Corporate values guiding day-to-day work: A Case Study

Petra Parkkali

Bachelor's Thesis

__.__.____ _____

SAVONIA UNIVERSITY OF APPLIED SCIENCES

The purpose of this study is to examine how corporate values are perceived in the case company and how they affect the daily working. The aim is to find out the employees' and employers' point of view on the subject. The case company operates in the field of daily consumer goods and is a part of a large Finnish group.

The value statements are abundant in today's companies. Values are described as principles guiding behavior and decision-making in organizations. They are a part of the trio of mission, vision and value statements. When values are communicated and internalized, they have the potential to be a powerful asset for organizations. They can increase motivation in the workplace as employees gain more tools to execute their task. In addition, the proper utilisation of the value statement can prove to be a valuable benefit for management as well.

The goal of the research is to find out whether the corporate values are realized in the daily work of the employees in the case company. It is also investigated how the values and their content are comprehended among the employees. The questions are answered in the scope of the case company.

The results showed that the respondents of the study were familiar with the values in the statement and that overall they felt capable of realizing them in their daily work. The results indicated various cases of how the values were realized both in the store's operations and in one's actions. Although the values were considered to be 'mastered', the need for further value discussion was recognized, in particular during the recruitment phase.

TABLE OF CONTENTS

1 INTRODUCTION

"Organizations are like ships on a stormy sea, battered on all sides by the winds of change. Values function as a rudder or, even better, as a compass."
(Hultman, 2005, 48)

The topic of this thesis is the values of a company and how they translate into daily working. The topic originated from personal interest towards organizational culture and the meaning of corporate value statements. The statements are plentiful in today's companies, especially in large corporations. Their meaning for employees in the daily work was found as an interesting topic to study to find out whether they do translate into reality. Drawing from personal experience, the attitude towards corporate values varies often from cynicism to indifference. They are not seen as the useful tool they have the potential to be. As later on will be discovered, a strong set of values can provide organizations with plenty of advantages, especially in today's world of business.

After working in Kesko group the interest to relate the thesis to the company has remained. In addition, the case company of this study is my former employer which adds even more interest to carrying out this research. The familiarity of Kesko and the case company hopefully offers more tools to construct this study.

The main goals of this thesis are to find out:

> What kind of perception do the employees have of the values of the workplace?

> Do these corporate values show in the daily working? In what way the employees feel they are realizing each value in their own work?

These questions are answered in the scope of the case company. The aim of the research is to find out whether the corporate values come to life in the daily work of the employees. It is also discovered how the values and their content are comprehended among the employees. Some general discussion concerning values takes place as well. The results will tell whether there might be room for further studying within the case company or the group itself.

The empirical part of the research is done by a qualitative study. The research uses interviewing as a method of data collection. From the interviews the answers for the above mentioned research questions are looked for. This method is used in order to have a more

profound understanding of the issue that would not necessarily be gained from quantitative research in comparison. As the emphasis is on the employee's perception and feelings towards the values, a simple questionnaire would not fulfill the needs of the study.

The ground for analyzing the results is built up with a literary review on individual values, organizational culture and corporate values. The theoretical part of the study is done by using various literary sources to provide a background for the researched topic. These sources are for example books, articles and previous studies. The research itself is presented with the help of theoretical sources as well. This serves the purposes of both the reader as well as the researcher.

The 2nd chapter of the thesis gives a definition for values in general. Here they are only discussed in the individual level. The corporate values are a part of the culture of the organization. Thus, the organizational culture is presented to provide theoretical background for the values and pave way to the main theme of the thesis.

The 3rd chapter digs more deeply into the corporate values. The role of values in organizations is discussed while giving a more detailed definition of them. Other themes discussed in the chapter are the advantages as well as potential disadvantages of having values statements. Also the content of value statements is studied with concrete examples from real life. Finally, some previous studies that tie in with the aim of this study are presented to provide a base for comparison as the results become clearer.

The 4th chapter opens the research of this thesis. The case company is presented with an overview of the whole group that it is part of. The values that are in the focal point of this thesis are presented. After that, the methods and the process description of the research are presented using theoretical literature as a support. The research process is reviewed critically for the first time to point out strengths, weaknesses and areas for development.

In the 5th chapter, the results of the research, namely the interviews, are gone through in detail. The interviews that were used to collect the data will act as a source for the conclusions and results of the study. Each value is gone through in a separate subchapter, and comments from the respondents are used to illustrate the findings of the interviews.

In the discussion chapter, the findings are reviewed based the comparison between the empirical results, the theoretical background and previous studies. The room for further research is evaluated.

The conclusion chapter reflects the thesis as a process and the possible shortcomings of the research. Recommendations for future in terms of the case company are reviewed. It also evaluates the meaning of this thesis concerning personal studies.

Beyond the framework of the case company, the aim of this paper is to recognize which factors contribute to successful use of value statements in organizations. Using both primary and secondary sources, this aspect will be investigated in this thesis.

2   VALUES: A DEFINITION

This chapter sheds light to the overall concept of values on an individual level. As the corporate values are strongly tied in with organizational culture, a basic overview is presented on the subject as well. In the first subchapter the meaning and outline on individual values is given. After that, the organizational culture aspect is handled.

2.1   Individual values

According to organization development consultant Ken Hultman, an individual's values can be compared to an animal's instinct. He states that without the capability to compose values and act on them, "life on the human level would not exist" (Hultman, 2005, 40). Personal values have an important role in how we act and perceive things. Behind the development of one's personal values are usually upbringing and education. However, these values can transform through the years as life experience may change one's perspective (Cole, 1995, 111). Having a set of values can affect job performance and satisfaction in life overall if they are aligned with one's pursuit of goals. Values paired with identity and core beliefs together form a person's self-concept. (Cha & Edmondson, 2006, 2) Hultman (2005, 40) adds that this is the definitive meaning of the value system: to improve and maintain this conception.

Cole (1995) gives a thorough definition for personal values in his book *Organizational Behaviour: Theory and Practice:*

"A personal value is an underlying acceptance of a general way of behaving that is seen as preferable to alternative ways, and usually carries notions of right and wrong within it. – Values tend to be more deep-rooted than attitudes and opinions."
(Cole, 1995, 111)

People and groups as well as organizations give values different levels of importance, as they are a universal concept. (Cha & Edmondson, 2006, 2) Values have been categorized into various types by Cole (1995, 112), such as theoretical, economic, social and political. An individual's personal concerns give priority to different value types. If we already take a moment to think about corporate values in this context, most companies might assumedly for instance most relate to the economic value type.

Values can be also divided into terminal and instrumental values. Terminal values describe the desired out-comes, such as freedom, harmony or self-respect. (Cole, 1995, 112)

Hultman (2005) continues that the terminal values are what inspire people to reach this idealized self-regard and what one aspires to become (Hultman, 2005, 40).

Instrumental values deal with how the terminal values are achieved through behavior, such as ambition, obedience and competence. (Cole, 1995, 111-112) These instrumental values are usually those which are referred to when discussing values (Hultman, 2005, 40). How these categories translate into corporate values will be found out later on.

Clegg, Kornberger & Pitsis (2008) discuss the concept of values and their types in Managing and Organizations. They note that individual values not only affect the behavior but also the way the world is perceived. They define values as such: "Values are a person's or social group's consistent beliefs about something in which they have an emotional investment" (Clegg *et al.*, 2008, 63). The authors talk about the trans-situational and motivational aspect of values and how they are prioritized. Despite the fact that all the values are not exposed in all situations, it does not mean that they do not exist. These values are called trans-situational values that are rather unchangeable regardless of the situation. Values are seen as motivational factor, and the authors use Schwartz's (1992) classification of different value types, that are believed to be universal despite culture or such. These types are for example self-direction, power and benevolence. Each type contains other values associated with the particular type in question. For instance, under benevolence there are values honesty, loyalty and responsibility that are believed to be linked with overall kindness and compassion, whereas under power there are values such as authority and wealth. The main reason behind any conflicts that values may pose is how they are prioritized by individuals in spite having the universal types of them. (Clegg *et al.*, 2008, 63-66)

2.2   Organizational culture

Organization culture consists of basic assumptions, beliefs and shared values that define the organizational membership. It also includes the ways of making decisions and presenting oneself and the organization to those who make contact with it. The following chapters explain how Managing & Organizations (Clegg *et al*, 2008, 224) describes organizational culture. The authors talk about the different levels of culture using Schein's (1997) definition. These levels are artifacts, values and basic assumptions.

