

FRAMEWORKS FOR UNDERSTANDING VALUE-BASED DECISION-MAKING IN BUSINESS MANAGEMENT: A THEORETICAL PERSPECTIVE

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INTRODUCTION

Introduction (Including the problem of the research): Value-based decision-making is increasingly important as organizations face ethical challenges, uncertainty, and diverse stakeholder expectations. Although multiple frameworks exist, they remain fragmented and often lack a unified structure. **Problem:** There is no integrated theoretical perspective that clearly explains how different value-based models guide managerial decision-making.

The aim of research is to examine and compare existing theoretical frameworks that explain value-based decision-making in business management. The study seeks to identify core principles, intersections, and differences across these models.

Objectives:

- To review academic literature on value-based decision-making in management
- To analyze key theoretical models that address managerial values and ethical choices
- To compare relationships, similarities, and differences among these frameworks
- To identify conceptual gaps within current theoretical approaches
- To propose an integrated understanding of how values guide managerial decision-making.

The methods of the research.

The study employs theoretical analysis to examine core concepts from value-based management frameworks. Comparative analysis is used to evaluate the relationships between different theories. Content analysis of academic publications identifies recurring themes and definitions. Interpretative synthesis helps develop an integrated theoretical perspective.

Theoretical background

Schwartz’s Theory of Basic Human Values: Schwartz (1992) proposed a model of **ten basic human values**, such as self-direction, achievement, security, conformity, and benevolence, that are recognized across cultures. These values form a circular motivational continuum, reflecting compatibility or conflict between value types. In managerial contexts, this theory helps explain individual differences in strategic preferences, ethical reasoning, and leadership styles

Ethical Decision-Making Models:

Classical ethical theories form three main traditions:

Deontological ethics (Kant, 1785): moral duties and rules guide decisions.

Utilitarianism (Mill, 1863): the right action maximizes overall outcomes.

Virtue ethics (Aristotle): moral character and virtues drive decision-making.

Rest’s Four-Component Model (1986) applies these concepts to organizational behavior, emphasizing moral awareness, judgment, motivation, and action. These frameworks explain how values shape ethical reasoning in business dilemmas.

Cultural Dimensions Theory

Hofstede (1980) identified cultural dimensions- such as individualism–collectivism, power distance, uncertainty avoidance, and masculinity - femininity -that shape workplace norms and managerial decision-making. Later work expanded this with long-term orientation and indulgence. Cultural values affect communication styles, conflict resolution, risk tolerance, and leadership expectations.

GLOBE Cultural Framework

The GLOBE project (House et al., 2004) builds on Hofstede by identifying value dimensions and culturally endorsed leadership styles across 62 societies. It emphasizes how cultural values shape what is considered effective leadership and legitimate decision-making. This theory is useful for explaining culturally dependent interpretations of managerial values.

Stakeholder Theory

Freeman’s Stakeholder Theory (1984) argues that organizational decisions must account for the interests and values of all stakeholders - employees, clients, communities, and institutions - not only shareholders. Value-based decision-making involves balancing these often competing moral and strategic claims. This framework highlights the ethical and relational dimensions of management.

Behavioral Economics and Decision Science

Kahneman and Tversky (1979) showed that managers often rely on heuristics and are influenced by biases such as loss aversion, framing, and overconfidence. These biases interact with values, affecting how ethical dilemmas and strategic decisions are perceived. Behavioral economics demonstrates that real-world value-based decision-making is bounded by human cognition, not purely rational.

Leadership and Organizational Values

Key Authors: Bernard Bass (1985), Bruce Avolio (2005).

Purpose: To show how leaders create, communicate, and enforce organizational values.

Transformational leadership (Bass, 1985) explains how leaders inspire and shape organizational values through vision, motivation, and example. Authentic leadership (Avolio & Gardner, 2005) emphasizes self-awareness, integrity, and value-driven behavior. These models show how leaders embed values into culture, influencing decisions organization-wide.

Moral Foundations Theory

Haidt (2012) proposed six universal moral foundations- care, fairness, loyalty, authority, sanctity, and liberty- that shape intuitive ethical reactions. Different individuals and cultures prioritize these foundations differently, explaining disagreement in value-based decisions. This theory helps clarify why managers interpret ethical issues through different moral lenses.

