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Encounter in Different Work Places: A Research on Top 250 Turkish Industrial Enterprise Managers' Perceptions on Value Based Management

Abstract
Differences in values, personality and work preferences affect the way people perceive others and their behaviors at work. Thus increasing the capacity of the organizations to listening or welcoming stranger, dealing with the differences, diversity and intersectionality, social inequality and people with disabilities become significant. Survey method will be used to analyze 250 Turkish Industrial enterprise high level managers’ perceptions on “Value Based Management”. The paper consists of two parts. The first part puts forward a conceptual framework and the second part describes a field research. The idea here would be to explore encounter in its present forms, in ideas which have been “work-place tested”.

1. Conceptual Framework

The paper is based on an ongoing project which has been supported by the Ankara University Scientific Research Projects Office (BAP), Turkey. The aim of the project is to identify the nature of the organizational problems in terms of encounter faced by senior managers at the level of General Manager/ Assistant General Manager and to develop solution suggestions. Within the direction of the determined target, a literature review was made, and the values constituting the conceptual framework of the research were determined based on the mission and the vision of Ankara University.

Vision of Ankara University
The vision of Ankara University is to become an innovative university that leads the future with its distinguished efforts at universal level by conducting qualified research and making use of its knowledge and talents for humanity.

Mission of Ankara University
Ankara University, with its responsibility to be the first university of the Republic, aims

1 The research is supported by the Ankara University Scientific Research Projects Office (BAP), Turkey.
- to raise creative individuals who have critical thinking and problem-solving abilities, who constantly renew their personal and professional field, and who are environmentally conscious, and who respect the differences among individuals
- to conduct interdisciplinary researches that contribute to the universal level of knowledge and art, and take ethical value into consideration,
- to provide services that are motivated by social responsibility and corresponding to the problems of the country as well as such services that contribute to the improvement and development of the residential city by taking public interest into account.

In this context, the researchers who proposed the project developed the concept of "Value-based Management (VBM)". The main aim of value-based management in this research is to support the organizational culture with a value-based approach and to assist in a transformation that takes diversity into account.

VBM literature consists of some different definitions. Mostly the definitions of value and VBM differ according to the organizational culture. The value of a organization is determined by its discounted future cash flows. Value is created only when companies invest capital at returns that exceed the cost of that capital. VBM extends these concepts by focusing on how companies use them to make both major strategic and every day operating decisions. Properly executed, it is an approach to management that aligns an organization's overall aspirations, analytical techniques, and management processes to focus management decision making on the key drivers of value. VBM is not a staff-driven exercise. It focuses on better decision making at all levels in an organization. It recognizes that top-down command-and-control structures cannot work well, especially in large multi-business corporations. Instead, it calls on managers to use value-based performance metrics for making better decisions. When VBM is implemented well, it brings tremendous benefit. It is like restructuring to achieve maximum value on a continuing basis. It has high impact, often realized in improved economic performance. The focus of VBM should be on the why and how of changing corporate culture (Copeland, T., T. Koller and J. Murrin, 1994).

Stakeholders play a very significant role in the organizational culture. Organizations exist to create value for all stakeholders. Stakeholders include customers, owners, managers, employees, suppliers and society in general. Organizations determine the degree to which they will prioritize the interests of each stakeholder group and will therefore balance performance goals accordingly. Values depend on the stakeholders, however, examples might be: Markets and owners expect that economic value be created; customers may expect to obtain desired goods and services on time and at competitive prices; employees may expect a substantive and meaningful job with commensurate compensation; suppliers may expect to be paid on time; society may expect that their environment will be improved (Sumantra, G., C. A. Bartlett and P. Moran, 1999). Organizations have to change constantly in order to meet expectations. VBM focus the efforts of people in the organization on driving to achieve what's important in a holistic manner. For example; satisfied customers, correctly assigned resources, growing profits, streamlined processes that deliver, business facts to manage the business, motivated and accountable people, waste eliminated...etc. Disciplined application of defined measurements and goals is critical to accomplishment of the desired values/goals (Sharman, P.A., 1999).

