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# Purpose-centered Values Management

*Valuable Foundations for  
Sustainable Management*



## Abstract

Contemporary management of values as basis of sustainability in corporate development and governance and every credible sustainable management takes into account visible and superficially invisible factors from people and organization. Embedded in the basic understanding of questions of meaning, purpose, and the worldview of the acting people, it is a long-term task to identify, manage and further develop a unique portfolio of values that optimally connects and supports strategy in the company in a discourse-ethical and reflexive manner. How this meaningful management of values and cultural process will succeed explains this publication based on the practice-oriented value management cycle.

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# 1 Corporate Ethos: Foundation for a Culture of Responsibility

The starting point for the credible and long-term implementation of sustainable management is the prevailing corporate ethos. The foundation of the entire management understanding is the company's lived set of values and self-image as a responsible actor in global society. If the moral understanding of the managers in the company consists only of the responsibility to make profits and create jobs, the maturity level of the corporate ethos is far from sufficient to anchor sustainability in management in a lasting and credible manner. The serious and resource-backed engagement of companies with sustainability objectives requires first a highly developed culture of values supporting broad responsibility. This is at the same time an indicator of the pluralistic meaning of the respective company and the maturity level of an existing sustainability management beyond any reporting obligations. Companies then pursue their mission in the marketplace in a reflected and transparent way by assuming responsibility towards all stakeholders and in an effort to align their core business with the sustainability goals and values of the global community. Only when the business model is really based on an understanding of responsibility that goes beyond earnings figures, a corporate ethos enables credible differentiation around sustainability in the long term.

The basis for all this is a consistent values management, the development of which can neither be designed externally nor implemented in a hurry. It is therefore necessary to examine honestly, what motivation can be found above all in top management for dealing with corporate responsibility, value orientation and sustainability. If sustainability management and corporate responsibility are addressed because they supposedly increase earnings opportunities or because competitors do the same, it will not be possible to deal with the issue in a credible and serious manner in the long term. As an instrument for increasing earnings, sustainability management and values orientation become immediately interchangeable if other instruments could increase earnings even better. The resulting danger is maximum credibility-loss inside and outside the company in the event of strategy changes, which can massively impair the moral *raison d'être* of a company. The company's license to operate

stems from its contribution to society and societies' current challenges. A significant unique selling proposition of the company is therefore its unique corporate culture and values set. A sufficiently identifiable and cultivated corporate ethos thus becomes a prerequisite for economic value creation and sustainable management. It is important to shape these challenges through values management from within actively, instead of leaving them to random unfocused development.

The corporate ethos is primarily shaped, carried, and passed on by people through their visible actions in their everyday work. Thus, within the ranks of the company, people can be found who are credibly intrinsically motivated to ask questions about the meaning of their actions within the company as well as about the meaning and purpose of the company and its responsibility for global sustainability challenges. Due to the necessary long-term nature of sustainability, people are particularly suitable who, for ideological or political reasons, permanently ask questions about their own responsibility and that of their company. These people with their own convictions are the basis for successful and sustainable entrepreneurial action. This should not be confused with the management tools available to these people in companies. It is not primarily decisive for success which sustainability code or standard is applied, but which people can use the instruments in what degrees of freedom in order to give their convictions a professional form in and through the company. First, the company needs people who act out of conviction and get the chance to do so with consistency in and for the company!

Before dealing with sustainability management and sustainable management, the first step is a self-assessment based on the following questions: How mature is our corporate culture with regard to a holistic concept of responsibility that goes beyond monetary considerations? Which system of meaning shapes our corporate ethos and where does it become visible? Do values management modules already exist in the company that can be credibly linked to the consideration of sustainability issues? What is the motivation behind dealing with sustainability issues? Do we have a critical mass of intrinsically motivated people in terms of sustainability efforts within the company?

## 2 Creating Purpose: Values for Now and Tomorrow

In the German-speaking world at the turn of the millennium, values management was disseminated, standardized, and professionalized primarily through the so-called ValuesManagementSystem as an approach of the Centre for Business Ethics (ZfW). ZfW was the research institute of the German Business Ethics Network (Deutsches Netzwerk Wirtschaftsethik – DNWE) and until 2013 was under the scientific leadership of Josef Wieland, who disseminated his approach to values management through the institute, provided consulting services and carried out certifications. The core objective of this approach is to “provide a sustainable safeguard of a firm and its development, in all dimensions (legal, economic, ecological, social)”<sup>1</sup> as an example of the typical function centering of values management at this time. This values management system according to a standardized basic scheme was used at BASF, Fraport, Deutsche Post and the Bavarian construction industry, among others. Wieland describes and shapes the identity of a company with the help of values categories: Performance values, communication values, cooperation values and moral values.

The approach described here is typical of an instrumentalistic understanding of values management that, from today's perspective, must be described as no longer being in line with the challenges of these times, since its one-sided orientation makes it unsuitable as a holistic foundation for sustainability. The egocentric safeguarding of one's own company or organization as the main objective of active values management does not take into account the systemic integration of companies and their employees into the complex world with all its challenges to the extent required.

