Value Dissonance at Work*

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Abstract

Large organizations often require employees to collaborate with others who may see the world differently. Yet, little is known about whether misalignment in personal values with managers or colleagues affects performance. Using survey and administrative data from a world-leading bank, we find that employees who don't share their manager's values perform worse, with a stronger effect in *objective* productivity measures than subjective evaluations. This result is not explained by diversity in demographics or misalignment with organizational values. The productivity loss going from the least to the most misaligned worker is nearly four times greater than the impact of having a manager of a different gender. Differences in values with teammates do not have similar performance consequences. We provide evidence consistent with a decline in both employee-led communication and *morale* when workers have values different from those of their managers. Our findings reveal the important but often-overlooked influence of diversity in personal values on organizational performance.

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1 Introduction

Productivity differences between organizations are large, and understanding where they come from remains a central question for researchers and practitioners alike (Syverson, 2011; Hoffman and Stanton, 2024). Organizational culture has been proposed as one of the key factors driving these differences, as it shapes how people collaborate and work towards common goals (Weber and Camerer, 2003; Guiso et al., 2015; Gibbons et al., 2021; Dessein and Prat, 2022; Bennedsen et al., 2024). While relevant to explain variation across organizations, it is unclear to what extent organizational culture can contribute to explain the perhaps equally important heterogeneity in productivity within large organizations.

A common perspective suggests that employees who align with their organization's values perform better (Besley and Ghatak, 2005; Zoutenbier, 2016; Spenkuch et al., 2023). However, this view overlooks the fact that employees bring their own values to the workplace, leading to potential misalignment not only with the organization but also with managers and peers (Ashraf and Bandiera, 2018; Guadalupe et al., 2020). For instance, a manager who prioritizes responsibility and hard work may struggle to connect with employees who value imagination and self-expression. This misalignment is especially important because the employee-manager relationship plays a key role in both individual and organizational performance (Lazear et al., 2015; Fenizia, 2022; Hoffman and Tadelis, 2021; Haegele, 2022; Minni, 2023; Hoffman and Stanton, 2024; Benson and Shaw, 2024). While research has examined incentives and socio-economic differences between managers and workers, the role of personal values remains underexplored.

Personal values guide individual decision-making in all aspects of life, including civic participation, consumption decisions, occupational choices and moral behavior. Within organizations, personal values can shape how employees make decisions, communicate, delegate, share knowledge, and respond to incentives (Schein, 1999, 1985). Yet, personal values are rarely measured or considered in hiring or team allocation decisions, potentially leading to substantial diversity in values across workers, managers, and colleagues who work together. To what extent do these differences in personal values, independently of those of the organization, influence performance? This is the main question we ask in this paper.

In this study, we use rich cross-sectional and panel data from a world-leading bank with over 200,000 employees to examine how personal value differences between employees, managers, and colleagues impact individual performance. Following the approach of Baker et al. (1994) and Lazear (2000), we partnered with a single organization that provided detailed data on employees' values and performance. We believe the financial sector is an

interesting test case for our research questions, as workers often prioritize financial benefits over value alignment when sorting into this industry. If value misalignment has measurable effects in this setting, its impact could be even stronger in industries where employees care more about value alignment.[1]

We conducted a large-scale survey asking managers and employees to identify the personal values they deem most important to teach children. To choose which values to focus on, we draw on a well-established empirical framework and use a core question from the World Value Survey (*henceforth* WVS), which lists eleven equally valid and good principles (e.g., religiosity, thrift, unselfishness) that are not necessarily tied to workplace productivity.[2] Respondents are asked to rank their top five values from this list.

To assess the reliability of our value measurement, we argue that the WVS question is likely to accurately reflect workers' personal values and provide supporting evidence for this claim. Our data also show that there are limited differences in value rankings across demographics groups (e.g., men vs women, older vs younger workers), and that observable characteristics are poor predictors of personal values. These patterns imply that our survey instrument is able to capture differences across individuals which are not well explained by commonly-studied sources of diversity, such as gender or age. Additionally, based on previous research and WVS data, we show that personal values tend to be stable over time, making it less likely that the relationship with performance is driven by reverse causality.

By comparing responses to our values questions between each employee and their teammates or manager, we calculate two main types of value misalignment at the workplace: *vertical actual misalignment (VAM)*, which occurs between employees and their managers, and *horizontal actual misalignment (HAM)*, which occurs among peers. For each type, we use three different methods to compare value rankings, and our findings remain consistent across all three measurement approaches. Importantly, we find no strong evidence that employees in this organization systematically sort into teams based on personal values, implying that our measures of misalignment are largely unaffected by potential endogenous team formation.

To examine the impact of misalignment, we analyze five dependent variables that reflect organizational outcomes and internal career progression (Gibbons and Waldman, 1999a; Hoffman et al., 2018; Hoffman and Tadelis, 2021): financial performance (a *harder* produc-

[1] Our partner organization is representative of other large firms within the banking sector (such as those described in Cullen and Perez-Truglia (2023) and Bircan et al. (2022)) and shares similarities with other recently studied multinational firms (Minni, 2023, 2024; Ashraf et al., 2024b).

[2] See more details here: https://www.worldvaluessurvey.org/wvs.jsp.

tivity measure), behavioral performance (a subjective measure), exit, intent to stay, and promotions. The first four variables are available in our cross-sectional data, while financial and behavioral performance, exit, and promotions are present in our panel data.

Using our cross-sectional dataset—covering over 35,000 workers across more than 50 countries—we find that *VAM* is negatively related to performance, with a stronger effect on the harder productivity metric, but not turnover. A one-standard-deviation decrease in *VAM* is associated with a 1% increase in the harder performance metric. Moving from the least to the most misaligned worker reduces productivity by 6%, which represents roughly *four times* the effect of having a manager of a different gender (which is also related with a decline of performance in our setting). We also find some evidence that *HAM* is negatively associated with turnover.

To put our results into the broader context of the impact of diversity on performance, we conduct a meta-study of 14 papers that examine how demographic differences with peers or superiors, such as in ethnicity or gender, influence individual performance. From this review, we draw two key conclusions. First, to the best of our knowledge, no prior empirical research has attempted to quantify whether and why misalignment in personal values between employees and their managers affects performance. Second, our findings on the costs of value misalignment, as well as on the costs of diversity in other demographic variables, fall within the range of estimates reported in these studies.

We provide evidence that our main results are not driven by specific values reported by employees or managers, demographic differences manifesting through value misalignment, managers' or colleagues' performance, or overall misalignment with the organization. We further show that VAM only affects workers' productivity, not managers', and that our results remain robust even after adjusting for multiple hypotheses testing.

We then explore whether misalignment effects arise from values that predict performance in our setting (e.g., responsibility, hard work), or from non-performance-related values (e.g., imagination, religiosity). Our results indicate that misalignment in values not related to performance is equally, if not more important than that in performance-relevant values in explaining the observed effects, suggesting that value differences matter beyond their presence in the production function.

Although the cross-sectional dataset is large and includes respondents from diverse backgrounds and contexts, it does not account for unobserved differences between workers. To strengthen our identification strategy, we use a smaller dataset tracking UK employees over three years, which allows to control for both observable and unobservable individual-level dif-

ferences. Changes in team composition due to project timelines, replacements, and internal moves provide variation in value alignment. This analysis confirms that VAM significantly decreases workers' harder productivity metric, while it has no effect on the soft performance measure, turnover or promotions. The panel data reinforces that HAM does not affect performance and, unlike the cross-sectional analysis, also shows no impact on turnover.

Our strongest evidence using the panel data comes from analyzing workers who initially have high misalignment with their manager but see this misalignment decrease after a managerial switch. We compare these workers to others who also experience a managerial switch but continue to face high levels of misalignment. The results show that the first group improves their performance *vis-à-vis* the group whose misalignment levels remain high despite the switch. For workers who initially have low misalignment, we find a qualitatively similar result: an increase in misalignment reduces hard productivity.

Since the link between HAM and turnover is not robust across different methods, we focus on exploring potential mechanisms behind our main finding: the negative performance effects of VAM. We rule out managerial biases as our main channel (Carrington and Troske, 1998; Giuliano et al., 2009; Colonnelli et al., 2022; Abel et al., 2024). Factors such as mentoring and perceptions of autonomy, fairness or recognition for good performance also fail to consistently explain the effect of VAM on productivity. We find evidence of an association between vertical misalignment and reduced *morale* –as in Spenkuch et al. (2023)– which in turn may explain the performance effect of VAM. Nevertheless, our strongest findings suggest that disrupted communication between workers and managers is the primary driver of the VAM performance costs.[3] Misaligned workers are less likely to discuss progress, participate in informal meetings, voice concerns, or feel psychologically safe. This communication breakdown can weaken collaboration, harming performance (Lazear, 1999a; Sandvik et al., 2020; Harju et al., 2021; Adhvaryu et al., 2021; Cai and Wang, 2022; Adhvaryu et al., 2022b; Hager et al., 2023; Impink et al., 2024). This finding on communication aligns with Braghieri et al. (2024), which shows that people tend to prefer interacting with others who share their political ideology.

In the final part of the paper, we propose three ways organizations can address value misalignment and its impact on performance. For external validity, we support this discussion with evidence from an additional survey we conducted with 250 financial-sector employees on Prolific. First, fostering psychological safety can help reduce the costs of value differences by encouraging open communication and trust (Edmondson, 1999; Castro et al., 2022). Our

[3] In a simple mediation analysis (Heckman and Pinto, 2015), we find that the communication variables have roughly twice the explanatory power of worker morale variables.

prolific survey supports this idea, with 81% of respondents reporting that better communication could help mitigate the challenges of value diversity. Second, organizations can improve team assignments to enhance value alignment. However, this approach has risks, including employees misreporting their values and possible drawbacks for creativity and innovation.[4] Our prolific survey also highlights a gap in current practices, with two-thirds of employees feeling their values were not considered in team assignments. Finally, our findings show that perceptions matter. Workers who accurately know their colleagues' values tend to be more productive. This suggests that organizations can improve performance not just by aligning values but also by helping employees better recognize and interpret value differences within their teams.

