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Minbaeva, Dana; Rabbiosi, Larissa; Stahl, Günter K.

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NOT WALKING THE TALK? HOW HOST COUNTRY CULTURAL ORIENTATIONS MAY BUFFER THE DAMAGE OF CORPORATE VALUES' MISALIGNMENT

Dana Minbaeva (corresponding author)
Professor in Strategic and Global HRM
Copenhagen Business School
Email: dm.smg@cbs.dk

Larissa Rabbiosi
Professor in International Business
Copenhagen Business School
Email: lr.int@cbs.dk

Günter Stahl
Professor of International Management, WU Vienna, and
Adjunct Professor of Organizational Behavior, INSEAD
Email: Guenter.Stahl@wu.ac.at

ABSTRACT

We argue that a perceived misalignment between a multinational corporation's espoused values and how those values are lived in the subsidiary has detrimental effects on group outcomes, specifically groups' affective organizational commitment. Using data from 1,760 work groups in the foreign subsidiaries of a large European MNC, we find support to our hypotheses and show that when there is a misalignment between a particular espoused value and the lived value, *and* the value at stake is central to the value system of the country in which the subsidiary is located, the detrimental effect on the group's outcomes is more pronounced.

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NOT WALKING THE TALK? HOW HOST COUNTRY CULTURAL ORIENTATIONS MAY BUFFER THE DAMAGE OF CORPORATE VALUES' MISALIGNMENT

Given the geographic spread of multinational corporations (MNCs) and the diversity of their employees, shared values serve as a common thread in guiding and achieving integration across foreign subsidiaries (Grøgaard & Colman, 2016). MNC headquarters (HQ) rely heavily on corporate values to establish and maintain behavioral norms, achieve global integration across subsidiaries, and facilitate knowledge sharing and creation (Chen, Paik, & Park, 2010; Harzing, 2001; Zander, Jonsen, & Mockaitis, 2016). As companies become increasingly globalized, shared values act as the "glue that holds an organization together as it grows, decentralizes, diversifies and expands" (van Rekom, van Riel, & Wierenga, 2006, p. 175).

To act like a common glue requires the company's core values to be "lived" throughout the MNC (Michailova & Minbaeva, 2012; Zander et al., 2016). The difference between *espoused* and *lived* values is critical in this context. Espoused values are "the articulated, publicly announced principles and values that … [an organization] claims to be trying to achieve" (Schein, 1992, p. 9). These values emerge from the underlying principles to which (most) members of the organization are expected to subscribe (Grøgaard & Colman, 2016). Although these values may predict what people say, they may differ widely from what people actually do (Argyris & Schon, 1996). On the other hand, lived values involve a theory-in-use that explains actual behavior (Argyris, 1999; Argyris & Schon, 1996; Kabanoff & Daly, 2002). Organizational values become "lived" only if they are internalized by individuals. Alignment between espoused and lived values is advantageous (Zander et al., 2016) but can be difficult to achieve, especially in MNCs organized as transnational, differentiated networks or as heterarchies (Bartlett & Ghoshal, 1989; Hedlund & Rolander, 1990; Nohria & Ghoshal, 1997). In such global networks of geographically dispersed subsidiaries, there are often notable differences between the values embraced by the HQ (espoused values)—manifested in mission statements, codes of conduct, corporate communications, and so on—and how they are practiced within the subsidiaries (lived values) (O'Reilly, 1989). These differences may result in value incongruence (Schein, 1992), and complicate shared interpretation and understanding of the MNC's underlying value system (Kwantes, Arbour, & Boglarsky, 2007). In turn, this can violate the established psychological contract and "create cynical and dispirited employees … and undermine managerial credibility" (Lencioni, 2002, p. 5) to the extent that the commitment of foreign subsidiary employees and work groups is affected negatively (Howell, Kirk-Brown, & Cooper, 2012; Ortega-Parra & Sastre-Castillo, 2013; Simons, 2002).

In this paper, we argue that a misalignment between the values espoused by the HQ and how these are lived within the foreign subsidiary may affect work-group (hereafter group) outcomes in the subsidiary. Furthermore, we argue that the effect of this type of headquarters-subsidiary *value incongruence* on group outcomes can be augmented or reduced by the characteristics of the host-country context in which the groups are located. We propose that the cultural values of the host country moderate the link between value incongruence and group outcomes. Specifically, we theorize and show empirically that the adverse effect of value incongruence on group outcomes is reduced or does not emerge if the perceived misalignment between a particular espoused value and a lived value is consistent with the national cultural context in which the group is embedded. For example, failure to "live" the corporate value "empowerment" is unlikely to have a detrimental effect on employees from cultures where empowerment is neither expected nor desired (i.e., cultures characterized by high power distance values). In contrast, a high level of empowerment value incongruence may have a significant impact on outcomes in cultures where hierarchy is de-emphasized, authority is distributed, and participation in decision processes is valued (i.e., low power distance cultures).

As a manifestation of group outcomes, we focus on groups' *affective organizational commitment*. This is "one of the most often studied variables" in organizational behavior since "it is assumed to influence almost any behavior that is beneficial to the organization such as performance, attendance, and staying with the organization" (Riketta, 2002, p. 257; see also Mathieu & Zajac, 1990; Meyer & Allen, 1997). Affective organizational commitment refers to an "emotional attachment to, identification with, and involvement in the organization" (Meyer, Stanley, Herscovitch, & Topolnytsky, 2002, p. 6). Groups with higher affective commitment share a sense of belonging and identification which increases their willingness to pursue the groups' goals and goals of the organization (Kehoe & Wright, 2013). As Kehoe and Wright (2013, p. 371) argue, higher affective organizational commitment is reflected in group members' "desire to see the organization succeed in its goals and a feeling of pride at being part of the organization."

Overall, we argue that from an MNC standpoint, reducing misalignments between espoused and lived values is highly desirable because it results in "appropriate behavior that is guided by knowing what is right and proper" (Welch & Welch, 2006, p. 22), and pushes employees to move away from external regulation toward self-regulation, or from heteronomy toward autonomy (Deci & Ryan, 1985; Ryan, 1995). As companies move to the transnational stage (Bartlett & Ghoshal, 1989), shared values serve as a tool for social control, and facilitate trust which is essential for strategic alignment and effective lateral governance, horizontal problem solving, and knowledge creation (Evans, Pucik, & Bjorkman, 2011).

Our study contributes to research in the area of international management in multiple ways. First, we believe that a simultaneous focus on the MNC's internal context and its local contexts is crucial for an understanding of the generic challenges related to global working arrangements (Allen, Lee, & Reiche, 2015). Such simultaneous focus moves the discussion toward the more contextual conception of culture advocated by Hinds et al. (2011). These authors criticize previous research for failing to accommodate this conception of culture, and argue that "it is precisely this shift that will enable global work to become critically relevant to central discourses in organizational scholarship and contribute meaningfully to theoretical advances" (Hinds et al., 2011: 177). In this paper, we view culture as intertwined with the local context in which groups are embedded (Kitayama, 2002) and study how these interactions affect groups' affective organizational commitment. Further, in studying how the adverse effects of HQ-subsidiary value incongruence depend on national cultural orientations, we move beyond the traditional "culture matters" argument and the large body of work on cultural distance, and offer a more nuanced perspective on the role of culture in MNCs (Tsui, Nifadkar, & Ou, 2007, p. 435).

Second, our study contributes to the growing body of literature on the role of corporate values in MNCs. Recent years have seen renewed interest in the role of corporate values in global work and social integration in an MNC context (e.g., Grøgaard & Colman, 2016; Michailova & Minbaeva, 2012; Zander, et al., 2016). However, to date there is no empirical research that explicitly examines the consequences of value incongruence for employee outcomes in an MNC context, although the adverse effects of value misalignment on employees' morale and company performance are well documented in both the academic (e.g., Greenbaum, Mawritz, & Piccolo, 2015; Simons, 2002) and popular literatures (Collins & Porras, 2000; Lencioni, 2002). An MNC provides an "insightful context" (Kostova & Roth, 2003, p. 314; see also Roth & Kostova, 2003) for examining empirically the consequences of a misalignment between espoused and lived values, and for probing how this relationship can be enhanced or worsened by contextual characteristics (Michailova, 2011; Minbaeva, 2015). Finally, our study also has important managerial implications for managing corporate values practices in MNCs.

The paper is structured as follows. First, we discuss the importance to MNCs of corporate values. We then present theoretically derived propositions about the relationships between value incongruence and a group's affective organizational commitment, and the moderating role of the host country's cultural values. Following this, and in line with the "clinical approach" suggested by Wiener (1998), we develop our generic propositions into testable hypotheses by zooming in on a specific MNC (Gooderham, Nordhaug, & Ringdal, 1999 adopt a similar structure). We test our hypotheses using data from a global survey of 1,750 groups located in the MNC's foreign subsidiaries. Finally, we discuss our findings and some limitations of our study and suggest avenues for future research as well as some possible implications for practitioners.

