International Journal of Business and Applied Social Science

E-ISSN: 2469-6501
VOL: 8, ISSUE: 4
April/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n4p6

Defining Corporate Values to Signal Functionality in Stakeholder Communication

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ABSTRACT

Many corporations define values and publish them in their yearly reports or on their websites. Managers see the benefit of having corporate values. This article critically evaluates the idea of corporate values and presents a set of criteria that functional corporate values should meet. We will show how corporate values contribute to the identity of a company and signal its identity to society, thus providing a base for its "license to operate". This concept of corporate values was assessed empirically with the self-stated values of 50 Swiss companies. We show that many companies have an insufficient concept of corporate values and, if stated at all, they are in many cases dysfunctional. It can be concluded that there is a knowing-doing gap but also a pronounced lack of knowledge regarding corporate values. More research is recommended to address the perception of the function of values from a managerial point of view.

Keywords: corporate values, functional values, stakeholder management, value management

Introduction

1. Corporation do not hold values

A common layperson's definition of a value is an idea plus emotions. As such, a person or a group of persons can harbor social or individual values without any concrete function and, therefore, without specific consequences, merely reflecting an individual's 'inner world', inconceivable from the outside (Rokeach, 1968, 1973). Consequently, a person can cultivate values in their "inner world" without acting on them and without rendering them dysfunctional, as they can still exert a function as part of the person's or group's self-identity. In contrast, corporate values need to be more restrictive and, ultimately, functional, as they are artifacts, lacking any 'inner world', constructed with the explicit purpose to carry out functions, by causing actions and having consequences, after having been perceived as a corporate value. Due to the inability to hold values that do not translate to observable actions, a corporate value has more characteristics of a sociologically defined action than sociologically defined individual or social values. This can be observed when juxtaposing the basic elements of a corporate value with the basic elements of individual values and general actions, here exemplified by a dictionary definition (Marshall & Barthel-Bouchier, 1994, p. 4).

Action Theory	Corporate Values	Individual / Social Values
Element: Agent **Function:** Person carrying out an action, after having interpreted the situational surrounding based on subjective meaning. **Remark:** Without any acting agent, the action as a whole ceases to exist.	**Element:** Value Decelerator **Function:** Person declaring new or modified corporate values, interpreting their functionality based on subjective meaning. **Remark:** Corporate values must be declared to fulfil their social function and therefore cease to exist as corporate values without an observable declaration.	**Element:** Value Holder **Function:** Person holding an individual or a social value. **Remark:** Declaring individual values to others is not a prerequisite for them to remain functional and consequently values.
Element: Activity **Function:** Characterizing the purposeful behaviour following agents' choice between multiple means and ends, whether rational	**Element:** Value Implementor **Function:** Corporate human agents obliged to implement the declared corporate values across their corporate activities, with as	**Element:** Value Implementor **Function:** Persons holding an individual or social value now implementing it, following their or their group's plan.

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or irrational, consciously or unconsciously. **Remark:** An acting agent not performing activities is dysfunctional and therefore causes the entire action to dissolve.	little deviation as possible. Implementation consequently follows the declarator's rationally and consciously declared instructions. **Remark:** Declared but unimplemented values, become dysfunctional as corporate values[1].	**Remark:** Declared but unimplemented individual or social values can remain functional as an expression of the 'inner world'. To have access to this 'inner world', the implementers and declarators tend to be congruent.
Element: Object **Function:** Designating the target or recipient of the agent's action chosen by the agent before acting. **Remark:** All actions require a recipient, even if it is merely the agent itself, to be fully characterized and conveyable. Without naming the object of an action, the action's incomplete and thus dysfunctional.	**Element:** Value Recipients **Function:** All stakeholders, inside or outside the corporation, taking notice of the value communication performed by value declarators. **Remark:** As soon as a corporate value is communicated the targets of such a communication admiration, recipients. Lacking value recipients indicate a failed or entirely skipped value declaration leading to dysfunctional corporate values. Who is going to implement an unknown corporate value?	**Element:** Value Recipient **Function:** All recipients of the value declaration, should there be one. **Remark:** Although it can be useful to inform value recipients outside the declaring group, i.e., to gain their support or admiration, they are not necessary for a functional individual or social value, as individual or social values do not depend on communication to achieve relevance.
Element: Situation **Function:** Conditions necessary to set off this action, both subjective and objective, as well as the limitations imposed by the surrounding both physical and social. **Remark:** The elements "object" and "situation" determine whether the element "activity" performed by the element "agent" can be considered a success.	**Element:** Value Beneficiary **Function**: Stakeholder addressed by corporate values as targets of their actions. **Remark**: The elements "value recipients" and "value beneficiary" determine whether the work of the element "value implementor" triggered by the element "value declarator" can be considered a success. A corporate value without any "value recipients" or "value beneficiary" must be considered structurally dysfunctional.	**Element:** Value Beneficiary **Function:** Stakeholder addressed by individual or social values as targets of their actions. **Remark:** While the elements "value recipient" and "value beneficiary" can access the observability of the "value implementor"'s work, they are in no position to evaluate the value's quality, as there is only one element able to do so: the "value holder".

