

The Journal of Values-Based Leadership

Volume 8

Issue 1 *Winter/Spring 2015*

Article 3

January 2015

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Recommended Citation

Miller, Leon (2015) "Values Generation: Turning Values into Wealth," *The Journal of Values-Based Leadership*: Vol. 8 : Iss. 1 , Article 3.
Available at: <http://scholar.valpo.edu/jvbl/vol8/iss1/3>

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Values Generation: Turning Values into Wealth

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Abstract

Much of management behavior is focused on increasing benefits (usually thought of — in terms of Utilitarian ethics — as maximizing utility). Good, in terms of what increases benefits; thus, what is preferred by business is defined as the ability to motivate individuals in a way that increases desired outcomes (or that enhances organizational performance). This talent (referred to as the art of persuasion or the art of management) is valued because it facilitates achieving the desired results. Managers with such persuasive or motivational skills are highly regarded because of their ability to increase personal wealth, improve performance, and contribute to increasing stakeholder satisfaction.

However, as was made clear by Aristotle's socio-economic ethics, a leader's ability to generate higher levels of excellence is based on a character trait defined by Aristotle as *magnanimous*. Developing such a character is important because it is the key to enabling a person to get more of what he or she wants out of life and with such a character a manager/leader is able to motivate an organization to have improved performance. This article highlights the dynamics that are connected with how such characters contribute to enhancing organizational performance, how an individual obtains such character traits, and why such characters contribute to the prosperity of other individuals and of society.

Introduction

The quest of business remains focused on gaining knowledge of what will create market advantages and increase material prosperity (i.e., increase profit for the business practitioner(s) as well as improve the economy, and hence, all of society) (Miller, 2013, 43-51). Because today's business manager is challenged with the necessity to possess a unique package of skills, business management experts argue that these skills must include certain characteristics: "Creativity and inspiration, alongside technical rationality ... these will define effective business leadership in years to come" (Hatch, 2005, 4). Management theorists and experts in organizational behavior add that this quality is a manifestation of

"There rarely is a conflict between a person's strengths and the way that person performs. The two are complementary. But there is sometimes a conflict between a person's values and that same person's strengths. What one does well — even very well and successfully — may not fit with one's value system. I too, many years ago, had to decide between what I was doing well and successfully, and my values. I was doing extremely well as a young investment banker in London in the mid-1930s; it clearly fitted my strengths. Yet I did not see myself making a contribution as an asset manager of any kind. People, I realized, were my values. And I saw no point in being the richest man in the cemetery. I had no money, no other job in a deep Depression, and no prospects. But I quit — and it was the right thing. Values, in other words, are and should be the ultimate test."

(Drucker 2007, 153-154).

certain characteristics of leadership that in business terms are referred to as “Transformational Leadership,” “Value Centered Leadership,” and/or “Visionary Leadership.” These leadership types all reflect a character that has achieved some degree of “Self Actualization” (in Maslow’s terms), authentic being (in Eastern terms), or integrity (in terms of how one could interpret Aristotle) (Goble, 1970, 67).

The late Steve Jobs, co-founder and CEO of Apple Computer, Inc., was considered to be a model of a value-centered visionary leader. At a Stanford University presentation, Jobs attributed his success as follows: “You’ve got to find what you love. The only way to do great work is to love what you do” (Jobs, 2005, 3). Famed organizational consultant and motivational and inspirational speaker, (the late) Peter Drucker described such a leadership style as a value-centered or principled-approach to personal and professional success. He also believed that success in business is based on being true to one’s values or living a life guided by values.

In some ways, such ideas are similar to what the greatest philosophers and spiritual leaders of history have taught (especially Confucius and Aristotle). As indicated in Abraham Maslow’s “Hierarchy of Needs and Self-Realization” theory, a valued-centered approach to success is based on the belief that people operate on one of three levels of development: “Dependence, Independence, and Interdependence” (Covey 1990, 49-52 & 185-203). In other words, everyone progresses through life from the stage of first being totally dependent on others. When one reaches adulthood, the person becomes independent and is able to take care of him or herself. As one continues to mature, the person becomes interdependent which helps one to achieve a richer interpersonal life.

A dependent person has not comprehended how to maintain a focus on core values and one’s inner self. In fact, a dependent character could benefit most from learning a value-centered approach to success and happiness. However, the problem with the dependent character is that such a person is so focused on means (i.e., instrumental values) that he or she overlooks (or misses out on) intrinsic values that represent the ends that the means are intended to obtain. Such a person is also usually very responsive to external stimulus (such as punishment and rewards) which hinders them from experiencing and appreciating the more deeply fulfilling aspects of life (they could be called superficial). The solution is to be value-oriented.

