# The Right Values?

## Do non-profits live up to their ethos?

**List of abbreviations and acronyms used:**

BNS – Business Needs Scorecard
BVC – Barrett Values Centre
ONS – Office for National Statistics
NVA – National Values Alliance

# 1  INTRODUCTION

## Summary: Aims and Overview of the Study

Charities, voluntary and community groups, faith based organisations, and social enterprises, together, represent the substantial and diverse social sector.

Recently, this sector has faced significant changes and challenges in the form of a double-dip recession, changing public sector contracts, and positive inputs such as the 'Big Society' proposed by the Conservative government. Challenges are unlikely to disappear; therefore, it is important that the sector remains as robust and flexible as possible in dealing with these. One of the advantages the sector as a whole has is the central role that 'values' play; setting them apart from less altruistic organisations.

> **"** *The values appear to be something we ensure are displayed - not something we ensure is part of what we do, and how we behave. I can't remember the last time a senior manager referred to them - they appear only to come out on occasion in discussions with marketing and even that's a rarity.* **"**

In light of the challenges and the perceived centrality of the values, this study aims to take a value-health snapshot of the sector in order to establish whether there is any disparity or variance between the current cultural values of organisations within the sector, and the desired values. This was done by surveying respondents working in the social sector via an online survey, in which 312 people took part.

The introduction will provide background to the study in the form of providing an overview of the size and current situation (challenges and positive input) of the social sector, as well as the importance of values to the sector as a whole.  In the section following this, I will introduce two important concepts regarding values: The Barrett Values Centre, and the UK National Values Assessment. These two concepts showcase the importance of values to organisations, providing the background to this research.

Following this is the original research conducted: it is described and discussed in the last section of this report. The results lead me to my recommendations for the sector.

## Overview of the social sector and the role of values

The size and complexity of the social sector in the UK is remarkable, and it is continually increasing. It is a sector with an annual income of over £38.3 billion, a paid workforce of over 732,000 people, working together through a complex network of over 162,000 organisations in the UK.  The workforce itself displays some diversity: 18% of its employees have a disability and over 30% of employees are over the age of 50. In addition, across the UK, day in day out, armies of volunteers, of different ages and backgrounds,

> **"** *In my experience living our values in practice is not rewarded and there is little if no support in challenging behaviours which are against our values. In my team and department we are able to create a silo mentality even if we are less than 25 people and frankness seems to be actively discouraged.* **"**

without pay, engage in providing services and fulfilling roles that range from office administration, cleaning and domestics, right though to clergy, nurses, managers, and trustees: On any month the sector attracts and works with 12.7 million volunteers.

It is also a sector in a constant state of flux, and increasingly so, in the current economic climate in response to a double dip recession, unprecedented levels of austerity, cut backs, as well as the lure of a public sector opening up to competition, social sector organisations have been looking to bolster their commercial and leadership skills. They have been looking to diversify their income streams, explore ethical investment options, and transform the way they do business. In line with the development of the digital age, they are embracing social media and connecting in ever more innovative ways with their stakeholders.

> *For the most part the organisation's values are strong, known and upheld. But it lets individuals get away with known poor behaviour, including at managerial level.*

Most social sector organisations have had to change, to innovate, and to reengineer their thinking and processes to survive in an increasingly competitive sector. Those that have been unable to rise to the challenges faced, unable to raise sufficient funds, or to secure the necessary public sector partnerships that they once relied upon, have had to close their doors.

Another significant change within the sector has been the rise of the 'Social Enterprise'. Primarily in response to two main factors: One, being the need for organisations to innovate to survive and develop, by improving their ability to not only provide a service, but also to sell services and gain income from avenues other than the donor; And two, the need for individuals and organisations to connect with the donor, consumer, or stakeholder, at a deeper human level. Adopting to some extent, the model of conscious capitalism, whereby the organisation achieves profitability, but with a difference. That difference being some connection and alignment with the emotional, mental and spiritual needs of its stakeholders, and with an awareness of its impact on the world. Despite the obvious financial challenges, it is this need for consciousness and of a deeper connection to purpose and values that is also driving debate and change in the private sector towards 'conscious capitalism'.

Whatever the comparisons and collaborations with the public and private sector, I believe that the social sector is fundamentally different. It is a sector where the currency of choice is not money, but people. It's not about profitability and shareholder returns and dividends; it's about values, and the maintenance and development of those values for a better society.

> *The core values and ethos are excellent but they don't seem to be practiced by many of the senior leadership.*

Using a metaphor, the importance of values can be described best with a quote from the Daoist classic, Guanzi, prior to 200 B.C:

> *The heart is the emperor of the human body. Its subordinate officers are in charge of the nine orifices and their related functions. As long as the heart remains on its rightful path, the nine orifices will follow along and function properly. If the heart's desires become abundant, however, the eyes will lose their sense of colour, and the ears will lose their sense of sound.*

My challenge to the social sector was whether our hearts are strong and whether we are operating at 'full spectrum consciousness'. Are we effectively managing the 'desires' that exist for survival as well as growth, and are we aware of our shared values and any gaps that may exist?

I wanted to get some sense of the key values that define the social sector and begin to get an understanding of the extent to which values were lived and incorporated into the organisations which make up the sector.

# 2  THE IMPORTANCE OF VALUES

It is this strong set of values, beliefs, principles, and the proliferation of a set of moral ideals that provides impetus for the volunteers and staff to contribute so much, in so many ways.

It is people that are at the heart of the sector, and values that are at the heart of the people. People have innate positive as well as negative tendencies that need to be understood and developed. Core values provide moral authority to positive tendencies and guide people to do good, and to work co-operatively with integrity towards one's own wellbeing, as well as the wellbeing of others. This is what the social sector is all about.

Collins, in his book Built to Last, explains that in the same way that values motivate and inspire people, core values sit together with purpose, as the organisations essential and enduring tenets. Not only do they provide competitive advantage, but they connect the organisation, and in this case the social sector, with the people, and vice versa.

### Barrett Values Centre – 7 Levels of Consciousness

The Barrett Values Centre have mapped the values of hundreds of companies, organisations, and more recently whole nations. They confidently assert that values-driven companies are the most successful. 'Why? Because 'values drive culture; culture drives employee fulfilment; employee fulfilment drives customer satisfaction; and customer satisfaction drives shareholder value'.

