Executive interventions in the corporate value process

Anna Blombäck
Jönköping International Business School
Box 1026
551 11 Jönköping
Sweden
Phone: +46 36 101824
Fax: +46 36 160070
Email: anna.blomback@jibs.hj.se

Olof Brunninge
Jönköping International Business School and
University of Borås, The Swedish School of Textiles
Email: olof.brunninge@jibs.hj.se

Anders Melander
Jönköping International Business School
Email: anders.melander@jibs.hj.se
Introduction

Working with corporate values seems to be en vogue. Today, there is hardly any major firm that does not provide a corporate value statement on its website, in its annual report and through other means of communication (Blombäck, Brunninge & Melander, 2011). Apparently, there is an underlying assumption that corporations need to have the right values in order to be successful. This comes little surprising when looking at literature about corporate culture. For quite some time especially popular management books have been suggesting that strong cultures – with values being a key component of culture (Schein, 1985) – may be an important factor behind companies’ success (cf., Peters & Waterman, 1982; Collins & Porras, 1997). The image that is conjured up is that managers can implement values that support their ideas and make strategy implementation more effective. The idea of using corporate values as a management tool thus seems appealing to practitioners and has created a market for consultants specializing on value-based management (cf Anderson, 1997; Jansen Kraemer, 2011). At the same time, research on organizational culture warns us not to take an overly functional view on cultural phenomena such as values. For instance, Smircich (1983) suggests that cultures should not be perceived as values that are easy to manipulate. The recognition that organizational values emerge from complex social processes implies that it will be difficult for executives to fully control them. Moreover, values are often rooted in the past; sometimes tracing far back in the history of the organization. They may even be older than that, reflecting the personal values the founder held already before the organization was created (Kimberly & Bouchikhi, 1995; Schein, 1983). As values institutionalize over time they can become increasingly inert (Selznick, 1957). Accordingly, change efforts relating to core values may cause particular challenges (Reger, Gustafson, Demarie & Mullane, 1994).

There is, thus, a tension between the inherent stability of corporate values and executives intention to effectively manage them in order to obtain strategic goals. Relevant questions emanating from this tension pertain to how executives can manage corporate values as support for their strategies (cf. Marginson, 2009). What are the challenges and ways forward to balance maintenance and change of core values? What approaches to executive interventions in value processes are there? In what outcomes do executive attempts of shaping and changing values result?

In this paper we will study organizational practices in the management of corporate values. Specifically, we will investigate how executives introduce, change and maintain corporate values over time as a means to obtain strategic goals. We will also relate these interventions to the strategic outcomes they result in. As we have a specific interest in value managerial value interventions, we limit the scope of our paper to executive interventions that introduce or emphasize corporate values, which are somehow explicitly articulated.

Our paper continues with a frame of reference that starts out by elaborating on cultural dynamics and specifically on values and value interventions undertaken by managers. In doing so, we pay special attention to the development of values over time, linking value interventions to past values as well as desired values for the future. We then turn to the literature on strategy processes and strategy implementation to create a basis for understanding the context and the outcomes of value interventions. After outlining our methodology we present five empirical cases of different value interventions. The organizational contexts of the interventions being the banks Handelsbanken and Swedbank, the conglomerate Lime, the IT consultant ABD and PERRO, a subcontractor in the automotive industry. The analysis part of the paper focuses on comparing the value interventions
and their outcomes in the five cases. By analyzing similarities and differences in the processes, we elaborate on the variety in value interventions, different strategies for managerial interventions, and factors affecting the outcomes of such interventions.

Frame of reference

Corporate values and value interventions in the context of cultural dynamics
The literature on corporate values is fragmented. In a broad literature review, we identified close to 150 articles that discuss formally stated corporate values. As stated above, there are obvious overlaps between the literatures on corporate values and organizational culture. For instance, Schein (1984) sees values as one level of culture in his famous three-level-model, values being espoused expression of what ought to be. These values reflect the underlying hidden assumptions in the organization while at the same time they result in artifacts, i.e. visible organizational structures and processes. The formal corporate value statements is an example of such an artifact. Smircich (1983) summarizes the cognitive perspective on culture as a system of rules that guides how organizational members perceive and interpret the organization and its environment, including what is perceived as right or wrong, desirable and not desirable and thus guiding members in different kinds of choices.

Discussing culture and organizations, Smircich (1983) contrasts two major perspectives in the literature. The first sees culture as an either independent or internal variable, affecting and explaining different characteristics of the organization and the outcomes of organizational processes. Where culture is perceived as an internal variable it can potentially be changed by managers in order to create an organization that supports their strategic agendas. Managers would typically try to imprint their personal values on the organization in order to ensure that it develops in line with their ideas. In contrast to this, the second perspectives conceives culture as a root metaphor, meaning that organizations are cultures rather than having cultures. In this perspective cultures, including the values associated with them arise from complex social processes that involve the entire organization, rather than being under the control of managers. While Smircich (ibid) emphasizes the fundamental differences between these two perspectives, she also acknowledges that the different perspectives together can make an important contribution to the better understanding of culture and organizations. In the present paper we do not choose either of the perspectives, although the idea of managerial interventions in value processes builds on the assumption that cultures can be controlled like independent variables by managers, at least to a some extent. On the other hand, the root metaphor view of cultures reminds us that interventions are embedded in social processes that can never be fully controlled by managers and that contribute to shaping the outcomes of such interventions.

The importance of corporate values has been recognized for a long time in management research. In the 1970s and 1980s, they were included as a vital part of the strategic planning process (Andrews, 1971). In the 1980s and 1990s the formulation of value statements was central both to excellence studies, such as Peters & Waterman (1982) and in production oriented philosophies such as TQM (James et al., 2000) and lean management (Liker, 2004). Schein (1984) sees values as an integral aspect of corporate culture. In his famous three-level-model, he places them in between the artifacts, being tangible or observable manifestations of culture and the basic assumptions that are often hidden and unconscious to members. The values express what is believed to be e.g. good/bad
or successful/unsuccessful. Schein underlines the importance of congruence between values and assumptions. He notes that espoused values sometimes contradict the basic assumptions, which will result in the values not being applied in practice.

While there is no generally agreed upon definition of corporate values, most authors suggest that corporate values are fundamental, deep-rooted and intrinsic principles and beliefs prevailing in an organization (Blombäck et al., 2011). Osborne (1991 p.28) suggests that “Companies form core values as a mechanism to create a foundation of attitudes and practices that will lead to the enhanced long-term success of the firm”. One reason for that might be found in the belief that “(...) people are driven by what they believe as well as the machines and equipment they have” and that “this is why values are of central importance” (Humble et al. 1994 p.33). Hence, core values seems to be of particular importance to business. Moreover, rather than speaking of corporate values as one single concept, the literature review illustrates how values are really divided in two layers: i) core values and ii) non-core values or peripheral values (Lachman, Nedd, and Hinings 1994). The use of the term “peripheral” indicate that these are values that either are embedded in a subgroup of employees or values that are of no vital importance for the firm survival.