As many companies declare corporate values, it raises the question of what the definition of these values should be and how they can be assessed as functional or not. This article, therefore, explores the necessary and sufficient aspects of functional corporate values and provides a definition that can be used to operationalize them, contributing to more transparency between companies and their stakeholders and furthering the concept of corporate sustainability. In the next section, we will introduce the functions of corporate values, and how they can be used to predict business activities, shape a corporate identity, and focus on relevant stakeholder groups. Following this section, we introduce our concept of corporate values and typical traits that are required to turn them into 'functional' corporate values. To prepare a validation of this concept, we offer insights from a small, non-representative, and explorative survey on how corporations deal with corporate values in practice. The article ends with a discussion of the concept of functional corporate values, some managerial recommendations, and a short outlook on a possible research agenda in the field of corporate values and stakeholder communication.

Materials & and Methods

2. Functions of a corporate value

Corporate values have a signaling character for at least three distinct groups of agents: the value declarators, the value recipients, and the value beneficiaries. Due to their exclusive

[1] While declaring corporate values and, subsequently, not implementing them can obviously serve a purpose and, therefore, be functional behaviour, it does not constitute a socially functional corporate value.

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focus on the capacity to perform, we describe corporate values as purely functional and oriented towards an observable result, losing their characteristics as corporate values the moment they forfeit their function. In a business context, corporate values are often misused as guiding principles for the conduct, therewith equating them with business strategies, mission statements, or corporate conduct codes, for example, in Klemm, Sanderson, and Luffman (1991) , Marques do Santos (2013) , Kayser, Sebald, and Stolzenburg (2007), or online portals like BusinessDictionary.com (2014). However, while conduct codes can be part of a corporate value or a result of it, corporate values cannot be part of conduct codes, as corporate values have elements beyond their conduct-directing character, hierarchically distinguishing them from a simple conduct code. We lay down three basic requirements to be addressed by corporate values to be functional: (1) values as a foundation for predicting behavior, (2) as a foundation for identification, and (3) as defining a link between the groups involved in corporate behavior. Each of these basic requirements will be detailed in the following about the various groups of agents.

2.1 Foundation for predictions

A corporation's decision-making organ is assumed to be free to balance different alternatives in a decision-making process and their anticipated consequences, and then decide whatever seems best in a particular instance. Certain outcomes of these decisions are quite evident for observers, as they can predict them correctly based on their cultural background and situational interpretation, while other decisions might surprise an uninformed observer lacking the specific information necessary to foresee this kind of behavior. The more is known to the observer about somebody and their past behavior and decisions, the better he can predict future actions. There is, however, a limit to this predictability (Hechter, 1993), as "no friend could know our values completely without having experienced an identical genetic and experiential programming" (Hutcheon, 1972, p. 181) or in other words an identical 'inner world'. Thus, corporate values facilitate the prediction of corporate behavior without conveying certainty.

The fact that a corporations' predictability is not limited by an inner world's latent influence implies that corporate values can and shall provide a strong foundation for a value recipients' realistic predictions of corporate behavior. To accomplish this, a declaration of corporate values must equate to the function of all the experience and information we have concerning an individual, render a mental picture of what drives someone's behavior, and thereby provide us with a tool to predict their actions and reactions to a certain degree.

Prediction of future actions implicitly relies on the assumption of continuity. Should the agent suddenly base future actions on different values, the entire accumulated data set used to predict his or her actions turn out to be unreliable? The smaller the ratio of seemingly inexplicable actions by the agent, the smaller the irritation and discomfort, as the situation still appears to be stably predictable most of the time (Ashforth & Mael, 1989). Correspondingly, the ability to identify and bond diminishes as soon as deviating behavior questions the existing mental models of a reliable, common foundation. The more significant the dropped-out parts are for the self-conception of the value recipient, the more extensive the damage to the assumed common ground (Meissner, 1970).

2.2 Foundation for identification

Predicting an agent's behavior becomes easier if the value recipient can correctly identify with this person. A successful identification provides additional information to support a prediction; however, one cannot assume a mandatory interdependence between identification and prediction, as a prediction does only make sense if it happens before the action the value recipient is trying to predict occurs and based on his or her interpretation and projection of experiences. Identification with somebody, on the other hand, is an action, which can happen during or after the activity the value received is identifying with and based on his or her judgment of the action he or she just witnessed and interpreted, possibly in addition to experiences made. While prediction focuses on anticipating actions, identification concentrates on bonding with actions, which does not merely include the mode of the action itself, but also the action context, the steps before and, thereafter, they are embedded (Garfinkel, 1963; Hardy & Carlo, 2005).