Richard Barrett, the founder of the Values Centre explains that values are a shorthand method of describing individual and collective motivations and what is important to us. They can be either positive or potentially limiting. According to him, positive values (virtues) emanate from the soul, whilst potentially limiting values emanate from the conscious or sub-conscious fear-based beliefs of the ego.

The social sector has its own soul, and it is the awareness, development, and management of these motivational forces/values/virtues which will lead to 'full spectrum consciousness': A state in which organisations and in our case the sector pays attention to everything that is important for the individual and collective psychological development and evolution.

Barrett argues that people, organisations, and even nations evolve in particular ways, and by focusing on the development of the virtues, and moving away from the negative values, we can achieve consciousness in all seven levels. These values can be distributed across all segments of the Business Needs Scorecard (BNS), which in the diagram below, is an adaptation and extension of Kaplan and Norton's Balanced Scorecard.

Chart 1: The Seven Levels Model and Business Needs Scorecard



Seven Levels Model          Business Needs Scorecard
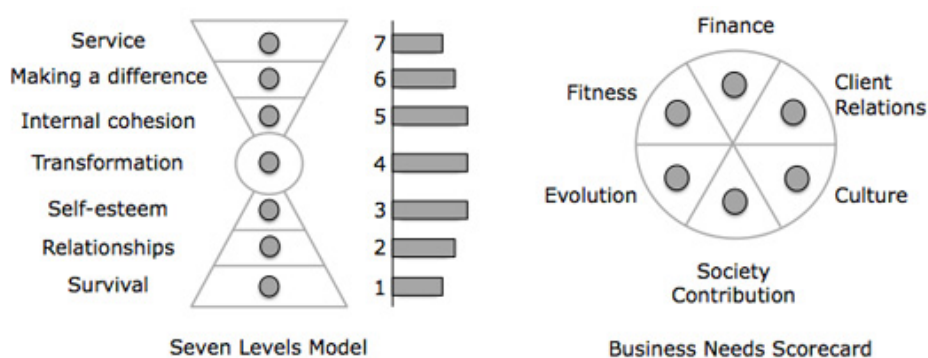
The 7 levels model provides a measure of wellbeing for individuals as well as organisations, and explains in some way the focus of this study.

I want to know what the values of the social sector are. What the gaps are and whether the social sector is performing as best as it can, in contributing to the wellbeing of society as a whole. Amidst the topical debate on ethics and morality within the voluntary and community sector, I ask whether values are really at the heart and soul of the sector.

## The UK National Values Assessment

It is the measure of wellbeing and indeed its relation to happiness that led to the UK Government to commission the Barrett Values Centre (BVC) team to carry out a National Values Assessment. This would help connect wellbeing, happiness, and future intent, to the values that exist in society, and in communities.

> " *The contracting environment sometimes makes it difficult to live up to the organisation's values.* "

Similar to this social sector study, if the Government could map the present and future values, it could then get a measure of consciousness. By aligning this to a national BNS, Government departments would be able to identify priority areas of focus and improvement that matter to the public, for short as well as long term values-led growth, towards full spectrum consciousness.

The BVC on behalf of the Office for National Statistics (ONS) surveyed 4000 people, of different backgrounds, and in different regions. The assessment results were launched in 2013, alongside the establishment of the National Values Alliance (NVA), which is a group of professionals, academics, and organisations dedicated to promoting the importance of values in society, and driving forward a national debate on the benefits of aligning behaviours and positive values. Their mission is to 'put values at the heart of UK society'.

The results of the national assessment were very interesting and reinforce some of the findings of this survey of the social sector. It found that there were 7 values in common between the citizens of England, Northern Ireland, Scotland, and Wales. These values were caring, family, honesty, humour/fun, friendship, fairness and compassion, and were seen as synonymous with community life in the UK.

There was a stark contrast however, when people were asked to state the values they see in the nation. As a nation people saw 6 potentially limiting values: bureaucracy, crime/violence, uncertainty about the future, corruption, blame, as well as drugs/alcohol abuse. Other top scoring potentially limiting values include: media influence, apathy, poverty, discrimination, elitism and short term focus. Three common priorities shared at national as well as community level were: caring for the elderly, affordable housing, and caring for the disadvantaged.

Clearly these are key functions that are delivered in a big way by the social sector, and increasingly so with the advent of the Health and Social Care Act 2012, thus putting the social sector right at the heart of the nations' and indeed the Governments priorities.

The term "zero-hour contract" is British English for an employee who is on call with no set minimum hours or definite schedule who works under an employment contract which nevertheless meets the requirements of the Employment Rights Act 1996, a statute of the United Kingdom.

# 3 THE SOCIAL SECTOR CHALLENGE

> *We hang on to our values, even if they seem at times tarnished and worn; even if, as a nation and in our own lives, we have betrayed them more often than we care to remember. What else is there to guide us? Those values are our inheritance, what makes us who we are as a people. And although we recognize that they are subject to challenge, can be poked and prodded and debunked and turned inside out by intellectuals and cultural critics, they have proven to be both surprisingly durable and surprisingly constant across classes, and races, and faiths, and generations. We can make claims on their behalf, so long as we understand that our values must be tested against fact and experience, so long as we recall that they demand deeds and not just words.*

**Barack Obama, The Audacity of Hope: Thoughts on Reclaiming the American Dream**

We know that values define and unite this diverse sector, and that they are fundamental to its success, credibility, evolution, consciousness and contribution to society as a whole. Values are what really matter to the people, and it is people that are the heart and soul of the social sector. But as President Obama points out above: actions speak louder than words.

As we develop to actualise meaningful business collaborations, and in some way fill the gap left by a reduction in the size of the public sector, there is a risk that we fall foul and neglect or lose sight of the sincerity of our intentions. Our actions may not be in line with our words, and the question to the social sector as a whole is whether we are indeed living the values that we profess.

Recently, some cases have come to light where this was evidently not the case. An extreme, but highly current, example is the recent discovery that albeit a very small percentage, the Church of England having spoken out vehemently against pay day lenders, has an indirect stake in Wonga's principal financial backers.

