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Do corporate values have value? The impact of corporate values on financial performance

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Abstract

Do corporate values affect financial performance? The observed corporate values of the Fortune Global 500 companies were inductively clustered under key attributes, and then, the attributes were grouped under value orientations. The variables used to measure financial performance were given by Fortune 500 report. Finally, the research developed and tested a new model that explored if and how the declared corporate value orientations impacted the financial performance of their organizations. The model showed that all values indirectly affected income and operational performance through human values. The paper reconciled and explained inconsistent findings in the literature over decades, redefined corporate values, and established their impact on financial performance when human values are implemented. The attention to human values is the key to harnessing the positive impact of visionary, ethical, work, and customer-oriented values.

Keywords Corporate values, Value orientations, Financial performance

Introduction

Corporate values are created and eloquently word-crafted to foster the aspired perception of the organization's stakeholders. Yet what do corporate values mean, and what value do they add? Previous research found it difficult to operationalize 'values' and consequently measure their impact on financial performance. The links were not consistent or conclusive in the few cases where values were linked to performance [42].

There is a clear gap in the literature that is addressed by our research question: do corporate values affect financial performance? Testing this will require quantifying corporate values, but can "values" be quantified? Can a normalized scale be developed to measure an organization's corporate values so their correlation with its financial performance indicators is tested?

Before delving into these inquiries, it is necessary to conduct a review of previous conceptualizations and categorizations of values. The establishment of corporate values as a concept requires clear definition, operationalization, and validation. A thorough examination of existing literature is essential to ascertain the positions taken by scholars and professionals regarding management orientations and their effects on financial outcomes. The observed corporate values were inductively clustered under key attributes and categorized under value orientations. The financial indicators provided in the Fortune Global 500 (Global 500) annual list for 2019 were used to measure financial performance. Finally, a new model was developed and tested to explain how the declared corporate value orientations impact their organizations' financial performance.

Literature review

Corporate values

Values are normative beliefs about proper conduct and preferred results [20, 38]. Values aid people seeking to make sense of behaviors or justify them [72, 76]. But these definitions focus on personal values, albeit in

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a corporate context, such as the personal value system of the manager or executive. Our focus in this article is on corporate rather than personal values. Lee et al. [48] defined corporate values as "a corporation's institutional standards of behavior."

Volk & Zerfass [87] discussed corporate values as a compass to align corporate communication, culture, behaviors, decisions, and human resources to the organization's strategy. Corporate values deserve a universal definition that captures their multiple orientations, parameters, and assertions. In this paper, we define corporate values as:

> *Visionary, ethical, and managerial orientations organizations choose to declare, promote and practice as public commitments toward all stakeholders.*

Lee et al. [48] noted that corporate values are becoming a competitive asset, and business leaders aggressively promote values as the stimulus for driving managerial excellence. Formalizing corporate values is a relatively new phenomenon triggered when Peters and Waterman [65] highlighted in their search of excellence that virtually all firms with exceptional results have a definite set of shared values. Strategy consultants discuss at length the importance of carefully choosing the corporate values [91], how to write them [86], and using them to drive corporate strategy [57]. They also warn against misusing corporate values to the detriment of performance and management credibility [8].

The subtle differences between corporate values and related concepts such as corporate cultures, codes of ethics, organizational norms, and corporate governance are well articulated by Lobrij et al. [54:906]. They draw a compelling conclusion by presenting how national corporate governance codes incorporate three layers of the corporate culture. The first layer is the corporate values, defined and aligned by the board of directors, and the second is the organizational norms, fostered and implemented by management. In contrast, the third layer is employees' behaviors and management monitoring to assess compliance with the first two layers.

Value orientations

Although the values incorporated into the economic perspective have received considerable attention [26, 34, 78], these values collectively reflect the organization's strategic intent, management philosophy [79], and corporate culture [42]. Corporate culture, in particular, whether aspired or actualized, is manifested in the choice of averred corporate values and their definitions. In the cyber world, organizations develop a firm digital handshake [10] where declared values are much more visible and articulated to stakeholders, including the general public.

