

Values-Based Decision Making: The Benefits and Challenges Associated with Driving a Set of Organizational Values

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Abstract: In this paper, a qualitative approach was used to look at how values can influence decision-making within an organization and can contribute to a positive work environment. To achieve this objective, a definition of the term "values" was followed by a discussion of the benefits and challenges of implementing a set of values within an organization, and an examination of how values guide organizational decision-making and influence product and service offerings through a case study of Vancouver City Savings Credit Union (Vancity). The study finds that the presence of values is clear within Vancity, but the ability for organizational values to guide decisions is somewhat open to interpretation, with some room for greater refinement and structure.

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Research Question

This research paper is intended to answer the following question: Are Vancity Managers leveraging organizational values to foster an environment of creativity that ultimately serves the members? In answering this question, the paper looks at how and where values are showing up in organizational decisions. This necessarily involves looking at how Vancity defines itself through its core set of values, product and service offerings, marketing and branding, communication, and governance. To accomplish these goals, the researcher draws on information and data from an internal survey, interviews with senior leaders, as well as internal and external publications.

Introduction

Values are a confining set of tenets that highlight and showcase what an individual should expect from an organization. Their implementation, however, is no simple matter. In an article for Harvard Business Review, Patrick M. Lencioni (2002) writes, "an organization considering a values initiative must first come to terms with the fact that, when properly practiced, values inflict pain" (p. 3). By driving a set of values, organizations open themselves to criticism, restrict behaviour and limit "strategic and operational freedoms" (Lencioni, 2002, p.3). Once an organization has decided on the values best associated with their goals and mission, they need to understand that the values that set them apart from the competition may also alienate them from future relationships. However, when implemented and followed, they can positively affect an organization's engagement, commitment, and loyalty from both clients and employees.

Values guide an organization and influence how leaders determine and prioritize what needs to happen to achieve strategic goals. Values are not static; they will change and evolve over time. "People will gradually acclimate their values to changed circumstances, upgrading the importance of values that become attainable and downgrading the importance of those whose pursuit is no longer adaptive" (Schwartz & Bardi, 1997, p. 407). The same holds true for businesses. As leaders of organizations, managers need to embrace and understand both the values of their direct reports and the values set out by the organization, as well as their possible evolution. A failure to keep both sets of values in mind when making decisions will negatively impact engagement, trust, and performance.

Literature Review

Defining Values

Amah and Ahiauzu, in an article about shared values and organizational effectiveness in the Nigerian Banking system, defined values as "basic convictions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence" (2014, p. 696). Through shared values, groups and organizations are better able to see and work toward achieving their desired common goals. "Values may form important ingredients of a person's self-concept and thus contribute to a person's sense of identity" (Verplanken & Holland 2002, p. 434).

In his paper, *Basic Human Values: An Overview*, Schwartz (2012) listed the ten basic human values as Self-Direction, Stimulation, Hedonism, Achievement, Power, Security, Conformity, Tradition, Benevolence and Universalism. These sum up what he referred to as the "ten core values recognized in cultures around the world" (Schwartz, 2012). Of these, two, benevolence and universalism, stand out because of their concern for the well-being of others (Schwartz 2012, p. 7). Schwartz described these values as enhancing the welfare of those a person is in regular contact with and understanding and appreciating the welfare of others in the community (Schwartz, 2012).

The co-operative values as set out by the ICA (International Cooperative Alliance) also connect very well with Schwartz's values of "benevolence and universalism" or "self-transcendence" (Côté, 2020, p. 8). These values align with the co-operative ideas of working together to achieve a common goal and serve the business well by building loyalty with staff and members, and in the image and message co-ops present when attracting new clients and retaining their existing accounts. "In an organizational context, the congruence of corporate and employee values will have a significant impact on commitment to the organization" (Côté, 2020, p. 5). They further complement the co-operative values of equality, solidarity, honesty, and social responsibility, which help to create what Côté referred to as a "pro-social behaviour". Self-transcendence guides an organization's pro-social behaviour and Côté noted that "recent research suggests that pro-social motivation can motivate employees to take initiative, help others, and persist in meaningful tasks" (Côté, 2020, p. 6). These values strengthen the connection employees feel with their co-operative and reinforce how trust will be built among employees, clients and the organization, "a strategy based on the congruence of values proves to be an effective way to build a competitive organization (Côté, 2020, p. 8).

Posner, in his 2010 article for *The Journal of Business Ethics*, examined the question of congruence between the values of an organization and the people who work for the organization. He argued that if there is no similarity between the two parties, employees will wonder what values they will have to give up to meet business expectations. He noted management needs to always consider values, or they can potentially compromise effectiveness through lack of engagement, employee turnover, stress, and so on. The opposite is also true, he noted, high alignment will lead to positive outcomes for both employee and organization.

Values in Co-operatives

Co-operatives have values built into their business model. In theory, these values guide decision making, and if well implemented, build a foundation and framework for how future decisions will continue to be made. Jerker Nilsson explains the role of co-operative values:

If the members, despite their large number and differing interests and diffuse goals, are to be able to agree on how the co-operative is to work, they must all have a similar set of conceptions. If the members have largely the same opinion on how the enterprise is to be run they can more easily agree on how the business is to satisfy their interests. (Nilsson, 1996, p. 636)

Achieving a common understanding of what members are hoping to gain or get from a business relationship requires members to agree on the necessary contributions needed for the ongoing success of the business. In her paper *Collective Action and the Evolution of Social Norms*, Elinor Ostrom explored to what extent people will contribute to a "collective action". She noted that people are willing to participate if they see reciprocity and others contributing. "Conditional cooperators are individuals who are willing to initiate cooperative action when they estimate others will reciprocate and to repeat these actions as long as a sufficient proportion of the others involved reciprocate"

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(Ostrom, 2000, p. 142). This view, as Ostrom pointed out, is more “optimistic” than what she initially stated in her paper, where it was thought that people will contribute less and less, until they are putting nothing into the “game” and expecting to still get something in return (Ostrom, 2000).

When members can all agree on a set of values, it strengthens the “unity” among the members and helps to make the organization more effective. The benefits of this alignment can be seen in better communication, goal-formulation, improved management, and goal precision (Nilsson 1996). In her TEDx talk at Bath University, Esther McMorris (2014) noted that “a good leading organization must be based on solid and common values”. Sharing similar values helps people to gain consensus quickly and achieve common goals. Values need to be connected to objectives and relate to the strategic actions that will help an organization.

