VALUES, ORGANIZATIONAL CULTURE AND ORGANIZATIONS

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How do values affect the way we do business? The answer cannot be simple, but it may be narrowed down somewhat by building it around three important concepts; in the order in which they are discussed here, these are values, organization and organizational culture.

VALUES IN SOCIETY

Values are beliefs, convictions and goals. An individual has a set of values. Most of these values will be shared by the group, community, or society that s/he belongs to, and will be part of the larger culture. Whether in the individual carrier or in the group, values are many and are arranged in some hierarchical fashion and in some means-ends relationship. The lower-level values are the ones that are more easily observed. For instance, in the description of Philippine values that is outlined below, the use of euphemistic language can be observed in concrete behavior more easily than the higher-level value that is called "smooth interpersonal relationship," or SIR. Euphemistic speech is also intended to achieve smooth interpersonal relationship.

What we know about values and their influence on behavior in Philippine society may be best represented in the writings of the anthropologists Frank Lynch, S.J., and F. Landa Jocano; the psychologists Jaime C. Bulatao, S.J., and Virgilio G. Enriquez; and the sociologist Mary Racelis Hollnsteiner.

Lynch's earliest contribution is an essay on a complex of core Philippine values. They are presented in outline form below from a later edition of the publication (Lynch 1973). The central and deep-seated values are italicized and close to the left margin. The subsidiary values that are more easily observed are indented and appear close to the right-hand margin.

> *Social acceptance.* To be accepted for what one is or thinks oneself to be, and to be treated in accordance with one's status.
> *Smooth interpersonal relations* (SIR). Facility at getting along well with others.
> > Pakikisama. Concession.
> > Use of euphemistic language. Stating an unpleasant truth pleasantly.
> > Use of go-between. Facility for avoiding bad feelings. Remedy for existing state of tension.
> *Sensitivity to personal affront* (amor propio)
> *Hiya.* Uncomfortable feeling that one is in a socially unacceptable position.

Bulatao, in turn, found four important values from his sample of factory workers. In order of importance, these are (Bulatao 1973:93-118): (1) emotional closeness and security in the family; (2) approval by the authority figure and by society, authority's surrogate; (3) economic and social betterment of the individual and his/her family; and (4) patience, suffering, endurance in the face of forces that are difficult to overcome and that bring about poverty, injustice and sickness.

In another study, Bulatao focuses on *hiya*, which he defines as (1964:424-38) "a painful emotion arising from a relationship with an authority figure or with society, inhibiting self-assertion in a situation which is perceived as dangerous to one's ego. It is a kind of anxiety, a fear of being left exposed, unprotected, and unaccepted. It is a fear. . . a loss . . . of something perceived as more valuable than life itself, namely, the ego, the self."

Racelis Hollnsteiner begins to explain the well-known value of *utang na loob* by placing it in a larger system of reciprocity, which she defines as (1973:69-91) "that principle of behavior wherein

every service received, solicited or not, demands a return, the nature and proportion of the return determined by the relative statuses of the parties involved and the kind of exchange at issue." Then she lists three types of reciprocity, which may be viewed here as points in a continuum. *Utang na loob* reciprocity is largely a transaction between one person and another which has a significant emotional content, where the terms of repayment are implicit and where unwillingness to pay is a source of *hiya*. At the opposite end of the continuum is contractual reciprocity, corresponding to the more purely business transaction. Quasi-contractual reciprocity—more businesslike but not quite the same as the *utang na loob* or the purely contractual type of reciprocity—occupies an in-between position.

These were among the important initial works (written in the 1960s and published also in the later editions used here) on Philippine values. They contributed a number of important concepts on values to the many that are now in use and gave them technical currency.

Later on, Enriquez (1978) would take what he considers as an indigenous direction and present his own formulation of values centered around *kapwa*, or the "unity" of the 'self' and 'others'". More recently, Jocano (1997) developed a formulation which features *pamantayan* as the all-embracing concept for the values-framework, and as lower-level values, *halaga* or the evaluator set of values; *asal* as the expression set; and *diwa* or the spiritual set.

VALUES IN ORGANIZATIONS

There are other writings on values, of course. But those mentioned above identified important values, put them up front for further scrutiny, and made them points of departure for examination of values manifested in various aspects of Philippine social life. Not surprisingly, they were found to be prevalent as well among participants in those human groups that are called organizations, defined by one textbook writer as (Hall 1996:30):

> . . . a collectivity with a relatively identifiable boundary, a normative order, ranks of authority, communications systems, and membership coordinating systems; this collectivity exists on a relatively continuous basis in an environment and engages in activities that are usually related to a set of goals; the activities have outcomes for organizational members, the organization itself and for the society.