An independent person has developed a mature character. This person finds fulfillment in making decisions for him or herself. Such a person is self-motivated thus needs less external or authoritarian influence. An independent person leans toward what is called a *Value Centered Approach to Success and Happiness* (Miller, 2011, 1-3). Such a person is psychologically healthy which means he or she is experiencing a stronger sense of the joy of life (or happiness) because such people are experiencing more of what they value most. Such a rewarding life experience occurs by creating an alignment between one’s inner values and one’s life engagements. The happier and more successful people in life are constantly reviewing circumstances and emerging through obstacles with their vision, their mission in life, their values, and their ultimate goals still in focus. These remain the focus of what guides their actions and interactions and form the basis of the choices they make — thus, the consequences they experience as the result of their actions.

However, the most enriching or rewarding life experience is reflected in the character and lifestyle of the interdependent person. The interdependent person has found that trusting one’s intuitive inner guidance provides a type of freedom. This freedom is lived and expressed not only in a way that is socially responsible, but also in a way that contributes to the welfare of society. The interdependent person has a deep respect for others and

relates in a way that inspires others! This person certainly has all the traits of a Visionary Leader and what's more, creates synergy in relationships. The interdependent person is able to help others to experience more of what they value and helps to bring out the best in others.

The value-centered approach to success and happiness is based on a certain ethical stance that can be described as characteristic of a person of integrity (a well-integrated person and one who experiences a higher level of success and happiness). This article highlights the ways in which such a character contributes to enhancing organizational and economic performance. The following section explains how personal ethics contribute to success, happiness, and effective leadership. The third section analyzes the connection between the characteristics of the leader and how such a character motivates improved organizational performance. The final section stresses the fact that increasing value creation is recognized as the basis of generating innovation and hence, improved economic performance. Thus, the last section indicates the connection between value generation and the progressive development of society.

Personal Integrity and the Traits of Effective Leadership

According to Stephen Covey, a value-centered approach to being more effective as a person and as a professional is the ongoing process of keeping one's vision and values at the forefront to serve as the guiding focus of one's actions as well as aligning actions with values so that they are congruent (1989, 98). Certainly a value-centered approach to management is the basis of visionary leadership and reflected in the character of successful business practitioners. Is it not, however, more personal than that? It is the basis of what a person does in daily life to remain true to him or herself! Have you ever thought that your own leadership potential is based on a quality that is developed by drawing from your inner convictions? In other words, isn't value-centered leadership the ability to shape inner convictions into what is experienced in one's life activities during each and every day in all areas of one's life? It provides a vision of how to turn values into wealth/prosperity.

There is a connection between business ethics and value-centered leadership in that a values approach to ethics enables the individual to discern how to maximize one's own personal benefits (as a result of being an authentic person or a person of integrity) while contributing to improving the performance of systems over which one has responsibilities. Such a character (in terms of Aristotle's ethics) experiences personal well-being and contributes to increasing the welfare of others by engaging others in a way that enriches their lives. The ability to generate greater value, quality, and excellence requires that first the business practitioner must have achieved a high level of magnanimity (as the result of character development) which, in turn, is manifest as the quality of one's actions and productions. Society, in return, grants such characters the highest level of reward that it can offer (with such characters being highly esteemed). Business ethics — as explicated in this article — are a description of the principles connected with being able to portray such traits of excellence as features of one's character, in one's personal engagements, and as the basis of one's business practices.

The success in life one is hoping for begins with, and is built upon, integrity and personal discipline. Can one's success in life or business be sustainable without tapping into an exceptional quality that is generated by maintaining a focus on one's inner vision and values? A happy and successful life is built as an individual develops a character with very positive traits and has obtained knowledge and talents. Such person then has learned to focus one's character and express one's knowledge in terms of a particular

chosen discipline or art. The inner qualities that inspire the person to develop and express such exceptional talent are desire, will (or willpower), passion, and vision. These qualities are demonstrated in such a way that inner character becomes matured, reliable, and focused (in short, it becomes one's professional character). Most people would like the results, but most people cannot sustain the discipline that is necessary for focusing their inner will so as to obtain their most desired outcome.

The admonition to adhere to such ethics — as the foundational principle for business interactions — becomes more convincing when it is made clear that interacting on the basis of such principles results in being empowered to accomplish objectives and sway decisions in favor of one's desired outcome(s). Harvard University's Business School's publication *Power, Influence and Persuasion* describes power in this way: first, power is defined as having the available resources needed to accomplish one's objectives and secondly, even with the resources available, certain policy decisions also need to be in the favor of the agent. Thus, power is the persuasive ability to impress others in such a way that they act or make decisions in your favor. The Harvard report states that "Force, control, the authoritarian style, and attempts to manipulate are all signs of insecurity (and a pursuit of power to compensate for that felt insecurity). In large organizations, especially, it is powerlessness that often creates ineffective, desultory management and petty, dictatorial, rules-minded managerial styles (HBS, 2006, 5).

