

2 More value awareness for more (public) value

Recognizing *how* and *for whom* value is truly created

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Introduction

How individuals and organizations experience the world and interact in it has changed in (post)modern society (Habermas, 1988; Selznick, 1994) in a way that challenges our mental abilities. Due to a range of matters, such as information overload (van Knippenberg, Dahlander, Haas & George, 2015), excessive “freedom, autonomy, and self-determination” (Schwartz, 2000, 79), a multi-directional and enlarged dependency on an interconnected society and how we influence it (e.g. Scholte, 2005; Coleman, 1999), we face the increasing risk of making evaluations and using value concepts and facts detached from *how* and *for whom* value is truly created. This leads to sub-optimal decisions, lack of orientation and perhaps even to (public) value destruction.

As a solution, we ought to reconsider *how* and *for whom* value is truly created on a fundamental, psychological level and thereby acknowledge humans as the ultimate arbiters of value. This requires revisiting existing concepts of (public) value from a psychological perspective, but also exploring the role of these value concepts in actual evaluation processes. In particular, the competence to recognize how and for whom value is truly created (termed “value awareness”) needs to be defined and investigated. This endeavour could help deal with the challenges of (post)modern society, lead to improved evaluations, and ultimately, to decisions that create more value for those making decisions, those impacted by decisions and society at large.

A psychological perspective on (public) value and value awareness would also address calls for investigating micro-foundations in management, and strategy in general (Barney & Felin, 2013), as well as micro-foundations of value in particular (Aguinis & Glavas, 2012). Whereas a macro-foundation relates to collective properties of value, we focus on the individuals enacting it while they perceive and evaluate, interpret and reason in order to make sense and construct their psychological reality.

Such a perspective would also follow the idea of offering a modern, “co-productive view” on value, “alternative to the views on value which we have inherited from the industrial era” (Ramirez, 1999, 61). Further, it would address a need for defining and applying awareness constructs more broadly than is commonly done (Gomez & Meynhardt, 2012; Tenbrunsel & Smith-Crowe, 2008) and contribute to the understanding of competences (Boyatzis, 2008) linked to (public) value creation.

Our objective therefore is to elaborate on a micro-foundation of (public) value that is rooted in human psychology and to explore value awareness as a competence linked to (public) value creation. Firstly, we use public value theory to define *value*

as the result of human subjective psychological evaluation against basic values and to explain how value is truly created. Secondly, we use social cognition and human development theory to introduce the concept of *personal frames of reference* that serve to explain for whom value is truly created. We combine these dimensions to form a (public) value matrix that structures the value categories that form the basis of any evaluation. Analogies to moral sensitivity research help us understand the role these categories play in evaluation processes through defining the constructs *value emphasis* and *value awareness* and their links to (public) value creation. Finally, implications for research and practice are discussed and the limitations of the study are explicated.

Theory development

How is value truly created? Value as the result of subjective psychological evaluation against basic values

If one accepts a humanistic worldview, humans have to be acknowledged as the final arbiters of value creation. “True value” is then created only through direct human appreciation. Following this idea, Meynhardt (2009; 2015), in his theory of public value, and referring to Heyde (1926), analysed the concept of *value* from a philosophical and psychological perspective. In this endeavour, *value* is defined as the result of a psychological evaluation of an object by a subject against a basis of evaluation. In this line of thinking, *value* defines and expresses the quality of the relationship between subject and object.

The basis of evaluation is composed of the emotional-motivational forces that initiate an evaluation in a subject’s mind. This basis, Meynhardt (2009) proposes, is structured by the four non-hierarchical basic needs of humans identified by Seymour Epstein (2003) in his cognitive-experiential self-theory which resulted from a comprehensive synthesis of research and theory on human needs. Basic needs thus constitute the basis of evaluation and form basic value categories, namely the moral-ethical, the hedonistic-aesthetical, the utilitarian-instrumental and the political-social categories.

Any object “has value” for a subject if it impacts directly or indirectly on these basic value categories. The more stable the value of an object is, the more it relates to “values” in the traditional sense of stable preferences (Graumann & Willig, 1983). Importantly, all emotional-motivational forces, and the basic value categories themselves, can be seen as valued objects and thus, provided there is some stability as order parameter (Meynhardt, 2015), they translate into values in this traditional sense. According to this logic, basic value categories can be regarded as the “basic values” of a subject. Going forward, we will adhere to this terminology and assume that basic values (BVs) constitute the basis of evaluation. Table 2.1 provides an overview of the relation between basic needs and BVs.

