

**Values in Leadership and How it Affects Organizational  
Culture**

**Excerpt From Dissertation**

**by**

**Lawrence S. Ruddell**

**© 1994**

## I. INTRODUCTION

Organizational culture is recognized as one of the key components of effective organizations (Bettinger, 1989). Particular values form the foundation of the organizational culture. The values of key leaders, leaders with the higher level positions in the organization, play an important role in determining which particular values are adopted by others in the organization (Schein, 1988). The values of key leaders can be viewed in two ways: their personal values and how these relate to organizational values; and how they communicate those organizational values to other members of the organization (Randall, 1989).

The research question focuses on the basic values of key leaders in organizations. Schema theory suggests that people in organizations form basic beliefs about the organization depending on which values are communicated, for example, during orientation; which values are stressed during special ceremonies; and which values are rewarded (Deal and Kennedy, 1982). However the issue revolves around whether one agrees with Simon (1989) that the basic values of subordinates in organizations tend to be formed from propositions that reflect the values of key leaders and are passed down as they represent stated purposes of the organization, or with others that the basic values of subordinates emerge from the elementary sensations of all those in the organization and that formal, propositional organizational values statements have little effect on organizational climate. This study will investigate the former perspective.

The questions then become: is there a relation between the actual basic values of leaders and the values of the organization as communicated through the purpose statement? Given leaders that have a high relation between personal values and the stated values of the organization (those that are contained in the written organizational purpose statement):

- Do they tend to communicate those values more often?
- Do members of the organization have a more positive reaction to the organizational culture?

## II. LITERATURE REVIEW

Organizations are complex entities. They are influenced by leadership structures, personnel, product deadlines, government requirements, markets and financial responsibilities, among other things. Randall (1989) mentions four key elements in describing organizations (in evaluation): productivity, concern for people, organizational culture, and adaptability. He also points out that all but the first have been shown to be indicators of future productivity.

Given the complexity of organizations, it is difficult to identify which elements are more important than others. Obviously there is an interactive effect and no one element can stand alone. However, it can be argued that of all the ingredients that must be considered in analyzing effectiveness in organizations, one is most important in determining the long-term success of the organization: the corporate culture or *organizational climate* (McCoy, 1985).

## **Corporate Culture and Values**

The importance of corporate culture cannot be overemphasized. As Bettinger (1989) asserts: "Of the key factors that contribute to sustained high performance, none is more important than a strong positive corporate culture." (p. 38) Organizational culture can be defined as: "... a social force that controls patterns of organizational behavior by shaping members' cognitions and perceptions of meanings and realities, providing affective energy for mobilization, and identifying who belongs and who does not" (Ott, 1989, p. 69). According to Siehl and Martin (1984), organizational culture:

1. Provides shared patterns of cognitive interpretations or perceptions, so organization members know how they are expected to act and think;
2. Provides emotional sense of involvement and commitment to organizational values;
3. Defines and maintains boundaries, allowing identification of members and nonmembers;
4. Functions as organizational control system, prescribing and prohibiting certain behaviors.

Ott (1989) states that a fifth function of organizational culture may be true; that "... organizational culture strongly affects organizational performance" (p. 68-69). Bettinger (1989) concurs that there seems to be a link between corporate culture and performance. "Of the key factors that contribute to sustained high performance, none is more important than a strong positive corporate culture" (p. 38).

Bettinger (1989) identifies 12 key components of corporate culture. These include:

1. Attitude toward change
2. Focus
3. Standards and values
4. Rituals to support values
5. Concern for people
6. Rewards and punishments
7. Openness, communication, and supervision
8. Conflict resolution
9. Market and customer orientation
10. Excitement, pride and esprit de corps

11. Commitment

12. Teamwork.

When considering organizational culture, one part appears more critical than others, the importance of individual values. As McCoy (1983) puts it: "Individuals who operate from a thoughtful set of personal values provide the foundation for a corporate culture" (p. 108).

In the last several years, organizations have expressed concern about a lack of focus on values. It seems that public interest in values is at an all-time high (Andrews, 1989). In 1985 alone, the Wall Street Journal published over 400 articles on illegal or unethical corporate practices. Articles and books, courses on basic values, leadership seminars on ethics, all underline the importance of the topic to business (McCoy, 1985). Interest has grown for several reasons: ethical deterioration in corporate America (Srivastva, 1988), heightened standards of performance applied to most societal institutions, genuine concern of many executives for the well-being of society, and the fact that corporate executives want to be good on their jobs (McCoy, 1985).