Knowledge concerning the steps before the action itself is necessary to weigh the motivation of action, while knowledge concerning the steps thereafter aims at the interpretation of the intention of an action. The empathetic bonding between the value recipient and the value declarator is strongest if the value recipient can identify with all steps of action ("Why has what, in which manner, been done to what end?"). However, identification, and there with a certain degree of bonding, can as well be based on merely a few of those aspects, either because certain aspects of the action are incompatible, incomplete, or simply unknown (Meissner, 1970). The higher the degree of identification and empathy, the stronger the 'we'-feeling, the perception to be part of the same ideological group, which in turn produces trust and lends credibility for future statements following the same value pattern (Ashforth & Mael, 1989; Brewer & Gardner, 2011; van Knippenberg & van Schie, 2000). Thus, a declaration of corporate values must provide enough information concerning the motivations and goals of corporate activity to allow for an informed decision concerning an identification with the corporate agent.

2.3 Defining link between involved groups

Corporate values should specifically identify the groups involved in the behavioral expression of values and their roles. On the one hand, this includes the value implementers. By knowing the identities of the value implementers, including their exact roles, the value recipient knows who in consequence can be expected to implement what aspect of the declared value, thus demonstrating stability and continuity in this respect. Further knowledge concerning this

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group might additionally provide the value recipient with information concerning the implementing group's ability and resources to live up to its task.

On the other hand, today's corporations can feature extensive and complicated networks of supply and intricate interdependencies of sub-contractors and co-operators. Therefore, not only the question is increasingly significant of who shall implement but also the question of who shall be affected and in which manner by said implementation, inside and outside the corporation's directory of employees.

Finally, in addition to the value implementers and the people impacted by a corporate value's implementation, it is equally important to disclose, for quite the same reasons, who is supposed to belong to the group of the value beneficiaries. Often, value beneficiaries are used to assess the degree of value achievement. If value beneficiaries are non-human, e.g., forests, oceans, animal populations, etc., the additionally involved group of advocates, responsible for representing the interests of the value beneficiaries and measuring value achievement, needs to be identified. In the following section, we will define corporate values and derive useful criteria and requirements to make the 'functional'.

3. Defining 'corporate value'

A dictionary definition of a value is "a principle or belief that influences the behavior and way of life of a particular group or community" (Macmillan Dictionary, n.d.). Although operationally sufficient for most linguistic purposes, this definition lacks the depth to be at the base of ethically justified corporate behavior. In line with some characterizations in business literature, the starting point for a more substantial definition of the term 'corporate value' is Kluckhohn's more elaborate description of values, "a value is a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends of action" (Kluckhohn 1951:395). In addition to the library written sentence and to analyze the structure of this and the following characterizations, this definition will be transcribed in a more hierarchical and schematic form:

A value is a conception of the desirable

- explicit or implicit
- distinctive of an individual or characteristic of a group
- which influences the selection from
    - available modes, means, and ends of action

Using Kluckhohn's view as a starting point deviates from the broad trend toward Rokeach's approach of defining values as "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (Rokeach, 1973, p. 5). Both descriptions cover the basic idea of a concept or belief of something preferable/desirable and both comprise the notion of the availability of alternatives as important. Kluckhohn, however, brings up the topic concerning how explicitly and implicitly values have to be shaped and more prominently emphasizes not just modes but also means and ends, while Rokeach focuses on modes of conduct. As formulated by Hitlin and Piliavin (2004, p.362) when comparing Kluckhohn's and Rokeach's description of values, "Kluckhohn emphasized action; Rokeach saw values as giving meaning to action". Regarding corporate values and their functionality and deterministic character, we adopt the view of Lesthaeghe and Moors talking about "cultural imperatives" (2002, p. 5) when portraying Kluckhohn's view of values while Rokeach's perspective is described as a "collection of options" (Lesthaeghe & Moors, 2002, p. 5). While the latter might indeed better describe the quality of individual or social values not relying on functionality, it does not reflect the differing quality of corporate values focusing on functionality and to a large extent determinism, striving towards a situation where every corporate value has concrete, observable consequences and each action of the corporation has its reason(s) rooted in the corporate values.

About the requirements stated above, stipulating a maximum information content for value recipients to support prediction and identification with the virtual corporate identity, corporate values are expected to provide more than mere options, but rather imperatives, providing the basis for well-grounded prediction and functional comprehension. Simply transposing Kluckhohn's original description to the realm of corporations on a purely lexical level and slightly adjusting its word order, we define: 'A corporate value is a conception of the desirable, explicit or implicit, distinctive of a corporation[1], which influences the selection from available modes, means, and ends of action'.