Harvard's fundamental principles of motivation, persuasion, and leadership are tied to the basics of social psychology. In this manner, they support the assertions made by the renowned social psychologist, Eric Bernes, in his *Transactional Analysis* theory (i.e., the claim that people prefer authentic relationships or relationships with those who demonstrate sincerity, integrity, excellence of character, and magnanimity) (Bernes, 1964, 18-20).

Fisher and Ury (of Harvard University) published one of the most influential explanations of the advantages of a *principled* approach to business relationships which also made clear the role of value generation in gaining successful outcomes to business transactions. Their description of the *power of persuasion* in their book "*Getting to Yes*" explains the importance of creating value and the role that principles play in maximizing the chances of obtaining one's desired results (but in a way that creates mutually satisfactory outcomes) (Fisher & Ury 2011, 18). In other words, Fisher and Ury made clear the role that principles and values play in increasing the chances that an agent obtains his or her interest. Subsequently, the significance of value creation became a more important factor in business activity, organizational behavior, and economic performance. Fisher and Ury describe business activity from the perspective of the claim that being principled is the means by which one can "[o]btain what you are entitled to and still be [true to values]" (2011, 6).

A good manager uses power to empower others, enjoys interaction, feels comfortable interacting with others from diverse backgrounds, and generates a desire in others for increased interaction. Good managers are made, not born. Good managers *have learned* how to improve effectiveness and efficiency by adhering to certain principles that create good business practices. If you have the desire and willpower, you can develop the type of character that is evidence of an effective manager. In other words, the process of reaching the highest level of happiness and success starts with one's inner values and convictions then making these the basis of one's character and actions. Good managers develop through a never-ending process of self-reflection, holistic self-development, education, training, and experience (Jago, 1982, 320). What shapes a student of management into a leader with charismatic power is a high degree of commitment, a

value-centered approach to leadership, one's inherent sense of intuitive insight, and some degree of passion.

Value Creation and Improved Organizational Performance

When asked what it is a person would like to achieve most in life, most people would say that happiness would be a good way of generally describing their highest aspiration. However, in business terms, it might be more accurate to describe what one desires most as *success* and *happiness*. If these basic desires were defined in ethical terms (e.g., in congruence with Aristotle's ethics) they would be happiness, an increase in prosperity, showing evidence of making wise decisions, being respected as a trustworthy person of integrity, and avoiding misfortune (being fortunate or the appearance that things seemingly go as one is hoping). Thus, Aristotle would say that what is good in ethical terms would first of all be based on disciplining oneself so that one's character is developed in a way that actions are aligned with one's values and principles (and the outcome of one's endeavors create more of what one values). In this respect character — as a reflection of one's values — are manifest and/or evident in one's performance and relationships. In other words, good business practices (i.e., good business ethics) would be those that are reflected in making wise decisions that increase prosperity and in decisions that create more satisfactory outcomes for stakeholders. This section of the article explains how personal integrity (being true to oneself and one's values) creates enhanced organizational performance, therefore making clear why values are increasingly recognized as the key to wealth production.

When asked what goals the organization wants to achieve, the answer would be to maximize benefits (but in terms delineated by the organization's mission, vision, and set of values). When asked what the knowledge worker wants to achieve, the answer would be the same (i.e., increased benefits), but usually perceived as the outcome of aligning personal and professional values with the organization's mission, vision, and values. With such alignment, there is improvement in the performance of both the professional and the organization in ways that are evident as increased quality, a higher level of excellence, and greater effectiveness and efficiency. Thus, the major concern of knowledge-age managers is how to align the core values (mission) of the organization with those of their professionals.

It should first be pointed out that a concern for the role of values (aligning those of the knowledge worker with those specified by the organization's mission statement) was not emphasized under Frederick Taylor's approach to management, a paradigm that dominated management theory until the third quarter of the last century. Taylor's assertion can be summarized as the belief that workers are primarily motivated by salary and that authoritarian control was the basic approach to leadership (which might have been true when at the initial stages of the Industrial Revolution, typical employees were *line workers* who exchanged labor for a wage). However, toward the second half of the last century, there was a shift from the predominance of production labor and line workers to an increase in the number of *knowledge workers* (highly-skilled and highly-trained professional workers).