The following table provides an overview of the development of values management from function centering towards a differentiating purpose centering.

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<sup>1</sup> ZfW (2007) “ValuesManagementSystem - Standard & Guidance Document”, Weingarten 2007, p. 4



Table 1: From Function to Purpose Centering: Values Management Paradigms

	<b>FUNCTION CENTERED</b>	<b>PURPOSE CENTERED</b>
<b>target set</b>	Safeguarding of the company (legal, economic, ecological, social). <b>Function centering in the foreground.</b>	Utilization of a specific value culture to realize a concrete corporate vision. <b>Purpose centering in the foreground.</b>
<b>methodological core</b>	Connection of compliance & value orientation, targeted behavior control through <b>self-commitment &amp; commitment to specified values</b> . Education in functional value-compliant behavior.	Value orientation <b>as a</b> separate sanction level to expand the minimum morale, behavioral coordination of intrinsic motivation through discourse-ethically designed context control. <b>Reinforcement of desired, already existing values</b> with the participation of central stakeholders.
		Compliance requirements are largely uniform throughout a specific industry (e.g. Corporate Governance Codex) => Compliance alone does not allow differentiation.
<b>value portfolio</b>	<b>Balance of previously defined value categories</b> , which often cannot be precisely differentiated => Danger of levelling organizational values peculiarities.	<b>Selection from currently available values</b> (values-SWOT), <b>uniqueness of</b> the organization, use of path dependency, strategy change due to values restrictions may be necessary, no use of levelling values categorization.
		Empirical identification of relevant values taking <b>into account ideological &amp; worldview conditions of</b> central stakeholders and target markets. => Differentiating <b>values selection as an essential work step.</b>
<b>dynamism</b>	Permanent <b>development process with fixed values.</b>	Permanently <b>institutionalized reflection</b> and targeted discourse-ethical <b>development of the set of values in</b> the context of the respective company.
<b>implementation</b>	Values management as an additional certifiable profession.	Holistic/integrative <b>implementation into existing processes</b> (no new, separate management system) and <b>supplementation of existing instruments.</b>
		Values-oriented reflection of existing core processes, without additional or parallel system, ensuring organizational integrity and avoiding schizophrenia trap.
<b>verification</b>	Proof of implementation through <b>(re)certification.</b>	<b>Credibility attribution of the core stakeholders</b> as an essential touchstone. Permanent management transparency as a core issue (e.g. by means of a responsibility/sustainability report). Initial <b>certification only optional</b> as a transparency component of change to a holistic management approach.

The sustainable utilization of a specific and with core stakeholders discourse-ethically worked out unique values culture beyond an externally given values scheme for the realization of a concrete corporate vision is in the foreground of professional values management supporting today's sustainability paradigm. Instead of the instrumentalistic function centering, the differentiating purpose centering takes place. Values management is no longer just a means to an end of safeguarding earnings, but an essential design factor of the entire corporate reality and market relationships. As a rule, legal requirements are uniform throughout the given industry. Easily copyable and predominantly legally shaped compliance management alone, which as a MUST has its justification, therefore does not enable strong differentiation in competition. The purpose-centered values orientation as a separate sanction level, which as an extension of the minimum compliance morale integrates as a matter of course, is a compelling addition. Behavioral coordination of intrinsic motivation takes place by strengthening desired and already existing values with the participation of central stakeholders in discourse-ethical coordination processes. Context control within the framework of existing and current management processes in the company is the first choice for that.

The fixation of a differentiating values set requires the selection from a current ACTUAL values culture and consciously considers the uniqueness of the organization. This differentiating set of values is based on the insight that above all in saturated markets with largely homogeneous goods and services a unique corporate culture that cannot be copied represents an indispensable soft asset - also as a basis for strong brand values. The focus is on the unique interplay and combination of values against the background of a clear corporate vision and mission. Through permanently institutionalized reflection and ongoing discourse-ethical development of the values set in the context of the respective company and the integrative implementation of the SET values in all existing processes, organizational integrity is ensured in the long term and a schizophrenia trap is avoided. An essential touchstone for a functioning implementation is the independent attribution of credibility to the core stakeholders. Can the values really be experienced and seen in actions? Does the unique combination of values of the company inspire business partners, employees

and other stakeholders in such a way that they become fans of the company? Answering these questions with Yes is the most relevant touchstone and much more valuable than an often extremely costly and repetitive values management system certification of a consulting firm. The success test focuses on long-term management transparency against the background of a visible corporate ethos. These include regular responsibility and sustainability reports as well as customer and employee surveys and multistakeholder dialogues. A specific certification of the values management approach is merely a non-obligatory option of external attribution as a possible further transparency building block for the new holistic management model of the company.

