

PERSONAL VALUES, CORPORATE STRATEGIC ORIENTATIONS AND PERFORMANCE

Evidence from the Nigerian Banking Industry

Abstract

The ultimate corporate consequences of man are grave. As a corporate resource, he designs the strategies require to secure a strategic fit with the environment and secures profitable performance. This study investigated the relationship between human personal values and corporate strategic orientation and performance. It was found that different personal values orientations have varying implications for corporate strategic orientations; and that theoretical values orientation is not positively consistent with growth performance dimension. Therefore, it is recommended that as corporations need to change strategic orientations in response to environmental changes such strategic realignment must be matched with individuals whose value orientation in consistent with the demand impose by strategic shift.

Keywords: Personal values, Corporate strategic orientation, Performance

Introduction

The process of management is essentially a social one because it involves the interrelationship of people at work. It is through the human effort termed management that non-human resources are made productive. Indeed man's managerial actions largely initiate and regulate, at least to some degree, the nature, gravity, scope and rate of changes that take place within an enterprise. In essence, the ultimate corporate consequences of man are grave.

Consequently, in the competitive world of commerce, enterprise management is in search of individuals who can lift their organization above mere performances and sub-optimal goal achievement to super-performance and extraordinary profit. A common phenomenon over the years is the demand for years of experience during recruitment and selection of individuals when filling vacant positions. It is argued that experiences garnered over the years will reduce the likelihood of hiring individual who might turn-out to be a burden to the

organization in terms of job performance. Or, that could make the enterprise deficient in terms of capacity for integrating corporate intellectual, creative capacity and skills with market demand.

Admittedly, experience has its place but the past is rarely duplicated in the future. Furthermore, the pace of technological advancement and other environmental changes question experiences alone. The fact seems to be that accumulated knowledge and intellectual skills play significant role in managerial assignment but as suggested by Guth and Taguiri (1965) there appeared to be interdependence among these variables and individual's personal values. Even in the interpretation, distillation and deployment of experience and accumulated knowledge, personal values play a great moderating role because we essentially look at the world through the glass of our values (Rezsosazy, 2001) In terms of managerial behaviour, personal value serves as determinant and guidelines for decision making and action. It serves as standards for evaluating and rationalizing the propriety of individual and social choices (Kast and Rosenzweig, 1985). People behave in accordance with their values and as dictated by their value system (Noe and Wright, 1996). According to Guth et.al in situations of choice between 'tempting' or equally 'reasonable' options our personal values, along with other factors clearly determine our choice. These propositions are relevant when we consider that choices and decisions in management affect organization's future and shape the course of enterprise prosperity.

Extant case studies have demonstrated that executives' values can affect strategic choices they make for their business (Andrew, 1971). Ian (1982) had reasoned that in the absence of viable degree of consensus on a set of goals and policies, each manager tend to make decisions and behave in accordance with his own concept and values system. Even for large corporations, Pearce (1982) observed that the company's mission described the firms' product, market and technology in a way that reflects the values and priorities of the strategic decision makers. Therefore, at the foundation of the company or at the core of the philosophies that shape the strategic posture of a firm, are the personal values of owners and strategic decision makers. According to Ling, Zhao and Baron (2007), the impact of founder CEO personal values on new ventures performance could be theoretically predicted on the basis of congruence theory. Indeed, in the context of strategic decision maker there is introduced the concept of personal value and standards. Strategic decision-making is a process of balancing corporate opportunity, resources, personal and corporate aspirations. This process involves the assessment of environmental opportunities and threats and matching same against availability and use of corporate resources. It is reasonable to deduce that decisions on such internal and environmental assessment must eventually, consciously or unconsciously involve application of personal value judgment.

Therefore, the overall purpose of this present effort is to examine the nature of relationship that exists between managers' value orientation and the strategic orientation of their enterprise with specific reference to the Nigerian Banking

industry. We seek to explore the effect of the varying system of managers on the orientations of the corporation. The questions to answer are: are managers' choices of corporate strategy related to the personal value orientation? And, since strategies are normally designed for goal performance and values influence strategic choice one, could justifiably ask whether managers' values are related to corporate performance?