Artifacts mean the visible features of the organization. These can be for instance buildings, design and uniforms. Artifacts are situated on the outmost level and present the easily

noticeable things which do not expose everything about the culture in the organization. (Clegg *et al*, 2008, 224)

Values on the second level are consistent beliefs about something in which the people in the organization have an emotional investment in. The values are communicated when organizational matters are discussed for instance in speeches or writings. (Clegg *et al*, 2008, 225)

Basic assumptions at the core of the levels consist of e.g. beliefs and norms which shape the way the members of the organization behave and see the world. It has a great influence since it is hard to change or even observe it. Changing of the basic assumptions would change all the outer levels as well. (Clegg *et al*, 2008, 225)

Management consultant Jan Thornbury uses Schein's idea of cultural levels as well to describe culture. In her article Creating a living culture: the challenges for business leaders (2003) she presents Schein's (1993) slightly more detailed version of the levels of culture where in addition to values and artifacts there are behaviors and core values (cf. basic assumptions). In Figure 1 there are further examples of artifacts and values for instance. The level of behavior consists according to the author of norms and patterns that can be seen in the behavior. They are not as easily perceived as the outer level, artifacts. As the following Figure 1 shows, behavioral level portrays 'the way we do things around here'. The core values, or basic assumptions as they were presented previously, are the fundamental ideas in the heart of the culture. Thornbury states that many companies fail to transform the values into words, leaving them to unconsciously guide the behavior and decision-making. (Thornbury, 2003, 70-71)
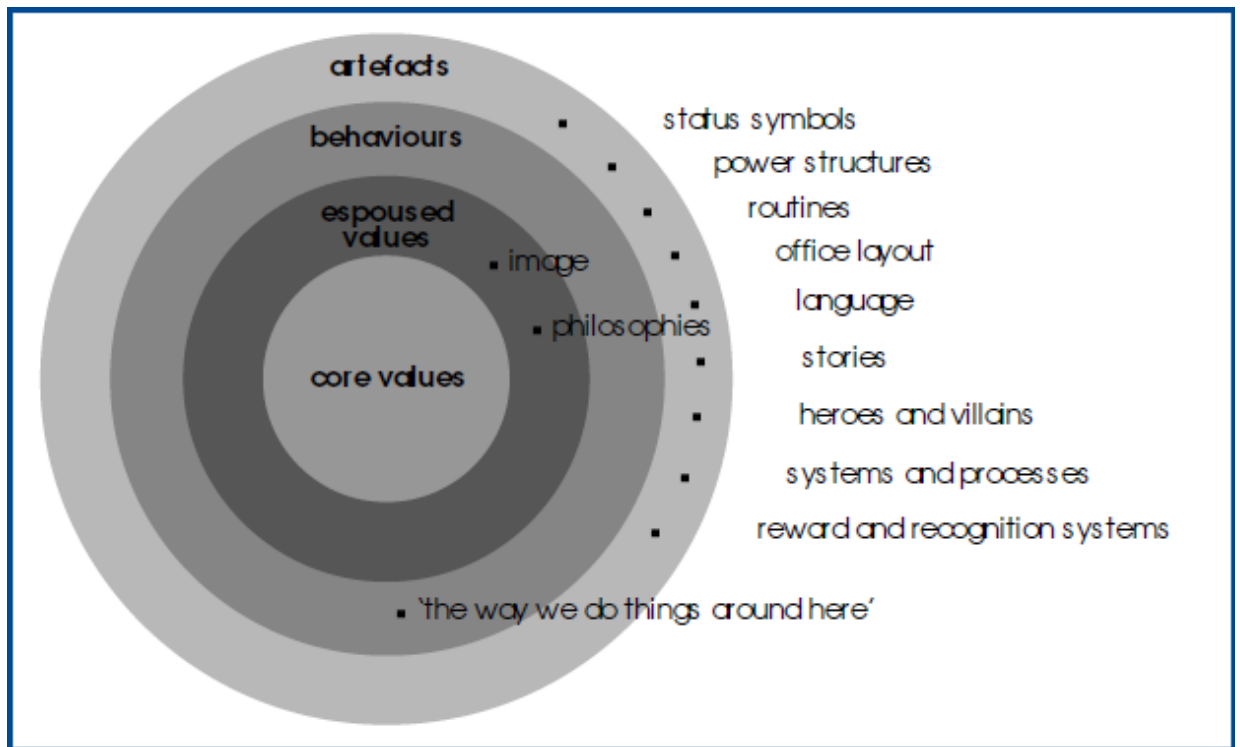
Figure 1. Schein's (1993) levels of culture. Thornbury, 2003, 70)

Sadri and Lees (2001) advise companies to evaluate the culture in the organization and categorize it to find out how that culture affects for instance the productivity of the employees. In addition to serving as a competitive advantage, organizational culture can attract employees and retain them in the company. (Sadri & Lees, 2001, 858) Thornbury notes that companies possessing a strong culture have been proved to perform better. Benefits that the culture can bring to companies are for example ability to handle change and the potential to become an industry leader. The crucial component of a strong culture is, according to Thornbury, corporate values that bring cohesiveness and efficiency into organizations. (Thornbury, 2003, 69) These corporate values are thoroughly presented in chapter 3.

Before going deeper into the corporate values it can be concluded that even though handled as separate concepts, the individual as well as corporate values and organizational culture are connected with each other. Each employee brings his or her own set of values to the company that may or may not match with the corporate ones. The employees are also the ones that form the culture in the organizations. By seeing how the values and the culture can affect the company in both positive and negative ways, it can improve and avoid possible contradictions.

3   CORPORATE VALUES

This chapter digs into the concept of corporate values. It is divided into subchapters all presenting a different aspect of the values. The first subchapter talks about mission, vision and value statements and their purposes. The second subchapter provides various definitions of corporate values and in the third chapter the role of the value statements in organizations is gone through. After, possible advantages and disadvantages of corporate values are discussed. Next, the contents of value statements are considered, with some examples of real-life examples of companies' statements. Finally, a couple of previous studies that link with the study of this thesis are presented.

3.1   Mission, vision and values

Values form one component of the trio of mission, vision and value statements. These three statements can be found from majority of large companies' company profile, and smaller companies usually provide at least one of them. There are slight differences between the content and purpose of them.

Mission statements are directed both internally and externally in companies. They act as motivational statements that describe the identity, the reason of existence and objectives of the company. (Cady, Wheeler, DeWolf, Brodke, 2011, 65)

Vision statements talk about what the business aspires to become, the needs that have to be addressed and the overall difference the company wants to make. The vision statements, as well as mission statements, are very goal-oriented and can be used to define the company in the markets. They can also at best provide employees a reason to work in the company that is beyond pay. (Akridge & Foltz, 2009, 37-38) Thornbury divides corporate vision into two parts: core ideology and envisioned future. The ideology consists of core purpose and core values (one of Schein's three levels of culture). The purpose conveys the company's reason for existence, whereas values here are the central beliefs that guide e.g. decision-making (see chapter 2.2). The other part of corporate vision, envisioned future, reflects the company's ambitions and goals, as Akridge & Foley (2009) above described. (Thornbury, 2009, 69)

Value statements, which are on the center of this thesis, describe 'who' the company is. The divide between for instance mission statement and value statement is that mission statements talk more about objectives and goals that are limited by time, whereas values describe the way the company and its employees behave and what it represents. The website Business in the

Community (2012), which is a promoter of responsible business practices, provides this distinction and states that values offers companies a purpose that lies beyond profit-making. (Business in the Community, 2012)

3.2   Definitions of corporate values

The traditional view of corporate values is that they are somewhat based on the ethical standards of both employees and employers. Thomsen characterizes corporate values as being the weight that the decision-makers in companies add to alternative goals while making a decision. He describes them as the "beliefs that help companies make choices among available means and ends" (Thomsen, 2004, 29). Thomsen lists the alternative goals such as market share and company growth and explains that through balancing between these alternative concerns company behavior can be modeled. (Thomsen, 2004, 29, 32)

Serrat (2010), in turn, describes corporate values as operating philosophies or principles that are acted upon and they guide both the company's internal behavior as well as its relationship with the outside world. The author clarifies that the values are not a driving force for the business itself but they do have potential to inspire the people at their work if they are made out to be convincing and imbedded properly to the business processes. (Serrat, 2010, 2)

Hultman tells in his article Evaluating Organizational Values (2005) that organizational cultures are shaped by values, which appear slightly differently for companies than in an individual's values which are internal, psychological concept. The terminal and instrumental values that were explained in chapter 2.1 translate in organizations as mission and vision statements (terminal) and standards to achieve these (instrumental). (Hultman, 2005, 41)

3.3   The role of value statements

Fernández and Hogan (2003) discuss the origin and function of corporate values in the article The Character of Organizations. The values are defined when a company is founded by its leaders, and they serve as the attitudes and beliefs that influence the behavior of the employees and groups (Fernández & Hogan, 2003, 38). Cole (1995) also describes the origin of the values to be in the early stages of the company's culture building. Most likely the founders have a great influence on the values, and they, as well as other management, need to also show that it stands by them and acts according to them. (Cole, 1995, 242) Without the values, organizations would not be able to exist. This is because in companies, there are

groups of people working towards same goals using various means, and without a shared belief of what these goals and means are there cannot be an organization. (Fernández & Hogan, 2003, 39)

The areas where values are considered to play an important role in organizations are reputation and relationships, as was found in a corporate value study by the Aspen Institute. (Kelly, Kocourek, MacGaw, Samuelson, 2005, 5) The study is presented in more detail below.