Declared values reflect management's orientation, the underlying philosophy behind strategic and tactical decisions [6], and employees' attitudes and behavior [23]. After conducting a thorough review of the literature for types of business and management orientations and their effect on organization financial performance, we found five main orientations with elaborate discussions of their meaning and implementation. These five were visionary leadership orientation, customer (or market) orientation, ethics orientation, work orientation, and human orientation, which we will explain below.

Several scholars have studied the direct relationship between the orientations discussed in this paper and financial performance. The management orientations were not linked back to the corporate values that promote the management orientations. Nevertheless, we clustered the corporate values and the concepts used to define them under five value orientations (VO). The attention of scholars progressed from personal values [69, 70] to managerial values and value orientations [9, 17, 60, 66], and [90] and finally to corporate values [32, 51] and their applications across nations [16, 29, 30].

Visionary leadership

Visionary leadership orientation refers to the willingness to set farsighted goals and embrace the change necessary to attain them [81]. Tellis [81:38] noted that "success and failure are probably the results of internal cultural aspects of the firm. Important among these is visionary leadership that embraces change and is willing to cannibalize existing assets to serve customers with new technologies."

Kantabutra and Avery [37] found that visionary leadership was associated with better organizational performance when the employees felt guided by and emotionally committed to the vision. Koene et al. [43], Sully de Luque et al. [77], and Wang et al. [89] all found that visionary leadership related positively to firm performance but was mediated by employees exerting extra effort. Nwachukwu et al. [59] concluded that visionary leaders experience changes in organizational function and growth by inspiring and empowering their followers. Lencioni [49] warns that aspirational values may dilute the core values if not embraced by management and believed by all.

Gartenberg et al. [24] surveyed 500,000 workers in US firms for their perceptions of their employers' corporate purpose and reported that this measure of purpose showed no direct relationship to financial performance. However, high-purpose companies where mid-level employees had strong beliefs in their organization's purpose and clarity in the path toward that purpose experienced better performance. Likewise, Thakor and Quinn [83:1]report that although having a higher purpose for the organization dispels agency tensions and motivates employees to work harder, it always leads to lower profits. Maximizing economic output requires an intermediate commitment to a higher purpose. They explain that the mediating commitment is the organization's human orientation.

Several studies have related leadership to financial indicators such as net profit margin [43, 88], business-unit sales [3], and percentage of goals met regarding business-unit performance [31]. The relationship between leadership orientation and financial indicators is indirect [50] and affected by other internal and external variables [12, 36]. Furthermore, when selecting performance measurements, some scholars (e.g., [39, 52]) neglected to focus on the correlation between financial performance (i.e., net profits and controllable costs) and non-financial measurements (i.e., customer satisfaction and employee satisfaction). This lack of focus confounded the validity of the research findings [36].

The literature does not support a direct relationship between visionary leadership orientation and financial performance. The literature involves human orientation as the primary mediating variable, with the possibility of other internal and external mediating and moderating variables. Our first hypothesis is:

H 1 There is a statistically significant effect of visionary VO on financial performance mediated by human orientation.

Customer (or Market) orientation

Customers are the one stakeholder no company can afford to cross; therefore, having a set of values addressing the company's relationship with its customers is expected. The key attributes here are customer care and customer satisfaction as higher-order constructs. The values descriptors include *satisfaction*, customer loyalty, customer needs, value to customers; *customer care*, customer focus, passion to serve, accessibility, listen to customers, and flexibility with customers.

Kohli and Jaworski [45] suggested that market orientation includes all company business processes, spreading market intelligence, and responding to customer needs (hence customer orientation). Slater and Narver [75] (and recently [63, 73]) discuss market orientation as an organizational culture that creates customer value and satisfaction and consequently increases company profit. Zhu and Nakata [93] concluded that by influencing market performance, customer orientation contributes to business performance and consequently financial performance.

