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## How Good Is Values Analysis?

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It has become something of a truism that employees these days are harder to manage than were their counterparts of a generation ago. They are said to be far less predictable in their attitudes toward pay, supervision and other work-related factors, which makes it harder for companies to assess job applicants and complicates the task of directing and motivating those who are hired. Some managers go so far as to blame this so-called decline of the work ethic for contributing to the slowdown in U.S. industrial productivity.

To help them cope with the changing work force, a number of large companies are experimenting with a psychological theory called "values analysis"—a technique that attempts to identify the underlying values on which an individual's behavior is based. By classifying employees according to different value systems, the theorists contend, it is possible for managers to predict how they will react to a given situation, and this knowledge can be used to make them happier and more productive on the job.

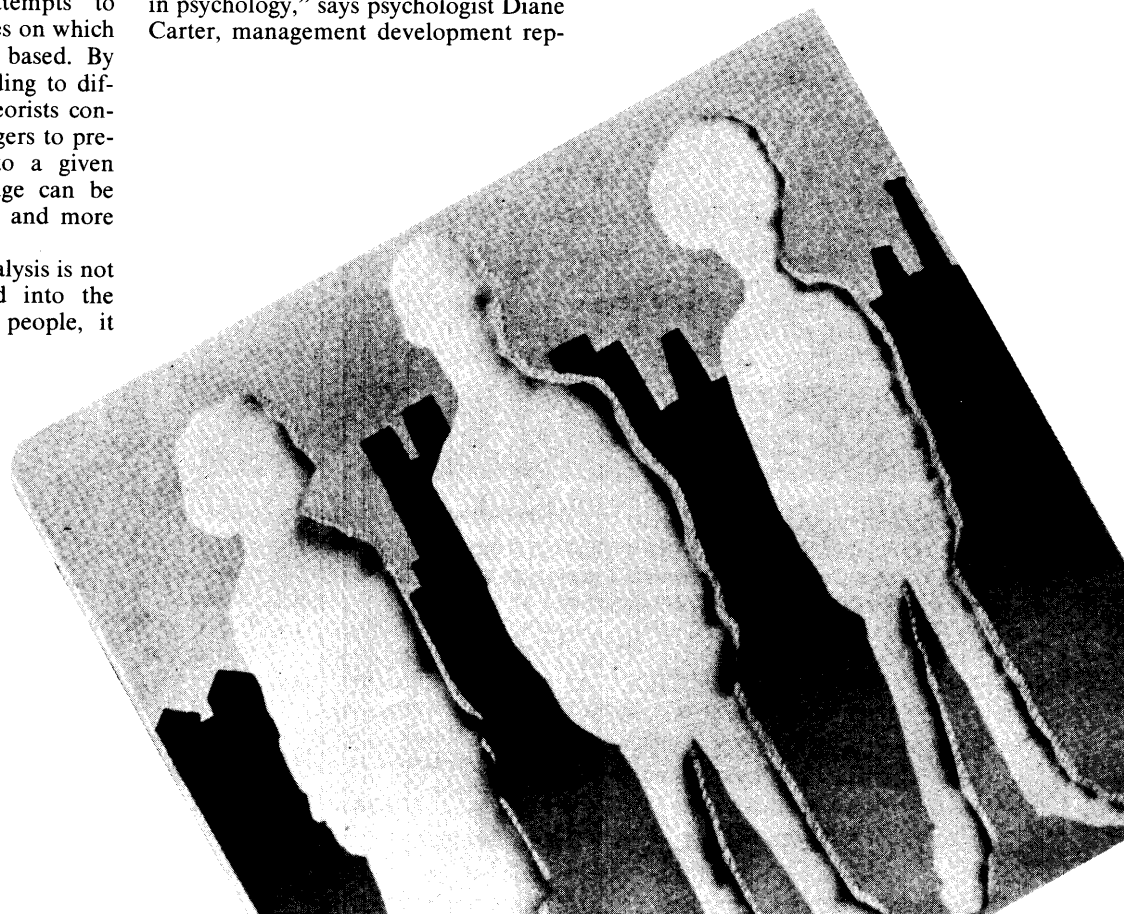
Needless to say, values analysis is not being universally welcomed into the corporate world. To some people, it

smacks of psychological manipulation, and labor leaders in particular charge that it is being used to forestall organizing efforts. Even some skeptical psychologists regard it as just another expensive, transient management fad—a la transactional analysis, encounter groups and sensitivity training.