In 2005, a study was conducted by the Aspen Institute and Booz Allen Hamilton concerning corporate values (Kelly *et al.,* 2005).The study involved 365 companies in 30 countries, the respondents mostly being senior executives. The goal was to clarify how companies define values and to discover best practices for managing them. The main findings of the research were as follows:

- Ethical behavior is a part of a company's license to operate
- Most companies believe values influence two important strategic areas – relationships and reputations- but do not see the direct link to growth
- Most companies are not measuring their "ROV"
- Financial leaders are approaching values more comprehensively
- Values practices vary significantly by region
- The CEO's tone really matters
  (Kelly *et al.,* 2005, 2)

The results showed that by a majority of the companies, corporate values are considered important, at least in terms of relationships and status. Ethics tie in with values closely, and it is believed that use of 'ethical' language provides protection in the legal and regulatory field of global business. In fact, many believe that responsibility of environmental and social issues has a positive effect on financial performance. Still, even though being mindful of the environment and ethics, a major part of the respondents did not see that there is a straightforward link between corporate values and the growth of revenues. This might relate to the fact that the connection between them is not quantified enough as executives do not actively measure their 'return on values'. The practices of values and how they are reinforced differ by region considerably, but all areas agreed that the most effective practice to strengthen the values is the support of the CEO, regardless of size, field or region of the company in question. (Kelly *et al.*, 2005, 2)

There are certain prerequisites for value statements to be successful. According to Thornbury, these requirements are shared and genuinely believed values that are integrated into the organization's actions where they guide the behavior at the workplace. These actions are for example business processes, decision-making and strategy. (Thornbury, 2003, 70) Serrat has

created a sort of a 'check-list' for companies to assess their corporate values. Below are a few examples of the questions he proposes to help the evaluation:

- What difference would it make if your organization really practiced its corporate values? Would you be happier at work?
- How do your organization's corporate values show up in its operations? How are they communicated?
- What do your organization's corporate values mean to you? How do they fit with your individual values? How do you express these?
- How are you practicing, promoting, and living your organization's corporate values? How do they show up in your daily working life? In which parts are they weak or missing?
(Serrat, 2010, 5)

As chapter 4 will later show, these questions concern much of the same theme that this thesis and research will handle. In fact, many of these questions feature in the empirical part of the study.

3.4   Advantages of corporate values

The value that can be gained from values in a strategic sense is worthwhile of studying. Kanter (2009) lists advantages that can be attained through strategic use of values. She points out that successful companies - or 'vanguard' companies as she calls them – boast an extended family of customers, supplies and so on by stretching itself beyond its regular boundaries. Through them, they gain themselves a guidance system as well as a 'moral compass'. However, Kanter stresses that it calls for initiative and attention to the business itself to successfully gain strategic value from the corporate values. (Kanter, 2009)

The advantages, of which Kanter speaks, range from competitive differentiation to talent magnets. For instance, when the values are well-internalized in the company, it provides protection against competitors who pursue to copy this strategy. Highlighting the principles and values is competitive differentiation and is beneficial for building a stronger brand. (Kanter, 2009)

Another way to build the corporate brand is public accountability. Awareness throughout the production chain gives the stakeholders assurance that the company knows what goes on in the business from manufacturing to disposal of the products. Sustainability, also in a wider sense than just being ecological, is an asset for companies to maintain continuity and to think long-term in the business. Kanter describes these companies as "institutions that have meaning beyond the current bundle of assets or lines of business" (Kanter, 2009).

In addition, using common vocabulary aids employees to choose consistently from different alternatives. Thus, it acts as a guide for decision-making. (Kanter, 2009) Clearly communicated and internalized values help to ensure that employees are able to make the right decisions without management's constant supervision. This enables the organization to make better decisions and execute them more quickly, which can prove a considerable asset. (Thornbury, 2003, 69)

Kanter states that talented people with a wide range of options often choose the companies with values that match with their own. Thus the values act as magnets for talent and can increase motivation by making the workers proud of their profession. Finally, values that are relatable enable a self-control system. This makes people feel that they are self-directed since they can make choices based on beliefs they can support as opposed to being forced to conform. (Kanter, 2009) Thornbury also mentions that values used as a means of differentiation, along with a strong culture, help to attract top employees to the company. Similarly as stated earlier, today's workforce look for motivation and inspiration in work aside from mere salary. (Thornbury, 2003, 69)

Kelly *et al.* (2005) found out that the advantages of corporate values concern also the legal and regulatory aspect of the business. Well articulated values diminish the risks that the company faces in this environment. (Kelly *et al.*, 2005, 5)

Cady *et al.* (2011, 65) propose that well-established values can act as benchmarks for organizations to guide them to the right direction. In addition, Akridge and Foltz (2009, 38) encourage companies to involve employees in the discussions of what could be involved in these statements in order to place more impact on them. When the employees and other members of the company are aware of their identity as an organization and the direction they are headed for, it will lead to maximized productivity (Cady *et al.*, 2011, 65).

3.5   Disadvantages of corporate values

If not properly implemented, having value statements can prove to be disadvantageous to the companies. Foley, Palmer and Parsons (2004) argue in their article *Principles not values* that the problem with many value statements is that they lack specificity. Without presenting any guidelines, employees will have a hard time finding out what is required of them in order to lead their company to success if the values do not include any explicit course of action.

Some of the usual pitfalls listed in the article were for example values that are culturally-defined, badly introduced to the company, too common-sense or controversial. These flaws in value statements can result in cynicism in the organization and ultimately show to the customer as a negative message. The authors underline the fact that ultimately, companies do not exist just to be likeable, a happy environment. Of course, they definitely are not bad qualities in an organization but the bottom line is that these businesses must deliver results and in order to do that a certain level of challenge and requirement has to be established. It was argued that if the values descend from the top management on to the 'regular' employees, without proper justification and discussion they can be left distant and ineffectual. (Foley *et al.*, 2004, 39) Thornbury presents similar ideas on the content and communication of the value statements. The author notes that many statements fail to internalize the true core beliefs of the organization. This results in too universal and 'politically correct' value statements that do not strengthen the organizational culture as they could if properly expressed. (Thornbury, 2003, 70)

The role of the management in corporate values was discussed also in Tony Simons' article (2002) that handles behavioral integrity. Simons addresses the importance of trust in the organization which is linked to the credibility of the management as well. The term behavioral integrity means according to the author "the perceived pattern of alignment between an actor's words and deeds" (Simons, 2002, 19). Values are psychological contracts and the behavioral integrity measures the extent to which these contracts and other commitments are acted upon. The article talks about 'word-deed alignment' in the organizational context, and explains the behavioral integrity to describe how the employees see their managers following through their communicated values. (Simons, 2002, 19) Imaginably, if there is a constant pattern in which the managers continue to act contrary to what is said, the trust of the employees will be compromised diminishing the credibility of the management.

3.6   Content of value statements

Hultman (2005) stresses, that in terms of content, the values have to be defined as actions that lead into effective results in order to be viable. If the concept of values is taken to a very base level and it is seen that values guide all decision-making, every company is ultimately values-based. The importance is therefore placed on the chosen values of the company and their ability to guide actions there. (Hultman, 2005, 41)

In the following Figure 2, Kelly *et al.* (2005) listed most occurring values in the values statements of companies. In their study which was presented in the previous chapter in more

detail, the results indicated that ethical behavior was the value that was highlighted the most. The research suggests that due to today's complex business environment, ethics become increasingly important in the company's operations. The issue was present in all regions that were included in the survey regardless of the company's size or whether it operated in the public or private sector. Values concerning the operations of the companies came second in the survey. As Figure 2 shows, teamwork and commitment to both customers and employees were ranked high, and values regarding for instance financial issues as revenue were less prominent in the statements. (Kelly *et al.*, 2005, 3)

Values Included in Corporate Values Statements (All Respondents)

Value	Percentage
Ethical behavior/integrity	90%
Commitment to customers	88%
Commitment to employees	78%
Teamwork and trust	76%
Commitment to shareholders	69%
Honesty/openness	69%
Accountability	68%
Social resp./corp. citizenship	65%
Innovativeness/entrepreneurship	60%
Drive to succeed	50%
Environmental responsibility	46%
Initiative	44%
Commitment to diversity	41%
Adaptability	31%

Source: The Aspen Institute and Booz Allen Hamilton

Figure 2*.* Values in corporate values statements (Kelly et al., 2005, 3)

Fernández and Hogan (2003) conclude that organizations that have values which are congruent with their operating environment perform better. The value statements are not about making compromise but setting a collection of reasonable as well as strategic values. These values define the character of the company that is not tied with any particular leader. (Fernández & Hogan, 2003, 40).

The briefing The Whys and Hows of Corporate Values (2002) lists themes that so often appear in corporate value statements. Similar findings as above mentioned studies emerged: ethics, integrity, environment and legal features are prominent in numerous values statements.

(Business in the Community, 2002) Indeed, if we take a look at the statements of large companies, these aspects or at least some of them are very likely to be found. The following chapter takes a few examples of value statements to test this.

3.7   Concrete examples of value statements

For demonstration, three value statements from large firms are listed to seek the often occurring themes that were listed in the previous chapter. The companies are randomly chosen from different fields: clothing, process industry and banking sector. All of them are global, listed companies and conduct business in Finland. The purpose of this is to see whether the values used are bound to the field the companies are operating. This is not included in the research of the thesis as such and serves only an exemplary purpose. The values are presented here in general, omitting the possible further breakdown of each value.