Through several mediating variables, Lytle and Timmerman [56] show that service or customer orientation significantly leads to higher financial performance. It is crucial to notice the pattern of variables mediating and moderating the relationship between customer or service orientation and financial performance [64]. Customer orientation is manifested through customer-contact employees before yielding market competitiveness and financial results. Therefore, our second hypothesis is:

H 2 There is a statistically significant effect of customer VO's on financial performance mediated by human orientation.

Ethics orientation

Organizations that subscribe to higher moral standards for dealing with the environment, the economically disadvantaged, and society articulate a set of values that affirm an ethics orientation. This set of values also encompasses notions of corporate governance, sustainable development, and corporate social responsibility (CSR). These values and descriptors include *ethical standards*, code of conduct, professional duty, integrity, honesty; *governance*, credibility, discipline, disclosure, stewardship, whistleblowing; *CSR*, sustainability, and earned respect.

In their analysis of 132 papers published in high-quality journals, Alshehhi et al. [1] found that the majority (78%) of articles discuss a favorable correlation between business sustainability and financial success. They come to the conclusion that further study is required to help people reach agreement on how sustainable business practices relate to bottom-line results. A total of 33,878 observations were pooled from 52 studies in a meta-analysis by Orlitzky et al. [62]. The results of this meta-analysis point to the positive returns that may be expected from CSR and, to a lesser extent, environmental responsibility.

Nejati et al. [58] collected data from 182 small businesses in Malaysia to confirm that small firms' responsible practices toward the environment, customers, communities, employees, and suppliers positively affect their financial performance. Jiang et al. [35], using data from 264 Chinese firms, concluded that green entrepreneurial orientation positively influences environmental and financial performance. The most recent literature suggests a positive relationship between ethics orientation and financial performance [80, 85] in large, small, and even entrepreneurial organizations of a single origin.

However, research on multinational corporations similar to the 2019 Global 500 companies' case does not corroborate the direct positive relationship [13]. It is possible that for the largest 500 corporations globally, too many markets, technological, operational, and global factors interact to shape and even impede the direct link to financial performance.

In their seminal research, Barnett and Solomon (2006) studied 72 funds that use social screening to identify more socially responsible investments. They found that financial performance varies according to social screen types. Community relations screening increased financial performance, but environmental and labor relations screening decreased financial performance. Inoue and Lee [33] disaggregated CSR into five dimensions based on voluntary corporate activities for five primary stakeholder issues to examine how each dimension would affect financial performance. They concluded that employee relations are a powerful catalyst in yielding long-term financial performance.

According to Awaysheh et al. [2], organizations with high CSR ratings do better than their competitors in terms of operating performance, but not financial performance, and are valued at a higher multiple. CSR has the potential to impact the bottom line of multinational corporations. Still, customer satisfaction, reputation, and competitive advantage [71] are external and internal factors that mediate the effect [21]. We, therefore, posit the following hypothesis:

H 3 Ethics VO significantly affects financial performance mediated by human orientation.

Work orientation

The Global 500 work orientation category combines diverse operative and pragmatic concepts, although they all pertain to the organization's performance culture. Three concepts seem to capture the essence of work orientation more than the rest: process, quality, and safety. Other concepts are antecedents, consequences, or indicators of process, quality, and safety.

Škrinjar et al. [74] found that business process orientation positively influences organizational performance but that the impact on financial performance is through behavioral factors. Kohlbacher's [44] review showed that process orientation positively affected performance, driven by commitment. The effects most often reported are rapid improvements, increased customer satisfaction, improvements in quality, reduced costs, and, consequently, improved financial performance.

Riaz and Saeed [67] maintained that firms that adopt ISO 9001 certification do not perform better financially than firms that do not assume the certification. The investors even negatively evaluated them in the short and long run. As for total quality management (TQM), Easton and Jarrell [14] conclude that most studies show a positive financial impact associated with TQM. Yet, they include some methodological limitations. O'Neill et al. [61] demonstrate that quality management orientation provides a statistically significant financial performance advantage.