Related Literature. We contribute to four streams of literature. First, one important area of research explores how "intangibles" contribute to a firm's performance, highlighting factors like organizational culture, values, and shared norms (O'Reilly III et al., 1991; Weber and Camerer, 2003; Schein, 1999, 2010; Guiso et al., 2003, 2015; Chatman and O'Reilly, 2016; Gartenberg et al., 2019; Ashraf et al., 2020; Gartenberg and Zenger, 2023; Guadalupe et al., 2020; Gibbons et al., 2021; Bennedsen et al., 2024). Our work builds on this literature by demonstrating that these intangible elements help explain productivity differences not only between firms but also within a single organization. Specifically, we demonstrate that value misalignment among employees can drive variations in performance, even when controlling for other factors previously emphasized in the literature.

A particularly relevant study by Guadalupe et al. (2020) finds that highlighting an individual's unique identity can weaken their attachment to the organization. We extend this idea, showing that value differences within the workforce can create conflicts with organizational productivity objectives. Ashraf et al. (2020) compares bankers' values with societal values across countries, finding that employees lower in the hierarchy hold values closer to societal norms than those at the top. Our paper differs in several important ways from this previous study. First, we construct *novel* granular measures of misalignment within teams, distinguishing between employees' value distance with managers or teammates. Second, we explore the relationship between these measures and several workers' workplace outcomes, including turnover and promotions, which the previous study does not address. Finally, while the previous study offers descriptive insights into bankers' values, our focus is on uncovering and interpreting the connection between misalignment and performance, and identifying

[4] Aligned with this intuition, we find suggestive evidence that value misalignment is particularly costly in bank roles that require little creativity. To measure creativity in different roles, we web scraped all of the bank's online job postings and analyzed their listed requirements using a supervised learning algorithm.

potential channels using a range of methodologies and samples.

A second area of research examines the benefits and challenges of diversity within firms, typically focusing on observable aspects like gender or ethnicity (Lazear, 1999b; Prat, 2002; Alesina and Ferrara, 2005; Hamilton et al., 2012; Apesteguia et al., 2012; Bednar and Gicheva, 2014; Hjort, 2014; Flabbi et al., 2019; Marx et al., 2021; Lowe, 2021; Azmat and Boring, 2020; Bircan et al., 2022; Cullen and Perez-Truglia, 2023; Alan et al., 2023; Benson et al., 2024). We contribute to this literature by exploring less visible forms of diversity, like personal values, and show that these differences matter for performance, even when visible diversity is accounted for.

Third, our research contributes to the growing body of literature on communication within organizations (Battiston et al., 2020; Sandvik et al., 2020; Harju et al., 2021; Adhvaryu et al., 2021; Cai and Wang, 2022; Adhvaryu et al., 2022b; Espinosa and Stanton, 2022; Castro et al., 2022). Our findings suggest that investing in tools and strategies to enhance communication can help mitigate challenges stemming from value misalignment, offering a compelling rationale for adopting communication technologies to bolster team cohesion and productivity. This perspective builds on the seminal work of Bloom and Van Reenen (2007) and Bloom et al. (2012), which demonstrated that better managerial practices—such as performance dialogue—are strongly correlated with improved firm-level productivity and profitability. By extending this line of inquiry, we highlight the critical role of communication in driving organizational performance.

Finally, our research contributes to the growing work in personnel economics which seeks to understand the role of managers in organizations (Hoffman and Stanton, 2024; Benson and Shaw, 2024). There is strong evidence that middle managers influence workers' and organizational outcomes (Benson et al., 2019; Frederiksen et al., 2020; Friebel et al., 2022; Fenizia, 2022; Adhvaryu et al., 2022a; Metcalfe et al., 2023; Minni, 2023; Adhvaryu et al., 2024). We contribute to the debate on which specific manager characteristics influence worker productivity. For example, Benson et al. (2019) highlight the importance of managers' skills as employees, Hoffman and Tadelis (2021) focus on social skills, and Fortin et al. (2022) and Cullen and Perez-Truglia (2023) examine the effects of gender differences between managers and workers. Our analysis shows that even after controlling for some of these skills and socio-demographic differences, misalignment in personal values between managers and workers harms productivity.

The rest of the paper is organized as follows. Section 2 provides details about the institutional context, the partner organization, the main variables used in the analysis, and the

measurement of misalignment. It also discusses the extent to which employees self-select into or out of teams based on values. Section 3 presents our main findings on the negative relationship between misalignment and productivity. Specifically, sub-section 3.2 uses the rich variation of our cross-sectional data to isolate our core results from potential confounders and interpret them. Sub-section 3.5 instead exploits the panel structure of our UK sample to improve the identification of the effect of vertical misalignment on performance. Section 4 explores potential mechanisms and Section 5 discusses organizational implications. Section 6 concludes.

2 Empirical Setting and Data

In this section, we outline our empirical setting, beginning with an overview of the banking sector and describing how our partner organization is representative of large banking institutions (sub-section 2.1). We then describe our approach to measuring personal values, including survey design, response rates, and our arguments in favor of the stability of personal values over time (sub-section 2.2). Next, we detail our main dependent variables, explain how we quantify both vertical and horizontal misalignment (sub-sections 2.3 and 2.4) and describe our main datasets (sub-section 2.5). We end this section by discussing the possibility of selection effects, where workers choose to join or leave teams based on their personal values (see section 2.6).

2.1 Banking Sector and our Partner Organization

Banking Sector. Banking is an interesting setting for studying employees' values for two different reasons. First, sorting into the industry is usually driven by financial and career incentives, rather than personal values. According to a survey conducted by the CFA Institute in 2023, graduate students around the world are willing to give up the possibility of making a positive social and environmental contribution for the higher salaries and career perspectives offered by jobs in the financial sector.[5] Thus finance is an industry where one would expect value dissonance to matter relatively less in explaining heterogeneity in performance. The implication is that our results can be interpreted as a lower bound of the

[5]Respondents report that having a "good salary" is the most important reason for choosing an employer, and indeed consider a job in finance as their most desirable career choice. Even if 91% of respondents state that they care about making a positive social and environmental contribution, finance is ranked by them among the industries with less scope for achieving such contribution. See the survey results here: www.cfainstitute.org

effect that value dissonance can have on performance in other industries in which personal values play a more important role in employees' selection.

Second, since the 2008 financial crisis, the banking corporate culture has been under intense scrutiny. The crisis uncovered a widespread dysfunctional culture in the sector, with workers focused on financial gains even when achieved in an unethical way, encouraged to be greedy and to tolerate dishonesty (Cohn et al., 2014; Rahwan et al., 2019). Since then, large investments have been made to measure and change culture.[6] The changes in banking culture over the last decade make the study of value dissonance even more significant. On the one hand, regulators' attempts to reshape the business culture may reduce the scope for personal values to influence workplace behavior. On the other hand, differences in personal values between workers and managers or among colleagues may loom larger within a more homogeneous organizational culture, becoming more relevant in affecting performance.

Partner Organization. The data used in this paper comes from a partnership with one of the world's largest banks. The bank has over 200,000 employees and operates in more than 50 countries. In the UK, the bank has over 30,000 employees and more than 500 offices.

While we cannot claim that the partner organization is representative of all banks or firms, we believe that it is very similar to many other global banks, either in terms of organizational structure or employees' incentives.[7] Overall, our setting is very similar to the financial sector organizations described in Cullen and Perez-Truglia (2023) and Bircan et al. (2022). The bank comprises more than ten business divisions, with the largest being retail banking, commercial banking, and IT. Each of them can be branched into country-level divisions with some degree of autonomy, or be operating only at a global level from the headquarters. Performance scorecards are used to align the bank's strategic objectives with incentives at different hierarchical levels, including those of the board and executive directors. High-level scorecards are cascaded to business lines and regions, which then decide how to set specific objectives for their personnel depending on their roles.

Employees are classified into nine hierarchical levels ("career bands"), which vary in managerial responsibilities and pay grade. The top career bands represent around 5% of the

[6] For instance, in 2015 the U.K. banking sector created the Banking Standards Board (BSB), a body meant to measure and promote good practice among banks. In the Netherlands, bank leaders must swear an oath to put the customers' interests first (Zaring, 2017). In the US, Goldman Sachs reacted to a large fine by the Securities and Exchange Commission (SEC) by launching a fundamental review of its practices and culture (The Economist, 2013).

[7] For a discussion of common patterns and challenges in the organizational design of global universal banks see Canals (1997).

total workforce and 40% of employees belong to the two bottom entry levels. As documented in Cullen and Perez-Truglia (2023) and Bircan et al. (2022), women represent around 60% of entry-level positions, but become a minority in top levels (30% in our bank).

Earnings across career bands consist of both a fixed and variable component, with the variable component increasing in both level and proportion as an employee advances in the career ladder. Annual performance-based bonuses are relatively large, going from a minimum of 5% of a worker's annual salary at lower levels to 25% or more at higher levels. Variable remuneration levels for an employee are a function of their performance and the budget available for a given division. Performance is assessed based on two main metrics, which we describe in section 2.3.[8]

Overall, while the bank is representative of similarly large firms in the financial sector, it also shares many features of multinational companies (studied, for instance, in Minni (2023, 2024); Ashraf et al. (2024b)), such as a complex organizational structure, a diverse workforce, and the need to navigate various legal and regulatory frameworks.

2.2 Survey Question on Personal Values

In May 2017, we collected data on employees' personal values. To follow the standards of the literature and assure comparability with other work, we based our survey question on the World Value Survey (henceforth WVS). The question asked is as follows:

> Here is a list of qualities that children can be encouraged to learn at home. Which do you consider to be especially important? Rank the top 5.