The first example is Nanso Group, a Finnish textile company. The values listed in its home page are:

- Quality
- Openness and efficient cooperation
- Responsibility
  (Nanso Group, 2012)

Next is a Finnish industrial company Metso and its values. Metso's field of business includes for example mining and construction. The values are:

- Driving customer success
- Seeking innovation
- Performing together
- Respecting each other
  (Metso, 2012)

The third example of corporate values is provided by Nordea, a European bank that operates also in Finland. The values of Nordea are:

- Great customer experiences
- It's all about people
- One Nordea team
  (Nordea, 2012)

To recap, the themes that the literary sources listed as most occurring values (see chapter 3.4) were for instance ethical behaviour, commitment to customers and employees, integrity and the environment. These themes can be seen also in the statements of the examples

above. Responsibility, obligation towards customers and staff and quality of products and service were recurring in spite the fact that the companies operate on a very different fields of business. Although this comparison cannot be generalized, it shows the features that organizations esteem, such as team work and the working community. These topics can be seen also in the value statement of the case company of this thesis, presented in chapter 4.1.1.

3.8   Previous work concerning corporate values guiding daily work

The perception and the realization of values has been the topic of various studies. In this chapter two previous studies that were found to go in line with the research questions of this thesis are presented. The other one was done in 2008 by Merita Mattila, a lecturer in School of Business of Lappeenranta University of Technology. The other one is a thesis by Tomi Laapotti (2007) from Jyväskylä University of Applied Sciences. In the thesis Kesko's values were also handled which is the reason it was chosen to present here as well.

Mattila (2008) studied the perceptions of employees from different levels of organizations on corporate values. The goal was to find out what the staff thinks of the subject and if there is any controversy between perceived and official values. (Mattila, 2008, 527)

The research was done as a qualitative study and the results originated from analyzed interviews. It used three companies from different fields of business that had established their value statements some years ago. The research gave varying results: in one of the case companies values were seen as negative, in other they were regarded as positive and one had varying attitudes according to the organizational level. Mattila emphasized in the research the understandability of value statements, participation from the employees and the role of the management in the values process. She concluded that in order to reach functionality regarding values, the whole process has to be understood as an unending and controlled cycle where values are updated and discussed. (Mattila, 2008, 528, 536)

The thesis by Laapotti (2007) discussed of how values can act as a tool for management and how they appear in the company. The values are handled mostly from the leader's point of view. This research was also conducted using a qualitative method, namely interviewing. As a support, a questionnaire concerning values was also made. The results showed that values were considered as positive and easy to understand.46 Laapotti suggested that the values were well-internalized in the case company and they have been used successfully as a part of

leadership. Reasons behind this were named Kesko's effective communication of values and the low turnover of staff in the case company. (Laapotti, 2007, 4, 46-48)

The findings of these studies are mirrored to the results gained from the research of this thesis in the Discussion chapter later on. It will be investigated whether these results are parallel or is there a contradiction between the discoveries made.

4   CONDUCTING THE RESEARCH

In this chapter the research is presented in more detail. First of all, the case company K-Supermarket is presented. In addition the group Kesko in which the case company is included is presented. The values of the company which are closely related to this research are presented here for the first time. They will be reviewed later on also in chapter 5. Secondly, the research methods and the process are gone through. The chapters give a theoretical view on the research along with a practical account of how the study was carried out.

4.1   Introduction of the case company

In this chapter the case company of the research is presented. First of all the Kesko group is presented with its value statement that is central to the study. Then the case company K-Supermarket is presented more specifically. This chapter also seeks examples of how Kesko as a group realizes the values in its operations. In the Results section (chapter 5) the same inspection is carried out but in the scope of the case company which is the main focus of this thesis.

4.1.1   Kesko

Kesko is, according to its vision, a leading provider of the trading sector services. It is a listed company, and its operations include food, home, car, machinery, building, home improvement and specialty goods trade. Besides Finland, the operating countries of the group are Sweden, Norway, Russia, Belarus, Estonia, Latvia and Lithuania. In these countries the company holds approximately 2000 stores. (Kesko, 2012)

Kesko lists a variety of strategic objectives that it is set out to reach. They are related to growth, operating practices and sales and services. The group aims for faster growth than the markets, and sets out to find broader markets in the neighboring countries. The value of the Kesko brand is esteemed, and the by using its customer information it seeks to be both efficient and be the best in terms of customer satisfaction. Kesko underlines its responsibility in its operations and wants to combine entrepreneurship with large chain operations. (Kesko, 2012)

Majority of the strategic objectives, some of which were mentioned above, are mirrored in the values of the group. They are presented in Figure 3 as follows.

1) We exceed our customers' expectations

We recognize our customers' needs and expectations. We strive to offer them positive experiences through the continual reform of our operations and emphasis on entrepreneurial activity.

2) We are the best operator in the trading sector

We offer our customers the best products and services in the market to ensure our competitiveness and success.

3) We create a good working community

We operate in an open, interactive working community where people are respected and every individual can contribute to the full and use his or her initiative.

4) We bear our corporate responsibility

Our operations are responsible and we follow ethically acceptable principles in all actions within our working community and in relations with our partners.

Figure 3. Values of Kesko. (Kesko, 2012)

A note for the second value has to be made at this point. Kesko states to be the best operator in the trading sector, whereas the values presented at the K-Supermarket talk about being the best in the area or region. In the research part and later on in the results, this aspect is adopted.

4.1.2   Kesko Food

As mentioned earlier, Kesko has divided its operations into different divisions. In Finland, Kesko Food is one of the biggest operators in the grocery trade with a market share of 35.0%. The food division consists of different K-store chains which are, in order by size, K-Citymarket,

K-Supermarket, K- Market and K-Extra. Together these chains amount to over 1,000 stores in Finland, and Kesko reports that over half of Finns have a K-food store at a less than a kilometer's distance from their home. As stated in the corporate values, customers are at the center of attention in the food trade. Kesko strives to ensure that customer's wishes and needs are met in the stores' selection, taking into account everything from quality to special diets and healthy eating. Its competitive advantages include range of baked goods, fresh meat, and products from local producers. Also the Pirkka trademark is a valuable asset for Kesko. It entails over 2,000 products, including organic and Fairtrade products that are much on demand. Pirkka's strength is its low price level paired with high quality. (Kesko, 2012)

4.1.3   K-Supermarket

K-Supermarkets are the second the second largest shops among the K-food stores. Currently there are over 200 of them in Finland. The stores are run by local retailers who are responsible of everything from personnel, profitability and building the selection based on local demand. The retailer has the support of the chain in the form of for example marketing, sourcing and price competition. A few employees are qualified as specialist food managers. Their expertise adds to the strengths of the stores, as they offer customers advice and tips for cooking. (Kesko, 2012)

The case company in this study has approximately 25 employees, some of which are working part-time. The store is run by two retailers.

4.2   Research methods and the research process

The process of this thesis was quite a long one. The topic was found after rather a tedious and extensive deliberation. However, once the research started to form and the subject clarify, the process continued on more smoothly. It can be said indeed that the hardest part of the whole thesis process took place before the actual work even began. The experience showed the importance of self-leadership and was a useful lesson in terms of future studies. In the following chapters, the course of the research is presented in more detail.

This thesis uses qualitative analysis as a method of research. The data collection was done by semi-structured interviews of five employees and two employers, altogether seven respondents. After the consent to carry out the research was given, I visited the store and scheduled appointments with three of the employees. The idea was to provide all the

participants with a letter (for the translated version, see Appendix 1) which explained the purpose of the research and gave some preliminary information of the themes that would be discussed. The aim of this was that if the interviewees were given some time to contemplate on the issue of corporate values, it would result in more profound thoughts and comments on the topic to contemplate. However, the letter was received only by three of the respondents.

The reason for the somewhat lacking preparations was the ongoing renovation in the store which required resources from both the employees and the employers. There was no exact timetable for the interviewing: the respondents were picked based on who was working at the time the interviews were agreed to be carried out. It was somewhat challenging to arrange time for each interviewee: it meant that they had to be called aside from their work, and the arrangements required flexibility from both parties. The interviews were carried out in two days, the first four on day one and the rest on day two. The duration of the discussions ranged from 15 to 20 minutes. Each was done privately and the conversations were recorded. In the beginning of the interview all the respondents were assured that the recordings are dealt with anonymously. The interviews were transcribed afterwards.

In hindsight, the aspects that would have improved the quality of the research concern the time management of the study. As a researcher I was given leave to choose and arrange the interviews. Three interviews were agreed in advance with employees who volunteered for the study. These were the same employees that had received the preliminary letter beforehand. During the interviewing days some of the employees understandably declined from the interviews based on busy schedule at work. The "haste-factor" was considered to be likely to affect the intensity of the discussion and therefore affect the results to some extent. This evoked comments also from the respondents, who mentioned that they would have prepared better had they known of the interviews in advance.

4.2.1   Sources used in the study

In the book An Introduction to Qualitative Research (Flick, 2006) it is suggested that in a qualitative study, various types of literature should be used as a source. These forms according to the author are theoretical, empirical and methodological literature. These three will give a background on the study: what is being researched, what kind of studies has there been earlier and how to use research methods in the study. (Flick, 2006, p. 58)

In my research I will use all these mentioned types of literature. In the theoretical part, a review on the topic, namely the corporate values, is made with text books and articles. Also

previously done studies and their results are looked for. Here, at the start of the empirical part, methodological literature is used to help to construct and conduct the research. The phases of the research are paired with the theoretical setting, so that the theory and the practice of the research go hand in hand. Empirical material originates from the actual research. In the case of this study, the interview material (transcribed interviews) acts as the source material from which conclusions are drawn.