Theoretical foundation

According to Rokeach (1973), value is an enduring belief that specific mode of conducts or end state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence. It refers to principles for ordering consequences' or alternatives according to preferences (Hambrick and Brandon, 1988). More succinctly, values relate to views held by individuals concerning 'oughtness' of behaviours (Melgino and Ravlin, 1998).

Ling, Zhao and Baron (2007) suggested that entrepreneur value, that is, personal values...can be implanted into the organizations' culture and influence team of employees. According to Bjerke and Polegato (2006), the role of personal values in explaining human behaviour has been of interest to researchers. Again, evidences exist that value and value-guided managerial behaviours are relatively stable **across** time (Hambrick, et.al, 1988; Simsek, et.al, 2005). Indeed, extant case studies have demonstrated that executives' value can affect strategic choices they make for their business (Andrew, 1971;

Guth and Taiguiri, 1965; Pearce, 1982). The following hypothesis is therefore proposed

Ho: Managers' personal values orientation is related to corporate strategic orientation

It is suggested that executives' value system influences the structure and strategy of an organization. Given the implication of organizational structure and strategic choices for the firms' growth and development congruence researchers have expected that organizational leaders would have individual impact on firms' performance (Miller and Friesen, 1982; Hatton and Raymond, 1994). We therefore further hypothesized that:

Ho: Managers' values orientations are related to corporate performance

Personal values have attracted research interest in the past decades. Values, according to Rokeach, are organized into instrumental values (desirable mode of conduct; means to achieve an end) and terminal values (desirable end states). However, Hambrick, et.al argued that classical models of personal values such as Rokeach's (1973) and Allport, Vernon and Lindzey's (1960) seem too general and did not fit into organizational settings. In their place, they classified executives' values into six dimensions of collectivism, novelty, duty, rationality, materialism, and power, which according to them have more organizational relevance.

Ling et.al investigated two dimensions of Hambrick's et.al values classifications: novelty and collectivism. They found that collectivism exerts stronger beneficial effect in older and large firms whereas novelty is of more

benefit in younger and smaller firms. Comparatively, however, most of the variables in Hambrick classification seem to find location within Spangers' earlier classifications of values. According to Spranger, personal values that managers and others have can usefully be classified into theoretical, economic, aesthetic, social, political and religious values orientations.

Strategic orientation

Strategic orientation of business is a multidimensional construct (Ventraman, 1989). Accordingly, he identified six important dimensions of strategic orientation relevant to this study. These orientations are however pre specified:

Aggressiveness: This orientation is focused at improving market position faster than competitors. It may take the form of improving competitors' position in the short run. Product innovations and or market development are examples of actions in this realm (Miles and Carmeron, 1982). High investment for market share and competitive position are some of the components of this orientation.

Defensiveness: This orientation emphasizes the preservation of the company's product, market and technologies. Cost reduction and efficiency seeking method are manifestation of this orientation.

Analysis: Enterprises overall problem solving posture, for example, searching deeper for the roots of the problems to generate best possible solution alternative is captured in this orientation. Internal constituency in overall resources allocation for a defined objective(s) is strictly emphasized.

Pro activeness: This is evidenced in term of new opportunities search that may or may not be related to the present operations, product innovation and introductions ahead of competitors and manner of managing the enterprise product in mature of declining stage of the product life cycle.

Futurity: Generally, strategies have the future in mind; the question however is how far into the future is a strategy considerate? This dimension reflects temporal consideration reflected in key strategic decision: long term versus short-term consideration (Venkatraman, 1989). Enterprise emphasis on sales forecasting and consumer preferences forecasting reflect this orientation.