THE IMPORTANCE OF CORPORATE VALUES FOR MNCs

In general, corporate values refer to beliefs about the means and ends that apply to all of an MNC's units, to run the enterprise, establish objectives, implement strategies, and decide on the preferred business actions (Meglino & Ravlin, 1998). Similar to individual values, the type of paradigm prevailing in the organization depends on the corporate values (Smircich, 1983) since they give rise to patterns of organizational behavior. In line with a main assumption in the literature on culture as normative control, we contend that organizational values are the sense of "what ought to be, as distinct from what is" (Schein, 1992, p. 15), and we assume that values reveal "how people communicate, explain, rationalize, and justify what they say and do as a community" (Sathe, 1985, p. 10). For example, IBM believes that in a knowledge-based world in which firms rely on a highly professional workforce dispersed around the globe, the only way to integrate employees into the firm is through values that are broadly shared and internalized by all, such that they steer autonomous action at every level in the organization (Palmisano, 2004, 2007). As a former president and CEO of IBM explained:

> A strong value system is crucial to bringing together and motivating a workforce as large and diverse as ours has become. We have nearly one-third of a million employees serving clients in 170 countries. … There's no way to optimize IBM through organizational structure or by management dictate, you have to empower people while ensuring that they're making the right calls the right way. ... That's why values, for us, aren't soft. They're the basis of what we do. They're a touchstone for decentralized decision making. (Palmisano, 2004, p. 63-65)

To act as a "common glue," the company's values must be lived throughout the MNC (Michailova & Minbaeva, 2012). The HQ can instill the values in the subsidiary network through continuous communication and consistent reinforcement, and through the alignment to the desired values and behaviors of all people-related processes (e.g., leadership, talent management, performance management, and knowledge sharing) (Chatman & Cha, 2003; Evans, et al., 2011; Michailova & Minbaeva, 2012). A process of social validation (Schein, 1992) ensures that these corporate values are gradually "transformed into non-discussable assumptions supported by articulated sets of beliefs, norms, and operational rules of behavior" (Schein, 1992, p. 20). It is argued in the literature that MNCs achieve social integration if the social-validation process results in the convergence of values that guide behavior (Cicekli, 2011; Grøgaard & Colman, 2016).

If organizational values are espoused but not lived, they create short-term associations in individuals' minds but do not affect their actual behavior. Perceived misalignment between the organization's espoused values and its lived values is defined as a *value incongruence*. When a value incongruence is large, organizational values are viewed as empty value statements that represent the wishful thinking or hypocrisy of top management (Cha & Edmondson, 2006). As we argue below, if groups in local subsidiaries observe a large value incongruence, it affects their affective organizational commitment.

Our research differs from studies that examine "person-organization value incongruence," which refers to dissimilarities between the organization's and the individual's values (for reviews, see Edwards & Cable, 2009; Meglino, Ravlin, & Adkins, 1992; Nwadei, 2003). It differs also from research that focuses on individual leaders, and studies examining how perceived misalignments between the leader's stated and lived values can affect perceptions of the leader's integrity, employee morale, and performance (Cha & Edmondson, 2006; Greenbaum, et al., 2015; Simons, 2002). In the present study, we explore the effects on attitudinal outcomes of perceived misalignments between espoused corporate values and how these values are enacted within subsidiaries.

THEORY

Value Incongruence and Groups' Affective Organizational Commitment

As argued above, value incongruence can promote value dissonance (Schein, 1992) which is likely to have a detrimental effect on various individual and organizational outcomes. A misalignment between espoused and lived values is associated to "negative attitudinal outcomes such as reduced employee commitment" (Howell et al., 2012, p. 734). Groups that experience less misalignment between espoused and lived values will likely be more affectively committed to the MNC. In other words, they will share a sense of belonging and identification that increases their involvement, their willingness to pursue collective goals, and their desire to remain with the organization (McDonald, 1993; Meyer & Allen, 1991; Tett & Meyer, 1993). The theoretical argument for this is grounded in the literature on psychological contracts (Rousseau, 1989), and the effect of a violation of the psychological contract (i.e., "broken promises," (Robinson & Rousseau, 1994) on employees' behavior. To some extent, espoused values are viewed by subsidiary group members as promises made by HQ related to desired attitudes, norms, and behaviors. Employees' perceptions of discrepancies between these promises (expectations) and their actual experience can reduce affective commitment (Meyer & Allen, 1997).

In our study, we focus on the affective organizational commitment of groups rather than individuals. Although individuals form the perceptions, a social information processing perspective suggests that such work-related perceptions are "filtered through the collective sense-making efforts of the group of employees with whom an individual most often works and interacts" (Kehoe & Wright, 2013, p. 370; see also Bowen & Ostroff, 2004). Furthermore, employees who have no experienced or cannot recall personal experience involving value incongruences are likely to rely on their co-workers' experience when forming judgments (Kehoe & Wright, 2013). Lamertz (2002, p. 21) explains that "as employees attempt to understand the meaning of organizational … norms … they interpret the meaning of information about these phenomena in reference to others to whom they are socially close." Likewise, Weeks and Galunic (1998) theorize that values as exemplars of cultural memes, evolve as they are lived selectively by organizational members, and are interpreted by other members, and that processes of social influence and communication may lead to shared perceptions of inconsistency.

This suggests that a shared perception of a misalignment between espoused values and lived values will have a detrimental effect on the groups' affective organizational commitment. A value gap perceived by the group as large may amplify feelings of suspicion and mistrust in management, and ultimately, may weaken the group's emotional bonds with the organization (Greenbaum, et al., 2015; Whitener, Brodt, Korsgaard, & Werner, 1998). Therefore, mistrust arising from perceived misalignments between espoused and lived values can become contagious in the group. Accordingly, we propose that:

Proposition 1: The greater the value incongruence perceived by the group, the lower the group's affective organizational commitment.

The Moderating Role of the Host Country's Cultural Values

We propose that the extent to which value incongruence influences the affective organizational commitment of the groups in foreign subsidiaries will depend on the characteristics of the local context in which the group is embedded. Specifically, we focus on the cultural values of the country in which the subsidiary is located as moderating the relationship between value incongruence and the group's affective organizational commitment.

The literature tends to argue that the goals and preferences of foreign subsidiary employees are shaped by the host country's dominant cultural values. For example, Lincoln, Hanada, and Olson (1981) propose and demonstrate empirically, that employees' reactions to organizational structures, practices, and behaviors are contingent on national cultural value orientations, such that a closer fit leads to more favorable attitudinal outcomes. Similarly, Earley (1993, 1994) found that members of collectivist cultures perform better when they work in organizational contexts with high levels of shared responsibility and collaboration, while members of individualistic cultures perform better when they work in contexts characterized by low shared responsibility and high accountability. Finally, Parkes, Bochner, and Schneider (2001) find that the fit among individual, organizational, and national orientations in one particular cultural dimension—individualism-collectivism (i.e. collectivistic employees in collectivistic organizations in collectivistic societies)—predicts employees' commitment, tenure, and satisfaction, whereas a misfit is negatively associated to attitudinal and behavioral outcomes. Collectively, these findings support the conclusion that alignment between organizational values and national cultural orientations is important. However, the ways in which organizational and national cultural values interact to influence employees' preferences and work-related outcomes such as affective commitment, have not been addressed specifically in previous research.

We argue that whether a group in a foreign subsidiary perceives a value incongruence as large depends on whether this perceived value incongruence is acceptable or at least tolerable within the value system of the country in which the foreign subsidiary is located. If a misalignment between a particular espoused value and how the value is "lived" is consistent with the value system of the host country, then the adverse effect of the incongruence on the affective commitment of the foreign subsidiary group will be reduced or may not emerge. This is because, within the host country's value system this value incongruence is expected, accepted, taken for granted, or even desired. Thus, we propose that the value dissonance (Kwantes, et al., 2007; Schein, 1992) created by espoused-lived value gaps will be greater (weaker) if the values at stake are more central (peripheral) to the value system of the country in which the foreign subsidiary is located. Also, if the value incongruence is consistent with the preference system of the population in the host country, value dissonance may not occur.

The literature on perceived fairness and justice provides additional theoretical insights into why national cultural values might moderate the relationship between value incongruence and groups' affective organizational commitment (Erdogan, Liden, & Kraimer, 2006; Lamertz, 2002). Fairness is socially constructed: "perceptions of fairness are subject to social influence through social comparison and interpersonal validation of reality" (Lamertz, 2002, p. 20). Hence, whether a large value incongruence is accepted and perceived as just, fair, or right depends on the predominant social standards in the local environment. When a value incongruence complies with these standards, it is aligned to the local value system, and therefore, perceived as appropriate (Greenberg, 2001). Conversely, "when a negative experience violates an established moral code and value system, it is perceived as inappropriate or even unfair, and negative consequences result" (Erdogan et al., 2006, p. 396; see also Cropanzano, Byrne, Bobocel, & Rupp, 2001). Shared assumptions about fairness vary across national contexts; what is perceived as appropriate and fair in one country's culture may be viewed as inappropriate and unfair according to the culture of another country (Greenberg, 2001). Based on these arguments, we propose the following:

> *Proposition 2:* National cultural values moderate the relationship between value incongruence and the affective commitment of groups in foreign subsidiaries, such that the more central a corporate value is within the value system of the host country, the more detrimental the impact of value incongruence.

HYPOTHESES DEVELOPMENT

Research on value incongruence in the MNC context, especially in the form of large-N empirical studies, is scarce. This is possibly because empirical studies of the effect of organizational values on organizational-level outcomes are difficult since they require what Wiener (1998) refers to as a "clinical approach." To achieve some degree of generalization, this approach requires access to a large global company—a true MNC with numerous subsidiaries in multiple countries, regions, and continents.

If such access is obtained, the identification of values must start with "a judgment based on communications from and interviews with central leadership" (Wiener, 1998, p. 536). Information obtained from the MNC's leadership should allow for identification of the organizational values, and for an understanding of their importance to the organization's strategy and mission (van Rekom, et al., 2006). This information then must be validated through other sources; core values should be continuously and consistently communicated in annual reports, strategic plans, web and media coverage, and internal presentations by top management (Michailova & Minbaeva, 2012). Finally, previous research strongly encourages the use of "both the qualitative and the quantitative steps in research, as any single step in isolation does not seem to produce results with the desired validity" (van Rekom et al., 2006, p. 194).