Peter Drucker is considered to be the first to point out — during the third quarter of the last century — that the period of improving organizational performance based on the motivational and organizational strategies that worked during the Frederick W. Taylor era of scientific management was coming to an end. Drucker heralded the era of the knowledge worker which would demand new strategies/theories of human resource management, organizational behavior, and motivation. Drucker stated that creating

highly successful and profitable organizations begins with a value-centered approach to motivation. In fact, Drucker emphasized that wealth production in the knowledge-based economy would increasingly become a matter of value management (what heretofore were considered as intangibles) (Drucker, 1998, 90-92). Drucker proclaimed that organizations, like individuals, have core values defined as mission or vision. Thus, organizations, according to Drucker, are purpose-driven with the purpose being the intent to experience their value(s). He believed that organizational integrity creates a “Common vision, common understanding, and unity of direction and effort of the entire organization” (Drucker, 1975, 77).

Values clarify the identity of the organization (the basis of what it does or how it performs in relationship to what it intends to do) and they specify the impact that the company — as a unique organizational entity — intends to make. The mission statement describes the organization’s identity in terms of its stated purpose for existence. In this respect, organizational values — as expressed in its mission statement — are also a reflection of its vision. These together determine the goals of the organization as well as provide an understanding of what types of performances are necessary, the particular undertakings which must be accomplished, and the way they should be done (procedures and policies) in order to accomplish its mission (the means by which it intends to realize is values). According to Drucker, organizational values, mission, and vision are important because of “The power the leader’s vision and values [have] to shape the culture and working atmosphere of the organization which contributes to fulfilling the mission of the organization (the fundamental purpose the manager seeks to motivate the workers to achieve)” (2006, 11).

In this respect, there is a clear connection between organizational integrity, business ethics, and organizational performance. Josep Lozano, in his article *An Approach to Organizational Ethics*, explains the interconnectivity between business ethics, values, and organizational performance. He states that in corporate terms, what is good is defined as what helps the organization to achieve its purpose(s). Those things that assist an organization in achieving its mission are called its core ethical values. In the end, it takes people to put the desired values into effect in such a way that operations are aligned with the vision and/or mission of the organization. Thus, the performance of the organization relies on the integrity of the organization (that is, the alignment between the mission of the organization and the ethics/values of its members). This means that ethics or values constitute the very identity of the organization and everything for which it stands (Lozano, 2003, 46-55).

The emergence of the knowledge worker — which required a shift to an emphasis on values — was also accompanied by the increased demand for innovation (which also required new strategies for motivation). “According to a major new IBM (NYSE: IBM) survey of more than 1,500 Chief Executive Officers from 60 countries and 33 industries worldwide, chief executives believe that — more than rigor, management discipline, integrity or even vision — successfully navigating an increasing complex world will require creativity” (IBM 2010, 1). Daniel Pink, *New York Times* and *Wall Street Journal* best-selling author, considered to be one of the top 50 most influential management thinkers in the world, adds to the assertion that the engineerial, mechanistic way of viewing organizations was giving way to what he called *A Whole New Mindset* (2006). By this he meant that the knowledge-age — with its advanced technology — has accelerated the pace at which innovation is demanded.

This requires organizations to persistently motivate an atmosphere of creativity. In short, “Entrepreneurs and business leaders, anxious to stay ahead of the next wave must realize that the keys to the kingdom are changing hands. The future belongs to meaning makers, artists, inventors, designers, and big picture thinkers” (Pink, 2006, 1-2). What then is the secret to eliciting such performance? Harvard University Business School’s distinguished professor of organizational behavior, entrepreneurship, and creativity, Teresa Amabile, believes that creativity is a quality that can be increased when organizations understand and employ certain key factors related to human desire and human motivation. The secret lies in creating the conditions for great *inner work life* (Amabile, 2012, 28).

“Organizations have to have values. But so do people. To be effective in an organization, one’s own values must be compatible with the organization’s values. They do not need to be the same. But they must be close enough so that they can coexist” (Drucker, 2007, 153).

Improving performance by motivating the type of work culture or atmosphere that sparks creativity is increasingly a matter of individualizing motivational strategies so that the individual knowledge worker’s values (i.e., his or her primary interests) can be aligned with the values of the organization and those of the stakeholder(s).

Steve Jobs once remarked, “The only thing that works is management by values. Find people who are competent and really bright, but more importantly, people who care exactly about the same thing you care about” (Sunley, 2011, 1). By being careful to hire professionals whose values and ambitions align with the goals of the organization, a good manager is able to bring out the best in others in ways that help others experience what he or she is hoping to experience and become what he or she is hoping to become. In working with groups in various settings on this topic, I often ask the question, “They are your cherished values; why should others commit themselves to helping you fulfill them?” Of course the answer is that your talent lies in bringing out the best in others and your knowledge of current motivational strategies assures that you are careful to align the ambitions of the worker with the mission and vision of the organization. It begins with your values and character which determines how you relate to others. It ends with achieving your desired outcome, motivating others to full commitment and achievement, and increasing organizational performance. As has been stated many times, the secret of leadership is charisma and the secret of charisma is passion, vision, and excellent communication skills.