Nevertheless, hundreds of companies are said to be experimenting with values analysis to some extent, including such major ones as American Telephone & Telegraph, Standard Oil of Indiana, United Airlines and American Airlines. And most of them have nothing but praise for the technique. "It's extremely powerful and extremely easy to understand and apply without having a degree in psychology," says psychologist Diane Carter, management development rep-

resentative for United Airlines, which has been using values analysis for the past two years. "I think it is the most useful way to look at behavior and organization that I have seen."

Another advocate is Irving Margol, personnel vice president at Los Angeles Security Pacific Bank, where values analysis is being used in selecting, training, motivating and counseling employees. "We recognize that people who come to work for the bank today are different than those who started twenty years ago, and also that people are different from each other," Margol says. "Values analysis is a good tool to help management understand and comprehend this."



Values analysis is largely the invention of a little-known scholar named Clare Graves, who was for years a professor of developmental psychology at Schenectady, New York's Union College. Drawing on the psychological theories of human development formulated by Brandeis University's Abraham Maslow and Germany's Eduard Sprunger, in 1952 Graves undertook an ambitious academic project to pin down society's definition of human maturity. After administering personality and intelligence tests to more than 1,000 students and trying to fit the results into a single behavioral model, Graves finally threw up his hands. Such a definition apparently did not exist.

### Seven Patterns

However, Graves noticed that the results of his work seemed to show there were distinctive patterns in the way people define maturity. After fourteen years of testing dozens of concepts to explain those patterns, he came up with his answer in a unique theory of human development.

Graves found seven patterns, each involving a complex web of commonly held values. These value systems are both hierarchical and evolving. Primitive man had only one value—staying alive—but as the human species

evolved, other value systems emerged in response to changing environmental conditions and human needs. So far, said Graves, mankind has produced only seven systems because that is all his development has required. But others will surely evolve in the future.

As a person matures, Graves theorized, he progresses from one value system to another, more or less duplicating the progress made by the species. For one reason or another, few people get to stage seven; most make it to four or five. However, people do not reside in one category, like a pigeon occupies a nook, he cautioned. Most exhibit values of several systems at the same time, although one usually dominates.

To describe each value system, and explain when and why it emerged historically, Graves devoted thousands of words and dozens of esoteric psychological concepts. Highly simplified, they can be described as follows:

1) *Subsistence*. People at this level of existence seek only to stay alive. They react to warmth, pain and hunger but not to other humans as individuals. It is now characteristic only of infants and some brain-damaged people.

2) *Tribalistic*. This value system, which evolved 40,000 years ago, holds that basic needs can be met by submission to a strong authority figure. Myth, tradition, magic and superstition are common. Today, it is mostly found

under conditions of extreme poverty.

3) *Egocentric*. This system began to emerge 10,000 years ago as a reaction against tribal values. It eschews authority, norms, rules and standards, and its adherents are often brash, rough and brazen. It is still common in this country, according to Graves—its strongest adherents being found among laborers, truck drivers and certain executives.

4) *Absolutistic*. First seen 4,000 years ago, it is characterized by the conviction that there is an underlying rationale to life—a reason why there are “haves” and “have-nots.” The system puts a great deal of stock in absolute moral laws and in order, structure, sacrifice and discipline. According to Graves, people who adhere to these values have been the mainstay of the hourly work force in America since the beginning of the Industrial Revolution.

5) *Achievist*. This set of values, which first appeared around the fifth century A.D., is distinguished by a desire to conquer the world through knowledge, rather than through brute force. It puts a high premium on aggression and competition. Politicians, salesmen and marketing executives often cling strongly to these values, Graves says.

6) *Sociocentric*. This value system first emerged about the beginning of this century, Graves says. Rejecting aggression, it puts a premium on belonging. Adherents value goodwill more than free enterprise, social approval more than individual fame. They work on behalf of social causes, are opposed to the manipulation of people and eschew rigid conformity.

7) *Individualistic*. A value system that emerged after World War II, it stresses oneself over others but lacks the hostility of the egocentric system. Adherents respond to reason, not rules. They are tol-



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## The most vocal critic of values analysis is labor, which contends that some companies are using it as a way to weed out potential organizers and otherwise foil attempts to unionize factories.

erant of ambiguity in people and situations, but expect top performance in themselves and others.