> *Our values are expressed as 'We are caring, innovative, excellent, influential, ethical and passionate in all that we do.' There is no elaboration on this statement, which isn't helpful, but it is a creed of sorts and the staff of the charity do try to follow it. One huge criticism is there is no BME or socio-economic diversity in the organisation, which is not only bad for the charity image and brand, but bad for our beneficiaries, because they could potentially feel excluded and not catered for. My biggest criticism is that we do not listen to our beneficiaries: several polls have highlighted that we should be spending more on research, but this has been ignored.*

Another example is the 'zero hours debate' around zero hours contracts. This came to the fore during the 2012 Olympics in London, where organisations involved in the Olympics including McDonalds and G4S used zero hour contracts for their workers, despite the Olympic values being respect, excellence, and friendship. It was perceived that the zero hour contracts went against these values. More generally, it is estimated that there are now nearly 1 million people on such contracts, with over 300,000 of these workers in the care system.

It recently emerged that the charity and social enterprise Turning Point had sacked approximately 300 staff on casual contracts, only to re-engage them on zero hour contracts. Some charities and social enterprises have cited the decrease in Government funding and new commissioning rules, as warranting the use of such contracts. In a society and sector prioritising the care of the disadvantaged, can we really warrant such widespread use of a contract that provides little security to the employee?

> *Change has to come from the top - if the trustees / senior management are walking the walk as well as talking the talk, it will be observed by all, and efforts to instil the same values across the organisation will be more successful.*

As the social sector aspires to be more business-like, and as it explores new models of working as well as social investment, I have two primary concerns: one being the possible erosion of a values driven culture, due to new financial pressures and funding arrangements, and two, the repeated desire that sector leaders display in searching externally for advice and support, when they have so much expertise and experience within the sector at their disposal, that is in fact values-led.

In 2005 the Government argued that third sector organisations were well-placed to deliver high quality public services precisely because they were 'values-driven' and primarily motivated by the desire to further social, environmental or cultural objectives, rather

> " *There is a great set of values and it's applied to the beneficiaries, but not so much to UK staff.* "

than to make a profit. Knight and Robson's work on the independence of the voluntary and community sector suggests that voluntary and community organisations 'have distinctive values and qualities that make them excellent providers of services and effective advocates of change'. It strikes me that in the current financial and fear based climate, social sector values-based leaders are in-fact the key to UK development and growth.

So I ask, has the Social Sector taken enough care of its values and the assumed 'values-driven' culture, to ensure that it does not become a casualty of the revolution to innovate, collaborate, expand and capitalise into different markets. Is there enough of a values debate in the sector, and should we challenge the crisis of confidence, and actually promote our own social sector emerging and existing leaders, onto boards within the private, and public sectors, as opposed to the other way around?

# 4  AIMS AND METHODOLOGY

The Aim of this study, as stated above, was to take a values-health snapshot of the sector and establish whether there is any disparity or variance between the current cultural values of organisations within the sector, and the desired values.

Any variation must be seen as a challenge and will hopefully inspire debate, as well as focus attention on key areas of improvement, within the very heart and core of the sector.

A survey was designed and distributed online, with the help of nfpSynergy. With at least 17 questions, 22 statement choices and 45 values options, it was a detailed survey that provided for quantitative, objective as well as subjective responses.  While values of an organisation can be tricky to discover through a quantitative survey rather than through qualitative work, the survey and questions were designed to maximise the strengths of quantitative surveys.

In particular, there were two elements to values of an organisation: To start with, there were questions of agreement which covered practical issues that are highly likely to be influenced by an organisation's values. These included issues of executive pay, the promotion of diversity in the organisation and leadership positions, and how far respondents felt the values were important in the organisation itself.

Respondents were then asked to choose from a list of 45 positive as well as potentially limiting values, and indicate whether these values were practiced by their organisations, and whether they felt these values were of importance for the organisation. This measure in particular enables to contrast the values an organisation officially promotes, e.g. through its value statements and similar, and the embeddedness of the values in the everyday business of the organisation.

In addition to these quantitative measures, 23% of respondents left more detailed comments regarding the organisations they worked for and the role that values played. In combination, the questions as posed gave very rich data on the importance of values in the social sector.

In terms of sample size, there were 312 respondents from a range of backgrounds. Of the sample:

• 15% were at Chief Executive/Director Level

• 19% were at Project worker level

• 36% said that their main area of expertise was fundraising

• 43% of employees had been in the organisation between 1-5 years

• 40% had worked for the organisation for over 6 years

With such an excellent spread we were able to hear the views of people of all ages, and disciplines, many of whom had been through numerous cycles of change, and worked in the sector before this coalition Government. Organisations also varied in size, with 43% having less than 25 employees, and 17% having over 400 employees.

As well as part time and full time employees and volunteers, the survey also captured, albeit a small number of respondents on Zero Hour contracts (2%).

Women make up 68% of the voluntary and community sector workforce, and this was represented in the sample, where 73% of respondents were female.

A healthy variation in area of expertise provided a positive picture of the strong values base of the respondents. Areas of expertise included volunteering, people development, environment, heritage, poverty, housing, social welfare, and homelessness.

# 5  KEY FINDINGS

## General

As well as having experienced the challenges personally in my own organisation, and having spoken to colleagues within the sector, one of my assumptions was that the tough economic climate placed additional strain on the sector, and organisations were badly hit financially, as well as in terms of morale, however; when asked about how organisations fared over the last 3 years, surprisingly only 11% said badly, with 66% saying that they fared well.

There may be a variety of reasons for this, not least the fact that as a sector constantly dealing with change and having to be innovative at raising funds, it is a sector that is very resilient. A sector that provided support through two world wars and continuing to provide support throughout the world, in some of the harshest conditions possible, is definitely a group that is adaptable, experienced and resilient to change and challenge. As well as the resilient nature of the sector, there is the possibility that many organisations have benefited from the cuts in the public sector, through additional work.

However, while these explanations have some credibility, I believe that this finding should be taken with caution – it is possible that mainly people took part from organisations which were doing well due to some implicit bias, or due to the fact that with fewer staff lay-offs in organisations doing well, staff at those organisations simply had more time to fill in the survey. For this reason, I did not use the finding of how well the organisations fared to breakdown the data further.

## Behaviours

### Senior staff pay
Overall, there was general agreement that senior staff deserved the salaries that they were paid, with 61% agreeing or strongly agreeing with the statement that "senior staff are worth the salaries they are paid", and with only 14% (strongly) disagreeing.