A single-case clinical approach is preferable because each MNC has idiosyncratic values "that relate to its specific industry and preferred number of operations" (Howell et al., 2012, p. 743). As Wiener (1998, p. 536) argues, the "precise number of key values … is not in itself a factor in determining the system's strength." All organizations espouse some generic values (McDonald & Gandz, 1992), and the number of similarities in the values of large MNCs is increasing due to the emergence of global work systems (Erez & Shokef, 2008; Shokef & Erez, 2006). However, in a clinical approach, researchers are encouraged to address idiosyncratic values that allow for greater contextualization and the development of a more nuanced understanding of how values affect organizational outcomes (Howell et al., 2012; Wiener, 1998).

In our study, we apply a single-case, clinical approach to a large, diversified European MNC, which we call "ILVES" (its name has been changed to maintain confidentiality). We identified the following company espoused core values: diversity/inclusion, empowerment, sustainability, innovation, and customer orientation (see Methods section and Table I for details). Operationally, the identification of ILVES's espoused core values leads to several testable hypotheses. First, application of Proposition 1 to ILVES's core values leads us to expect that:

> *Hypothesis 1:* The greater the value incongruence perceived by a group in the corporate values of diversity/inclusion, empowerment, sustainability, innovation, and customer orientation, the lower the group's affective organizational commitment.

Insert Table I about here

Second, as argued in relation to Proposition 2, our basic premise is that incongruence between an espoused corporate value and how the value is lived within a subsidiary, will be less detrimental if that incongruence is consistent with the host country's value system. To define testable hypotheses, we match each identified core value with a specific cultural value at the national level. More specifically, and drawing on the findings from the GLOBE (Global Leadership and Organizational Behavior Effectiveness) project (House et al., 2004; Javidan, Dorfman, Sully de Luque, & House, 2006), we identify gender egalitarianism, power distance, future orientation, uncertainty avoidance, and institutional collectivism as the five cultural value dimensions that correspond to the espoused core values of our case company. By "match" and "correspond," we do not mean that a particular organizational value and a national value are identical but rather, that a specific organizational value (e.g. empowerment) and a national value (e.g. low power distance) correspond to a similar preference system (in this case, a preference for a work environment that de-emphasizes hierarchy, where authority is distributed, and participation in decision processes is possible).

Core value of diversity/inclusion. ILVES's commitment to diversity and inclusion is manifested in many ways, including a strong emphasis on ensuring gender equality and enhancing career opportunities for women in the global organization. As the results of the GLOBE study show, there are significant differences in gender egalitarianism—the extent to which a society minimizes gender inequality—across countries. Countries such as Denmark, Hungary, and the UK have the most gender-egalitarian values and practices. They have a higher percentage of women participating in the labor force, and they tend to accord women higher status and stronger role in decision making. Accordingly, in countries with high gender egalitarianism, a company that does not live up to its commitment to diversity and inclusion will likely encounter negative reactions from foreign subsidiary employees.

In contrast, countries such as Iran, Morocco, and South Korea are reported to have high degrees of gender differentiation. Career opportunities for women are limited in these societies, and gender differentiation is the norm and is widely accepted including by women. In such an environment, expectations about promoting gender egalitarianism and building a diverse and inclusive workplace will be limited and may be considered inappropriate by large portions of the workforce. Consequently, in this context, value incongruence of this dimension is unlikely to lead to negative attitudinal outcomes. Therefore, we hypothesize that:

Hypothesis 2a: Gender egalitarianism moderates the relationship between value incongruence in the corporate value "diversity/inclusion" and the group's affective commitment, such that this value incongruence has a more adverse effect on affective commitment in cultures characterized by high gender egalitarianism values.

Core value of empowerment. Consider a society that encourages equality and participation in shared decision making, and does not emphasize hierarchy (i.e. a low power distance culture). In this context, perceived misalignment between the espoused organizational value "employee empowerment" and how that value is enacted in the subsidiary (e.g., an environment characterized by a strong hierarchy, top-down decision making, and autocratic leadership) will likely have an adverse effect on the group's affective commitment since such practices and behaviors are at odds with the values endorsed in the subsidiary's host country. In contrast, in a society where hierarchy, rank, and status are emphasized, leaders tend to be directive - even autocratic, and are deferred to by employees (i.e. a high power distance culture). In this context, a perceived failure to live the espoused core value "employee empowerment" is likely to have a less detrimental impact on employees' commitment since as high power distance practices and behaviors are consistent with the dominant cultural values of the host country. This leads to hypothesis 2b:

Hypothesis 2b: Power distance moderates the relationship between value incongruence in the corporate value "empowerment" and group's affective commitment, such that this value incongruence has a more adverse effect on affective commitment in cultures characterized by low power distance values.

Core value of sustainability. ILVES strives “to create long-term value by balancing social and environmental responsibility with the obvious need to remain profitable” (see Table I). In other words, it tries to balance the social, environmental, and economic dimensions of the “triple bottom line” of sustainability. Sustainable development acknowledges society’s responsibility for future generations, and requires future-oriented thinking and behavior on the part of organizations and their members. The findings from the GLOBE project suggest that societies differ significantly in their future orientation, defined as the extent to which a society encourages and rewards future-oriented behaviors such as planning for, investing in the future, and delayed gratification. Countries with a strong future orientation such as Singapore and the Netherlands, are associated to a higher propensity to save for the future, and longer decision-making timeframes. Countries with shorter time horizons such as Argentina, Russia, and Italy, are less concerned about the future and are more focused on immediate actions and decisions. In the context of our study, these findings support the expectation that future orientation moderates the relationship between value incongruence for organizational value “sustainability” and the affective commitment of foreign subsidiary employees. In countries characterized by high future orientation, a perceived misalignment between the espoused corporate value “sustainability” and the way the value is lived in the subsidiary (e.g., as reflected in short-termism, unsustainable practices, and failure to gauge the long-term consequences of decisions and actions) can have a detrimental effect on the affective commitment of employees. Thus, we hypothesize:

Hypothesis 2c: Future orientation moderates the relationship between value incongruence in the corporate value “sustainability” and the group’s affective commitment, such that this value incongruence has a more adverse effect on affective commitment in cultures characterized by high future orientation values.

Core value of innovation. Innovation requires risk taking, openness to new ideas, a willingness to challenge existing assumptions, and the ability to think outside the box. These behaviors are not encouraged in societies characterized by high uncertainty avoidance. Uncertainty avoidance can be defined as the extent to which the members of a culture feel threatened by risk, and uncertain or unknown situations (Hofstede, 1980). As conceptualized by GLOBE (e.g., House et al., 2004; Javidan et al., 2006), uncertainty avoidance reflects the extent to which a society relies on social norms and procedures to alleviate the unpredictability of future events. People in societies that accept uncertainty are more accepting of new approaches to problem solving, more tolerant of non-conformity to social norms, and more open to change. Not surprisingly, a number of studies find a link between innovation and uncertainty avoidance at the individual, organizational, and societal levels. For example, Shane (1993, p. 59) demonstrates that "national rates of innovation are most closely associated with the cultural value of uncertainty acceptance…, [which] suggests that nations may differ in their rates of innovation because of the cultural values of their citizens."

In the context of our research questions, this discussion suggests that members of societies that are characterized by high uncertainty avoidance because of their intolerance of ambiguous, risky, or new situations will react less negatively or even be indifferent to a perceived lack of commitment to innovation (e.g. as reflected in lack of incentives for entrepreneurial activities at the subsidiary level) compared to employees in cultures characterized by high uncertainty tolerance.

Hypothesis 2d: Uncertainty avoidance moderates the relationship between value incongruence in the corporate value "innovation" and the group's affective commitment, such that this value incongruence has a more adverse effect on affective commitment in cultures characterized by low uncertainty avoidance values.

Core value of customer orientation. We propose that institutional collectivism will moderate the effect of value incongruence for the organizational value "customer orientation." Although the relationships among collectivist values, customer orientation, and individual motives are not straightforward, there is some evidence that members of collectivist societies tend to place more emphasis on the interests of stakeholders such as customers, suppliers, and distributors, to which the firm is closely aligned (e.g. Waldman, de Luque, Washburn, & House, 2006; Witt & Stahl, 2015). For example, in a study of 561 firms in 15 countries, Waldman et al. (2006) found that managers in countries characterized by high institutional collectivism were more likely to manifest behaviors associated positively to a broad stakeholder orientation that includes customers and other key constituencies. This is consistent with the findings from Witt and Stahl's (2015) study of executive responsibility orientations toward key stakeholders, which suggest that executives from collectivist cultures (such as Japan) have a broad constituency focus that takes account of a wider range of stakeholders, and especially those to which it is closely aligned, such as key customers . This supports the prediction that members of collectivist cultures will respond more negatively to a perceived misalignment between the espoused organizational value "customer orientation" and how that value is lived within the subsidiary (e.g. a lack of customer focus). This leads to our final hypothesis:

Hypothesis 2e: Institutional collectivism moderates the relationship between value incongruence in the corporate value "customer orientation" and the group's affective commitment, such that this value incongruence has a more adverse effect on affective commitment in cultures characterized by high institutional collectivism values.

Our proposed model is summarized in Figure I.