Respondents had to choose among the following eleven values: Independence, Hard work, Feeling of responsibility, Imagination, Tolerance and respect for other people, Thrift and saving money/things, Determination and perseverance, Religious faith, Unselfishness, Obedience, Self-expression.

We believe that the phrasing of this question and answer choices can accurately capture respondents' true personal values while minimizing the risk of misreporting. First, as Ashraf et al. (2020) argue, asking about values that are important for hypothetical children may mitigate concerns with social desirability bias (Fisher, 1993). Second, all the values shown to respondents are "good", so there is no clear answer that respondents could select to project a favorable image of themselves. Third, the ranking of values for employees with or without

[8] We do not have access to information on wages or bonuses.

children is very similar, supporting the idea that respondents think about their values in general and not in relationship with their specific parenthood status (see Figure A1a, top panel-.

Response Rate. Our values question was included in the organization's annual Census, an online survey sent to all bank employees that gathers information on demographics, engagement with the bank, beliefs about colleagues, and working conditions. At the end of the survey, our section on individual values was randomly displayed to 40 percent of participants (to limit the average survey duration). Since the final Census response rate was 42 percent, 17 percent of all bank employees completed the personal values survey (with only 3% refusing to reply to the values question). A total of approximately 95,000 employees participated in the Census, with 38,800 employees responding to the values questions across more than 50 countries.

The 40 percent display rate was not stratified by gender, race, age, or other variables, which may result in statistical differences in the characteristics of respondents to the personal values section versus respondents of the broader Census. Table A1 compares the observables of respondents to our values questions with the rest of the Census sample, and reports normalized differences following Imbens and Rubin (2015). There are no sizable differences in the great majority of job characteristics between respondents to the values questions and the overall survey population. While our sample slightly under-represents bankers over 50 years old and those in mid-career bands, the normalized differences are very small across all tested variables. Importantly, managers were just as likely as employees to respond to the values survey.[9]

Stability of Individual Values. We interpret the reported values as stable in the period considered for our analyses (3 years) for four different reasons. First, within a country and according to the WVS, population-wide rankings of personal values are stable over time. Figure A1b (middle panel) uses three WVS waves and plots the average change in the ranking of values of a country across two consecutive waves. On average, value rankings change by less than one position between two consecutive waves (5 years from each other). Second, answers to our questions have been used as proxies for the inter-generational transmission of values and empirically shown to explain country-level preferences that slowly change over time. By being correlated with preferences and/or other sticky processes, our metrics are

[9] A useful aspect of our data is that top managers also responded to our values survey, which helps separate misalignment with the top of the bank from misalignment with direct managers (sub-section 3.3).

unlikely to be very volatile at the individual level.[10] Third, some studies specifically examine the stability of values. For example, Glaeser et al. (2000) combines experimental and survey data to show that trustworthiness and the individual traits that foster trust have a stable component. Bazzi et al. (2020) argue that values related to individualism tend to persist over time. Guiso et al. (2003) provide evidence that thrift remains stable across generations, using religious background as a proxy. Similarly, Tabellini (2010) shows that values such as trust, individualism, and obedience persist over time, as they are correlated with historical institutions. Fourth, we can argue in favor of the stability of values using a more direct empirical exercise in our data. If values are not stable and are influenced by the specific culture of the bank, they may change over time as workers spend more time inside the organization. Figure A1c (bottom panel) shows the proportion of employees that selected a given value in their top 5, for each of the 11 values we asked about, by low- and high-tenure employees. These two distributions are very similar. In other words, this figure shows that the amount of time people spend in the organization does not significantly change the values they say they care about.

2.3 Performance and Retention Outcomes

We combined the survey data with personnel records and Human Resources (HR) data to create five dependent variables. The first three variables are available in both our cross-sectional and panel datasets. The fourth variable is only available in the cross-section analysis, while the fifth is only available in the panel data analysis. The first two variables (on performance) represent our primary outcomes of interest.

1. *Financial Performance*: This is the assessment of an employee's performance relative to the expectations for their role. Such expectations are usually written down in the form of concrete objectives in a scorecard, set on an annual or bi-annual basis. Scorecards are specific to an employee's role rather than to an individual (e.g., all relationship managers of small firms would have the same scorecard). For instance, employees managing clients' portfolios have performance objectives consisting of financial performance indicators (e.g., the profitability of their portfolios, sales). Employees in

[10] In a study on the relationship between trust and regulation, Aghion et al. (2010) use the WVS measures of desired children's values as proxies for family civic education. In a similar vein, Bauer et al. (2014) use these variables to study the role of children's socialization in other-regarding preferences. More recently, Doepke and Zilibotti (2017) and Doepke et al. (2019) use these measures as proxies for different parenting styles (e.g., authoritarian, relaxed) and show that they are correlated with a variety of country-level macroeconomic conditions such as income inequality, the return to education, and redistributive policies.

the back office may be evaluated on the achievement of objectives such as the delivery of new digital processes or the number of assistance requests successfully solved. An important feature of our setting is that the goals listed in scorecards are determined by managers at the division level, and not by the worker's direct manager.

2. *Behavioral Performance*: This is the manager's assessment of whether the employee has "good behavior" and displays qualities such as integrity, cooperation, and connection with the customers. Relationships with customers are particularly important as two in five employees are in client-facing roles. While this measure can also be based on scorecards, objectives are less verifiable and mainly rely on the manager's opinion. This is thus a "soft" performance measure. We interpret this performance metric as a measure of people skills (Hoffman and Tadelis, 2021).

Both behavioral and financial performance are measured on a scale from 1 (minimum) to 4 (maximum). They are jointly considered to determine employees' annual bonuses. While financial performance is not entirely objective, it is much less influenced by a direct manager's personal judgment compared to behavioral performance. This is because financial performance is based on trackable objectives set at the division level, rather than by the direct manager. Additionally, bonus payments are decided by division-level meetings where managers may be asked to justify their scores against available evidence, ensuring a structured and standardized assessment. Given these factors, we consider financial performance a *relatively* "hard" productivity measure, as it relies more on predefined targets and multi-level oversight, making it significantly less subjective than behavioral performance.

3. *Exit*: Turnover is another important organizational outcome (Hoffman et al. (2018)). This is also particularly relevant for the bank, which has a high turnover rate. We have information on whether an employee left the bank between 2017 and 2020, along with their exact leave date.

4. *Intent to Stay*: In our cross-sectional data, we include a measure of how long the person would like to keep working for the bank. This variable is taken from the Census survey and it is measured on a scale from 1 to 4, where 1 means "Less than a year", 2 "From 1 to 2 years", 3 "3 to 4 years" and 4 is "5 years or more".

5. *Promotions*: In our UK panel dataset, we track promotions, which we define as an employee moving up one or two levels in the career hierarchy (Gibbons and Waldman, 1999a,b; Waldman et al., 2012).

Table 1 shows descriptive statistics for these variables in our cross-sectional dataset. There is a large dispersion in the financial performance variable, with a mean of 2.7 and a standard deviation of 0.8. Behavioral performance has instead a more compressed distribution, with 3 being the modal score given to 79% of the sample. About 30% of the sample left the partner organization between 2017 and 2020. Finally, about 65% of the surveyed employees said they would like to stay for over 4 years in the bank. Table A2 shows descriptive statistics for the outcome variables available in the UK panel. The distribution of performance variables in the UK is very similar to the cross-section, while exit rates are lower (15% over two years). 19% of employees go through a promotion in the study period.

2.4 Measuring Misalignment in Personal Values

Identifying Teams. Our HR data include detailed positional identifiers, enabling us to determine each employee's teammates and manager. A team consists of all employees who share the same manager. The median team in the bank has 10 workers, 10% of employees belong to teams with less than five employees and less than 1% of employees are in teams with more than 90 colleagues. As respondents to our values survey represent approximately 20% of the whole employee basis, our median team size in the analysis data is 3 (with a standard deviation of 2.25). In terms of selection into the survey, Figure A2a (top panel) shows that teams with at least one survey respondent tend to be larger than teams that have no respondent. But importantly, Figure A2b (bottom panel) shows there is no robust and statistically significant correlation between the fraction of survey respondents in the team and the average team value misalignment.

Two Types of Misalignment. To study the relationship between value misalignment and performance, we need to quantify the distance between a given employee's values and the values of their colleagues and/or managers. We construct the following two independent variables:

1. *(VAM) Vertical Actual Misalignment: value misalignment with the manager*
2. *(HAM) Horizontal Actual Misalignment: value misalignment with team members*

These variables measure the actual distance between the focal worker and the reported values of others (their manager or colleagues). To construct these variables, we use the answers provided by employees and managers to our main question in the values' survey. For VAM, we compute the value distance between the focal employee and her manager.

For HAM, we average the misalignment that the focal employee has with every other team member excluding the manager.[11]

Quantifying Misalignment. A challenge in constructing indexes of value misalignment in our data is that we only asked respondents for partial rankings, thus we cannot simply compute an Euclidean distance between vectors. We overcome this issue by using mathematical tools that compute the average distance between top-k lists, defined as rankings where only the top k members of the ordering are observed. Our preferred measure is called Kendall τ and averages the difference in ranking between pairs of values, giving the same weight to highly- or poorly-ranked values. This is our preferred metric as it puts more weight on differences between ranked versus unranked values rather than differences in the exact position of a value within the top-five range. We find it plausible that the selection of workers' most important values (those listed among their top 5) are more stable compared to the specific order within the ranking.

To show that our results are not driven by the methodology used to construct values misalignment, we also apply two alternative measures:

- Spearman ρ: this measure averages the absolute distance in ranking across values between two respondents, giving the same ranking to every un-ranked value;
- Share of non-common top-5 values: this measure computes the share of values (out of a worker's top 5) which is different between colleagues and/or the manager.

