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Official Functionality: A Document Analysis of Official Value Use in Practice

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Abstract

The purpose of this thesis is to contribute to the debate surrounding whether or not official values are used in practice. To accomplish this, 32 mass-emails sent by a CEO to their employees have been analyzed through latent content analysis and comparative keyword analysis. The company is a Scandinavian provider of software solutions for electrical utilities and was chosen because they recently instated a new CEO. Having a new CEO can be regarded as a turbulent organizational period where it is expected that value based leadership using the official values of the company can be identified. The research revealed that 44 % of the 381 latent values used in the communication overlapped with the company's official value descriptions and 60 % of the 84 explicit values overlapped. Upon analysis of why the values were deemed to overlap, it became apparent that most of the used values could be said to overlap with the official values mainly because of detailed value descriptions. If the CEO doesn't use the official values to a great extent, and the values can be only understood through their descriptions, it may not be necessary, in this case, for the company to have official values. Yet, the presence of official values allows stakeholders to judge whether or not the general value use of the company is functional or dysfunctional.

Foreword

My specialization within strategy and leadership during my Master`s in business administration has exposed me to many leadership theories. I was instinctively attracted to the theory of value based leadership since in my personal life I have experienced how versatile and effective the guidance from a clear value can be. I began to investigate how values were used in business practice, and soon discovered that many companies had official values; I also discovered that many people are negative to official values and claim that they are of no practical use. Although it is positive that value based leadership is a part of the contemporary business landscape, it is unfortunate that so many believe that official values are a meaningless trend. Adding my voice to this debate is the aim behind this Master's thesis.

I would like to thank Arild Wæraas, Enoro, and Leidar for their help. I am grateful to have had the opportunity to spend my time at NMBU.

Peder Aarseth Krøgenes

Summary – Official Functionality: A Document Analysis of Official Value Use in Practice

Value based leadership seems to be a topic many modern companies are interested in, considering how many of them have established official values. Yet, there is quite a bit of criticism surrounding whether or not official values have a practical purpose. This thesis aims to contribute to this debate by examining a situation where one would expect to observe official values being used in order to determine if they are used in practice.

The sources of data for this analysis were 32 emails sent by the CEO of Enoro, a Scandinavian provider of software solutions for the electricity market. The emails were from the following year after the CEO was instated. This period can be categorized as a period of organizational change and is therefore a demanding period for a leader who is expected to use all the leadership tools at their disposal. It is expected that value based leadership is one of these tools, and since the company has spent resources establishing official values, it reasonable to expect that these are used. Regardless of whether values are observed, this thesis will be a contribution to the debate surrounding the usefulness of official value statements.

The methods of analysis chosen were latent content analysis and counting explicit values (comparative keyword analysis). Based on my analysis, the CEO used latent values 381 times in his mass-emails and explicit values 84 times. The latent values overlapped with the official value descriptions of the company 44% of the time, while the explicit values overlapped 60 % of the time.

Many of the values the CEO used were related to general "best practice" when running a business that is customer oriented and works in teams. Many of the values used would not be considered to be overlapping with Enoro's official values if it were not for the inclusion of official value descriptions. If the values require a description to be aligned with what the CEO is doing it may not be clear and functional enough to be necessary as official values. However, there is at least one reason why values should still be official: when they are official they allow stakeholders to determine if the all the values used are functional with regard to the main goal of the company.

Sammendrag – Offisiell Funksjonalitet: En Dokumentanalyse av Offisielle Verdier i Praksis

Verdibasertledelse er et konsept som mange bedrifter er interessert i hvis man dømmer ut i fra hvor mange som har etablert offisielle verdier. Men det er vesentlig kritikk rundt hvorvidt offisielle verdier har en praktisk funksjon. Denne masteroppgaven forsøker å bidra til denne debatten ved å utforske en situasjon hvor man hadde forventet å kunne observere offisielle verdier i bruk, nemlig for å se om de faktisk blir tatt i bruk.

Datakilden for denne analysen er 32 email send av topplederen til Enoro, en skandinavisk leverandør av programvare for EL-markedet. Mailene var fra samme år lederen ble ansatt. Denne perioden kan kategoriseres som en periode hvor organisasjonsendringer fant sted, og er dermed en krevende periode for en leder som forventes å bruke alle ledelsesverktøyene lederen har til rådighet. Det er forventet at verdibasertledelse er ett av disse verktøyene, og siden selskapet har etablert offisielle verdier er det dermed rimelig å forvente at disse verdiene blir brukt. Uavhengig om verdiene faktisk blir tatt i bruk vil denne masteroppgaven da bidra til debatten.

Analysemetoden jeg har valgt er latent innholdsanalyse og nøkkelordanalyse av eksplisitte verdier. Basert på min analyse brukte lederen latente verdier 381 ganger i fellesmailene og eksplisitte verdier 84 ganger. De latente verdiene overlappet de offisielle verdiene til selskapet 44% av tiden, mens de eksplisitte overlappet 60%.

Mange av verdiene lederen brukte var relatert til fornuftig ledelse av enhver bedrift som har kunder og jobber i team. Mange av verdiene som ble brukt hadde ikke kunnet regnes som overlappende hvis ikke Enoro hadde en offisiell verdibeskrivelse sammen med de forskjellige offisielle verdiene. Hvis verdier behøver en beskrivelse for å kunne vise hva de betyr, er det ikke sikkert at det er nødvendig å etablere offisielle verdier. Men det finnes minst én grunn for at verdier bør være offisielle allikevel: at interessetakere kan da forstå om øvrig verdibruk er funksjonelt i forhold til hovedmålene til bedriften.

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Introduction

Background

The leadership landscape is evolving from hierarchical to flat. (Hunt, 1999) This changes expectations for how a leader should do their job and consequently the change has also led to new leadership theories. One that has gained considerable traction is value based leadership—at least according to the large amount of companies proclaiming their own official values in Norway, as investigated by Smellror (2015).

Many historical figures used value based leadership: Martin Luther King Jr. and Ghandi both made decisions based off of a clear value-base. Leadership theorists like Covey (2004) and Block (1993) have written about the benefits value based leadership and Hunt (1999) confirms why value based leadership can be important for the entire leadership field: He explains that "transformation" leadership is responsible for reviving a stagnant leadership field at the beginning of the 1980s.

After this new thought pattern was established, many different leadership styles have arisen that revolve around the idea that you can leverage potential by supporting your employees. Two examples are authentic and charismatic leadership. These leadership types are dependent on the leader having a clear and genuine value base for their decisions (Sosik, 2005). This can explain statements like value based leadership being the only true leadership (Kraemer, 2011). Academics like Prilleltensky (2000) have also created formal structures for the execution of value based leadership.

Even though there is support and established methods of implementation for value based leadership, there are not only positive responses to the concept. Kellaway writes in the Financial Times (2015) that as soon as one attempts to make a value official, it loses meaning and becomes valueless. Aadland and Askeland (2006) state that values are often fully formulated on paper, but not properly implemented. Klemsdal (2006) expresses near disdain for the practice of establishing official values in Norwegian companies and encourages us to consider if they have a purpose at all. These points of view are reasonable when we consider that organizations like the Norwegian Food Safety Authority have values like "Generous" and "Open" as their official values: It is difficult to see who these official values can be implemented in the daily operations of the company, or help the Norwegian Safety Authority. Although this debate flourishes, little has been done to settle it.

The research done to settle the debate has mainly revolved around how effective organizational values could be according to established theory on how people respond to certain types of values and instruction. Some researchers like Gehman, Trevino, and Garud (2013) have taken to the field to examine how values are *made* official, but very little research has been done on how official values are used in practice.

This thesis positions itself as a contribution to this debate.

Purpose

The purpose of this thesis is to contribute to the debate surrounding the usefulness of official values—specifically, if the official values of one company are actually used. It will be examining the leadership style of a CEO in a turbulent organizational situation where we can *expect* to observe value based leadership based on the theory that has been developed.

Research Questions:

To contribute to the debate, this thesis will be considering one particular company, in one particular leadership situation. The company is called Enoro. Enoro is a Nordic-based company with 300 employees that develops software for energy utilities and has established official values. The investigation centers on the mass-emails the new CEO of Enoro sent to Enoro's employees the following year after he became the new leader of the company. This leadership transitional period has been chosen because this is often a turbulent time, organizationally speaking.

1. Which values are present in the weekly and bi-weekly mass-emails the CEO of Enoro wrote to his employees throughout 2015?
2. To what extent do these values coincide with Enoro's official values?

These research questions lend themselves to an inductive approach, but there is a need for a significant grounding in theory to justify why it is reasonable to expect value based leadership in this situation and why it is justifiable to interpret the communication with an assumption that underlying values are present.

Literature Review

Although this thesis uses an inductive approach to determine which values are used, it is necessary to have an overview of sufficient theory to understand what is being observed. To understand a leader, it is necessary to understand what the leader's role is. After establishing their role, the specifics of their actions can be framed within a particular leadership theory. Predicting their actions relies on having a general understanding of the theory of the situation they are operating in. Therefore, the literature review has five parts: The role of the leader, Value Based Leadership, and Organizational Change. These are combined to explain why it is reasonable to expect values to be present in the CEO's mass-emails. There is also an overview of previous research to show where this thesis is situated.

The Role of the Leader

Arnulf's (2012) explains the evolution of the role of a person in charge of a company. Until joint stock ownership became the norm, owners were always in charge, but the advantages of reducing risk across many shareholders led to the development of larger companies (Arnulf, 2012). He goes on to state that after companies reach a certain size, owners can no longer ensure that whoever is in charge is optimizing the use of their invested resources. He expands that a common trap is becoming sentimental and not making tough decisions, which then reduces profitability. Therefore, owners always have to be afraid that their resources are being squandered, and the only objective measure they have of the person in charge doing a good job is evaluating their company's competitiveness and stock value (Arnulf, 2012). In this way, the joint stock company has created a new profession and role.