However when looked at in detail, in terms of the size of organisation, then the picture is somewhat different, with approximately 40% of respondents in the over 400 and 1000 employee categories, feeling that senior staff did not deserve the salaries that they were paid; and only 30% in agreement. Agreement with the statement was strongest in smaller organisations employing up to 400 staff.

Chart 2: Agreement with senior staff pay, by organisation size 9 ("Senior staff are worth the salaries they are paid")



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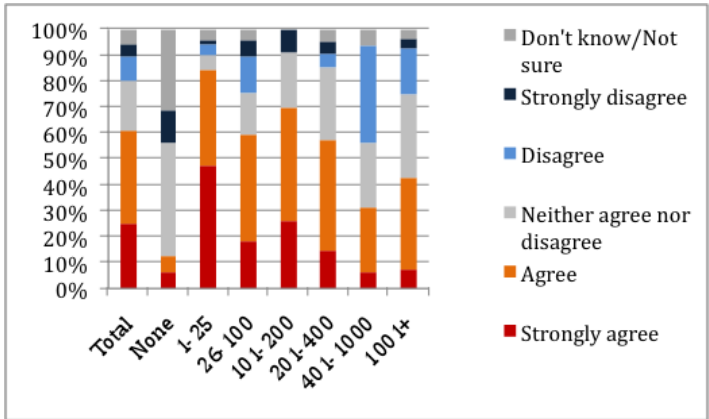
The picture was similar when participants were asked about their CEOs' salaries, and whether they were worth the salary they are paid. Again, less than 30% of those working in organisations with 401-1000 staff were in agreement. However, here the picture was generally more mixed, with larger variety between different groups in the levels of agreement, revealing that CEO pay is potentially more divisive than senior staff pay. It could also be that CEOs are seen as more controversial figures by some, whereas it might be more difficult for staff to discredit the entire senior staff suite.

Chart 3: Agreement with CEO salary, by organisation size ("The CEO is worth the salary they are paid")
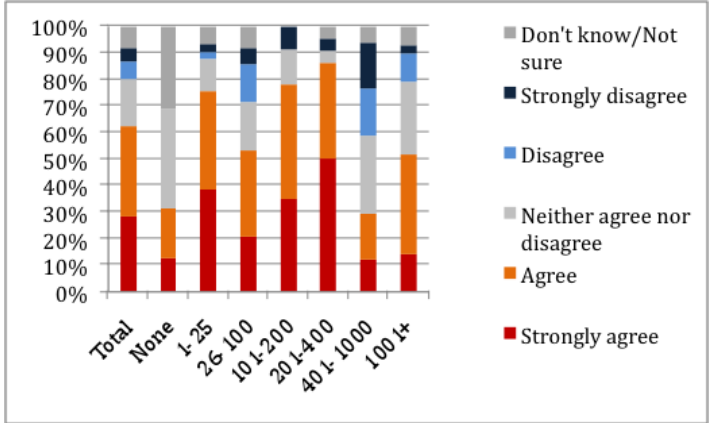


## CEO Salaries – A Sector Battle

The challenge of too-high senior and CEO pay is a challenge often levelled at public sector senior leaders, who are seen to receive high pay whilst making significant cuts; it is also levelled regularly at private sector leaders with regard to their bonuses, in particular within the banking sector. More recently the spotlight was on charity sector leaders, when the Telegraph asked its readers whether it was acceptable

> **"** *We have a set of 6 values that are in our strategic plan, printed as posters in each office and are part of the performance appraisal each year. They are: innovative, passionate, ethical, influential, excellent and caring.* **"**

for charity chief executives to earn £100,000 after listing the pay of 30 senior charity sector leaders. William Shawcross, Chairman of the Charity Commission, warned that charities were risking their reputations, but stated that it was up to individual boards to decide on levels of remuneration.

Similarly, there is the argument that many social sector leaders are paid more than the Prime Minister (£142,500 in 2013). An example often cited is the pay and dividends (In February 2012 it emerged that on top of her £365,000 annual salary, she was awarded £8.6m in shares dividend) of Emma Harrison, founder of the welfare to work social enterprise A4E, which failed to fully meet Government contractual targets. Another example is the former Labour leadership contender David Milliband, who left the UK to take up a Charity leadership post with a salary of approximately £300,000.

There are numerous other examples of perceived excessive pay, and in the current economic climate, this debate is not simply going to fade away. What the data shows is that even within charities, and especially among staff working for larger charities, the salaries paid to CEOs and other high ranking personnel can be perceived as too high; indicating that there is indeed a discontent around high salaries in the sector, not merely in the public at large.

## Diversity

Diversity in organisations – both in practice and stated values – yielded very rich data, and some highly relevant results and concomitant action points to discuss later.

One surprise was related to the promotion of women into senior positions. Taking into account that over 70% of respondents to the survey were female, 74% of respondents felt that their organisations clearly promoted women into senior leadership positions, with only 11% in disagreement.

This view was represented in both small as well large organisations, and is in contrast to, or is possibly a positive result of pressure from previous research and findings highlighting the lack of female representation at leadership levels within the sector. Attention should be paid, though, to the dip in agreement at organisations with 401-1000 employees, as well as the fact that for those organisations with 'no' employees, the agreement is also a lot lower and dips below 50%.