### 3 Growing Values with good Soil

Values growth requires fertile soil and an easily understandable model to describe the foundation of values and their behavioral effects. Values are primarily something invisible, which has an influence on the visible results of entrepreneurial action, and which must be considered in parallel with other factors influencing company! The foundations for the visible behavior of human beings can not only be found in the behavior itself, but are rooted in conditions that shape actions, which often require a second, complementary and deeper look in order to be recognized. Thus, values are part of the initially hidden resources in companies since these are only expressed in concrete action or inaction. In order to develop values, a fertile ground is necessary, which as a group-related moral or culture-related ethical SHALL is the most important basic prerequisite for the development of a strong corporate ethos. This is illustrated with the help of a thought model with several levels in analogy to a potato plant.

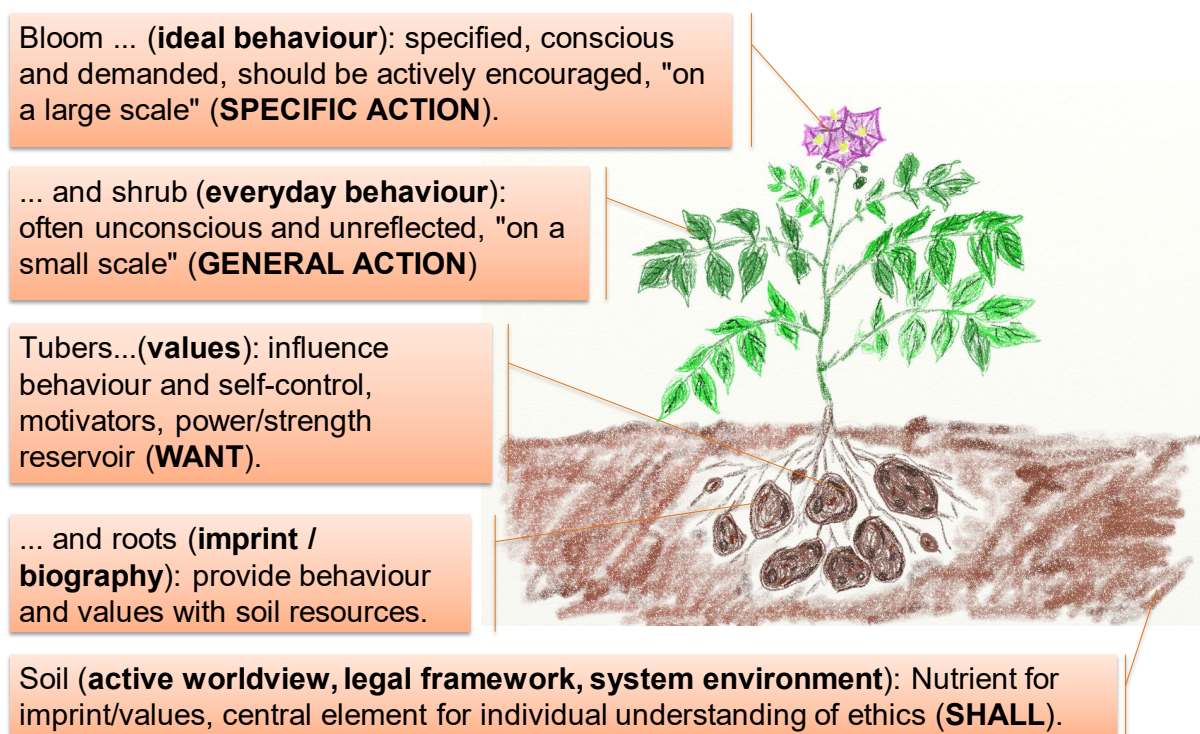


Figure 1: The Potatomodel: Shall, Want & Action in a Values Ecosystem

The potato tubers represent the values that are initially not visible in the soil and must first be specifically uncovered for examination. However, the tubers are not roots, but thickenings of the shoots. As the storage organ of the plant, they contain its starch and absorb its nutrients from the soil via roots. The blossom of the potato plant embodies the specific and ideal behavior, which is in focus in companies by means of values management and various incentive systems. This desired behavior is consciously and precisely specified in professional organizations, is actively promoted with various instruments, and represents the final goal of the efforts. All too often, it is overlooked that this ideal behavior is directly connected with the everyday behavior of people. The habitual behavior, which often breaks out in unobserved and stressful moments, often remains unreflect and unconscious and is embodied by the shrub of the potato plant.

The last immediately visible model element is the soil in which the plant grows and is rooted. In this soil as a systemic framework for the values we find the nutrients for individual values. Soil as a conglomerate of individual active worldviews, normative legal frameworks and the direct system environment has a decisive influence on the prevailing understanding of ethics and sustainability and is crucial for which values can or cannot develop growth. The invisible tubers are symbols for the values with their inherent power as a reservoir of strength for behavioral coordination, motivation and intrinsically founded WANTING. They are rooted in the soil via the respective imprints and individual biographies and are fed from it.

This model makes clear that a fit of all factors is necessary to achieve sustainable behavioral change and that values growth necessarily requires a suitable soil in addition. It is therefore doomed to failure to start only with the visible behavior and the rules for it, if the supporting values foundations do not simultaneously experience a change - with acceptance of the needed time realistically necessary for this change. Roots that are not properly anchored offer no resilient orientation and have no sufficient strength for action.

