do not lend themselves to being measured in this way.

Bureaucracy and culture also influence behaviour. Within most businesses there is a place for both mechanisms, but for several reasons cultural systems require increasing consideration.

1. Values are the 'glue' that hold people together. In contrast with the rules of a bureaucracy, culture provides internalised guidance on how tasks are to be performed. People experience greater autonomy when their own values are aligned with those of the organisation and they cooperate from being personally committed to an agreed way of working. This inspires high performance and deep engagement, which over time translates into business results. Employees at many levels and in various societies are demanding more and more autonomy.
2. Work in modern industries often spans geographies, hierarchies, departments, relationships and disciplines: tasks and outputs are less easy to specify than they were on Henry Ford's production line. In fast-moving economies where innovation counts, people also need freedom to create, experiment and work on the fly. The typical day is hard to predict, and that makes helpful rules tough to establish.
3. Third, strong, positive organisational cultures run a lower risk of stagnation than bureaucracies. Cultural systems encourage everyone to discover better solutions as they go along, guided by shared values and norms. Bureaucracies rely on the ability of a few managers to predict intelligently what will serve people and the company best. Working methods become outdated quickly, but firms neglect to revisit their bureaucratic controls. In a shifting environment, old rules bind people to inefficient or unproductive ways.<sup>2</sup>

## Research Methodology

As we shall examine human behaviour and social interactions the TAG methodology will be interpretivist and mostly qualitative in nature. At all design stages we shall gather feedback on our instruments from companies involved in the research process.

With insights from a wider panel of contributors, the oversight group will first set the terms of reference and then meet to construct an initial survey instrument. The questions will prompt respondents – employees of companies involved in the study – to consider the values within their own organisations and suggest concrete

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<sup>2</sup> See (for example) Kotter, J. P., & Heskett, J. L. (1992). *Corporate culture and performance*. New York: Free Press; Schein, E. H. (1999). *The corporate culture survival guide: Sense and nonsense about culture change*. San Francisco, Calif: Jossey-Bass.

changes that will help firms to improve the level of cultural ‘integrity’. In this way firms generate immediate value from their participation in the EFS initiative (depending on what confidentiality arrangements are agreed for a given case).

These concrete changes will be organised into a framework that includes leadership behaviours, management controls, systems and processes, budgets and costs, etc. The aim is to understand how values – which are often seen as soft, even nebulous concepts – are mapped to visible elements of day-to-day operation. The framework will allow us to understand how people in different industries, roles and at different levels understand and prioritise how values are interpreted in the workplace. This information will feed into the development of a model for use by UK firms not directly involved in the initiative.

In addition to online surveys, follow-up interviews with select respondents will give us chance to understand more fully how values are expressed (or not) in various organisational contexts.

### **Expected Outputs**

The outputs of the TAG will be decided by the steering group (see below). At this early stage we expect to publish:

1. White paper that summarises our findings on how values are currently expressed within various organisation types and industries, alongside what changes on-the-ground employees believe would be meaningful improvements.
2. A model that identifies the important ways in which values manifest themselves across an organisation. It will be possible for non-participating companies to use this model to understand what changes their own employees believe are critical to long-term success.
3. A ‘best practice’ document that presents case studies of how commonly encountered values drive tangible aspects of a company’s operation.
4. Shorter ‘insight’ pieces based on interesting aspects of our findings, for publication on the EFS web site and in other materials.

## Milestones

We aim to publish initial outcomes during the first quarter of next year. Scope and timing of later activities will depend on the findings of the initial study and the availability of resources. The steering committee will publish a definitive plan after the project is initiated.

Milestone / Activity
Assembled oversight group and agreed terms of reference
Completed literature review and drafted initial survey instrument
Tested survey design
Sent out initial survey for completion by member companies
Analysed initial survey results from member companies
Produced and distributed initial white paper
Designed model to map values to behaviours, systems, etc.
Work to embed model into organisations across the UK

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