Dr. Robert Rue emphasizes that: “Values are the essence of who we are as human beings: values help a person select the work he or she does and the company the person works for. Values influence every act and move one makes, even to the point of personal choices and decisions” (Rue, 2001, 12). Thus, they play an important part in one’s professional life and professional success. Consequently, if the person is the manager of an organization, his or her values will play an important part in the performance of the organization. When an individual has a personal and professional commitment to align personal values with those of the organization he or she works for, a powerful connection is created. This connection creates numerous possibilities for both individual growth and company productivity.

In a *Harvard Business Review* article entitled “Managing Oneself,” Drucker proclaimed that “Success in the knowledge economy comes to those who know themselves – their strengths, their values, and how they best perform” (1999, 2). Such professionals are self-motivated to contribute something meaningful to their profession, invent something that will make a historical mark on their profession, or otherwise be known and respected

for their professional skills. It was on the basis of this fact that P. Collins proclaimed that spending money on outdated strategies for motivating the knowledge worker is a waste of time and money. He asserted that the key to motivation is not only visionary leadership, but creating an atmosphere of creativity and getting the right people who share a value commitment and vision (Collins, 2001, 74).

Studies in organizational behavior provide empirical evidence that “Beyond a certain threshold, pay ceases to be the most important, and higher needs prevail” (Mitroff & Denton, 1999, 85). With the shift from a reward and punishment approach to motivation (Behaviorism) to approaches based on Humanistic and Positive Psychologies, human resource managers find that the higher the level of commitment, the higher the level of performance. But, according to Jeffrey Pfeffer, enhanced performance is a matter of both the values of the organization (organizational values, mission, and culture) and the values of the worker (2003, 30). Today’s professional makes less of a separation between the self and the work (compared to manual laborers of the Taylor era). Professionals are looking for opportunities to fully develop themselves and they are looking for work that is meaningful. “Leaving a part of oneself at the doorway to work every day is quite effortful, and at times, stressful. Trying to compel people to be different from who they are on the job is not only stressful and uses energy, it essentially sends a message that who people really are is not what the organization wants or desires on the job” (Pfeffer, 2003, 32).

A Value-based Approach to Improved Economic Performance

This section of the article argues that the concept of value is necessarily expanding from the narrow conception of the established *value in use* and *value in exchange* theories to accommodate a more inclusive *use and exchange* perspective on market activity that is a better fit with the knowledge-age service economy – e.g., the technological age economy, the networked economy, the concept of the learning organization and society, recognition of the need to reassess the concept of organizational value assets to account for intangibles, and the recognition that knowledge is one of the most important value assets. Thus, professionals (knowledge workers) are no longer merely considered to be an expense, but are increasingly regarded as an important, wealth-generating aspect of organizational assets. During the Industrial Revolution and up to the middle of the 20th century, value was considered to be created sequentially by the production process but would depreciate once the customer began engaging with the product (e.g., the purchase of a car is a good example of product depreciation). Christian Grönroos and Päivi Voima, in their article *Making Sense of Value Creation and Co-creation*, describe the past as oriented toward value delivery (value in production delivered to the customer who decided if it is worth the cost) (Grönroos & Voima, 2013, 135).

The knowledge-based service economy has brought about a shift from the sequential view of value creation with machines (production lines) considered to be the primary producers of wealth by means of delivering goods to society. This prior notion has given way to an expanded, socially-oriented theoretical perspective on prosperity where production does not flow in a sequential process from the company to the consumer, but involves more interaction between stakeholders and the company resulting in co-created value. Generating wealth is no longer merely thought of as creating relative advantage for individuals and shareholders, but now includes a process of co-creating value for society with prosperity being defined as increasing stakeholder benefits.

In 1985, Karl Albrecht and Ron Zemke announced a shift in perspectives on value creation when they proclaimed, “Call it what you will, the fact remains that we live in an America, perhaps in a world and time, dominated by industries that perform rather than

produce. For the first time in history white-collar workers – in technical, managerial, and clerical positions – outnumbered blue-collar workers” (Albrecht & Zemke, 1985, 1). They refer to this as a new service economy which they proclaim is not only creating new working conditions and relations, but a new way of thinking about society. The co-production of value is considered to be an innovative adjustment to what Albrecht and Zemke herald as the emergence of a new economic value orientation. The service economy is accompanied by a new notion of organizational structure and production plus a new notion of the market and the nature of exchange. This is resulting in a concurrent shift in economic value theory that allows for extending and/or expanding the concept of value without altering the basic *use value* and *exchange value* concepts of classical economics (which can be traced back to the very foundation of Western economic theory). However, expanding the concept allows for a more fruitful inclusion of the value perspective of the broader social sciences (with economic philosophy as essentially one aspect of social theory although often considered as holding the position of *The Queen of the Social Sciences*).