Insert Figure I about here

METHOD

ILVES's Core Values

ILVES is active in multiple business segments. It operates numerous subsidiaries on every continent and has approximately 120,000 employees spread across more than 130 countries. ILVES is organized as a global (Bartlett & Ghoshal, 1989) or "meganational" (Evans et al., 2011) firm, with high levels of global integration and standardized products, and relatively highly-centralized decision making. Trompenaars and Hampden-Turner (1998) would describe the corporate culture at ILVES as "family" (hierarchical and person) oriented since its culture follows the traditional family model with clear lines of decision-making authority, and a preference for stability, accountability, predictability, and efficiency.

As a company, ILVES places much emphasis on values. Although its corporate values were not set down in writing until 2003, its senior executives, on several occasions cited these values as "always [having] been a part of the business" and said that they "guide … daily interactions" in the company. According to the chairman of the board who is a member of the founding family, "the values are governing principles that have carried the business for more than a century, and I believe they have the strength to carry the business into the future." There is also general acknowledgement that the core values are alive but should be revitalized when necessary. In the introduction to the corporate publication *Defining our core values—living our core values*, the CEO states that: "It is important to us that our values are more than just words on posters but that they are actually lived." On another occasion, the CEO explained that: "As the company grows, the need for sharing the values and the understanding of them grows as well." In sum, the company's geographical scope, diversified business, multicultural workforce, and value-centered management make ILVES a highly suitable empirical case for our study.

To measure value incongruence (i.e. perceived misalignments between espoused values and lived values), we first need to identify the company's espoused values. To do this, we extracted material relevant to the company values from the corporate website, annual reports, mission statements, and code of conduct, and analyzed their content. "Customer orientation" emerged as a core espoused value together with the values: "diversity," "empowerment," "sustainability," and "innovation." We subsequently interviewed several ILVES executives who corroborated this list of core values.

The identified espoused values "customer orientation" and "innovation" are described in the literature as "global work values" (Erez & Shokef, 2008; Shokef & Erez, 2006). "Sustainability" is a core espoused value for ILVES because it is linked closely to the organization's strategy. As the CEO explained: "Growth for ILVES means addressing the key sustainability challenges we share with many of the countries in which we operate" (Annual Report). ILVES signed the UN Global Compact in 2009, and joined the Global Compact LEAD group to achieve higher levels of corporate sustainability. Its sustainability strategy which was launched in 2010, focuses on reducing the barriers to trade, investing in education, and improving energy efficiency in supply chains. "Sustainability" is incorporated into leadership training, its annual engagement survey, and its risk-management processes. ILVES views "diversity" as "a genuine source of strength for our customers, for our business, and for our employees" (corporate website). According to the company's director of diversity and inclusion, "given the current labor market trends, demographic changes, and the need for growth in new markets, we cannot afford to be unattractive to the global candidate pool or parts of it" (corporate materials). "Diversity" is enacted continuously by building an "inclusive organizational environment" and by making "a business case for diversity" (corporate materials). The fourth core espoused value identified is "empowerment." This value is closely connected to what ILVES refers to as "our working culture," whose cornerstone to "trust and empower our employees" (ILVES Group Policies). Empowerment is linked closely to performance, and is included as a measure of leadership effectiveness. In ILVES, empowerment means building employees' confidence and capabilities by "listening, learning, sharing, and giving space to others" (corporate website).

Data

Our first data source is the annual corporate engagement survey. This survey was originally devised by the group's human resources (HR) and is based on measures established in applied psychology and HR (several members of staff in the group's HR division are trained researchers with doctoral degrees in applied psychology). ILVES considers the results of this survey extremely important for the organization's decision-making processes. Regardless of their location, employees receive continuous updates on the survey process and its relevance to intra-corporate decision making. This results in consistently high levels of employee participation over time. The survey is conducted by an external provider who guarantees respondents confidentiality, and ensures that management cannot track responses back to individuals. The survey includes a set of questions that ask respondents to evaluate specific aspects of ILVES as a corporation (in these questions ILVES is referred to as "my company." The responses to the 2010 survey of 2,715 groups were made available to the authors.

Our second source of data was the GLOBE database, which provided information on each host country's cultural values. Internal HR databases which served as our third data source, were used mainly to operationalize the control variables.

After excluding 323 groups with missing information on country location, and 632 groups whose host country was not covered in the GLOBE survey, we obtained a final sample of 1,760 groups located in foreign subsidiaries in 51 countries and operating in 32 different business units. All groups are co-located with the employees comprising them. That is, groups observed in a focal subsidiary are composed of employees working in that subsidiary. Average group size is 9.58 (minimum: 5; maximum: 67) with a standard deviation of 6.07. Groups are nested within countries. The average number of groups per country is 34.5 (minimum: 1; maximum: 368) with a standard deviation of 60.04. Groups also are nested within business units. However, business units are not nested within countries. The average number of groups per business unit is 55 (minimum: 1; maximum: 946) with a standard deviation of 172.99.

The data offer several advantages, including access to the groups mapped by the firm, a large number of groups, and generally high quality information. Another important feature of these data is the extremely large number of individual respondents per group. Specifically, the within-group average percentage for employee responses to the 2010 survey is 93%. Note that groups led by managers with executive responsibilities are not included in our study since it could be argued that these types of groups might have more strategic relevance compared to than other groups.

Measures

We measure the dependent variable at the group level, *affective commitment*, using a five-point scale that indicates the extent to which group members agreed with each of the following statements: (1) “Overall, I am extremely satisfied with my company as a place to work”; (2) "I would gladly refer a good friend or family member to my company for employment"; and (3) "I am proud to work for my company" (Cronbach’s alpha = 0.92). The dependent variable is a composite measure based on the loadings from a principal component factor analysis of the group-level answers for the three items (factor loadings: item 1 = 0.94, item 2 = 0.93, item 3 = 0.92; eigenvalue = 2.60; variance explained = 86.57%). Together with two additional items (i.e., "I am willing to work harder to help this company succeed", "I feel a strong sense of belonging to this organization"), our three items are used in Kehoe and Wright's (2013) operationalization of affective commitment which draws on previous research (e.g. Meyer & Allen, 1997; Porter, Steers, Mowday, & Boulean, 1974). Prior studies suggest that turnover intention is negatively associated to affective commitment (McDonald, 1993; Tett & Meyer, 1993). Thus, we assess the external validity of our construct by examining its correlation (negatively) to a measure of turnover intention.[1] Using those groups excluded from our final sample (no information on country location, no match with GLOBE), we regressed our dependent variable on turnover intention and found a negative and significant correlation ($\beta = -1.58$; s.e. = 0.05). This is evidence that our adapted scale of affective commitment has divergent validity with turnover intention.

With regard to the independent variables at group level, *value incongruence* captures the misalignment between the MNC's values espoused by the HQ, and how those values are lived within the subsidiaries. To assess lived values, we matched codes from the content analysis with five items from the survey: (1) "My company treats people equally with respect to gender, race, nationality, religion, etc." (core value: "diversity/inclusion"); (2) "My company shows trust and offers empowerment" (core value: "empowerment"); (3) "My company makes a genuine effort to protect the environment" (core value: "sustainability"); (4) "My company listens to and understands our customers" (core value: "customer orientation"); and (5) "My company is innovative and seeks out new ideas" (core value "innovation"). Employees were asked to score on a five-point scale the extent to which they agreed with each of these statements. Schein (1992) argues that an espoused value has been fully internalized and become a lived value if employees

[1] From the corporate engagement survey used to define affective commitment we exploited 2 items to operationalize a measure of turnover intention. Respondents were asked to report on a 5-point scale the extent to which they agreed with each of the following statements: (1) "I rarely think about looking for a new job with another company", and (2) "I feel positive about my career opportunities in our company". We defined the variable turnover intention as the average score of the reversed group-level answers of the two items (Cronbach's alpha = 0.74).

indicate the maximum level of agreement with the value statement. Accordingly, for each of the values, we computed a value-incongruence variable as the group's mean of the reverse responses of the item specific to each value.

Our decision to use group means as indicators of group-level constructs is supported by an evaluation of the intra-class correlation values ICC(1) and ICC(2) (Bliese, 1998), and the average deviation (AD) inter-rater-agreement index (Burke & Dunlap, 2002). In combination, the values of the variance within and between groups (ICC) and the agreement within groups (AD) reach satisfactory levels. With regard to ICC(1) and ICC(2), values ranged between 0.16 and 0.25, and 0.65 and 0.77, respectively. With regard to AD, in line with Burke and Dunlap (2002) and Dunlap et al. (2003, p. 356), for each group i and each survey item j used to measure our dependent and independent variables, we calculated the within-group AD_{ij} as $\frac{\sum_{k=1}^{N} | x_{jk} - \bar{x}_j |}{N}$, where N was the number of respondents in group i for item j, x_{jk} was the k_{th} respondent's rating for item j, and $\bar{x}_j$ was the mean of the respondents' scores on item j. For each item j, we computed the average within-group AD_j as $\frac{\sum_{i=1}^{M} AD_{ij}}{M}$, where M was the number of groups in the sample. Finally, we compared the average within-group AD_j values to the practical significance threshold of 0.83 suggested by Burke and Dunlap (2002), and to the statistical significance threshold of 0.74 set by Dunlap et al. (2003, p. 360) based on the number of categories (5) and the average group size (9.58). We found practically significant agreement for each item j (the observed values were less than the cut-off of 0.83), and statistically significant agreement (as the observed values were less than the cut-off of 0.74) for seven out of eight items (observed value for the value incongruence computed for "empowerment" was 0.78). These results increased our confidence in our decision to use group means as indicators of group-level constructs.