Some firms undertake interventions to formulate and present value statements. Such statements aim to stabilize corporate values and make them independent of the specific individuals from which they originate. Research indicates that the practice of promoting one’s corporate values is increasing. Johnson et al. (2008: 163) conclude that: “Increasingly organizations have been keen to develop and communicate a set of corporate values that define the way that the organization operates”. Research further shows that one function of corporate values is to inform other stakeholders about “the rules of the game” (Neubauer and Lank, 1998: 260). These may include external as well as internal stakeholders. Interventions to introduce official value statements can thus be seen as an attempt to sustainably imprint the founder’s values on the firm even beyond his or her tenure. Ideally, such core value interventions result in dynamics sustaining themselves - a successful value intervention implies that the imprints survive, even without conscious work to reproduce them all the time. In other words, the imprints are retained by self-reinforcing dynamics that last beyond the effort of introducing a value statement.

As corporate values relate to stability in relation to the past as well as future oriented direction, they have a potential of creating a bridge between the past, present and future of the organization. In general, human beings have an existential need of finding an anchoring in history in order to engage in future-oriented sense-making (Karlsson, 1999). If values are rooted in the organization’s past they may easily have a potential of providing stability and direction for the future. However, in that case they are not necessarily an appropriate executive tool that helps the organization adapting to a changing business environment. They could rather be characterized by a path-dependent development that has locked-in at some point in the past, creating obstacles to organizational change. Interventions to implement and manage values are thus facing the challenge of on the one hand relating to historically grown values and on the other hand unlocking these values or even replacing them in order to bring about change.

At least at first sight, the past seems impossible to change in hindsight. However, as we can learn from the literature on social memory (e.g. Olick & Robbins, 1998) we always know history through our interpretation of it, meaning that history is also subject to reinterpretations and negotiable.
Collective remembering in organizations is often characterized by the striving for a usable past rather than for historical accuracy (Wertsch, 2002). The past that executives create bridges to in a corporate value intervention is thus not carved in stone. The same is true for the historical corporate values and the meaning that is assigned to them. With reference to visionary management (Mintzberg et al., 1998:141ff) corporate values can also be seen to function as a bridge to an aspired future position. This future-oriented approach can imply interventions to change or maintain present corporate values, but also the introduction of new values. Lencioni (2002) refer to the introduction of such new values bridging to the future as “aspirational values”.

The value literature is still limited on how corporate values are actually monitored (Marginson, 2009). In most cases values are depicted as developed in the early days of the organizational life and closely connected to the founders’ personal values (Humble et al. 1994; Nelson, 2003). When intervention of values is indeed mentioned it oftentimes concerns the clarifying or refining of organizational purpose, something that can be necessary when the original founder leaves the company (Schein, 1983). Some recent research, however, has focused on value intervention by executives as a means to foster organizational change. Marginson (2009), found how normative value systems tailored to provide guidance in operational decision making can indeed cultivate organizational change. However, the study also points at side-effects and important challenges of such interventions.

To summarize, in the few articles that discuss value interventions some specific characteristics stand out. First it is stated that values inflate all other control and govern mechanisms in the organization and therefore a value intervention are difficult to delimit. At the same time as the content of value interventions are elusive in nature (Humble et al, 1994; Thornbury, 2003; Van Lee et al, 2005 ). Secondly, connected to the above, is the fact that existing values often is deeply rooted in the organization. Thus, value intervention must come with a force to make a difference in the organization (McDonald and Gandz, 1992; Humble et al, 1994). Third, this said, it is a difficult task to balance the strength of values with the changing needs of the marketplace. If values initiated is embraced by the organization but out of line with the market needs, the intervention could be counterproductive (Humble et al, 1994). Finally, value intervention are risky and stakes are high. Reports on back-firing interventions due to blurred links between values promoted and managerial behavior is frequent (Lencioni, 2002).

**Strategy processes as a context of value interventions**

Given the current limitations in research and literature on value intervention, we use the strategy implementation literature (see Atkinsson, 2006; Pryor, 2007; Yang et al., 2010; Schaap, 2012) to extend our knowledge on the monitoring of corporate values and to inspire our methodological approach.

This literature is characterized by a multitude of perspectives (Mintzberg, Ahlstrand and Lampel, 1998). Normative, planning-oriented approaches characterize strategy as a rational linear process that is typically composed of three sequential stages, starting with the internal and external analysis of the organization and its context, leading to strategic choices and eventually the implementation of the chosen strategy (e.g. Andrews, 1971; Ginter et al., 1985; Ansoff, 1991). In the strategic implementation literature the analytical and decisional phases are often regarded as a contextual
factor (hereon named strategy formulation) that influence the nature of the implementation process (Yang et al, 2010). Critics, like Henry Mintzberg and associates (e.g. Mintzberg & Waters, 1985) have criticized the normative approaches to strategy-making, pointing out that strategy processes are never purely under the control of management. In addition, it is difficult to practically separate strategy formulation from strategy implementation as distinctive sequences. Rather the two overlap and affect each other reciprocally (Mintzberg, 1990). Despite criticizing the treatment of implementation in the normative strategy literature, Mintzberg maintains that implementation remains a key challenge for strategy-makers (Mintzberg et al., 1998).

Recognizing the fragmentation of the strategic implementation literature Yang et al. (2010) review the strategy formulation and eight other factors that are judged as the most important when it comes to influencing the outcome of strategic implementation. These factors are; the strategy in itself (Allio, 2005), relationships between different strategy levels and between units within the organization (treated as a significant factor in several studies), executors (the implementation is affected by the quality of people involved (Govindarajan, 1989)), communication (it is noted that communication skills are vital but not how they influence (Forman and Argenti, 2005)), Implementation tactics (cf Lehner, 2004), consensus (there is no consensus about strategic consensus in the literature (Kellermans et al (2005)), commitment (commitment increase implementation success. Commitment can be divided in organizational, strategy and role commitment (Noble and Mokwa, 1999)), Organizational structure (second most important factor according to Heide et al., (2002)) and finally the administrative systems. Yang et al (2010) conclude that;

- Few studies refer to the content that is implemented. When references to content are made, this content is dominated by marketing strategies.
- Most research take the executive perspective. There are few studies of how middle managers act in implementation processes. There is almost a total absence of studies of how (and why) lower levels interact with implementation.
- A lack of studies on how the dialogue advance between organizational units and levels.
- Few recent studies take a practioner’s perspective.
- There are several theoretical perspectives that can revive research on strategy implementation, one such perspective being Strategy-as-practice.
- There are few robust studies of the interrelationship between the identified factors.

Recognizing that implementation processes cannot be reviewed one factor at a time, more holistic frameworks have emerged. However, even if the implementation research is scarce the existing frameworks are difficult to compare (Okumus, 2001). Okumus bases a review of implementation frameworks on the grouping developed by Pettigrew and associates; Process, Context, Content. (Pettigrew, 1985; Pettigrew et al-, 1992). Even though there is no consensus about which factors apply to which group, factors related to mission, vision etc are generally referred to the content group. The process groups include factors referring to the management of the process and in the context group non-influential factors are located. Finally the outcome group refers to the aspired and actual outcome of the strategic implementation (Okumus, 2001). Yang et al., (2010) conclude that both categorizations and frameworks tend to be extremely heterogeneous in terms of their overall logic.
In the strategy implementation literature the role of corporate values and cultural aspects is recognized but not ranked as an important factor (Yang et al, 2010). As mentioned above, Andrews (1971) included corporate values in his normative model of strategy processes, as a central criterion for making strategic choices. Still, there is not much subsequent work that has elaborated on how the strategy process in itself is affected by values. Håkonsson et al., (2008, 2012a, 2012b) represent the more recent advances in this field when they discuss the relationship between organizational climate and executive style for successful strategy implementation. By aligning the implementation process (the executive style) to the content implemented (the strategy) Håkonsson et al. (ibid) contribute to develop the dominant approach in the strategy implementation literature.