As mentioned, in theory the BVs are non-hierarchical (Meynhardt, 2009). Humans differ regarding the emphasis they put on different BVs, and even in individuals the levels of importance assigned to different BVs can vary depending on the object being evaluated and the situational context of space and time in which the evaluating individual finds him/herself. In Epstein’s own words, “[w]hich function, if any, is dominant varies among individuals and within individuals over time” (Epstein, 1989, 8).

Table 2.1 Relation between basic needs and basic values

<i>Basic need for . . .</i>	<i>Translation into a motivation for . . . (Examples)</i>	<i>Basic value</i>
positive self-evaluation	positive self-concept and self-worth consistent relationship between self and environment feeling of high self-esteem (in social comparison)	moral-ethical
maximizing pleasure and avoiding pain	positive emotions and avoidance of negative feelings flow experience experience of self-efficacy due to action	hedonistic-aesthetical
gaining control and coherence over one's conceptual system	understanding and controlling environment predictability of cause and effect relationships ability to control expectations to cause desired outcomes	utilitarian-instrumental
positive relationships	relatedness and belongingness attachment, group identity optimal balance between intimacy and distance	political-social

Adapted from Meynhardt, 2009, 203

The existence of these BVs has already been put to an empirical test. An examination of public organizations suggests that at least three of the four basic values can be distinguished (Meynhardt & Bartholomes, 2011).

Moreover, according to this view, value is primarily subjective; objectivity of a value arises only when multiple individuals share similar valuations. Objectivity is thus still “bound to subjects” (Meynhardt, 2009, 199). This is in line with a “co-productive view” of value, according to which value creation is “synchronic and interactive, not linear and transitive” and “[v]alue is not simply ‘added,’ but is mutually ‘created’ and ‘re-created’ among actors with different values” (Ramirez, 1999, 50).

Importantly, Meynhardt (2009) originally derived his definition of value in the context of public value theory, with a rather narrow definition of “the public” as referring to a larger society. However, we believe that Meynhardt’s idea of recognizing humans and their BVs as the ultimate arbiters of value creation is relevant beyond a holistic societal context. As Meynhardt and Bartholomes (2011, 288) stated, value “is created or destroyed in all spheres of life”. Especially in a world that is facing high availability of information and options, also confronted with multiple proxies of value reflected in numbers or other concepts, a focus on what is truly valuable may help any agent (be it an individual or an organization) make better evaluations and create true value through impacting on our BVs. Meynhardt (2009, 209) himself argued that “delivering ‘facts’ is not an undisputable value per se” and in a world where there are too many (potentially false) facts, focusing on the actual, psychological value could provide the orientation that many individuals and organizations are lacking.

Based on these considerations, we argue for extending Meynhardt’s (2009; 2015) public value theory to all spheres and contexts within society, including the individual, private surroundings, organization and community. By building on Meynhardt’s first two propositions (2009, 199, 202) we arrive at the following first proposition of a more generalized theory of value as rooted in basic values:

Proposition 1: Value is the result of an evaluation of an object by a subject against four non-hierarchical, interrelated, but not substitutable basic values (BVs), namely the moral-ethical, the hedonistic-aesthetical, the utilitarian-instrumental

and the political-social values. Value is created for a subject if the subject's BVs are positively impacted (i.e. its basic needs are fulfilled) and value is destroyed for a subject, if its BVs are negatively impacted (i.e. the fulfilment of basic needs is reduced or inhibited) by the evaluated object. Value is bound to subjects and can be "objectified" by being shared across multiple subjects.

For whom is value truly created? Personal frames of reference as a fundamental second dimension of the basis of evaluation

Research in social cognition and human development (e.g., Fiske, 1995; Fiske & Taylor, 1991; Kegan, 1982, 1995; Kohlberg, 1984) suggests that humans do not merely evaluate objects *for themselves*. In fact, other "[p]eople are the single most important parts of our worlds" and "[b]ecause so much of our lives depends on other people, we have developed many strategies for thinking about them" (Fiske, 1995, 152). As Schutz and Luckmann (1973, 74) put it: "My experiences of things and events [. . .] contain references to the social world – to the world of my contemporaries and my forefathers. I can always interpret them as proofs of the conscious life of other beings". In other words, assuming the perspective of others in making sense of the world, is a critical human characteristic (Kegan, 1982).