4.2.2   Ethics

The issue of ethics is present throughout any research. Flick (2006) lists four principals of an ethical qualitative research:

- Informed consent
- Avoiding harm in collecting data
- Doing justice to participants in analyzing data
- Confidentiality in writing about the research.
  (Flick, 2006, 49)

Informed consent is defined by some criteria. The person consenting to participate the research must be competent to do so, he/she must be adequately informed of the research and the approval must be given voluntarily. According to the author, ethical problems arise when the target group for the study consists of people who are not fit to give their consent (e.g. children). (Flick, 2006, 49)

The collection of data should be done by avoiding harm. An example of this according to Flick is to for example interview people with long-term illnesses. This might "in some cases produce an internal crisis for these people" when confronted with the severity of their situation (Flick, 2006, 50).

When it comes to comparing data, the problem can be that the participants find the results and possible comparisons of the research embarrassing and might disagree with the conclusions. Therefore doing justice to the participants in the analysis may become an ethical issue.
The confidentiality of the people involved in the study may become a source of ethical problems. If for example is done in a refined setting, e.g. a company, the chance that someone might recognize the participant based on the results must be minimized. The anonymity of the respondents should be guaranteed as well as possible. Also the storage of the data must be secured so that it cannot be accessed by an outsider. (Flick, 2006, 49-50)

In my research, the previously presented principles are included throughout. All the interviewees voluntarily consented to participate to the study. The collection of data was reviewed to be done without harm to the participants. Confidentiality show in this study so, that all the interviewees were done privately and the results presented anonymously. Since the case company is rather small in terms of staff, the possibility of readers identifying the respondents does exist. The collected data was stored in a secure location and only the interviewer had the access to them during the study.

4.2.3   Interviewing

As was mentioned earlier, this study uses interviewing as a method of collecting data. The material is known as primary data in literature handling methodology. Interviews aim to produce empirical material for the research, and most often they are made with the respondents face to face, as in the case of this research. The process began with finding the right questions to ask in order to collect information that will be useful for the studied issue. Eriksson and Kovalainen (2008) advise to dedicate time to form the questions to avoid having answers that are merely opinions or such that can be straightforwardly answered. This was taken into account in the research as well. The respondents were asked to for instance describe and to evaluate the issues discussed, rather than asked to answer questions with a 'yes' or 'no'. (Eriksson & Kovalainen, 2008, 79-81)

The next phase was to decide the type of the interview. As the aim is to have the respondents describe and evaluate the value situation in the company, a semi-structured interview was chosen. This meant that the interviews had an outline of issues to be discussed but it allowed room for further questions if the discussion would require it. The book Qualitative Research Materials (Eriksson & Kovalainen, 2008, 82) lists the advantages and potential pitfalls of this type of an interview. It was stated that the gained data is quite organized and inclusive but the interviewer has to be ready to ask questions beyond the planned outline to gain more exhaustive answers to the topics. Otherwise, important issues can be left out of the discussion. In the interviews of this research, the outline of the interviews was planned beforehand, keeping in mind what sort of themes was looked for (see Appendix 2). Because of the lack of previous experience in interviewing, the themes were written down as rather complete questions that were prepared in advance to support the researcher in the interviewing situation. In hindsight, this was like to perhaps leave the discussions a little more superficial than hoped, just as Eriksson and Kovalainen had warned (Eriksson & Kovalainen, 2008, 28). Also the quite limited time frame of the interviews had an impact on the depth of the conversations.

As for the questions used in the interviews, most of them were prepared quite thoroughly before the interviews. The questions can be divided into different types according to Eriksson & Kovalainen (2008, 83-85). The types that were used in this study were open, neutral and indirect questions, to name a few. In the beginning of the interview, some of the questions were closed, such as 'what is your work task in the company?' or 'are the values of Kesko familiar to you?' These questions did not require an extensive answer for the sake of the study, but just to give some background information of the respondents. Otherwise, the majority of the questions were quite open, such as 'what do you think this value means?' The questions were tried to make as neutral as possible, but perhaps some of them may have been leading in a way, such as 'do you use values as a management tool or are they more common sense in a way?' The choice of words in this question narrows the room for a more open answer as it can be seen as picking between two options. Some of the questions were divided into primary and secondary questions; where first there would be a direct question as for example 'do you think that this value shows in this store?' the secondary question would ask to elaborate and give examples to the response.

After the interviewing sessions, the material was transcribed to help the analyzing phase of the research. Although the process was time-consuming, it was seen essential to help to interpret the results. The material was transcribed mostly word-to-word, although in some cases some repetitive and redundant words such as 'like' and 'you know' were omitted when they had no particular meaning regarding the analysis.

5   RESULTS

In this chapter, the results of the research are gone through. Each of the values is handled in its own separate chapter. In the beginning of each chapter, Kesko's definition of the value is presented again to help the comparison of the ideas that the respondents have of the values. After this, the results from the discussion of these values overall are presented with respondents' comments.

5.1   Exceeding customer's expectations

"We recognise our customers' needs and expectations. We strive to offer them positive experiences through the continual reform of our operations and emphasis on entrepreneurial activity." (Kesko, 2012)

When asked what the respondents think the first value, 'we exceed our customer's expectations' means, it showed that everyone had more or less seized the idea of it.

> *"When the customer comes into the store, he'd be surprised every time, again and again… We always do our best for the customer to ensure he leaves the store feeling content"* (Respondent F)

Most found it to mean, at its simplest, good customer service. In order to exceed the expectations the staff should always strive to go the extra mile when it comes to service. Practical examples of this were for example giving tips on recipes, bagging of fragile products at the cash desk and selling additional products, e.g. offering stamps when a customer purchases postcards. Concerning the products, many of the respondents highlighted the importance of display, quality and availability of them in the store. All in all, the customer should be offered an experience that will leave him or her satisfied and that would be *"a little more than just picking up that pack of oatmeal"* as respondent E described.

The respondents were asked to consider whether this value showed in the daily operations of the store. All of them agreed that the value does realize, and gave a variety of examples. The little daily things as saying hello, smiling and emphasizing the service overall are ways of how customers are taken into consideration in the daily work. The respondents also give credit to the selection of the store. In spite of the ongoing renovation, the wide range of products collects praises from both the employees as well as customers. One of the respondents stated that the store exceeds expectations by having products one would not think to find from a

relatively small store. Also ensuring that products do not run out on for example holidays when the demand is larger keeps customers satisfied. The knowledge and expertise on the deli and fresh meat section is also revered by the staff.

Next, the respondents were requested to consider in what way they feel they express the value in their own position. Those working on the cash desk told that for instance smiling and chatting with the customer are ways to realize this value.

> "*It shows with the little things… the customer friendliness and the encounter at the cash desk, you say more than just 'Hello'… Doing a bit more than the customer has asked for"* (Respondent A)

Positive feedback from the customer tells that the expectations are being exceeded. The personnel working in different sections of the store describe their effort as listening to the customers and their needs in terms of products and adjust the selection accordingly. Also the overall tidiness and accessibility of the departments are important. On the managerial level, the retailers told that the value realizes in their daily chores by doing one's best even in the smaller things and being in contact with the customers in the store by greeting everyone and talking whenever possible. Their own work sets an example for others and good customer service is expected from everyone else as well.

5.2   Best operator in the trading sector

"We offer our customers the best products and services in the market to ensure our competitiveness and success." (Kesko, 2012)

As mentioned earlier, in this value there is a slight difference between Kesko's values and the ones stated for K-Supermarket. Whereas Kesko concentrates on the whole trading sector, the aim of the K-Supermarket is to be the best in the area, in a more geographic sense.

The respondents listed many factors that contribute to being the best store in the area that one of the respondents defined to be a range from five to ten kilometers. Among these attributes were for example quality, availability, freshness, friendliness and selection. The aim is to be at least as good as the competitor. Also constant development and hearing out what the customers need play a role in the pursuit of being the best. Some felt that this value comprehends much of the same things as the first value, exceeding the customer's expectations, as for example the good service and paying attention to their needs.

The respondents were asked to consider whether this value shows in the store and if they think that it is the best in the area. The answer was unanimous and there was a hint of pride to be found in the answers of how they know they are the best. It was stated that though most of the time the feeling of being best is merely a gut feeling, there is also numerical prove of that in terms of sales and customer satisfaction surveys. However, there was slight disagreement concerning the sales. There was a comment that being the best in the area has nothing to do with sales since there are much larger grocery stores within the area: what matters more is the level of service and variety. In addition to surveys and numbers, feedback from the customers tells of their success, at least compared to the closest rival. Concrete features that make the store stand out from competitors are the range of services including Alko and Veikkaus, the deli and fresh meat section of the store and the variety and sufficiency of products.

> "C*onsidering the competition in this area, I think we do have to most diverse services in our store"*. (Respondent F)

Also the number of staff working in shifts is rather large in comparison to some competitors. It is considered important that there is someone the customer can consult for instance in the meat department. All in all, the positivity and the good atmosphere of the personnel are counted as one of the strengths of the store.