Theorists analyzing the new service economy point out that its accompanying concept of the co-creation of value reflects the *value in use* economic theory that can be traced back to Adam Smith (Smith 2011, 42). However, to understand the evolution of the economic value theory, one must follow its development back to Aristotle and his understanding of *value in use* (Aristotle is considered the first economic theorist of Western Civilization and could very well be described as the first theorist of normative economics/business ethics). For Aristotle, the aim of economic activity is achieving the good life (*eudaimonia*) which he understood – in the economic sense – as entailing certain values that encompass three value domains: the first and foremost value domain includes well-being and flourishing (in both a personal and social sense); the second involves economic value creation which he believed can be defined as activity that creates an increase in prosperity for individuals and society; and the third domain economic activity is understood to involve the endeavor to satisfy human wants and needs by means of an appropriate relationship with the natural order. In this, Aristotle’s economic value theory reflects a perspective on the co-creation of value that he conceived of as involving a dialectic process that rational economic actors engage in to create the good life; the good life is achieved by pursuing economic activity on the basis of each of the above listed value domains. In *Nicomachean Ethics*, Aristotle described the co-creation process as a system based on “[s]ocial relations, both in living together and in participating in discussions and actions” (*endoxa* and/or *en de tais homiliais kai tōi suzēn kai logōn kai pragmatōn koinōnein*) (Aristotle 2004, 75 & 120 [1126:b & 1154b]).

Aristotle started his detailed explanation of *value in use* with a reference to the order of nature (1959, 39 [book 1. iii: 10]). This reflects his claim that consideration of natural law is an important aspect of conceptions of the ethics of political economy. Thus, he conceived of normative economics as entailing activity that enhances human existence by means of the three value domains (i.e., the individual, the social, and the environmental). It can be argued that Aristotle – noted for offering an excellent strategy for reconciling self-interest and the common good – proposed social economics as a strategy for increasing wealth in a way in which individual capabilities and functionings are developed to their full potential by means of economic activity that promotes freedom (Sen, 188, 74-75 & 288-289). Aristotle argued that value co-creation does play a part in shaping *the good life* for the individual and society by promoting a multi-level approach to individual well-being and collective prosperity as well as a holistic approach to human existence which is inclusive of outlook that requires having an appropriate relationship with the natural order (Aristotle, 1959, 9-13, [I. 1: 8-30]).

The remainder of this article will explain the significance that Aristotle's value domains have for improving economic performance by means of value co-creation (Aristotle's business ethics, his conception of political economy, and his understanding of how to reconcile moral individualism with social economics). From the outset, it must be kept in mind that Aristotle believed that "Wealth is clearly not the good we are seeking, since it is merely a means [to an end] for getting something else. One would be better off seeing as ends the things mentioned before, because they are valued for themselves" (2004, 7 [1:5]). Proponents of the co-creation of value argue — in line with Aristotle — that economics is a human activity that works best when undertaken in a way that promotes and protects freedom: freedom of conscience, freedom of association, and the right individuals have to pursue what they believe is in their best interest. Nobel Prize winner Amartya Sen (in his description of the connection between economics and freedom) states that Adam Smith conceived of economics as a means by which individual well-being, social prosperity, and liberal freedom would result from "An enlightened understanding of the need for mutually beneficial behavior" (Sen, 1999, 261-263).

The Nobel Prize winning economist Friedrich Hayek explained how to gain the power (ability) to engage in one's professional activity in a way that increases personal, organizational, and economic benefits in his explanation of the relationship between the *Individual and the Economic Order*. Hayek asserts, in accordance with Adam Smith, that when individuals are given the freedom to openly and honestly act on the basis of their convictions, choice, and motives [values], it will result in contributing as much as possible to the needs of all others (1980, 7 & 13; see also Staveren, 2001, 27-29 & 96). Hayek became a champion of liberty by proclaiming that the personal, social, and economic value we are hoping most to create are achieved when individuals are enabled to act freely and honestly in accordance with what this article refers to as key value domains.

"Indeed, the origin of economics was significantly motivated by the need to study the assessment of, and causal influences on, the opportunities that people have for good living. [Thus,] the foundational approach to valuation [demands] focusing on ... freedom rather just on income or wealth" (Sen, 1999, 24). Freedom — what Hayek considered to be a higher value for both individuals and for society — is the outcome of keeping a focus on the true *value end* of personal, professional, and social (economic) pursuits (2007, 125). In this respect, there is a clear connection between personal value choices, one's happiness, the welfare of society, and the aim of economic activity for a liberal society which all require allotting values their due place (Hayek, 2007, 101). Thus, individuals making professional decisions that are in line with their ultimate value preferences are empowered in a way that improves their own personal well-being while acting to enhance social flourishing (Hayek, 2007, 102 & 91-105).