Most explicitly in our professional lives, value is often seen as something one should maximize *for others*. It is represented in constructs like *customer value*, *stakeholder value* or *shareholder value*. Beyond that, humans do think of and take into account the perspective of others, even in situations where there is no imperative to do so. Even through the eyes of a single subject, *value* cannot exist without defining "*for whom?*"

But how are ideas of ourselves, other individuals or groups exactly involved in our evaluations? Research suggests that any individual or group involved in the evaluation of a subject functions like a *personal "frame of reference"* (Schutz & Luckmann, 1973). This personal frame of reference is a "concept" (Fiske & Taylor, 1991, 98) in the subject's mind that can, for example, refer purely to the subject's self, i.e. the subject's "self-concept" (Baumeister, 1995, 53), the subject's family, the subject's organization, the subject's community, or society as a whole.

In this sense, value is created by an object in the mind of a subject, if the object is positively evaluated against the personal frame of reference (PF) and the associated values involved in the evaluation of the subject. Technically speaking, as the basis of evaluation *values* are then not directly bound to subjects, but are bound to PFs that represent concepts that the subject has of itself and others. One example for this way of thinking is the idea to define an individual's self-concept as a frame of reference of social cognition (Orlik, 1979). Obviously, a subject can have multiple PFs and more than one can be involved in the evaluation of an object at the same time.

In the previous section we identified BVs as a structural dimension of the basis of evaluation. PFs now can be understood as a second dimension in structuring this basis. BVs are used to structure *how* value is created, while PFs structure *for whom* it is created. Based on this, we articulate our second proposal as:

Proposition 2: Value is also the result of an evaluation of an object by a subject against the subject's personal frames of reference (PFs), which represent the subject's concepts of itself or any other concrete or abstract individual or group "for whom" an object is evaluated. Each personal frame of reference represents a

part of the basis of evaluation. Therefore, besides the four BVs, the PFs serve as a second dimension to structure this basis.

Categorizing personal frames of reference

How many PFs are there and how can they be categorized? Schutz & Luckmann provided a structure for the social world as experienced by a subject, which can serve as a basis for categorizing the PFs. They make an important distinction between a subject's immediate experiences, i.e. with other people in the here and now, and mediated experiences based on "derived typifications", i.e. on mental concepts of others based on the subject's prior experience and "stock of knowledge" (Schutz & Luckmann, 1973, 74). Thus, evaluations can rely on both experiences and concepts, and PFs as concepts can be actualized through immediate experiences of a subject. We will therefore treat each PF as a concept, a "type" or a "representation" (Schutz & Luckmann, 1973, 76) that is composed of invariable attributes ascribed by the subject, but that can be constantly actualized through immediate experiences that can also be a part of the evaluation.

The second important distinction Schutz and Luckmann (1973) make refers to the PF's level of anonymity which is determined by the generality of the subject's knowledge of the PF attributes, or in our words, the PF's *degree of publicness*. A PF directly inferred from a former (or actual) experience of a concrete individual or group represents low anonymity, or low publicness. PFs derived from "generalizations of social reality", e.g. PFs representing social collectives such as "the state" that cannot be experienced immediately, represent high anonymity, or high publicness. One can see that PFs "are not in themselves secluded, isolated schemata of meaning but are rather bound to and built upon one another" (Schutz & Luckmann, 1973, 81). This means that more public (or anonymous) PFs can contain less public (or less anonymous) PFs. For example, "the state" can contain certain other PFs representing individuals or groups that belong to "the state".

From the above a structure for PFs can be extracted, starting with the least anonymous or least public frame (the self) through to the most anonymous or most public frame (society). Between these two frames there are more or less public others, representing individuals or groups of humans, such as a person's spouse, family or organization.

Human development psychology suggests that PFs are involved in all experiences and evaluations, often on an unconscious level. It also suggests that people often differ in terms of which PFs they apply and can recognize (Kegan, 1982; 1995; Kohlberg, 1984). Consequently, in an evaluation, subjects can end up maximizing value for one PF, while destroying value for others, often without even knowing it. This becomes even more relevant in an interconnected society when individuals and organizations increasingly influence and depend on other individuals and groups of humans and on society as whole.

Combining the insights of Schutz and Luckmann (1973), Kohlberg (1984) and Kegan (1982; 1995) we suggest the following categorization of PFs:

- *The self*, representing a self-concept separate from other humans, and composed of (constantly actualized) concepts of one's own needs, ideologies and other attributes.