Materials and Method

The design utilized for this study was motivated by the nature of the research. Purposive and convenience sampling method was adopted in line with the methodological suggestions of Miles and Hoberman (1994) and Long, et.al (1999). In all, samples were drawn bearing in mind the organizational level of the officer or respondent. The study employed a descriptive survey research design involving the description of salient human values, strategy and performance variables.

The instrument utilized was a structured questionnaire with the design of the questionnaire benefiting immensely from extant literatures. A total of two hundred (200) questionnaires were administered to a convenience sample of respondents (officers and managers from the banks studied). One hundred and seventeen (117) responses were reasonably and adequately completed and

returned resulting in a response rate of 59%; twenty three (23) were returned unfilled and sixty (60) were not returned.

The questionnaire for this study has three parts. The first section was focused on examining respondents' value orientations. These questions were based on Eduard Sprangers value classification and respondents were to respond by rating on a Likert fashion the degree to which they value each of the six personality descriptions for themselves. Two or three items were utilized in describing salient traits of each of his value classification. The value orientations considered in the questionnaire includes:

Theoretical values: *persons with this orientation mostly highly values being rational, logical, critical and intellectual; they are interested discovery of principles and rules that explain how.*

Economic values: practical, industrious, businesslike, and wealthy; chiefly interest in practical affairs of business, efficiency and survival.

Social value: values of being tender, kind, helpful, and unselfish; his interest is sympathy and service; and

Political values: power, might and control are his chief interest; he values being strong, influential authoritative and renowned.

The second part of the questionnaire relates to the second elements of the study, that is strategic orientation. However, rather than uncover dominant strategic dimensions through data analytic methods, we decided to specify the dimension a priori. Deriving from Venkatraman works, five relevant dimensions of strategic orientation were specified and considered in this study: aggressiveness,

analysis, defensiveness, futurity and pro-creativity. Each orientation was measured using a multi-item, which satisfied the same set of measurement criteria for each dimension of each of the orientations. Respondents were also to rate in a Likert fashion the extent to which they as members of their organization values those dimension in their current operations, or with the knowledge of hindsight, the extent to which the organization has pursued critical dimension of an orientation in the past till the present.

Growth and profitability were the performance criteria focused in the final segment of the questionnaire. The purpose in this section of the questionnaire is to permit the respondents from an insider view to reflect on the performance trend of their organization in terms of market share and market share gains, sales performance and gains and financial liquidity position relative to competitor.

Data analyses were both descriptive and analytical involving the computation of both correlation coefficients and regression while holding strategic orientation as a function of personal values.

Results

This study is now reported on and the report is divided in two parts. Part one details the relationship between strategy dimensions and managers' personal values, while part two focuses on the link between business performance dimensions and value.

Relationship between strategic orientations and managers' personal values

An examination of the relationship between strategy dimensions and value orientation suggests that positive relationship exists between these variables (table1). Aggressive dimensions which largely reflect the market share seeking behaviour of these banks have low but positive associations with value orientations. The strongest association is with managers political orientation that is, the managers orientation towards seeking power, influence and recognition, including managers behaviours seeking to influence decisions made at higher level at $r=.30$; $p<0.01$. Three other dimensions analysis, defensive and pro-activeness show higher correlations with managers' value orientation

Table 1 Correlation between variables

<i>Strategic orientations</i>	<i>values orientation</i>			
	<i>Theoretical</i>	<i>Social</i>	<i>Economic</i>	<i>Political</i>
<i>Aggressive</i>	.241**	.228*	.216*	.301**
<i>Analysis</i>	.529**	.476**	.477**	.440**
<i>Defensive</i>	.518**	.425**	.536**	.555**
<i>Futurity</i>	.278**	.262**	.263**	.229*
<i>Pro-active</i>	.483**	.522**	.500**	.399*

**Correlation is significant 0.01 level (2-tailed)

*Correlation is significant 0.05 level (2-tailed)