Demand for Values

A well-documented example of values-based banking is the Co-operative Bank UK. Originating in the 1870's,

the Co-operative Bank UK arose from the banking needs of the Co-operative Wholesale Society (CWS), set up by the retail society founded by the Rochdale Pioneers. It has evolved from being a department of the CWS acting as a banker to the wholesale and productive arms of the Society and to its retail society members, to become in the early 1970's a clearing bank serving the public at large with a network of more than 100 branches supported by over 3000 in-store banking points. (Harvey, 1995, p. 1006)

In the late 1980's, the Co-operative Bank would begin working on a new strategy that would add structure to their “ethical banking”. This was something the Co-operative Bank was doing already, but in a very ad-hoc way. Starting with a survey sent out to over 30,000 customers, 84% of the respondents “thought the ethical banking policy was a good idea” (Harvey, 1995, p. 1009) and that it needed to be part of future banking decisions. It should be noted that less than 5% of the participants didn't see a reason for there to be an ethical policy. According to a recent Corporate Knights article published in February 2020, two thirds of Canadians want their banks to offer responsible investment (RI) options, and three quarters feel “RI is the way of the future” (Vasil, 2020, para 4).

Differentiating Values and Ethics

There are many interchangeable terms that can be used to describe how values and ethics fit into an organization. Ethics could be seen as understanding “why” we do what we do, while values are looking at “how” we are going to achieve it. Using the value of innovation as an example, John Deere, an American Corporation popular for producing agricultural machinery, has created technological advances through weather data collection and analysis to help farmers optimize crop production. By helping them know exactly when to start planting, and by using computer guided tractors, they are creating efficiencies that save time and money. However, John Deere has been called out by the right to repair movement as their warranty coverage is jeopardized if a non-licensed technician repairs one of their tractors. “Big Tractor says farmers have no right to access the copyrighted software that controls every facet of today's equipment, even to repair their own machines. That's the exclusive domain of authorized dealerships” (Waldman & Mulvany, 2020, para 2). While John Deere's value of innovation is clear, a lack of transparency about what farmers are giving up could call into question the ethics of their decisions.

Values are tested daily, strictly based on the number of decisions we make. The Ethics Centre (2021) describe themselves as a “not-for-profit organization developing and delivering innovative programs, services and experiences designed to bring ethics to the centre of personal and professional life”. They have noted there are estimates that people will make between 70 to 35,000 decisions each day, with these decisions often being influenced by unconscious thoughts and biases (ethics.org.au, 2021). They have been, however, quick to point out that it is the quality of the decisions being made that is important (ethics.org.au, 2021). Businesses are pushed to decide on what they hope will improve profitability or create efficiencies. Each decision can risk pulling an organization off track if they are not made with the organization's ethical policies in mind. Finance and banking are under constant pressure from risks associated with fraud and anti-money laundering. Unknown or unaddressed connections to each of these can lead to reputational risk and financial loss. For values-based businesses, there is a greater accountability to ensure not only that they are compliant with federal and provincial regulations, but also

that financial decisions are ethically aligned with internal policies and done through partnerships with organizations who share similar values and ethics.

A Societal Case for Values - Exploring the Benefits

By having a relatable set of values, organizations can state what potential employees and clients can expect to see and experience when joining or choosing to do business with them. These values can directly relate to people's own values and beliefs and help to build a stronger connection. Values help to bring organizations together to tackle large or global issues. An organization devoted to this task is the Global Alliance for Banking on Values (GABV). It describes itself as having a shared mission to be:

a network of banking leaders from around the world committed to advancing positive change in the banking sector. Our collective goal is to change the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy (GABV, 2021, para. 1).

The Alliance hopes to build a values-based financial sector that fosters healthy and productive societies. Through collaboration and the sharing of ideas, the GABV is building a community of support for values-based financial businesses.

There appears to be a consistent connection between the presence of values in organizational decisions and the likelihood that these organizations are attempting to address environmental and social issues. In the latter part of this paper, interviews with several Vancity executives, who use the climate emergency in many of their examples, share how Vancity is making values-based decisions and what actions Vancity is taking to address and call attention to the negative impact of climate change. While this paper is not focused on climate change specifically, there are several situations where examples of values-based decisions are connected directly to ESG (Environmental, Social, and (Corporate) Governance) and other forms of sustainability planning.

Local Impacts

A values-based focus on the local economy can have benefits in terms of financial stability. The International Labour Office issued a report in 2013 called *"Resilience in a downturn: The power of financial cooperatives"*. The report looked at the resiliency of financial co-operatives in Europe before and after the economic crisis of 2008 and compared their performance to that of investor-owned banks. The findings noted financial co-operatives fared better and outperformed their competitors due to a lack of toxic mortgages, and an ability to invest profits back into the business, rather than paying it out to investors. It has been noted that even in past downturns and crises, co-operative banks and credit unions have maintained and gained market share against investor-owned banks before and after other market events such as World War 1, the great crash of 1929, and so on (Birchall, 2013). Building a business based on values, while fostering a sense of loyalty and commitment, can help most businesses overcome the financial challenges brought on during economic downturns.

Values-based banks have proven their ability to stand up to economic hardship and financial downturns better than their conventional counterparts. Paulet, Parnaudeau and Relano have pointed out that following the subprime mortgage crisis in 2007/8, several financial institutions in Europe which Paulet et al referred to as "Ethical Banks" had an easier time adapting to the newly implemented regulations as they already had an "attitude of transparency and accountability, which ultimately manifests in other concrete actions" (Paulet et al., 2015, p. 199).

Luca Condosta looked at how Italian banks support their local economies, and noted it was a "voluntary decision" to adopt an approach that supports corporate social responsibility and "contribute to a better society and a cleaner environment, integrating social and environmental concerns in its business operations and in its interactions with its stakeholders" (Condosta, 2012, p. 486). Furthermore, organizations often adopt values that resemble those of individuals they see as ideal clients. By defining themselves this way, people will see the benefit of supporting a business that values what is also important to them.

However, the actions taken by banks can often focus on internal processes and actions that have little impact outside of the organization. Addressing internal issues rather than focusing on the impacts of the deals they are financing, could be seen as a surface level solution to business challenges, and one that ignores the real issues. Paulet et al. (2015) noted that values-based banks often focus on their “local economy” but don’t address the issues being caused by their clients, or factor in how the deals being financed are impacting the issues at hand. In GABV’s Principle #3, “Long-term relationships with clients and a direct understanding of their economic activities and the risks involved”, GABV encourages businesses to “analyze and understand” what clients are doing, and to encourage other businesses to become “values-based” (GABV, n.d.). In doing so, businesses will hopefully see benefit from the positive impacts noted by Paulet et al. above.