- *Others*, representing concepts of individuals or groups of humans with whom the subject has a relationship, to which he/she may or may not belong, and that vary according to degrees of publicness or anonymity. This PF is obviously a composite of many different PFs, so that any meaningful evaluation analysis probably requires further differentiation or selection depending on the context of the evaluation. As a starting point, we can differentiate the most typical relationships in which an individual finds him/herself, as in
 - *private surroundings*, representing *others* in a private context,
 - *an organization*, representing *others* in a professional context,
 - *a community*, representing *others* in a public context.
- *Society*, representing a concept of the most *generalized other*, which is an “operational fiction of society” (Meynhardt, 2009: 212) and a universal community of distinct “value-originating, system-generating, history-making” identities (Kegan, 1982, 104–105).

We suggest using the above-mentioned PFs as five categories to structure the second dimension of the basis of evaluation. As indicated above, within each PF one can differentiate more fine-grained PFs. For example, one could identify various frames within an organization, such as an individual’s work group, the department to which he/she is assigned and the organization as a whole. Also, depending on the context and, e.g. the purpose of the empirical inquiry, certain PFs can be added or removed. For our purposes, the delineation into five PFs seems to be a sufficient starting point.

Importantly, while human development theory would associate different PFs with different stages in development, we need to emphasize that human development is seen as a dynamic process in which people do not systematically proceed from one stage to another, but regularly face a struggle between conflicting contexts associated with different stages (Kegan, 1982). In view of this argument, it is important to add that we consider the fact *that* humans *differ* in terms of which PFs they apply or can recognize to be more important than *how* these differences are linked to the development of humans. Based on these deliberations, we articulate our third proposition:

Proposition 3: Building on social cognition and human development theory, five major personal frames of reference can be distinguished, namely the self, the private surroundings, the organization, the community, and society. Humans differ regarding the personal frames of reference they emphasize in their evaluations and their competence to recognize them.

Combining basic values and personal frames of reference: value categories and the public value matrix

We have elaborated on the idea of recognizing humans as the highest arbiters of value creation to identify *how* and *for whom* an object is truly of value. We therefore attempted to answer both questions in a manner that reflects human nature in the best possible way, drawing on multiple streams of research. We attempted to answer the *how* question by anchoring value in BVs of humans, and the *for whom* question

by introducing PFs as concepts that humans apply to make sense of the social world. These two dimensions structure the basis of evaluation into different *value categories*, each of which can be more or less *relevant* in evaluation processes.

Schutz (1974, 350) considered the problem of relevance to be of central importance in the social sciences, i.e. the question as to why the human mind selects or regards as *relevant*, certain elements of human experience rather than others. Through consciously inquiring into our “relevance systems” or “relevance structures” we determine “whether something ‘really matters’ to us” (Schutz & Luckmann, 1973, 182). The *value categories* can therefore also be seen as components of the relevance system that people apply in evaluation.

The value categories can be best illustrated by combining PFs and BVs in a matrix, as illustrated in Figure 2.1, which we call the *(public) value matrix*.

The (public) value matrix’ fields illustrate the *value categories* representing a structure, or an aggregate of the basis of evaluation of humans. According to the theory presented above, any psychological evaluation process will involve one or more of these value categories. When more than one category is involved, there will be some weighting and negotiation to arrive at a final evaluation result. For example, a moral-ethical evaluation related to the self may conflict with a utilitarian-instrumental evaluation related to society and result in different evaluations depending on the particular emphasis the subject puts on the respective fields. Even within a given value category, micro-evaluations between different emotional-motivational forces or values can take place. For example, within the utilitarian-instrumental dimension of the self, a person can value “pleasure” and “health” that could lead to conflicting evaluations of certain objects.

In constructing this matrix, we deliberately combined the two dimensions in an orthogonal way, assuming independence for analytical purposes, and to serve a theoretical derivation of constructs as set out in the following section. We are aware that the exact relationship (and potential dependences) between the two dimensions still needs to be empirically tested and verified.

Personal frames of reference (PFs)	Society				
	Community				
	Organization				
	Private Surroundings				
	Self				
		Moral-ethical	Utilitarian-Instrumental	Political-social	Hedonistic-aesthetical
Basic values (BVs)					

Figure 2.1 The (public) value matrix

The role of value categories in evaluations: value emphasis

Our conceptual considerations have already suggested that humans differ in terms of which value categories they apply in evaluation and also how they apply them. This means that any evaluation can involve negotiation of various sub-evaluations between and within the value categories. As a part of this evaluation, every emotional-motivational force, every BV, every PF and consequently every value category, will have a different relative weighting or level of importance between 0 and 100 per cent, while the sum of all weightings adds up to 100%. This is what we have termed a value category's *value emphasis*. In the language of Schutz and Luckmann (1973), value emphasis describes the composition of the relevance system that a person applies in an evaluation and the extent to which certain components (or sub-systems) are more or less relevant in the overall evaluation (or in an aggregated relevance system).