## 4 Levels of holistic Values Management

The motivational core of people is the meaning and purpose of their actions: What is the purpose of the organization, the company and the actions of the individual? What is the heart of the organization beating for? Profitable business is a necessary, but not a sufficient condition to answer the question of purpose of a company for people. The purpose of a company's existence is to make a meaningful contribution to socially defined challenges. Sales and market share targets thus take a back seat as ancillary conditions and the company's purpose takes center stage. In this context, values are discussed, formulated, actively marketed and used as a resource for personal and cultural development within companies. Where do these values come from, where is their origin? What gives companies and their employees their orientation and in what context does it develop?

As shown in the potatomodel, the values foundation is decisive for which values can grow in the company and which corporate ethos they can shape at all. Values are fed by and embedded in the prevailing framework and the ideological imprints lived out by people in the company. Worldview is a heart's attitude, a fundamental orientation of the heart. This is not only to be understood cognitively and rationally, but also emotionally, intuitively – psychologically influenced and spiritually shaped. Worldviews can be distinguished by explaining basic assumptions about the fundamental questions of life. On the one hand, they become visible in the behavior lived out, for example through spiritual actions such as prayer or meditation and can thus be empirically investigated through approaches of behavioral economics. On the other hand, they are recognizable in a classification and assessment of the behavior of other people according to the individual's understanding of reality. What is unusual about working with worldviews is that they can be real or unreal, conscious, or unconscious, consistent, and logical in themselves, or contradictory and completely illogical. Nevertheless, they are often a non-reflected basis for the individual sense of meaning and the individual values of people.<sup>2</sup>

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<sup>2</sup> See Sire (2015): "Naming the Elephant: Worldview as a Concept", IVP Academic, Downers Grove 2015 for defining and describing worldview.

The diversity of the hearts of the people in the company results in different approaches to the understanding of meaning and purpose in the respective organization. This diversity of worldviews is a treasure! Their explanatory thematization makes decisions understandable and sometimes predictable for third parties, because an atheist who mainly believes in science will reflect differently than a Hinduist with his spirituality or a Christian who believes in Jesus. The knowledge of this is an advance in understanding and at the same time an admission of the limitations of one's own categories of thinking that are conducive to innovation. It makes possible to stand on solid ground while reflecting on one's own worldview and at the same time let others choose their own reasoning system. If we see companies and organizations as communities of meaning with their own philosophical glasses as filters of perception for their environment and with a specific construction logic depending on the intersection of existing worldviews that is collectively perceived as true, we can catch and describe the organizational rationality, which is differentiated in many ways internally.<sup>3</sup> The aim here is to convey, translate and create bridges between the existing construction logics and worldviews through shared values that are perceived as meaningful and essential for the organization. To do this, it is necessary on the one hand to make ideological imprints visible in their diversity and to accept or affirm their behavioral characteristics in the company as well (e.g. in the form of lived out spirituality in the company). On the other hand, it is important to identify values that can be reconciled with the respective imprints and that are suitable for goals of the company. Such values portfolios can significantly improve the ability of companies to work towards their purpose together. The risk of blindness to the company decreases, market changes due to changes in values are perceived more easily, the innovation potential increases due to discourses of conflicting systems of meaning and the ability to connect to various surrounding systems of the organization is improved.

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<sup>3</sup> See Schedler (2013): "Multirationales Management - Der erfolgreiche Umgang mit widersprüchlichen Anforderungen an die Organisation", Haupt Verlag, Bern, 2013, p. 61 ff.