This role is a professional who guarantees the maximum return on owners' investment when they are running the company. As opposed to previous managers, the increased complexity of companies means that now the people in charge are not really connected to anything, be it technology, culture, or organizational form (Arnulf, 2012). The implication of this is that to maximize return, whoever is running the company should be honoring their fiduciary duty to stakeholders by using the most effective leadership or management method at their disposal. To understand which method is most effective, the general problems a CEO faces when running a company need to be examined.

The general problems a company faces can be summarized by the fact that employees will not always do their best to maximize the owner's investment. Specifically, principal agent theory states that due to self-interest, their employees will always create inefficiency as explained by

Eisenhardt (1989). Eisenhardt also states that owners have bounded rationality and therefore cannot know everything, so they need to put systems in place that ensure that employees do what is best for them. He goes on to specify that the controlling mechanism is referred to as transaction costs and minimizing these transaction costs is the function of a CEO. After all, if the world was unboundedly rational and employees were interested in the same goals as the owner, there would not be a need for a leader or manager. Understanding what the CEO is trying to do, remove inefficiency to maximize the benefit from the owner's resources, gives theorists room to create a framework for CEOs' activities.

There is debate surrounding what we should call the activities of a leader or administrator, and how we should define them, but Ladegård and Vabo (2010) propose a structure that will be used for the purpose of this thesis: "Leadership" and "administration" are two opposing methods of coordinating a business towards common goals. "Management" is a combination of these. There is no purpose spending time examining the nuances and intricacies of where these terms came from or how they can be interchanged, but they can be divided simply: leadership is oriented towards people, and administration is oriented towards rules and regulations (Ladegård & Vabo, 2010).

In practice, this means that a leader can either attempt to influence people (leadership) or attempt to influence their actions (administration) to minimize transaction costs that arise due to the principal agent problem. A CEO who uses administrative tools to make changes in an organization can for example put systems in place that resemble a set of instructions to directly influence the actions of the employees (Ladegård & Vabo, 2010). A CEO who uses leadership to influence their employees uses direct, often dialogue based influenced options usually in the context of a relationship between the leader and their employees. (Ladegård & Vabo, 2010). Value based leadership as we will see, is therefore a part of the leadership toolset a CEO has.

Value Based Leadership

Selznick (1949) first introduced the concept of values within organizations. His ideas are now known as the cultural view of values. According to this view, values grow organically from within an organizational culture and cannot be directly controlled. However, the value based leadership theory in this literature review adopts a slightly different view: that values can be controlled and used as instruments.

Rokeach (1973) offers a definition of values as "enduring belief that a specific mode of conduct or endstate of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (pg. 5). Consequently, if an employee is acting in strict accordance to a value, they will be effectively guided with a single word. Rokeach's differentiation between modes of conduct and end-states are important, he explains that a terminal value is a desired end state, while an instrumental value is a preferred mode of conduct. In practice this means that values can influence both *how* people get where they are going and *where* they should go. Busch (2014) has examined the effect these two different types of values can have on one another.

To show how they can affect one another, Busch (2014) uses the example of a company that has the value "respect" as an official value. He concludes that this is a terminal value because the company in question has included a value description that states that the company is aware of their actions and takes responsibility for the consequences of these actions. But respect could also easily be interpreted as an instrumental value, where it is a preferred method of conduct to act respectfully. This ambiguity is not important for this discussion however. For the moment, we just need to accept that respect can be an end-state. It can be pictured as a utopic photograph, where one imagines the company and all its actions in one frame and can see that the company has reached a state of respect for all things it has touched. To reach this end-state while they operate mines, the company starts planting trees whenever they disturb the environment.

The motivation for this tree planting is therefore to show respect for the communities that have been disturbed by the corporation. This tree-planting action can be considered an instrumental value, because it is a desirable mode of conduct. Busch (2014) does not explain that this behavior could also easily be considered to be an end-state (sustainable), but again this is not relevant for the current discussion. We only need to accept his claim that it is an instrumental value to continue follow is reasoning further: He explains how this instrumental value can eventually be transformed to become a desirable end-state. He writes that this happens because the value of planting trees becomes important in and of itself, not just as a means to a respectful end. What he leaves out are the social processes behind this transformation.

What must be occurring is that people see that to be successful in the company you need to plant trees well, and ergo planting trees well becomes a measure of success in itself, not the end result of being successful because you have reached the end state of respect. The reason

Busch (2014) may have left out these details is that his main point seems to be concerning what the transformation means, and not how it occurs.

Tor Busch (2014) labels the instrumental values as functional or dysfunctional, which should be considered when trying to understand which values a CEO is trying to influence. His basis for calling a value dysfunctional or functional is based on whether or not they function to bring the company or person closer to their desired end-state. Therefore, an instrumental value does not have an inherent value in itself, they are only valued in accordance with their influence on whether or not the company reaches their desired end-state value (Bozeman, 2007). In the real world this means that you could observe a leader show employees not just what it is beneficial to *be* but also how it is beneficial to *act* in order to get there. Correspondingly this means that if a company employs a value of respect, it could mean that their communications includes many separate encouragements to go plant trees, but nothing explicit about how you should be planting trees because you it will allow you to claim the terminal value of respect. But this discussion of terminal versus instrumental value is unimportant unless we know how values can be used to influence employees.

Values, according to Pruzan (1998), are a powerful tool for influencing employees: In a world where empowered employees resist traditional raw power and instructive leadership techniques there is an increased demand for shared values and holistic thinking. This statement implies that values can influence a large part of employees' lives. Busch (2014) reinforces this interpretation by stating that values represent a subconscious awareness that affects how a person evaluates activities and results. Therefore if a leader influences an employee so that their personal value of "profitability" is diminished and their personal value of "honesty" is strengthened, you can expect that employee to change some parts of his approach to customer relations for example. So this is what values can do, but for them to be functional, leaders must have an effective toolset for influencing them.

There are several proposed frameworks for the activities a leader should be doing in order to conduct value based leadership. Kirkhaug (2013) shows how values can be used to affect employees' attitudes, behavior, and ambitions. Consequently, the leader has to have a clear understanding of how their actions can affect the values of their employees. Kirkhaug proposes that the range of ways a leader can conduct value based leadership is: strengthening existing values, changing existing values, removing existing values, developing new values, communicating values to the whole organization, and maintaining values.

The specific way all of these actions are carried out are too numerous to list, but the point is that there is: There is established theory stating that values can be actively used in order to lead. What is interesting for this thesis is that the authors advocating for value based leadership all agree that a leader must demonstrate the values they choses to lead with, they cannot just prescribe them (Kirkhaug, 2013) (Hunt, 1999) (Covey, 2004) (Prilleltensky, 2000)(Busch, 2014). This means that all the value-affecting behavior that a leader can engage in must be either a direct or indirect explanation of the value in question or a demonstration through the leader's own actions.

Organizational Change

A new leader taking control of a company can be categorized as a business undergoing organizational change. Arguably, it can be said that the employees of a company do not necessarily need to experience change just because there is a new leader. However, it is unreasonable to expect that a new leader has the same ideas about what is important to pursue within the company as the previous leader. This logic fits with Quinn's (1980) observations: The presence of a new leader signals to employees that they can expect change. Consequently, Enoro's new leadership situation can be categorized as one of organizational change, although nothing specific can be said about the degree of change.

Since we have categorized the situation as one where change is occurring, there are several theorists who have commented on what is required of a leader. Smith (1998) found that a successful change initiative was dependent on clear and consistent communication. While Myers, Hulks, anad Wiggins (2012) find that employees will interpret their leader's behaviors and use this as a model for how to act. This is interestingly aligned with the findings of value based leadership researchers who state that a leader should demonstrate values, which was also covered in the literature review as one of the ways a leader can use values within value based leadership. From these researchers, it is apparent that a new leader is expected to communicate to their employees, and employees will be carefully observing the leader to determine how to act. But not only can it be expected that a leader will communicate during a change, there is theory which shows that communication from a leader is *necessary*.

As Myers et al. succinctly explain, negative emotions like fear or despair are going to result in dissatisfied, unproductive employees. This is relevant if we imagine a situation in a company where a new leader takes their place—and then doesn't say anything to their staff. This would result in immediate speculation by employees, which would in turn lead to frustration and resentment. Assuming that the leader was sensible enough to notice that their employees

needed to hear from them, which is a safe assumption considering that in this case, a large successful company would hire a person who they deem to be equipped to lead, the leader would then reach out to their employees. The leader would do so in a manner that reached as many as possible, e.g. mass email. It is also behavior that can be expected based off of Myers et al.'s (2012) statement that for leaders, communication is essential for convincing employees of the necessity of change.

Stensaker and Falkenberg (2007) explain that a situation with organizational change is characterized by employees going through various stages of acceptance. They add that the different stages of acceptance coordinate with different sets of emotions, ranging from shock to acceptance and finally moving on. The specifics of this model are not important, what is important is to realize that the CEO will be communicating to different people in different stages of understanding and acceptance, which means that the CEO needs a broad message that is still effective.

Why it is Reasonable to Expect Values Based Leadership

These three theoretical areas provide the foundation necessary to explain why it is reasonable to expect value based leadership in the leadership transitional period of Enoro. We know that the role of the leader is to maximize share price for his shareholders. We also know that they must do this mainly by minimizing the transaction costs of controlling employees who do not maximize their efforts on behalf of the company. Whether or not the CEO maximizes their efforts is an interesting question, but not relevant to this thesis since this is not an analysis of whether or not the CEO believes in the values they used. So we know that the CEO is minimizing transaction costs and in order to do this they can select a leadership method from within the spectrum of leadership tools Ladegård and Vabo (2010) present. We know that the CEO cannot individually instruct their employees on how to act through the mass-emails, simply because there are too many employees with different roles for this to be cost effective. Therefore, we can eliminate actions from the administrative toolset, which leaves us with the leadership toolset. We of course do not know what type of leadership inclination the CEO has, but we know they are obliged to be interested in the most effective method of leading the most amount of people at the same time, in order to be cost effective. Since the official values are presumably designed to be the optimal behavior for the employees of Enoro, you would expect to see these official values in use in accordance with value based leadership theory as a leadership tool, because it will be extremely cost effective and aligned with company interests.