Fernández-Muñiz et al. [19] studied 455 Spanish companies and found that safety management, one aspect of work orientation, positively influences financial performance. Fan and Lo [18] found that adopting occupational health and safety certification positively affects fashion and textile-related companies' sales but hurts ROA performance. Beauvais et al. [5] suggest that improved hospital safety scores are associated with better operating margins, net patient revenues, and operating income.

The evidence for a substantial direct link between work orientation and financial performance is not convincing. Work orientation includes process, quality, and safety, among several underlying variables. Any relationship to financial performance will be through management's human orientation at all levels. We, therefore, posit the following hypothesis:

H 4 Work VO's significant effect on financial performance is mediated by human orientation.

Human orientation

Human orientation, sometimes called human capital orientation, refers to values about the norms of expected and accepted behaviors and work ethics. These values have warmth and empathy nuances toward employees and society. The key values and descriptors under human orientation include *our people*, health, well-being, inclusion, diversity, development, empowerment, enablement, engagement, passion, humility, humor, openness, fairness, gratitude, trust each other, and respect for one another; *our community*, society, civic role, partnership.

Late in the last century, Lam and White [47] presented data from 14 manufacturing industries, supporting the proposition that companies with solid HR orientation performed significantly better than companies with weak HR orientation. A few years later, Ellinger et al. [15] suggested a positive association between the learning organization concept, which captures the essence of human orientation, and companies' financial performance. Zehir et al. [92] showed a strong relationship between strategic human resource management and company financial performance mediated by its entrepreneurial orientation. Kerdpitak and Jermsittiparsert [41] found a positive relationship between human resource capabilities (skills, innovation, competence, and commitment) and pharmaceutical firms' financial performance in Thailand. Umair et al. [84] show that all worker/employee attitude determinants in Korean firms significantly influenced financial performance through job satisfaction.

Table 1 Comparing the financial performance and Country of Origin of 370 companies with declared values to 130 without declared values

	Values ($n = 370$)	No values (n-130)	p value of t-test
Average Rank	229	312	0.000
Avg. Number of Employees	147,862	114,656	0.052
Avg. Rank change	4	14	0.051
Avg. Previous Rank	234	326	0.000
Avg. Revenues (millions)	72,645	44,283	0.000
Avg. Profits (millions)	5,049	2,175	0.000
Avg. Profitability %	0.07	0.04	0.000
Avg. ROA %	0.04	0.03	0.034
Avg. Assets ($millions)	294,185	194,189	0.026
Country of Origin			
USA	30%	12%	
Europe	30%	13%	
China	17%	49%	
Other	23%	26%	
Total	100%	100%	

According to Bryl [7], a strategy that is focused on human capital orientation generates above-average financial performance and profitability. This is particularly true in terms of equity growth and stock market valuation. According to De Bussy and Suprawan (2019), there is evidence that an orientation toward employees contributes more to financial performance than an orientation toward any other key stakeholder group. These primary stakeholder groups include consumers, suppliers, communities, and shareholders.

Human orientation is about human capital's development, empowerment, and motivation, directly related to financial performance. One could argue that the other four VO needs to be empowered through human means to realize financial results. We here posit the last hypothesis:

H 5 Human VO has a significant direct effect on financial performance.

Data and methods

This study attempts to answer the question: *do values have value?* Answering that question necessitated a large sample of relatively similar corporations in size, spanning a wide range of industries and countries of origin. Such a sample would support universal external validity. The corporate financial performance had to be measured using standards and currency to avoid noise due to accounting practices. All those conditions were satisfied in this paper's sampling frame, the 2019 Fortune Global 500, which signifies corporations' ultimate global ranking system based on their financial performance. The year 2019 was the last normal year before COVID-19 hit the global economy in 2020 and beyond. The world's 500 largest public corporations turned $2.15 trillion in profits over revenues of $32.7 trillion in 2018. Together, 2019 Fortune Global 500 companies represented 34 countries and employed 69.3 million people worldwide. We endeavored to extract the *declared* values, not as part of visions, missions, or embedded in the chairman's words of the 500 companies on the list, but by thoroughly perusing their websites, annual reports, public documents, and official social media platforms [82].