Values are of basic, foundational importance to an organization. McCoy (1983) argues: "Organizations that do not have a heritage of mutually accepted, shared values tend to become unhinged during stress, with each individual bailing out for himself" (p. 106). When an organization considers evaluation in any form, the chosen values of that organization dictate *which* areas are evaluated and *how* those particular areas are evaluated.

It has also been argued that an organizational emphasis on values pays off in better organizational performance (Robin and Reidenbach, 1989). For example, Ricklefs (1989) reports that a group of 152 Christian-based companies were studied and when compared with other companies in their fields grew significantly faster in every standard measure of productivity: return on assets, net sales, number of employees, and value of net assets. Three aspects of values must be addressed if an organizational culture is to have a healthy foundation (Randall, 1989):

- Carefully thinking through the basic values of the organization,
- Communicating those values,
- Making those values a priority in the day to day operation of the organization.

The first two of these three areas will be addressed in the following sections.

### **Thinking Through Basic Values**

As mentioned, a number of authors have emphasized the importance of values in organizations. However, there can be some confusion over the basic concepts involved. What is the difference between values, basic values, basic beliefs, and ethics? Is the distinction important?

To understand organizational values, we must first understand values. *Values* can be defined as: an assessment of worth gained from past influences and expressed in our life choices (Stayton, 1985). The study of values, axiology, has its roots in two philosophical disciplines addressed by the ancient Greeks: metaphysics (the nature of reality) and epistemology (how we know). Viewed broadly, axiology includes the study of aesthetic values (what is beautiful) and ethical values (what is good). Ethics, thus, plays an important role in defining values. The word "ethics" comes from the Greek word ethos meaning "customs" or "habitual conduct" and, later, "character". Ethical theories strive to address the questions: "What is good?" and "What is right?" (Stayton, 1985). Ethics is concerned with imperatives and "oughtness" and reflects an organization's underlying philosophy and its concept of values. The word "morals" has a similar meaning except "ethics" describes what people ought to do, while "morals" merely describes what people actually are doing (Sproul, 1986). For the individual, ethics refers to " ... the guidelines or rules of conduct by which we aim to live ... " (Cadbury, 1987, 69). For the corporation, ethics involves regulating the values associated with company procedures and having this awareness affect policy (McCoy, 1985). It is easy to see why confusion can result when using the term values as it applies to organizations. As explained above, the term values normally has referred to particular attitudes and types of behavior based on a particular ethical emphasis. Thus, the values of an organization may refer to what particular ethical issues are most important to that organization. In some instances, however, the meaning of the term values has changed to refer to what is important to a particular individual or group of individuals, regardless of its basis in some kind of larger ethical system. For the purposes of this paper, values will refer to the former, ethically-based view, while the term relative rules will refer to the latter view. Basic values will refer to the three to five (normally) values which form the basis for a particular organization's organizational culture.

A deeper issue must also be addressed to fully understand the role of values in organizations. What is the basic philosophical perspective behind those values? It is very difficult to construct rules of conduct for every particular situation that might occur in an organization. There are more basic perspectives that influence the particular values choices that are made in an organization (Robin and Reidenbach, 1989). These basic perspectives can be called big beliefs, schema, underlying assumptions, core values, world views, or basic beliefs. Unless these basic beliefs are addressed, analyses of basic values (often as reflected in the organization's philosophy statement) will be truncated. This problem cannot be overemphasized. As Mill (1962) states: "From the dawn of philosophy, the question concerning ... the foundation of morality, has been accounted the main problem in speculative thought, has occupied the most gifted intellects, ... And after more than two thousand years the same discussions continue ... " (p. 251). Drucker (1986) underlines the problem as it applies to the economic realm when he states: "The real disease is the absence of any foundation of knowledge and system for tackling the economic tasks in business."

Schein (1988), in his work on organizational culture, summarizes how the analysis of basic values might be diminished by ignoring basic beliefs. He advocates three levels of organizational culture.

- Level 1 - Artifacts; focus on the basic day-to-day behavior of the organization, what is carried out and what is not carried out;

- Level 2 - Values and beliefs (ethos, philosophies, ideologies, ethical and moral codes), focus on the basic way of thinking about what is important that drives the behaviors (or artifacts);
- Level 3 - Basic underlying assumptions; focus on the big philosophical views about man, God, how we know, what is good. The individual is usually unaware of these issues.