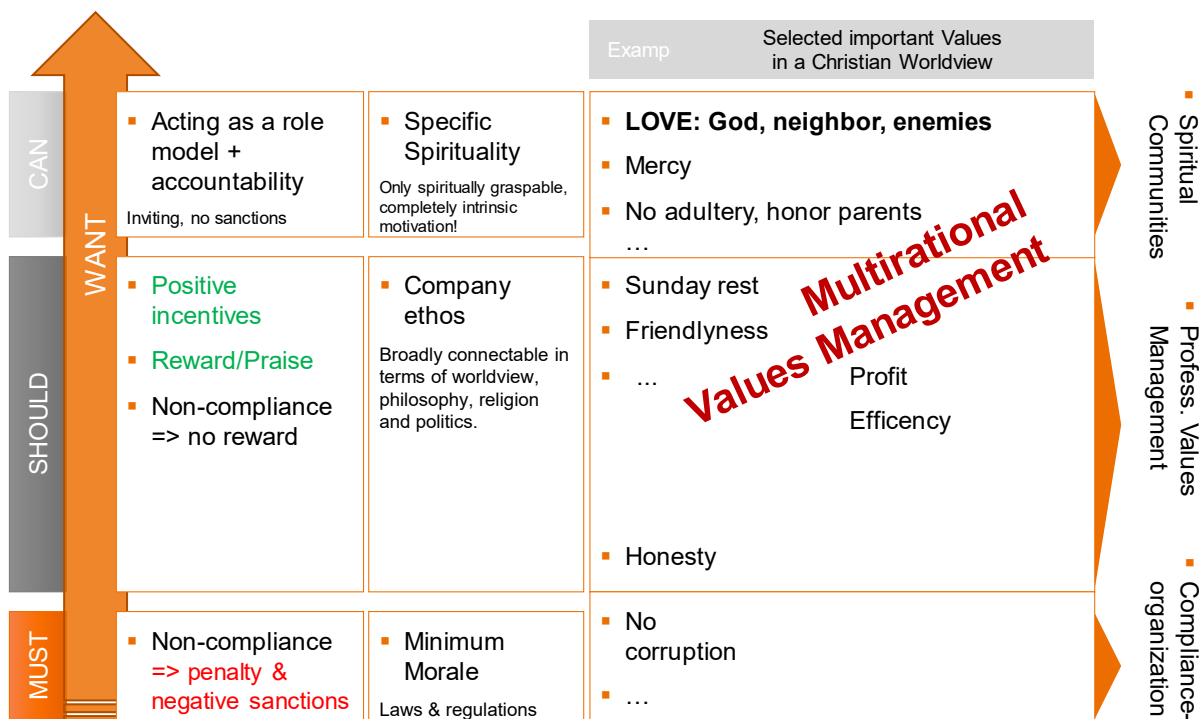


Figure 2: Levels of holistic Values Management

The values set of employees resulting from a particular system of meaning is a valuable resource for a company. Holistic values management considers that values perceived as important by the individual are consciously or unconsciously based on a specific worldview. Thus, the values are accompanied by a specific type of spirituality based on this worldview. This specific form of spirituality must be given so much space as a resource of value-oriented self-control that organizationally desired values are strengthened and can unfold. In the understanding of a holistic values management, the aim is to identify the values being already part of the individuals' worldview and above all to actively develop and promote the values that are particularly important for the company, as well as to ensure a mandatory minimum moral in the sense of compliance. Holistic values management therefore comprises at least three levels, which merge smoothly into one another in corporate practice.

#### 4.1 Minimum Moral Standards

The compliance organization existing in every larger company is a first starting point for addressing the minimum moral standards required in the company.



This results from the normative framework of the company and can be expressed in the form of values in addition to detailed codes of conduct. This is also referred to as the integrity approach in compliance management. The violation of this set of values requires consistent sanctions based on legal necessities, so that this minimum moral standard is anchored as an imperative in the company or the respective area of the company.

## 4.2 Corporate Ethos & Culture Management

Based on this, increasing values-oriented self-control results from a smooth transition to the desired “SHOULD”. This area of the SHOULD requires active and human-centered professional values management in order to create a differentiated corporate ethos from the use of individual value imprints. The ethos has to be ideologically broadly connectable and at the same time strategically target-oriented. In this area, the multi-rational context of justification for specific values must be considered and respected, which makes the individual actively living out the values. Not all employees can and must fully demonstrate every value of the SHOULD in their behavior. This reduces the pressure to perfect compliance and at the same time ensures the ability to discuss in the company about value rankings for specific questions, which protects against operational blindness. Incentives in the form of positive sanctions of various kinds must be created for particularly values-compliant actions, so that every employee is motivated to activate his or her personal value strengths for the company as a resource with an individual experience of success and acceptance.

## 4.3 Spiritual Community

In order to be able to tie in with the intimate meaning of life as a ground of values of the employees, rooms for spiritual community as a “CAN” are necessary. In these rooms, employees reinforce each other's value resources and make them available in the company as spiritual capital. Normally employees find this opportunity extremely appreciative and pleasant, so that their sense of purpose is linked to the company and becomes a breeding ground for the intrinsic motivation to actively live out goal-oriented values. This can be

achieved through spiritual communities and community building, be it through religiously shaped spaces such as prayer communities or meditation groups, or simple and low-threshold spaces for employee sports groups or other offerings that require and promote appropriate acceptance of specific values (e.g. team spirit). These offers aim at the personal development of employees and in particular of leaders. They must be kept free of sanctions of any kind and require a healthy understanding of diversity, plurality, tolerance, and mutual acceptance.

## 5 The Values Management Cycle: A Model from Practice

The core of the company's ethos are visible values of people in the company itself. These describe and determine its long-term social basis of existence and unfold only in accordance with the purpose and vision of the company. Purpose and vision of the company are therefore not to be found in general and thus interchangeable functional business objectives, which must be achieved through values management, but at best touch on the sense and sustainability perception of employees and customers alike. This challenge must be actively shaped through meaningful values management and ensures sustainable corporate dynamics that keep pace with the change in values within the company and its environment. Based on Erpenbeck/Sauter 2018/2020<sup>4</sup> and taking into account the previous explanations Values management is the permanently institutionalized, regularly reflected and sustainable utilization of a specific values portfolio for the differentiated realization of an organization's purpose. As a system of targeted measures, values management identifies, reflects, changes, and implements or preserves a specific values portfolio in a targeted manner to promote the realization of a concrete corporate vision. In its normativity-oriented function, values management makes particular use of discourse-ethical procedures to do justice to value dynamics at the individual, team-related, organizational, and environmental levels and to respect people's individual freedom.