To capture the country level independent variables, national cultural values, we relied on the GLOBE project (House, et al., 2004) which was a large-scale study of cross-cultural leadership involving 62 societies around the world. GLOBE developed nine dimensions to compare cultures. A society is positioned along these dimensions in relation to its cultural practices ("Culture As Is") and cultural values ("Culture As Should Be"). Cultural practice scores provide information on how things are done in a culture, while cultural values scores reflect societal members' desires, preferences, and aspirations about how things should be done (House et al., 2004; Javidan et al., 2006). Consistent with our basic premise that foreign subsidiary employees' needs, goals, and preferences are shaped by the dominant cultural values in the host country, we used GLOBE cultural values data for the dimensions (a) gender egalitarianism, (b) power distance, (c) future orientation, (d) uncertainty avoidance and (e) institutional collectivism which allows us to examine whether lack of congruence between an espoused corporate value and how the value is enacted within a subsidiary is less detrimental if that incongruence is consistent with the host country's value system (Hypotheses 2a-e, respectively). Table I summarizes the selected GLOBE dimensions and survey items. It offers examples of relevant quotes taken from the content analysis.

We included a number of control variables in the econometric model. Several of the factors that might influence our dependent variable are group level. Group leaders might vary in their ability to influence the group's affective commitment. Thus, we controlled for group leaders' characteristics as follows. First, the dummy variable *expatriate* was set equal to 1 if the group leader is a national of the parent country. Second, we controlled for group leader's gender and age by adding to the model the dummy variables *female* and *leader's age*. Third, we controlled for leader's company experience which we defined as the number of years of the group leader's employment in the MNC at the time of the survey, and for leader's experience in that position, measured as the number of years of employment in his/her current position. The different group leader responsibilities were captured using four dummy variables: *supervisor*, *manager*, *general manager*, and *director*. Leaders with administrative responsibilities served as the benchmark. We controlled also for a possible impact on employees' affective commitment of the level of operational support provided by the organization to its employees. Group members were asked to score on a five-point scale the extent to which they had access to the resources (e.g., materials, equipment, technologies) they needed to do their job effectively. The variable *organizational support* was defined as the group-level response to this question. The variable *group size* measured the number of individuals in the group. At the country level, we controlled for the remaining four cultural values which we considered not to be theoretically relevant to ILVES' core values: *performance orientation*, *assertiveness*, *humane orientation*, *family collectivism*. Finally, we controlled for host country GDP in order to control for the country's level of development which often is correlated to affective commitment (Fischer & Mansell, 2009).

Results

Table II summarizes the descriptive statistics of and correlations among the group level and the country level variables considered in the econometric model.

Insert Table II about here

Tables III and IV report the results of the multilevel mixed-effects linear regression estimations on the dependent variable, *affective commitment*. We modeled a country random effect and a crossed-random effect to control for the dependence of groups within business units not nested within countries. Since we observe more than one group in each of the 32 business units, there might be an issue related to possible non-independence among the observations (i.e., groups). Table III presents two models. Model 1 includes the group level and country level control variables. In Model 2, we add the main group and country level independent variables. In line with Hypothesis 1, we find that the coefficients of the group level variables capturing the value incongruences are negative and statistically significant at $p < 0.01$ for all values.

In Table IV, we test the moderating effect of national cultural values by inserting the interaction term between the focal value incongruence and its matching national cultural value in each model. Model 3 shows lack of support for Hypothesis 2a; the coefficient of the interaction term *diversity value incongruence* × *gender egalitarianism*, although negative is not significant ($p < 0.14$). Model 4 supports Hypothesis 2b—the coefficient of the interaction term *empowerment value incongruence* × *power distance* is positive and significant ($p < 0.01$). In Model 5, we run the estimation including the interaction term *sustainability value incongruence* × *future orientation*. Contrary to our expectations (see Hypothesis 2c), we found a non-significant and positive interaction effect ($p < 0.30$). In Model 6, to test Hypothesis 2d we inserted the interaction term *innovation value incongruence* × *uncertainty avoidance*. As hypothesized, we find that the coefficient of the interacting term is positive and significant ($p < 0.03$). Finally, we found support for Hypothesis 2e; the coefficient of the interaction term *customer orientation value incongruence* × *institutional collectivism* is negative and significant ($p < 0.05$). Figure II is a graphical representation of the significant interactions. The moderating effects are not trivial. For instance, setting the value of *empowerment value incongruence* to 3, when the value of *power distance* increases from 2.70 (i.e. sample mean value) up to 3.03 corresponding to the sample mean value plus one standard deviation, the predicted value of *affective commitment* increases by 81%. That is, the negative effect of empowerment value incongruence on the group's affective commitment becomes less adverse, when the group is located in host countries which cultures are characterized by higher power distance. Similarly, setting the value of *innovation value incongruence* (*customer orientation value incongruence*) to 3, when the value of *uncertainty avoidance* increases from the sample mean up to the sample mean value plus one standard deviation, the predicted value of *affective commitment* increases (decreases) by 44% (29%). These results provide a clear support for seeing host country cultural orientations as buffer against the negative effect of corporate values' misalignment.

Insert Tables III and IV about here

Insert Figure II about here

Robustness Checks

Since we were unable to obtain measures for the group level dependent variable and the main independent variables from different set of respondents, or to create a temporal separation in the form of a time lag between the measurement of the two sets of variables (Podsakoff, MacKenzie, & Podsakoff, 2003), common method bias might affect the hypothesized relationships. In order to determine this, we followed Podsakoff et al. (2003) by checking for common method variance by introducing a "marker variable" as a surrogate for the method variance factor in our model. A marker variable must be measured using the same instrument as the scales utilized in the study. However, it should be theoretically unrelated to the constructs of interest, or unrelated to at least one other variable included in the study (Lindell & Brandt, 2000; Podsakoff, et al., 2003). This variable constitutes a marker in that any observed relationships between it and any of the other variables can be assumed to be the result of common method variance (Lindell & Brandt, 2000; Lindell & Whitney, 2001). Therefore, the inclusion of the marker variable in the econometric model allows us to partial out the average correlation between the marker variable and the other variables included in the study. This procedure allows us to determine whether the relationships between the variables of interest remain significant after controlling for the marker variable.

The respondents were asked to use a five-point scale to indicate the extent to which they agreed with the statement “I have a clear understanding of how my company is performing relative to competitors in the market.” Since we did not use this variable in our analysis, and since there seems to be no theoretical reason to assume a relationship between it and our variables of interest, we used this question to define our marker variable. When we add the marker variable to the estimated models, all the significant correlations supporting our hypotheses remained significant. Therefore, we can conclude that common method bias is unlikely to be a serious concern in the general test of our hypotheses.

In our specifications, we treat each country’s cultural values as moderators. However, it could be argued that the host country’s cultural values might have a direct effect on value incongruences. Therefore, we conducted several robustness checks to alleviate concern that our results might be capturing the unobserved direct effect of national cultural values on value incongruences, rather than the hypothesized moderation effects. First, we estimated five models in each of which value incongruence was explained by its associated national cultural value – the only regressor (e.g. the value incongruence regarding the organizational value “empowerment” was explained only by the level of power distance plus the constant). From these first-stage regressions, we extracted the residuals which are used as the independent variables in Models 3-7 (Table IV). The interaction terms were calculated using the residuals instead of the original variables. The results of this procedure confirm the results in Table IV (full results available upon request).

DISCUSSION AND CONCLUSION

Researchers have for long argued that the promotion of corporate values should enable MNCs to achieve goal alignment across units, reduce the need for formal control, and allow coordination without direct supervision (Chatman & Cha, 2003; Sørensen, 2002; Welch & Welch, 2006). In the previous literature, corporate values as integrative mechanisms (Ghoshal & Nohria, 1993), were expected to be aligned and consistent across subsidiaries regardless of location (Collins & Porras, 2000). Our findings reveal that perceived misalignments exist between the HQ's espoused values and the values lived in the subsidiaries, and that this has potentially serious consequences for global work in MNCs. A key finding from our study is that incongruence between the values espoused by the headquarters and those lived within a subsidiary has a detrimental effect on the affective commitment of work groups in that subsidiary.

These findings contribute also to the more general management literature which advocates promotion of a corporate culture as a mechanism for control and coordination within large, complex organizations (such as MNCs), and point to the need for commitment to a common purpose and behavior. In the international business literature in particular, there is a paucity of work investigating the extent to which corporate culture is effective for influencing desired outcomes. More specifically, the prevailing view is that MNCs can benefit from cultural control by establishing a "virtuous circle" (Welch & Welch, 2006, p. 18), in which the HQ inculcates a given corporate culture throughout the MNC, and internalization of that corporate value system ensures goal alignment which positively affects performance by increasing employees' commitment. Our study adds to this general debate by showing that when considering the affective organizational commitment of foreign subsidiary groups, the success of this virtuous circle depends on the MNC's ability to minimize misalignments between espoused and lived values. Our results suggest that by pursuing the implementation of shared values as control mechanisms, many MNCs can incur substantial costs in the form of less affective organizational commitment at the group level if the espoused values are not actually lived within the MNC network. In other words, in their attempts to build a committed workforce by promoting a corporate culture, MNCs may find that successful control via corporate culture requires substantially more effort to "walk the talk" (i.e. careful implementation, consistent enactment), and hence, may be more costly than initially expected.