Previous Research

 There is little direct research into either the efficacy or practical use of value based leadership, if there was substantial research showing how companies used their values, the arguments against value based leadership would either be silenced, or much more fact driven. However, there is some research into whether or not companies have established official values, and this generally leads the author of the paper to make a remark about the practical significance of the company's values.

Of Norwegian researchers, Grennes and Solheim (2001) made the statement that Norwegian companies have not fully understood the importance of their values and deliver recommendations for how the companies could take advantage of their core value statements. But this is based on a perfunctory examination of the programs and initiatives of the companies, not observations on the behavior of leaders or employees.

In Falkenberg's (2007) exploration of the values of the 50 largest companies operating in Norway he discusses which criteria needs to be satisfied in order for values to have a practical use for the company. This is close to what this thesis is trying to do, but is again, not an actual analysis of the use of values, but instead focuses on the values themselves and whether or not the organizational situation surrounding them supports them in practice.

A similar investigation was carried out in the United States by Lencioni (2002) and he concludes that there are only a few companies that have values that actually mean something distinctive. Lee, Fabish, and McGaw (2005) move a little closer to investigating how values are actually used by examining how companies engage with their values. Specifically, how companies measure the effect of their values. Examining this they reach the conclusion that there are better ways to manage than through values but they are used because leaders feel that they serve as the foundation for more traditional performance modifiers like training, internal communications, and performance reviews.

In general, there are lot of studies examining the *type* of values corporations use and proclaiming why they should or shouldn't work by comparing their formulations to established (accepted) theory within leadership, but there is little investigation done into which values are actually used.

Methodology

Research Process

Formulating Research Aim

When formulating the research aim, my main goal was always to show the potential efficacy of values. To begin with, I wanted to use a quantitative approach, but when I found myself considering dependent variables, I was not comfortable with the amount of ambiguity surrounding the question of causation. For example that the use of values leads to profitability, which Pruzan (1998) also debunks. There are too many variables here to objectively prove anything about whether or not values can help a company. And is difficult to accept some of the claims of the theories behind value based leadership as they seemed too spiritual, which means that the criticism leveled towards the field must be entertained. As Kirkhaug (2013) states, value based leadership can so easily be associated with lit candles and song circles. To address this criticism, we first have to see if values are actually being used. Therefore, this Master's takes an inductive approach to understanding not the specifics of value based leadership theory, but to confirm if values are present or not. Official values are the focus because it is expected that they should be present. Hence, I chose research questions, as opposed to testing hypotheses with ambiguous correlations.

Conducting Literature Review

My literature review for this Master's thesis mentioned *where* it is possible to observe value based leadership in action. To do this, I needed to establish what a leader is actually doing. I do not believe that there is a specific formula for what a leader does, as even an exhaustive theoretical explanation of a "charismatic" leader who conducts transaction-based, balanced scorecard leadership (for example) will not fully encapsulate the breadth of human interaction. However, I feel that leadership research has managed to explain the *range* of mechanisms a leader can use very well. To understand the tools a leader uses, I had to begin at the bottom: what a company is, how it has evolved, and what the role of a leader is. Afterwards, I reached the range of mechanisms, and placed value based leadership within that spectrum. Specifically that values can be used as a part of the leadership toolset, as proposed by Ladegård and Vabo (2010). I do not go into detail surrounding value based leadership, because I wanted to use an inductive approach to the methodology. But there is enough theory to predict where it is reasonable to observe value based leadership. A situation where one should be able to observe value based leadership is during a leadership transitional period, as I also uncover in the literature review.

The theory used is chosen based off of credibility and its relative importance in the field. I have been exposed to these ideas from discussions with my professors, colleagues, fellow students, and newspapers. Newspapers and popular opinion about the purpose of official values for a company influenced my interest the most.

Enoro

Enoro is Nordic-based company that develops software solutions for energy utilities. This technology is becoming more relevant with the installation of smart meters. Smart meters in consumers' homes lead to a great increase in the volume of data that energy utilities receive and can use. Smart meters can continuously provide consumption data—traditional providers received consumption data once or twice a year. The software solutions generate insights for the providers, which they can use to generate more revenue. For example, a customer only uses energy two months during the summer when they are staying at their summer home. Understanding this consumption pattern allows utilities providers to sell a "heated home package" for the summer, instead of charging per MwH. Enoro also provides the backbone for a mobile application that allows them to understand their consumption. In one sweeping, clichéd summary: Enoro is providing software solutions that are changing the ways customers interact with their utility providers. I was given access to the CEO's emails because they are a client where I work.

Selecting Method of Data Collection

Considering how the purpose of this Master's thesis is to contribute to the debate on whether or not a company's official values are actually used, it would be logical to simply *ask* either a CEO or the employees of a company if they use the official values of their companies through interviews. However, this would not address the question concerning whether or not companies used their official values, because the criticism towards companies and their official values has to do with paying lip service to the idea of values. If you are asking them what they feel about their official values, there would always be a bias that you could not remove: Simply asking someone about the values of their company will prime them to talk more about them than they normally would. As Silverman (2015) says, it is impossible to remove yourself (the researcher) from an interview situation.

In this regard, it may seem that it is best to use discrete observation to identify the values that are used. There would be ambiguity present when attempting to observe behavior. How can you claim that someone's behavior is a direct result of anything? Of course, this is the same criticism you can level against my actual chosen data source, document analysis, but the major

problem with observation is that people may behave differently when under observation. And it would be very difficult to be there without explaining what you are looking for, introducing the same bias that I am concerned with regarding interviews. Gaining access to relevant meetings as a student research is also unrealistic. If we begin to consider the amount of time observing and coding would take as well, document analysis of emails becomes the best choice within a student-researcher's time-budget.

Selecting Method of Analysis

Interpretive content analysis of latent values

The analysis method I have chosen for this Master's thesis is interpretive content analysis, as explained by Ahuvia (2000). Specifically, analysis of the *latent* contents of the internal mass-emails of Enoro's CEO. Ahuvia categorizes latent content as a text's underlying meaning. A problem with this approach is justifying why my interpretation of the latent *values* behind the CEO's statements and instructions are relevant and valid interpretations.

This is justified by considering the type of criticism being leveled at the official values of companies. Kellaway's (2015) focus is only on the degree to which values are used, not on the concept of value based leadership. From the theory review, we have seen that if a leader is to lead through values, they cannot hold themselves to different standards. This is easy to understand: A leader who wishes harness the benefits of value such as honesty would not be able to conduct themselves in any way that could be interpreted as dishonest. There can of course be different theoretical motivations for the leader's actions, such as an understanding of transformational leadership, where a leader wishes to take advantage of the benefits behind human interaction as explained by Dvir, Eden, Avolio, and Shamir (2002), but to contribute to the debate concerning whether or not official values are useful, this thesis has to base itself on the theoretical understanding we have of how values *can* be used. Consequently, if the official values of the company are used, we should be able to find them in the communication of a leader who wishes to demonstrate what he believes in. In the case of document analysis, the only tool a leader has to demonstrate what he believes in are their words, that is why for the purpose of this thesis, we are understanding the values used based off the sentences used in the mass-emails of Enoro's new CEO.

There are instances where I observe explicit values- In these explicit cases, I count the value in the same way as I would a latent value. This is know as traditional comparative keyword analysis. (Silverman, 2015) With these explicit cases, it is hard to argue that misinterpretation has occurred.

Richness of analysis

Latent values are harder to identify. An example of a latent value is if the CEO says "You must not make mistakes," the values of diligence or perfectionism are latent in the sentence. Latent interpretations introduce a large amount of ambiguity: Who am I to decide what the latent value behind a sentence is? From the sheer number of interpretations that occur for these 32 emails that were sent by the CEO, it quickly becomes apparent that another researcher would not code the latent contents of the communication in the same fashion as me. The solution would be to only use comparative keyword analysis, where you can achieve a high degree of reliability. There are a few main problems with this however.

Most importantly, you miss out on most of the value use you are trying to map. For example if a leader states the following "You must never under any circumstances omit information," it is apparent that he is impressing upon you the importance of honesty (or factualness, but that is besides the point.) A comparative keyword analysis of this data would not lead you to uncover honesty, factualness or any other sort of truthful behavior. This would lead any conclusion on your value based leadership painfully lacking. Therefore, I deem it necessary to sacrifice some reliability for the sake of validity. But keyword analysis is extreme; you could argue that you would reduce ambiguity by interpreting latent values, but only according to strict coding rules, such as in category analysis. But this may not be as unbiased as we think.

With strict coding rules, you will still end up losing the richness of your analysis (Ahuvia, 2000). If the possible values used were defined beforehand, how could I then claim that I am objectively observing the empirical situation? An analysis where we look for various values would also be unrealistic because it is impossible to account for all the categories that could be considered a value. Take honesty for example, we could codify each instance where the CEO urges his employees to tell the truth, or share information as an instance of this value. But you as a reader may *already* be questioning the accuracy of counting instances of honesty according to this coding scheme, and you probably also have numerous other categorizations of honesty that I most likely would not consider.