Some researchers (Sharman, P.A., 1999) consider VBM not only as a matter of creating values but as a discipline that focuses on the management of the organization holistically. It emphasizes the creation of value as defined by its stakeholders and priorities defined by
management. It focuses on the deployment of strategy and value creation by managing processes, activities, jobs, and compensation and organization structure.

The relatively scarce academic research examining the use of VBM has mainly compared the success of firms having adopted VBM to those that have not (Wallace, 1997; Kleiman, 1999). In the other areas of management accounting, evidence shows the divergent use of management accounting methods, such as ABC and Balanced Scorecard (Gossein, 1997; Kaplan and Norton, 2001; Malmi, 2001). Thus one may expect that companies could vary with respect to their VBM use as well. Such variation has even been acknowledged in the normative VBM literature (Martin and Petty, 2000; p.p. 228-229), though the precise nature of these differences remains unexplored.

Ittner and Larcker (2001), building on normative VBM literature, suggest that VBM consists of the following six basic steps:
1. Choosing specific internal objectives that lead to shareholder value enhancement;
2. Selecting strategies and organizational designs consistent with the achievement of the chosen objectives;
3. Identifying the specific performance variables, or "value drivers", that actually creates value in the business given the organization’s strategies and organizational design;
4. Developing action plans, selecting performance measures, and setting targets based on the priorities identified in the value driver analysis;
5. Evaluating the success of action plans and conducting organizational and managerial performance evaluation;
6. Assessing the ongoing validity of the organization’s internal objectives, strategies, plans, and control systems in light of current results, and modifying them as required.

The literature contains prescriptions on the design of a management control system, including objectives, performance evaluation, target setting and rewards. Moreover, a number of examples have been presented to illustrate how the adoption of VBM should impact on decision making, both at strategic and operational levels. (see e.g. Martin and Petty, 2000).

Yet there is a need to uncover the philosophy behind any implementation. VBM is an approach and also a philosophy that enables and supports the leaders of an organization to create a meaningful environment and help the workers find meaning in their work in relation to others. Thus the stakeholders feel more connected to be part of the organization as a living body and a community.

It is important to note VBM differs from a profit-focused way of managing business. Specifically, VBM means that the decisions that you make today are not simply driven by short-term profit. Instead, we consider the longer-term effects that the decisions will have on organizational sustainability and profitability. VBM asks people within a organization to think like owners and to make decisions that will ultimately benefit the owners. Managers and executives must constantly look for investment and growth opportunities that will create value- and use the organization’s capital in ways that ensure long-term, sustainable success (http://flevy.com/blog/what-is-value-based-management-vbm/).

Being inspired from the international literature mentioned above the researchers of the project raised the following questions in their own context, Turkey.

- What can we do as academics for a better workplace? Moreover, is it not possible for
scholars from different disciplines to gather and work together to find solutions for the problems we experience in different work places?

- Will our future survival be only through technological developments and profitability?
- We thank Google for expanding our world and enhancing the concept of sharing among us. But, here is the question: is our inner world expanding our moral sensitivity growing?
- How can organizations take responsibility for solving problems?
- What kind of projects should they produce to fulfill their social responsibilities?
- How can we encourage business leaders to work for the common good and share resources and practices for sustainable organizational development?
- “Push the bottom!” works well with machines but it does not work in our interpersonal existence where the psychological, moral and religious energies of our social worlds come into play. So how can our faith contribute to our personal relations in work places where self needs to bind itself to other selves?

2. Field Research

After completing the conceptual framework the researchers sent out a question requesting an essay on “What does VBM mean to you and to your organization?” to 2500 members of KALDER (Turkish Quality Association) via e-mail. Unfortunately only eight of the members gave a respond.2

It was a breakdown for us. The reasons of this low response rate might be their unfamiliarity with the concept of VBM, lack of time or their work overload. However these eight feedbacks profoundly changed our perspective and provided us so valuable information to develop an attitude scale assessing the concept of VBM.

Before moving to the process of developing an attitude scale we would like to make a brief analysis of the feedbacks. The feedbacks generally illustrate the current problems at workplace under three categories and present VBM as a way to overcome these problems. The categories are; being undercapitalized, bad market condition and unqualified people. When it comes to the meaning of VBM there is no single regulatory, accepted body of definition or meaning in the essays. Some consider VBM as an alternative business model, one of them sees it as a system of global management, another one defines it as a faith-based approach.