One can imagine extreme cases where a single value category is given a 100% emphasis and all the other categories get 0%, but in most cases there will be some disbursement. A (public) value matrix with an indication of each value category's emphasis illustrates, in our terms, a person's *value emphasis profile*. Figure 2.2 illustrates a possible value emphasis profile. Of course, as mentioned earlier, the profile could vary not only between different persons, but also within a single person. However, our consideration of human development suggests that within a given time-frame a particular person can show some stability. Also, some typical profiles could be evident, depending on demographics or other variables. Based on this, we suggest a fourth proposition:

Proposition 4: Value emphasis refers to the relative importance (between 0 and 100%) a subject consciously or unconsciously places on a certain value category in the (public) value matrix as part of an evaluation. The illustrated (public) value matrix with an indication of the emphasis a subject puts on each value category is called the subject's value emphasis profile.

Personal frames of reference (PFs)	Public	5%	10%	0%	5%
	Community	5%	5%	5%	5%
	Organization	2%	3%	0%	2%
	Family	3%	2%	10%	3%
	Self	10%	5%	15%	5%
		Moral-ethical	Utilitarian-Instrumental	Political-social	Hedonistic-aesthetical
Basic values (BVs)					

Figure 2.2 Illustrative value emphasis profile

Value awareness

The considerations so far have suggested that humans not only differ in terms of which value category they emphasize, but also in terms of the category of which they are aware during evaluation. We suggest this competence be termed *value awareness*.

In an attempt to define *value awareness* more clearly, established research in the moral awareness domain (Miller, Rodgers, & Bingham, 2014; Rest, 1986; Tenbrunsel & Smith-Crowe, 2008) serves as an anchor point.

Analogic to Butterfield, Trevin, and Weaver's (2000) definition of "[c]ognitive perspective taking" (Miller, Rodgers, & Bingham, 2014), *value awareness* can be defined as a subject's competence to recognize that an object could impact certain value categories, or alternatively, as a subject's competence to recognize that a value category is relevant in an evaluation. In this sense, the level of value awareness reflects the configuration of a *higher-order* relevance system, integrating multiple value categories.

Importantly, research on moral reasoning processes suggests that intuitive, unconscious processes also play a role in our evaluations, even if they are only consciously recognized in processes of "post hoc reasoning" (Haidt, 2001, 818). Therefore, value awareness does not necessarily require conscious recognition of a value category at the moment of evaluation; recognition could also occur afterwards.

Notably, our definition of *value awareness* is closer to James Rest's (1986) original, rather broad definition of *moral awareness*, than any more recent definitions. This observation agrees with Tenbrunsel and Smith-Crowe's (2008, 555) conclusion that "Rest assumed a much broader interpretation of moral awareness than do the studies that have followed". According to them, "[t]hese studies assume that for decision makers to be morally aware, they must perceive the decision as a moral one". Nowadays, "[m]oral awareness is most often measured by directly asking participants whether an issue presents an ethical dilemma, thus introducing the possibility of a moral dimension that might not have been perceived had the question not been asked" (Tenbrunsel & Smith-Crowe, 2008, 556), which seems not to be what Rest intended. Consequently, Tenbrunsel and Smith-Crowe (2008, 584) call for a broader understanding of the perspective of the decision maker, arguing that the "decision frame" through which a subject perceives a situation, is not necessarily an ethical one, but can also be, e.g., a business frame or a legal frame. Our definition of value awareness can therefore be seen as a way of involving different "decision frames" through which a subject can perceive a situation. Thus our definition is a response to the claim of Tenbrunsel and Smith-Crowe (2008) to broaden the definition of moral awareness and get closer to Rest's original definition. Nevertheless, our construct also goes beyond their claim, as it allows for involving multiple "frames" in an evaluation at the same time, and deals with categorizing and recognizing these frames. Additionally, value awareness is not restricted to ethical or general decision situations, but plays a role in any evaluation of any object.