Additionally, Ahuvia (2000) explains that interpretation is decided by context and that each new context would require a new rule, thereby making a complete coding scheme impossible. And even if I did established an exhaustive code for categorizing values, my perspective is slightly skewed from reading theory on value based leadership, another researcher may have spent more time on transactional leadership for example. From this: it is not certain that researchers would have the same amount of expertise or perspective, making the so-called "reliable" code inaccurate.

So if we know that our attempts at inter-rater reliability would reduce the richness of the analysis, is difficult to achieve without complex training, and does not eliminate the ambiguity we are trying to avoid, an alternative to inter-rater reliability is needed. We are left in a situation where it seems very difficult to get any objective understanding of the text. Luckily, this is not necessary if we consider how an employee interprets the communication they receive.

Public justifiability

An employee's interpretations will undoubtedly differ based on their jobs, their previous experiences and their personalities. A strict coding scheme would not capture any of this variance. The truth will vary from researcher to researcher, that was the compromise I chose when I added latent content analysis to simple comparative keyword analysis, so we have accepted that the reliability of our analysis will be less than optimal, however the observations will still be useful and valid if the reader accepts the logic behind them, i.e. if the interpretations are justifiable**.**

Ahuvia (2000) explains how this *public justifiability* can take the place of reliability. This why I have included a number of emails for you to review (Appendix 1 − 7). He further explains that as the complexity of an interpretation increases, justifiability suits the analysis more than reliability. We established that interpretation was complex after looking at the example about honesty and how a simple comparative keyword analysis would not capture the complexity. But even if you as a reader accept my interpretation, can we really say anything if there is such a large potential for disagreement?

Let's look at a practical example of one my interpretations to show why it still leads to a contribution to the debate on whether or not official values are used by companies. For example, from the sentence: "I have one reflection from this week that I wanted to share with you: the importance of preparing and the desire to improve." Here the CEO is doing two things: they are giving employees an example of their behavior, and drawing attention to specific behavior. It is not a specific instruction on how to do something, which means that the CEO is not using an administrative approach as described by Ladegård and Vabo (2010), but rather something from the leadership toolset a CEO can use to influence employees (leadership). In the literature review we established that is reasonable to expect to see values being used. So if the CEO is communicating an example of his own behavior we must determine if this can be considered "using a value."

Since we know that value based leadership relies on more than just instructing employees, we know that it is a part of the leadership toolset and therefore the CEO's behavior can be interpreted within the theoretical frame of value based leadership because it is fiscally reasonable to use a pre-established official value. And since the value based leadership scholars I have researched for this thesis have explained how a leader can lead by example, this means that the CEO explicitly stating that he actively reflects can be interpreted as a latent encouragement towards the value of being reflected**.** But the CEO drawing attention to two other methods of conduct is also significant.

The CEO drawing attention to two methods of conduct has been described as value based leadership by Kirkhuag (2013). Specifically as a way of strengthening existing values or introducing new ones. Since we can accept that the CEO is using value based leadership, we need to code the latent values he is encouraging. This is why for this sentence we can code the values of **prepared** and **self-improving** as well.

This method of first singling out whether or not the CEO is giving specific instructions, and then considering if they are encouraging specific behavior is how the mass-emails have been trawled for latent values. Any sentences that can be interpreted as solely informative,with no clear example of the CEO's behavior or behavior that they deem important, I considered to have no latent values. The values have been grouped by lemma, I.E. word group, in order to be able to categorize them. The values are all in the form of adjectives, to best match the format of the company's official values.

Explicit values are coded by lemma as well. For example when the CEO says: "We must innovate" or "Be vocal," these are two examples of a explicit values: **innovative** and **vocal.** Essentially: words that describe behavior that the CEO urges employees to follow.

Overlap with official values

After explicit and latent values have been coded, I will match the observed values to their official values and generate a percentage value for the amount of values used that coincide with the official values of Enoro. To decide if an observed value overlaps with an official value I will first look at the official value description for Enoro's official values. If the value description describes behavior that you would also expect to from someone carrying out their work according to the observed explicit or latent value, there is an overlap. The value descriptions are given in the results section.

Alternative interpretations

You may be viewing an alternative interpretation for the latent value, but if you accept my interpretation, the requirement for public justifiability is satisfied. This difference in interpretation may seem to invalidate my results, because it is difficult to claim that something is correct if someone can easily disagree, but these differences in interpretation should not be large enough to stray outside of the themes present in the official values. Which is important to my second research question: "To what extent do these values coincide with Enoro's official values?"

If we look at an example where the CEO says "You must always monitor the most recent developments." I might interpret a value of being "updated" while you interpret a value of someone who is "monitoring." These differences will happen because researchers have different backgrounds and perspectives, but this will not be enough to stray outside the behavior highlighted by behavior described by Enoro's official value descriptions.

From Enoro's own description of **ahead: "**With our focus on agility we continually track new solutions, updated competence and cutting-edge technology to capture new and smart opportunities for our customers to succeed. We can identify the values themes of agile, updated, competent, technologically-aware, opportunistic, intelligent and customer-oriented. Both these interpretations of updated or monitoring from above will still overlap with the behavior from the value themes interpreted from the official value of ahead. You may have differing interpretations, but *so will the employees who the CEO is trying to influence.* Therefore, this

approach interprets information with the same interpretive process that an employee goes through when being exposed to the values.

Research Philosophy

The issue concerning whether or not the company is actually using values manifests itself in a slightly different form when we consider the research paradigm for this thesis. If I had been viewing these results with a positivist perspective, I would be attempting to claim that what I was observing in the data is actually the reality of the business. A positivist interpretation would lead me to believe that this meant that collaboration is a value that is used within the business. But we cannot say this, the only thing we can really say is what the text contains, this implies a constructivist approach, were we consider how the text depicts reality.

This approach is sufficient to address the research aims, because even though we cannot say anything about the "truth" of the company, we can say whether or not he CEO uses the values in his representation of the truth. If the CEO feels that representing the truth as being value-based is an effective leadership tactic, this means that values are something perceived to be effective at influencing people.

Research Approach

This Master's thesis uses a deductive approach through theoretical basis to understanding why we can expect to observe value based leadership in the context it is investigating, but an inductive approach when doing the actual analysis. The purpose of this thesis is not to prove or disprove established theories on values and how they can be used, but rather to describe if and how they are used in a leadership situation that we know is complex.

Reliability

The reliability of this Master's thesis changes depending on which research question you are looking at. The first question: "Which values were are present in the weekly and bi-weekly mass-emails the CEO of Enoro wrote to his employees in 2015?" receives different answers from different researchers. This means that the reliability is quite low, although we have discussed how reliability is very difficult to achieve in this type of analysis and how public justifiability is a valid substitution. But for the second research question concerning which percentage of the observed values coincides with official values, the variance in answers du to the low reliability should not be so large as to skew the percentage result to a great degree. This is because of the wide range behavior present in the value descriptions for Enoro's three official values, **ahead**, **bright** and **dedicated**. This wide range means that a researcher

following this research process may find a difference in the amount and type of values used, but would still describe behavior that overlaps with the same official value as another researcher. Because of this, the reliability is great enough to draw conclusions from this analysis. This is especially true if we consider how I could get a reliable percentage result of observed values that coincide with the official values simply by having multiple people conduct the analysis.

If multiple people went through the same analysis of the mass-emails from Enoro and identified latent values, eventually I would have enough percentages to establish a statistically significant mean for the percentage amount of latent values used by the CEO in his communication. The sample size (amount of researchers) would have to be very large, considering how the population for interpreting these results is nearly unlimited, so I do not have the resources to carry out the research in this manner. However, I am mentioning this because it shows that this method that can already be used to contribute to the discussion concerning whether or not a company's values are actually used in practice, would deliver even stronger results if it could be taken to fruition.

Validity

The main problem with validity in this research approach is that I may end up describing sentences from the CEO as being based in a certain value, when in fact they were just something the CEO said because he wants to make money—or because of any other desire. Another reason for the CEO's action could be a conscious decision based off of a completely different unrelated leadership theory like, transaction leadership. However, it is completely irrelevant if something is done with or without a conscious relationship with the value in question.

For example, if we take an employee who was solely interested in making money. His actions could still be described as being rooted in a value of "personal gain," "efficiency" or any other value that would make generating money the number one goal regardless of his *personal* reason or motivation for his action. Said in another way, the literature review at the beginning of this thesis highlights enough of a value based leadership framework to state that the fact that Enoro has generated official values means that they understand the potential benefits of actually using them. Since the only way we know how to use them is through established value based leadership theory, the analysis can be based in the context of that theory. Namely, that when the CEO acts we can attribute their behavior as something rooted in values, either

through explicit mention of values, through acting as a role model, or by directing attention to the correct behavior.

In the case of the explicit values, there is not debate regarding whether or not the values are being mentioned.

Ethical Considerations

The CEO will be having his actions scrutinized, so I ensured that I made my research intentions clear. There may arise trouble between the CEO and shareholders if there is large difference between the values used and the official values. However, The CEO accepted the approach and understands the conclusions that could be reached.

There is a miniscule chance that this thesis ends up uncovering a competitive advantage that could change the business landscape, specifically if someone takes the trouble to compare the value use of Enoro to their performance within the next few years. However, there are too many variables for anyone to attribute business success or failure to the use of values, as we have already mentioned. You can also argue, from a utilitarianism perspective, that modifying the business landscape would generate previously uncaptured consumer surplus.

My personal interest in the subject may lead me to attempt to find a conclusion that fits my preference. To counteract this I did not read the value descriptions before completing the analysis of the emails.

Results

1. Which values are present in the weekly and bi-weekly mass-emails the CEO of Enoro wrote to his employees throughout 2015?

The values were interpreted from 32 mass-emails sent by the Enoro CEO to his employees in 2015. All the values are written as adjectives in order to be in the same format as the official values. Please see Appendix 1-7 for samples of the analysis.