The analytical orientations of these banks is well correlated with theoretical values ($r=.529$, $p<0.001$) and managers economic values orientation; $r=0.477$, $p<.01$. The study conceives analytical orientation in terms of enterprise formal planning and evaluation of alternatives. This correlation score, in view of the fact that planning is an intellectually demanding exercise, seems somewhat expected. Furthermore, when analysis orientation was related as a function of

value orientations, that is, as a dependent variable with value orientations (theoretical, economic, social and political values orientation) as the independent variable; theoretical orientation seems to have more effect on this strategy dimensions. Specifically, it has a standardized beta coefficient of .249 ($\beta = .249$, $t = 2.407$, $p = 0.01$). Economical values could also be a determinant of this strategy the beta score in, nonetheless, less significant statically at $\beta = .176$, $t = 1.847$, $p = 0.05$

Defensive orientation, which is more evident in terms of emphasis on cost reduction and efficiency seeking methods, is equally well correlated with values dimensions; particularly with political value ($r = .555$), economic values ($r = .536$), and theoretical values orientation ($r = .518$). The fairly strong beta coefficient of .35, $t = 4.378$, $p = .001$ for the managers' political values orientation does point to this strategy dimension being linked to this orientation in a rather strong manner. The same thought seem applicable also to the managers' economic values orientation ($\beta = .273$, $t = 3.050$, $p > .001$). However, defensive strategy shows more linkage with managers' political values.

Regression results	Defensive orientation			Analysis orientation				
Values	beta	coeff.	t-value	sig.	beta	coeff.	t-value	sig.
Analysis Values orientation	.201		2.072	.04	.249		2.407	.01
Defensive Values orientation	.020		.210	.83	.151		1.516	.13
Futurity Values orientation	.273		3.050	.00	.176		1.847	.07
Pro-active Values orientation	.350		4.378	.00	.202		2.362	.02
	R ² .453, df:4 F: 23.172 sig.00.				R ² .376, df:4 F: 16.884 sig.00.			

Proactive strategic orientation which here describes enterprise continuous search for market opportunities and product innovations is more related to social values

orientations, that is orientations' toward maintaining emotional ties to close friends. The nature of the banking service or the service industry in general which is basically regard men as ends and building active relationship (customer relationship) as an important component of enduring profit provide the justification for this relation. Proactive strategy dimension has correlation coefficient scores of $r = .522$ with managers' social values orientation. The standardized beta coefficient score of .264 is indicative of the critical role that managers social orientation plays with respect to enterprise proactive strategy. A correlations score of $0.5, \beta = .229, p > 0.01$ of this strategy dimensions with managers economic values orientation reinforces its role in the choice of proactive strategy.

Professional managers are often criticized as being short sighted and pre-occupied with what promotes their career advancement rather than shareholders interest. Preoccupation with short term returns rather than long term perspectives in corporate decisions are sometimes cited justification for the viewpoint. Therefore futurity is one dimensions of strategy considered in this study, in any case, strategies are meant to bridge the enterprise present position to a desire profitable future. In this study, a futurity dimension, which reflects temporal consideration, reflected in key strategic decisions has a rather low relationship with all the values dimensions. In all the cases, the correlations score was less than 0.3. In addition, the standardized beta coefficients in the multiple regressions were lower than 0.2 and none appeared statistically significant. The weak beta score and 'r' seem to buttress earlier argument of

managers concern for short-term rather long term return when he/she possibly may not be occupying positions in the organization.

Regression results	futurity orientation			proactiveness orientation		
	β coeff	t-value	sig.	β coeff.	t-value	sig
Theoretical value orientation	.116	.940	.35	.127	1.225	.22
Social values orientation	.094	.78	.43	.264	2.650	.01
Economic values orientation	.109	.956	.34	.229	2.307	.02
Political values orientation	.098	.958	.34	.149	1.735	.09
R ² :.108, df:4 F: 3.391 sig.01. R ² :.373, df:4 F: 16.682, sig.00.						