Only 370 companies reported one to eight declared values each. Overall, 1,649 stated or defined values. Still, 130 companies did not declare their values publicly and were discarded from the sample. A quick analysis was conducted to test whether the 130 companies that did not declare values differed from the 370 declaring values. Table 1 shows how those 130 companies had significantly less average rank, revenue, profits, profitability, assets, and return on assets. Forty-nine percent of those 130 companies were Chinese compared to 17% in the rest of the sample; 12% and 13% were American and European, respectively, compared to 30% and 30% in the rest of the dataset. A t-test was conducted to detect and report significant differences in descriptive variable and financial indicators. Despite their differences, our research focuses on the value of declared values, so they are not part of our population.

Grouping and quantification of values

We studied the 1,649 values and identified 304 unique corporate values and their definitions when given. Two

Table 2 Sample of corporate values classified under each value orientation

Visionary leadership	(15%)	Vision	Global leaders, better world culture, future
		Change	leadership, courage to change, innovation, imagination, inspiration
Customer Orientation	(11%)	Customer Satisfaction	customer satisfaction, customer loyalty, customer needs, provide value
		Customer care	customer focus, passion to serve, accessibility, listening, flexibility with customers
Ethics Orientation	(30%)	Ethical standards,	code of conduct, professional duty, integrity, honesty, trustworthiness
		Governance	credibility, discipline, disclosure, stewardship, accountability, whistleblowing
		CSR	sustainability, earned respect
Work Orientation	(29%)	Process	operational, performance, results, progress, achievement, deliver, dynamic, responsibility, process flexibility, simplicity, solutions,
		Quality	excellence, execution, standards, mastery, intelligence, persistence, teamwork, collaboration, harmony, open-mindedness, open communication
		Safety	safety
Human Orientation	(15%)	Our people	health, well-being, inclusion, diversity, development, empowerment, enablement, engagement, passion, humility, humor, openness, fairness, gratitude, trust each other and respect one another
		Our community	society, communities, civic role, partnership

professors and two professional strategy development consultants held two 6-h workshops and inductively grouped similar values until we reached twelve groups and labeled them as key attributes. Each grouping had to earn consensus, and any differences were discussed until an agreement was reached. In the final round, we combined the twelve key attributes under the five value orientations, reviewed the entire taxonomy, and labeled the value orientations using our knowledge of the literature. The five VO were labeled as previously described: visionary leadership orientation, customer orientation, work orientation, ethics orientation, and human orientation. Although this process does not produce quantitative interrater reliability, academics and professionals' deliberated consensus ensured validity that was measured quantitatively later.

Table 2 provides the corporate values grouped under each of the five VO and the key attributes of each orientation. Note that values are configured under orientations depending on their definition. For example, "trusting each other" and "respecting one another" were classified under human orientation, but to be "worthy of trust" or "earn respect" (of the stakeholders) were grouped under ethics orientation.

Normalization of value scores

Each company had five tallies indicating how many of its values were classified under each value orientation (VO). Those tallies were then normalized as VO scores (percentages) using the max–min normalization formula [53]:

$$\mathrm{VO_{norm}} = [\mathrm{VO_{tally}} - \min(\mathrm{VO_{tally}})]/[\max(\mathrm{VO_{tally}}) - \min(\mathrm{VO_{tally}})].$$

And since $\max(\mathrm{VO_{tally}}) = \text{sum of tallies}$, and $\min(\mathrm{VO_{tally}}) = \text{zero}$, the normalized VOscore in percentage form is VO score (%) = $(\mathrm{VO_{tally}} \times 100)$ / (sum of VO tallies). Therefore, if a company had four values, each tally would count for a 25-percent VO score, but if the company had five values, each tally would count for a 20-percent VO score. For example, a company declaring five values may have a tally of 20-percent visionary, 40-percent ethics, 40-percent human VO scores, and 0-percent work or customer VO scores. The five VO scores should add to 100%.