Institutional Theory

Institutional theory (DiMaggio & Powell, 1983) argues that organizations adopt certain practices because they are socially legitimate, not just efficient. Values are embedded in institutional pressures—laws, professional norms, cultural expectations. This framework shows that external environments constrain and shape managerial value-based choices.

Spiral Dynamics Theory

Authors: Don Beck & Chris Cowan (1996), based on Clare W. Graves (1950s–1980s)

Key Work: *Spiral Dynamics: Mastering Values, Leadership, and Change* (1996)

Purpose: To explain evolutionary development of individual and societal value systems.

Spiral Dynamics identifies **value “memes”** organized in a developmental spiral: Beige (survival), Purple (tribal), Red (power), Blue (order), Orange (achievement), Green (community), Yellow (systemic), Turquoise (holistic). Each level represents a coherent worldview shaping how individuals and organizations make decisions. The theory helps explain why different managers prioritize different values and why organizations evolve toward more complex value systems over time.

Main findings

- Value-based decision-making in management is shaped by multiple, interacting layers, including individual cognition, ethical reasoning, organizational culture, and broader societal values. No single framework fully captures how managers integrate these levels into strategic decisions, and existing models often address only partial aspects of this complex process.

- Cognitive and ethical frameworks, such as Kahneman’s dual systems model (2011) and Rest’s Four-Component Model (1986), elucidate the internal psychological mechanisms behind decision-making. They highlight how intuitive, fast thinking often drives choices, while deliberate ethical reasoning intervenes when moral intensity is high. Organizational theories, including Schwartz’s Values Model (1992) and Treviño’s Person - Situation Interaction Model (1986), demonstrate that workplace culture, leadership, and formal systems significantly shape or constrain value-driven behavior. Values are embedded in social norms, reward structures, and organizational expectations, influencing how managers enact their personal and ethical priorities.

- Cultural value frameworks, such as Hofstede’s dimensions (1980), Schwartz’s cultural values (1992), and Spiral Dynamics (Beck & Cowan, 1996), reveal that values differ across societies and evolve across developmental and cultural contexts. All reviewed models converge on the principle that values are dynamic rather than static: they evolve with personal experience, organizational pressures, and societal changes.

- Despite the contributions of these models, conceptual gaps remain. Most frameworks are fragmented and focus narrowly on one or two dimensions- cognition, ethics, organizational systems, or culture - without integrating them into a unified, developmental perspective. This gap limits the ability to explain why managers at different developmental stages interpret the same situation differently and how organizations evolve their value systems over time. **Spiral Dynamics** addresses this gap by providing an integrative, developmental framework. Its value-memes- Beige, Red, Blue, Orange, Green, Yellow/Turquoise-represent successive stages of human and organizational development, each with distinct decision-making logics. By linking individual cognition, ethical reasoning, organizational culture, and societal values into a coherent system, Spiral Dynamics explains both the evolution of values and their practical impact on managerial behavior. It therefore offers a comprehensive framework that not only synthesizes existing theories but also provides predictive and practical guidance for leadership and organizational development.

MAIN RESULTS AND CONCLUSIONS

No single framework fully explains how managers integrate personal, organizational, and cultural values into strategic decision-making. Values shape not only the choices managers make but also how they interpret situations and justify their actions. This research proposes the use of **Spiral Dynamics** as a comprehensive developmental framework, as it addresses the limitations of existing theories by integrating cognitive, ethical, organizational, and cultural perspectives into a single, coherent model. Unlike static or fragmented approaches, Spiral Dynamics accounts for the dynamic evolution of values over time, explaining why managers at different developmental stages interpret similar situations differently and how organizational cultures adapt in response to internal and external pressures. Its predictive capacity allows for anticipation of value-driven behavior across individuals and organizations, while its developmental orientation provides practical guidance for leadership and organizational development. Therefore, adopting Spiral Dynamics as a guiding framework offers both explanatory power for understanding value-based decision-making and actionable insights for cultivating more adaptive, ethical, and integrative managerial practices.

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