These eight responses have been an important aspect of the development of the research questions. What we are doing here is not intended to be as the whole research analysis but as mapping out the areas that are in need of arising awareness in the meaning of VBM towards the further steps of our research.

Even this low response rate shows that there is a deep concern to oppose any kind of instrumentalization of human individual and work life. Yet the question still remains: How is it expressed in the work culture and in the daily life of the organization?

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Starting from the theory and abstract ideas we face the challenge of translating them into practice based on the understanding of “a common action for common good”. An understanding which has its basis in Islamic culture called “amel-i salih, and tasabuk el hayrat” within a broader meaning of working with one another in the performance of righteous work. We undertook to bridge the gap between theory and practice under this understanding of action for common good. Our way of being faithful will be ultimately defined by how we respond in our action in every aspect of our life. As it is stated in the Quran “(…) lasting good works have a better reward with your Lord and give better grounds for hope” (18:46).

**A common goal for common good**

It was time then to discover the related values to create a common goal for common good. We developed a draft scale depending on related values. Dimensions of the scale have been designed by “respect for” the following twelve values:

1. Human Dignity
2. Justice
3. Diversity
4. Worthiness
5. Honesty
6. Creativity
7. Courage
8. Commitment
9. Humility
10. Empathy
11. Trust
12. Environmental Concern

Those are not series of moral orders, or doctrinal deposit that we impose on ourselves or others but more of a leading to a better work culture and way of interaction. It is in sustaining these values we hope for a clear pathway for the culture of the organizations. The main argument here is to put forward how the organizations position themselves and pay attention to the differences and how they work with the values involved. How values manifest themselves in participation, action and decision making in the organization? How they function among the members of organization relating to each other?

Integrating values to work place means to create a precise place where people can bring their whole selves and work together, even with people they don’t agree with. This is an encounter between a value-created mindset and the management process which senior managers are fully aware that they have a solid understanding to drive their organization. In judging of this understanding we should be on the lookout for the inconsistency of how such values are applied. How is human dignity expressed at work place and its culture? What does just action mean at workplace? What is fair trade? How diversity is being understood and practiced in decision making? How does the organization contribute to a friendly environment? What are the effects of trust on the workers’ attitudes and behaviors?

As a second step a draft of attitude scale has been sent to the experts in the fields of theology, management and statistics. This research is an example of a new and an uncommon
collaboration of these three fields in Turkey. By coming into a closer dialogue around this theme of VBM we feel that we are experiencing a real encounter.

The received interdisciplinary feedbacks and suggestions helped to create a draft version of the survey questionnaire and the scale.\(^3\)

Survey method will be used to analyze 250 Turkish industrial enterprise high level managers’ perceptions on “Value Based Management”. For data entry, the package software of IBM SPSS Statistics 24 will be used. Data will be converted into the package software of IBM SPSS Statistics 24 (.sav) and Excel format (.xls). Following the data entry through statistical methods and using the package software of IBM SPSS Statistics 24, statistical tables will be drawn. Then, final reports on the data about validity and reliability analysis and its results will be prepared. In accordance with the final report and raw data and problems observed during implementation, solution suggestions for the business managers will be provided.

When the research is completed, it is planned to get it published in English and Turkish as a book and to be circulated among the participants of the "Value-Based Management" Training Module, which will be developed at the Continuing Education Center of Ankara University. We are seeking a module which will give new insight and depth into the meaning of work not only offers technical knowledge or simple tactics for success!

In order to make intercultural comparisons in the future and expand the research universe by communicating with the US businesses there will be collaborative efforts to conduct research with Mr. Steve Lawler, the Director of Eden Theological Seminary Walker Leadership Institute in St. Louis, USA.

We look forward to hearing your comments and thoughts during the meeting!

\(^3\) We would like to thank Dr. Ömer Kutlu for his assistance to finalize the scale.
Selected References


http://www.lucintel.com/value_based_management.aspx

http://flevy.com/blog/what-is-value-based-management-vbm/