Analysis

We integrated the five hypotheses into the partial least squares (PLS) path model depicted in Fig. 1, where only human orientation directly relates to financial performance. The other four orientations indirectly relate to financial performance mediated by the human orientation. In this case, there are four financial indicators given by the Global 500: revenues, profit, profitability, and assets. The full methodology for extracting the financial indicators for the Global 500 can be found in Fortune [22]. We derived and tested an additional indicator, return on assets (profits/assets).

Fortune 500 provided a limited set of financial indicators, but Kountur and Aprilia [46][1] provided a useful classification into new dimensions based on their factor analysis. Return on assets is the highest loading variable

[1] Kountur and Aprilia [46] collected 20 financial indicators from 120 listed companies and factor analyzed them to identify 5 dimensions of financial performance: Asset-Income Performance,Operational Performance; Leverage performance; and Owner Return Performance. Our three indicators fell under the first two. The first was renamed *Income performance* since only profit and revenue were left in that dimension.

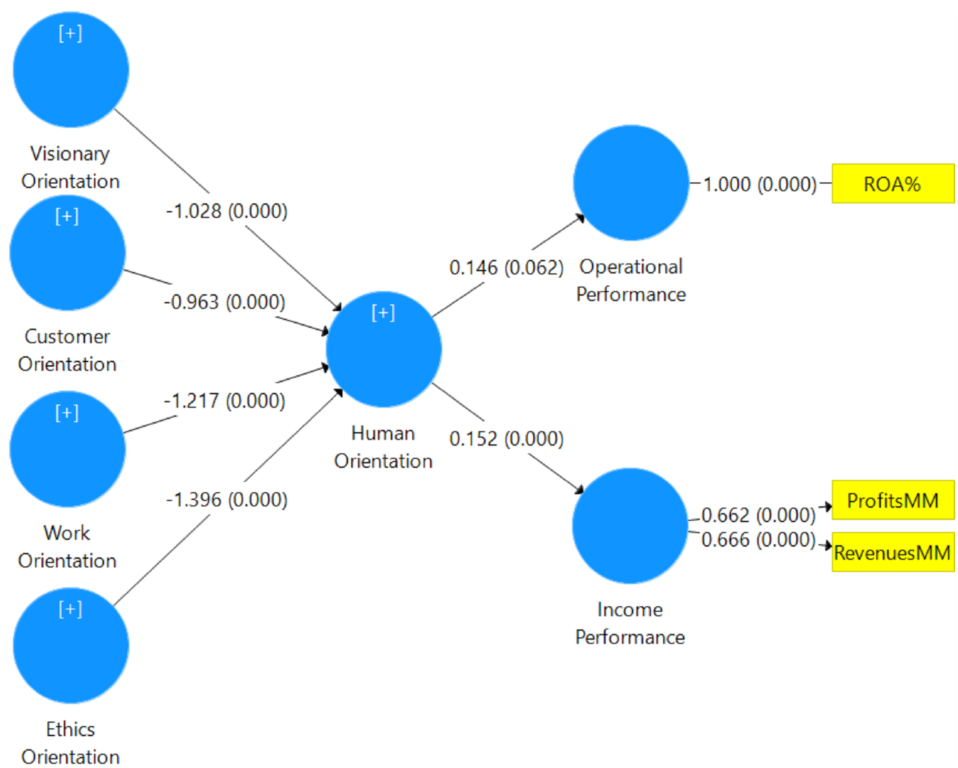

Fig. 1 The bootstrapped PLS model with path coefficients, loadings, and p-values linking the four value orientations to income and operational performance through human orientation as a mediating variable

in the "operational performance" dimension, while profitability loading was very low and was discarded. Assets, profits, and revenue belong to the second dimension, called "asset-income performance." In our model, "assets" loading was very low, and its removal improved the model fit significantly, and the latent variable was renamed the "income performance."