Schein goes on to talk about the importance of analyzing the three levels for understanding organizations. He states that Level 2 elements can be unreliable in describing true organizational culture because there is often a divergence between 'espoused values' and 'values-in-use' in organizations. An analysis of basic beliefs will often account for why there is a divergence of values in an organization. However, the measurement of basic beliefs can often be more difficult because the individual is often unaware that she holds a certain value in an organizational setting.

To understand how these basic beliefs can be addressed, we first must analyze some of the disciplines that have influenced the evolution of values in corporate culture to date and the corresponding philosophies that have vied for attention in the field.

Several different philosophies and schools of thought have contributed to the study of values as a part of organizational culture. They include cognitive social psychology; social constructionism (a subset of sociology); and learning theory (Ott, 1989). Robin & Reidenbach (1989) mention two conventions that they think govern current thinking in moral philosophy as it affects the values in an organization. They are deontology and utilitarianism. Deontology is the theory of moral obligation or commitment due to some principle that is true for all times and situations. Utilitarianism is the philosophical doctrine that considers the immediately useful as good or worthwhile.

Keesing (1974) describes two other approaches to corporate culture: adaptationist (what is directly observable about members of a group) and ideationalist (what is shared in minds; including common beliefs, knowledge, meanings, and ideas). Aristotle's Golden Mean encourages a social responsibility perspective (concern for others). Srivastva (1988) also seeks to encourage social responsibility rather than pursuing that which is immediately expedient. Nash (1981) suggests common sense based on consensus as a basis for organizational values. He does not, however, stipulate which philosophical perspective might determine the basis for "common sense." Velasquez, et. al. (1989) mentions three possible perspectives that he believes some people take when analyzing values in corporate culture:

- i. Utilitarian approaches - judge behavior by effects on the welfare on everyone,
2. Approaches based on rights - personal entitlements of individuals (a' la bill of rights),
3. Approaches based on justice - fair distribution of the benefits and burdens imposed by an action or policy.

Feldman (1989) presents a different perspective in his description of the effects of Protestantism on organizational values. He characterizes this approach as one in which religious values encourage one to be 'inner-directed' because of an internalization of eternal ideals. It

differs from other approaches in that it places its focus not on the individual, the greatest good of the group, or even basic universal standards understood by reason, but on unchanging truth that has been revealed and is internalized based on a relationship with the Creator.

Traditionally, philosophers have examined ethics in two broad categories: naturalism and idealism (Henry, 1979). Naturalism holds several basic tenets (Henry, 1979, p. 23): 1. Nature is the ultimate reality,

- Man is essentially an animal,
- Truth and right are intrinsically time-bound and constantly changing.

Idealism emphasizes (Henry, 1979): "... the priority of mind and values, and emphasizes the reality of the spiritual world" (p. 22). Idealism also sees man as greater than the animals "... due to his capacity for self-transcendence and reason (Henry, 1979, p. 161)."

Idealism in modern times can best be reflected in the work of Immanuel Kant (Henry, 1979). Kant argued that the basic ideals that all people live by are considered 'universals' but not necessarily absolutes. Kant argued that the world is composed of two realms: the noumenal and the phenomenal. The noumenal consists of ultimate truths. He asserted that these truths can be inferred by reason but cannot be experienced by the senses. Thus we cannot know anything positive about noumena, but we can know that there must be noumena. Kant is difficult to understand at this point, but it can be argued (Sproul, 1988) that the practical results of Kant's beliefs concerning the noumenal can result in an attitude by many people that universal truths are beyond the ability of humans to understand because human beings are finite and do not have the capacity to know exhaustively.

Despite the difficulty with understanding universal truth, Kant appeals to noumena for his ethical system. For example, one moral command that is obligatory for all rational beings and which cannot be established by experience is the need to treat others according to one's own values system. This ethical principle that Kant professes can be applied universally is termed the categorical imperative: "So act, that the rule on which thou actest would admit of being adopted as a law by all rational beings." This principle suggests that people should act in such a way that others are treated as you would be treated (Sproul, 1988). In practicality, the categorical imperative and other observable ethical injunctions are not necessarily absolutes because each individual is autonomous and must sort out the particular application of each values statement. The important point in Kant's ethics is to have a proper motive in making moral choices; taking action not on the basis of personal gain, but out of duty to what is right regardless of consequences.