The business organization is the particular grouping that is of interest here. But there are other examples as well: labor unions, government bureaucracies, armies, etc.

Do values affect the way organizational participants behave? Of course, they do. Writers of management literature have, in fact, taken some of the identifiable values, interpreted them in their own way, expanded the list, and integrated them with the discussion of management principles.

Tomas D. Andres is one such writer. He has produced at least ten volumes relative to the operation or use of Filipino values. In one volume (Andres 1988) explains how a similar understanding of Filipino values could result in more fruitful negotiations "between management and workers [by] achieving more unity and understanding, particular[ly] [in] times of crisis." In another he suggests (Andres 1995) how management could function more effectively in motivating workers, and in inducing greater productivity through understanding and use of these values. Andres has also compiled a *Dictionary of Filipino Values;* however, it is not explicitly focused on explaining organizational behavior.

Andres' presentation of Filipino values and how a manager is supposed to use them is illustrated in one of his later books, *The Effective Manager* (1995:100-101). First, he asserts that values play an important role in various parts of the management process. Then he identifies the values in their local terms (e.g., *ningas kugon, pakikisama, hiya, kanya-kanya*) and in what process of management (planning, organizing, executing and controlling) these values come into play. He next introduces the notion that each value has "positive and negative polarities," and admonishes the manager to "bring out the positive polarity of these values." Thus, relative to the *sama* value that he takes as an example, he would advise the manager to emphasize the positive *may pakisama* (with brotherhood), *tapat*

makisama (honest in relationship), *matatag na samahan* (strong relationship), *sang-ayon sa samahan* (conforms with the group) and *mabuting samahan* (good relationship).

Ernesto A. Franco is another writer of management books. He has not been as prolific in writing about values as Andres. But his work shows careful reflection, his prescriptions are close to concrete situations, and he is careful in acknowledging previous work that contributes to his writing. The following comment on personalism in organizations conveys the way in which he integrates his knowledge of Filipino values with his message to the manager (Franco 1986:36):

> Filipinos are very personalistic in their ways: to them, *mas importante ang* loyalty, commitment, *pakikisama* (loyalty, commitment, camaraderie are more important) rather than nonpersonal traits like efficiency or effectiveness. The latter are not clear to *Pinoys*. What bosses and subordinates understand are feelings, sympathies, expressions of support, *bolahan* (flatteries), *suyuan* (courting), feel and touch. But if we are often cold, objective, professional, aloof, and scientific—even if these attributes are the right tools to use in certain occasions—we will still be misunderstood. We have to wrap our westernized and impersonal goals in personalized packages so that they appear something like *pakikisama* (camaraderie), *tulungan* (cooperation), or loyalty. The result is not really maximum efficiency; rather, it is the manager's way of telling the salesman: *Bilib kami sa iyo*! Champion *ka talaga* (We believe in you! You are a real champion!)

Andres' and Franco's writings are generally prescriptions for, not systematic descriptions of, what happens in the workplace. Nonetheless, these prescriptions are presumably drawn from the authors' experience with organizations and from those of others they know, and they are saying that specific values do influence the behavior of people in organizations.

Nonetheless, the need for systematic empirical studies showing the relationship between values, on the one hand, and behavior in organizations, on the other, should be evident. A few may be mentioned.

Arce and Poblador report (1977:12) how, in one company, officers are encouraged to "hire their own men." There is a rule against nepotism but it is only lamely enforced. Superiors at various times have shielded subordinates who violate rules on stealing. These practices, recognized as violations of rational procedures, are nonetheless seen as concessions to values at the workers' level so that greater organizational efficiency may be achieved.

Further, in a sample of banks (Arce and Poblador 1977: 22-23), the administrative hierarchy (the line of company officers starting at the top to the bottom) is long, yet most power is concentrated in the chief executive. This pattern is considered to be reflective of the operation of the authoritarian value. Procedures also tend to be very formal; this formalism is interpreted as a mechanism for reducing face-to-face conflict.

In another study of a medium-sized firm, Arce, Ruiz and Licuanan (1987: 91-113) observe that overt conflict among the firm's personnel is averted and harmony preserved by officials avoiding formal claims according to the rules; instead, compliance is obtained through the more flexible *pakiusap* and *bigayan* processes. The company builds up goodwill among workers by granting requests that at times may appear excessive in terms of company goals; one instance mentioned is that where overtime work was postponed so that the workers could make a wished-for visit to a religious grotto nearby. Subsequently, management personnel could cite these favors in asking workers to put in extra time and effort to meet impending and urgent production deadlines. But why not simply rely on mutual claims according to the formal rules? Because they do not achieve the same level of results. *Pakiusap* implies a process of negotiations, as opposed to simple rule enforcement which risks arousing resentment among subordinates. Negotiations result in *bigayan*, or the making personal of concessions on a reciprocal basis.