Graves' hypothesis fell on the psychological community like a feather. The major academic journals rejected his articles; every psychologist, it seems, has a theory about how the world works. So Graves recast his concept toward a practical business slant and sold it to the *Harvard Business Review*, which published it under the title "Deterioration of Work Standards" in October 1966. Only after four more years, during which he was in and out of hospitals with a heart ailment, did Graves achieve the professional recognition he had long sought. In the fall of 1970, his "Levels of Existence: An Open System Theory of Values," was published in the *Journal of Humanistic Psychology*.

By then, word of Graves' novel concept was circulating among industrial psychologists, mainly in the relatively new and controversial field of organizational development. At the time, O.D. experts were in great demand by companies seeking to keep the countercultural revolution in the streets from sweeping through their factories. Applying humanistic psychology, the experts developed dozens of techniques. Two favorites of industry were transactional analysis, which defined human relationships in terms of three roles (parent, child and adult) and taught managers to play those roles; and The Organizational Grid, which identified companies according to their concern with people versus production.

### Early Experiment

One corporate psychologist who became interested in the Graves theory was Scott Myers, manager of personnel and management resources at Texas Instruments Inc. In 1971, while on leave as a visiting professor at the Massachusetts Institute of Technology's Sloan School of Management, Myers attended a seminar where he heard a presentation on values analysis by Graves himself. Though skeptical—"It seemed a little too pat," he recalls—Myers returned to MIT and, together with his wife Susan, began work on a questionnaire to identify values in individuals. The test included questions like "To me, company loyalty means . . ." and "Money is

important to me because . . ." Each was followed by six possible answers, corresponding to six of the seven Graves value systems. ("Subsistence" was excluded on the assumption that individuals at that level couldn't take a written test.)

On returning to his job at Texas Instruments later that year, Myers explained the theory to his boss, personnel director Charles Hughes, and company assistant comptroller Vincent Flowers, who were wrestling with the problem of high employee turnover on the assembly lines. Reasoning that the values approach could be used to identify in advance employees who wouldn't fit in, they administered the test to applicants without the knowledge of company management, and then tracked them for a year.

They had suspected that assembly-line work was best suited to employees with tribal values and unsuited to those with egocentric values. Their predictions proved accurate. After a year, individuals who had shown a strong degree of tribal values in the test turned out to be good, stable workers, while the egocentrics seemed to dislike the work, caused trouble and eventually left. By this time, however, both Hughes and Myers—who were beginning to be regarded as eccentrics by other Texas Instruments managers—were on their way out of the company, and Flowers had quit to become associate dean of business at North Texas State University in Denton.

Since then, the values theory has spread fast in industry. Shortly before leaving Texas Instruments, Flowers and Hughes described their work at the company in a *Harvard Business Review* article and in a booklet for the American Management Associations. Two years later they collaborated with Scott and Susan Myers in an ambitious survey and report for the AMA in which they administered the values quiz to 1,707 managers across the country.

By now, Flowers and Hughes, who run their own Dallas management consulting firm, Center for Values Research, claim to have introduced the concept to hundreds of companies. So do Scott and Susan Myers, who run the Center for Applied Management in Santa Barbara, California.

Of the dozens of other consultants who have set up firms to develop selection, training and motivational procedures based on the Graves' theory, one of the most active is psychologist Donald Beck, a former professor who now runs a consulting firm outside Dallas called the National Values Center.

### Recognizing Values

Beck uses values analysis in training programs for executives and other supervisors. Like other practitioners, he operates on the theory that most personnel problems occur because managers tend to have different values than their employees. At the upper levels of management this imbalance can't be corrected, he says, nor should it be, since different values are needed in a corporation. But what one can do is teach managers to recognize the various value systems—or, in Beck's phrase, the various positions on "the psychological map."

For instance, employees with tribalistic values respond best to a benevolently autocratic management style, he believes, while egocentrics would view such an approach as so weak and indecisive as to invite disobedience. Absolutist employees, on the other hand, expect to be treated in a dignified, businesslike manner and take comfort in clear-cut rules and procedures. Achievists will chafe under those same rules; they value the end, not the means, and respond to material rewards for achieving goals. Such incentives, however, would mean little to a sociocentric person, who would much rather have a harmonious and mutually supportive relationship with his co-workers. Finally, the individualist takes pride in achievement—not so much for reward but for the feeling of being a part of a dynamic and successful enterprise.

Of course, experienced managers often recognize these types of people instinctively and discover through trial and error how to deal with them. But values consultants contend that a systematic framework enables organizations to avoid some of the problems that arise with hit-and-miss methods.