In this dominating approach the separation of the formulation and implementation phases is a given starting point. A logic which is followed in the review above. Hence, strategic implementation refers to the part of the strategic management process whereas the content is formulated and objectives are set. The implementation is then concerned with the “selling” of the message within the pre-structured organization. When the underlying premises of this division is questioned a number of new issues enters the arena (French, 2009). From here on this approach is named the separatist approach. Following this approach implementation is conceived as a phenomenon that is separate from the formulation of strategy, and formulation is thus primarily viewed as a contextual input to the implementation process.

The alternative approach, that we name iterative, is represented by literature that questions the separation between formulation and implementation. In this view the two phases are overlapping and affecting each other reciprocally (Mintzberg, 1990; Feurer and Chaharbaghi, 1995). It is argued that this perspective extend our focus on generative mechanisms and process trajectories of continuity and change (Sminia, 2009). Scholars adhering to this approach, often present research result as holistic frameworks (Okumus, 2001; Yang et al., 2010).

One of the most popular frameworks, developed by Bourgeois and Brodwin in 1984, can be used to exemplify the separatist and iterative approaches. In Bourgeois and Brodwin’s typology the commander type is strict authoritarian ordering his/her subordinates to follow an already planned strategy. Here is no need for any approach as there is no attention given to implementation issues whatsoever. The separatist view emerges in the change, collaborative and cultural types where importance of involving subordinates is recognized and specific implementation activities are undertaken. Hence the intervention is separated in a formulation and implementation phase. The cultural type much in line with the approaches discussed previously is of specific interest. The normative implications of this type are summarized as; You (The CEO) draft and publish a company creed, commission the composing of a company song, and create and use other symbols which, when absorbed by both workers and managers, will ensure singleness of purpose and unity in action. (Bourgeois and Brodwin, 1984: 250)

In the other extreme of this continuum we find the crescive type which follows a purely iterative approach. Here the separatist division into formulation and implementation is abandoned. In the crescive type the executive’s role is to set the scene (organize structures and systems) that encourage co-workers to continuously come forward with (the right) strategic suggestions. Bourgeois and Brodwin (1984:256) specifically articulate the need for leaders to be willing to lose control in order to enable the firm “to capitalize on new business opportunities”. Opportunities which can only
be identified in the operational setting and not by executives in the board room. Hence, in the iterative approach the concept of ‘implementation’ loose its relevance as there is no plan made up by the CEO, hence the separation between the formulation and implementation phase does simply not exist.

Generic approaches to value interventions
Okumus (2001) and Yang et al. (2010) concluded above that context and content is neglected in the implementation literature. This conclusion is also applicable when it comes to value interventions. In the following we will discuss to what regard value interventions represent a specific type of implementation process and how this process is related to content and context. In this discussion an analytical framework emerge.

The Bourgeois and Brodwin typology above illustrates a wide range of approaches where one group, the commander and crescive types, lack a separation between formulation and implementation. The three other types, i.e. change, collaborative and cultural, all assume a separatist division between the two phases. Here we are able to identify the overall rationale as the first characteristics of the two approaches, where the separatist approach assumes the existence of a distinct formulation phase separated from the implementation phase, whereas the iterative approach rejects this division in work.

The overall rationale have implications on how the intervention is related to the context. Following Håkonson et al (2008) we argue that the history and present values in the organization as well the specific situation which motivate the intervention all have a say in the design the intervention content and process takes on. We can, however see no difference between the iterativist and separatist approach in this regard.

The second characteristic separating the two is the assumption about the organization of the intervention. As the separatist approach assumes a division over time in two distinct phases (formulation and implementation), a project inspired thinking follows. This means that there is an initial project set up in which the first task is formulation done by a distinct individual or groups of individuals, which are to be followed by the second task, the planned implementation. Hence, this implies a project which has a project leader, deadlines and measurable key performance indicators that makes it possible to follow-up. The iterative approach on the contrary follows more of a processual view. assuming basic assumption is that it takes time to build an empowered organization. As the head quarters abandon some of their power to create the empowerment, it is consequently difficult to either formulate measurable objectives or to evaluate the result. Consequently, we are inclined to identify much more in-house activities in an iterative approach and a more extensive use of consultants and expert functions in the separatist way of working with value management.

The third characteristic focuses on the role of management. The separatist approach assumes that the CEO is a focal figure in the process. He or she symbolizes the project and is thus involved both in the outline of the content and process. At least initially, when the overall process is outlined. However, when the intervention is authored and a project leader assigned, the CEO can choose the degree of involvement in the implementation phase. The project can go on without explicit
managerial intervention. In a well-functioning iterative intervention there is no distinction between phases allowing the CEO to enter or disappear. On the contrary, for the iterative initiative to work the CEO has to be present and practice a value based management style.

The fourth characteristic emphasizes the *distribution of power* in the organization and in the initiative. In the separatist intervention, the distribution of power is straight forward, emphasizing the role of top management. Even if the objective of the intervention is to redistribute power (for instance by installing decentralization as a value), the ultimate power remains at the center. In the iterative approach it is paradoxical in the sense that it on the one hand assumes that power needs to be equalized and that lower organizational levels have to be involved. On the other hand, top managers often get a key role in such processes as the CEO and top management are the only ones that can lead a change in power balance in a trustworthy manner!

In the analyses and hence in the presentation of the five cases below, the four characteristics presented above; the overall rationale, the organization, the managerial role and the power distribution, have been instructive.

**Method and empirical cases**

Studies of executive interventions and their consequences requires a holistic and processual approach that captures the context of the intervention (Pettigrew, 1985 and 2012) and follows the development of companies before, during and after the intervention. Given our exploratory purpose and the limited knowledge that exists on the subject matter we have tried to cover a variety of different executive interventions that aim at moderating, i.e. introducing, changing or maintaining, corporate values. We assume that the development of executive interventions is context dependent, meaning that we need to explore the differences and similarities of such processes rather than striving to find a single ‘typical’ sort of intervention relating to a value process. Our study thus includes firms with different sizes, from different industries and in different stages of development. Also the background and aim of the intervention differ and so does the period of time that has passed since the intervention occurred. We have selected our cases based on the occurrence of a corporate value intervention and on access to relevant data. The latter aspect is highly important in order to get a thorough understanding of the interventions and their contexts. Relating to differences in the cases the type of data used differs between the processes. In each case we have conducted interviews. These have in some cases been complemented with participant observation, archival data and secondary literature on the cases. Based on this data we have constructed case stories of each intervention. Our emphasis has been on reconstructing the background of the intervention, the intervention process as such, the amount of change the intervention implied, the role of key actors and the actual outcomes of the process. In total, we studied five intervention processes in five companies: Handelsbanken and Swedbank (two banks), ABD (an IT consultant), Lime (a conglomerate), and PDB (a subcontractor in the automotive industry). Except for the two banks, the companies have been anonymized.