Modern Naturalism is reflected in the Utilitarianism of John Stuart Mill. He focuses his values system on the principle called the Greatest Happiness Principle: the greatest good for the greatest number. Mill agrees that there are certain general principles of morality, but thinks that they are abstractions. Precepts for daily living are built by the reason interacting with observation and experience (Mill, 1962). One might say that the reason is deified. "Good" is that which brings happiness and pleasure. As Mill argues (1962): "... actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness

is intended pleasure, and the absence of pain ... " (p. 257). Mill goes on to argue that some pleasures are more appropriate than others, by appealing to earlier utilitarian writers. Values are worked out not on the basis of duty but on the basis of personal pleasure.

Author	VS.	
Robin & Reidenback	Deontology	Utilitarianism
Keesing	Ideationalist	Adaptationist
Velasquez	Rights/Justice	Utilitarianism
Feldman	Inner directed	Outer directed
Henry	Idealism - Kant	Naturalism - Mill
Simon & Craig	Language/Logic	Heuristic/Search

Figure 1 The Philosophical Contrasts of Organizational Culture

Emerging from these various philosophical analyses is one basic design that seems to echo these philosophical strains as they apply to current approaches to basic values in organizations. This perspective is schema theory.

## **Schema**

Schema theory has its roots in cognitive psychology, and is a relatively new emphasis in the arena of organizational behavior thought. It emerged from the works of several individuals who tried to trace the role of thinking in organizations as well as behavior. These individuals include: Vroom (expectancy theory); Locke, Shaw, Saari, Lather (goal-setting theory); and Mitchell, Greenwood (attributional theory) (Sims and Gioia, 1986). Simon (1989) adds several other influences: "... experimental and cognitive psychology, artificial intelligence, linguistics, philosophy (especially logic and epistemology), neuroscience, and some others (anthropology, economics, and social psychology will also come in for comment)" (p. 3). Simon (Simon and Craig, 1989) also acknowledges the contribution of Gestalt psychology, especially as it addresses the strategies that take place in complex reasoning.

The emphasis in schema theory is placed on the way people think. The stipulation is that contemplating one's own ways of thinking helps make thoughts and actions more productive in organizational settings. Specifically, a schema is (Sims and Gioia, 1986): "... a mental structure that serves to organize knowledge in some systematic fashion, often operating unconsciously (p. 9)."

Several terms explain the other facets of schema theory. According to Sims and Gioia (1986), a script (Sims and Gioia, "... supplies knowledge about expected sequences of events and then guides one's behavior so that it is appropriate to the given situation (p. 10).") Symbols



are also important to schema theory. They are " ... meaningful representations that convey understanding". The modes for communicating symbols include visual, verbal, material, and abstract (p. 11).

Simon notes a philosophical perspective that undergirds 20th century cognitive psychology (and schema theory): " ... the twentieth century also saw the rapid development of a formal theory of 'right reason' in the form of the theories of utility maximization and of Bayesian inference. We can regard these models of rationality ... as forming an important part of a normative theory of intelligence and hence of cognitive science ... " (Simon and Craig, 1989, 5).

Gioia (1986) speaks of the ideological basis for determining values in organizations. He argues that people in organizations are involved in a search for meaning in their work as they are in their personal lives. To understand behavior means to understand how people understand. Gioia (1986) notes: "Organizational members ... do not engage in a process of discovering some existing reality but of creating it and/or learning it from others who are mutually involved" (p. 51). Srivastva echoes this perspective as applied to training. Content must be presented in a way that relates to the individual's life experience. He states that: "Authority-based knowledge conveyed through the teacher/student relationship is inappropriate for learning integrative judgment ... Integrative judgment is based on a relativistic epistemology" (Srivastva, 1988, 84). Finally, dialogue is the suggested means of gaining integrity. Cadbury (1987) summarizes the quandary of defining a basis for values in an organization. He states:

There is no simple, universal formula for solving ethical problems. We have to choose from our own codes of conduct whichever rules we think are appropriate to the case in hand; the outcome of those choices make us who we are (p. 69).

It might be argued that current new age approaches to organizational development reflect Cadbury's ideological perspective. Characteristics of the new age seminar include (Groothuis, 1989):

- Visualization as the key to success,
- Strong emphasis on positive affirmation,
- Eastern forms of meditation under the label of "stress reduction,"
- Promise of life changing impact.