Take the case of Dallas' Republic National Bank, which asked Beck to help drum up employee enthusiasm for a new marketing drive. In past drives, the bank had offered valuable prizes for

bringing in the most new accounts, but those incentives had not worked.

To find out what would motivate employees, Beck interviewed a number of them to determine their values and found three dominant systems: tribalistic, absolutistic and sociocentric. Using that information, he designed a sound-and-slide presentation to appeal to each group. For the tribalistic employees, he emphasized the idea of the bank as a family; for the absolutists, he emphasized tradition, with pictures of the bank in its early days; for the sociocentrics, he used scenes of employees helping customers. "The bank officers tended to be achievists, and we warned them that they probably wouldn't understand the presentation," Beck says. "We were right; it made no sense to them."

In a quite different application, Beck was called in by Standard Oil Co. (Indiana) to teach values analysis to supervisors of professional employees—such as geologists and engineers—who, the company felt, could not be managed like regular rank-and-file workers. "Some people can't operate with a lot of rules and regulations and have to be treated differently," says James Glennon, Indiana Standard's director of training. "We've had a lot of supervisors go through this Beck thing, and they're mightily impressed."

Beck was also asked to help Southwestern Bell, a subsidiary of American Telephone & Telegraph, explain to its 45,000 employees the rationale behind the major restructuring of the parent corporation and its units two years ago. Employees seemed to respond as the company had hoped, according to Lane Talburt, public relations manager, although he admits that there is no way of knowing whether the approach was more effective than any other he might have used. "It's the kind of thing you just can't measure," he says.

But advocates claim that is not the point. Values analysis, they say, is not an absolute but a guide. "It doesn't give you skills," says United Airlines' Diane Carter, "but gives you direction in determining what style to approach employees in—what you should emphasize in your facts or how you should present your case."

Carter says that teaching supervisors how to use the system has proven very successful. She has also had good results applying it for team building among staffs that work together. "I will go in and work with, say, a comptroller, a supervisor and office manager—give everybody the instrument and then tell them what each one's value system is and what the implications are in terms of the way in which they ought to work



**Values theorist Graves (left) with disciple Beck: A cool reception from the psychological journals, but industry saw the potential**

with that particular person. It's more than just positive," she adds. "They tend to get very excited about it."

Nevertheless, values analysis has evoked serious criticism on several fronts. Most vocal are labor unions, which contend that some companies are using it as a way to weed out potential organizers and otherwise foil attempts to unionize factories.

#### **A Potent Weapon?**

Consultants Hughes and Flowers have earned the particular enmity of labor leaders for their efforts in this area. The two do not deny that values analysis can be turned into a potent anti-union weapon and, in fact, admit that such applications are the largest part of their business. But they contend that their techniques are aboveboard.

Their usual method is to go into a factory where management fears union organization and administer two anonymous tests to each employee—one to detect their value system, another to gauge their attitude toward the company. They take the results to management, explain what workers are dissatisfied about and profile the predominant value systems. Then they design a communications program based on those values to show employees why it would not be a good idea to organize. "We also use the values model to determine who the company should be hiring, how they should be placed, how they should be paid and how they should be led, according to what their value system may be," says Hughes.

Labor, however, is not assuaged. Union members have picketed Hughes and Flowers seminars in Los Angeles, Seattle and Chicago, and were out in force in January when the two spoke to a group of managers at Denver's Fairmont Hotel.

The most controversial aspect of values analysis, however, may turn out to be its use as a personnel selection device—in the same way that psychological and aptitude tests to screen out troublemakers and incompetents have long been under fire. So far, its use in hiring has not generated much controversy because it has only been applied in an informal way. But some values analysts fear that companies may begin to use a formal values questionnaire. Even Scott Myers, who was most responsible for introducing values analysis to business, warns that its use in hiring is dangerous. "There are very serious ethical questions involved here," he says.

What most experts in the field are coming to realize, then, is that values analysis should not be thought of as a specific tool but as a kind of mental aid to help managers deal with people of varying backgrounds and attitudes. "I don't think it's magic, and I don't think it's the most wonderful thing that has ever happened," says Robert Archibald, a psychologist at Ohio State University and authority on the values theory. "But it is a useful approach to many different areas of human behavior. My guess is that anybody who has ever been exposed to it uses it in some way and thinks about it." —NILES HOWARD