**Handelsbanken** is a major Swedish bank with about 10 000 employees. The bank is operating mainly in the Nordic countries, Great Britain and the Netherlands. The intervention started in 1972 and is nowadays a part of the “official history” of the bank. The background to the intervention was a
crisis in the bank at the end of the 1960’s. Bad publicity due to the acquisition of a travel agency and broken currency regulations combined with a stressed financial situation due to a fast domestic expansion made the management group to resign. The new CEO, Jan Wallander was recruited from a small provincial bank but with a background as an industry analyst.

Wallander undertook a paradigmatic change of the bank’s operation. He installed a new power structure in which the managers of the local branches were to be on top and central functions in Stockholm had as their primary function to serve the needs of the local operations. Wallander changed the control system from yearly planning and budgeting to a KPI driven system. The managers of the local branches produced the bank’s performance. The most well-known KPI is 0.5 (the branch’s total cost should not be higher than half of the income generated at the branch). To receive an accurate figure Handelsbanken had to develop internal markets where the branches bought services from the central functions. Thanks to an accounting system that allocated most costs and revenues to the branches, it became possible to calculate performance measures on the branch level and to evaluate branch managers based on the KPI they achieved locally. This further stressed the importance of the branches and highlighted “decentralization” that became the key concept of Handelsbanken’s new values.

Further, the bank shifted focus from volume expansion to profitability. The change in profit was remarkable and since 1972 the bank has been more profitable than an average of the major competitors in the market. This shift was emphasized with the start-up of a retirement foundation, Octagon, in which the bank set aside a part of the profit each year the objective of being more profitable than the average bank was fulfilled. The Octagon is now days a major owner of the bank.

This intervention was extremely top-down in nature. The initiative came from the top and the concept was consciously designed. The crisis made the organization willing to accept major changes. The new corporate values was not systematically presented in the bank as new values, they were rather embedded in operational changes, such as the abandoning of budgeting, the closing down of central marketing functions, and the introduction of an accounting system that reflected the decentralized structure. Many top executives were either forced to leave or quit as they did not like to work in the new type of organization. While there was no formal value statement, Handelsbanken uses an internal booklet that is supposed to summarize and explain the bank’s values and its way of doing business. The booklet entitled “Our Way”, was first published by Jan Wallander in the early 1970s. In “Our Way”, Handelsbanken’s way of doing and thinking is extensively described, the emphasis being on decentralization, cost consciousness and a cautious approach to risk taking. Every new CEO is expected to update the booklet when he (so far Handelsbaken has only had male CEOs) takes over the position. While the core ideas in the booklet have remained the same, concepts such as decentralization and cost consciousness are applied to new situations and requirements in a changing market. In this way the CEOs signal that they adhere to the basic principles and take over the ownership of the heritage. Moreover, since Wallander all four new CEOs have been internally recruited, favorably with a career including the position as branch manager.

The openness to the new ideas in the organization was partly depending on the earlier expansion in which the bank had recruited a large number of new employees to their new local branches. These new employees were not fostered into predominant values and applauded ideas that would increase their importance in the bank. Furthermore, the changes had an almost immediate effect and were
thus soon accepted on all levels. Wallander became the symbol of this new way of thinking. He has published several books where he describes the fundamental management principles. Wallander stayed on as CEO for eight years (1970–1978) but continued as chairman of the board for another 13 years. Today he is an honorary chairman of the company.

Handelsbanken’s values have remained remarkably stable since 1972 and they have provided guidance to the bank’s strategy process since then (Brunninge, 2005). After Wallander took over, the bank has been highly successful from a financial performance perspective, which has further legitimized the new values. Thanks to financial success, Handelsbanken has set part of its profit to the Octagon foundation almost every year for the last three decades. As a result, Handelsbanken employees who retire after a long career in the bank can expect payments of more than a million, sometimes even up to several millions, Swedish Crowns (1 EUR = approx. 8.50 SEK) when they turn 65. Based on its values, Handelsbanken has developed a decentralized identity that clearly distinguishes it from its competitors.

Over time, Handelsbanken has made a number of acquisitions and expanded into markets outside Sweden. This has necessitated finding a way of spreading Handelsbanken’s values to new employees. Despite the acquisitions the bank’s main growth mode is organic in order to ensure that bank’s values are not disrupted by too many new employees entering the company at a single point in time. New employees (employees that are recruited as well as employees that come to the bank through acquisitions) are socialized into Handelsbanken’s values through close interaction with experienced Handelsbankers. When the bank acquired the Swedish mortgage bank Stadshypotek in 1997, most new employees were distributed over Handelsbanken’s existing branches and units to get accustomed with their new employer’s values. When setting up branches outside Sweden, the bank puts down a lot of effort in recruiting branch managers. Candidates are picked based on their desire and ability to work in an entrepreneurial way in a decentralized organization. Before new branch managers are eventually chosen, they meet various experienced Handelsbankers and get a lot of information on the bank’s way of working. This usually includes reading “Our Way” as well as other literature that has been published about the bank.

During Handelsbanken’s internationalization the concept of decentralized banking has implied that the operations outside Sweden have had a lot of freedom to try out new business approaches, as long as they have been faithful to the bank’s key values. For instance, Handelsbanken’s British operations are positioned as an old-style private bank rather than as the mass market provider Handelsbanken is in Sweden. Top managers at the bank report that the new recruits outside Sweden often adhere to Handelsbanken’s values more strongly than the Swedish staff. While employees in the home country usually choose Handelsbanken for being one of the major Swedish banks, foreigners usually come to Handelsbanken due to a deliberate choice of working for a bank that clearly differentiates itself from industry peers due to its distinct values.

Swedbank is a major Swedish bank with about 17,000 employees, operating mainly in Sweden and the Baltics. The intervention started in 2009.

---

1 The individuals sum is only based on the number of years they have been employed. That is, managers do not receive more from the Octagon than the average employees.
Swedbank is the result of a merger between two old and well-known banks in Sweden; Föreningsbanken that was started by the farming community and Sparbankerna, the local savings banks. Sparbankerna was from the beginning a group of loosely connected banks with a strong local presence, targeting the “ordinary men and women”. The merger process started in the 1980s when a majority of the local savings banks merged into a national savings bank, and so in 1997 Föreningsbanken and Sparbanken merged. The merger between the two almost “public institutions” was not easy, even if the basic values were in harmony. A major change program reducing staff in the “new” bank from about 13000 to 10000 did not enhance the integration process. The ambition to expand in the Nordic and Baltic markets appeared already in the new vision launched in 1998.