Latent Values

Table 1. List of Latent Values Present in Enoro Mass-Emails throughout 2015

Value	Frequency		
Inclusive	24	Updated	9
Collaborative	23	Competitive	8
Customer-oriented	21	Adaptable	8
Opportunistic	19	Team-player	6
Innovative	19	Ambitious	6
Vocal	17	Solution-minded	5
Reflective	15	Relationship-oriented	5
Responsible	14	Proud	5
Holistically-minded	12	Focused	5
Accountable	12	Essential	5
Service-minded	10	Efficient	5
Aware	10	Tech-savvy	4
Welcoming	9	Synergistic	4

Self-improving	4	Challenger	3
Prepared	4	Action-oriented	3
Persistent	4	Visionary	2
Passionate	4	Value-minded	2
Open	4	Thorough	2
Forward-thinker	4	Story-teller	2
Team-spirited	3	Skilled	2
Talented	3	Simplistic	2
Quality-minded	3	Responsive	2
Professional	3	Questioning	2
Optimistic	3	Progressive	2
Market-leader	3	Proficient	2
Long-term thinker	3	Problem-solver	2
Knowledgeable	3	Proactive	2
Insightful	3	People-oriented	2
Identity driven	3	Opinionated	2
Humble	3	Inventive	2
Flexible	3	Important	2
Egalitarian	3	Hard-working	2
Effective	3	Growth-oriented	2
Diligent	3	Enthusiastic	2
Developmental	3	Energetic	2
Cosmopolitan	3	Dedicated	2

Cost-effective	2	Resilient	1
Constructive	2	Relaxed	1
Clear	2	Realistic	1
Brand-loyal	2	Reactive	1
Big-picture-thinker	2	Prolific	1
Available	2	Profit-oriented	1
Improving	2	Process-oriented	1
Agenda Setter	2	Prioritizing	1
Value-driven	1	Powerful	1
Value-creator	1	Personal-developer	1
Value-adding	1	Optimizing	1
Trend-setting	1	Network-building	1
Tireless	1	Multi-talented	1
Thought-leader	1	Moral	1
Striver	1	Meticulous	1
Strategic	1	Leader	1
Tenacious	1	Introspective	1
Skilled	1	Interested	1
Salesperson	1	Intelligent	1
Revenue-oriented	1	Inspired	1
Result-oriented	1	Inquisitive	1
Respectful	1	Impactful	1
Resourceful	1	High-performer	1

Helpful	1	Determined	1
Goal-oriented	1	Decisive	1
Future-oriented	1	Curious	1
Future-former	1	Creative	1
Potential-filled	1	Contemplative	1
Frontrunner	1	Consummate	1
Experienced	1	Learning	1
Excelling	1	Analytical	1
Exacting	1	Altruistic	1
Ethical	1	Agile	1
Environmentally-minded	1	Adventurous	1
Eager	1		
Disciplined	1		

General Observations From the Data

In total, 481 latent values were identified within the mass-emails from the CEO in 2015. There were 142 unique latent values.

Arguably, the most important theme for the CEO throughout the mass-emails was the value collaborative (23 uses). The most mentioned value, inclusive (24 uses) is a prerequisite for successful collaboration. Although it is reasonable to expect that a CEO would be sure to promote the value of being inclusive right after he has become a new CEO, and therefore if this same procedure was done another year on a set of mass-emails from the CEO, this value would probably be much less prevalent.

 Being vocal (17 uses) is also an important part of collaboration, which is related to being part of a whole (holistically minded, 12 uses). These attributes will not matter unless the person in question accepts that they are responsible (14 uses). The other values range very widely. The

most frequently used values makes the ideal employee, according to the values uncovered in these mass-emails, to be a reflected person who understands their part in the company, is not afraid to take chances, holds themselves accountable, innovates, and captures opportunity for the customer. Of course there are other interpretations, but this is being highlighted to raise the point that this ideal employee could be considered an ideal employee from any other industry. There is nothing in these results that make these values unique to the energy solution software industry, but plenty that reflects the working situation within Enoro, specifically teams working well together to serve customers in a cordial manner.

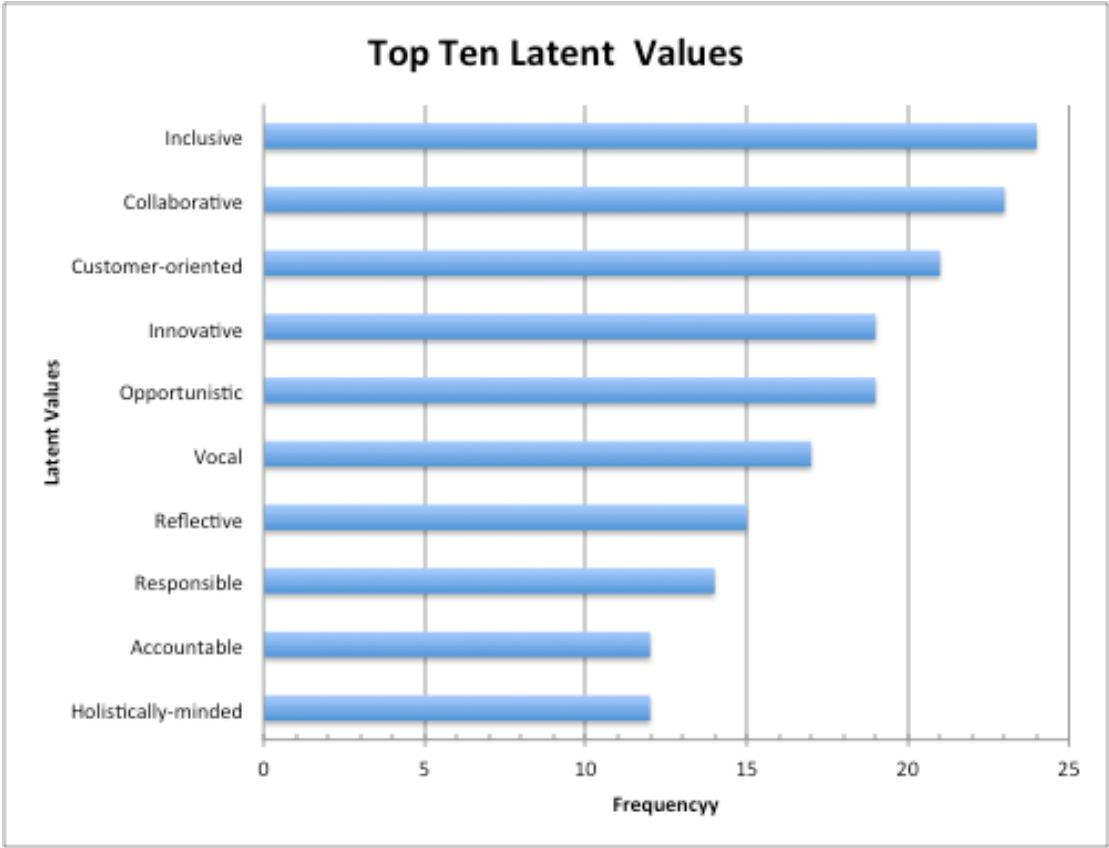## Observations With Regard to Enoro's Official Values

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Enoro's Official Values

Bright'

"With our focus on agility we continually track new solutions, updated competence and cutting-edge technology to capture new and smart opportunities for our customers to succeed."

Ahead

"Our task is to make the best possible solutions for our customers by utilizing our strong market experience and IT knowledge, enabling our customers to increase their profit and success."

Dedicated

"We are passionate and dedicated to creating sustainable value for our customers."

This will be examined in more detail in the next part of this results chapter, but a few preliminary observations can be made.

The official values of Enoro are not readily apparent in latent values within the mass-emails of Enoro's CEO. Yet, you can see certain values that describe prerequisite behavior for fulfilling the behavior of the official values. For example, it is usually necessary to be innovative to be considered bright, and someone who wishes to be ahead usually needs to be reflective to understand the business environment they are operating in. The latent value of dedicated was actually observed twice within the mass-emails. A preliminary generalization from these two
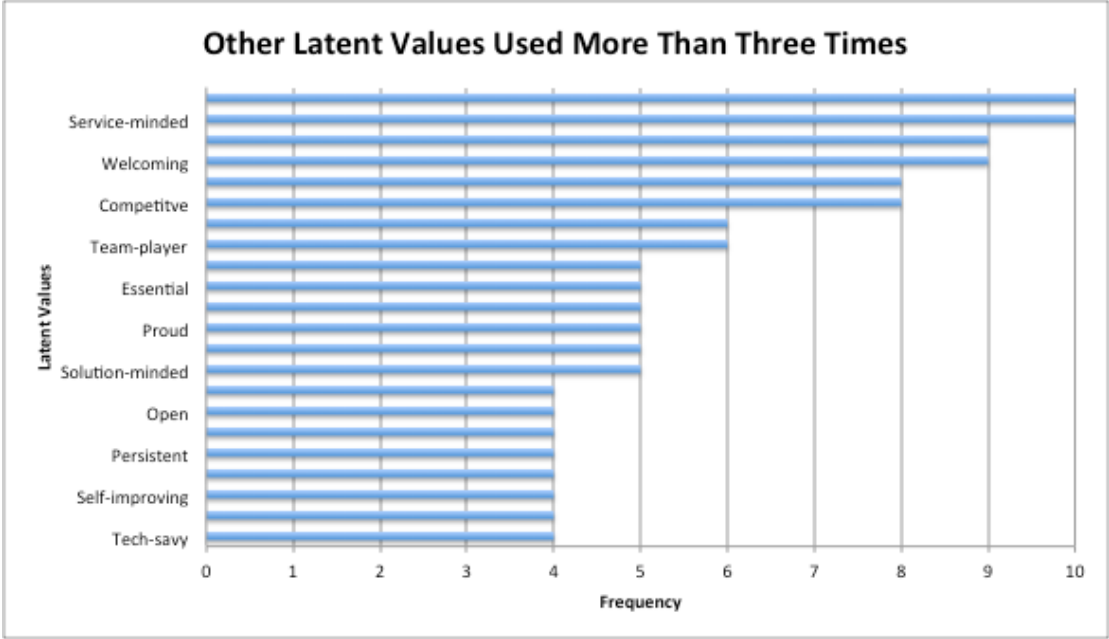
observations is that it is not easy to identify specific values that match the official values of Enoro, but many of them seem to be highly related to the official values.