Values-Based Decision Making

People managers are in a position where their role requires them to make decisions about a variety of situations and events that impact themselves, the many people who they are connected to and the markets where they do business. The decisions can vary in scale and size and have different potential impacts depending on the choices made. They make decisions about hiring, negotiations, partnerships, and countless small day-to-day decisions. This paper does not offer an analysis of the neuroscience of decision-making but does consider how people are influenced by their surroundings, and how values can change depending on current needs.

Based on traditional economic theory, decisions are determined to be privately efficient when they maximize net benefits to the decision maker (individual or organization), and socially efficient when they also maximize net benefits to society in general (Carroll & Dickson, 2012). While there is a need for efficient and effective decision making, understanding how decisions are rooted is also key to building a strong organizational culture. “Shared values provide the central source of integration, coordination, and control” (Amah & Ahiauzu, 2014, p. 695).

The Global Alliance for Banking on Values is working to set up common principles that resonate and work effectively across cultures. These principles include: #1 Triple Bottom Line Approach, #2 Real Economy, #3 Transparency, #4 Long Term Resiliency, and #5 Client Centred. The guiding principles, intended for use by values-based banks, promote the objective that “business decisions start by identifying a human need to be met, and then establish how to meet that need in a way that is sustainable from an environmental, social and economic perspective, including sustainable profitability for the bank” (GABV, n.d.). The five principles seen in Figure 1, are centred around creating a culture intended to promote socially acceptable business practices, which are transferable to other values-based banks who can incorporate this approach into their own strategies and goals. Thus, they create best-practices, rooted in the idea of meeting local needs, which are also effective at a much larger, global scale.

Figure 1: Global Alliance for Banking on Values: Principles



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These universal principles stand as hypernorms, anchored in values that are locally responsive, and transferable to values-based banks around the world. They echo what Thomas Donaldson and Thomas W. Dunfee (1999) have proposed with their idea of the Integrative Social Contract Theory (ISCT). The ISCT can be described as a foundation of moral/ethical decisions in business. Hartmann has noted that hypernorms “are not always action guiding, but they do something that is important for the morality that most of us share: they raise questions and challenges that help us arrive at legitimate local norms and make good ethical decisions” (2009, p. 707).

Dunfee has explained, “A hypothetical social contract is thereby integrated with real or extant social contracts. The plural ‘contracts’ is used to emphasize the fact that ISCT envisions multitudinous local community-based social contracts establishing binding ethical norms. These in turn are limited by universal moral principles called hypernorms” (Dunfee, 2006, p. 304). “Hypernorms and priority rules – are designed to provide the normative basis to resolve transcommunal disputes” (Douglas, 2000, p. 103). The hypernorms are not easy to identify in Donaldson and Dunfee’s ISCT but are seen as being solutions to disputes or decisions which cannot be solved or agreed to through communal or cultural norms. Such norms at the base of business create commonalities, essentially building a foundation towards the idea of a decision-making framework. “The usefulness of ISCT as a decision aid depends in large part on the ability of users to identify quickly non-controversial hypernorms capable of providing discrete guidance. This admonition applies with equal force to all three types of hypernorms: procedural, structural and substantive” (Dunfee, 2006, p. 305).

In their paper, *The “I” in ISCT: Normative and Empirical Facets of Integration*, Glac and Kim (2009) “discuss how ISCT incorporates both legitimacy and obligation in a unified concept by tracing how two different social contract traditions – actual and hypothetical have come together” (p. 694). This “integration” differentiates it from a conventional understanding of a social contract theory, where “society exists because of an implicitly agreed-to set of standards that provide moral and political rules of behavior” (McCombs School of Business, 2018).

Showing up: The Presence of Values

A review of organizational values at several large co-operative and non-co-operative businesses (Appendix A) similar in size to Vancity, found that the common values of innovation, responsibility, integrity were featured alongside those like concern for community, leadership and the co-operative values of self-help, self-responsibility, democracy, equality, equity, and solidarity. The overlap in the values chosen by co-operative or values-based businesses and those of investor-owned firms can sometimes make it difficult to differentiate these businesses when looking at them strictly from a values perspective. Co-operative and other values-based businesses consistently choose values with underlying concern for the community and are committed to preserving the welfare of others. This thinking is supported by Schwartz’ values of benevolence and universalism and their desire to look out for the well-being of others. While co-operative businesses are very aware of their financial expectations and goals, the values they choose don’t prioritize profitability over the well-being of others.

However, organizations that are opposites from those referenced above, and that have very different ideas about environmental protection and social justice, can often possess very similar values. ExxonMobil’s statement of values says, “We are committed to maintaining a safe work environment enriched by diversity and characterized by open communication, trust, and fair treatment” and “Above all other objectives, we are dedicated to running safe and environmentally responsible operations” (ExxonMobil 2018). Similar values are present in co-operative organizations across Canada. The contradiction is that businesses based in the production of fossil fuels, and those directly connected to the negative impacts of climate changes, continue to be removed from investment portfolios and mutual funds as feedback from investors highlights a growing demand for socially responsible investments (SRI).

ESG is the acronym for Environmental, Social, and (Corporate) Governance, the three broad categories, or areas, of interest for what is termed ‘socially responsible investors.’ They are investors who consider it important to incorporate their values and concerns (such as environmental concerns) into their selection of investments instead of simply considering the potential profitability and/or risk presented by an investment opportunity. (corporatefinanceinstitute.com 2021)

Making Values-Based Decisions - Actions and Reactions

Japanese clothing and homewares retailer, Muji recently made headlines when they announced they would continue to source cotton “from the Xinjiang region—where the U.S. State Department says mostly Muslim Uyghurs are forced to labor in internment camps” (Fujikawa 2021). According to Fujikawa’s *Wall Street Journal* article (2021), Muji has stated they have toured the area, and do not see any issues that can’t be corrected. Similar companies such as H&M and Nike have publicly stated they will no longer be buying cotton from this region of China over concerns about the ongoing investigation into human rights violations. These values-based decisions highlight the early stages of identifying reputational risks organizations assess when choosing where to source their materials and who they partner with, based on their values.

To overcome some of the challenges associated with the implementation of values, Simon Sinek thinks that values should be articulated as actions (Sinek, 2019), a view consistent with the distinction made earlier between values (“how”) and ethics (“why”). He has illustrated by means of an example: a commitment to “always tell the truth” has more power than the value of honesty. “Values have to be actionable; they have to be doable” (Sinek 2019). In addition to being actionable, they must also align with measurable outcomes, and resonate with leaders and decision makers, and employees throughout the organization.