A period of profitable and fast expansion followed. Growth was mainly acquisition based. In 2008, just as management had launched a new value program to integrate the acquired banks into “One Swedbank”, the bank went into a severe crisis and as a result there was a change of CEO in March 2009. The new CEO immediately announced a new approach. “We removed the ceiling and let employees come forward. The earlier corporate values were only known by ten percent of all employees. That was why we had to do something and the new CEO was personally engaged in the program” (Ragvald, 110812)

The program was divided into two major projects, the external communication project and the internal project including the mission, vision and corporate values. The corporate value related part of the program took 18 months and involved about half of the then 17 thousand employees.

At the first stage an internal project group, representing several functions, was assigned. This group reviewed earlier values, the banks position on the market and forecast future development. External consultants were used as experts and a brand management consultant was involved. An interesting activity was a survey send to all employees in which a list of possible value statements were included. The overall questions were; How do you view Swedbank today? What do you think Swedbank stands for on the market? What makes you proud about Swedbank? What would you like Swedbank to be known for in the future? About 50% of the employees responded to the survey.

Several teams were created with different roles in the project (reference groups, steering committees, working teams etc). The advanced survey technique made it possible to communicate with the employees as the project proceeded. “This way we could test hypotheses on the employees as we developed new ideas” (Larsson, 1210816). Once management had singled out the most important values from the survey, they were tested on the employees. Finally three value words were chosen, Openness, simplicity and caring. These three words differed from the words from 2005 (Result-oriented, Open, Innovative, Dedicated).

At summertime 2009 the new set of values were decided and it was time to implement the values. To do this about 200 “ambassadors” were trained. These ambassadors led one-day workshops in all parts of the bank. All in all, more than 98% of all 17 000 employees participated in one of these one-day workshops. Obviously this face-to-face implementation was accompanied by communication in writings.
The implementation project that continued in 2010 is regarded a success. In November 2010, 84% of all employees reported that they knew the values and a high proportion also said that they believed them and acted on them in their daily operations. The “old values” from 2008 were not nearly as recognized. A study in 2010 emphasizes the CEO’s role in the process. Michael Wolf was trusted and he personally symbolized the new values.

“the values are now (summer 2011) becoming a mantra in the organization. You can use these three terms to evaluate every behavior or discussion on all levels. They are here to stay and there is no exception from following them” (Larsson, 110816)

Lime Group is a conglomerate, active in six non-related industries, about 1400 employees, operating in Sweden, Germany, Poland, Slovakia and China. The intervention took place in 2008.

LIME Group was founded by Boris Limesey in the early 1980s, when he acquired his first retail business. The group has primarily grown through acquisitions. Over the years LIME Group in total has acquired 15 operating businesses. Today Mr Limesey is still the CEO and majority owner of Lime Group.

The subsidiaries in the LIME Group are organized in six divisions, each focused on a particular industry. All but one division have a business-to-business market orientation. The divisions vary in terms of focus on manufacturing, retail, and services respectively. The divisions all include several sites of operations. Each division is based on a principle acquisition (one for each division).

Mr Boris Limesey is the CEO and president of the LIME group. He is described and also describes himself as an active owner. Below he describe how the relationship between him and the divisions implies frequent contacts and reports.

Boris: “[...] In an active ownership you take part in affecting the market position we have. “How do you do this? What are they thinking?” and so on. That you have a dialogue between the business and the owner where you are in the process to form the future. [...] It might be stressful for the companies. Today we work with a continuing strategy where we go through: where are we, what do we want. The newly acquired companies do not have this so there we work to formulate these, with a three-year interval.”

In 2007 the largest acquisition in the company’s history was made. It more than tripled the group’s turnover and added two more divisions. In consequence, Boris, adhering to the philosophy of active and visible ownership, concluded that he faced the challenge of learning to let go of certain parts of management. He realized that he had to delegate more responsibility to the divisional level and could not participate personally in all meetings. Moreover, there were reports of some cultural clashes between divisions and between acquired companies and the group’s way of doing business.

In view of this, Boris paid more attention to the business group’s brand(s) and core values; how the business had so far been realized and his (the founder’s) values could be achieved and maintained in all operations.

A process of identifying and spreading core values in the business group was introduced in 2007. Mr Limesey explained that his view of core values is that they should not be rules imposed from above, but rather norms and guidelines that creates a feeling of security in that everyone thinks alike.
During spring 2008, students from a local business school conducted an in-depth case study on the perception of values within LIME Group. At this time, though, Boris already described a set of core values for the LIME Group, which appeared to originate in his views of doing business. Later that year a communication agency was also engaged to assist in the process.

The demand crises at the end of 2008, however, resulted in less focus on the work with corporate core values in the group. The process was put on hold and the agency was primarily asked to redesign the business group’s annual report as part of reshaping the group’s branding. Nevertheless, in 2010 the following core values were included in the group’s annual report and on its webpage: Long-term approach; Business development; Interaction.

During late 2009 and 2010, the core value process was redefined. Analyzing the decision, the specific nature of the group must be taken into account. Several of the units acquired the last years had already developed value statements that were in operation (mainly values concerning flexibility, quality and customer orientation). The effort needed to integrate all values into an efficient joint group statement was considered to be a waste of time. As a result the aim of the values introduced was redefined to become “owner values”, describing the overall owner logic of LIME Group.

At the same time and alternative way of processing values was to facilitate a way of doing things the LIME-way. The result was that an “education” for all divisional top management groups was introduced (in total more than 40 participants). The majority of the participants had never met before the first meeting in this education. The ideas was that by educating top-managers together, and discussing the business approach of the LIME group, values should be spread. Today, three years later, the education continues but the ambition to integrate the value structure in the Group has been downplayed.

ABD is an IT consultant firm with about 100 employees in Sweden. It was founded in 1983. The intervention took place in 2005.

ABD grew organically during the period 1983-2006, from two to 56 employees. 2006 the three majority owners, of which one dominated, handed over the majority ownership of the company to a group of seven top managers. Six of these seven top-managers had been active in the company since the 1990s, and the new CEO was employed in 1994. Growth was mainly organic in the following years, however two minor acquisitions were made, adding about 15 employees in a new branch (a three hour drive from the head-office). In total the company grew from 56 to 110 employees in the period 2007-2010.

As the company grew continuously, the issue of how to manage the growth was often on the agenda. In 1998/99 operations were divided in operational teams, consisting of 25-30 employees each, and in 2001 a development work on how to organize the company in the future was initiated. From this time value based statements used in marketing exist (both employee- and market oriented marketing). One example is;

“From IT to I Trust – It’s all about trust, Complete trust between individuals. Only then you can feel confident. Only then you dare come forward and say exactly what you think. Only then are conditions
right for achieving the expected end results. It is with this set of values that we at ADB meet the market.”

In 2004-2005, 14 top managers in the company (out of a total of about 50 employees) followed a leadership course. One of the moments in the course included the formulation of corporate values. Interestingly enough the task groups came up with rather different value statements in their group work. Until that point the “spirit” of the company was cherished, but in practice it was an advertising agency that in 2001 had created most of the expressions that were used to exemplify the spirit (see above). This moment in the course spurred a development project among top-managers that led to the release of a corporate value statement (CVS) in 2005. The development of the values was fast and mainly driven by the marketing manager. However ideas were at two occasions tried out on the participants in the leadership course.