- A ***corporate*** value is
- a conception of the desirable
- explicit or implicit
- distinctive of a ***corporation***
- which influences
    - the selection from available modes, means, and ends of action

This definition, therefore, includes three necessary attributes leading to a sufficient statement that constitutes a cultural imperative for corporate behavior. Next, we will look at the way structure and agency should be considered in functional corporate values.

3.2 Structure vs. agency

A state of desiring can be understood as striving for a goal, driven by motivation. In the case of a corporation, however, this understanding raises the question of the agent of the desiring. Following Giddens (1984) and his "Structure vs. Agency" perspective, we propose two valid answers to this question.

[1] While different corporations can share the same individual corporate value, it is the compilation of several corporate values to a characteristic value profile that makes the corporation distinctive.

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Focusing on "structure", on the one hand, it makes sense to localize the desire with the value declarators, as they form and express the corporate value. It is later implemented by numerous individuals, acting out their structurally defined roles and goals within an environment of structurally determined possibilities and operating in large corporate consensus and quasi-equilibrium. In this functionalist-structuralist perspective, the individual corporate agent and the desirable are not in direct connection, but rather connected via the value declarators. The corporation's declared desire exists independently from the individual agent's actions but is caused by obvious power disparity, not vice versa. This leads to a situation where only new insights by the value declarators affect the discussed corporate desiring and, thus, where even if individual action could reveal that implementing adjusted, or even entirely different values into consequently different actions, would better fit and depict the value declarators' desire's character, the interpretation of the corporate desire into actions would not change, as in this perspective corporate desire origins at the corporate top.

Focusing on "agency", on the other hand, we can also attribute the act of desiring to each of the various individuals executing corporate actions. In this individualistic-interpretive perspective, the corporation's values, actions, and desires are directly linked to the actions of the agents. A shift of the desire for any reason affecting a relevant number of agents in a corporate environment has a direct impact on the desire of the entire corporation, as the corporate desire towards certain modes, means, and ends is in this perspective directly expressed by the individual actions, which in turn express the individuals' ideas of the desirable.

The question, which of these two contradicting perspectives should be included in the characterization of the term corporate value, has to be answered with both, as both perspectives reflect decisive aspects of corporate values: The normative perspective of corporate values asserts the corporate declared ambition to express its ideas of the desirable in certain modes, means and ends, while the descriptive perspective of corporate values highlights the corporation's agents' performance in translating their ideas of the desirable into numerous actions leading to an overall corporate behavior, ideally expressing corporate desire. Both aspects of where the initial spark for the generation of corporate values originates are vital for a valued recipient to predict a corporation's decisions concerning topics important to the value recipient's self-conception.

Experiencing the actions of individual corporate agents or coming to know a corporation's deeds without being familiar with the goals and motivation fuelling this preference of modes, means, and ends rather than another leaves the value recipient with little possibility for identification, even if the corporate actions performed would possibly perfectly align with the value recipient's perspective. In other words, value perspectives implicitly expressed in actions or behavior cannot serve the purpose of providing a foundation for identification, as the driving force behind the behavior remains unclear, as supported by Deth and Scarbrough's (1995) statement about the impossibility to distinctly assign values to actions. Hutcheon (1972), then again, discloses the heavily action-related character of values, pointing out that assigning actions to values in advance is impracticable even for a single individual.

To reflect this ambivalent perspective on corporate values, the characterization of the term corporate value will be reduced to the explicitly declared form of a value conception and expanded to include the ability of comprehensive value expression, resulting in the following preliminary description of the term corporate value, 'a corporate value is an explicitly declared conception of the desirable, distinctive of a corporation, which influences the selection from available modes, means and ends of action as well as a corporation's ability to coherently express such a conception in both, actions of corporate individuals and overall corporate behavior'.

- A corporate value is
  - ***an explicitly declared*** conception of the desirable
  - distinctive of a corporation
  - which influences
    - the selection from available modes, means, and ends of action
    - ***a corporation's ability to coherently express such a conception in***
      - ***actions of corporate individuals***
      - ***overall corporate behavior***

With this extension of the definition of functional corporate values, both the overall agency of a corporation as well as individual corporate agents are signaled to stakeholders. Next, we will also consider the sphere of influence of a corporation and how this should be reflected in functional corporate values.