Chart 4: Promotion of women into senior leadership positions, by organisation size ("The organisation clearly promotes women into senior leadership positions")
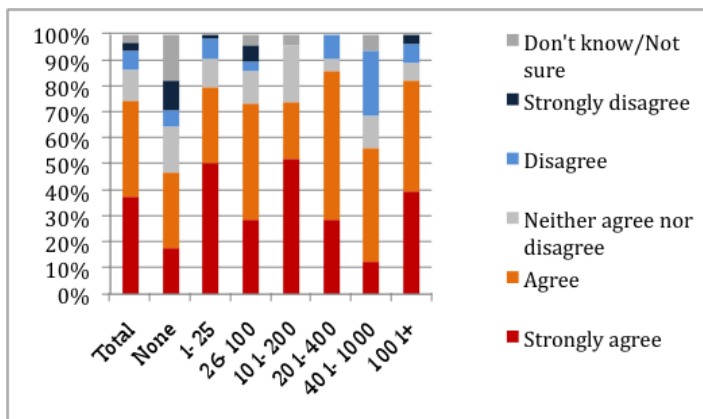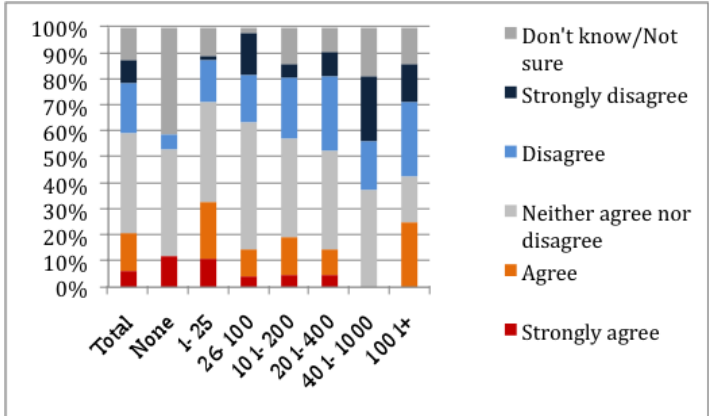


However, the good work displayed in promoting women to leadership positions was unmet by promoting other under-represented minorities to higher positions: only just over 50% of respondents agreed that their organisations provide equal opportunities for all; while this is seen as particularly bad in almost-big organisations (401-1000 employees) – only 18% here agreed with this statement, meaning that the opportunities are seen as unequal.

The promotion of people with a BME background into senior positions was seen as even worse; with no one among those organisations with 401-1000 employees agreeing with the statement that "the organisation clearly promotes people from BME backgrounds into senior leadership positions". Even the best-performing organisations for this indicator still only managed to convince just over 30% of their employees to agree with this.

> " Belief and principles are at the heart of all that we do, the emphasis is equally on not just what we do but the way we do it. It also gives us permission to have common language, expectation and to give feedback in the moment. "

1 For more detail, please see p. 19 of the appendix, which has the data on this question.

Reassuringly, though, only a tiny minority thought that staff with BME background had to work twice as hard in their organisation, with an average of only 3% agreeing or strongly agreeing with the statement that "Good staff from ethnic minorities have to work twice as hard to do well in my organisation".

However, I believe that 3% is still too much; especially as 7% from the biggest organisations and 12% from the smallest organisations believe this to be the case. Together with the fact that organisations do not appear to be pushing for promotion of people from BME backgrounds into senior leadership positions, this seems somewhat weak.

These findings are in line with findings from other questions, which revealed a worryingly low level of diversity in the organisations. To start with, among respondents, there was a general agreement that "our trustees mostly seem to be old and white", with 47% on average agreeing with this statement, while only 35% disagreed. The agreement with the statement was highest, again, among larger organisations – 69% of respondents in organisations with 401-1000 employees agreed or strongly agreed, while 57% of those in very large organisations (1,001+ employees) agreed or strongly agreed1.

Chart 6: Senior staff are less diverse than overall staff ("Senior staff in the organisation represent the diversity of all staff")
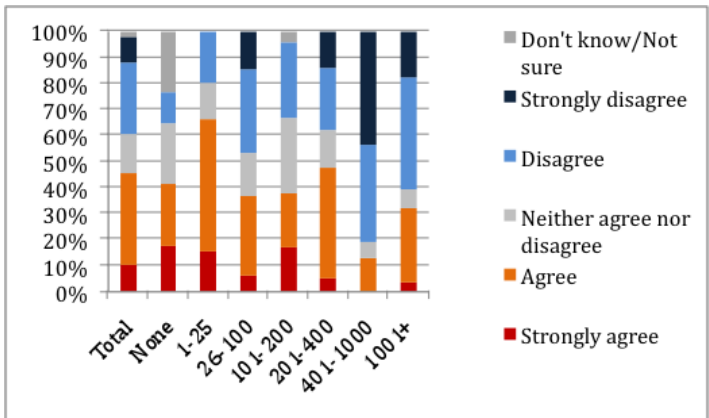


Even worse than the disparity between diversity at 'staff' and 'senior staff' levels, was the disparity between senior staff level (non-) diversity and the diversity of beneficiaries of the organisations: Agreement with the statement "Senior staff in the organisation represent the diversity of beneficiaries" only reached 28% in total, with agreement levels dropping off massively for organisations with more than 100 employees.

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Chart 7: Diversity gap between senior staff and beneficiaries of the organisation ("Senior staff in the organisation represent the diversity of beneficiaries")
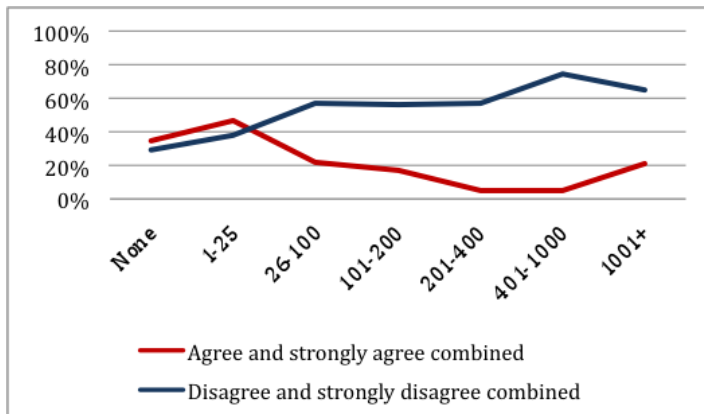


Using data on diversity from the question asking people to state whether values given were part of their organisations values in practice, stated values, values they would choose or not choose, the picture becomes even more worrying: 45% said diversity was a stated value of their organisation, while only 46% said it was practiced in the organisation; however, 60% would choose this value for themselves. Organisations here have clearly got a lot of potential for improvement.

Especially larger organisations need to catch up in order to match employees' values around diversity.

## Organisational Procedures and HR Policies

A number of questions were asked which aimed to uncover the element of values present in HR policies and organisational procedures, such as parental leave, promotion, and personal development. While it can be argued that questions e.g. around CEO pay are also HR related, these questions here are very explicitly around HR policies and processes.