When it comes to own daily work, the respondents estimated their input for this value's realization. Many of them listed doing one's best in every situation and helping out others as a way to achieve this from day to day. The main idea was that it is the basic routines that matter the most: keeping a diverse range of products, controlling the orders and the amount of product losses (e.g. expiring products) and having the price tags in order.

> *"It's the basic work that brings it. It won't do to NOT do anything, like 'well there are new price tags but I don't feel like putting them up'. You can never afford that."* (Respondent C).

The retailer told that one of the competitive advantages is that they are able to decide which products to order if e.g. requests are made. A practical example of this can be found from the bread department, where the assortment includes various local producers that are popular among consumers.

5.3   Good working community

"We operate in an open, interactive working community where people are respected and every individual can contribute to the full and use his or her initiative." (Kesko, 2012)

The third value talks about the group of people at the work place and lists characteristics of an ideal community. In the study, the respondents were asked to describe the qualities that a good working community possesses and the answers were very consistent. Openness in communication and feedback from colleagues and superiors came out as important. Respect and appreciation for both own as well as other's work was considered important in a good work place. In addition, being considerate and getting along add to these components.

> *"You can say things as they are; you dare to say them to co-workers as well as to the management level. And then just everyone being friends* [laughs]*, and then it gives out to the customers as well, that we're not out there tongue-tied or sulking."* (Respondent G)

Some of the respondents phrased a good workplace as a "nice place to come but even a nicer place to leave", meaning that a balance should be found between work, family and leisure. In case of arguments or quarrels the respondents again hoped for open conversation. As respondent B reminded, *"it is the issues that fight, not the people".* The atmosphere in the workplace is on everyone's responsibility and it is something that the management cannot decide but everyone has to invest into it.

In discussions of how this value translates into every day work in the store both positive and negative notions came up. Some of the respondents told that coming to work every day is a positive thing, one feels welcome at the work place and there is nothing to stress about with regarding to colleagues. Also positive comments from the customers and the relatively small staff turnover tell something about the atmosphere at the store. The areas having room for improvement are, as mentioned earlier, the issue with openness and helping and listening to each other.

> *"There are those who are like 'there's my work and your work and I will not do that because it's not my business'… That's kind of a problem, maybe…"* (Respondent A)

The reason for these shortcomings, according to the employees, is the large amount of different people working in the same place. It was said that this is bound to cause issues from time to time, especially when you throw everyone's potential personal issues in to the mix.

The interviewees were asked to evaluate their own input on the working community. Same themes came up in the conversations. It was found that helping each other whenever possible

with overall politeness and friendliness goes a long way. Using humor and being oneself were also on the list of everyday tips on achieving a good working community. Should any arguments arise, the respondents told that it would be important to confront the issues boldly instead of talking behind anyone's back and remembering to try and see things from another's perspective as well. After all, as one of the respondents mentioned, the work isn't *"all about toiling but also social interaction."* (Respondent A)

5.4   Corporate responsibility

"Our operations are responsible and we follow ethically acceptable principles in all actions within our working community and in relations with our partners." (Kesko, 2012)

The fourth and last value was clearly more ambiguous concept that the previous three. The Finnish version of the values statement talked more about societal responsibility than corporate as it is stated in the English version. One of the respondents described this statement as "*being a part of the community and taking care of one's part in it".* (Respondent D) Anyhow, the term 'societal responsibility' left some of the respondents uncertain of its meaning and what it stood for in the statement. Most of the respondents mentioned environmental issues when they reflected the meaning of this value even though there is no direct mentioning of it in the official breakdown of the value. Recycling and the store's status as a K-environmental store were often mentioned as the things that come into mind regarding this aspect of corporate responsibility. In the more societal interpretation, moral and ethical conduct throughout the store's operations was associated with this value. In addition, abiding the laws and regulations with for example taxes and wages and being honest with both associates as well as customers were included. Some respondents pushed the term 'corporate responsibility' a little bit further and listed voluntary work to be contained within it too. The marketing value of for example Kesko's charitable work was recognized when discussing this statement.

Once again the respondents were asked to consider ways this value shows in the store on a daily basis. The environmental theme was present here too, waste management and sorting of e.g. metal and cardboard were mentioned the most often. In a societal sense, the retailers listed deeds that fit in under this value. These were such as offering the opportunity for work placement, donating goods, improving the waste management system, sponsoring junior sports teams and participating in the work against drugs. All in all, the corporate responsibility was stated to be a sort of question of image in the store, and they are keen to be involved in the action.

"Things like recycling and environment, they come along with the chain already. - - Then if we take it a little bit further, then it's partaking in voluntary action and supporting the young, for example junior sports clubs and such… we contribute as much as it's possible for us" (Respondent C)

The role of own daily work was related much to the sorting of waste and following the regulations in that aspect. Also the orders are placed and prices set so that it would create as little losses as possible. According to one of the respondents, the responsibility could be understood also as in the little deeds.

"*Corporate responsibility, you can understand it as taking care of the underprivileged out there, for instance to help to put one's backpack on"* (Respondent A).

5.5   Values in general

The respondents were asked of their opinion and view on values in general. All of them considered them to be important for companies to have. It was stated that each company needs to have values of some kind to guide and act as an objective, a framework for the company to operate within. They can also be part of the business idea and are valuable in marketing. In an employee level they were said to help one to work better when there are values to follow.

Values can be directed to staff or customers and other stakeholders. The respondents were asked which one they think gains more from value statements. The majority claimed that primarily they are for the staff. They are meant to guide the staff and then to be communicated to the customers through them. One example of this was the Kesko's third value that dealt with the working community. It was phrased that *"it is not the customer's business but it does show to the customer"* (respondent D) thus serving both in a way. Customers also gain from the values. The benefits from value statements are better service and better products and a positive image from the store that can be communicated through not only the employees but also marketing.

The respondents were asked how the realization of values could be measured, in other words where the 'results' from the values show the best. Many of them mentioned various surveys that could help to quantify the degree they are fulfilled. Customer satisfaction surveys, job satisfaction surveys, the motivation level of the employees and the staff turnover degree were all on the list for the different means of evaluating this. 'Mystery Shoppers', which Kesko uses as a way of assessing the level of the service in stores, was brought up in the discussion as well.

Overall, everyone felt that the values of Kesko represent the operations of K-Supermarket well enough.

> *"They are quite extensive and kind of universal as well, they would probably work with any store...They are a good guideline."* (Respondent C)

They were also considered to be enough simple. One of the respondents reflected that if the values are made too complex they lose all practicality and become mere clichés. The only conditions when the values might conflict with reality were of a temporary nature, such as a particularly difficult customer service situation. Other than that, the respondents felt that the values were a good representative of the daily operations.

In the interviews it turned out that everyone were familiar with the values to some extent. Respondents admitted that there has been some discussion earlier concerning values and that it mostly takes place in the orientation to the job. At recruitment, new employees are handed a booklet which contains the values of Kesko and the subject is gone through. The respondents longed for more justification of the meaning of the values and guidance on how they should be realized in the daily work. The retailer acknowledged that a little more reminder on the issue would probably be in place in the future so that everyone will clearly understand the content of each value. The values can be seen in the employee's common area in a form of a poster where everyone can read them but it was said that despite the visibility they do not necessarily translate to everyone and therefore need more discussion.

> *"At recruiting it is told what's included in them, and if you forget them there is that fine poster in the common room where you can read them, cheat"* (Respondent E)

However some of the respondents felt that it would not be required and that the values do not need that much handling at work. It was said that essentially, one does one's job as well as possible and that is basically all there is to do for that matter.

The respondents were asked to rate the values and consider which of them was closest to them in terms of their work. The results were divided out quite evenly. 'We exceed our customer's expectations' was found important. The staff working at the cash desk can often be the only member of staff that the customer meets on a visit to the store and thus it is important to invest in to the service there.

> *"It is the customer who pays our wages after all"* (Respondent B)

The value dealing with the working community was also a popular choice as the most important value. It was seen that if the community is good it enables the staff to better realize the rest of the values. It was also considered as a motivational factor and it plays a large role in the daily work. The value about being the best operator in the area was considered to be the most concrete in the daily work and important in the sense of being able to stay in competition and in the market. The only value that no one considered as the most important in terms of daily work was the corporate responsibility. However, when the respondents also had to evaluate which value would be closest to their individual values, the environmental aspect of the corporate responsibility was considered to be essential. Otherwise the customer's expectations and the working community played the lead in this category as well. It was reasoned that the exceeding the customer's expectations does not come true unless all the other values realize as well. The working community was rated as important also. It was considered that if the good community does not realize, it will affect the other values too. A good atmosphere was seen as a part of everyday well-being, and it was voiced that life is more than just working. It was acknowledged that it may be challenging to link some of these values directly into individual values but as for example in the third value (good working community), some connections can be drawn between personal and work life.

In the end of the interviews, the respondents were asked to evaluate whether the working community was committed to follow these values at work. Clearly it was considered that everyone was able to do so although the level of commitment might vary daily and between personalities.