The full model was analyzed using SmartPLS 3.3.3 [68]. The SmartPLS assesses both the measurement and structural models. Bootstrapping of 5,000 resamples was also executed. Bootstrapping is a nonparametric resampling procedure that evaluates a statistic's variability by examining the sample data's variability rather than using parametric assumptions to assess the precision of the estimates [28].

Results

The heterotrait–monotrait ratio of correlations (HTMT) proposed by Henseler et al. [27] was used to evaluate discriminant validity in variance-based PLS. The model has acceptable discriminant validity because all off-diagonal correlations are below 0.40, which is significantly lower than the threshold of 0.80 proposed by Henseler et al. (see Table 3).

For a good fit, the PLS model should have an SRMR of less than 0.08 and an NFI of more than 0.9 [68]. The PLS model showed an excellent fit, SRMR = 0.074, NFI = 0.971 (see Fig. 1). Our model showed significant direct effects (all $p < 0.01$) to the human orientation from the visionary orientation ($b_1 = -1.028$), customer orientation ($b_2 = -0.963$), work orientation ($b_3 = -1.217$), and ethics orientation ($b_4 = -1.396$) supporting the five hypotheses as depicted in Fig. 1. The negative effects are expected, given that the higher the human orientation score, the greater the probability other orientations' scores will be less since all five scores always add up to 100 percent for any firm. Nevertheless, the human orientation had a significant direct positive effect ($b_5 = 0.152$, $p < 0.01$) on income performance, and a less significant effect ($b_6 = 0.146$, $p = 0.055$) on operational performance supporting H5.

Discussion

Theoretical implications

This article structured values under the value orientations with a reliable methodology. This structure will enable researchers to develop and test hypotheses about the relationships between those values and organizational,

Table 3 Discriminant validity heterotrait–monotrait ratio of correlations (HTMT) analysis

	Customer Orientation	Ethics Orientation	Human Orientation	Visionary Leadership	Work Orientation
Customer Orientation	1.000				
Ethics Orientation	−0.342	1.000			
Human Orientation	−0.173	−0.251	1.000		
Visionary Leadership	−0.128	−0.341	−0.129	1.000	
Work Orientation	−0.148	−0.383	−0.288	−0.246	1.000

behavioral, strategic, and performance constructs. The research also established how the value orientations relate to financial performance and tested the proposed conceptual model.

The PLS results posit that all values indirectly affect income and operational performance through human values. The results also concur with the most significant global study findings regarding sample size and quality, conducted on a comparable sample by the Aspen Institute [40:10]. Booz Allen Hamilton and The Aspen Institute invited approximately 9,500 senior executives from 365 companies in 30 countries worldwide to participate in a global study. The objective of their research was to understand how companies deal with the challenges of managing values. Public companies who categorized themselves as leaders in their industries and whose financial results for the past three years were at least 10 percent ahead of industry competitors were labeled *financial leaders*.

Kelly et al. [40: 4] report that 98 percent of these confirmed financial leaders include ethical behavior/integrity in their values statements, compared with 88 percent for other public companies. Financial leaders emphasized more commitment to employees (88% vs 68%), honesty/openness (85% vs 47%), and drive to succeed (68% vs 29%). Forty-two percent of financial leaders stressed adaptability in their values statements, compared to only nine percent for other public companies.

Only financial leaders have come closer to deriving financial performance from values. They relied on a diverse set of values achievable through the human orientation values of commitment to employees, openness, engagement, empowerment, and trusting and respecting one another. These financial leaders set the example for their people to link corporate values to strategy and reflect them in management decisions.

Neither professors nor professionals have acquired adequate knowledge and insight to formulate and manage corporate values in a way that makes a difference financially. While values are standard practice for complementing and, sometimes, garnishing corporate strategies, their value is still questioned. We agree with Kelly et al. [40: 9] that "the next set of imperatives is for business leaders to move from talking about values … to embracing them to drive corporate performance and change." Gehman et al. [25] discussed the chasm between the declared and the practiced values, explaining the lack of a direct relationship between the four VO and financial indicators.