Chart 8: The role of values in progression and appraisal ("A set of values/principles and associated behaviours are linked to appraisal and progression within the organisation")
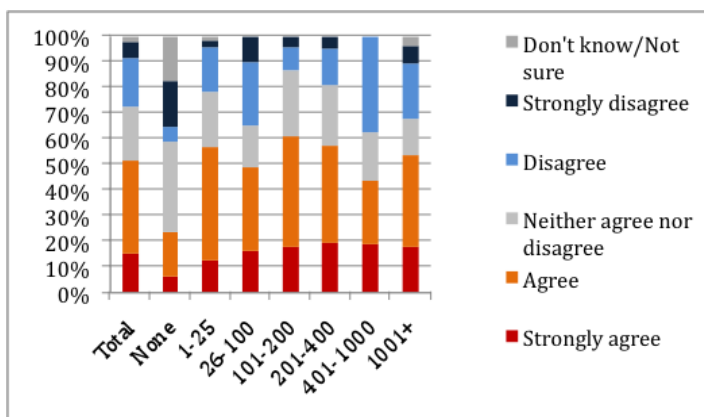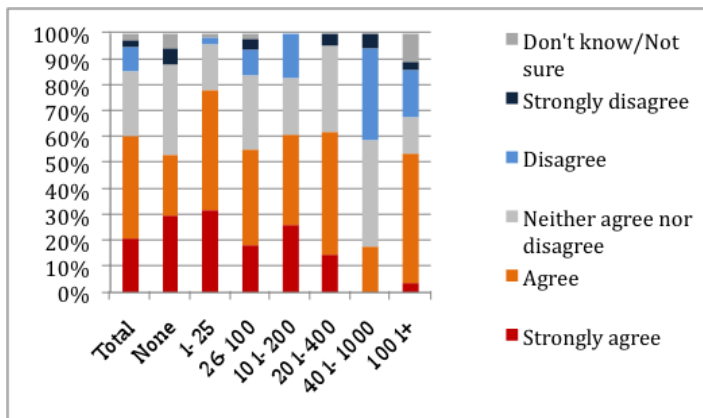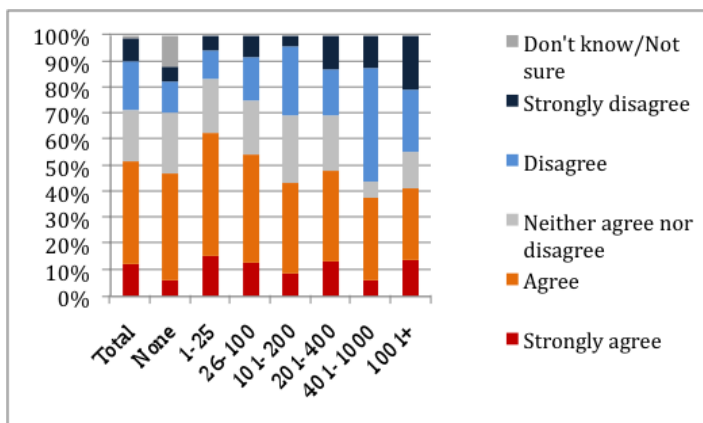
Organisations in general seemed to do ok, though not excellently, in terms of offering personal development opportunities; however, it appears that smaller organisations offer better personal development opportunities, with organisations with 401-1,000 employees leaving their staff feeling frustrated again.

However, the picture is strongly reversed when considering maternity/paternity leave and support – small organisations do not perform well at all, while the big organisations get above 60% approval for their maternity and paternity policies:

One of the most discouraging findings in the HR area is probably the fact that despite the economic downturn, headlines about redundancies and discontent over CEO pay, only 22% on average believed that their organisation had excellent redundancy packages. Being in both a very small or a very large organisation here was associated with less content around this, while being in a medium-sized organisation seemed to provide better redundancy packages.

However, the large amount of 'don't know' responses (at least 20% across all sizes of organisations, and at worst almost 60% of responses) here can be correlated to the fact that 66% of participants had stated that their organisation had done well over the last few years: if an organisation does well and does not experience large redundancy measures, it is unlikely that a large amount of knowledge around these packages would exist.

**Values**

Some questions asked directly about values in the organisations, such as "Leaders within the organisation 'live/ embody' the organisational values". There was a wide variety in the levels of agreement around those questions, which raises some interesting discussion points.

Variations between size:

Chart 11: Disparity between stated values and the culture of organisations ("There is a difference between the stated organisational values and the prevailing culture and behaviour of individuals within the organisation")
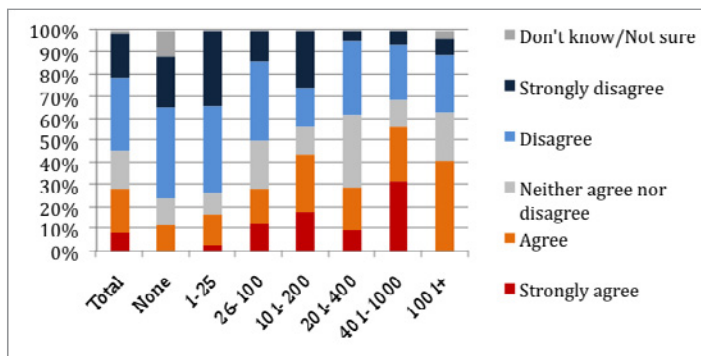


Chart 12: Embodiment of values by leaders ("Leaders within the organisation 'live/embody' the organisational values")
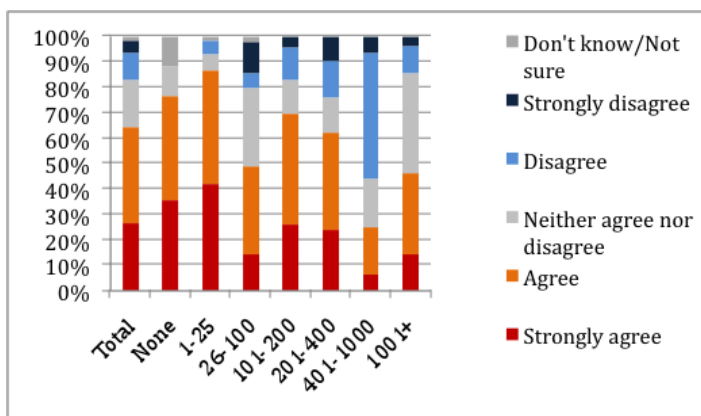


People's sentiments as to whether they felt involved in the decision making process ("I feel involved in the decision making processes") closely mirrored their sentiment as to whether leaders embodied organisational values. The correlation here seems to be that organisations whose leaders are seen to embody values are also organisations where employees in general feel involved in the decision making processes. Whether this is caused by leaders embodying values is unclear; it might be that organisations who pay close attention to values lived by their leaders generally pay close attention to their staff involvement in decision making, and are more democratic in this respect.