For this purpose, a values management model must have a reflexive and circular structure to master this dynamic continuously. Once started, it becomes a matter of course to deal with the corresponding questions in the company on a recurring basis and thus to tie in with changing social values, even before these are normatively defined in the form of laws with a corresponding time delay. One such model is the values management cycle, which consists of 12 elements of active reflection and design. Depending on the degree of development of the corporate culture and already absolved elements, it is possible to enter the cycle at any point. This works best with an internal project team with

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<sup>4</sup> See Erpenbeck/Sauter (2018) „Wertungen, Werte – Das Fieldbook für ein erfolgreiches Wertemanagement“, S. 4 ff. und Erpenbeck/Sauter (2020) „Werteerfassung und Wertemanagement“, S. 25 ff.

significant involvement of the management level, which strives for continuing the cycle permanently without external support and the need for external impulses. Existing building blocks and activities in the company can be incorporated into the practical application of the management model at any time so that investment in preparatory work already carried out for cultural and organizational development in the company are safeguarded.

## 5.1 Value Basis

The first step is to identify the existing values base in the company. In practice, this step is all too often simply skipped, or the values are regarded as just already given. In the worst case the enterprise orients itself according to the value understanding of few top leaders equipped with organizational power and externally influenced by marketing or management consulting suggesting values, which are then simply set and regarded as relevant. Such an approach usually does not reflect broad enough social reality and thus the values potential actually present in the company, but leads from the outset into a dreaming farce, which, if at all, can only coincidentally correspond to the actual values regime in the company.

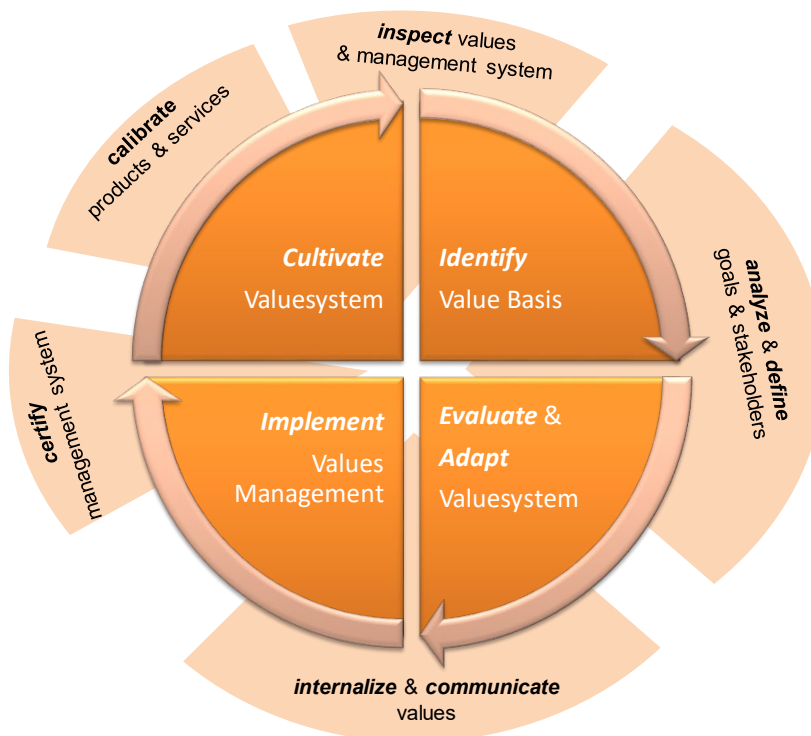


Figure 3: The Values Management Cycle

Values in the company should be lived broadly by all people, which is why it is essential to link up with the existing values in the workforce. Even with the most sophisticated change management methods, people are not easy to transform in their own moral understanding. Values cannot be acquired anew easily by adults. However, it is possible to activate already existing values that are founded at an early stage through education and socialization. If the aim is to realize human values in a way that can be felt from within, it is necessary to link up with this existing morality. According to the potato model it is an essential difference whether people try to show the desired blossom in their working environment solely based on extrinsic motivation factors or whether this blossom of ideal behavior and action fits the entire shrub harmoniously and is fed permanently by the strong value tubers and roots in the appropriate soil and developed intrinsically motivated. For this reason, it is imperative to take the individual moral understanding of the employees seriously and to take it into account honestly.

Here it becomes clear that the necessary normativity in purpose-centered values management can only be achieved through a process of discourse ethics in the corresponding environment. It requires self-assured leadership to engage in the moderation of a truly open and transparent values identification process, because the two extremes of the possible insights could not be more different: On the one hand, the values portfolio existing in the relevant workforce can fit perfectly with the corporate strategy that may already have been fixed and would thus greatly simplify the further course of the values management process. On the other hand, however, it can also be recognized that the values regime that has been made visible and is generally firmly anchored in the workforce runs completely counter to the corporate strategy that has already been fixed.