3.3 Sphere of influence

Looking back at the historical roots of the term corporate values at the beginning of the 20th century, it stands out that corporate values have either been an extension of the individual values of the corporation's owner, as e.g., exemplified in the steps taken by Henry Ford or Walter Kohler (Hoy, 1995; Marens, 2013) or have been used to maintain or regain acceptance or support with the local communities (Brody, 1993), mainly by treating the corporation's workforce in a way tolerated or possibly even appreciated by the local population. To have such an impact as a corporation, especially when fighting against an already tarnished reputation, or to be able, as an owner, to make the corporation's behavior mirror one's values, the influence of corporate values on the corporation's behavior and their observable character must have decisive, relevant consequences. Apart from the question of how relevant the directive power of corporate values is, it remains so far unclear

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in the characterization of the term, for whom corporate values ought to be directive, the so-called value implementers. An individual only taking ownership for the action he or she executes himself or herself, but not for the ones he or she induced, e.g., by commissioning the action to a 3rd party or by incitation of a 3rd party, is again hard to predict or to identify with, as a part of the actions accounting for his or her social identity, and their results, are often masked or convoluted. Thus, action ownership is treated as not delegable along a chain of command in this paper. As a result, a corporation is required to take ownership of the entirety of actions it performs or induces. To avoid a systemic distinction of responsibility between controlled and controllable actions as characteristics of actions or rather non-actions, as, e.g., outlined by Brennenstuhl (1975), the borders of this responsibility and thus ownership shall be defined using the boundaries of a corporation's influence. Consequently, the daily decisions made based on corporate values are not only made by the corporation putting up the corporate values but as well by other players within its sphere of influence.

To reflect this, as well as the relevance of corporate values' impact on corporate activity, the characterization of the term corporate value is expanded to, 'a corporate value is an explicitly declared conception of the desirable, distinctive of a corporation, which decisively influences the selection made by all corporations within the value-defining corporation's sphere of influence from available modes, means and ends of action as well as a corporation's ability to coherently express such a conception in both actions of corporate individuals and overall corporate behavior'.

- A corporate value is
    - an explicitly declared conception of the desirable
    - distinctive of a corporation
    - which ***decisively*** influences
        - the selection
            - from available modes, means, and ends of action
            - ***made by all corporations within the value-defining corporation's sphere of influence***
        - a corporation's ability to coherently express such a conception in
            - actions of corporate individuals
            - overall corporate behavior.

These requirements for the definition of functional corporate values ensure that a corporation indicates its sphere of influence and subsequent positive or negative impact and takes corporate responsibility for it. Next, we will introduce the dimension of time and who corporations should aim their signaling at through their corporate values.

3.4 Long-term relevance and addressees

In humans, values are a reflection of someone's character, which in turn is a predictor of future behavior. For corporations, this analogy should hold as well. The tendency of providing as-if or even fraudulent communication by either withholding communication or spreading it across numerous documents addressing different aspects of a corporation's identity, as, e.g., outlined by Wenstøp and Myrmel (2006) or Antorini and Schultz (2003), is the main obstacle for predictability (Steinmeier, 2015). For the ability to be identified with, as-if communication certainly has its advantages in the short run, as the target value recipients can be presented with exactly what their self-conception needs to identify and bound with. However, as soon as subsequent corporate actions contradict such a one-sided projection of corporate values, the illusion fades away, leaving the corporate values dysfunctional.

By the same token, corporate values are often misused as tools to manage staff by merely expressing targets set by the management or identifying areas with potential for improvement, as discussed by Schein (2010). Although both represent goals to strive for, staff objectives and corporate values are separated in this framework as they act on different periods of validity and addressees of the message. A corporate value is understood as communication directed towards all value recipients, internal and external, value implementers but also non-implementers, describing a goal the entire corporate structure in its very essence is set up to pursue and that, therefore, is set up with a long-term period of validity. A change of corporate values inevitably requires a change of corporate identity. In contrast, staff objectives are exclusively directed towards the respective internal group of people, communicating a specific target, from short-term to long-term, to be reached, possibly even irrespective of whether this target has a connection to the self-conception of corporate values. It makes sense and is even essential to translate corporate values into guidelines or objectives for the value implementers to break down parts of a journey into clearly separate steps, of course. However, it is imperative to look upon staff objectives as subordinate to corporate values, in the way the endeavor of decorating a room is subordinate to the endeavor of building a home. When implementing these thoughts about addressees, period of validity, and wholeness of communication, the characterization of corporate values grows to, 'a corporate value is a stable, comprehensive, explicitly declared long-term conception of the desirable, distinctive of a corporation, addressing the collectivity of all value recipients equally, which decisively influences the selection by all corporations within the value-defining corporation's sphere of influence from available modes, means and ends of action as well as a corporation's ability to coherently express such a conception in both actions of corporate individuals and overall corporate behavior' or in a more formalistic representation:

- A corporate value is
    - a ***stable, comprehensive,*** explicitly declared ***long-term*** conception of the desirable
    - distinctive of a corporation

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➢ ***addressing the collectivity of all value recipients equally***
➢ which decisively influences
➢ the selection
➢ made by all corporations within the value-defining corporation's sphere of influence
➢ from available modes, means, and ends of action
➢ a corporation's ability to coherently express such a conception in
➢ actions of corporate individuals
➢ overall corporate behavior

These criteria of the definition of functional corporate values highlight the consequences of self-preservation of the corporation, its current and future role in society, and addresses the duties and functions of each relevant stakeholder group. Next, we will expand the influence of time on functional corporate values and highlight the importance of stability to facilitate the prediction of business activities.