Appendix A.1 explains the procedure to calculate the three misalignment measures. In the next sections, we will present the results and demonstrate that the main findings remain consistent even when using the two alternative misalignment measures instead of Kendall τ.

Table 1 provides descriptive statistics for our misalignment variables when using the Kendall τ methodology. Each variable goes from 0 to 40. The median is 18, meaning that, on average, employees' ranking differs in almost 50% of value pairs. There is also considerable variation in these measures, with the standard deviation being a third of the mean of the variables. The graph labeled as "Empirical" in Figure A3 shows the distribution of the VAM

[11] We can measure misalignment only for teams where at least two employees responded to the survey. In the values survey, we have 28,173 observations with a HAM measure (i.e. employees who have at least another teammate who replied to the values questions), representing 72% of the value survey sample. We have 9,115 observations with a VAM measure (i.e. employees whose manager replied to the values questions), representing 23% of the value survey sample. 7,228 employees have both HAM and VAM available. Thus the number of observations in the main tables may differ across models because of these constraints, for the availability of outcome variables and for whether we control for both HAM and VAM at the same time.

and HAM measures using the Kendall methodology. Figure A4 shows the distributions of VAM and HAM by demographic groups (based on age, gender, and parenthood status). The distributions are similar, suggesting that workers do not systematically differ in their vertical or horizontal misalignment based on observable characteristics.[12]

2.5 Datasets and samples

We use two main datasets for our analyses. First, a cross-section of 38,800 employees across more than 50 countries. Table 1 presents descriptive statistics for the cross-sectional sample. About 50% of employees are women, and 2.3% are of black or mixed ethnicity. Nearly 40% of employees are between 30 and 39 years old, 25% are younger than 29, and the remaining share is older than 40. Tenure shows significant variation, with 17% having less than one year of experience at the bank and 10% having worked there for more than 20 years. Less than 1% of the sample belongs to the C-suite (labeled as "top career band" in the table, which includes the top three hierarchical levels) and 35% of the sample belongs to mid-career bands, which are between the third and fifth hierarchical levels. 39% of the sample is in a customer-facing role, which is an indicator equal to one when the employee primarily deals with customers and zero otherwise. 11% of the sample has a positive assignment number, which means that they have had multiple job assignments within their current role.

Our second dataset is a worker-semester-level panel for UK employees and managers between 2018 and 2020. The panel includes 15,017 workers and 4,087 managers. Among them, we could match with our 2017 values survey 5,319 workers and 1,574 managers, so this is the sample on which we have measures of personal values.[13] Table A2 provides descriptive statistics for the panel dataset. 48% of employees are women, and 71% are of white ethnicity. Around 62% of employees are between 30 and 49 years old, while 23% are older than 50. About 43% of workers have been with the bank for 1 to 9 years.

Comparing the panel data with the cross-sectional data shows some differences between the two samples. The panel data includes a higher proportion of white workers. Additionally, workers in the panel data tend to be older and have more experience at the bank.[14] For other variables, both datasets remain largely comparable in composition and key characteristics.

[12] The patterns in Figure A4 remain consistent when we split the sample by other observables, such as customer-facing roles, minority status, or tenure.

[13] Of the workers, 1,973 have VAM measures, and 4,158 have HAM measures in at least one semester.

[14] This older and more experienced sample may be due to the fact that some important global functions are managed from the UK.

2.6 (Potential) Selection Based on Values

In this sub-section, we study the possibility that workers and managers sort across teams in order to work with colleagues who share similar personal values. Such efforts to align values may enhance team performance, a phenomenon we refer to as "positive sorting". If this behavior occurs, it could reduce the variation in our misalignment measures compared to what would be observed under random team assignments.[15]

To investigate this possibility, we simulate the distribution of our misalignment indices under a counterfactual scenario of random team assignments. Specifically, we maintain the existing team size distribution and organizational hierarchy - ensuring that managers retain their roles - and then allocate workers randomly across managers. We repeat this process 100 times.

Panel (a) of Figure A3 presents the simulated VAM distribution alongside the empirical distribution, while Panel (b) offers the same comparison for the HAM measure. Both panels reveal that the empirical VAM and HAM distributions are marginally shifted to the left compared to their simulated counterparts, indicating that some empirically-observed teams have more alignment in values than what is expected under random team formation. However, differences are quantitatively small, with the normalized difference (Imbens and Rubin, 2015) between the empirical and simulated VAM (HAM) distribution being only 0.16 (0.22).

The fact that sorting based on values does not play a big role in our context should not come as a surprise. In fact, additional survey evidence (Section 5.2) suggests that this is common across the financial industry. As in many large companies, teams are primarily formed based on project needs and to guarantee a certain required skill mix. While some flexibility may exist, most assignments are dictated by operational demands, leaving employees with a limited say in their team placement. Moreover, employees may need time to know coworkers' or managers' values across many different divisions and teams, a fact which may limit value-based sorting in the first place.

To further understand the potential determinants of positive sorting in teams based on personal values, we examine whether observable characteristics of managers and workers correlate with deviations between the actual and simulated VAM. For each person in the dataset, we compute the difference between their empirical VAM and their average simulated VAM. A negative gap suggests that managers or workers may actively try to be assigned to teams where value misalignment is lower.

[15] A rich literature documents homophily in networks (see, for instance, McPherson et al. (2001)). Notice that positive assortative matching on values would go against finding an effect in our analysis.

Figure A5 displays the coefficients from a regression of a "positive sorting" dummy variable (equal to one when, for a given employee, the actual VAM is below the average simulated VAM by at least one standard deviation) on key observable characteristics of workers and managers. Two notable patterns emerge[16]:

1. *Managers' Soft Performance and Assignment Number*: Workers with high-performing managers, as measured by the behavioral performance metric, are less likely to engage in positive sorting. This finding aligns with Hoffman and Tadelis (2021) and suggests that employees adapt their behavior based on the qualities of their managers. Specifically, managers with stronger behavioral skills—those capable of addressing and mitigating challenges arising from value misalignment—reduce the necessity for workers to seek alternative teams. In addition, employees matched with managers who have had multiple assignments in their current position are less likely to sort out from teams with greater value misalignment. This suggests that managerial experience may help reduce the costs associated with value differences.

2. *Workers' Gender and White Ethnicity*: Female workers exhibit lower rates of positive sorting. This could stem from organizational or social dynamics—women may face greater barriers to movement across teams, or they may exhibit stronger interpersonal skills that enable them to navigate value misalignment without requiring team changes. In contrast, white workers appear to sort into teams with lower misalignment than the random counterfactual, suggesting possible differences in constraints related to team assignments across ethnic groups. For example, a quota system aiming to maintain a certain share of ethnic minority members in each office or team could limit team choices for ethnic minorities more than for white workers.

There are two main takeaways from these results. First, sorting across teams based on values seems to play a minor role in team formation in our context. This alleviates concerns that our results can be biased by sorting into teams based on potential misalignment with colleagues or managers. Second, for those cases in which we find a negative gap in the empirical versus simulated misalignment levels, our results underscore a key role of managerial soft skills and experience, and employees' gender and ethnicity in influencing workers' propensity to sort across teams. While these patterns are interesting, they extend beyond the focus of this paper on the effect of value differences on worker performance.

[16]These results should be interpreted with caution, as none of the independent variables is selected by a LASSO regressions. This suggests that the observed correlations may not be robust and could be sensitive to model specification.

3 Main Results

This section presents the core findings of the study. We begin with an overview of the patterns and distribution of bankers' personal values (sub-section 3.1). We show that responsibility and tolerance are the most common values among bankers, while faith and obedience are the least common, with little variation by gender, age, parenthood or minority status. Furthermore, observable characteristics have limited ability to predict personal values.

Next, we document our main novel empirical fact: vertical misalignment has a negative relationship with productivity. We first use the richness of our cross-sectional data to show the robustness of this fact to several possible confounders. In particular, we demonstrate that our results are not explained by misalignment with organizational values or socio-demographic differences (gender, age, minority status, nationality) between the focal worker and their manager, and that the relationship between misalignment and performance holds both conditionally and unconditionally of the exact set of employee and managerial values (sub-section 3.2). Delving deeper into the interpretation of our main fact, we are also able to identify the specific values that drive our results, to show that managerial performance is not affected by misalignment and, to interpret the magnitude of the effects in light of related work (sub-section 3.4).

Finally, we study our smaller UK panel data to confirm that our main finding is both robust and suggests a causal link between performance and value misalignment. Specifically, we show that the negative relationship between vertical misalignment and performance holds even after accounting for unobserved worker differences. Our most demanding strategy, an event study leveraging quasi-random manager changes, further supports our main result. (sub-section 3.5).

3.1 A Brief Overview of Banker's values

Figure A6 shows the share of bankers who mentioned each of the eleven values among their top 5. Responsibility and tolerance are the most commonly reported values, while faith and obedience are the least common. According to the classification of parenting styles by Doepke et al. (2019), bankers tend to prioritize *relaxed* values, such as independence and imagination, over *intensive* values like obedience. This pattern persists even when comparing bankers to the general population in the World Values Survey (WVS). Bank employees are less likely to mention faith, thrift, and obedience but more likely to cite imagination, self-expression, and determination as top values (as shown by Ashraf et al. (2020)).

Values are Hard to Predict Based on Observables. Figure A7 indicates that the ranking of values does not vary significantly by gender, age, or minority status. There are small differences based on ethnic minority status, with minorities ranking religious faith slightly higher than thrift and obedience, but still placing it among the least important values. Overall, these findings suggest some sorting of individuals into the bank based on values, as noted in Ashraf et al. (2020), but this sorting does not differ meaningfully across demographic groups within the bank.