The aim of this step is to ascertain the current state of the employee's values and to **identify** the current **value base**. With qualitative and quantitative methods of social empirical research, the existing value regime can be mapped, for example, through surveys, participatory observation, document analysis, mapping of rituals, etc. During this process, it is discovered which values are currently particularly relevant for the workforce, which value definitions already

have a largely uniform understanding within the company and which values can currently not be found in the company. The complete mapping of this existing values system is the starting point for later conscious culture sharpening and change. Particularly important for the acceptance of the results in this step is the consideration of the abundance of all values contributed by the entire workforce, values from the company history and essential values of other core stakeholders. In order to become able to carry out an assessment of the values portfolio, an analysis of the values concepts of the customers and possibly other relevant stakeholder groups in the company's most important markets is just as necessary as a defined vision and the description of corresponding strategies. The two strategy-relevant tasks of **concretely defining the company's goals** and also **defining and analyzing** the relevant **stakeholders** are prerequisites for taking the next step in the values management cycle.

## 5.2 Value System

The next step is **evaluating the value system identified in the company**. The values now made visible are put to the test in order to identify strengths and weaknesses and to find starting points for meaningful adjustments and additions. In this step, the existing values are generally compared with the strategic goals and vision, with the values of the customers and other key stakeholders relevant to the company and with the values deemed necessary for the highest possible success potential in the markets relevant to the company. It is important that the understanding of success here is not limited to peculiar management variables but is determined largely by the vision and purpose of the company. The fit of the values must be evaluated based on its possible contribution to success: Which values are helpful or even indispensable? Which values are essential for which goals, markets, brands and stakeholders? This is not just about individual values, but about the design of a complete and coherent set of values that allows the company to differentiate, at the same time uses, and further expands the existing value strengths in the company. The derivation of an optimal values portfolio is carried out with help of an essentiality matrix for the preselection and evaluation of suitable value sets.

The prevailing **value system needs to be adapted in a** meaningful and target-oriented way. This is done by focusing on a selection of already existing, particularly accepted values and the inclusion of additional, goal-related, indispensable values. A few values that are yet not anchored sufficiently in the workforce can be included in the optimal values portfolio at this stage, so that the prevailing culture is adapted. However, these values require arguments for connectivity and proximity to already accepted values in order to be accepted. With these assessments, the question “How should and do we want to be and act?” is jointly discussed within the company and a portfolio of particularly important values is fixed for the company. The discussion culminates in the determination of approx. three to ten top values, to which the company and its employees are then actively committed.

### 5.3 Values Management

Once the value set currently valid for the company is fixed, the actual **values management** must be **implemented** to create fertile ground and growth potential for the selected values throughout the entire organization. It is now a matter of **internalizing the values in the behavior of** people and the entire organization as obvious guideline. To achieve this, a further analysis and definition step is required: The values must be linked with defined behavior anchors, so that concrete behavior descriptions are available for each of the values, which can be specified for individual corporate divisions with their respective peculiarities. In the end, for each value there is a clear and measurable description of what behavior corresponds to the realization of the respective value in the company. These descriptions are also created in a multistakeholder-driven discourse ethics environment, jointly prepared and sharpened. A proven procedure for this is the creation of ordinal-scaled behaviorally anchored rating scales with mandatory participation of the most important external stakeholders together with employees of the company. With these descriptions, the values set is explained in a declaration of basic values, the adoption of which can be solemnly staged in the company, e.g. with company management and employee representatives. The declaration of basic values can then become an integral part of any employment contract. From this point on,

it will be possible to **communicate** the **values** with their associated behavioral descriptions **internally and externally**, because a uniform understanding of the value set is established with the declaration of basic values. The declaration must be provided with a resubmission date that enables the company management to put it to the test again in the values management cycle and, if necessary, to adjust the value set or the associated behavior descriptions. The declaration of basic values serves for the preparation or adaptation of all guidelines and documents that are required in the company and that influence behavior. From management guidelines through quality and environmental standards or sustainability goals, the declaration of basic values must be used as a reference all over the organization. Communication must now be consistently geared to all communication instruments (e.g. values events, awards for particularly praiseworthy behavior, press releases, CSR/sustainability reports, etc.) making appropriate reference to at least one of the basic values. This strengthens the perception of the company in its differentiation as a values-oriented actor.

The internalization of values in the dominant management system must now begin in each division. It is important here that values management is not implemented as an add-on with additional units and responsibilities according to a predefined scheme, but that the persons responsible operationalize the monitoring and adherence to the declaration of basic values with existing management instruments in all corporate units. For this purpose, the respective division and department heads must make sure, that the prevailing value orientation is mapped in each division with a catalogue of specific measures. If a Balanced Scorecard exists, values dimensions must be integrated. If there is a guideline for employee appraisals, it must be expanded to include values dimensions including relevance for performance bonuses. If sales training is available, it must be rebuilt based on the values dimensions. Team meetings must deal with questions of values in a documented manner. These are just a few examples of how an implementation can take place. The implementation and control of this far-reaching change in day-to-day management at all levels must be permanently monitored and reflected by the top management. The values management system, similar to the declaration of basic values, can thus



become a unique instrument of the company. It is not to be understood as an artefact or any further standard business function. It is difficult for competitors to copy the values set due to its inseparable connection of value-oriented acting persons with the company-individual organizational structure.