> "*Each of us can exploit them* (values) *and we act according to them… at least those who hang about here daily, interns are of course a separate issue…*(Respondent E)

Everyone has every chance to realize these values in their work and it was admitted that no one can be forced to do that: it has to come from within in the daily work. Some areas for development were recognized, such as punctuality, but all in all the employees seemed quite content on the community's ability to follow the values.

5.6   Managers' point of view

In the interviews the topic of corporate values were discussed with the retailers a little bit further to gain more of the manager's perspective. They were asked of ways of how the values are communicated to the employees. As stated earlier, it was said that there could be more of reminding people of the values and how to work according to them. According to the retailer,

there has been a meeting where all of them have been lectured through but otherwise they are left aside. The values are there in the background but seldom brought forth in the daily work. In orientation, the subject is talked over. One of the retailers reckoned that especially young people might not consider values that much in the beginning but as they build up work experience, they become clearer.

The employers had to consider ways of how they set an example to others with their own work. One of these instances had to do with the first value, exceeding the customer's expectations. The respondent strived to do everything at the cash desk in order to fulfill all the criteria that are looked for in quality measurements. This way other, especially new employee can take note of what is asked for in the work and in the values as well. Also the other of the retailers stated that *"if I do not yell etc.* (at the work place*) no other employee has the right to do that either"* (Respondent D), meaning that the good atmosphere and good behavior at the workplace must be valued. Through these everyday examples the model for following the values is set in the store.

Finally, the retailers considered if they used values as a management tool. Both of them admitted that they are not perhaps constantly used in leading people, but when they are considered it is found that everything actually does go according to them after all.

> "*Maybe it's more common sense, I don't in a way think about them but if I do, they are just so, they are the things that are pursued here*" (Respondent C)

A good working community and atmosphere was listed as not only a means of managing but also an objective of it in the work.

5.7   Significance of the results

Overall, the respondents had a realistic view of the meaning and content of the value statement. The numerous examples of how they were perceived in daily operations tell that the values are quite well-internalized and they can be used as a tool in the work. By further discussion on values the awareness of them could be yet improved among the employees. Emphasizing the values to new employees was reviewed as necessary in the future. Making the values familiar and understood starting from the recruitment helps the employee to recognize what exactly is asked of them in the job.

The significance of these results can be evaluated in the scope of the case company. As the sample is quite small any generalization concerning the group can hardly be made. The topic

of the research was considered good by the case company. It was seen that the mastering of these four values covers a lot and through them much can be gained. These results can serve as an update of the value situation in the company and give incentives to further utilize the values at work.

6   CONCLUSION & DISCUSSION

In this chapter, the findings of the study are reviewed on the grounds of the theoretical research which was provided in this thesis. The possibility for further studying is also reviewed. The thesis process is also evaluated from the researcher's point of view.

6.1   The purpose and findings of the research

The aim of this research was to find out how the corporate values of Kesko affect the daily work in the case company, K-Supermarket. Also the employee's perception of the values was reviewed in the study. Answers for this were looked for with qualitative interviews that dealt with values in both the operations of the store and respondents' own work.

The results showed that the respondents of the study were familiar with the value statement of Kesko, and that overall they felt capable of realizing them in their daily work. The results gave various examples of how the values were realized both in the store's operations and in own actions. Although the values were considered to be 'mastered', the need for further value discussion was recognized, in particular during the recruitment phase.

6.2   Results compared to theoretical background

In theoretical literature, the values were defined as philosophies and principles, according to which the companies behave. They were described to affect the decision-making process and the guide the organization's conduct towards both internal and external world. Previous studies indicated that corporate values are considered important for example in terms of status. In the research, it was discovered that also in the case company the importance of values was recognized as the guiding principles for the work, a basis that is the same for everyone. The values were described also to act as goals and objectives that are strived for, while literature categorizes objectives and such under mission statements.

The research showed that values are considered to be directed to employees in the company, rather than to external communications such as marketing (although the value of it was identified). The values guide the staff and through them, it brings added value to customers. Literature suggested that corporate values can increase motivation and provide inspiration if the workers see them compatible with their own set of values. The study showed that Kesko's

values were quite well-matched with the employees' personal values; especially the working community was considered close.

Corporate values that are not well-defined and specific can leave to employee confused of what is required of them. This issue came up in the research, as the value concerning corporate responsibility left some respondents uncertain of what exactly was meant with it. Some clarification on the purpose of the value was called for. Otherwise, there was no controversy found between reality and the espoused values.

The themes, which previous studies had identified in most value statements, could be found in the case company as well. Commitment to customers, success, teamwork and ethical behaviour were topics that the four values presented. They were found as good representatives for Kesko, though because of their rather universal nature, they were considered not to necessarily be strictly store-bound. This may be considered as positive or negative: while literature speaks of potential pitfalls that can become of values that are too common-sense, the values seem to be well-communicated throughout the organization and simple enough to follow by employees. The research supported the idea of specifically dictated values, and too vague statements were dubbed as impractical by the respondents.

The employees' perception of the values was in keeping with the group's definition. It showed in the results that employees had grasped the meaning of each value in general, despite some singular correctives. With every value, concrete day-to-day examples could be provided, which showed that the employees had a sense of ability to carry out the values of the company.

Theoretical research showed that the management has to stand by and demonstrate values to lower levels of the organization. Discussion and justification for values is critical in terms of their efficiency. Well-internalized values assist employees to make correct decisions independently. The study showed that there was a need for this justification: both employees and employers agreed mostly that emphasis and justification for the values would be required to help realize them even better. The management proved to set an example for others with their daily work, but the values were not identified as strongly to be a tool for leading.

6.3   Results compared to earlier studies

The earlier studies regarding this similar topic were presented in chapter 3.8. The findings of this research were much in keeping with the previous data. As mentioned earlier, the overall perception of values was positive and they seemed to be well-comprehended. As Mattila

(2008) pointed, discussion and updating is an important part of having functional values. This was recognized in the case company as well: the need for further processing and recapping was identified. The ability to understand the values was ranked as important by Mattila. In this regard, the case company is doing well, since the meaning of them was comprehended with practical examples.

Laapotti (2007) found the staff turnover to be a part of successful value situation. In the case company, the turnover was discussed regarding the good working atmosphere in the workplace, which in turn was defined as an objective and a management tool.

Overall, if the findings of these two previous studies are considered, there was no particular controversy found from this research. Rather than contradicting them, similarities could be found, which strengthens the previous assumptions of the values process of the company.

6.4   Potential shortcomings of the research

Regarding the research part of the thesis, some potential shortcomings that affected the quality of the work came up. The case company was selected by the researcher: there was no existing need for the company to evaluate their situation regarding corporate values. As it was said, the beginning of the thesis process was not the easiest one. After the topic plan had been drawn up, the search for the case company began. As discussed in the introduction of this work, Kesko as an organization was already familiar after a few years of work experience. The case company was approached due to this previous experience and the permission to carry out the study was granted.

So, as it was stated, there was no imperative for the case company itself to carry out a study examining corporate values. Despite of this, during the research the value of this kind of a study was recognised. My role as a researcher was very independent, and it gave me freedom to construct and assess which aspects would be included to the study. Some might consider this an ideal situation, but as a first-time researcher the responsibility felt at times overwhelming in the beginning. The outline of the qualitative research was approved beforehand with the manager of the company, but other than that, the time and the choice of participants was done independently.

During the time the interviews were conducted, the store was under an extensive renovation which required a lot of resources from the staff. In the research part of the thesis (chapter 4) it was discussed how the limited amount of time was considered to have an impact on the quality the results. This showed so that only a few of the respondents had a scheduled meeting appointed for the interviewing. Otherwise, the respondents were detached from their

duties without previous information of the interviews or even of the whole fact there was a study on corporate values being carried out. It was mentioned earlier in this paper that the aim was to provide interviewees with a letter presenting the topic of the research. This was hoped to give time to contemplate on the issue of values which was assumed not necessarily to be a part of everyday routine. This advantage was lost since all the respondents did not receive the letter. In hindsight, the research would have benefited of some assistance from within the business to 'launch' the study. As an outsider to the company, the necessary point in time and information concerning the research could not have been shared to everyone. In this situation, potential interviewees inclined to participate might have been left out due to the fact that there was no awareness of the study in the first place.

There is no feedback sessions arranged regarding the findings of the study, at least within the time span of the thesis process. The results are provided to the case company as the thesis is finalized. A feedback session would benefit to clarify the need for potential further studies, but hopefully the results and the discussion alone provide the case company with useful information and suggestions concerning future.

6.5   Conclusions and recommendations

This study has the potential to spark discussion for the case company and in the future improve the exploiting of the value statement as a part of the tools of the daily work. The study confirmed some findings that were made in earlier studies on the topic. The results from this particular study can hardly be generalized in other than the case company. Still, the research shed more light to the situation in this particular store. It will hopefully lead to discussions between the management and the employees, so that any unclear issue might be clarified. This can increase motivation in the workplace when the employees have the feeling of success while gaining more tools to execute their tasks. The proper utilisation of the value statement can prove to be a valuable asset for management as well.