Steichen (1987, 39) pinpoints one weakness of the relativistic approach. It is the mistaken assumption that: " ... human beings learn what the good is without being taught, and that they always act in harmony with the good they understand." Chewning (1984) also argues against a relativistic approach to organizational values:

Culturally we are suffering from the ravages of a metaphysical cancer - a psychological rejection mechanism that questions the possibility of anyone's being able to know right and wrong in absolute terms. This in turn destroys a culture's ability to develop a consensus on matters of right and wrong, which results in ethical schizophrenia - many ethical faces. ... Our

growing ethical conflicts sap our energy, diminish our incentives, confuse our sense of mission, and introduce a note of pessimism into our projections about the future (p. 5 and 8).

He particularly argues against the scientific methodology determining values. His concern is that reality (particularly as it applies to organizational concerns - relationships, purpose, policy) is defined by relativistic methods rather than using the traditional method of addressing ontology - philosophical reflection and interaction. Overman (1989) reflects Chewning's concern when he comments on Byrd Press' purpose statement: "'Our goal is to create a good company, then we'll make money'" (p. 34). Chewning suggests that having an ethical, proposition-driven approach to approaching values in organizations is a better option. "But our ontological assumptions (ontology is the study of existence itself, such as, is there a spiritual reality, be it soul, God, or whatever) profoundly shape our self-identity, our sense of purpose, and subsequently our behavior" (Chewning, 1984, p. 6).

As has been argued by Henry (1979), ethics/values has traditionally been addressed philosophically in terms of naturalism and idealism. Current schema theory seems to reflect this contrast. Simon captures this distinction as he summarizes two basic views of cognitive science ... (Simon and Craig, 1989):

- Language/logic (thinking in propositions),
- Heuristics/search (thinking in images).

Language/logic reflects idealism in that it points to some standard that continues, while heuristics/search illustrates naturalism in that it assumes personal impressions as the basis for reflection. Both of these perspectives occur in organizations. Language/logic normally appears in an organization's purpose statement, formally declaring an organization's carefully penned values. Actual values (heuristics/search) in an organization can differ from the stated values. This reality can produce a challenge to the organizational culture. "Espoused values often serve important symbolic functions and may remain in an organization for extended periods of time even though they are incongruent with values-in-use, which can be used to predict what people will do" (Robin and Reidenbach, 1989, p. 60).

## **Ramifications for Organizations**

The most fundamental aspect of organizational culture that needs to be addressed if the ethical malaise of organizations is to be solved is a concern for the basic beliefs that form the core of the organizational culture (called organizational values). The starting point for meeting this important need is thinking through the organization's basic values: "As a precursor to the actual audit, top management must develop a well-defined sense of what the organization's culture should be" (Robin & Reidenbach, 1989, p. 64). This process is normally reflected in an organization's written statement of purpose. As several writers have argued (Conrad and Miller, 1987), groups need a set of values and performance that reflects those values if group integrity is to be maintained. The previous material has addressed the philosophical issues surrounding the choice of basic values. But the organizational issue of which person or what group of people determines an organization's basic values needs to be examined.

Ethical ideas for an organization come from a variety of arenas: organizational history, background of workers, concerns of the surrounding community, etc. However, the personal value preferences of management and owners and the communication of those values can play a major role in forming the basic values focus of subordinates in the organization (Andrews, 1989). "The instructions and guidelines given by senior members of the organization are probably one of the most potent sources [for establishing values]" (Schein, 1988, p. 56). Robin & Reidenbach (1989) agree and indicate that although these basic beliefs are often invisible to the top managers, they have a great impact on the attitudes and actions of the top managers. This is important because the values of key leaders are often the ones that are passed on during the organization's socialization process (Schein, 1988). Figure 1 summarizes this relationship between a leader's value system, the organization's values and a particular employee's actions. The Chief Executive Officer (CEO), in particular, plays an important role in shaping organizational culture (good or bad). "The vision and values of the CEO inform and infuse all else that goes on in the company" (Webber, 1987, p. 114). Leaders play an important role in strategic planning for an organization. Their values will be evident in every strategic decision that will be made (Andrews, 1989). McCoy (1985) argues that the reason the Japanese have enjoyed such great economic success over the last 25 years is that they take the time to understand their basic values and how those basic values will be worked out in a particular business decision they are making. They resist reacting to facts until they have decided on the right questions in light of their values. "To get the facts first is impossible. There are no facts unless one has a criterion of relevance" (McCoy, 1985, p. 471). Drucker (1989) echoes that success in business means: "... not how to do things right, but finding right things to do and concentrating money and resources on them" (p. 6). Leaders often act on the basis of deeply held values in ways they do not consider. These basic values are not beyond the understanding of these individuals but in the midst of a hectic, action-oriented daily structure it is easy to lose sight of the values behind those actions. Leaders who understand their values and work in situations where their values closely reflect the organization's stated values will tend to live out those values more consistently and have a more positive effect on organizational culture.