Chart 1. Top Ten Latent Values by Frequency Present in Enoro Mass-Emails from CEO in 2015

The employee this chart entails could be considered effective in many industries. Perhaps management has considered that these values should be the official values, but have refrained from doing so because the values would not be unique enough, and therefore would not be effective like Falkenberg (2007) insists that values should be.

Chart 2. Other Latent Values Used More Than Three Times in Enoro Mass-Emails from CEO in 2015

There is no clear, common theme to the latent values used more than three times, but they still range widely.

Explicit Values

Table 2. Explicit Values in Enoro CEO's Mass-Emails Throughout 2015

Value	Frequency	Value	Frequency
Innovative	17	Constantly improving	1
Opportunistic	14	Diligent	1
Customer-oriented	3	Emphatic	1
Focused	3	Expert	1
Inclusive	3	Fair	1
Insightful	3	Informative	1
Reflective	3	Inspired	1
Salesperson	3	Inventive	1
Competitive	2	Modern	1
Energetic	2	Motivated	1
Engaged	2	Pioneering	1
Forward-thinker	2	Proud	1
Knowledgeable	2	Quality-minded	1
Spirited	2	Respectful	1
Tech-savvy	2	Result-oriented	1
Trustworthy	2	Successful	1
Adaptable	1	Winning spirit	1
Collaborative	1		

General Observations From the Data

The CEO used 35 explicit values 84 times.

As you can see, there are a few values that are used explicitly much more often than the rest. These are innovative and opportunistic. Having innovative employees is understandably very important for the CEO of a software solutions company. It is also understandable that the CEO wishes to have employees who capture opportunity.

The general theme of the explicit values are similar to the general theme within latent values: There is no clear connection to the utility software solution field, but plenty of behavior that would create an effective employee in general.

I have not included graphs here because there are so few explicit values used that they would provide no additional insight compared to the list. But please notice how the values of innovative and opportunistic are used significantly more often than the rest.

Observations With Regard to Enoro's Official Values

It is interesting to see how there are only 84 instances of explicit values being used, while there are 481 observed latent values present in the CEO's communication. It is also interesting to see that bright, ahead, and dedicated are never explicitly mentioned by the CEO.

2. How do these values coincide with Enoro's official values?

To understand how the latent and explicit values within the CEO's mass-emails coincided with Enoro's official values, the behavior encouraged by explicit and latent value was compared to the behavior encouraged by the behavior encouraged by the official value statements: bright, ahead, and dedicated.

The value themes present within these official values depends on the interpretation of the official value descriptions. For bright, for example, I interpret the value themes of: agile, innovative, adaptable, and opportunistic. In other words, the observed value opportunistic overlaps with the value bright because the value description includes the behavior suggestion "capture." It is hard to capture anything if you are not opportunistic, therefore, the observed value opportunistic fits into the official values of Enoro. Consequently, the uncovered values that fit within the official values are listed behind the official value. Frequency of use is included in parentheses.

Observed Latent Values Sorted into Official Values

> **Bright:** "'With our focus on agility we continually track new solutions, updated competence and cutting-edge technology to capture new and smart opportunities for our customers to succeed."

Implicit Values Within Mass-Emails from CEO That Overlap With "Bright":

Opportunistic (19), Aware (10), Updated (9), Adaptable (8), Prepared (4), Forward-thinker (4), Long-term thinker (3), Insightful (3), Flexible (3), Developmental (3), Visionary (2), Progressive (2), Proficient (2), Problem-solver (2), Proactive (2), Inventive (2), Improving (2), Reactive, Personal-developer, Optimizing, Future-oriented, Frontrunner, Eager, Creative, Learning, Agile

> **Ahead:** "Our task is to make the best possible solutions for our customers by utilizing our strong market experience and IT knowledge, enabling our customers to increase their profit and success."

Implicit Values Within Mass-Emails from CEO That Overlap With "Ahead":

Innovative (19), Holistically-minded (12), Solution-minded (5), Focused (5), Tech-savvy (4), Quality-minded (3), Knowledgeable (3), Effective (3), Skilled (2), Big-picture thinker, Skilled, Result-oriented, Revenue-oriented, Profit-oriented, Interested, Experienced

> **Dedicated:** "We are passionate and dedicated to creating sustainable value for our customers."

<u>Implicit Values Within Mass-Emails from CEO That Overlap With "Dedicated":</u>

Customer-oriented (21), Service-minded (10), Ambitious (6), Proud (5), Passionate (4), Hard-working (2), Enthusiastic (2), Energetic (2), Dedicated (2), Inspired

In total, 210 of the latent values mentioned within the mass-emails sent by the Enoro CEO overlap with the official values of Enoro. 481 latent values were present in total, which means that: approximately 44 % of the latent values present within Enoro communication coincide with the official values of the company.

Bright

"'With our focus on agility we continually track new solutions, updated competence and cutting-edge technology to capture new and smart opportunities for our customers to succeed."

Explicit Values Within Mass-Email from CEO:

Innovative (17), Opportunistic (14), Insightful (3), Tech-savvy (2), Adaptable, Constantly Improving, Modern, Pioneering

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Ahead

"Our task is to make the best possible solutions for our customers by utilizing our strong market experience and IT knowledge, enabling our customers to increase their profit and success."

Explicit Values Within Mass-Email from CEO:

Forward-thinker (2), Knowledgeable (2), Expert, Inventive

Dedicated

"We are passionate and dedicated to creating sustainable value for our customers."

Explicit Values Within Mass-Email from CEO:

Customer-oriented (3), Energetic (2), Engaged (2)

In total, 51 of the explicit values within the mass-emails sent by the Enoro CEO overlap with the official values of Enoro. 84 explicit values were present in total, which means that approximately 60 % of the explicit values present within Enoro communication coincide with the official values of the company.

Discussion

There was a wide range of values used in the mass-emails sent by Enoro's CEO in 2015. My interpretation identified more latent values than explicit. There was a high concentration of latent values that could not be attributed to any of the official values. However, a surprisingly large number of the identified explicit and latent values, approximately 44 % for the latent values and 60 % for the explicit values, could be identified as a part of the value themes of Enoro's official values. However, the latent values the CEO used the most frequently, were not a part of the official value statement. This supports the criticism many have leveled against value based leadership, specifically, why there is a need for official values when the values the CEO finds to be the most important are unrelated to the values that were deemed important during the design of the official values.

Along with the opponents to value based leadership, you could argue that Enoro would be better off assigning their top values as the companies official values, for example inclusive with 24 instances and collaborative with 23, but as Antorini and Schultz (2005) expressed, if value statements are to actually benefit the businesses using them, they must represent the desired identity of the company. This means that Enoro's CEO may be focusing on the values he knows are essential for any businesses success, while the official values of the business are less frequently mentioned because they will only be effective once the requirements for a successful business are established. Interestingly, Grennes (2012) explains how equality is the most distinctive factor within Scandinavian leadership; Enoro's CEO's use of the value inclusive may simply be him recognizing the basis for what he needs to succeed, an open workforce where people work together, after this is established he can begin impressing upon people the actual values of the company. However, the implied criticism towards value based leadership that a company's values do not necessarily need to be public may be accurate, if the CEO only uses them between 44 and 60 % of the time.

The next questions concerns how this really contributes to the debate concerning whether or not official values are used in practice. The criticism that people level against value based leadership is not specifically that values are not used to lead; implicitly this criticism is saying that a company is pretending to uphold a value to generate some sort of undeserved advantage, be it through public opinion or some other unquantifiable factor. This behavior is exactly what Pruzan (1998) warned against; where corporations have found that typical hierarchical power relations stifle the creativity in their organizations that they require for success. Specifically, the top management, usually with the help of outside consultants,

generates a set of values not to empower their employees, but to maintain the classic power dynamic. The observed values in the Enoro CEO's communication do not give a decisive answer to this question because they are not used to a great extent, which would indicate a large match between the inherent values of the company—or to values used to little extent which would imply a large mismatch. Perhaps it would be easier to understand if it was clearer which end-state Enoro was aiming for.

Based on the official value descriptions, it is apparent what the preferred method of conduct is for Enoro's employees, but there is no indication of where they should be trying to go. Bright, ahead, and dedicated all have corresponding value descriptions in the form of verbs rooted in the present. Bright has "track" and "capture," ahead has "utilizing" and "enabling," and dedicated has "creating." As we have already seen in the literature review, it is easy to claim that an instrumental value can be a terminal value, or vice versa, but the presence of these verbs strengthen my claim that these are preferred modes of conduct and not end-states. In other words: Enoro's official values are mainly instrumental values which means that when the CEO's latent and explicit value use overlap with the official values of Enoro 60 and 44 % percent of the time, this is the percentage of the time the CEO engages in value based leadership that he affects how employees act, without necessarily indicating where they should go. So how does this affect the interpretation of the results of the analysis?

To understand why this is being discussed, we have to go back to Busch's (2014) excellent point that instrumental values can only be good or bad if they support the journey to a terminal value. Since there are no clear terminal values for Enoro, this essentially means that employees must be left to conclude their own end states based on the suggestions of values they are exposed to. One example of a terminal value that could be implied or suggested by the official values of Enoro is **preferred.** Specifically that in the field of software solutions, they are the preferred choice, because they are so bright, ahead, and dedicated. What is very interesting is that this still doesn't give the real terminal value of Enoro.