The objective of this study, if taken beyond the frame of the case company, would be to help organizations realize the potential, and sometimes hidden, value of the corporate values. As the theoretical research pointed out, there are numerous advantages to be gained from strong culture and well-internalized values. In the introduction I mentioned the often cynical and indifferent reaction towards corporate values. During the research, I have considered the reasons that might stand behind these attitudes. If the values are not incorporated strongly to the daily operations and their meaning and even the whole existence justified, it is easy to understand why they seem to be distant and not so directly linked to daily routines in the work

place. As the theoretical literature suggested, the management's role in embedding these values is paramount. If the corporate values are systematically communicated from the top level of the organization 'down' to each level, they have to potential to be optimally exploited as a support for the daily work. Even though to some it might sound even pompous to think the daily routines through corporate values, is that not the way all the choices and decision are made after all. Values are before else meant to be principles that guide behaviour and act as a part of identity. This idea transcends the limits of personal and work life. The organizational values should guide the behaviour in the workplace and form one part of the company's sense of identity. When corporate values match with a person's individual values as was seen to happen in this study, in my opinion the results cannot be other than positive in terms of motivation and appreciation towards own work.

6.6   Evaluation of the research method

The qualitative approach to the research proved to be useful given the nature of the subject. A quantitative method using for example questionnaire would not have opened up the topic of values, where the respondents own description of for example the content of the values was looked for. However, it would have increased the sample size giving a broader idea of the case company's situation regarding values. This could be counted as a flaw of the quantitative method in this research. With more respondents, even more comprehensive understanding of the issue might have been received. Regarding further studies, a questionnaire could be used as a supportive method for the research. Also there could be more stores involved. If this study and theme would be taken to a national level with the whole group, quantitative method would prove to be somewhat more efficient, since it require fewer resources than interviewing.

6.7   The thesis process

Although the actual writing process of the thesis took less than was initially expected, the progression of the project in whole took much longer than I was able to anticipate. The majority of the time was spent constructing a topic plan, and the chosen subject came after several attempts to build up a research. After that, the work began to go along and a flow and a drive towards the theme of the research were finally obtained.

The timetable of the thesis process expanded over several months. The writing process took approximately three months. The empirical part was constructed and executed before the theoretical review of the subject was completed. This lead to the situation where the results

had been analysed and the theoretical background had to be constructed to support more of the results of the research. In retrospect, a more thorough study of the topic of corporate values done before the actual empirical part would have profited the quality of the research as the research questions could have been more refined. Positive fact is that there is plenty of theoretical literature done on corporate values, so that the theoretic part could be shaped to back up the research and provoke discussion. The need for further studying of methodological literature was identified during the research process. Without any previous experience of interviewing, the actual interviewing situation might have been conducted with more confidence with a stronger background on qualitative research.

Taking all the factors into consideration, the course of the writing process was satisfying despite the possible shortcomings. There was a constant evolvement in my skills in writing that had in fact been unemployed for a while. Once the process got started, the working was methodical and very goal-oriented. The experience definitely improved my abilities as a writer.

6.8   Relation of the thesis process to personal studies

 The thesis process concludes the studies of the degree programme. The experience accumulated and supplemented the skills required during earlier studies. One of the most important lessons that the thesis process taught was the importance of self-leadership. Although the previous studies had required this as well, not only until the construction of the research and the process as a whole showed the meaning and importance of controlling and leading the own work and the progression of the project. As it was said, the span of this work expands over a far longer period of time than the actual writing took place. Although the experience was very challenging and felt even overpowering at times, the more educating and rewarding it feels to now stand at the end of the process.

Aside from the mental learning experience, the thesis added to the theoretical know-how. At the centre of the work was organizational culture and more specifically corporate value statements. Conducting the literature review on the subject not only enhanced previous knowledge on the subject but also improved the skills of finding and evaluating useful academic sources. As it was discussed previously, the research experience was extremely educational. The first, own research constructed from the very beginning called for much of the learned issues and skills from earlier studies. The realization of own strengths and weaknesses gave valuable information of what can be improved in the future and reassurance on already gained expertise.

REFERENCES

Akridge, J., Foltz, J. Bringing vision and values to life in your firm. [Accessed 27 March 2012] Available from: http://www.feedandgrain.com/article/10229079/bringing-vision-and-values-to-life-in-your-firm

Business in the Community. 2009. The whys and hows of corporate values. [Web publication] Business in the Community. [Accessed 28 February 2012]. Available from: http://www.bitc.org.uk/document.rm?id=9002

Cady, S., Wheeler, J., DeWolf, J., Brodke, M. 2011. Mission, Vision, and Values: What Do They Say? *Organization Development Journal*. 29 (1), 63-78

Cha, S. & Edmondson, A., 2006. When Company Values Backfire. *Leadership Quarterly*. 17(1), 57-78

Clegg, S., Kornberger, M., Pitsis, T. 2008. *Managing and organizations*. London: Sage Publications Ltd.

Cole, G. A., 1995. *Organisational Behaviour: Theory and Practice*. London: Continuum, Thomson Learning

Eriksson, P. & Kovalainen, A. 2008. *Qualitative Methods in Business Research*. London: Sage Publications Ltd.

Fernández, J. E. & Hogan, R. T. 2003. The character of organizations. *Journal of Business Strategy*. 24(1), 38-40

Flick, U. 2006. *An introduction to qualitative research*. Third edition. London: Sage Publications Ltd.

Foley, J., Palmer, L., Parsons, C., 2004. Principles not values. *Industrial and Commercial Training*. 1, 38-40

Hultman, K. 2005. Evaluating organizational values. *Organizational Development Journal*. 23(3), 39-48

Kanter, R. M. 2009. SuperCorp: Values as Guidance System. Harvard Business School. [Accessed 20 February 2012] Available from: http://hbswk.hbs.edu/item/6267.html

Kelly, C., Kocourek, P., MacGaw, N., Samuelson, J. 2005. Deriving Value from Corporate Values. The Aspen Institute and Booz Allen Hamilton Inc. [Accessed 25 February 2012] Available at: http://www.aspeninstitute.org/publications/deriving-value-corporate-values

Kesko. Kesko in brief. [accessed 20 February 2012] Available from: http://www.kesko.fi/en/Company/Kesko-in-brief/

Kesko. Kesko Food. [accessed 20 February 2012] Available from: http://www.kesko.fi/en/Company/Divisions/Food-trade/

Kesko. Kesko's values. [accessed 20 February 2012] Available from: http://www.kesko.fi/en/Company/Strategy-and-objectives/Values/

Laapotti, T. 2007. *Arvot ja arvojohtaminen, case: K-citymarket Keljo*. Jyväskylän ammattikorkeakoulu, Liiketalous. Thesis.

Nanso Group. Company. Identity. [Accessed 26 March 2012] Available from: http://www.nansogroup.com/nansogroup_home

Nordea. About Nordea. Mission, vision and values. [Accessed 26 March 2012] Available from: http://www.nordea.com/

Mattila, M. 2008. Understandable and functional organizational values: true or false? *Social Responsibility Journal.* 4 (4), 527-537.

Metso. About us. Strategy. Purpose and values. [Accessed 26 March 2012] Available from: http://www.metso.com/

Sadri, G., Lees, B. 2001. Developing corporate culture as a competitive advantage. *Journal of Management Development.* 20 (10), 853-859.

Serrat, O., 2010. A Primer on Corporate Values. Knowledge solutions. Asian Development Bank. [Accessed 22 February 2012] Available at: http://www.adb.org/publications/primer-corporate-values

Simons, T. 2002. Behavioral Integrity: The Perceived Alignment Between Managers' Words and Deeds as a Research Focus. *Organization Science.* 13(1), 18-35

Thomsen, S. 2004. Corporate values and corporate governance. *Corporate Governance*. 2004, 4 (4), 29-46.

Thornbury, J. 2003. Creating a living culture: the challenges for business leaders. *Corporate Governance*. 3 (2), 68-79.

Appendix 1. The preliminary letter for participants

SAVONIA
UNIVERSITY OF APPLIED SCIENCES

27.02.2012

Dear participant,

I am making my thesis concerning corporate values in day-to-day work. In my study I will be handling the values of Kesko, and K-Supermarket X will act as an case company.

The collection of data will be done by interviewing. Taking part in to the study is voluntary. The interviews will be recorded and all collected material will be handled as anonymous.

The purpose of the interviews is to find out in what way do the values of Kesko affect the daily working. Below is listed some of the themes that I wish you would consider before the actual interview.

- Are you already familiar with the values of Kesko?

- Do you see that the values guide you in your daily work?

- In what ways do the values show in the operations of the company?

- Do you feel that values are important to companies?

Thank you for participating in the study!

Best regards,

Petra Parkkali

Appendix 2. The outline of the interview

- How long been working in the company?
  - in Kesko group?
- Work task?

- Are values important?
  - more for personnel/customers?
- How could values be measured?
- Kesko's values familiar?
- Have the values been dealt with? How? More/less discussion of them?

Values of Kesko (each value gone through with similar pattern):
- how would you explain this value?
- how does it show in the store's operations?
- how does it show in own work?
- room for improvement etc.?

- Which of the values is the closest?
  - in terms of personal values
  - own work
- Conflicts between reality of the daily work and values?
- Own ability to realize the values?
- The commitment of the working community to values?
- Example set to others by own working?
- Do values of the group represent the operations of the store?

- How are the values communicated to employees?
- Are values a management tool?