At the kick-off for all employees in 2005, the CVS was presented and discussed in groups. The statement was rather advanced. On the basic level six words illustrated the basic values (honesty, respect, equality, responsibility, involvement, quality). On the next level the implications of the basic values was exemplified (ie., honesty = tell the truth). At the third level the first two levels was translated into the ADB culture (Honesty= tell the truth = Trust). And on the fourth level the first three levels was translated into customer values, such as more sales, efficiency, innovativeness etc.

In general, the employees were positive to the intervention and it was few that questioned the CVS at the kick-off. But later the same year some employees asked for continuity (what has happened with the values we talked about?) which resulted in the planning of a second leadership course in 2006. The ambition this time was to work with team leadership and involve all employees (at that time about 55). However, the change of ownership and top-management that took place in fall 2006 ended the course before the broad employee involvement took place.

In 2007-2009 ADB invested heavily in marketing and growth. Two acquisitions were made and efforts to broaden the customer base was initiated. The result was that the company grew from 56 employees in 2006 to about 110 in 2010. As a result internal efficiency could be improved. 2009 an organizational review was initiated and 14 interviews were made with senior managers. The conclusion, when it came to the corporate values, was fragmented. Interviewees generally agreed that ADB was different when compared to competitors;

“ADB stands for something different. ADB is not an ordinary IT company. There is a soul here – the values. We are honest, down to earth and knowledgeable”

(Interview middle manager, 2009)

When values were brought up in the interviews, they was in most cases not explicitly referred to the official CVS. Instead, they were more alluding to the general atmosphere that was discussed by the interviewee. The words and concepts used were however almost every time in line with the values stated in the official CVS, but it was also often pointed out that the increase of employees challenged the “spirit of ADB”. Some argued that there existed differences within the organization. Others argued that the separation line was between the newly employed and the oldtimers. And a third group stressed the geographic distance between the two branches, the head office and the small subsidiary with 15 employed.
A general conclusion was that values and the corporate value statement was rarely mentioned or discussed in the organization. In a protocol from a management meeting following on the review it was decided that:

- “We shall make more space for the CV in our daily processes (employing process, sales process and employee development process)
- We shall market the values in a natural way internally (staff meetings, intranet)
- We shall avoid projectification when it comes to values”

(internal protocol)

Due to market changes the following years became difficult for ABD, the number of employees diminished and the company was underperforming. Following this situation value work was deprioritized in the organization.

PERRO Group, a Mechanical workshop, with about 600 employees in Sweden, Latvia, Germany and Brazil— the intervention took place in 2001.

PERRO was founded by two mechanical workers, Per Aberg and Roland Beberg (PERRO) in 1982. The company was soon established as a steady growing business with a focus on contract manufacturing of mechanical components. PERRO was early on systemizing its organizational control and development processes. Per and Roland introduced a sort of annual strategic meetings already in 1984 (then involving all employees including their four sons (two each).

In 1995 PERRO had 52 employees (42 in contract manufacturing and 10 in the growing consultancy service focused on quality management). At this time all four sons occupied key positions within the company and the succession had been planned for three years. One step in this direction was the professionalization of the board. In 1996 an external chairman was appointed.

Patrik, the youngest of the four sons, managing Q-Control at the time, was appointed CEO after his dad, and in 1997/1998 Per and Roland left their positions within the company. They also soon passed on the ownership of the PERRO Group to their four sons. At that time, the Group had grown to 67 employees with a turnover of approximately 5 Million euro.

When Patrik took over a period of fast expansion was initiated. In October 2000 the PERRO Group acquired a company manufacturing generator equipment. As a result the sales of the Group was nearly doubled at the end of that year. During Patrik’s first five years as CEO, the turnover increased with more than 300%. In 2003, the Group included five subsidiary companies/factories (one in the Baltics) and employed around 220. Plans for the future were bold.

The transformation from a “one company/one factory” in 1997 to “one group/several companies, factories and local offices” in combination with ambitious plans for the future, made Patrik aware of the need to develop the group’s management systems. He therefore listened carefully when a growth consultant in year 2001 argued that systematic work with values was as a way to manage growth oriented companies. But why should they hire an expensive consultant when the work could be done within the company?
Patrik called for two recently hired senior managers, both with a background as management consultants, to initiate a value process. His argument was that they, as newly hired, were able to review the company culture from an outsider’s perspective.

“It was when we acquired the second factory and initiated operations in the Baltics. At that time we realized that we had to explain to our new co-workers what kind of company PERRO was. Of course we had a quality policy and such, but that did not cover it all. We soon decided that I was not to be involved in the process, I was to close. Instead Albin and Bengt made some drafts that we together discussed. As we all had a background as consultants we knew it was essential that we included explanations and avoided corporate bull-shit! The uniqueness of PERRO had to stand out!

It took a long time before it was all decided and we started to produce boards. There were several reasons for that. Partly it was because the issue was not of top-priority the entire time. Partly because we had to test the content with a lot of people. And partly because this was not to be a campaign! We made no big thing of it and almost sneaked out the boards. It took a long time between the first draft and until the first boards was posted.” (MD, Patrik, 2008)

Bengt (who ran the process) interviewed senior managers in the company (including the founders of the company). In an annual report from 1998 (a year after the succession) PERRO success recipe was formulated as a culture characterized by continuous improvements, customer orientation and long time horizon. Themes that are in line with the value like objectives formulated by the founders already back in 1992. This was also themes that emerged in the early interviews.

At the annual strategy away days in fall 2001 (involving some 25 people) a sketch was presented. It can be described as “embryonic” meaning that the process was only in its emergence.

The sketch indicated that most of the inspiration came from the quality work in PERRO, concepts like customer satisfaction and quality in every step clearly originated from the quality policy. However inspiration also came from the lean movement as PERRO at the time started to implement a lean production system. Jan also admits that IKEA was a major source of inspiration, especially the fact that IKEA includes a wordy explanation in their corporate value booklet.

The suggestions was processed, first in minor management groups and then in larger staff meetings. At a presentation in 2002 the following revised list was presented:

- Always re-examine changes and improvements
- Sustainable improvement (no half completed projects)
- Strive to learn
- Communicate change
- Clear management by objectives in an encouraging climate
- Simplicity with scarce resources

Compared to the broad headlines in the first sketch, these bullet points represent a second more precise step. Several of the statements was however still seen as overlapping and some areas were missing (there was for instance nothing on customer orientation). In the following several changes were made and the “final” version was decided by the board in 2004 and launched in 2005. The corporate values are now; (each sentence followed by a half page of “explanations”).
- The day we cease getting better, is the day we stop being good (also corporate slogan)
- Respect and mutual trust for each other
- We listen to our customer
- Our production facilities are our product
- Value for money

Reflecting on the process, MD Patrik, concludes that the process in which the corporate values emerged is a good example of how they live their values in PERRO. The expression; “The day we cease getting better, is the day we stop being good”, emphasizes incremental improvements. No large campaigns that devour money and energy and then just disappear in nothing. No it is always a question about “value for money”. Instead the PERRO way is a step-wise development work and step-wise anchoring in the organization. Further management stressed the importance of leadership. Managers have to live the values otherwise they will never come alive in the organization.