Bankers' personal values show a limited correlation with those of WVS respondents from the same country of origin. Figure A8 shows the relationship between the fraction of bank respondents and WVS respondents who identify a value among their top five. For some values, like responsibility, there is a strong correlation between bankers' preferences and those of the general population from their home country, suggesting that birthplace influences these values. However, for other values, such as hard work and self-expression, the correlation is weak and not statistically significant. This suggests that, for employees at our bank, country of birth does not consistently determine personal values.

To further assess how well observable factors explain personal values, we estimated a regression model where we regress a dummy variable indicating whether a value was selected in an employee's top five ranking on several observables. We include as regressors demographics, nationality, job characteristic, and experience at the bank. Figure A9 shows the cumulative adjusted R^2 as additional explanatory variables are included. The results indicate that the adjusted R^2 never exceeds 0.15, underscoring the difficulty of predicting personal values based on observable characteristics.[17] However, it is noteworthy that national origin significantly enhances the model's explanatory power for several values, particularly obedience, religious faith, and responsibility. We take this into account in our robustness exercises in section 3.4 (Table A6).

3.2 Main Fact: Value Misalignment Reduces Performance

Empirical Model. To estimate the relationship between misalignment and performance in the cross-section, we run the following estimation:

$$Y_{jm} = \gamma_{misal} * Misal_{jm} + \gamma_{j(D)} + \gamma_{j(C)} + Z_{jm} + X_m + \epsilon_{jm} \quad (1)$$

[17] Socio-economic background may also influence personal values (Stansbury and Rodriguez, 2024), but data on this factor are not available in our study. However, since variables such as ethnicity and gender show limited explanatory power for values, we believe our main conclusions would remain unchanged.

where Y_{jm} is the performance measure for worker j with manager m, $Misal_{jm}$ is the misalignment measure at the work level with her boss (VAM) and/or with her colleagues excluding the boss (HAM).[18] $\gamma_{j(D)}$ and $\gamma_{j(C)}$ are fixed effects at the division and country levels. Z_{jm} and X_m are worker's and manager's controls: gender, above-median age, above-median tenure, customer-facing role, ethnicity (white, Asian or black/mixed), top and middle career band, and positive assignment number (see section 2.5 for the explanation of these variables). When regressions include HAM, we also control for the same characteristics at the team level (computed as leave-one-out means or shares). Finally, we cluster the standard errors at the team level.[19]

Correcting for Multiple Hypotheses Testing. Multiple hypothesis testing corrections are crucial when evaluating different outcomes to avoid inflating the risk of Type I errors, or false positives. Without such corrections, the likelihood of incorrectly identifying a significant effect increases with each additional test performed. This means that findings could appear statistically significant by chance alone, leading to misleading conclusions.

To address multiple comparisons, we use the False Discovery Rate (FDR) method (Benjamini and Hochberg, 1995) and report the sharpened q-values in our main tables. These q-values represent the expected proportion of rejections that are Type I errors. For the main results, we apply False Discovery Rate (FDR) corrections separately to the HAM and VAM coefficients, as well as separately for performance and turnover outcomes. For example, when correcting for multiple hypotheses, we apply FDR corrections to the set of HAM coefficients related to financial and behavioral performance, but we do not include turnover or intent to stay in this correction. This approach reflects our view that the effects of vertical and horizontal misalignment on performance and turnover represent four independent sets of hypotheses, with performance being our primary focus. As a result, we do not apply FDR corrections across these groups.

In Section 4, where we investigate mechanisms, our goal is to identify the most robust relationships between VAM and various potential explanatory factors. To ensure the validity of these findings, we apply FDR corrections to VAM coefficients across all tested variables.[20]

[18] Unless otherwise specified or shown in the tables, our regressions include a single misalignment measure in order to maximize the sample available for estimation.

[19] Results are robust to clustering at the division by country level. Moreover, results are robust when replacing fixed effects at the division level with a more granular classification of job roles. This classification controls for, e.g., being a relationship manager in commercial banking rather than commercial banking only (see Column (1) of Table A7).

[20] Specifically, we apply FDR corrections across Tables 4, A19, A20, A21 and A22.

Main Fact. Figure 1 shows the coefficient estimates γ_{misal} for the misalignment measures VAM and HAM for financial and behavioral performance (on the top panel) and for exit and intent to stay (in the bottom panel). Dark blue bars show the estimates of the coefficients when only one misalignment measure (VAM or HAM) is included, while lighter blue bars show how the estimates change when we include both misalignment measures at the same time in the regression model. Table 2 shows these estimates in table form. Tables A3 and A4 show that the results are robust when using the Spearman ρ or the share of uncommon top-ranked values as alternative metrics for misalignment.[21]

There are three broad patterns that emerge from this exercise. First, misalignment is negatively correlated with performance and positively correlated with actual or intended exit. This suggests that, on average, value misalignment is costly for the bank. Second, the coefficient estimates are larger for VAM than HAM in financial performance, while the reverse holds for exit. Third, when controlling for both misalignment indices in the same regression model, coefficients are statistically significant for VAM for the two first dependent variables (financial and behavioral performance), while they are significant for HAM only for actual exit. A simple way to put these patterns together is that misalignment with managers is more relevant in explaining heterogeneity in performance, while misalignment with colleagues has a stronger correlation with exit.[22]

3.3 Isolating the Effect of Value Misalignment from Potential Confounders

While the evidence discussed so far is mostly correlational, the following paragraphs address potential concerns about identification and demonstrate that our results hold across various robustness checks. Overall, this subsection provides evidence that our main findings are unlikely to be driven by reverse causality, differences in the specific values ranked, demographic differences between workers and their colleagues or managers, manager's or colleagues' performance, or broader misalignment with the bank's top leadership.

[21] An alternative approach involves conducting a K-means cluster analysis to group employees and managers based on their stated preferences for the 11 personal values. Using the elbow method, we identify six optimal clusters that reflect distinct value-based profiles. We then create a variable that equals 1 if an employee and their manager belong to different clusters, as a coarser measure of misalignment in personal values. In line with the results presented in this section, our analysis reveals a significant negative association between this alternative value misalignment metric and financial performance.

[22] Our results also have broader organizational implications, as regressions at the team level also reveal a significant negative relationship between VAM and financial performance (but no effect of HAM on turnover).

Reverse causality is unlikely to be the main explanation for the Main Fact: We have two main reasons. First, our discussion that personal values remain stable over short periods makes it unlikely that performance could influence them. Second, for reverse causality to impact our estimates, performance would not only need to affect an individual's values but also change them in a way that alters the misalignment measure. For example, this could happen if poor performance leads employees to report values that are systematically different from their manager's values. However, we consider this unlikely because the survey made no reference to performance that might have influenced reporting in this way (e.g., by making performance salient). Additionally, focus groups conducted within the bank revealed no clear connection between the values listed in our question and performance, making it difficult for employees to strategically report values they believed aligned with their performance.[23]

The specific values ranked by the focal worker or her manager (peers) are unlikely to explain the Main Fact: The estimated coefficient γ_{misal} on misalignment captures both the effect of the distance in values between the focal worker and her manager or colleagues, as well as the specific set of values mentioned by each party. To isolate the effect of VAM from that of specific values, Figure A10 adds to our specification, one at a time, a dummy variable for the presence of a specific value in the worker's and the manager's top-5 ranking, as well as a full set of eleven dummies for the values mentioned by the worker, or a set of 22 dummies for the values reported by both the worker and her manager. Coefficients are robust to these controls. For HAM, Figure A10 also shows that the coefficients are generally robust when controlling for the worker's values and the share of their colleagues' mentioning each of our eleven value.[24]

Differences in demographics with the manager or colleagues are unlikely to explain the Main Fact: Differences in values between a worker and her manager (or her colleagues) might originate in differences in ethnicity, age, or gender. If so, the estimations could be capturing the effects of belonging to different demographic groups rather than differences in values. To address this concern, we re-estimate our main model (equation 1) by adding controls for demographic differences between the focal worker and the manager, or between

[23] A related concern is that low and high performers might have different values, which could affect our results. However, the next section shows that our findings are not simply due to performance-related values.

[24] We also present results in Column (2) of Table A7 and Table A8 controlling for the full set of values for both the worker and their manager or colleagues.

the focal worker and other team members.

Table A5 considers differences in gender, age and ethnic minority status. For example, for the regressions of VAM (top panel), in addition to controlling for the focal worker's and manager's gender, we include a dummy variable for whether the worker and her manager are of a different gender. For HAM, we include controls for the share of other team members of a different gender. Our results show that the relationship between misalignment and performance or turnover remains robust when controlling for socio-demographic differences between the focal worker and the reference group (manager or colleagues).

Given the importance of the country of origin in explaining personal values (as discussed in section 3.1), Table A6 further tests the robustness of the VAM results on performance when controlling for differences in the region of birth (e.g., Europe), country of birth (e.g., Italy), or ethnic group (e.g., Asian) between the worker and her manager. The coefficients on VAM for performance and HAM for exit remain stable across different models and continue to be both large and statistically significant in every case.

A potential correlation between managerial (colleagues') performance and values is unlikely to explain the Main Fact: Another concern is about low-performing managers being systematically assigned to employees with more distant values. In this case, a bad manager may directly have a negative effect on subordinates' performance, not through value differences. Similarly, low-performing peers may also be characterized by a set of different values. Evidence from Column (3) of Table A7 shows that the results are stable when controlling for managers' (or peers') performance. Column (5) of Table A7 further shows that the coefficients change very little when, in addition to conditioning on performance metrics of managers and colleagues, we control for the exact set of values mentioned by the focal worker and her manager or colleagues (as well as controlling for top misalignment and demographic differences with the manager/peers). Overall, this suggests that managerial or peers' performance and personal values are not the main driver of our results. Table A8 shows similar results for the relationship between HAM and exit variables.