Further, our consideration of awareness also agrees with Gomez and Meynhardt's (2012) argument in their study of cognitive styles in top management, where they identified a lack of breadth in moral awareness research. They argued that "research should move from a focus on moral awareness to value awareness in a very broad sense" (Gomez & Meynhardt, 2012, 83). "If one accepts that, besides moral values,

Personal frames of reference (PFs)	Public	36%	0%	44%	86%
	Community	69%	50%	70%	22%
	Organization	83%	10%	0%	86%
	Family	33%	50%	47%	46%
	Self	57%	30%	67%	61%
		Moral-ethical	Utilitarian-Instrumental	Political-social	Hedonistic-aesthetical
Basic values (BVs)					

Figure 2.3 Illustrative value awareness profile

there are others such as political, utilitarian or hedonistic values, one must drastically enlarge the scope of enquiry” (Gomez & Meynhardt, 2012, 88). Furthermore, their analysis of self-reported data from Germany and Switzerland empirically supports the idea that individuals differ in their awareness levels (expressed in terms of cognitive styles), in the sense that certain individuals can hold multiple perspectives (or consider multiple value categories) at the same time, while others can’t.

While a measure for value emphasis was described in relative terms, value awareness is better defined in absolute terms, as it is not restricted by a maximum total. Therefore, one can imagine a subject being “fully unaware” of a value category as never considering this category during evaluation (awareness thus 0%), and a subject being “fully aware” as always considering this category (awareness thus 100%), with the various awareness levels being independent of those for other categories. The illustrated matrix with all value awareness levels of a subject added to the fields, can be referred to as the subject’s value awareness profile. This brings us to our fifth proposition:

Proposition 5: Value awareness refers to a subject’s competence to recognize (during or after evaluation) that a value category, i.e. a field in the (public) value matrix, could be (or was) relevant in the evaluation of an object. It can be described on an absolute scale for each value category, ranging from 0% (fully unaware) to 100% (fully aware). The illustrated (public) value matrix with an indication of the value awareness level of a subject in each value category is termed the subject’s value awareness profile.

More value awareness for more (public) value: linking it all together

So how does this all come together? A subject’s partially conscious, partially unconscious value emphasis per definition directly influences the result of his/her evaluation,

as the value categories count toward the total value based on their emphasis. This means that categories which are not emphasized do not count to the total value, regardless of whether they would increase or decrease it. Categories that are emphasized do count toward the total value, again, regardless of whether they would increase or decrease it. Since our theory does not prescribe certain emphasis profiles, the subject, in principle, completely determines which categories are emphasized and which not.

However, what if a subject doesn't even recognize that an object could impact a value category? In other words, what if a subject has no awareness of a value category? Then the subject either emphasizes the category without being aware of it, or does not emphasize the category, also without being aware of it. In both cases, value is created or destroyed beyond the subject's control (i.e. as an unconscious choice). Unaware subjects can thus be seen as *slaves to their own unawareness*, dominated by their own unconscious evaluation processes. Subjects are free to emphasize what matters to them, and consequently to maximize value, only through developing their awareness.

Moreover, maximizing value goes beyond creating value for subjects themselves, due to the involvement of PFs. Being unaware of any *other* or *society* as a PF potentially eliminates possible sources of value for other individuals and for the larger society as well, i.e. it eliminates sources of public value creation. Of course, awareness may not necessarily lead to more emphasis, as a subject could still, for certain reasons or affections, or due to trade-offs, emphasize other value categories. Moreover, true value creation for others would have many more prerequisites, such as that others have to share the evaluation of the subject who performs an action or decision.

Nevertheless, awareness at least *gives us the right choice*. Assuming that humans have an interest in maximizing value, we can assume that they would be inclined specifically to emphasize a value category if, *ceteris paribus*, it increases value.

Value awareness essentially means being able to assume a meta-perspective on one's value categories and as such to recognize the relevance systems one applies, or could apply. The more relevance systems humans can recognize, the more they can consciously emphasize. So, value awareness provides a new degree of freedom in human evaluation, by broadening our horizon, or expanding our aggregated relevance system by more BVs and more PFs. With more value awareness, humans could be better equipped to meet the demands of (post)modern society as they increase their cognitive complexity to find, emphasize and consequently create true value for themselves, others and society as whole. This leads to the following, final, proposition:

Proposition 6: Increased value awareness increases the chance of (public) value creation for active subjects (those making a decision or performing an action) and passive subjects (those impacted by the decision or the action). Thus, it is worthwhile to examine the levels of value awareness humans have, how they relate to (public) value creation and how we can influence them.

Discussion

Theoretical considerations

As this paper shows, a micro-foundation of (public) value provides a basis for understanding the processes, antecedents and consequences of (public) value creation.