In a largely social-psychological study of garment factory workers in "Alpha Company," Tiglao-Torres reports (1988:97), in part, that workers "remain committed to values and obligations" such as those built around *pakikipagkapwa*. Kinship continues to be a dominant value. Personalism and

reciprocity in dealing with others , and *pagdamay* (voluntary personal assistance) during emergencies, continue to be evident.

While these reports show that values do affect behavior in predictive (as implied in prescriptions) and in discernible ways (as in the empirical studies), some concluding, if cautionary, remarks are called for.

First, value prescriptions, such as those given by Andres and Franco, probably have a great deal of validity. However, they are bound to be ambiguous when used in concrete situations; they could work well under certain conditions and produce different, even opposite, effects under other conditions. Prescriptions are most useful when conditions under which they apply are specified. Thus, a manager who deals in a personalistic way with his workers—such as making sure that he says hello to as many of them as he can every day—much of the time is likely to get along well with them. However, there is a point in these personal-relations-enhancing practices when the time spent can only be at the expense of some other important tasks that need to be done. In turn, specifying in detail the conditions under which every prescription applies could be ludicrous, if not impossible. What is evident is that there will be a gap between the imprecisely defined situation to which a prescription applies and the concrete situation faced by a manager who is looking for a prescription. That gap can be bridged only by the manager's mind. The more informed he is of alternative situations and of the other organizational factors—the non-values ones—that affect the situation he faces, and the more skillful he is in processing all this information to produce a desired outcome, the more effective his decision is likely to be.

Secondly, generalizing statements or descriptions often have a great deal of validity in them but only within defined limits. For instance, it is appropriate to dichotomize organizational participants into "managers" and "workers" and to characterize managers as more likely to be objective, impersonal and organizational, while workers are more likely to be subjective, personal and familial. Jocano does this generalizing on Filipino managers and workers at certain points in his book (1990, esp. diagrams on pp. 11 and 20 and accompanying text). However, he also recognizes that the characteristics he attributes to workers are close to those of the society's population as a whole when he describes the "social framework" of the society (Jocano1990:31-36). The problem then becomes one of determining the precise extent to which the objective, impersonal and organizational Filipino managers are also subjective, personal and familial.

A little elaboration on the problem involved might be useful. Workers are supposed to be more familistic in value orientation than higher-level officers. Prescriptions for decision makers are sometimes drawn up with this assumption in mind. Nonetheless, the earliest systematic study of successful firms started by Filipino entrepreneurs found that most of these firms drew capital and managerial skills from the entrepreneur's family, and the "family firm is the rule in the Philippines today, and promises to remain so for a considerable time to come precisely because it is within the family. . . that one can find support and trust" (Carroll 1996:578). A study of interlocking directorates in business enterprises concluded that of 67 sectors (e.g. banking, food processing, construction, real estate, etc.) examined, "51 or 76% are concentrated industries, i.e., they are capable of monopoly pricing" and are heavily influenced by 60 families (Doherty 1979:100-103). It should also be mentioned that from the 1960s to at least the 1970s, family-organized rural banks had fewer failures than cooperative rural banks (Castillo 1977: 120). Finally, a more recent study, using the qualitative case study approach of eight enterprises owned by Chinese-Filipinos, reports (Chua 1995: 565-570) that three have professional managers who are not family members; the rest continue to reserve managerial positions for family members. Of the closed family firms, two are open to having professional managers, the remaining three are not. The point of all this is that owners/managers manifest familistic values significantly. How much more (or less) familistic they are than their workers is not clear. Perhaps the difference between these two groups will become clearer as more situations are examined where familistic value manifests itself. In the meantime, the firm owner will continue to wonder why a worker is willing to forego several days' wages so that he can attend a reunion of close relatives, while the owner himself will, without much reflection, give priority to his relatives when hiring employees for his firm.

ORGANIZATIONAL OR CORPORATE CULTURE

As noted previously, values in organizations are derived from the larger culture of the society. The values seen among organizational participants are simply a specification of those values in the organizational context.

The configurations of the values often differ from one organization to the next. Organizations in different countries are likely to differ in these configurations because of cultural differences. However, even within one country, organizations may differ in value configurations as well. When management literature writers began to see that important organizational outcomes could be traced to value configurations, the concepts of "organizational culture" and "corporate culture" came on the scene. Two of the well-known studies in this area are *In Search of Excellence* by Peters and Waterman (1982), which provides insights on why some American companies are more successful than others, and *Theory Z* by Ouchi (1982), which similarly provides insights on why Japanese companies are more productive than their counterparts in the West. Ouchi (1982:82) says that this culture "consists of a set of symbols, ceremonies and myths that communicate the underlying values and beliefs of that organization to its employees." Peters and Waterman (1982:75) say simply that this culture consists of the organization's "shared values." (The interested reader may also want to read Deal and Kennedy's discussion [1988] of the "rites and rituals of corporate life.") Various measures for building the appropriate organizational culture have now become part of the modern manager's habitual knowledge.