3.5 Time perspective

Too many, and in line with neoclassical economic theory, the reason for a corporation to exist is to make money. Proponents of alternative economic theories tend to disagree or at least extend this raison d'être. Corporate values directed beyond economic success, however, have historically had a much harder time being accepted than values purely oriented at the maximization of profits. Notwithstanding the fact whether one might reject this view and attribute a corporation more duties than providing profits for its owners, large parts of CSR research focuses on how to value beyond profits could be made worthwhile for corporations or, in other words, could be converted to economic values (Figge, 2005; Hart & Milstein, 2003). As outlined by Ketola (2008), this strategy represents a conversion of deontological, duty-ethical values into teleological, utilitarian values. Corporations, with their inherent inclination towards utilitarianism or ultimately egoism (Werhane, 2000), seemingly collide with the duty-ethical expectations, e.g., regarding social or environmental standards. This antagonism, however, can, according to Ketola, be explained by examining the "time perspective of a company" (2008, p. 421). Social and environmental goals, to stick to the example, are not useless for a corporation; they merely do not offer a return on investment within the time frames considered by most corporations, e.g., a yearly, quarterly, or even monthly one. Consequently, the shorter the time frame a corporation expects a corporate value to produce a pre-specified added value of some kind, the higher the possibility of a "plutocentric" (Ketola, 2008, p. 426) character of the value. To embed this aspect of the expectation of the first payback in a pre-specified form within a certain timeframe, the characterization of a corporate value is expanded to, 'a corporate value is a stable, comprehensive, explicitly declared long-term conception of the desirable, distinctive of a corporation, addressing the collectivity of all value recipients equally, which decisively influences the selection by all corporations within the value-defining corporation's sphere of influence from available modes, means and ends of action as well as a corporation's ability to coherently express such a conception in both actions of corporate individuals and overall corporate behavior and expects this selection to yield positive effects for the corporation in a pre-specified form within a pre-defined time-frame' or a more formalistic representation,

➢ A corporate value is
➢ a stable, comprehensive, explicitly declared long-term conception of the desirable
➢ distinctive of a corporation
➢ addressing the collectivity of all value recipients equally
➢ which decisively influences
➢ the selection
➢ made by all corporations within the value-defining corporation's sphere of influence
➢ from available modes, means, and ends of action
➢ ***and expects this selection to yield positive effects for the corporation in a pre-specified form within a pre-defined time-frame***
➢ a corporation's ability to coherently express such a conception in
➢ actions of corporate individuals
➢ overall corporate behavior.

With this set of traits, it is possible to assess the self-stated and publicly accessible declaration of time-frames the corporation plans and operates in, which in turn reveals what kind of sustainability concept the corporation deems practical and adequate. In summary, this set of criteria and requirements allows for a comprehensive definition of functional corporate values. In the following section, we will attempt to describe if and how corporations put this into practice.

4 Empirical Assessment

To assess the practical application of corporate values, a small, non-representative, web-based analysis was conducted. The survey focused on a subset of 50 Swiss corporations identified as exemplary regarding the SMART definition of corporate sustainability targets by the Swiss Federal Office for the Environment (Daub et al., 2016). The analysis was based on the screening of web pages and referenced sustainability reports as of July 2020, about stating and embedding their corporate values, the link to the corporation's vision and mission, as well as the functionality of these corporate values as defined in this article.

A first-level analysis yielded a general description of the situation, starting with the number of explicit corporate values or statements that could be counted as such. Next, some basic questions were assessed, e.g., "Are the corporate values

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explicit and easy to find?", "Is the concept of sustainability based on values?", "Is the corporate vision made explicit?", and "Is there a direct link between the vision and the corporate values?" If the assessment was positive on the question of corporate sustainability being based on corporate values, a more detailed analysis was carried out to specify if aspects of nature, society, or economy are referred to. Possible assessment categories were "yes", "no", and "partly", based on the perception of the authors.