We contribute to the literature on cultural control by showing how the detrimental effect of value incongruence depends on the host country's cultural values. Previous work highlights some of the difficulties associated to transferring corporate culture across national borders (Begley & Boyd, 2003; Trompenaars & Hampden-Turner, 1998; Welch & Welch, 2006). We have argued that *when* there is a misalignment between a particular espoused value and the lived value, *and* the value at stake is central to the value system of the country in which the subsidiary is located, the detrimental effect on the group's affective commitment is more pronounced. With regard to the core value "empowerment," our findings suggest that value incongruence has a less damaging effect on the group's affective commitment in societies where hierarchies are accepted, and employees do not expect (or may even resist) empowerment. At the same time, we found that such a misalignment related to "empowerment" has a more adverse effect on employees' commitment in societies where power distance is low. Our expectation of a detrimental effect of an "innovation" value incongruence on affective commitment in countries characterized by low uncertainty avoidance is also confirmed. Finally, as expected, we found a negative moderating effect of institutional collectivism on the relationship between value incongruence for "customer orientation" and affective commitment.

Two of our moderating hypotheses are not supported. Contrary to our expectations, in societies that emphasize gender egalitarianism, we did not find the detrimental effect of value incongruence for the core value “diversity” to be more pronounced than in societies characterized by low levels of gender egalitarianism. A possible explanation for this is that in our case company, ILVES, commitment to diversity and inclusion is manifested in many ways, including a strong emphasis on ensuring equal treatment of employees and other stakeholders regardless of their age, gender, race, background, religion, sexual preferences, or disability. Thus, ensuring gender equality is only one goal, and a perceived misalignment regarding this value at the subsidiary level could be due to failure to “live” other facets of the espoused core value “diversity.” Also, our hypothesis regarding the negative moderating effect of future orientation on the relationship between value incongruence for “sustainability” and affective commitment is not confirmed. This might be related to the fact that the sustainability initiative was the newest element in ILVES’s corporate agenda. The company’s sustainability strategy was first launched in 2010—the year of the survey. Therefore, it is possible that this corporate value may not have been fully instilled in the subsidiary network at the time of data collection. An alternative explanation is that our measure of lived sustainability values captures only one facet of corporate sustainability—environmental sustainability. In contrast to other aspects of sustainability, which require a long-term perspective (e.g. long-term financial viability or intergenerational equity), issues related to environmental protection require a shorter-term perspective. Therefore, employees in foreign subsidiaries may perceive a need for immediate action if for instance, the company engages in activities whose consequences are harmful to the local environment. This implies that, contrary to our predictions, value incongruence for “environmental sustainability” would provoke more negative reactions in societies characterized by a short-term orientation.

Limitations and Future Research

The first limitation is that this is one of the first empirical studies to investigate the effects of gaps between espoused values and lived values in an MNC context. Therefore, we cannot rely on established measures of value incongruence. We performed several steps to deal with this obvious limitation. For example, we identified the espoused values, we interviewed several ILVES executives and received feedback on our empirical analysis. However, future research should create a more thought-through approach and design a sequential or concurrent mixed-method study (Creswell, 2003) to minimize the limitation. Furthermore, each value incongruence included in our paper is a single-item, corresponding to only certain GLOBE dimensions. Future research could include other GLOBE dimensions, further develop our measures and validate the chosen methodology. In addition, the data used for this study is cross-sectional. A longitudinal study would have allowed us to observe potential effects of organizational changes on the studied relationships.

Our study benefited greatly from a single-case research setting (as recommended by Howell et al., 2012; van Rekom et al., 2006; Wiener, 1998). However, this study design has implications for the generalizability of the findings. As already mentioned, ILVES is a truly global MNC—a mega-national that emphasizes global integration. Consequently, we adopted the prevailing view that normative control in the form of a strong corporate culture that lacks value incongruence is both desirable and expected. In line with Alvesson and Willmott (2002, p. 621), although we are aware of the limitations of "faith and enthusiasm [in a] managing culture that has been exhibited by consultants and practitioners during the past 20 years," we concur with the notion that effective organizations are those where the "corporate values are closely linked and aligned" (Welch & Welch, 2006, p. 17). Organizational-culture researchers in other traditions might view this perspective as a simplification based on a strongly positivist way of thinking. Therefore, there is a need for similar studies of different types of MNCs (with different strategies, different cultures, different country representations, and active in different industries). These studies should adopt other research perspectives with the aim of considering some of the overlooked relations (e.g., power relations between HQ and subsidiaries). If such work were to be carried out, the above-mentioned limitations would become opportunities for exploration.

As the manifestation of groups' outcomes, we focused on affective organizational commitment which is the best established and most common variable used in behavioral research. However, it would be interesting to analyze whether the arguments developed in this paper apply to other group outcomes such as engagement and satisfaction – variables related to but conceptually different from affective organizational commitment. Moreover, previous studies suggest associations between affective commitment and a host of attitudinal and behavioral outcomes including employee turnover intentions (McDonald, 1993; Tett & Meyer, 1993), actual turnover (Cotton & Tuttle, 1986), absenteeism (Gellatly, 1995; Meyer, Allen, & Smith, 1993), organizational citizenship (Meyer & Allen, 1991), and performance (Benkhoff, 1997). Future studies could extend the model proposed in this paper by adding objective performance indicators through structural equation and multi-level modeling.

We focus on the effect of value incongruence on the affective commitment of foreign subsidiary employees without investigating *why* employees in subsidiaries might perceive a misalignment between the company's espoused values and its lived values. Whether this perception is the result of hypocrisy attributions on the part of employees, ambiguity surrounding the meaning of values, language and communication barriers, or a failure on the part of managers to detect value incongruences and to effectively address their impacts on the morale of employees in foreign subsidiaries is unclear. There may also be individual level determinants of value incongruence at the group level. Future research, using data collected at different levels, is needed to shed light on the reasons for value incongruences, and on ways to effectively manage or prevent them.

Finally, in this study we draw on the GLOBE cultural values data, or “should be” scores (House et al., 2004; Javidan et al., 2006) to test our hypotheses about the moderating role of national cultural orientations, based on the assumption that incongruence between an espoused corporate value and how the value is enacted within a subsidiary will be less detrimental if that incongruence is consistent with the value system of the host country. While the underlying idea that foreign subsidiary employees’ needs, goals, and preferences are shaped by the dominant cultural values in the countries in which they reside, is well-established in the literature (Hofstede, 2001; Kirkman, Lowe, & Gibson, 2017, but see Caprar, 2011, for a more nuanced view of the cultural orientations of MNC local employees), it could be argued that existing cultural practices (as reflected in the GLOBE “as is” scores) or “cultural discrepancies” (defined as differences between values and practices on specific cultural dimensions, see Gelbrich, Stedham, & Gäthke, 2016) may be more appropriate measures for testing our hypotheses. For example, it might be that in countries where societal members’ desire for more participative or egalitarian practices are constantly frustrated (i.e. strong discrepancy between power distance values and practices), employees will be particularly sensitive to management failures to “walk the talk” in terms of enacting the company’s core values at the subsidiary level. Future research should be directed towards teasing out the conditions under which cultural values (“should be”), practices (“as is”), or discrepancies between values and practices, matter most in terms of affecting employee and group attitudinal outcomes.

Implications for Managerial Practice

The results of this study have a number of implications for the way MNCs manage their corporate values. We showed that there are differences between the “wishful thinking” of corporate HQs, and the ways that corporate values are lived within foreign subsidiaries, and that they have a detrimental effect on organizational outcomes. MNCs that fail to acknowledge and actively manage the value incongruence will experience significant difficulties in achieving high levels of emotional attachment from employees, especially those working in foreign subsidiaries. By constantly referring to the core values and consistently acting upon them, corporate HQ could encourage the creation of a shared understanding that certain patterns of behavior are more desirable and more acceptable. At the same time, our findings allow MNCs to selective about their priorities when managing value incongruence. If there is a value incongruence in a particular core value, more managerial resources and greater priority should be given to those countries where the value at stake is central to the value system in the country where the subsidiary is located.

Finally, our findings have broader implications for managing HR in foreign subsidiaries. To help build a shared system of values, beliefs, and norms throughout the MNC's network, our study suggests that local employees should be recruited on the basis of their potential fit with the MNC's values and norms. These values and norms can also be taught through cultural onboarding and formal socialization programs, and through informal interactions with other members of the organization. In terms of tools, companies could rely on what Evans et al. (2011) call "glue technology": a range of normative control mechanisms that includes cross-boundary teamwork, careful socialization of organizational members, transfer of best practice and shared frameworks, leadership-development activities, and careful monitoring of employees' adherence to corporate values and norms. Application of these tools should facilitate implementation of espoused corporate values across subsidiaries, and minimize perceptions of value incongruence among foreign subsidiary employees.

