It’s the Values, Stupid!

After the event of September 11, 2001, the airline industry was devastated. Several of the majors laid off employees in lots of 10,000, and routes were cut drastically. However, despite the cost cutting, the industry required a multi-billion dollar bailout from the Federal government just to survive. That is, all of the national carriers needed assistance save one: Southwest. Interestingly, Southwest not only did not need assistance, but they actually made a profit in the fourth quarter of 2001! How did they do this? Was it through massive layoffs? The answer is surprisingly “no!” In fact, Southwest did not lay-off a single employee, nor did they cut back on their routes. So, how did they do it? They succeeded where the others failed through a unique culture of management and employee partnership that creatively controlled costs, while rebuilding ridership. Yet, even this answer does not get to the real root of their strength, which lies deep in the shared “values” of this remarkable organization.

So, what exactly are these values that make such a difference? Values are deeply held convictions about which processes are acceptable and what goals are worthy. In the case of Southwest, one of their key values is the importance of the people in the organization. Simply put, this company realizes that nothing gets done without the employees and that employees are much more than simply factors of production. Instead, they are the company!

OK, you may be saying, I’ve heard this before, but why all the talk about values? The reason is the role of values in behavior. Research shows us that values are an important basis for attitudes, and that attitudes are linked to employee behaviors. In a positive sense, a match between an employee’s values/attitudes and the workplace leads to commitment and effort. On the other hand, a mismatch leads to dissonance. This dissonance, i.e. the incompatibility between values/attitudes and work behavior, leads to efforts to reduce the incompatibility. These efforts can range from benign frustration to reduction of effort, exit, or even workplace deviance. The bottom line is that there is a very real need for workers to feel good about what they are doing and why.

If you are still with me, the next question is likely: “Okay! So, how do I go about aligning values in my organization?” The answer here is that several steps are required. First, the owner and top management must be clear on what is truly important to them. This is not a case of trying to select a set of catchy slogans or buzzwords to impress people. It is more a matter of a very honest soul searching effort. Few are much better than many, but the point is that you must identify the values that you are willing to actually
live by. And, when I say “live by”, I mean in both the good times (when it is easy) and in the bad times (remember the example of Southwest!).

The next step may come as a bit of a surprise. When it comes to getting these values to your employees, you won’t be able to “train them in.” You have to HIRE people with the right values. In fact, psychologists have learned that as much as forty percent of our values are hard-wired into us, meaning that they are genetic. The balance of our individual value sets are developed through our early, intimate associations, i.e. family, schools, and friends. As a consequence, when workers come to us, their values are generally set. Given this reality, the only recourse is to find workers with the values that we want, just as we currently look for the skill sets that we need.

The third step in this process is to insure that your measurement and reward systems support the values that you espouse. For example, if you are going to value your employees (like Southwest), then you should consider tying management compensation not just to unit bottom line outcomes, but also to things like the type and amount of training that their subordinates got during the current period, or to the level of turnover in the unit, or even to employee perceptions of the level of fairness and support that the supervisor provided. The point is that, as noted in an earlier article in this publication, strategy should drive structure. If you truly are committed to a strategy of value alignment, then the structure of the management system ought to reflect it!

In conclusion, with the importance of employees in today’s marketplace, we have to realize that the values enacted by management (actions speak louder than words) have a very real impact on the ability of an organization to function. Therefore, it behooves managers to be proactive in the selection and enactment of values. Value management can be a critical tool in positioning any organization to be competitive. This is a lesson well understood by Southwest Airlines!