Misalignment with top layers of the bank is unlikely to drive the Main Fact: Even if our misalignment measures are computed at a granular level, a natural question is the extent to which they may simply capture misalignment with the bank as a whole rather than with specific individuals, such as managers or colleagues (Besley and Ghatak, 2005; Zoutenbier, 2016; Spenkuch et al., 2023). To address this, Column (4) of Tables A7 and

A8 includes estimates of our main single-misalignment models while controlling for the focal worker's misalignment with the top hierarchical layers of the bank within their country. This approach assumes that employees perceive the values of the organization's top managers within their country as representative of the bank's overall values. Thus greater distance between an employee's values and those of the top of the hierarchy indicates lower alignment with organizational values. The relationship between VAM and financial performance, as well as HAM and exit, remains robust even after adding this control. Moreover, these results hold regardless of how misalignment with the bank's top management is measured. For example, the findings are similar when using the values of top managers from the same division as the focal worker, rather than from the same country across divisions.

3.4 Interpreting the Main Fact

In this subsection, we highlight four key insights. First, we show that vertical misalignment matters not only for values that *directly* influence worker productivity but also for those *unrelated* to workplace performance. Second, we provide benchmarks to illustrate the economic significance of our estimates. Third, we investigate whether specific worker or manager characteristics amplify the impact of value misalignment on performance but find no clear patterns. Finally, we test whether misalignment affects managerial performance and find no evidence to support this hypothesis.

3.4.1 Does Misalignment Matter Only for Values that Have Direct Performance Consequences?

We first explore whether misalignment matters only for those values that are mostly related to performance. If values enter an employee's production function, our result may simply reflect the fact that having different values compared to those required for performance mechanically lowers output, leading to a lower evaluation by the manager.

To tackle this explanation, we first need to define what values enter the production function. To do so, we regress performance metrics on whether a person ranked a given value among her top five. Figure A11 shows that only a few values are related to performance in the bank.*Determination*, *hard work*, *responsibility*, and *tolerance* exhibit the strongest positive correlation with both financial and behavioral performance. These four values are also negatively correlated with leaving the company. Religious faith, thrift, and imagination show a negative relationship with financial performance, and the latter two also with behavioral performance.

We construct measures of vertical misalignment for each of the eleven values by creating indicator variables equal to one if the manager's ranking differs from the subordinate's ranking for that value.[25] Similarly, we construct measures of the average distance in value rankings with colleagues (excluding the manager) for each of our values.

Figure A12 shows the coefficient estimates for the relationship between performance and vertical misalignment for each value. Misalignment in independence and unselfishness — values not directly tied to performance — show the strongest negative relationship with financial performance ($p < 0.10$), as well as behavioral performance ($p < 0.10$ for independence). Obedience and thrift, two other values not considered performance-relevant in our prior analysis, show negative but statistically insignificant coefficients.

For turnover, misalignment with religious faith and obedience is linked to a higher likelihood of leaving the company. In contrast, misalignment in hard work, unselfishness, and imagination is associated with a greater intent to stay, though only the effect for hard work is statistically significant.

We can draw similar conclusions from Figure A13 about the relationship between horizontal misalignment in each value and performance. This evidence suggests that values directly tied to productivity are not the primary drivers of the relationship between misalignment and performance. Instead, misalignment with a manager or with colleagues seems to independently affect performance, even for values not directly related to productivity.

To confirm this evidence, we divided our measure of vertical actual misalignment (VAM) into two sub-indices: one capturing misalignment in values significantly and positively related to performance (Responsibility, Hard Work, Tolerance, and Determination, from Figure A11) and another covering the remaining seven values. Panel A of Table A9 shows that the negative relationship between misalignment and performance is larger in magnitude and statistically significant only for the seven values not directly tied to productivity. The coefficients on the two sub-indices are not statistically different from each other ($p = 0.63$), confirming that the costs of value misalignment do not uniquely arise from values directly related to productivity. Panel B of Table A9 shows an alternative split of the VAM index in two sub-indices: one sub-index includes only the values that are correlated with performance, either positively or negatively (*imagination*, *thrift*, *religious faith*, *determination*, and *hard work*), while the other sub-index includes the remaining values. Results are very similar to those shown in Panel A, highlighting the broader impact of interpersonal alignment in the workplace beyond performance-relevant values.

[25] Results are similar when using an alternative definition of misalignment, defined as whether an employee lists a value among their top-5 and the manager does not (or vice versa).

3.4.2 How Big is the Effect of Misalignment on Performance?

In this subsection, we focus on the relationship between VAM and financial performance, as it is the only result that remains robust under the exercises from Section 3.5.

Column (1) of Table 2 shows that an increase of one unit in VAM index is associated with a 0.0042 decline in financial performance (whose mean is 2.7 in the overall sample, $p < 0.05$). How big is this relationship? Given that the VAM index has a standard deviation of 6.6 points, our estimates imply an approximate decline of 1% over the mean for a standard deviation increase in misalignment with the manager. Going from the median to the 90^{th} percentile of vertical misalignment (a change of 9 points in the index) is predicted to decrease performance by 1.4%. Moving from the lowest to the highest observed VAM in our data is linked to a 6% change in financial performance (Figure A14).

We take two alternative approaches to be able to better quantify the relevance of the performance effect of value misalignment. First, we compare the size of the relationship between VAM and performance with the effect that other sources of diversity with the manager, such as gender and ethnicity, have. Figure A14 shows that the impact of a one-standard deviation increase in VAM on performance is substantial, amounting to 70% of the effect of having a manager of a different gender (even after controlling for gender differences). Going from the minimum to the maximum VAM implies a decline in performance *four times* as large as having a manager of a different gender. Not only can the relationship between vertical value misalignment and performance not be explained by observable diversity dimensions with the manager, but its effect on performance is also comparable to or even larger in magnitude.

Second, we conducted a meta-analysis of 14 papers in economics which provide estimates of the relationship between performance and employee-manager or team diversity.[26] Figure 2 shows the comparison between our effect sizes and the ones found in the literature. For comparability across settings and outcomes, we use the Partial Correlation Coefficient (PCC), which is defined as $\frac{t}{(t^2+df)^{1/2}}$, where t is the t-statistic from a regression coefficient and df are the degrees of freedom (Doucouliagos, 2005; Zigraiova and Havranek, 2016; Irsova et al., 2023). There are two important takeaways from Figure 2. First, to the best of our knowledge, no other paper explores diversity in values and its impact on performance, as most of the related work focuses on differences in ethnicity or gender. Second, our estimates are within the range of the papers reviewed.

[26] The full list of papers is as follows: Parrotta et al. (2014); Marx et al. (2021); Hjort (2014); Corno et al. (2022); Benson et al. (2024); Maskus et al. (2010); Alesina and Ferrara (2005); Calder-Wang and Gompers (2021); Calder-Wang et al. (2021); Hoogendoorn et al. (2013); Shan (2024); Maddi and Gingras (2021); Ahern and Dittmar (2012); Aman-Rana et al. (2025).

3.4.3 Are the Effects Concentrated in Some Groups of Employees or Managers?

Figures A15 and A16 present the interaction effects between the Kendall measure of value misalignment and various socio-demographic characteristics of workers on the one hand and managers or colleagues on the other, such as gender, age, race, customer-facing roles, and tenure. Figure A15 focuses on misalignment with managers, while Figure A16 examines horizontal misalignment.

The top-left panel of Figure A15 shows results when the dependent variable is financial performance. For example, the first row tests whether misalignment with a manager affects female workers differently. The analysis finds no statistically significant effects for gender or other observable characteristics when looking at financial performance. Similar null results appear for exit rates and intent to stay. For behavioral performance, a few significant correlations emerge (worker's Asian ethnicity, managerial Asian ethnicity, and managerial tenure), but these are limited (only 3 out of 18 variables).

Overall, the results show no strong or consistent patterns, indicating a general lack of heterogeneity in the effect of misalignment on organizational outcomes. The few significant findings likely arise from testing a large number of variables rather than indicating meaningful relationships. Similar inconclusive patterns appear in Figure A16 for horizontal misalignment.

3.4.4 Is Managerial Performance Affected by Workers' Value Misalignment?

Table A10 examines the relationship between misalignment—either with subordinates or among subordinates—managers' productivity and realized or intended exit. The results show no significant impact of misalignment on managers' performance or turnover. Building on the main finding that VAM impacts workers' performance, Table A10 indicates that a manager's productivity is not directly influenced by their subordinates' performance. Simply put, better-performing workers do not automatically result in improved performance for their manager.

Summarizing. To summarize, this section showed that misalignment in personal values with both managers and peers negatively impacts workplace outcomes. Specifically, vertical misalignment reduces financial performance, while horizontal misalignment increases the likelihood of exit. We also show that neither of these relationships can be explained by factors such as demographic differences with managers or peers, correlations with their performance, or misalignment with higher-level leadership among other reasons.

Our cross-sectional data are well-suited to explore the interpretation of our main fact given their sample size and rich variation across countries and bank divisions. Yet, they do not allow to control for unobservable worker-level factors. In the next subsection, we overcome this limitation with a more demanding specification.

3.5 Accounting for Worker Unobservables

In this sub-section, we leverage UK panel data spanning six semesters, which allows us to track employees over time. This data helps isolate the impact of managerial switches and team composition changes on performance by capturing shifts in personal value misalignment. We find that only one result remains consistent across different estimation methods and controls: *the negative relationship between misalignment with the manager and financial performance.*

3.5.1 Sources of Variation in Team Composition

Variation in team composition arises from workers and managers switching across teams. According to our partner organization, these switches occur for three main reasons:

1. *Project-Based Needs*: Workers or managers are assigned to teams for specific projects. New members may join a team to provide their expertise over the project life cycle and, once a project is completed, personnel may be reassigned to different teams. These allocations are usually decided at the business-division level and motivated by strategic goals.

2. *Secondments and Temporary Assignments*: Workers or managers on extended leave (e.g., maternity or sick leave) are temporarily replaced by colleagues.