Lencioni has stated that “living by stated corporate values is difficult. After all, it’s much harder to be clear and unapologetic for what you stand for than to cave into politically correct pressures” (2012, p. 13). Values are not easy to choose or implement but having them provides structure and guidance for decision making throughout an organization. By driving a set of values throughout an organization, businesses can expect to attract like-minded clients and workers who understand and agree with an organization’s direction. This will simplify decision making, and hopefully foster an environment of mutually agreeable strategies.

Tools to gather data - Methodology

To summarize the discussion thus far, while values can be confining, they can play a major role in personal and organizational decision making. They are foundational in shaping how individuals or groups wish to be seen and provide structure to business decisions. Co-operatives and other businesses who identify as values-based have a tendency to embrace feedback from members and promote transparency as a way of ensuring their business is reflective of their clients’ and employees’ views. More and more, this feedback is highlighting a need to support and invest in environmental and social justice issues that are affecting local and global communities. To do so, groups of likeminded people are forming and establishing businesses where profit is not the sole driving force behind decision-making thereby, they hope, building a stronger, more sustainable future.

To explore these ideas more concretely, the author conducted a review of values-based decision making at Vancity, a financial co-operative. Building on the literature review, the case study was initiated by reviewing internal publications, Annual Reports, and information posted on Vancity.com. The information gathered helped to gain an understanding of how values are connected to individuals and businesses, how people view values-based decision making and the benefits of building a framework to activate and enable values-based decisions. This desk review was supplemented by interviews with senior leaders from Vancity’s corporate head office as well as a small survey sent out to the Branch Management of all Vancity branches. The survey and interviews are explored in greater detail below.

This phase of the research was organized into three main categories or themes in parallel with the themes drawn from the literature review (i.e., defining values and ethics, the benefits of values, and the challenge of implementing a set of organizational values).

The positive outcome associated with an intent to make values-based decisions was noted consistently throughout this phase of the research. In addition, there is a growing demand from customers and clients for organizations to turn values-based decisions into strategic plans. The climate emergency is one example that highlights the importance of understanding the impact of one’s decisions, and the need to align decisions with a model or framework that considers ESG factors.

Executive Interview Participants

To gain greater insights into the decision-making approach at Vancity, several executives were interviewed. Each of the three executive interviews was hosted through a video call, organized during branch operating hours. The three interview participants are all in senior leadership positions at Vancity Savings Credit Union: Kelly McNeill-Sproxtton is the VP of Marketing; Shona McGlashan is the VP of Governance; and Jonathan Fowlie is the Chief External Relations Officer. These participants were sought out as ideal interview candidates based on how their roles were connected to organizational values through marketing (branding), internal and external communications and governance. The interview questions were formulated to gain insights into how each viewed organizational values, the presence of values in their individual departments/divisions, and the risks when values are not considered in organizational decision-making. While the interviews will be explored in greater detail below, it was clear that there is a common understanding of the challenges associated with driving a set of values and that the associated hard work was rewarded with greater loyalty, higher engagement, and a sense of pride in taking actions intended to benefit local and global communities.

Survey Collection and Participants

Responses to the survey used in this research were gathered anonymously. The survey link was sent using a Vancity Branch Management Direct Email List address and was not sent to individual recipients. The recipients of the email address are mostly Branch Managers (BM), and Assistant Branch Managers (ABM). Their roles and responsibilities are similar enough that the researcher did not see a need to separate the pools of participants to differentiate the responses. There were several other recipients on the email list who are not working in either a Branch Manager or Assistant Branch Manager role. A review of the additional recipients indicated that their roles and responsibilities were close to those of the BM and ABM, and their work required them to have a sufficient understanding of the BM and ABM roles. Their answers would thus be similar enough in quality, so the decision was made to leave them in the email request for participation in the survey. Of the 189 recipients on the email list, 36 had out of office messages attached to their email, indicating they would not be available to participate in the survey during the one-week survey period. Of the remaining 153 managers, 43 responded by the cut-off time of May 25th, 2021, 5:30 pm.

The survey questions ranged from open ended to Likert sliding scale questions. For the latter, participants were given a question and asked to rate their answer on a scale of one to ten, one representing “not at all, or no presence” and ten “meaning all the time/regular presence”. For some questions, participants were asked to rate how often values are visible in decisions with a choice of pre-set answers including “never, sometimes, often and always”. Participants could not skip or miss a question. Only one question, “Do Vancity values help member-facing staff attract and retain business?” had the option to answer “unsure”. Of the 43 survey respondents, only one chose “Unsure”, while 95% answered “Yes” or “Sometimes”.

Understanding Vancity

Vancity describes itself as:

a values-based financial co-operative serving the needs of its more than 543,000 member-owners and their communities in the Coast Salish and Kwakwaka'wakw territories, with 53 branches in Metro Vancouver, the Fraser Valley, Victoria, Squamish and Alert Bay. With \$28.2 billion in assets plus assets under administration, Vancity is Canada's largest community credit union. Vancity uses its assets to help improve the financial well-being of its members while at the same time helping to develop healthy communities that are socially, economically and environmentally sustainable. (Vancity, 2021c)

Vancity was opened in 1946 by 14 Vancouverites as the only open-bond credit union in Vancouver, serving members who were unable to get their financial needs met at other financial institutions in the area.

Throughout its history, Vancity has been proud to develop and implement many financial tools and products designed to help its members and the members of its communities. In the 1960's Vancity made the then bold decision to begin granting loans to women. This decision was something that no other financial institutions were even considering at that time. “Even if a woman has an income, banks deem it too risky to provide any loans, let

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alone a mortgage, because she is expected to quit work to have children and an at-home career. Pioneering Vancity manager Don Bentley pushes to recognize all members as equals, regardless of gender” (Vancity, 2021a). Among other leading values-based initiatives, Vancity offered Canada’s first socially responsible mutual fund in 1986, became the first Canadian financial institution to market to the gay and lesbian community through mainstream advertising in 2002, and has been a Canadian leader in environmental, social and financial sustainability reporting.

Values-based decisions at Vancity

There are several sets of values that define Vancity, starting with a set of “core values” which include *Integrity, Innovation, Responsibility* and *Reconciliation*. The values of Integrity, Innovation and Responsibility are posted proudly in most publicly accessible locations and accompany Vancity’s mission statement and purpose. *Integrity* is intended to demonstrate how “Vancity will do what is honest, fair and trustworthy” (Vancity, 2021, n.d.). *Innovation* means that Vancity will “respond to challenges and changing needs with creativity, enthusiasm and determination” (Vancity, 2021, n.d.). *Responsibility* signifies that Vancity is “accountable to our members for the results of the decisions made (Vancity 2021, n.d.). While the set of core values will be discussed throughout the remainder of this paper, *Reconciliation* needs to be explored in greater detail.