Obviously, there is much to be learnt from established research in psychology (e.g., Baumeister, 1995; Fiske & Taylor, 1991; Kegan, 1982, 1995; Kohlberg, 1984; Schutz & Luckmann, 1973). This concerns especially which mental constructs are involved in evaluation processes related to public value, and how they are involved.

This work contributes to providing a micro-foundation of public value in two main ways: First, with the (public) value matrix, it provides a structured, comprehensive framework of mental (public) value categories by distinguishing not only basic values, but also personal frames of reference as fundamental dimensions of the basis of evaluation. Through the (public) value matrix, all traditional value concepts related to individuals or groups of humans, as well as public value concepts in particular, can and have to be seen in a new light. If one accepts that humans are the highest arbiters of value creation, one cannot but consider how “true value” is created. Comparatively, all other value concepts seem shallow and empty. The exact categories, as well as the dimensions of a psychological basis of evaluation can vary and need to be refined using empirical methods. Even so, before empirical confirmation, we believe it likely that they will address the questions of “how” and “for whom” true value is created on a psychological level.

Second, through defining value awareness and value emphasis, this chapter not only sheds light on the role of value categories in the evaluation process, but also introduces critical antecedents for public value creation, related to motives and competences of individuals. Public value now is something a subject is “able to think about” and that it can “desire”. In that, this contribution sheds a new light on how public value as the operationalized common good can function as a regulative idea for individuals (Meynhardt, 2009). This opens up new research areas related to psychological processes (such as decisions or actions) involved in public value creation. Beyond that, the existence of different levels of value awareness and value emphasis could also have implications for public value measurement. A more accurate assessment of public value is possible if we consider the levels of emphasis and awareness of subjects.

On a more general level, these contributions help address calls for developing and refining concepts and typologies as a basis for finding common ground in the “new approach” to public administration (Bryson, Crosby, & Bloomberg, 2014, 445).

Apart from these contributions in the public value domain, there are also implications for other research areas. Firstly, through relating human development theory to public value and social cognition theory, we are able to substantiate the notion that different PFs are applied depending on a person’s stage of development. Especially, the establishment of *society* as the highest, most generalized PF serves to connect the research areas of human development, social cognition and public value. Secondly, as indicated earlier, by addressing claims for a more generalized, comprehensive definition of awareness than the ones commonly in use (Gomez & Meynhardt, 2012; Tenbrunsel & Smith-Crowe, 2008), we have affected the moral awareness and moral decision making domains.

Practical implications

Our consideration of value as rooted in human psychology offers a new, broader perspective on value concepts not only in theory, but also in practice. Traditional,

predominantly financial value concepts can be challenged regarding the extent to which they help create true psychological value for individuals, groups, organizations, and society as a whole. Potentially, new, non-financial concepts can emerge. The (public) value matrix could serve to explore how and for whom individuals and organizations truly create or destroy (public) value, which would have important implications for individuals and organizations.

For individuals, the public value matrix and methods based on it, could serve to facilitate decision making, self-reflection and personal development. Individuals could discover new sources of value and/or change their priorities regarding what to focus on. For instance, self-centred individuals can realize what the effects of their actions are in wider contexts and in society as a whole, whereas individuals identified with a certain context could realize how dependent they are and focus more on other contexts and on needs that are purely their own. Individuals with an instrumental focus, who live their lives as means to an end, could discover the moral dimension of their actions or the hedonistic value of the present moment, whereas hedonists might recognize the value of goal-orientation. Generally speaking, they could find more meaning and purpose, and achieve more happiness in their lives.

Organizations could realize similar benefits. For example, employees and managers could find more meaning in their work and create more value for their organizations and society, or customers could be better equipped to make meaningful buying decisions. An increased focus on how and for whom value is truly created could lead to faster decision making, better performance, higher stakeholder satisfaction, or an increased contribution to social welfare or public value in general. If relations like these were validated, the concept could find its way into organizational practice – e.g. through scorecards (Meynhardt, 2015) or other decision making tools – and complement existing instruments.

Further, if just a few of the relations above could be validated, new approaches in e.g. training, development, recruiting, communications or marketing can emerge to help individuals and organizations achieve higher levels of value awareness, and consequently create more (public) value. For instance, one could think of public value awareness training where people learn how to become more aware and to apply different value categories in evaluation. Communications and marketing departments can address certain value categories to make their products and services even more valuable to stakeholders and to their own employees. Of course, companies could also reflect seriously on what awareness and emphasis profiles they would want in new recruits, especially for top positions both in the private and the public sector. In a world where individuals and organizations face increased mental demands, the competence to deal with such demands and to focus on true value creation could prove to be one of the most critical success factors of our time.