If, from the management's point of view, the specific value orientation is fully anchored in the **management system**, it can be helpful to have this part of the management system externally checked **for permanent and holistic values anchoring** and thus to **certify** it once. The certification functions as an optional transparency module of the changed holistic management approach and for obtaining a judgement of uninvolved professionals on the completeness of the implementation. Under no circumstances can certification replace the credibility attribution of the core stakeholders or even generate this credibility attribution when understood as a marketing method. For this reason, certification is not always necessary. Against this background, certification must in any case take into account the verifiable experience of values orientation by customers and the consistent implementation in all areas of responsibility relevant to the respective purpose of the company.

This only works if the management system to be certified has already been in use for a longer period, since a snapshot directly after the changes described above can hardly have any significance. Such certification therefore requires not only a professional understanding of values and their management, but also in-depth experience with the respective industry and the relevant markets. This cannot be achieved with standardized checklists, which are still used in the consulting market for values management system certifications. In particular, certification cannot relate to the normative validity of the values set or provide a credibility attribution for individual values. A negative example of such an attempt is the fairness certificate issued by DQS GmbH in 2013, which claimed the sovereignty to define the relevant criteria and their weighting of the value “fairness” for the private loan business for itself.<sup>5</sup>

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<sup>5</sup> See Bolsinger (2014), „Europaweit erste Fairnesszertifizierung im Ratenkreditmarkt: Lässt sich Unmögliches ermöglichen?“

## 5.4 Values Cultivation

In order to **cultivate the values system**, a consistent and everyday implementation in all processes, areas, services, products and thus in all the actions of the company is necessary. At this stage of the values management cycle, it is necessary to penetrate the company with the fixed values completely with the help of the existing instruments and to put all processes on the “values test bench” and change them if necessary. The following question is in the foreground: How do we develop values-related consistency and sustainability in all aspects in order to ensure our sense of meaning in its uniqueness over the long term? This step also includes values-based reflection and checking of all products and services produced by the company for consistent values adjustments. As a rule, in this step it becomes apparent at some points that the operationalized values are not yet fully lived out in all processes and that the corresponding **processes, products and services** must therefore be **calibrated**. The analysis method used to adapt products and services must be simple and transparent to make use of the power of the entire workforce once again in a discourse-ethical manner, regardless of the subject and degree of training. The use of a values matrix has proven its worth: Process steps or service steps and product aspects are made visible in detail in the columns, while the individual values to be considered are listed in the rows. Then, in each column, the degree to which the respective value is fulfilled must be assessed from the point of view of employees and customers. Adjustments must be derived to ensure that every step in the process or service and every aspect of the product credibly reflects all the values.

The consistent application of strong values promotes differentiation through visible action. At this stage of the values management cycle, the sharpened corporate ethos often leads to the most important and tangible improvements for customers, up to a complete paradigm shift. At this point, at the latest, depending on the set of values, initial discussions on the realization of sustainability aspects are likely, and thus receive a sound justification from the corporate ethos itself, in contrast to activities only based on external reporting regulations.

This ideal of self-examination and reflection is also relevant for the adaptation of the values system to changed ideas in the customer base and other stakeholders. Reflection in the enterprise must be installed as a permanent mechanism, by regularly triggered dialogues with appropriate groups of stakeholders. This ranges from the discussion of internal and external reporting, the organization of multistakeholder forums, participation in specific networks, the establishment of a customer or values advisory board and other instruments to ensure that future-relevant issues are identified, discussed, and reflected. **Values and the values management system must be regularly reflected on an institutionalized basis.** This is the only way to recognize when the values management process requires an update of relevant customers' and employees' values and which process steps become necessary again and to what extent in order to take account of the dynamics in the social context of the company.

## 6 Credible Values: Key Factor for Sustainable Management

Contemporary values management, which forms the basis of all sustainability in corporate management and of all credible sustainability management, takes into account holistically visible and ostensibly invisible factors from people and organizations. Embedded in the basic understanding of questions of meaning of all actors, it remains a values-related permanent task to manage and further develop the unique values portfolio within the company, which optimally connects and supports the strategy, in a discourse-ethical and reflexive manner.

Purpose focused values management requires time and unfolds its effect only from within the heart of people and the organization. The run through the values management cycle shown requires from three to seven years. It primarily requires people within the respective company who take on this management and leadership task in a targeted manner and continue to do so in the long term. This service cannot be outsourced, because as one of the most important core competences it touches, shapes, and must reflect the foundations of the company or the corresponding organization continually. Companies that can refer to such a self-developed understanding of values have a unique credibility and have the best prerequisites for successfully transforming towards a culture of sustainability that is broadly accepted in the long term.

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