A weaker reflection of this could still be seen in the fact that felt involvement in the decision making processes also mirrored the perceived involvement in developing and living the values of the organisations by individuals – organisations performed equally well on all three scores:

Chart 13: Employees' involvement in developing the organisation's values ("I feel involved in developing and living the values of the organisation")
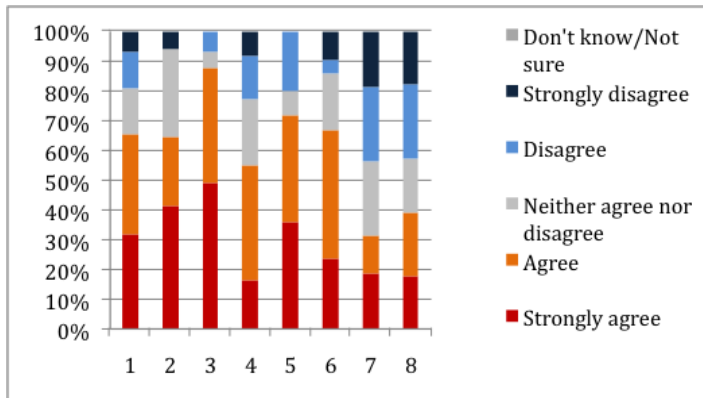


Worryingly, the same pattern of fluctuating and somewhat low agreement for some organisation sizes was also reflected in the question whether all staff are being treated with respect. Clearly, some improvements could be seen on staff being treated with respect – really, this should be 100% with no exceptions at all.

Chart 14: Treatment of staff ("Staff within the organisation are treated with a high level of respect")
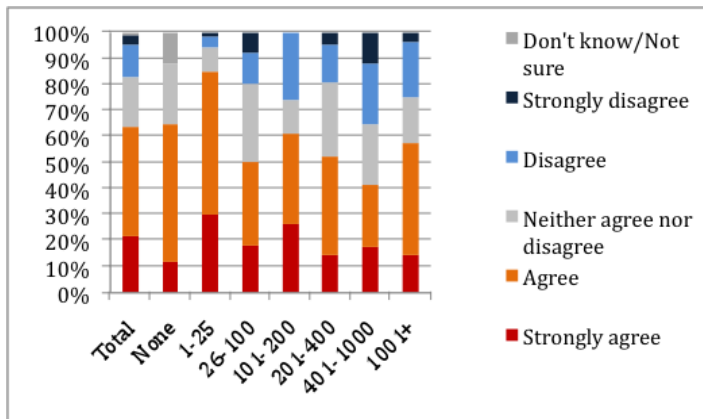


But at least there is univocal agreement that beneficiaries of the organisation are treated with a high level of respect, with an average of 92% (lowest performing: 26-200 employees, in mid-80s, as well as 401-1000).

> **"** Our values are very clear, and everyone in the organisation are aware of them and how to incorporate them into their work. On the monthly induction sessions for new starters the directors speak and personally demonstrate how they deliver the values themselves as a way to motivate others. It was really impressive. **"**

## Chart 15: Values of organisations (stated vs. in practice) and those favoured by individuals)

| | Organisation's stated values | Organisation's values in practice | Values that you would choose | Values that you would NOT choose |
|---|---|---|---|---|
| Accountability | 47% | 62% | 61% | 2% |
| Achievement | 46% | 57% | 55% | 2% |
| Work/Life Balance | 30% | 46% | 61% | 7% |
| Blame | 1% | 14% | 2% | 89% |
| Brand Or Image | 39% | 53% | 37% | 15% |
| Bureaucracy | 1% | 28% | 3% | 84% |
| Collaboration | 59% | 61% | 60% | 3% |
| Compassion | 50% | 57% | 62% | 3% |
| Consensus | 31% | 45% | 46% | 22% |
| Continuous Improvement | 43% | 53% | 60% | 3% |
| Cost Reduction | 24% | 56% | 32% | 27% |
| Courageous | 36% | 40% | 59% | 10% |
| Dependable | 30% | 66% | 49% | 6% |
| Diversity | 46% | 45% | 60% | 5% |
| Efficiency | 41% | 43% | 61% | 5% |
| Employee Respect | 44% | 51% | 64% | 1% |
| Empowerment | 51% | 47% | 60% | 2% |
| Entrepreneurial | 31% | 38% | 57% | 16% |
| Equality | 54% | 52% | 62% | 1% |
| Excellence | 58% | 48% | 57% | 3% |
| Exploitation | 0% | 6% | 2% | 94% |
| Fairness | 38% | 51% | 61% | 6% |
| Financial Stability | 42% | 49% | 53% | 7% |
| Goals Orientation | 38% | 44% | 52% | 15% |
| Hierarchical | 6% | 34% | 6% | 77% |
| Honesty | 46% | 55% | 67% | 0% |
| Inclusiveness | 48% | 50% | 59% | 4% |
| Innovation | 50% | 46% | 63% | 4% |
| Job Insecurity | 2% | 15% | 4% | 87% |
| Leadership Development | 37% | 47% | 66% | 3% |
| Long-Term Perspective | 50% | 48% | 60% | 4% |
| Mission Focus | 62% | 59% | 57% | 2% |
| Openness | 48% | 48% | 65% | 2% |
| Passion | 51% | 59% | 63% | 1% |
| Professionalism | 48% | 61% | 60% | 2% |
| Respect | 54% | 58% | 59% | 2% |
| Risk-Taking | 25% | 26% | 52% | 27% |
| Selfless | 24% | 34% | 51% | 26% |
| Shared Values And Vision | 64% | 56% | 56% | 2% |
| Short-Term Focus | 4% | 26% | 4% | 81% |
| Silo Mentality | 2% | 32% | 0% | 87% |
| Staff Engagement | 40% | 57% | 61% | 2% |
| Teamwork | 47% | 61% | 65% | 0% |
| Transparency | 50% | 54% | 64% | 0% |
| Trustworthy | 51% | 64% | 63% | 0% |

(Green for alignment of first three, orange for discrepancies, red for warning sign and white for no pattern.)