3. *Transfers and Filling Vacancies*: When workers or managers leave the organization, replacements are sourced internally or through external hiring. Workers and managers can also apply for new positions through an internal labor market, or go through performance-based reassignments decided by their business leaders.

Unfortunately, we do not have information on the specific reasons behind each worker or managerial switch observed in our data. We also do not have data on project durations or periods of leave. However, our partner organization rules out that value misalignment with colleagues and managers can be the primary reason for these switches. This is in line with the limited team sorting on values that we documented in section 2.6.

To rule out the possibility that workers are endogenously reallocated across teams, the next subsections focus only on employees who remain in the same team throughout the entire period. These workers may differ from those who switch teams, as discussed in Section 2.6. Nevertheless, by restricting our analysis to those who do not change teams, we control for one potential source of endogeneity—sorting across teams caused by misalignment. Notably, even when we include workers who switch teams, our main results remain robust.

Furthermore, Table A11 shows that value misalignment with a manager or colleagues is not significantly related to the likelihood of facing a managerial or peer change. This reduces the concern that the changes in team composition we observe are driven by value misalignment. It also provides empirical support for the bank's anecdotal evidence that such switches are not primarily influenced by differences in values.

3.5.2 Performance Results

Empirical Model. We estimate the following model to assess the impact of misalignment on performance:

$$Y_{jt} = \gamma_j + \gamma_t + \beta Misal_{jt} + Z_{jt} + \epsilon_{jt} \tag{2}$$

Here, Y_{jt} is the performance measure for worker j in semester t, with the dependent variables including financial or behavioral performance. $Misal_{jt}$ represents the misalignment measure, either vertical (VAM) or horizontal (HAM). Z_{jt} includes time-varying individual-level variables: a dummy for the worker having above-median tenure (i.e. above 5 years) and dummies for the worker's career band category (top and middle). γ_j and γ_t are worker and time fixed effects. Standard errors are clustered at the worker level.

Confirming the Main Fact. Table 3 confirms that misalignment is negatively correlated with performance, with misalignment with the manager having a stronger negative impact than misalignment with colleagues. An increase in VAM is significantly linked to lower financial performance but has no effect on the *softer* performance measure.

The estimates from Table 3 are about 4 to 6 times larger than those shown between VAM and financial performance using the cross-sectional data (shown in Table 2, Columns (1) and (3)). This difference is unlikely to be exclusively due to the sample's location, which can explain between 30 and 40 percent of the increase in the coefficient in our panel analysis.[27] The remaining magnitude difference likely reflects the fact that the coefficients in

[27]Using cross-sectional data, a regression focusing exclusively on UK employees shows that the coefficients are between 1.5 and 1.7 times larger compared to the regression using data from all countries.

the cross-sectional analysis capture not only the direct relationship between misalignment and performance, but also the effects of unobserved factors that differ between individuals but stay the same over time. Examples of such factors —which we unfortunately do not have data on—include education level, cognitive abilities, industry-specific experience and socio-economic background (Stansbury and Rodriguez, 2024).

Robustness. The negative relationship between VAM and financial performance is robust to a variety of additional exercises. First, Table A12 shows that this result holds even when misalignment is measured using the Spearman index or the share of uncommon top-ranked values, confirming that the relationship between vertical misalignment and performance is robust to different measurement methods.

Second, in Difference-in-Differences (DiD) analyses with staggered treatment adoption (managerial switches at different points in time), the standard two-way fixed effects estimator can introduce bias due to *forbidden comparisons*, with treated groups being compared to others that were also previously treated at different times (Roth et al., 2023). To mitigate this concern, we stack managerial switches to improve comparability.[28] Columns (1) and (6) of Table A13 show that our results remain robust when using stacked events.

Third, one may worry that Tables 3 does not account for managerial characteristics that might influence the likelihood of switching across teams. For instance, under-performing managers might be assigned to teams with higher misalignment, which could bias the interpretation of our results. To address this concern, in Table A13 we add managerial controls to our model. In Column (2), we include manager characteristics such as gender, ethnicity, tenure, career band, assignment number, customer-facing position, and age. Column (3) retains these socio-demographic controls and adds the manager's financial and behavioral performance. Column (4) includes the same controls as Column (3) and adds 11 dummy variables, one for each personal value, to account for the specific set of values mentioned by the manager in her top-5 ranking. The results are robust, both in terms of statistical significance and coefficient magnitude.

The last column of Table A13 uses the same controls as in Table 3, but restricts the sample to include managerial switches that happen without any other simultaneous change in team composition (e.g., a peer leaving the team). This restriction accounts for the possi-

[28] For workers who experience a managerial switch, we define the switch period as *0*, the semester before as *-1* and the semester after as *+1*. This extends to *-2* for two semesters before and *+2* for two semesters after the switch. In our regressions, we include fixed effects for event time periods (*-2, -1, 0, 1, 2*). For workers without a managerial switch, period *-2* is the first available observation in their data.

bility that managerial switches coincide with colleagues' switches, which could confound the relationship between VAM and worker performance through managerial changes. Imposing this restriction significantly decreases the number of observations used in the regression, but the coefficient remains negative and significant (albeit much larger than before).

Overall, Table A13 confirms the main finding from Table 3: the negative impact of vertical misalignment in values on financial performance remains robust even after accounting for manager characteristics that may also influence worker performance.

3.5.3 Turnover and Promotions Results

Empirical Model. We test two additional outcome variables: turnover and promotions. Following Hoffman et al. (2018), we exploit cross-sectional variation from our panel data and estimate the following model:

$$Y_{ijt} = \gamma_t + \beta Misal_{ij} + Z_{it} + M_{jt} + \epsilon_{ijt} \tag{3}$$

Y_{ijt} represents the outcome for worker i, who is assigned to manager j starting from semester t. We include worker-level (Z_{it}) and manager-level (M_{jt}) (or peers-controls for HAM) controls, such as gender, ethnicity (White, Asian, Black/ Mixed), above-median age, above-median tenure, career band category (top and middle), positive assignment number, and whether they hold a customer-facing position. The model includes fixed effects for the semester of the first interaction with the manager (γ_t). These semester fixed effects account for organizational conditions at the time of the first interaction, which may influence the duration until exit or promotion, as well as the likelihood of a worker leaving the firm or being promoted. Standard errors are clustered at the manager level.

$Misal_{ij}$ represents the last observed misalignment measure for worker i. If a worker keeps the same manager in all semesters, this misalignment measure remains the same throughout the entire sample period. However, if a worker undergoes one or more managerial switches, we use only the misalignment measure observed after the *last* switch for our regressions. This approach ensures that the misalignment reflects the value in the most recent managerial relationship rather than earlier ones that may no longer be relevant to explain variation in exit and promotions.

We estimate two types of models. First, we use a duration model for both turnover and promotion. The dependent variable is in this case $log(Duration)_{ijt}$.[29] Since we do not

[29]For the stay duration variable, we measure it in days since we have the exact dates of exit. However, for promotions, we do not have the exact date but only the semester in which the promotion occurred. In this

observe whether workers leave or are promoted after the sample period of our panel data, we apply censored normal regressions with truncation points for each worker to account for potential right-censoring. This analysis seeks to determine whether greater misalignment with a manager leads to faster turnover and/or delayed promotions.

Second, we discretize our dependent variables to indicate whether a worker stayed at the company for one or two years, or was promoted within the same time frames. For these analyses, we restrict the sample to workers whose last VAM measure was recorded at least one or two years before the end of the study period. For example, when examining whether a worker remained at the company for one year, we only include workers whose last VAM measure was recorded at least one year before the study period ended. This restriction prevents a mechanical issue where workers with their last VAM observation in the final period would be automatically excluded from longer-term observations, as they could not be tracked beyond that point.

Results. Table A14 shows the results of this exercise. We find no significant relationship between either vertical or horizontal misalignment on turnover or promotion outcomes. For turnover, misalignment with managers is positively correlated with the duration of employment within the organization, yet no significant relationship is found. For promotions, we see qualitatively that a larger VAM is associated with a longer time to get promoted (Column (12)), but the coefficient is small and not significant. Taken together, the findings do not provide sufficient evidence to conclude that misalignment with managers or colleagues significantly affects turnover or promotion probabilities.

To sum up, so far our panel data showed robust evidence of a negative relationship between vertical misalignment and the relatively "harder" performance measure. In the next subsection, we focus on this result and try to further improve our identification strategy using event studies around managerial changes.

3.5.4 Event Study Evidence

In the next sub-sections, we focus on workers who remain in the same position and either never experienced a managerial switch or faced at least one managerial switch. For workers with more than one switch, we only include data up to the period before the second switch. We begin by showing that, given our institutional setting, managerial switches appear to be as-good-as random. Then we show support for our previous results in an event study

case, we estimate the duration in days by using the midpoint of the semester of promotion.

framework that considers managerial switches. Finally, we compare the performance effects of different types of managerial switches, requiring the data and estimation to meet progressively higher standards.

The Quasi-Random Nature of Managerial Switches. The bank's internal policies do not explicitly assign managers or workers to teams based on their personal values. Anecdotally, re-assignments happen quickly. For managers belonging to mid and low-career bands (which represent 90% of the managerial switches we observe), a change in teams can happen within as little as one month's notice. This gives the HR department limited time to find candidates who are a good match not just in terms of skills but also in terms of values. Moreover, matching on values assumes that the HR personnel knows the personal values of workers, which, based on both anecdotal evidence and survey data, does not seem to be the case. Additionally, employees and managers are made aware from the start that they may be transferred to different teams or offices if needed for business or operational reasons. This is an important guideline within the bank's HR policies. While this contextual information provides reassurance that managerial switches may be as good as random in the bank, we also perform a few empirical exercises to assess whether the manager transitions can be considered (quasi-) exogenous.