Limitations and further research

As with any work, this study has a number of limitations that can point to areas for further research. Firstly, as with other conceptual work, our contribution here remains to be tested empirically. Our theory contains several constructs and relationships that still need to be validated. As a first step, the *value categories* as well as the constructs *value emphasis* and *value awareness* have to be validated. Here one could

start with simple self-reports of subjects and traditional questionnaire techniques. To address the limits of these techniques, situational judgment tests, implicit association tests and other more creative approaches can provide further insight. The second step would be to validate the link between value awareness/emphasis and (public) value creation. One could think of assessing (public) value creation as such through techniques similar to the ones applied in measuring awareness. However, value creation (or certain elements of it) can also be approximated by other established constructs, such as individual or collective performance, individual or collective happiness, social welfare, public value, etc. A correlation analysis could allow one to derive the most desirable value awareness profiles in the sense that they are antecedent to (public) value creation. Such profiles are likely to trigger the search for ways to increase value awareness of individuals and organizations.

Further, even though we attempted to consider established criteria of good theory (e.g. Bacharach, 1989) and especially, construct clarity (Suddaby, 2010), our theory is subject to certain other limitations beyond the need for empirical validation.

Firstly, combining various research areas carries the risk of too much breadth and too little depth in dealing with each area separately. We selected established theories and constructs within each area and attempted to combine them meaningfully, but did not consider a number of other potentially relevant theories in each area. This calls for a more thorough review of other available theories and constructs to substantiate, add to, or challenge the theory presented above.

Second, we focused primarily on the positive effects of value awareness. While we are confident that these effects will dominate on an aggregate level, we have to acknowledge that psychology also suggests negative effects of value awareness. Value awareness is strongly connected to fundamental processes concerning and constituting an individual's self and identity. These processes are complex and cannot be reduced to purely rational and predictable optimization processes (Baumeister, 1995). As such, depending on the state and context in which an individual finds him/herself, it is easy to visualize potentially negative effects of value awareness. On an individual level, for instance, humans naturally attempt to sustain their self-conceptions (Baumeister, 1995; Swann, 1987). An individual's increased understanding of these conceptions can reveal inconsistencies or deficits that constitute additional mental demands for the individual, potentially resulting in biased evaluations, sub-optimal decisions, procrastination, lowered self-esteem, identity crises and related outcomes. Alongside the need for empirical validation of these potentially negative effects, one would require any practical application of awareness concepts to consider possible drawbacks and apply suitable mitigation strategies.

On a contextual level, potential trade-offs between different PFs and, associated with that, trade-offs between value creation on the individual and the collective level, remain to be addressed. We argued that, from an individual perspective, more value awareness is likely to lead to more value creation. However, the "net value creation" most likely involves trade-offs between PFs, in which some PFs will be less emphasized than others. This, in turn, could prompt an individual into actions that reduce or even destroy value for certain PFs. For example, increasing individuals' value awareness could prompt them to prioritize their own needs over those of others. We still need to explore what scenarios like this one mean for the factual, i.e. inter-subjectively shared, evaluation of (and for) the humans represented in a PF. In this regard, challenging questions can arise, such as whether it is better to focus more

on the value for the individuals constituting a group as opposed to the value for the group as an entity.¹

As a final limitation, we focused on establishing the constructs *value awareness* and *value emphasis* and their role in the process of evaluation, while only broadly touching on the entire process as such. A theory of value rooted in human psychology offers room for much more detailed treatment of the value creation process and the introduction of other, potentially equally relevant, constructs that could serve as components of and antecedents to (public) value creation.

Conclusion

In this conceptual contribution we have elaborated on a micro-foundation of (public) value based on the idea that humans are the final arbiters of value creation. Arguing that basic values and personal frames of reference define “how” and “for whom” value is truly created on a psychological level, we arrived at a (public) value matrix as a systematic framework of fundamental value categories involved in any evaluation. Building on this framework we define value awareness as a cognitive competence that helps individuals and organizations to recognize *how* and *for whom* value is truly created or destroyed, which should allow them to make better evaluations, create more value, and find more value in a world of abundant information and options, and blurred standards and boundaries.

Note

- 1 Paradoxically, this question cannot be answered without considering the value emphasis of the subjects who are trying to answer it.

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