The real terminal value of Enoro is profitability—as it is with every other company. You can of course argue that some companies have a social mission, and therefore another one of their terminal values is *also* satisfying whatever social goal they have set. However, this goal cannot be met if the company is not also profitable or operates within budget. For this reason, Pruzan (1998) says that letting a company go out of business can be considered immoral. Yet, since we know that all companies are supposed to be profitable, we do not consider profitability to be the terminal value of a company, we consider the *state the company must be in, in order to be*

profitable as the terminal value for companies. The point being: From the analysis of the CEO's mass-emails, it is not clear what this state is, because most of the values are encouragements towards modes of conduct. Yet this discussion may seem unnecessary if we consider Busch's (2014) thought process on how an instrumental value could be made terminal if it became important in and of itself. For Enoro this means that being bright, for example, could be an end-state itself.

If bright were to become an end-state terminal value however, the CEO would have to explicitly draw attention to this value. The value description would have to be framed more as *being* as opposed to *doing,* but it could be a clear end-state employees could be rallied to. Yet, when the explicit values the CEO used overlap with the official values only 44% of the time, it seems that *being* bright is not critical to the company's operations. The other 59% of the explicit values mentioned are deemed to also be important in order to reach Enoro's end state, whatever that may be. If the CEO had used the values enough to make it possible to conclude that bright, ahead, and dedicated were desirable terminal values, it would be possible to say more about all the values that could not be directly matched with the official values of Enoro.

Specifically, you could say the other used values were functional or dysfunctional, which would not be possible if the company did not have official values. If we go back to Bozeman's (2007) position that a value is deemed functional if it contributes to reaching the desired end-state: Since we do not really know what the desired end-state of Enoro is, we cannot fully explain how all the values used by the CEO of Enoro overlap with the official values. Of course, you could say that we do have the desired end-states, from the concept of bright, ahead, and dedicated, but these descriptions are all very relative and they all have instrumental attributes in their value descriptions. By relative I mean that being "bright" will vary depending on who you are asking, being "ahead" is more easily interpreted as a state considering how you can be ahead of competitor, yet this too will be relative and always in flux. Being "dedicated" is the closest to an end-state but it is more a state of continual action, and not a terminal value. However, it does not matter whether or not Enoro's official values are end-states or not: It would not be possible to have this discussion if Enoro did not have official values. But if they were clearly end-states, we could go back to the example in the literature review about the company planting trees to understand why Enoro's official values were never officially mentioned: to meet the company's goals it can suffice to simply encourage behavior towards the values without naming them specifically. However, since we

cannot identify the clear end-state, the lack any explicit mentions of the offical values is a significant contribution to the debate surrounding whether or not the official values of a company are used in practice.

If we could clearly see what the end-state of the company was, it would be possible to explain the lack of explicit official values as just the CEO prioritizing instrumental values that lead the desired end-state terminal value, instead of spending time talking about the desired end-state directly. E.g. the instrumental values of planting trees to get to the terminal value of respect. Yet, per the discussion above, we know that this most likely is not the case. So the lack of explicit official value use could mean that the CEO feels that the official values are not effective at guiding people on their own and therefore used related values. I say related because the explicit values encouraged behavior that overlapped with the official values to moderate extent. I feel that this may be correct, since simply stating "we need to be ahead" or "we need to be bright" is not specific enough to influence behavior. But interpreting the extent to which the Enoro CEO used the official values is also complicated by the vagueness of the official values.

Most of the observed values were deemed to overlap with the official values based off the official value descriptions, not necessarily the values themselves. It is most likely not a coincidence that the official value that had the most observed values assigned (bright and ahead) had the longest descriptions. For example, the value opportunistic could only be assigned to the official value bright due to the inclusion of the phrase "capture new and smart opportunity." It is difficult to argue that you can capture anything if you are not opportunistic. If the value needs a description in order to understand what is meant by it, then it is not a clear value.

A specific result from this thesis that is most likely not available in other research is how one can potentially predict values that will be used in a certain situation. Although, it is impossible to conclude anything definite about predictions from this one analysis, logically it is reasonable to expect a CEO who keeps bringing up the value of inclusive when he is new to a company— and this is what we observe in the results. With this same logic, you could predict that a leader would use values that illustrate the value of fearless when the company enters a period where large amounts of cold-calling are necessary, or any other example you can think of. It is necessary to conduct more analysis to determine this, but the results create a foundation for this hypothesis.

Conclusion

When looking through the lens of pre-established value based leadership theory, Enoro's CEO used 210 unique latent values 481 times and 51 unique values 84 times in the 32 mass-emails sent in 2015. The identified latent values overlapped with Enoro's official value descriptions 44 % of the time, while the explicit values overlapped approximately 60 % of the time. This implies that the CEO felt there were other important values for business success in addition to the official values, but when they explicitly mentioned a value, the CEO was more aligned with the official values of the company. This may be because the CEO understands that a generally exceptional business relies on a few key values that all businesses will have in common, but are too standard to serve as an effective and official value set. This reflects the true end-state that Enoro wishes to achieve, which is not present in the official values of Enoro, which can be most easily interpreted as instrumental.

The reason it was possible to match as many observed values as this thesis did was because of the value descriptions. All together, this shows that values are in constant use by at least one company with an official value set, but about half of the values used do not match the behavior encouraged by the official values. Due to the necessity of value descriptions to understand the official values, it may not be necessary to make the values official, just like the criticism suggests. Yet, if the values had been in a more terminal form, it would be easier to judge whether or not the instrumental values used in the company were functional or dysfunctional according to the official end-state goal of the company. This would be impossible for many stakeholders to judge if the values were not official. A severe blow to the usefulness of explicit values is the observation that none of Enoro's official values were explicitly mentioned; although this could simply be because the CEO felt it was more effective to bring attention to related values, as indicated by the relatively high percentage of the behavior encouraged by the explicit values that matches the behavior encourage by the official values.

Consequently, if the official values are not used often enough to be considered proper end-states, and they need to be explained with value descriptions to judge whether or not the values used are aligned with them, it appears that in this case, the official values of a company are not used to significant extent in an organizational situation where you would expect to be able to observe them. However, there is at least one distinct advantage of having official values in the terminal form, which is being able to judge the rest of the values used in the company as

being functional or dysfunctional. This thesis gives ammunition to both sides of the debate concerning whether or not official values are useful.

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Appendices

Appendix 1 – Mass-email 29.03.15

<u>Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***</u>

Dear colleagues,

This week I attended the Enoro days in Helsinki. 111 people, including clients and partners, gathered to hear about the state of the industry and our products that will help them stay energy efficient. (**Customer oriented**) Our colleague, Sami, presented Utilitics. His presentation made a profound impact on me because of what he said *and* how he said it. He had a strong opinion. He was passionate. ***(Passionate)***

In Enoro your opinions matter. (**Important**) Every decision that you make will affect how your job gets done. (**Accountable**) Every opinion that you express will help grow the company *in the right direction*. (**Accountable**) If you have a point of view about anything in our company, be sure to express it. (**Vocal**)

And I am glad to see that my weekly emails are sparking conversations in your teams and that you are sharing your insights with me. ***(Insightful)*** Your positive feedback is encouraging (**Vocal**) and your critical questions are nourishing. (**Questioning**) We need a culture where people ask the difficult questions. (**Questioning**) Where people challenge what is being said. (**Challenging**) Where people challenge what is being done. (**Challenging**)

Feedback should not be held back for your annual review, but it should be part of your daily conversation. (**Vocal**) Your conversations with your colleagues. Your managers. And your customers. The feedback that you give needs to go beyond saying "this doesn't work." (**Constructive**) You should explain your understanding of the situation, your analysis of why and your recommendation on how to proceed. (**Constructive**) Feedback is powerful if the analysis includes an action. (**Analytical**)

We need to build a culture that encourages feedback. (**Vocal**) Feedback in its right form is nourishing. If we agree on how feedback should be given, and on why – because we want to continue people to grow and grow a great company – then the feedback becomes part of our common journey. (**Growth-oriented**)

Our opinions matter. **(Essential)** And people want to hear from us. It is important to have a point of view if we are going to be heard by the industry. **(Opinionated)** This week I published an op-ed piece (enclosed) in Kapital (the Norwegian business publication) titled "Energy efficiency is important for Europe." I look forward to hearing your feedback on this piece. **(Vocal)** Our stakeholders' opinions influence how we are perceived. This week Sogn og Fjordane bank published a piece (in Norwegian) on how Enoro has seen a need, uses technology and develops products that the world wants.

I encourage you all to think about how and when you give feedback. **(Reflected)** Over the next ten days try to give eachother more feedback; let people know when they have done a great job, when you have questions or there is something that you don't understand. **(Vocal)** Lets stand out by taking a stance. **(Opinionated)**

Have a great week ahead and if you are celebrating Easter, I wish you a peaceful holiday.

Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***

Dear colleagues,

I hope you had a wonderful Easter holiday together with family and friends. Today marks the end of my first 90 days in Enoro and the beginning of our second quarter together. A quarter that where we will sharpen our focus on collaborating, innovating and caring for our customers. ***(Focused) (Collaborative)(Innovative)*****(Customer-oriented)**

My weekly emails to you will continue and I hope that they help you stay tuned in on where we are as an organization, (**Updated**) where we are heading (**Holistic**) and giving you insights into the bigger industry trends. (**Insightful**)

Our industry, and thus our customers, is in a period of great change. It is important that we stay at the forefront of this change. (**Flexible**) We must map it all out and respond so that we lead our customers' adoption to the change, rather than observing them succumbing to change. (**Flexible**)

I truly believe that the right change happens when we are all empowered to make the right decisions in our daily work. And when we do so along the same vision. (**Visionary**) Change can happen… through every email that you send…with every customer that you meet…and because of the technology that we develop. (**Essential**)

As an organization we are also evolving. I am pleased to announce that Patrik Nilsson will start today as the acting country manager for Enoro Sweden and he will report directly to me. He will head our renewed effort in the Swedish market. Patrik has extensive experience from the utility sector as the manager of Vattenfall's billing systems, running AMM procurement at Fortum and as council in the Smart Grid council for the Swedish government, as well as from successful startups (to mention a few). When I asked Patrik what he was looking forward to the most in Enoro he replied "I have followed Enoro for a long time and I see great potential in the people and products that I believe will be part of the fundamental changes that the utility industry is going through." (**Essential**) Please join me in welcoming him into his new job. (**Inclusive**) And you can also reach him directly on Patrik.Nilsson@enoro.com

This week I will be in Dale on the 7th and 8th of April….

Warm wishes for a great week ahead,

Appendix 3 – Mass-email 25.05.15

Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***

Dear colleagues,

Enoro is doing a great job serving customers and delivering our products. (**Customer-oriented**) We have a great brand in ENORO, and our bird - the Goldcrest - has a lot of potential as a symbol. I think we have not fully exploited the potential in our brand. So, while we are working to improve our service and innovation, we will also put more effort into how we can make our brand have wings. (**Service minded +** ***Innovative*** **+ Brand-loyal**) We need to crispening our story and develop our common ability to tell the story convincingly and compellingly. (**Storytelling**) Internal storytelling and creating proudness is a key pillar in this. (**Pride**)

This marketing effort will also be about thought leadership. (**Reflected**) I think the recent announcement around university campuses is a great way to get our great story out.

On Wednesday the 20th of May we announced the results from the SMART CAMPUS three-year project. Each campus achieved different excellent results, and overall the project reached 30% energy savings. This is 10% beyond the expected 20%. Our technology and solution was key to ensuring this. (**Essential**) These local projects indicate a global trend: the EU's energy efficiency target of 20% by 2020 is well within reach.

Together Jussi Muttilainen, our SMART CAMPUS coordinator, and Niilo lohikoski, developed an aligned communications strategy for the announcement of how our local tool was shifting the global needle. An excellent piece of teamwork. (**Collaboration**) Kudos to all!

I hope that this story and the other stories in this month's newsletter create deeper insight across our boarders. (**Insightful**)

Enjoy!

Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***

Dear colleagues,

15 July the Energy Union issued their <u>summer package</u> which puts the "energy efficiency first" principle to cut emissions, bring savings to customers and reduce the EU's fossil fuel dependency at the forefront. The policy highlights initiatives such as

- energy labelling to develop more energy efficient products. The Energy Commission is proposing to simplify the labelling back to the original A to G scale to make it easier understood by customers.

- helping consumers save money and energy through better information. This includes clearer billing.

- giving consumers a wider choice of action when choosing to participate in energy markets. They need to be free to generate and consume their own energy under fair conditions in order to save money, help the environment and ensure security of supply.

Recently I mentioned how my fitness-band measures my pulse and activity level (or lack of it) - just like the smart meter measures the electricity use of the house. This week's statement from the Energy Union brings to mind another analogy: My phone bill is itemised. As are the bills of my family. They state who we called, when we called and how much we have spent. We can only change what we know. (**Knowledgeable**) The itemised bill is important so that we can adjust our behaviour or change our contract. (**Adaptble**) Enoro's software provides the same service; itemised bills for homes and businesses to inform them and help them to change. So we can safely say that we are in tune with the times and regulations. (**Updated**)

To succeed we need to move people and make them understand what we offer. (**Clear**) We need to inform and understand different stakeholders. (***Informative)*** We need to speak with everyone from policy makers to utility providers. (**Vocal**) We also need to engage with the general public as well as with experts at conferences. ***(Engaged)*** Our message has to be the same, but the story needs to resonate emotionally and intellectually with our audience. (**Storyteller**) That means finding different stories and different hooks to get their attention and illustrate our points. (**Salesperson**) It is good to know that the general sentiments and policies increasingly support what we do and deliver!

To inform people about Enoro we also sponsor different events. This week we issued <u>a press release</u> to the Finnish press about the Hitchball race (which we sponsored) where 80 people

hitchhiked 50,000 km with no additional emissions. It received some media coverage including [this piece](#) (in Finnish).

So lets continue to share stories that move people, news that increases people's knowledge and policies that can change the way we do business. **(Vocal)** I tweet using [@AndersLier](#) and Enoro is also on twitter [@EnoroEurope](#) - so tweet me if you want me to follow you. And lets continue to have the #EnergyEfficiency conversation. **(Engaged)**

Have a great week ahead.

Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***

Dear colleagues,

On Thursday last week we announced that Vattenfall Services and Enoro [signed a framework agreement](#)with VÄRMEK (a Swedish procurement association in the utility sector) to offer 144 Swedish utilities a Metering solution for district heating, electricity and water. The Metering solution includes a Meter Data Management service, based on our GENERIS product. Cost efficiency, regulatory compliance and improved work efficiency are the biggest expected benefits for VÄRMEK's members. A great piece of news and thank you to Åke Liedgren and the Swedish team for diligently working to get this deal signed. (***Diligent)*** This announcement is a milestone in Sweden that the [media picked up](#). A frame agreement is a great start and an important "licence to hunt" for the contracts. (**Opportunistic**) This came through because of external circumstances and market needs: GENERIS is a product that solves Vattenfall and VÄRMEK's challenges. But this is also came through because of who we are as a firm. (**Identity driven**) Because in this process I believe we truly were the best we could be. (**Talented**)

And that is a question worth reflecting on: Who are we when we are the best that we can be? (**Identity driven**) What values guide us? (**Value minded**) How do we act? (**Reflected**) Let us continue developing our winning spirit and behaviour, treasure it and take it with us into new battles! (***Winning spirit)***

We have to expect changes and we need to adapt to the environment. ***(Adaptable)*** Just like we are constantly improving the software that we deliver. (***Constantly improving)*** Utilities are seeing their traditional business model threatened in markets where renewable energy accounts for a greater part of new generation.

The external circumstances are changing. But this is necessary if we wish to leave the world in a better shape to our children. (**Responsible**) Renewable energy is not a threat. We need to find new sources for the electricity that we use. (**Innovative**) We need to reduce the use of the electricity - use it more efficiently. (**Efficient**) Using energy efficiently is as important as finding new resources. So we have a big role to play in a more energy conscious society. (**Accountable**) Changing external circumstances are not a threat. They represent an opportunity. (***Opportunistic)*** And an opportunity that we need to embrace. (**Adaptable**)

Develop our software further and ensuring that we always are the best that we can be. (**Self-improving**)

I wish you a great week ahead!

Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***

Dear colleagues,

Last week we announced changes to our organization. Your feedback through the townhalls, emails and conversations we have had has been very positive. (**Vocal**) And I thank you for supporting the changes that will help us keep hold our leadership position and grow in the constantly changing market with fierce competition. ***(Competitive)***

Empowering ownership, ensuring simplicity and enabling results are really the core of the change. (**Accountable + Simplistic + *Results oriented)*** The changes will help us do our job better. (**Effective**) And our job ahead is our focus. ***(Focused)*** We need to focus on our customers and increase their satisfaction. (***Customer oriented)*** We need to deliver on the budget by closing opportunities and winning international deals. ***(Opportunistic +* Competitive**)

The big opportunity this week is Brukarmøtet in Trondheim from 25-27 August where we will be gathering more than 400 representatives from the energy industry, including our customers, to share experiences. If you are attending this meeting, I encourage you all to reach out to the person next to you, (**Network building**) share our success stories (**Vocal**) from the Smart Campus trial, the framework agreement with Varmek and tweet using #Brukarmøtet.

It was great seeing you in townhall meetings in Sweden and Hamar. (**Inclusive**) This week we will be continuing the townhall meetings in Helsinki on the 24th of August, Dale on the 28th of August, and the following week in Jyväskylä on the 2nd of September and Zurich on the 3rd of September.

I look forward to seeing you in Helsinki and Dale this week and to continue our conversation. (**Inclusive**) If you have any questions, stop me in the hallway, write me a note or give me a call. (**Inclusive**)

Have a great week ahead.

Observed values are highlighted in (**bold**) explicit values are highlighted in ***(bold italics).***

Dear all,

Friday last week we introduced Enoro to our new employees in Helsinki. The objectives of the introduction was to know who is who in Enoro, to meet with management and to learn the organization. We presented what business we are in, our mission, values and strategy. We went through our current business and targets, how do we work in Enoro and our main processes and practices. We also talked about respect, fairness and pride in Enoro. ***(Respectful + Fair + Proud)*** The next step for our new employees is to get to know the company by product training and more detailed induction in own units and team.

Every day we have to deliver on our commitments. (**Results oriented**) Towo and Pasi have just held the first review meeting at the Capacity and Commitment management wall in Helsinki. The meeting went very well and all teams were represented. There will be a regular review/presentation round every two weeks. We have just started this process and I am confident that it will help us to improve our processes and methods. (**Improving + Process oriented**) This is a picture of the wall that clearly details our delivery commitments and resourcing:

Last week we got the news that Nordic Balance Settlement (NBS) is delayed to "Autumn 2016". They are not giving a new plan yet. This delay will have impact on us this year, particular for Finland. We will of course do our outmost best to get the revenue this year. We will also drive to get new revenue to compensate for the delayed NBS. (**Revenue oriented**) We are currently analysing the situation and will talk with our customers. We will work hard to close the gap compared with the original forecast. (**Hard working**) We will give you an update on this on the all staff meeting this week.

Have a great week ahead