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FIGURES AND TABLES

FIGURE I. Hypothesized relationships

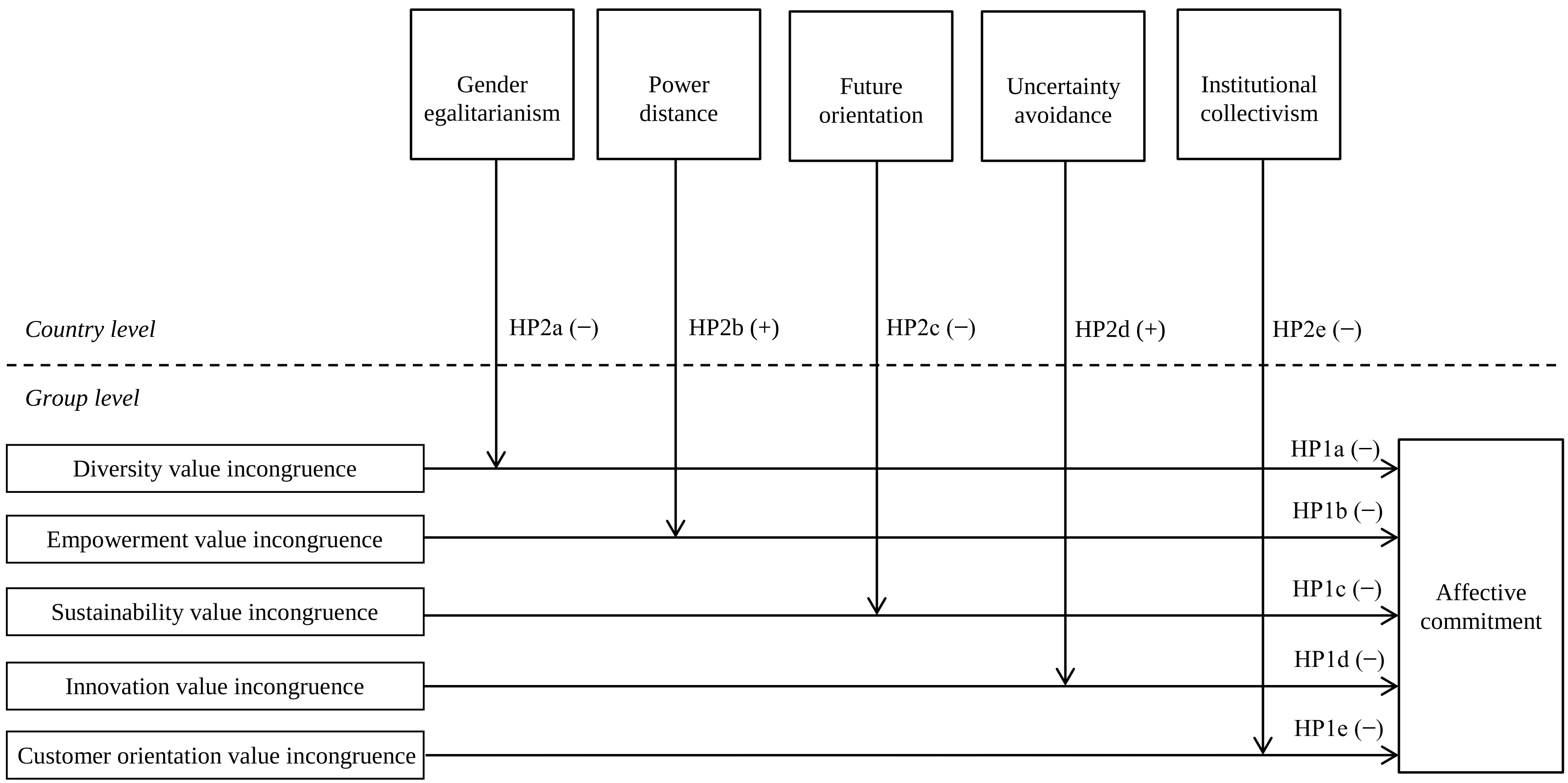

TABLE I. Matching ILVES's core values with GLOBE cultural-value dimensions

GLOBE dimensions		ILVES's core values	
Definition	***Characteristics of societies***	***Exemplifying quotes***	***Survey items***
Gender egalitarianism: the degree to which a collective minimizes gender inequality	HIGH GENDER EGALITARIANISM societies - More women in positions of authority. - Less occupational, gender-based segregation. - Similar levels of educational attainment for males and females. - Women play a greater decision-making role in community affairs. LOW GENDER EGALITARIANISM societies - Fewer women in positions of authority. - More occupational, gender-based segregation. - A lower level of educational attainment among females than among males. - Women hold little or no decision-making authority in community affairs.	"At ILVES, we are proud of our diversity, and we see it as a genuine strength that can help us continue to lead our industry." "We continue to work in four areas: - The Women's Leadership Network, in which 120 members are invited to discuss myths, facts, and personal experiences related to women in leadership at special events. - Recruitment, in which tools to create job advertisements using gender-neutral language are developed and deployed internally. - Flexibility, in which we have removed fixed working hours from all contracts, and most departments have launched a measure of flexibility that limits the number of hours during which employees are expected to be at the office. - Career models, in which we are working to develop a diversity module for our people strategy, and to integrate diversity into talent development and succession planning."	Diversity: "My company treats people equally with respect to gender, race, nationality, religion, etc."
Power distance: the extent to which a community accepts and endorses authority, power differences, and status privileges	HIGH POWER DISTANCE societies - Class differentiation. - Power viewed as providing social order. - Limited upward social mobility. - Resources only available to a few. - Information is localized and hoarded. LOW POWER DISTANCE societies - Large middle class. - Power associated with corruption and coercion. - Widespread upward social mobility. - Resources available to almost everyone. - Widely shared information.	"We are known for our flat organization in which all employees are empowered with the authority they need to do their job well. We encourage open communication and expect people to speak their minds."	Empowerment: "My company is characterized by showing trust and giving empowerment."
Future orientation: the degree to which	HIGH FUTURE ORIENTATION societies - Propensity to save for the future.	"At ILVES, we strive to create long-term value by balancing social and environmental	Sustainability: "My company is making a

a collective encourages and rewards future-oriented behaviors, such as planning and delayed gratification	- Emphasis on working for long-term success. - Flexible and adaptive organizations. - View of material success and spiritual fulfillment as an integrated whole. LOW FUTURE ORIENTATION societies - Propensity to spend rather than save. - Preference for instant gratification. - Inflexible and maladaptive organizations. - View of material success and spiritual fulfillment as separate, such that they require tradeoffs.	responsibility with the obvious need to remain profitable.”	genuine effort to protect the environment."
Uncertainty avoidance: the extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate the unpredictability of future events	HIGH UNCERTAINTY AVOIDANCE societies - Formal interactions with others. - Ordered, with meticulous recordkeeping. - Reliance on formalized policies and procedures. - Preference for moderate, carefully calculated risks. - High resistance to change. LOW UNCERTAINTY AVOIDANCE societies - Informal interactions with others. - Less order and less recordkeeping. - A reliance on informal norms for most matters. - Less calculating when taking risks. - Moderate resistance to change.	"Innovation is a fundamental part of modern business. If you do not innovate, you stand still. In today’s world, standing still means moving backwards while others keep moving ahead. At ILVES, we have a dedicated innovation department, which consists of a group of marine engineers and naval architects who focus on all sorts of ‘outside the box’ projects."	Innovation: "My company is innovative and seeks out new ideas."
Institutional collectivism: the degree to which organizational and societal institutional practices encourage and reward the collective distribution of resources and collective action	HIGH INSTITUTIONAL COLLECTIVISM societies - An assumption that members are highly interdependent. - Emphasis on group loyalty, even if it undermines the pursuit of individual goals. - An economic system that tends to maximize the interests of collectives. - Rewards driven by seniority, personal needs, and/or within-group equity. - Critical decisions made by groups. LOW INSTITUTIONAL COLLECTIVISM societies - An assumption that members are largely independent. - Pursuit of individual goals, even at the expense of group loyalty. - An economic system that tends to maximize individual interests. - Rewards driven largely by individual contributions to task success. - Critical decisions made by individuals.	“Through constant care and humility, we strive to prepare for the future while never forgetting that our customers and competitors are key to our ability to improve.”	Customer orientation: "My company listens to and understands our customers."

TABLE II. Descriptive statistics and correlations

	Group level	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	Affective commitment																	
2	Diversity value incongruence	-0.47																
3	Empowerment value incongruence	-0.73	0.54															
4	Sustainability value incongruence	-0.50	0.40	0.48														
5	Innovation value incongruence	-0.66	0.41	0.62	0.59													
6	Customer orientation value incongruence	-0.59	0.28	0.60	0.35	0.57												
7	Expatriate	0.07	0.10	-0.01	-0.01	0.01	-0.03											
8	Female (leader's gender)	-0.07	-0.01	0.00	0.01	-0.02	0.01	-0.13										
9	Leader’s age	-0.07	0.05	0.15	0.01	0.14	0.15	0.12	-0.20									
10	Leader's company experience	-0.10	0.01	0.15	-0.02	0.06	0.18	0.14	-0.08	0.58								
11	Leader's position experience	-0.06	0.01	0.09	0.09	0.08	0.00	0.02	-0.07	0.34	0.35							
12	Supervisor	-0.04	0.01	-0.01	0.02	-0.01	-0.08	-0.14	0.16	-0.20	-0.14	-0.04						
13	Manager	-0.09	0.01	0.07	0.07	0.10	0.12	-0.12	0.07	-0.01	-0.02	0.01	-0.38					
14	General manager	-0.03	0.03	0.05	-0.02	0.02	0.11	0.07	-0.12	0.20	0.14	0.04	-0.33	-0.34				
15	Director	0.08	-0.03	-0.01	-0.07	0.01	0.03	0.36	-0.20	0.34	0.26	0.02	-0.22	-0.23	-0.19			
16	Organizational support	0.53	-0.39	-0.54	-0.43	-0.52	-0.45	0.02	0.02	-0.01	0.01	-0.03	-0.05	-0.02	0.00	0.05		
17	Group size	0.20	-0.08	-0.17	-0.10	-0.18	-0.24	0.01	-0.01	-0.15	-0.12	-0.03	0.10	-0.19	-0.14	-0.04	0.07	
	Mean	0.00	1.96	2.20	1.98	1.98	2.30	0.05	0.35	37.96	9.78	2.36	0.27	0.28	0.23	0.11	3.92	9.58
	Std. dev.	1.00	0.50	0.50	0.42	0.42	0.55	0.23	0.48	8.08	6.92	2.38	0.44	0.45	0.42	0.32	0.43	6.07

N = 1,760. Correlations greater than 0.040 are significant at $p < 0.1$.