# 6  DISCUSSION AND RECOMMENDATIONS

### Senior staff and CEOs tend to be seen as worth their salaries!

Around 60% of respondents agreed that their CEO was worth their salary, and roughly the same amount agreed that senior staff were worth their salary. While agreement fell as the size of organisations grew, there was only a substantive level of disagreement for those organisations of more than 400 in size.

In the light of recent debates about charity salaries in the national media, this is an encouraging result (though it is worth noting that some respondents are CEOs). It is a useful litmus test for an organisation of both its salary levels and the way its senior leaders are seen, to find out if staff in general think their leaders are worth their salaries.

Action: charities and other not for profits should be transparent about senior staff pay levels and ask staff how they feel about these pay levels (and their own)

### Bigger organisations struggle to live their values more than smaller ones do

One of the most striking results from the study is the fact that in terms of values in the organisation, size really does matter.  Smaller organisations fare better relating to a number of things in terms of diversity in particular, as well as involvement in decision making – hardly surprising, since less staff are easier to talk to - but still a very important point.

The irony is that larger organisations should have the human resource professionals and budget advantage. All sizes of organisations need to do their HR homework, but large charities particularly so, as they could lose valuable staff, depending on how much importance people place on these representations of values

**Action: all organisations need to focus on living their values, but this research shows that larger organisations need to work twice as hard just to stand still.**

### Three-quarters thought their organisations promoted women into senior leadership positions
One of the most encouraging finding was that over 70% of respondents felt that their organisation promoted women into senior leadership positions. This positive response was pretty consistent across all sizes of organisations.

**Action: keep promoting women into senior leadership positions**

### But ethnic minorities do less well

If the research responses on women are encouraging, on ethnic minorities they are very disappointing, if not surprising. Around 20% of people agreed that their organisation promoted BME people overall into senior leadership positions, with around 30% agreeing in the smallest organisations and almost nobody strongly agreeing in the largest organisations.  It is sad that despite all those equal opportunities processes and all the values of the sector that it does not have a good track record on ethnic minorities.

**Action: Organisations need to examine their own processes to see where the weaknesses lie. Is it in levels of applications from BME candidates, or their selection for interview or their recruitment to be staff or their promotion to senior positions where the failure lies?**

## Senior staff tend not to be representative of staff as a whole

A natural question which arises from the lack of respondents agreeing that BME candidates were promoted is whether the senior leadership of an organisation reflects the diversity of all staff. The highest level of agreement that senior staff reflect all staff was in small organisations at around 65% compared with 45% overall.  This suggests that smaller organisations were better at senior staff reflecting staff in general (though of course this could mean that both senior staff and all staff were all as un-diverse as each other).

**Action: diversity of any kind should start with staff in general. If a workforce is not diverse, it is difficult to easily see how the senior leadership can be diverse.**

## Nor representative of beneficiaries

Given all that has been seen in the research about the diversity of staff, it is perhaps not surprising that senior staff don't tend to have the same diversity as beneficiaries.  This is partly because it is structurally difficult for some organisations to reflect their beneficiaries: the environment sector, the medical research sector, and the children's sector to name but three.

That said there are charities, such as social welfare and disability, which can reflect the diversity of their beneficiaries. It might be argued that diversity for some organisations is better delivered through the trustee board or through user representation. However it remains a question that every organisation should ask itself: how can we reflect the views and diversity of those people we seek to help.

**Action: Every senior leadership team should ask how it can and is reflecting and embracing the diversity of its beneficiaries.**

## In general staff feel they get well treated

So far, so gloomy, with the exception perhaps of the status of women in senior leadership. The better news is that respondents were more positive about the general policies that their organisation had towards equal opportunities, personal development, values being linked to appraisals and parental leave. All these areas had agreement levels of around 50%.  It is only the generosity of redundancy packages where agreement dipped to around 20%.

**Action: The specifics of how staff are treated is a live issue for every employee, because they experience it for themselves. Every organisation should constantly review how it is treating people and the ways that it supports its staff in their work.**

## While most values for staff and organisations overlap there are some sources of concern

The most complicated question we asked was in relation to particular values that respondents felt their organisation held and the values they delivered in practice. There are two interesting aspects of this: those values that the organisation lived in practice, but were not part of the formal framework  and aren't positive (for example 'blame',' hierarchical', and 'job insecurity' were all higher in practice than in the stated values).  The second interesting area is those values that staff would choose which were higher than the values than the organisation's stated values or those in practice ('fairness', 'honesty', 'employee respect' to name but three).

**Action: organisations need not just to choose their values but also make sure they are lived in practice, and that they reflect the kinds of values that employees would choose themselves.**

## Conclusion

This report has just scratched the surface of the issues relating to the values of the social sector. Despite this it has thrown up a range of interesting findings.  For me there are three that stand out. Firstly how the social sector, which prides itself on its values and ethos, is being caught up by the commercial and statutory sectors in their interest in values. The ethos of the social sector ought to be a source of differentiation but companies and government are eroding the gap as they take values more seriously.

> ❝ *Previously, I worked in a for-profit company that had stated social values and was a provider of services to government and not-for-profits. As they grew, they struggled to live their values; profits became more important and larger contracts stretched the leaders and managers to the point that maintaining the company's original values became almost impossible.* ❞

Secondly the failure to deliver diversity in the area of ethnic minorities stands out from the responses to the survey. For all the equal opportunities practices in charities, there is plenty to be done to make sure those ethnic minority employees achieve the recognition and status in charities that is a hallmark of a diverse and meritocratic sector.

Lastly the values that organisations live in practice and those that organisations would choose are very often not the same. Equally the values that employees would choose are often different from those that an organisation lives in practice or through its formal statements. Narrowing this gap can only make employees feel a greater ownership and a greater sense of job satisfaction.

> ❝ *We are currently co-producing a set of values for the organisation with our staff & trustees following a recent Investors in People re-accreditation feedback.* ❞

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