Among the local experts on organization, the major exponents of organizational culture would include, at least by implication, Leonardo R. Silos; in explicit terms, Jocano.

In his book *Oikos: The Two Faces of Organization*, Silos (1991) discusses the "clan" or "patriarchal" system of organization and credits it for the success of the Japanese organization's superiority over its Western counterpart. It is superior in summative principles and characteristics to the conflict-prone Weberian bureaucracy which took root in the West. It is traditional and personal, and its organizational pattern is like that of the household.

Jocano draws on his lifetime knowledge of Philippine structure and values, and espouses a reorientation in the organization to three values, namely, *kaugnayan* (identity), *karangalan* (pride) and *katapatan* (commitment). To accentuate these core values, corporate leaders emphasize paternalism (*pagbabahala* and *pananagutan*), personalism or *pakikipagkapwa* (treating a person as a fellow human being), and familism (giving importance to the family as a social unit). Jocano also suggests that, to nurture these values, corporate organizations should be structured after the *angkan* (a number of related families) or the *mag-anak* (the family), corporate managers should function like the *bagani* (members of the warrior class of old), quality circles should be organized along the ancient *samahan* ("dominant sentiment that held small groups of kinsmen or peers together, thus allowing them to undertake collective and economic activities without much conflict") (Jocano 1988: ch 8, 9). In his subsequent book, Jocano (1990) discusses how Filipino cultural values may be integrated into the training of organizational participants, in management techniques, and in the use of technology. He has further suggestions on how cultural values may be used for effective recruitment, job delineation, use of compensation to strengthen employees' identity with the company, a productive monitoring system and the use of discipline among organizational participants.

PUTTING VALUES AND CORPORATE CULTURE
IN PERSPECTIVE

The emphasis on values, and therefore, on corporate culture, is not entirely new. It overlaps, at least in part, with the concerns of the human relations school of thought in organizations. In the view of the adherents of this school, a person is motivated by psychological needs and the social relationships that s/he has formed with people inside and outside the work place. This school of thought arose largely as a reaction to the previous scientific theory of management that viewed the organization person as being moved by more purely physiological and material needs.

There are other ways of viewing the organization. It is also like a machine that transforms inputs of raw materials, labor, capital and technology into outputs of products and services; it is like an organism striving to fulfill its needs and survive in a given environment; it is like a brain that is a complex mechanism for processing information that points to intelligent action; it is like a political system; it is also like a prison (Morgan 1986). The postmodernists are likewise developing their own view of organizations; the work cited here that espouses this view mentions a population ecology perspective and an institutionalist perspective in its review (Clegg 1990). Arce's extended review (1992) of Silos' book disagrees heartily with its main conclusions, and argues that if the seeming success of the Japanese model suggests anything it is the possibility that other models in this part of the world may exist and may be successful at certain times as well.

It is not easy, or fair, to summarize in two short paragraphs the elaborate constructions of the many schools of thought that were mentioned above. The point to be made from all this is that there are many ways of looking at the organization. For each organization is truly a complex whole with component parts and elements. It is also found in a larger society with its own component parts and elements. Further, each organization has a life cycle of its own, as at least one writer (Adizes 1988) suggests, and each phase in the cycle poses different problems and challenges for decision makers. By the same token, the society in which organizations are located is also travelling through time. Values and culture are in circular relationship with other parts of the whole; they are functionally related to behavior. The decision maker has many aspects of the organization to consider at any one time, even if at that same time some aspect, such as values or culture, may seem more dominant than others.

HOW DO VALUES AFFECT BEHAVIOR IN BUSINESS ORGANIZATIONS?

The initial question was: How do values affect the way we do business? The short answer is: very profoundly. In the Filipino organization, the scattered evidence suggests that personalism and familism, and a host of other values ("smooth interpersonal relationship," *pakikisama, utang na loob, hiya*, among others) associated with and supportive of harmonious relationships in small groups, such as the archetypal family and the individual's personal network of selected relatives and other allies, are emphasized. Conversely, impersonal and more universal values such as the merit principle and the rationality of procedures in the Weberian sense are not central. It is evident, however, that the usefulness of these latter values is realized, and that a sensible fit with the more central cultural values is continually fashioned, albeit with varying degrees of success. Further, it should be evident that values are only one of the many aspects that decision makers consider. Other organizational aspects are always at play, even if values may seem a central focus at certain times.

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