Globally-renowned management and human resource specialist, David Ulrich, points out that today, success is thought of in terms of an ability to make use of the wealth-generating potential of value creation. Ulrich argues that success is a matter of turning internal value inclinations into abundance or "turning internal capabilities into external value" (Ulrich & Ulrich, 2010, 23-24). Ulrich continues to stress that "Individuals [who] coordinate their aspirations and actions to create meaning for themselves [also create] value for stakeholders and hope for humanity at large" (2010, 24). Thus, value has been increasingly recognized as a resource asset (tacit and/or explicit) that is an inherent aspect of the value assets of the professional. However, the professional's inherent value assets result in increased profitability for the company when both the worker and the organization understand the significance of personal values and the role they play in generating increased excellence and quality.

David Ulrich makes a similar claim in his explanation of how to achieve a complementary connection between one's strengths and one's performance (what he refers to as "signature strengths"). "Signature strengths are grounded in the moral values we espouse [and] the virtues we cherish (i.e., our deepest personal values). When employees' signature strengths intersect with the signature capabilities of their workplaces, there is a seamless fit. People find [that] a sense of meaning [creates] abundance when they are in an organization where they fit and feel valued for doing exactly what they do well" (Ulrich & Ulrich, 2010, 55-73).

It can be argued that the theoretical forerunner of the social benefits of the value co-creation concept was established by Critical Theorists who were attempting to reconcile the dichotomy between the utility-maximizing efforts of the powerful elite and the effort of the general public to produce value outcomes that reflect a complementary connection between economic and social value strategies while concomitantly not violating the principles of Liberalism that promote freedom and mutuality. Berger and Luckmann (1967) and Anthony Giddens were foremost in proposing that knowledge is not only a new form of wealth generation, but a means of empowerment that can be used by agents in a Constructivist process to co-create more of what they mutually find valuable, beneficial, satisfactory, and enriching.

Anthony Giddens asserts that information can be employed in a way that empowers agents (who engage in a Constructivist process) enabling them to produce what he calls *mutual knowledge*. Knowledge (power) in this sense is a "Resource (focused via signification and legitimation) [that creates] structured properties of social systems, drawn upon and reproduced by knowledgeable agents in the course of interaction" (Giddens, 1986, 4 & 15). That is to say that for Giddens, social reality is created by agents at multi levels interacting together to co-create the good life. At the same time, as a Critical Theorist, Giddens recognizes that there are three dimensions of social systems that those engaging in the co-creation of value are challenged by (in the sense that they must be reconciled if the outcome of value creation is to be beneficial economically and socially). The three dimensions are: the power structure of a society, the legitimizing or normative aspect of social interaction, and the meaning dimension of society (1986, 23-34). In other words, Giddens stresses the tension between the value theory preferred by the general public and the utilitarian relative advantage value theory that too often is the business ethics practiced by power mongers.

Critical Theorists point out that the inability to reconcile the "power over" (or dominance notion of power primarily evident in Economic Realism with the Perpetual Peace and Equal Rights ideals of Economic Liberalism) was the cause of 20th century becoming Europe's most painful and destructive century (with catastrophic consequences for the entire world). In this respect, the co-creation of value theory is an attempt to reconcile the problematic dichotomy between those who pursue power — and conceive of economics — in the conventional sense (positive economics, materialism, and value tangibles) with those who conceive of empowerment (power produced as a result of engaging in a Constructivist inquiry including cultural/traditional values, normative economics, ethics, and value intangibles). According to Hayek, assuring an increase in social value requires integrating the market's established emphasis on tangibles with inclusiveness of concerns about social welfare. The "social goal" or "common purpose" for which society is to be organized is usually vaguely described as the "common good," the "general welfare," or the "general interest" (2007, 100).

Joseph Schumpeter was foremost in proposing the idea that there is a connection between value creation and the creation of social value. He challenged classical economics by criticizing their theoretical/methodological limitations by claiming that strategies for the development, prosperity, and progression of society work best when economic strategies are developed from the perspective of the sociology of enterprise because the social enterprise “extends to the structure and the very foundations of any given society. Therefore, the sociology of enterprise reaches much further than is implied in questions concerning the conditions [of] produc[tion]” (1947, 158). In this respect, Schumpeter recognized the significance of creativity not only in terms of its value for innovation and wealth production, but also the social benefits that value creations produce. He stressed that the creative response progresses the social and economic situation with the fruits of the progress involved handed to consumers and workers (Schumpeter, 1947, 150 & 155). In this respect, he asserted that the social significance of value creation lies in the satisfaction of the customer (Schumpeter, 1939, 67).