In 2015 *Reconciliation* was adopted as a core value by the board of directors, and then CEO Tamara Vrooman. “Reconciliation is about working to build and revitalize relationships among Indigenous and non-Indigenous Canadians. For Vancity, reconciliation is about community wellbeing and social justice and reflects our business model and history” (Vancity, 2021, June 1). This decision was aligned with the publication of the *Truth and Reconciliation Commission of Canada* report issued in 2015.

The TRC’s mandate was to inform all Canadians about what happened in residential schools. The TRC documented the truth of Survivors, their families, communities and anyone personally affected by the residential school experience. This included First Nations, Inuit and Métis former residential school students, their families, communities, the churches, former school employees, government officials and other Canadians. (trc.ca, n.d.)

Vancity’s commitment to social justice brought reconciliation into the organization’s key measurements of creating a diverse and welcoming culture.

Vancity also aligns itself with the co-operative values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others” (International Cooperative Alliance, n.d.). These values are often present in decisions such as to make available free financial literacy sessions to any group of individuals or organizations. There is also a strong connection to the GABV, which it joined in 2010 (Vancity, 2021c).

Values Implementation

Vancity believes that a “values-based banking model is grounded in the local economy—because we believe you only truly prosper when you’re connected to a vibrant, healthy community” (Vancity, 2021d). This belief aligns with what Condosta (2012) saw as one of the successes of the “ethical banks” in Europe with their decision to keep investments local, and it carries into social contract theory and the idea of hypernorms, capable of addressing issues in vastly different communities. By pushing to create greater structure in their own socially responsible investing and reporting, Vancity is helping other values-based banks define their role and position in promoting and endorsing ESG criteria. By being responsive to local norms, Vancity is helping to address issues present in banking, found around the globe.

Vancity diligently ensures Socially Responsible Investments exclude organizations who participate in unethical or unsafe practices. “If a company is involved in nuclear/weapons manufacture, tobacco, gambling or pornography we believe they are creating negative impacts and detracting from social good” (Foley, 2017). Vancity continues to engage with other banks and businesses to encourage implementing a similar approach, and for years has been developing a host of financial products, built from values-based decisions.

Starting in 1986, Vancity offered its first Ethical Growth Fund. The first “socially-conscious” mutual fund, it offered an investment option for people who shared a concern for environmental sustainability and social justice. Today, Socially Responsible Investments, SRI’s, are becoming more and more readily available and are being offered by many investment firms and financial institutions around the world. During the early days of SRI, measurements were almost unavailable; however, over the past several decades, reporting has become more common. NEI Investments publishes documents such as their *Focus List 2021*, a publication about how SRI and ESG is embedded into organizational decisions.

The Unity Term Deposit is another example of a Vancity decision to offer a financial product aligned with organizational values. It was issued in early 2020 as a result of business disruptions caused by the onset of the COVID-19 pandemic. Many businesses were forced to shut down or entirely shift their production to making products that were in high demand at that time. The Unity Term Deposit was launched to quickly raise funds that could then be used to lend back to businesses or individuals in need. The product offering was a success, and the initial product goal of \$200 Million was reached in approximately three weeks, indicating both a pressing need and a willingness to support from the membership.

In alignment with the United Nations Sustainable Development Goals, Vancity is also working to address affordable housing and economic growth. “Since 2011, our Pre-Development Loan Fund has provided \$23 million in loans for the community housing sector, which has helped deliver 54 affordable housing projects through 29 not-for-profit partners which now operate 3,890 affordable, purpose-built rental homes” (Vancity 2021b, p. 23). Vancity is also working to build a stronger co-operative economy by supporting local co-ops with technical advice and referrals (Vancity 2021b). In 2020, Vancity began a project designed to help transition small, privately-owned businesses to worker-owner co-operatives. This initiative should help business owners looking to retire and support their loyal workers by passing ownership on to them, creating sustainable jobs.

Achieving goals created from values-based decisions is not always an easy task, and the work to complete them can require constant monitoring and persistence. An example of this is when Vancity fell short of its organizational hiring goal of 2.1% self-identified indigenous peoples in 2020. This number was intended to reflect the indigenous population of Canada. While the lower number could be attributed to a great reduction in hiring during the COVID-19 pandemic, (Vancity 2021b, p. 12) it should be noted the organizational target had not been reached in any of the years prior. According to the 2016 Census, the number of indigenous people in Canada has increased by 42.5% since 1996, and as more people self-identify as indigenous, this number is very likely to increase. With Reconciliation being one of Vancity’s core values, the decision to continue striving to reach this goal is not about reaching a target, but about maintaining an organizational decision aligned with the Truth and Reconciliation Commission of Canada, and specifically Call to Action #92 in that corporations should “ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector” (TRC.ca 2015, p. 10).

Interview Analysis

Three key themes were discovered when coding the senior leader interviews about values-based decision making: 1) Values alignment 2) The presence of values 3) The benefits and challenges of values-based decisions. There were also many similarities in examples the senior leaders used in responding to the questions. The climate emergency was present in most examples including how future decisions would be made to address climate change and the steps that the organization would need to take to achieve their goal of net carbon neutrality by 2040. By prioritizing where values show up in the decision-making process and placing them first, Vancity can ensure organizational decisions continue to be values-based.

Values Alignment

Values-based decisions are seen as a differentiator and Vancity puts values first, before profit, as a way of ensuring decisions made are building a better community for everyone. Decisions are consistently considered based on what is deemed to be right, and best for the membership, before they are considered on a cost benefit basis. As Shona McGlashan pointed out, “the Executive Leadership Team consistently looks at decisions from what is the right level of resources we need to achieve the goal. Not, what would it look like to just do the minimum amount here.

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Shona McGlashan also pointed out, “The Board of Directors are not the sole custodians of organizational values, they are shared throughout”. The board of directors, a democratically elected representation of Vancity’s membership, holds an understanding that values should be at the core of all decisions. With this, the board also takes on the accountability and risk oversight to ensure Vancity is not exposed to unnecessary risks. In 2020, the board approved 5 commitments to climate action including to plan for risks of fire and flood, which could have a very negative impact on assets securing Vancity mortgages (Vancity, 2021b).

