

What Do Corporate Values Really Mean?

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Most companies have explicit and often espoused corporate values, usually containing notions of strong positive cultures. These are often formalized into mission statements, tag lines, and branding and [marketing](#) promotions. The problem is that most of so-called corporate values are not values at all. They are little more than a compilation of platitudes and slogans.

A study by Edwin Giblin and Linda Amuso of California State University, and published in **Business Forum**, concluded that values have to be internalized by employees in organizations to be real, and that rarely happens.

The idea of establishing and communicating corporate values was popularized by [management](#) gurus Tom Peters and Bob Waterman, and thousands of management consultants have created a healthy business working with leaders developing corporate values.

Corporate values are often used interchangeably with the concept of corporate culture. The problem is that corporate goals--predominantly stated in financial terms--bear no resemblance to articulated corporate culture and values. In fact, more often than not, they are in conflict.

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In this context, corporate values, usually chosen by senior executives, are adopted to prevailing business circumstances and are not rooted in fundamental philosophical convictions, [morality](#) or

ethics. In this sense, corporate values are often selected as a strategy to "rally the troops," and therefore, manipulative in nature.

Values, in a true sense, are basic, fundamental, enduring and meant to be acted upon. In contrast, slogans, platitudes and tag lines are ephemeral, transitory and relative, and often not meant to be taken seriously. For example, if a company's prime goal is short-term profits for shareholders, how can it espouse a corporate value of "people are our greatest asset?"

The biggest problem, Giblin and Amuso argue, is how public language is used. Manager's language is provisional, tentative, euphemistic, full of vagaries, and contradictions and yet often presented with force and charisma. Any trained NLP coach can see the distortions, deletions, generalizations and other linguistic blocks used by many executives to manipulate and distort true intentions. Further, much of executive language associated with values or goals have little true meaning. For example, a company that says they put the customer first is rarely held accountable for that statement when the company is in financial trouble.

So, what role should corporate values play? To play a meaningful role in creating an enduring organization, corporate values must be, Giblin and Amuso argue, "first-order values." Such values are not mere rankings of preference couched in operational phrases such as "getting close to the customer," but are derived from fundamental philosophy about what constitutes the good for people inside and outside the organization. James Collins and Jerry Porras showed that visionary companies that succeeded for decades were guided by core ideologies that included a sense of purpose beyond making money.

First order values can't be altered in an economic downturn or used to confront an immediate problem. They exist to see the organization through good and bad times. They are in essence a constitutional framework for corporate governance and the moral rationale for the existence of corporations in our society.

Many so-called corporate values statements go into great detail about the importance of their employees, including the rights of employees with respect to pay and benefits and empowerment, challenge and work conditions. This represents a clear misunderstanding of the purpose of corporate values. Employees do not have rights in the sense of The Bill of Rights or the Charter of Rights and Freedoms. While management should provide them, they are derived from economic success of the company. It would be more meaningful to proclaim the obligations of employees from the CEO down, including the obligation to contribute to the success of the organization and the community at large. Finally, there must be reciprocity of obligation between the business owners and management and their employees. This builds positive corporate culture.

Morality and ethics too are central to the issue of meaning in corporate values. Too often, corporate executives justify a breach of ethics and morality on the basis of financial profit. While profits are the fuel that feeds the economic engine, it is not the sole essence of the corporation. Profits are at other times sacrificed for new product or production innovation. It is a choice, not an imperative.

Finally, values do not drive the business, they drive the people within the business. Values must be internalized by the people in the organization to have meaning. It's time to stop playing around with cute slogans and tag lines masquerading as corporate values.