A second-level analysis was conducted to assess the functionality of corporate values. This analysis was based on the definition of corporate value functionality provided in this article, considering all value elements discussed and operationalized by the following set of questions:

- Are the values distinctive of the corporation? Do they express the corporation's specific character?
- Are all value recipients affected by a corporate value addressed?
- Do the corporate values affect all corporate entities within the sphere of influence of the value-issuing corporation?
- Do the corporate values specify what kind of positive effect they are aiming to yield?
- Do the corporate values specify within what time frame they are aiming to yield the said positive effect and go from achieving to sustaining mode?
- Are the aspired consequences of having these corporate values for corporate employees expressed?
- Are the aspired consequences of having these corporate values for the corporation as a whole expressed?

Possible assessment categories were "yes", "no", and "partly", based on the perception of the authors. As the intention of this empirical assessment was to get a first explorative impression of the practice used by corporations rather than a comprehensive or representative survey, the results were only collated and visually processed with some basic statistics, and no further statistical analysis was carried out.

5 Results

The results of the empirical assessment indicate a disjunct between corporate values and the referred concept of sustainability. The corporate vision and mission are often formulated explicitly, and the stated corporate sustainability concept is more often than not based on values (fig. 1). The referrals to all three dimensions of sustainability, however, are not equally ensured or made explicit. If the definition put forward in this article is used, the functionality of the declared corporate values is almost non-existent (fig. 2). Even the specificity of the analyzed corporate values turned out to be quite low, considering the widely declared importance of unique corporate character and its recognizability. Information regarding the time frames in which corporate values should take effect, their binding character for subcontractors, or even clear information of what exact ambitions and aspirations are being fostered were very hard to come by (fig. 2). Overall, the vast majority of corporations assessed failed to define functional corporate values, and, subsequently, missed an opportunity to send clear and honest signals to stakeholder groups, thereby hampering their possibility to predict corporate behavior, identify with the corporate agent, and pinpoint relevant stakeholder groups.

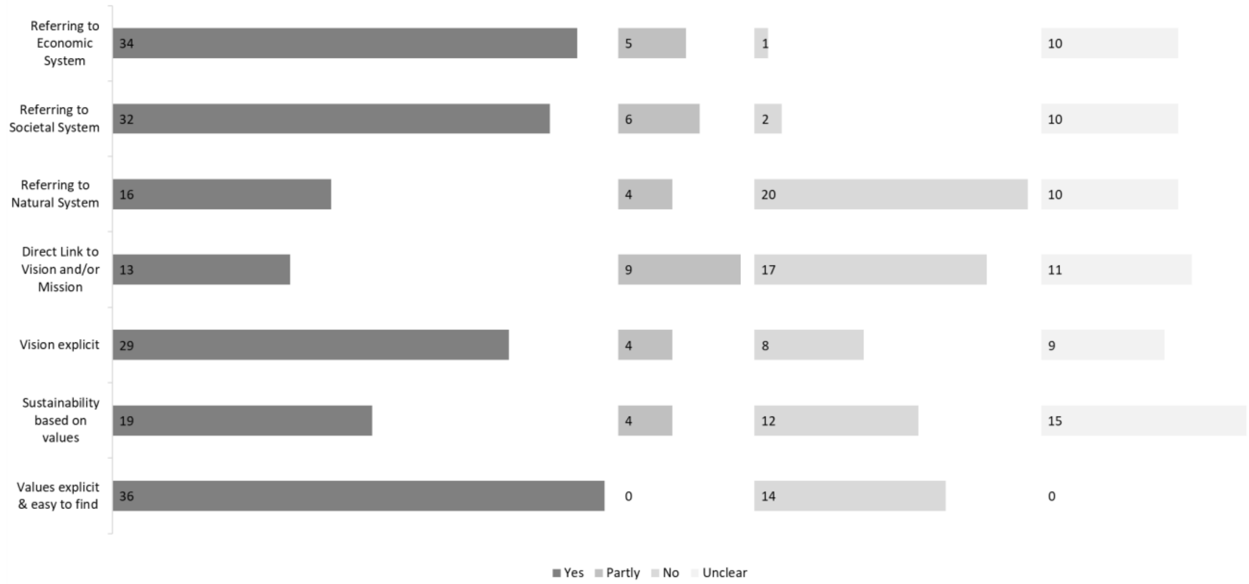

Fig. 1: High-level analysis of 50 Swiss companies regarding their stated corporate values (N = 50).