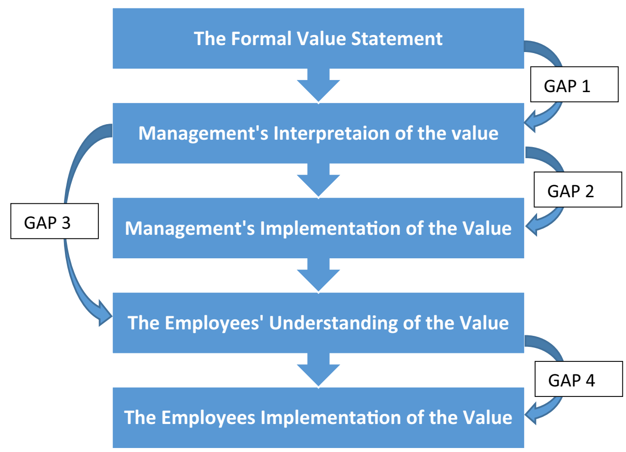

Fig. 2 The four gaps between values and their implementation

We propose the four gaps thesis in Fig. 2 to articulate the chasm. The first gap is between declared corporate values and management interpretation of these values, which varies from one executive to another and from one context to another.

Moreover, there is a second gap between management interpretation of the corporate value and its implementation. Then, there is a third gap between how executives communicate their understanding of corporate values to the employees and what the employees understand [49]. Finally, there is a fourth gap between employees' interpretation of the values and their actual implementation on the ground.

The four gaps operate in a noisy environment, and the noise of pressures from the markets, targets, and life-demands [55] further increases the gaps. These pressures work in different and sometimes opposite directions to dissipate the mental energy needed to close the gaps and realize financial results. It is also clear that tools and scales to measure and close the four gaps are open to future research. After all, you cannot manage what you cannot measure. The four gaps framework and its empirical validation are available for future research to explore and validate.

Limitations and future research

This first limitation was using Global 500 of 2019, as it was the last normal year before the pandemic and geopolitical instability clouded and blurred such data. One illustration is the rise of information technology-, telecom-, and e-commerce-related companies. But as global trading and industry adapt and stabilize, replication will be needed to represent the new normal.

Another limitation is dealing with the five value orientations as mutually exclusive and collectively exhaustive when probably that is not the case. Technology and digital transformation have become a potential new value orientation accelerated by the pandemic. Our research showed that other exploratory methods, such as cluster analysis, may shed new light on the value orientations working together simultaneously rather than sequentially.

A limitation of the aggregation of 500 global companies is merging several cultures that may favor or frown upon specific values and confound the findings. But within the Global 500, subgroups can be created by region or industry, which may yield interesting data to compare and contrast. There is an open arena for qualitative research to explore corporate values and value orientations in every dimension, with several implications, and from all perspectives.

Conclusion

All five corporate value orientations were identified to affect the Global 500 club members' operational and income performance, but only through human orientation. The message is clear and straightforward: reinforcing human values is the only path toward activating corporate values and garnering financial results. This research affirms that the new work culture and the priority organizations place on human capital promise higher returns on income and operational performance dimensions.

Effective human orientation gives a boost to customer orientation, credibility to ethics orientation, meaning to work orientation, and significance to visionary leadership.

Abbreviations

VO	Value orientations
CSR	Corporate social responsibility
TQM	Total quality management
ROA	Return on assets
HR	Human resources
Min or max	Minimum or maximum
HTMT	Heterotrait–Monotrait ratio of correlations
PLS	Partial least squares
SRMR	Standardized root-mean-squared residual
NFI	Normed fit index (NFI) or Bentler and Bonett Index

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Availability of data and materials
The datasets generated and/or analyzed during the current study are available in Taher, A. (2023, July 5). Dataset Values Fortune 2019. http://www.osf.io/6d4pw

Declarations

Ethical approval and consent for participate
Not Applicable. All data are secondary.

Consent for Publication
All data are secondary not requiring consent for publication.

Competing interests
The author has no relevant financial or non-financial and no conflicts of interest to declare that are relevant to the content of this article.

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