Relationship between personal values and Performance

This study went beyond exploration of relationship between managers' personal values and strategy dimensions to examining how managers; personal values is related to performance of the bank. The reasoning is, if managers' personal values provide an insight to business strategic leanings and choice, can we possibly infer probable performance giving executives values disposition? Performance was defined in the study in terms of growth and profitability. The performance trends in terms of sales gain and market share is conceptualized as growth performance dimension while profitability dimensions is reflected in how efficient is the current performance.

Performance Dimensions	values orientation			
	<i>Theoretical</i>	<i>Social</i>	<i>Economic</i>	<i>Political</i>
<i>Growth</i>	.337**	.434**	.497**	.500**
<i>Profitability</i>	.402**	.423**	.304**	.527**

***Correlation is significant at 0.01 level (2-tailed)*

**Correlation is significant at 0.05 level (2-tailed)*

Regression results	Growth			Profitability		
	β coeff	t-value	sig.	β coeff.	t-value	sig
Theoretical value orientation	-.117	-1.14	.02	.113	1.06	.29
Social values orientation	.204	2.06	.23	.212	2.07	.04
Economic values orientation	.317	3.33	.00	-.036	-.37	.07
Political values orientation	.344	4.04	.00	.409	4.65	.00
R ² : .379, df:4 F: 17.09 sig.00. R ² :.34, df:4 F: 14.395, sig.00.						

Some interesting results are discernable from our analysis. Managers' value of political orientation has implication for both performance dimension, that is, growth and profitability. The positive and significant β of .344 $p=.001$ and the 'r' value of .5 suggest the critical role of managers' political orientation in growth seeking behaviors of the banks. Of interest also is the importance of economic values orientation to growth performance β .317, $t=3.325$, $p=.001$ and r of .497. A negative β value of -.117 for theoretical values orientation suggests that some growth seeking behavior may be opposed to the empirical critical and rational reasoning to the theoretical man.

For the profitability performance dimension: a positive and statistically significant β of .409 $p=<.001$ reflect the intensity of influencing all fronts in order to ensure the success of profit seeking actions and tactics. It is noteworthy that managers' social values have a positive association though less significant effect than political values on profit behaviours.

Managerial Implications and Conclusion

This study has highlighted a number of issues that are relevant to management. It clearly indicates that managers' personal values really do count for corporate strategic orientation and performance. The study reveals an interesting relationship between managers' personal values and enterprise strategic orientation and performance. Thus, it will be interesting to explore some salient dominating values that individuals possess that might underlie managers' impact on organizations strategy and consequent performance.

Both the strategic orientations and performance variables considered show relatively strong association and varying degree of associations or relationship with personal values variables. That is, these values have differing impact on each of the strategic orientations; thus inferring that some values dimensions are of more relevance in the pursuit of certain strategic leaning for the organization than others. Therefore, there exists a need for an assortment of personnel stock with different values orientation. It is also necessary for management to employ instruments in the recruitment and selection process that permit an insight into the value orientations of new entrants. This seem necessary as enterprise contemplate recruitment into the managerial cadre where involvement in far reaching decisions will be reasonably soon after joining the organization. It is in this light that corporations whose portfolio of business demand different strategic orientation or the need to vary orientations in response to environmental changes will need to find personnel whose personal values are well aligned with the demand imposed by their orientations shift thereby avoiding unplanned recruitment or personnel wastages due to premature retirement due to a change in venture direction.

In management, contingency theory depicts a situational approach to management, therefore issues of organizational design and management style require understanding the prevailing condition. Adopting similar reason, one may suggest that no one employee may be well suited for the pursuit of all strategic orientation a company chooses, rather it may be required to modify managers values through specific interventions. The problem, however, is that this could be a long and rather difficult process which in any case may be consciously or unconsciously restricted. Environmental changes may demand a change in strategic orientation in order to secure acceptable performance. The need for performance would demand that managers personal values match or align with requirement of strategy within the environment and condition faced by organization are most likely to succeed.

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