The Presence of Values - Environmental Sustainability

There is a growing expectation that financial institutions are engaging in behaviours that bring attention to the issues affecting Canadians and everyone around the world. The climate emergency is something that needs to be addressed and factored into all future business decisions. According to discussions with Vancity executives, Vancity needs to do their part in reducing carbon output. “Environmental Sustainability” is part of Vancity’s triple bottom line, and the decisions to invest time and resources into creating a more sustainable planet are not only good for Vancity but are becoming an expectation from most current and future members. Jonathan Fowlie noted that the membership (and Canadians from across the country) have indicated in public opinion research that they expect their financial institution to play a role in this. “Yes, we (Vancity) are leading with impact, we see an opportunity to be ahead of the pack, as a Financial Institution to ensure that every dollar we are lending is having a positive outcome in our communities, and on climate. That absolutely is a decision that is led with values, and the ambition behind that is igniting the change that we want to see in the world”. Fowlie also noted, “the market is moving in a direction where values-based decisions will be the baseline expectation of members, regulators and competitors. So, by virtue of leading the way in that direction, it actually presents us an opportunity to grow our business, because we are getting to where people want us to be.”

Using the example of climate change, social responsibility continues to be a growing concern for all Canadians, and many feel their financial institutions are expected to prioritize growth based on ESG. In a recent *Globe and Mail* article, out of 1000 people surveyed, only 28% felt they were asked if socially responsible investing was important to them, while 75% indicated they wanted their advisor to include SRI into their portfolio mix (Livingston, 2021). Recently, Vancity has seen major inflows to its Sustainable Wealth Management (SWM) division. Jonathan Fowlie pointed out “There is always work to be done and always changes to be made, but when people want a partner in sustainable investing, Vancity is where they want to come. And I think as the world is paying more and more attention to these things, we are at record inflows to SWM over the first quarter, and I am not saying that is BECAUSE of our move to values, but values have not gotten in the way of that growth.” These empirical findings highlight the benefits of driving a set of values in an organization.

The Benefits and Challenges of Values-Based Decisions

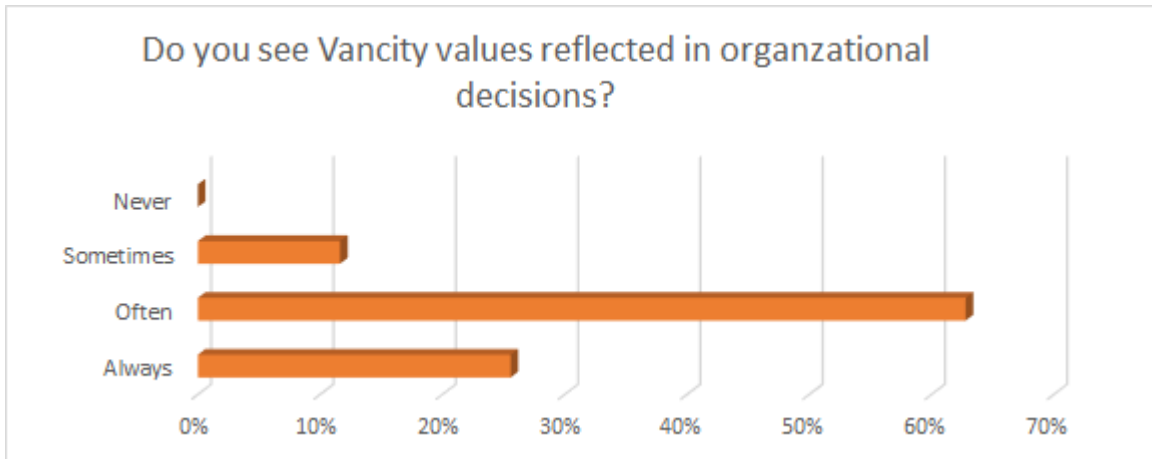
In the interviews, the leaders were asked, “do values slow down decision making?” All three responded similarly that, “no, values don’t slow decisions down”, but some noted that they do make it more difficult to decide. Kelly Mcneill-Sproxtton pointed out that for the marketing team, decisions are very visible, so every aspect of how and where Vancity is being seen is important and needs to be considered. As an organization striving for carbon reduction, appearing on electric busses is preferred to gas powered ones. These considerations stretch to where and when TV ads will appear. “Even when we buy TV media, we are always making sure that where our TV ad shows up, it’s not on stations or with other programs that run contrary to our values. We have to be careful about these things, because we don’t want to be alongside a business or an org that is endeavouring to do exactly what we are trying not to do” (Mcneill-Sproxtton 2021).

There was a consensus that there is room for improvement with how Vancity makes values-based decisions, and space for all staff to learn more about why it is important to embed values into decisions made at all levels of the organization. Kelly Mcneill-Sproxtton pointed out that this is one of the challenges of being a values-based organization, “we take a stand. We are about something, and not about something else. This might be tough for us; we want to be inclusive. So, if we want to say no, because if it contravenes our values, we struggle with that.”

Survey Results and Analysis

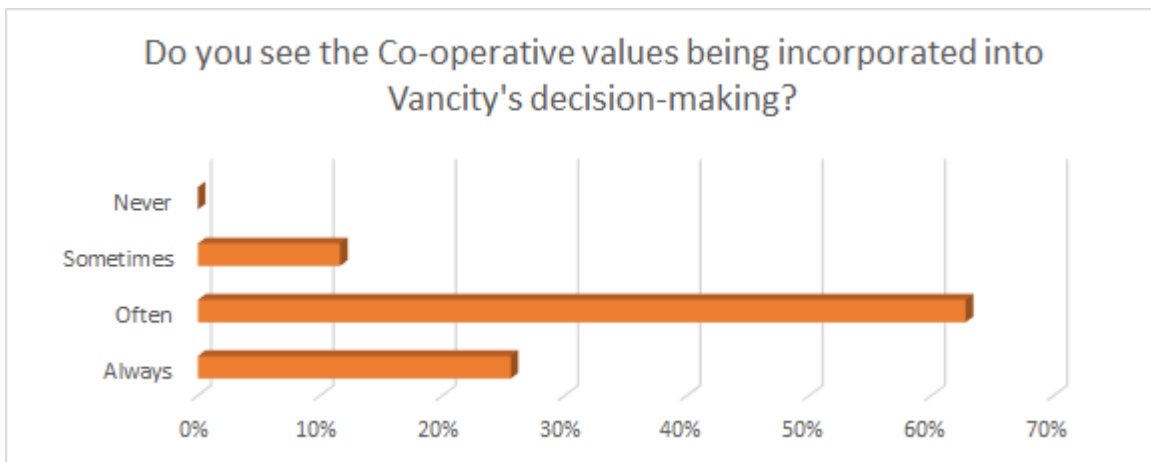
The survey performed for this research paper was intended to gain insights into how managers perceive that values are embedded into organizational decision making. The goal was to also understand if managers felt organizational values helped with the retention of business, and how often managers were consciously aware that they themselves were having conversations with staff and members which included values. The findings supported the thinking that Vancity managers are very aware of Vancity's values. Most respondents (89%) felt that both the Vancity values and the Co-operative values were either "often" or "always" reflected and incorporated into organizational decisions.