→ Basic beliefs of Leader

→ Values of Leader

→ Basic values of the Organization

→ Rules of Organization

→ Followers actions

Figure 2: Transition of Values in an Organization

The difference between espoused values and values-in-use can best be bridged by examining methods for passing on values. How are values passed on in an organization, and which values are passed on; stated or informal/heuristic?

## **Communicating Organizational Values**

Robin & Reidenbach (1989) comment that corporate culture can be explicit and implicit. There may well be a difference between the culture that is perceived by management and the one that actually exists in the minds of others in the organization. However, the more the organization has worked at imparting basic beliefs through a consistent socialization process, the more these basic beliefs will guide employee behavior. Common focus on goals and objectives that reflect an apparent worthwhile cause help a strong corporate culture. The most logical place to begin communicating basic values is in the selection process. If an individual embraces the basic values of the organization before entering that organization, the socialization process will be streamlined considerably (Weiss, 1989).

One other element is necessary to effectively develop organizational culture. The key leaders must consistently live out the values that are communicated. As Weiss (1989) puts it: "Situational ethics are no ethics at all. Employees emulate what they see, not what they're told" (p. 41). Problems result when what is valued by decree by the prominent leaders in the organization is not lived out in practice nor acknowledged lower down in the organization (Schein, 1988). As Kotter (1985) also argues, top leaders need to have more than a "desire to do good." They need to let "sound moral judgment" affect the way they carry out decision making in the organization.

Reward is also seen as important. When an action is rewarded in an organization, it will be seen as reflecting the true value system of the corporate culture even though it may conflict with stated values. Part of the socialization process involves providing rewards consistent with stated organizational values.

Robin & Reidenbach (1989) concur that the basis for the values of the organization come from the leadership of the organization and the experiences of its employees. If employees do not experience a concern on the part of leadership for basic core values, then the organization will tend to be dominated by the basic values of profit and efficiency, and organizational culture could suffer.

Values, and consistency with those values, play important roles in the formation of strong organizational culture. One of the important challenges of organizational leadership is to influence the corporate culture towards organizational goals and purposes (Schein, 1988). This is accomplished at a basic level by helping formulate and then passing on fundamental organizational values.

The challenge is that it is not uncommon for a leader to lose ethical focus as she progresses through the organization and faces the pressure of greater and greater responsibility (Schein, 1988). The solution lies not in attempting to remake the values of people in the organization directly (Robin & Reidenbach, 1989). "Business should not try to directly influence social values of individuals. The impact that it has should be indirect, developing naturally out of living with organizational values" (Robin & Reidenbach, 1989, 28). The solution can reside in the willingness of management to analyze themselves, their own values, and how those values might impact the rest of the organization (Robin & Reidenbach, 1989). Oldenquist (1979) gives three basic principles to embrace when addressing ethical issues:

- Accurately communicate the novelty of a different idea. Don't communicate the new idea as if it is generally accepted.
- Give fair attention to responses by employees. Do not teach dogmatically based on bias rather than reason.
- Acknowledge the presuppositional basis for the ethical discussion.

## ***Research Questions***

The research questions focus on the basic values of key leaders in organizations. Schema theory suggests that people in organizations form basic beliefs about the organization depending on which values are communicated, for example, during orientation, which values are stressed during special ceremonies, and which values are rewarded. However the issue as to how one forms these attitudes revolves around whether one thinks, as Simon points out, that basic values in organizations are formed from propositions that reflect values of key leaders and are passed down as they represent stated purposes of the organization; or that basic values emerge from the elementary sensations of all those in the organization and that formal, propositional organizational values statements have little affect on organizational climate. This study will investigate one facet of the former perspective; that organizational culture is improved when there is a relation between the stated values of the organization and the values of key leaders.

The questions then become:

1. What is the relation between the basic values of leaders as determined by the Allport Study of Values and the values of the organization as communicated through the purpose statement?
2. Do leaders with a relatively high relation between their basic values and the stated values of the organization tend to communicate those values more often to subordinates?
3. Do subordinates tend to have a more positive reaction to the organizational culture when they work under leaders with a relatively high relation between the leader's basic values and the stated values of the organization?