In the following years the corporate values were discussed in several top management meetings and an important issue in the integration of new acquisitions. An example is a top-management meeting in 2008 when one entire day was used to evaluate behaviors and values (14 top managers present). What was in line with the values and what was not in line with the corporate values? In 2009 the value work was less present as management was occupied with the managing of the financial crisis. The remarkable recover of the company in 2010 was however to some extent referred to as an effect of the strong values, reinforcing the importance of an active value management.

Today the corporate values are posted on boards in all seven factories (now in four countries at two continents). The corporate values are an important part of all recruitment processes and the norm is that managers should discuss the corporate values with their subordinates twice a year.

Analysis

In our analysis of the five executive interventions, we initially follow the five characteristics of the separatist and iterative approaches, identified in frame of reference, i.e. the overall rationale, the context, the organization, the managerial role, the distribution of power and the role of context.

Concerning the overall rationale, meaning the distinction of a formulation and an implementation phase, a formulation phase can be distinguished most clearly at Swedbank. First, the values are formulated, then they are launched and implemented. Once the values are launched, they are supposed to remain stable. The situation at Handelsbanken has been similar in the sense that the values were not supposed to be changed once they were introduced. However, it is not possible to identify a formal launching event that clearly separates formulation from implementation. To some extent formulation and implementation overlapped during the early phase of Wallander’s time as CEO. However once the values were established, value formulation was over and the values were just to be implemented in new contexts, e.g. during Handelsbanken’s internationalization and after different acquisitions. Also at ADB there was a distinct formulation phase when the company’s managers discussed corporate values at their training course and formed a formulation project afterwards. Starting with a kick-off the values were supposed to be implemented, however this endeavor was not really successful as different business concerns required more attention than value implementation. In the LIME case, the purpose of the managerial intervention was to identify and
hence to explicitly formulate the values already existing in the organization. Also here the idea was that implementation was something following as a distinct step after the formulation. The only case where an iterative relationship between formulation and implementation was clear from the outset was PERRO. There were different iterations between formulating preliminary value statements on the one hand and communicating them with different groups of employees on the other. Eventually, even the “final” version of values were acknowledged to only be a preliminary step on the way to continuous improvement.

Regarding the context, all executive interventions had a distinct starting point. No exact dates are identifiable, but within some months the starting point of the intervention is definable. Moreover, the starting point is in all but one cases related to a specific incident. In Handelsbanken and Swedbank the interventions followed on a CEO succession. In ADB it was the leadership course that inspired management to the intervention and in PERRO it was a growth consultant that inspired the CEO to initiate the intervention. The only exception was LIME, in which the project was initiated by the CEO without referring to a distinct incident.

The incidents referred to in the cases is however only canalizing a broader need, which forms the background to the intervention. Here we can identify two broad types of needs. The first is the need for renewal caused by some kind of crisis. In Swedbank the 2008 financial crisis made the bank financially exposed. In Handelsbanken the crisis was more related to the public trust, which coincided with a performance related crisis that risked becoming deeper if actions were not initiated. In the three other cases, the need was more related to expansion. PERRO and LIME had both undergone a major expansion and management was in search for a new management control system. In ADB the intervention was also more proactive. Expansion had been ongoing for a long time and the immediate need for a corporate value statement was not critical. The ideas, however, was that when future plans for expansion would be realized strong shared values should be valuable.

The organization of the executive interventions of the interventions differed. At the one hand we find Swedbank with a preplanned eighteen month project, including project groups, a project leader and the use of external consultants. A major project, supported by the CEO, with the aim of identifying and implementing new values. The later with the help of cultural ambassadors. Also in PERRO, ADB and LIME one could identify a “project inspired” way of organizing. This way of organizing in a formulation and implementation was however not preplanned, it just emerged. In PERRO the CEO assigned two senior managers the task to develop a corporate value statement. There was, however, no time planning and no rush. The process took it’s time and it was always clear that the CEO had a major role in the project. At ADB the project just emerged at the leadership course and a project group including three top managers took on the assignment to formulate the core value statement. The initial enthusiasm however soon faded, once the value statement had been introduced to all employees at the kick-off. In LIME, the small headquarter used the established strategy of using subcontractors. It was mainly a public relation agency that was involved in the authoring of the corporate value statement in LIME. However no overall plan existed and following on the 2008 financial crisis the priority of the intervention decreased. Handelsbanken’s executive intervention process was driven much as a one-man project from the beginning, where the Jan Wallander tried to implement his personal values based on experiences from his previous jobs in banking and at a research institute. There was neither a formalized project structure nor an
outspoken values project and all major steps were taken without any major help from external change agents.

The internal context of the interventions was different between the two banks and the other three cases. In Handelsbanken the changes were substantial and structural. The intervention did, on the surface, not include changes in core values. However, below the surface, all structural changes were driven by very strong (new) values. Consequently, values were no distinct easy identifiable part of the intervention. In the Swedbank the intervention was focusing on “soft issues” such as marketing, mission, vision and values and it was separated in an external and internal subproject. At the same time as these projects were run, the bank also undertook major structural changes in the Baltics. Divesting large parts of their operations. This did however not affect the remaining part of the operations. The overall idea was that “old” root values were the key to the future and the intervention aimed to identify and strengthen those values. In the other three cases, the executive intervention was exclusively focusing on values. As the value interventions were running, other organizational activities did however influence the interventions. In LIME, the financial crisis in 2008 made management abandon the implementation of new corporate values. In PERRO it is reported that other organizational issues repeatedly delayed the process several times. And in ADB; it is obvious that the intervention was overshadowed by the ownership and management succession. In LIME the content of the new values differed from the present value structure as the new values represented the owners ideals. In PERRO and ADB the stance taken was similar to one in Swedbank. That is, the interventions that aimed to identify and strengthen the root values that had provided success in the past.

The managerial role was very similar in all cases, in the sense that the CEO played a key role in each intervention. At Handelsbanken, Swedbank, LIME and PERRO, the CEO play a major role in the executive intervention both in terms of content and process. In Handelsbanken the CEO was the brain behind not only the intervention but also the content of the intervention. In Swedbank, the CEO initiated the intervention but he designed the process in a more democratic way. As the intervention proceeded he supported it by using symbolic management. He did, however not actively engage in the project. In PERRO the CEOs was not only initiating the process he also took a major role in the process. He symbolized the values and was personally driving most of the implementation of the new values. In LIME, finally, the CEO also dominated the process, but the process in itself never became very visible for the majority of the employees. The ABD case was least driven by the CEO which may be explained by the relatively large top management group and the fact of the value intervention being partly initiated by an external consultant. Overall, while the CEOs had relatively important role in offsetting the interventions in the value processes, their role during the formulation and the implementation differed. Especially at Handelsbanken and PERRO, the CEOs played a key role during the entire process, while at ABD and Swedbank much of the process was left to the employees and other persons being in charge of formulating and implementing the values. Finally in LIME and ABD, the process was mainly focusing on the formulation part, in which the CEO involvement was extensive in LIME but rather limited in ADB.