International Journal of Business and Applied Social Science
E-ISSN: 2469-6501
VOL: 8, ISSUE: 4
April/2022
DOI: http://dx.doi.org/10.33642/ijbass.v8n4p6

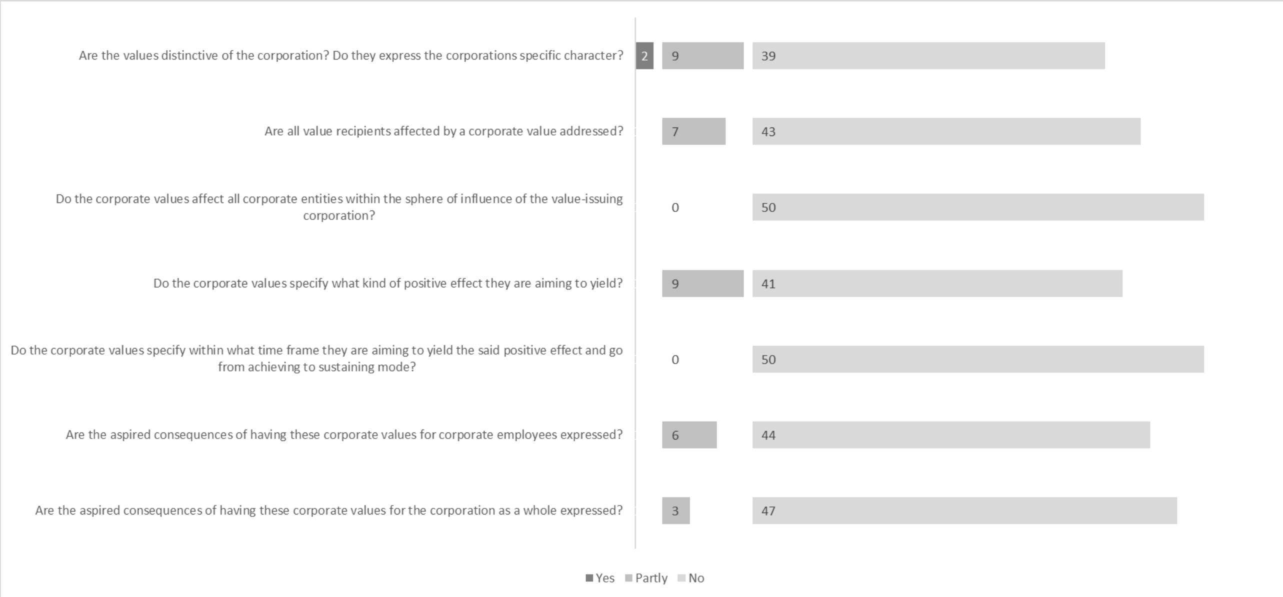

Fig. 2: A more detailed analysis of 50 Swiss companies regarding the functionality of their stated corporate values (N = 50).

6. Discussion and Conclusion

This article discusses the concept of corporate values. It is evident that there is a fundamental difference between corporate values and personal values, and that corporate values are most useful if they are functional. A functional corporate value, analogous to its counterpart, fulfils a set of criteria or requirements that help to characterize an organization and explain its most relevant, basic, and stable attitudes in pursuing its activities. Thus, corporate values act as a conceptual delineation of the social construct "organization" and provide the first proxy of a justification for its existence, ultimately providing society with arguments to issue or reject a "license to operate".

There is, however, a clear gap between ambition or intention and operationalization. An explorative empirical survey of 50 Swiss companies and their self-stated corporate values reveals that only a few organizations can successfully claim to offer functional values. This in turn renders stakeholder communication more difficult as the signalling characteristics of corporate values is not used, or, even more severely, is misleading.

As managerial recommendations, entrepreneurs and top-level managers should be further educated to help them understand the significance and nature of functional corporate values, especially in a time when corporate activity is regarded with raising suspicion by growing parts of society and an increasing number of phenomena are attributed to corporate dysfunctionality, endangering societal goodwill towards the corporate sector. Communicating "motherhood-and-apple-pie values" (Lencioni, 2002, p. 115) in a marketing effort has proven not to be enough anymore, but this insight is not reflected by the majority of the analyzed corporations.

In conclusion, corporate values are an important tool for organizations to signal to stakeholders. For honest signals and to secure a societal 'license to operate', these corporate values should be explicit, linked to a corporate concept of sustainability, and functional. The functionality of corporate values can be derived from the functionality of individual values. In doing so, a set of elements or requirements for functional corporate values arises. An explorative survey of 50 Swiss corporations has shown that the functionality of corporate values is poor or non-existing. To improve this situation and facilitate stakeholder communications, further education of entrepreneurs and top-level managers is recommended. It can be concluded that there is a knowing-doing gap but also a pronounced lack of knowledge regarding corporate values. More research is recommended addressing the perception of the function of values from a managerial point of view, in particular the implicit definition of corporate values and their functionality expressed in business activities and what role in stakeholder communication the predominant perception might play.

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International Journal of Business and Applied Social Science
E-ISSN: 2469-6501
VOL: 8, ISSUE: 4
April/2022
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E-ISSN: 2469-6501
VOL: 8, ISSUE: 4
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DOI: http://dx.doi.org/10.33642/ijbass.v8n4p6

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