	Country level	1	2	3	4	5	6	7	8	9	10
1	Gender egalitarianism										
2	Power distance	-0.55									
3	Future orientation	-0.36	-0.04								
4	Uncertainty avoidance	-0.52	0.11	0.68							
5	Institutional collectivism	-0.01	-0.37	0.49	0.40						
6	Family collectivism	0.12	-0.18	0.46	0.31	0.26					
7	Humane orientation	0.19	-0.36	-0.14	-0.14	-0.11	-0.25				
8	Assertiveness	-0.28	0.33	0.04	0.20	-0.20	0.00	-0.13			
9	Performance orientation	0.22	-0.34	0.35	0.18	0.47	0.48	-0.04	-0.01		
10	GDP	0.46	-0.03	-0.58	-0.72	-0.38	-0.25	0.20	-0.12	-0.25	
	Mean	4.49	2.70	5.52	4.63	4.74	5.66	5.43	3.84	5.93	29.16
	Std. dev.	0.50	0.33	0.37	0.58	0.49	0.33	0.26	0.69	0.31	17.06

N = 51. Correlations greater than 0.25 are significant at $p < 0.1$.

TABLE III. Relationship between value incongruence and groups' affective commitment

	Model 1		Model 2	
Group level predictors				
Diversity value incongruence			-0.19 ***	(0.04)
Empowerment value incongruence			-0.69 ***	(0.04)
Sustainability value incongruence			-0.25 ***	(0.05)
Innovation value incongruence			-0.47 ***	(0.05)
Customer orientation value incongruence			-0.29 ***	(0.04)
Country level predictors				
Gender egalitarianism			0.01	(0.12)
Power distance			-0.10	(0.17)
Future orientation			0.11	(0.14)
Uncertainty avoidance			0.12	(0.11)
Institutional collectivism			-0.09	(0.11)
Group level controls				
Expatriate	0.07	(0.09)	0.07	(0.07)
Female (leader's gender)	-0.06	(0.04)	-0.02	(0.03)
Leader's age	0.00	(0.00)	0.00	(0.00)
Leader's company experience	-0.01	(0.00)	0.00	(0.00)
Leader's position experience	0.01	(0.01)	0.00	(0.01)
Supervisor	-0.08	(0.07)	0.00	(0.05)
Manager	-0.03	(0.07)	0.09 *	(0.06)
General manager	0.09	(0.08)	0.13 **	(0.06)
Director	0.31 ***	(0.10)	0.30 ***	(0.07)
Organizational support	1.07 ***	(0.04)	0.18 ***	(0.04)
Group size	0.01 ***	(0.00)	0.00	(0.00)
Country level controls				
Family collectivism	-0.04	(0.19)	-0.10	(0.13)
Humane orientation	-0.32	(0.22)	-0.16	(0.15)
Assertiveness	0.04	(0.08)	-0.10 **	(0.05)
Performance orientation	0.23	(0.21)	-0.02	(0.15)
GDP	-0.01 **	(0.00)	0.00	(0.00)
Constant	-3.58 *	(1.84)	4.75 ***	(1.66)
Variance of random intercept	0.10	(0.03)	0.03	(0.01)
Variance of crossed-random intercept	0.03	(0.02)	0.02	(0.01)
Variance of overall residuals	0.54	(0.02)	0.29	(0.01)
Wald chi2, Prob >chi2, (df)	729.39 ***	(16)	2973 ***	(26)
LR test vs. linear model	141.17 ***		98.83 ***	

*p < 0.10; **p < 0.05; ***p < 0.01 (two-tailed tests applied). Estimated coefficients and standard errors (in brackets). Group level N=1,760. Country level N=51.

TABLE IV. Perceived values gaps and groups' affective commitment: the moderating role of cultural values

	Model 3		Model 4		Model 5		Model 6		Model 7		Model 8	
Diversity value incongruence	-0.20***	(0.04)	-0.19***	(0.04)	-0.18***	(0.04)	-0.19***	(0.04)	-0.19***	(0.04)	-0.19***	(0.04)
Empowerment value incongruence	-0.69***	(0.04)	-0.69***	(0.04)	-0.70***	(0.04)	-0.69***	(0.04)	-0.70***	(0.04)	-0.69***	(0.04)
Sustainability value incongruence	-0.25***	(0.05)	-0.25***	(0.05)	-0.27***	(0.05)	-0.25***	(0.05)	-0.24***	(0.05)	-0.28***	(0.05)
Innovation value incongruence	-0.47***	(0.05)	-0.47***	(0.05)	-0.47***	(0.05)	-0.50***	(0.05)	-0.47***	(0.05)	-0.48***	(0.05)
Customer orientation value incongruence	-0.29***	(0.04)	-0.29***	(0.04)	-0.29***	(0.04)	-0.29***	(0.04)	-0.27***	(0.04)	-0.27***	(0.04)
Gender egalitarianism	0.02	(0.11)	-0.01	(0.11)	0.01	(0.12)	-0.01	(0.12)	0.03	(0.11)	0.00	(0.11)
Power distance	-0.10	(0.16)	-0.13	(0.16)	-0.10	(0.17)	-0.12	(0.17)	-0.07	(0.16)	-0.12	(0.16)
Future orientation	0.11	(0.13)	0.13	(0.13)	0.11	(0.14)	0.10	(0.13)	0.11	(0.13)	0.12	(0.13)
Uncertainty avoidance	0.13	(0.11)	0.12	(0.10)	0.11	(0.11)	0.11	(0.11)	0.13	(0.11)	0.10	(0.10)
Institutional collectivism	-0.10	(0.10)	-0.09	(0.10)	-0.09	(0.11)	-0.10	(0.11)	-0.05	(0.11)	-0.06	(0.10)
Diversity value incongruence × gender egalitarianism[a]	-0.08	(0.05)									-0.01	(0.06)
Empowerment value incongruence × power distance[a]			0.26**	(0.10)							0.19*	(0.12)
Sustainability value incongruence × future orientation[a]					0.09	(0.09)					0.11	(0.09)
Innovation value incongruence × uncertainty avoidance[a]							0.14**	(0.07)			0.13*	(0.07)
Customer orientation value incongruence × institutional collectivism[a]									-0.14*	(0.07)	-0.14*	(0.07)
Expatriate	0.08	(0.07)	0.07	(0.07)	0.07	(0.07)	0.07	(0.07)	0.07	(0.07)	0.07	(0.07)
Female (leader's gender)	-0.02	(0.03)	-0.02	(0.03)	-0.02	(0.03)	-0.02	(0.03)	-0.02	(0.03)	-0.03	(0.03)
Leader's age	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Leader's company experience	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Leader's position experience	0.00	(0.01)	0.01	(0.01)	0.01	(0.01)	0.01	(0.01)	0.01	(0.01)	0.01	(0.01)
Supervisor	0.00	(0.05)	0.00	(0.05)	0.00	(0.05)	0.00	(0.05)	0.00	(0.05)	0.00	(0.05)
Manager	0.09	(0.06)	0.09	(0.06)	0.09	(0.06)	0.09*	(0.06)	0.09*	(0.06)	0.09	(0.06)
General manager	0.13**	(0.06)	0.13**	(0.06)	0.13**	(0.06)	0.13**	(0.06)	0.13**	(0.06)	0.12**	(0.06)
Director	0.29***	(0.07)	0.29***	(0.07)	0.29***	(0.07)	0.29***	(0.07)	0.29***	(0.07)	0.28***	(0.07)
Organizational support	0.18***	(0.04)	0.17***	(0.04)	0.18***	(0.04)	0.18***	(0.04)	0.18***	(0.04)	0.18***	(0.04)
Group size	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Family collectivism	-0.10	(0.13)	-0.12	(0.12)	-0.10	(0.13)	-0.12	(0.13)	-0.10	(0.13)	-0.13	(0.12)
Humane orientation	-0.17	(0.15)	-0.17	(0.14)	-0.16	(0.15)	-0.16	(0.15)	-0.16	(0.15)	-0.16	(0.14)
Assertiveness	-0.10**	(0.05)	-0.11**	(0.05)	-0.10**	(0.05)	-0.11**	(0.05)	-0.11**	(0.05)	-0.11**	(0.05)
Performance orientation	-0.03	(0.15)	-0.01	(0.14)	-0.02	(0.15)	-0.01	(0.15)	-0.02	(0.14)	-0.01	(0.14)
GDP	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)	0.00	(0.00)
Constant	4.88***	(1.64)	4.99***	(1.59)	4.82***	(1.68)	5.09***	(1.67)	4.31***	(1.63)	4.91***	(1.60)
Variance of random intercept	0.03	(0.01)	0.03	(0.01)	0.03	(0.01)	0.03	(0.01)	0.03	(0.01)	0.03	(0.01)
Variance of crossed-random intercept	0.02	(0.01)	0.03	(0.01)	0.02	(0.01)	0.02	(0.01)	0.02	(0.01)	0.02	(0.01)
Variance of overall residuals	0.29	(0.01)	0.29	(0.01)	0.29	(0.01)	0.29	(0.01)	0.29	(0.01)	0.29	(0.01)
Wald chi2, Prob >chi2, (df)	2984***	(27)	3003***	(27)	2974***	(27)	2985***	(27)	2991***	(27)	3028***	(31)
LR test vs. linear model	90.70***		86.38***		99.11***		94.34***		87.74***		74.33***	

*p < 0.10; **p < 0.05; ***p < 0.01 (2-tailed tests applied). Estimated coefficients and standard errors (in brackets). Group level N=1,760. Country level N=51.

[a] In order to test our moderation hypotheses, each interacting variable was normalized around its mean value before being interacted.

FIGURE II. Moderation effects of national cultural values