Finally, as far as power distribution is concerned, Handelsbanken is here the most explicit example of an intentional power redistribution. The central power at the headquarters was to be transferred to the branch managers. But the overall “architectural” power residing with the CEO was not up for
redistribution and ironically, the CEO needed to have a strong grip around the organization in order to empower the employees. While the employees on lower levels in the organization were to have a lot of influence once the new values were in place, they did not have any influence on the formulation and the initial implementation of the new values. In all the other intervention processes, there was more room for the employees to participate, already in the formulation of values. Even at LIME where the process was basically top-down driven, there was at least an idea that staff should be involved in uncovering the values that were tacitly embedded in the organization. At the end however, it turned out that the CEO had envisioned a situation where the staff would confirm his personal values. The influence of the employees during the value process thus remained limited and control stayed in the hands of the CEO. At Swedbank, ADB and PERRO, ideas were tested on employees and in the Swedbank case there was even a structured process for organizing the employees’ influence on the process.

We set out to analyze executive interventions in corporate value processes, studying cases from five different firms. As a tentative framework for analysis we identified separatist and iterative approaches for executive interventions based on Burgeois and Brodwin’s (1984) typology of implementation styles. We identified a separatist approach that sees the formulation and implementation of corporate values as two distinct processes. Value interventions following this approach are usually run as a project, while top management plays an important role, it is still possible for managers to limit their engagement to selected parts of the process. Still it is important to keep the process under top management’s control even if the final aim of the value intervention is a redistribution of power. On the contrary, the iterative approach, assumes that the formulation and implementation of the values are intertwined. Hence working with values becomes a continuous process rather than a clear-cut and time-limited project. As it is difficult to distinguish separate phases, it is important for management to be involved all the time. Still this allows for quite some influence of employees and gives more power to staff in the value process itself.

Looking at the five cases, it is striking that all overall can be classified as following a separatist approach. However, as most of the firms we studied chose separatist approaches in designing the value process as a project with clear separation of formulation and implementation (i.e. concerning the overall rationale and the organization of the executive intervention), the rest of the characteristic differed substantially. In the following table we have summarized the findings in the five cases.
<table>
<thead>
<tr>
<th>Rationale</th>
<th>Context</th>
<th>Organization</th>
<th>Managerial role</th>
<th>Power distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handels-banken</td>
<td>Separatist. Implementation and formulation phases.</td>
<td>Major crisis. Renewal.</td>
<td>Major structural change in which value changes were hidden. No planning of overall project</td>
<td>CEO dominating role in both formulation and implementation</td>
</tr>
<tr>
<td>Swedbank</td>
<td>Separatist. Implementation and formulation phases.</td>
<td>Major crisis. Renewal emphasizing root values</td>
<td>Major change project. Project planning structure to allow emerging content.</td>
<td>CEO design democratic process. Symbolic role in process.</td>
</tr>
<tr>
<td>LIME</td>
<td>Separatist. Implementation and formulation phases.</td>
<td>Expansion. Implement owner values</td>
<td>Limited value intervention. Emerging actions (but stopped)</td>
<td>CEO dominate content development</td>
</tr>
<tr>
<td>ADB</td>
<td>Separatist. Implementation and formulation phases.</td>
<td>Expansion. Emphasizing root values</td>
<td>Limited value intervention. Emerging plan (but abandoned)</td>
<td>CEO rather absent</td>
</tr>
<tr>
<td>PERRO</td>
<td>Separatist. Implementation and formulation phases.</td>
<td>Expansion. Emphasizing root values</td>
<td>Limited value intervention. Planned in an emerging style. Process to symbolize content.</td>
<td>CEO less present in content design but active in implementation</td>
</tr>
</tbody>
</table>

Given this overall fragmentation of the findings we identify three more distinctive patterns.

The first focuses on the role played by the contextual background of the interventions. In two of the cases, the two large banks, the background was financial and reputational crisis. This provided top management with a freedom to act and to undertake major changes. Consequently value interventions is in both cases related to more structural changes. It is also interesting to note that in the Swedbank case, following on the success of the intervention, management now argues that the original project is to be viewed as an ongoing process. In the three other organizations, the value interventions were separated from other changes and more proactive, reinforcing a successful organization for the future. As such they were more dependent on managerial comprehensiveness to succeed. This long term thinking and acting was however only present in the PERO case.

This leads us to the second distinctive finding, the role of the CEO and top management. It seems as the more successful interventions is related to an outspoken commitment from the CEO. This clear commitment makes the CEO into a very important actor in the process, both in factual and symbolic terms. As a result the process becomes vulnerable, depending on one person’s way of acting.
The third distinctive finding is related to the second. Because the three interventions that aim to change power structures in the organizations are all run by powerful CEOs. In the two banks’ power derives from the crisis situations, and in PERRO the CEO’s ownership and personality forms the basis of his power. So, somewhat surprisingly it seems as interventions that aims for some kind of change of the power structure in the organization and hence a shift towards a more iterative approach, requires a powerful CEO.

Conclusions

The aim of this paper was to study organizational practices in the management of corporate values, and more specifically how executives introduce, change and maintain corporate values over time as a means to obtain strategic goals. We will also relate these interventions to the strategic outcomes they result in. The literature review of research on executive interventions aiming to introduce, change or maintain corporate values provided us with surprisingly few insights in the topic. The overall impression was that studies on value interventions were limited in number and lacking depth. And the majority of studies on strategic implementations took a narrow perspective on the implementation phase and thereby underemphasized the role played by both the formulation phase and the overall external and internal context in which the intervention is embedded. From the literature review the distinction between the separatist and the iterative approach to executive interventions emerged.

Our study of five executive interventions in five very different companies has provided us with new insights. The first overall insight being that we found no intervention that we could label iterative. We are at this stage unable to say if this depend upon our design of the empirical study (we did chose cases with explicit executive interventions) or if the iterative approach as mirrored in the work of Bourgeois and Brodwin (1984) still is mainly a speculative approach. Relating the executive interventions to the classical literature on organizational culture, the very idea of intervening to shape an organization’s values resembles Smircich’s (1983) concept of a variable view on culture. The interventions would not happen in the first place if managers did not believe that changing values was possible and that it might result in desirable organizational outcomes. However, the variable view that is particularly reflected in separatist approaches to interventions, makes the intervention vulnerable. Managers adhering to it risk neglecting that values develop in social processes. Hence top-down driven value projects risk ending up in a dead end like some of the cases in our study (LIME and ADB).

Besides this overall finding, the most distinctive findings in our study were the role of the context, the importance of the CEO in the process and the paradoxical need for a highly centralized power structure in order to change the organizational power structure. These are all findings that are highly related to power structures. The power perspective that was not reflected in the literature on value processes. In future studies we suggest that this perspective could be extremely fruitful to enhance our understanding of process and content of executive interventions.


McDonald, Paul and Jeffrey Gandz (1992), "Getting Value from Shared Values," *Organizational Dynamics*, 20 (3), 64-77.


Pettigrew, A. M. (1992) The character and significance of strategy process research Special Issue: Special Issue. 13(S2), 5-16.


Thornbury, Jan (2003), "Creating a Living Culture: The Challenges for Business Leaders," Corporate Governance, 3 (2), 68.