Figure 2: Vancity values in decision making



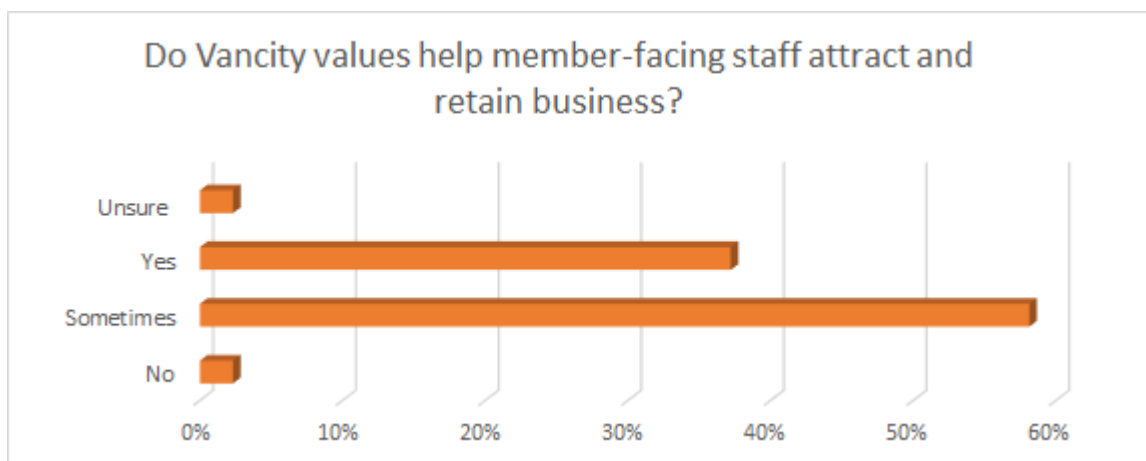
Managers also felt that the Co-operative Values of self-help, self-responsibility, democracy, equality, equity, and solidarity and the Ethical values of honesty, openness, social responsibility and caring for others were present in organizational decisions

Figure 3: Co-operative values at Vancity



Where confidence began to decrease for managers, was in how they saw the membership connect with organizational values, and in the strength of values as a tool to retain business. Despite feeling that values are often present in organizational decisions, 58% of respondents felt that values only "sometimes" help to retain business and almost half (49%) felt Vancity members only "somewhat" connected with organizational values.

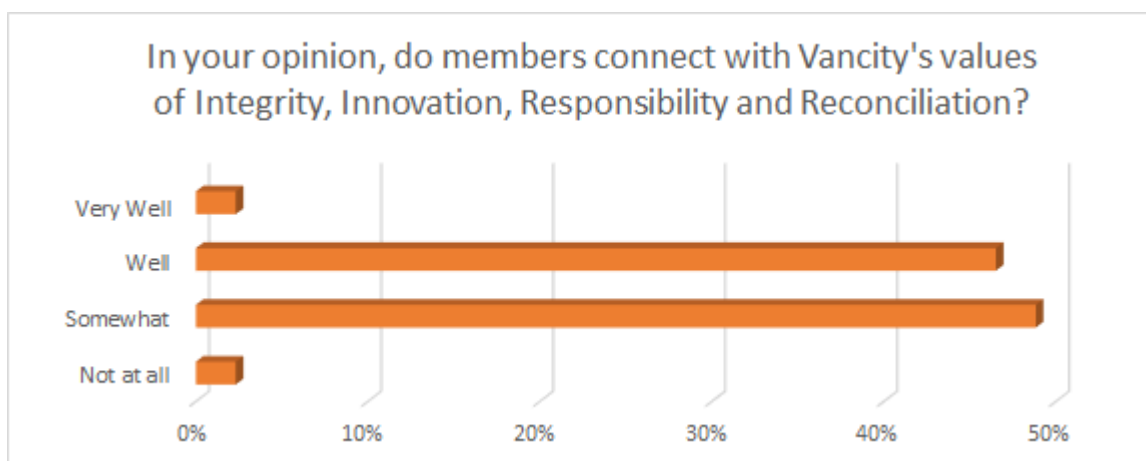
Figure 4: Vancity values and business retention



Analysis of the survey results showed a broad sweep of the benefits of values and how values influence and guide decisions within Vancity. While there seems to be a consistent acknowledgement and acceptance of the presence of values in organizational decision-making, several survey questions would have benefited from some form of follow up that better established how this was defined or explained. Secondary questions or a free format box to gather insights or examples for why the participants' response was chosen should have been added to most of the survey questions.

The question "Do you see Vancity values reflected in organizational decisions" prompted 38 of the 43 respondents to agree that values are "often" or "always" present in organizational decisions. Slightly fewer respondents (35) agreed that the co-operative values were also present in organizational decisions at Vancity. However, several responses to a later question asking participants to share their understanding of Vancity's values, offered little more than a brief list of Vancity's values of Innovation, Integrity, Responsibility and Reconciliation and almost half of respondents surveyed felt Vancity values only "somewhat" connected with members.

Figure 5: Members and Vancity values



Twelve of the 43 verbatims did stand out because of how the participants connected values directly to decision making. Each of these contained a phrase or keyword that could be seen throughout the secondary research and the executive interviews. Sample of these responses:

“These values make me a proud employee of the organization.”