Schumpeter claimed that the ultimate motivation of the entrepreneurial, creative type is the desire to be true to his or her *own person*. To be true to oneself (despite the fact that it calls for breaking away from the norm) results in innovation, improved economic activity, and social progress (2009, 261; see also 2012, 6-9). Schumpeter, noted for introducing the concept “methodological individualism,” was also trained in the Austrian tradition, thus reflecting Hayek’s sentiments for protecting/promoting individual liberty. It is in this respect that Schumpeter asserted that the entrepreneur (the creative visionary) draws from the power of his or her convictions to create innovative benefits for the society and the economy (1947, 150).

He, as well, applies this notion to the consumer whom he believes does not typically act in accordance with rational choice as Utilitarians believe, by arguing that human choice is motivated by personal convictions – the value one assigns to things to which he or she finds meaningful – as well as to individual volition (Schumpeter, 2003, 257-259). “The fact, hidden from the Utilitarian because of the narrowness of his outlook on the world of human valuations, will introduce rifts on questions of principle which cannot be reconciled by rational argument because ultimate values – our conception of what life and what values should be – are beyond the range of mere logic” (Schumpeter, 2003, 144).

The practice of value co-creation contributes to improvement in the performance of professionals and organizations as well as improvement in the performance of the overall economy by integrating innovation-generating strategies with normative principles for increasing stakeholder value. Social and economic value concerns are integrated by means of a Constructivist type dialogue between the market and the public that unites the two in a more unified concern. Harvard University Professors Michael E. Porter (a six-time McKinsey Award winner) and Mark R. Kramer report that the co-creation of value represents an opportunistic “transformation of business thinking. [It represents] a new way to achieve economic success [by] creating economic value in a way that also creates value for society by addressing its needs and challenges” (Porter & Kramer, 2011, 4). In this respect, the value creation perspective on what improves social and economic conditions contradicts Adam Smith’s proposal that material excess would increase the wealth of nations (which placed the emphasis on the exchange value of productions).

John Dewey imagined that the movement toward the co-creation of value would result in expanding the notion of benefit from self-interest utility maximization to overall social benefit. Determining value, according to Dewey, is not the exclusive domain of a sole discipline (e.g., economic value theory) but, based on his Pragmatist conviction, Dewey

would say that determining value is subject to the process of open inquiry. Thus, for Dewey, value creation results from a process of engaging constructively to co-create value which is indispensable to obtaining the desired outcome. If an increase in value (i.e., quality) is intended to be the final outcome, then the process must consist of an effort to create beneficial and satisfactory value for all stakeholders.

Because of the power-enhancing capabilities of technology, because of the ontological, teleological, and axiological significance of its applications, and because of the way it is shaping the global landscape, its application to social experience and to the environment are related to many of the ethical issues the world is confronted with today (Mason 1995, 55). Products, services, and industries that were once separate have now become integrated meaning that traditional sector boundaries are broken down. The market itself has become an interaction and transaction network where the creation of economic value does not happen solely within a corporation, but occurs in networks between people, systems, and organizations.

Pine and Gilmore predict that the power of digitization to create a globally-networked system of interactions will move humanity deeper into the *experience economy* where consumers will demand that their most meaningful and purposeful life experiences will be integrated into the world of commerce (Pine & Gilmore, 2011, 242). This means that market interests will inevitably be integrated with the ontological and axiological interest of the global public which will move the individual and the organization closer toward becoming co-producers of the global future (Mermiri, 2009, 75). The vision is of a future where the stakeholder and organization interact in such a way that the best interests of both are realized as the maximization of benefits. University of California at Berkeley professor emeritus (and the chief economist at Google) Hal Ronald Varian announced at the early stages of the 21st century (in a *New York Times* article entitled *A New Economy With No New Economics*) that there has been no corresponding development in economic philosophy to match the shift that society has made into a new economy (2002, Sec. C2, Bus.).

The prestigious economist Michel Camdessus (formerly the longest-running managing director of the IMF) states that such values and normative principles must be derived from our deepest and most cherished values. They must “call for a development at the deepest level of consciousness of all the peoples of the world, of that still undeveloped sense of the universal [the global sense] which is the only source of the urgency that will open the eyes of the political and economic decision-makers to their responsibilities as leaders of a world on the road to unification” (King, 2002, 28).

These global ethical concerns have teleological and ontological implications that involve the whole of humanity as they are directly related to what it means to experience *the good life* (to personally experience *integral being* plus to be better-integrated with each other and with the environment). Anil Gupta and Vijay Govindarajan point out that this is increasingly demanding; along with their everyday concerns, individuals, leaders, and managers must *cultivate a global mindset* to effectively manage the teleological challenge to respectfully distinguish, synthesize, and integrate the ultimate values of individuals and cultures into productions of what has ultimate meaning for the world's people (Gupta & Govindarajan, 2002, 117-118).

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