“Doing the right thing even when it’s a more difficult path”

“being an influencer of innovation and reconciliation”

“use our values to guide our decision making on the large scale and on an individualistic small scale in order to do what's right when that decision can be at odds with what's profitable”

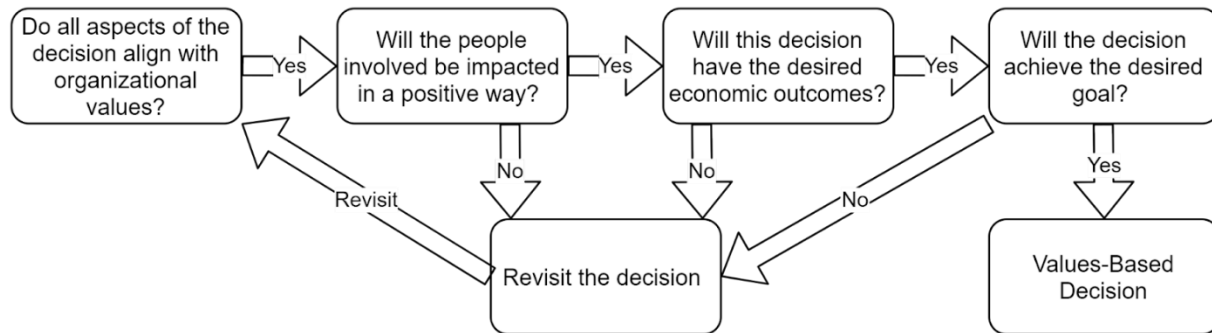
“It’s a base framework that is used to make decisions and shape how we do business”

People need to see proof that values will be held up and incorporated into decision making. During the COVID-19 pandemic, Vancity saw that job security and cash flow were major concerns for people. So, mortgage loan payment postponements were offered to help people feel comfortable that during a pandemic, they wouldn’t also need to worry about losing their home or destroying their credit. Vancity took this further by eliminating interest on credit cards for members whose employment had been impacted by COVID-19. While the decisions noted above were made very quickly, it is clear organizational values were present in the decision-making process.

One of the challenges Vancity leaders pointed out during discussions, was the lack of an internal framework around decisions, and specifically, how to incorporate values into organizational decision making. While Senior Leaders feel there is room for improvement, the Branch management survey points out that values are being incorporated into decision making either “often” or “always”.

Key points of what needs to be considered when making a values-based decision are understanding who will be impacted by the decision, what improvements will be created by the decision, and will the desired outcome be achieved with the decision. Building a model, like the one below, could provide some structure to the decision-making process, but flexibility would be needed with inputs as these would change depending on the complexity of the issue being decided.

Figure 6: Decision making model



Kelly Mcneill-Sproxtton pointed out there is a desire to ensure enough room is available in decision making for judgement and discretion to be applied but there is also a desire to have structure and clearly defined policies that leave little or no room between the black and white of decision making. Donaldson and Dunfee (1999) acknowledged that there are many factors that influence decision making. These can range from family and friendships to legal or contractual obligations (Soule, 2002). Soule (2002) also pointed out that:

it is imperative that any systematic approach to solving moral business problems provide a sufficiently broad range of normative content to contend with this complexity. By building a framework that includes common language and a technical approach, Vancity would be able to operationalize values-based decisions if the model is agile, flexible and can evolve with the organization over time. (p. 116)

Conclusion

While there is confidence throughout Vancity that values-based decisions are being made, the lack of a commonly used and defined process leaves the practice for making these decisions open to interpretation. There is a clear understanding of the organizational values and the need to embed them in decision making, but how they are prioritized or influence decisions at different levels of the organization can't be clearly articulated. While senior leaders are incorporating values into decisions, how this filters down remains unclear and varies throughout the organization. There is a need to explore the gap between the level of importance members place on values, and how this is understood by Vancity managers. Gaining insight into the extent of this disconnect could lead to greater success in attracting and retaining new business through the values-based approach.

The intent of this paper was to gain insights into the work that could be done to improve the optics and consistency of values-based decisions at Vancity. When looking at Vancity's work in reconciliation, socially responsible investing and addressing climate change, it is evident values are embedded into decision making. When surveyed, staff readily acknowledged that values are a major factor when joining and staying with Vancity. Each of these actions support the original question: Are Vancity Managers leveraging organizational values to improve employee engagement and foster an environment of creativity? The answer is undoubtedly yes.

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Appendix 1: Values of Financial Institutions

VANCITY	DESJARDINS	THE CO-OPERATIVE BANK UK	MONDRAGON
Innovation	Money at the Service of Human development	We were born from the co-operative movement.	Co-operation
Integrity	Personal Commitment	We continue with co-operative values.	Participation
Responsibility	Democratic action	We believe we have a duty to use our voice and	Social Responsibility
Reconciliation	Integrity and rigor	stand up for causes that matter to you.	Innovation
	Solidarity with the Community		
	Interco-operation		
ICA AND SASKCENTRAL	TD BANK	CAISSE FINANCIAL GROUP	EXXON
Self-help	Deliver Legendary Customer Experiences	Respect for Individuals	Work-flexibility
Self-responsibility	Be an Extraordinary Place to Work	Integrity and Transparency	Safety and Security
Democracy	Operate With Excellence	Innovation	Recognizing Human Rights
Equality	Understand Our Business	Community Involvement	Integrity
Equity	Take Only Risks We Understand and Can Manage	Proud of our Heritage	Diversity and inclusion
Solidarity	Enhance Our Brand		
Honesty	Increase Shareholder Value	BLUESHORE FINANCIAL	
Openness		360 degree accountability	
Social Responsibility		Sophisticated experience	
Caring for others		Balance	
		Progressive spirit	

Appendix 2: Interview Questions

- Tell me about your thoughts on Vancity's Values, and how you see them being reflected in your decisions?
- Do you think your team (direct reports) see Vancity's values in your decisions? Are Values openly talked about? (during group discussions where decisions are made?)
- How do you ensure your team is making values based or values aligned decisions?
- Do you think values are being incorporated into many (all?) of the decisions made at Vancity? (If not, how come? (If yes, can you give me some examples of values-based decisions?)
- How well do you think Vancity's values are understood and embedded into decisions at all levels of the organization?
- What are some of the challenges we face driving a set of values in an organization's decision-making?
- Do you think values are at times seen as inconvenient and can slow decision making down?
- What are the risks/impacts to Vancity if managers are not making values-based decisions?

Appendix 3: Survey Questions

- Vancity describes itself as a values-based co-operative. What is your understanding of Vancity's values?
- Do you see Vancity values reflected in organizational decisions?
- Do you see the co-operative values being incorporated into Vancity's decision making? (Co-operative values: self-help, self-responsibility, democracy, equality, equity, and solidarity and the Ethical values of honesty, openness, social responsibility and caring for others)
- Aside from alignment with the Co-operative values, Vancity sets out values of innovation, integrity, responsibility and reconciliation. On a scale of 1 to 10, how often do you consider these values when making decisions which affect you, your team or your business unit? (1 being not at all, 10 being all/most of the time)
- In your opinion, do members connect with Vancity's values of Integrity, Innovation, Responsibility and Reconciliation?
- Thinking of question #5, how often do you have conversations with staff or members that are connected to Vancity's values?
- Do Vancity values help member-facing staff attract and retain business?
- Do you agree with the statement: "Vancity's values help to build an environment of engagement, innovation and creativity?" 1 being "I do not agree" and 10 being "I strongly agree"