Approximately 40% of managerial switches happen in the second semester of our data, while the remaining switches are fairly evenly spread across the other semesters. Among the 15,000 workers in our study, 30% never experience a managerial switch, another 30% experience one switch, and the remaining workers experience more than one switch. For workers with VAM measures, 18.3% do not have any managerial switches, 30.3% experience one switch, and 51.4% go through more than one switch.

We examine potential imbalances in the observable characteristics of managers who switch teams, or workers who experience a managerial change, in Tables A15 and A16. We present descriptive statistics separately for workers, as well as for incoming and outgoing managers, for experiencing any event and for different types of events (e.g., from below to above median level of VAM). Consistent with the findings of Cullen and Perez-Truglia (2023), the observable characteristics of both workers and managers are generally similar between those affected by these events and those who are not. The only noteworthy variables that show some imbalances are career band dummies (low and high), as workers who face a switch are more likely to be in a low career band and less likely to be in a middle career band. Given the time-varying nature of this variable and the potential imbalance shown in Tables A15 and

A16, all regressions in this subsection include them as controls alongside worker fixed effects.

The Effect of a Managerial Change on Performance. Figure A17 shows that workers who experience managerial switches see a decline in productivity compared to those without changes, after the switch.[30] Importantly, productivity levels were similar before the managerial change, supporting a causal link between managerial switches and performance. The negative effects are significant for financial performance, but not for behavioral performance. Figure A17 applies various corrections to our analysis following recent advancements in the difference-in-difference literature, which highlights potential biases in estimations like those we presented earlier (see Roth et al. (2023) for a detailed review). Results are similar across empirical models.

Heterogeneity by Starting VAM Levels. The event studies shown in Figure A17 do not account for changes in VAM, which we propose as one of the main reasons for the decline in performance. To provide stronger evidence, we zoom-in into two groups of workers: those who experienced a managerial change and started with a VAM in the lowest quartile (low-VAM), and those who experienced a managerial change and started with a VAM in the highest quartile (high-VAM). We calculate these quartiles based on the overall VAM distribution. For workers with a low initial VAM, a change in manager is likely to increase the gap between their values and the new manager's values, since the new manager's values are probably more different. This increase in VAM is expected to lead to a decrease in their performance. The opposite prediction holds for workers with a starting high VAM.

Figure A18 presents the event study coefficients for workers with low and high initial VAM across both productivity measures.[31] The left-hand side of the Figure shows the estimates for the low and high VAM samples, while the right-hand side displays the difference in coefficients between the high and low VAM samples. Although the point estimates are noisy, they align with our predictions. After a managerial switch, workers with a high initial VAM show more positive point estimates, likely because of lower misalignment with their new manager compared to employees who also experience a switch, but start from a low VAM level.

[30] The sample used in this Figure considers the entire panel sample, independently of availability of values data. Results are similar when limiting to the sample with value data available.

[31] For these estimations, we also include workers who initially had low or high VAM but did not experience a managerial change.

Exploiting Different Types of Managerial Switches. A key concern with previous analyses is that they either do not consider VAM (Figure A17) or use a control group of workers who did not experience a managerial switch (Figure A18). To address this, we follow Cullen and Perez-Truglia (2023) and classify managerial transitions into four types: $J = \{L2H, L2L, H2L, H2H\}$, where, e.g., $L2H$ means the worker transitions from a manager with whom they have a low VAM to one with whom they have a high VAM. Low VAM is a dummy variable equal to 1 if an employee's VAM value is below the median of the overall VAM distribution for the entire sample.[32] For each transition type, we define $D_{j,t+e}$, a dummy variable that equals 1 if the worker experiences event type $j \in J$ in period $t+e$ with $e = \{-2, -1, 0, 1, 2\}$, and estimate the following model:

$$Y_{it} = \sum_{e}[\beta_{L2H,e}D_{L2H,t+e} + \beta_{L2L,e}D_{L2L,t+e} + \beta_{H2L,e}D_{H2L,t+e} + \beta_{H2H,e}D_{H2H,t+e}] + \gamma_i + \gamma_t + Z_{it} + M_{it} + \epsilon_{it} \tag{4}$$

After estimating the coefficients, we calculate and plot $\beta_{L2H,e} - \beta_{L2L,e}$ to assess the *additional* effect of moving from a low-VAM manager to a high-VAM manager *vis a vis* facing a managerial switch but staying among low-VAM managers. Similarly, we compute the corresponding difference for workers initially assigned to high-VAM managers that face a low-VAM managers ($\beta_{H2L,e} - \beta_{H2H,e}$). We control for worker (γ_i) and time (γ_t) fixed effects as well as sociodemographic controls for workers (Z_{it}) and her manager (M_{it}).

Figure 3 illustrates the results.[33] Subfigure (a) (in the top panel) compares workers transitioning from high to low VAM with those remaining under high-VAM managers, but still *facing a managerial switch*. Subfigure (b) (in the bottom panel) examines transitions involving increases in VAM. The figure shows that changes in VAM have a significant impact on financial performance, aligning with earlier findings.

Subfigure 3 (a) does not show clear pre-trends but does indicate that the point estimates increase over time. The increase is particularly noticeable from period 1 to period 2. In both periods 1 and 2 the point estimates are statistically significant at conventional levels. A similar pattern appears in Subfigure 3 (b), where the coefficient estimates decrease after the switch, but these coefficients are less precisely estimated. As a result, period 2 estimates are not statistically significant in this panel. Consistent with previous analyses, we find no

[32] In the previous subsection, we classified low and high levels based on the first and last quartiles. This approach was chosen because being in the lowest quartile and experiencing a switch makes it much more likely that the new value falls above the first quartile, increasing misalignment and allowing us to examine its impact on performance. However, in this section, to maximize the number of observations in each group, we define low and high levels using the median.

[33] As in the previous sub-section, in these estimations, we also include workers who initially had low or high VAM but did not experience a managerial change.

significant effect of vertical misalignment on behavioral performance (see Figure A19).

Overall, the results confirm that value misalignment with managers has a negative impact on worker-level financial performance. These findings remain consistent across different model specifications and methodologies. In the next section, we explore potential mechanisms.

4 Mechanisms

We have shown that workers whose values differ from those of their managers tend to perform worse, especially in our *harder* performance measure. To better understand the reasons behind the negative relationship between vertical misalignment and financial performance, we use the richness of our cross-sectional data to test various plausible explanations. We focus on three leading explanations (managerial biases, workers' *morale* and, communication), and then discuss a host of other potential secondary channels. Although we discuss these explanations separately for clarity, we acknowledge that they may be interconnected and reinforce each other.[34]

4.1 Managers' Biases

A natural explanation for the effect of misalignment on performance is related to managerial biases or discrimination.[35] This explanation suggests that managers may give lower ratings to equally productive workers if their values differ and higher ratings if their values align. In other words, while misalignment may lead to lower performance ratings, it does not necessarily mean the worker is actually less productive. To test this channel, we compare our two performance measures, noting that financial performance is more objective than behavioral performance. If biased evaluations were the key factor, stronger effects should appear on behavioral performance. However, Table 2 shows that the negative relationship between VAM and financial performance is larger than for behavioral performance. Moreover, our panel data analysis found significant effects only for the more objective measure (see, e.g.,

[34]For this section, we use additional questions from the bank's employee Census of 2017. We do not have access to similar information in our panel data. Additionally, merging the 2017 survey responses with the panel data results in a limited number of observations with no time variation to exploit.

[35]Discrimination in firms has been documented in relation to other sources of diversity, such as gender (Goldin and Rouse, 2000; Petit, 2007; Booth and Leigh, 2010; Bircan et al., 2022), ethnicity (Carrington and Troske, 1998; Giuliano et al., 2009; Hjort, 2014; Glover et al., 2017; Benson et al., 2024), political affiliation (Colonnelli et al., 2022; Abel et al., 2024).

Table 3). This provides initial evidence against the idea that managers' biased evaluations are the primary cause of the results.

As a second step, we identify employees whose financial performance should be determined almost entirely by objective data, with little or no influence from their manager. We focus on customer-facing employees with the keyword "sales" in their job title, as they are typically rewarded based on clear, measurable targets. Table A17 shows that even in this group—where managerial bias is less of a factor—the relationship between VAM and financial performance remains negative, significant and statistically indistinguishable from the coefficient on the complementary non-sales sample (Column (3)).

As a third exercise to rule out managerial bias, we explore differences across teams in vertical misalignment heterogeneity. Intuitively, for a biased manager, the relative differences in value alignment among team members should be important. If a manager seeks to favor employees who share their values, it becomes easier to do so in teams where some employees are highly aligned with the manager while others are not. In other words, acting on bias is easier when there are extreme differences in alignment within the team. If manager bias plays a relevant role in our context, the main cost of misalignment should then be concentrated in teams where there are large differences in VAM across subordinates. However, Table A18 shows consistent effects across teams independently of different proxies for VAM dispersion within teams, indicating otherwise.

4.2 Workers' Morale

Workers may feel less motivated and put in less effort when their values differ from their manager's (Francois, 2000; Akerlof and Kranton, 2005; Besley and Ghatak, 2005; Carpenter and Gong, 2016; Spenkuch et al., 2023). Additionally, the absence of managers with similar values could lower their career aspirations (Azmat and Ferrer, 2017), which in turn may reduce their motivation and morale at work.

To test this channel, we create a morale index. This index includes factors such as perceived workload, whether job conditions allow employees to perform at their best, confidence in achieving career goals, sense of pride and value in their work, and the likelihood of recommending the job to others.

Table A19 provides evidence that VAM negatively affects workers' morale, as shown by the significant effects in our index. Specifically, workers with greater value misalignment feel less confident in achieving their career goals at the bank and are less likely to feel valued or proud of their workplace. However, value misalignment with managers does not appear to

influence whether workers report facing objective constraints, such as limited time or difficult working conditions, that could hinder their job performance.

4.3 Communication Flows

We find strong evidence that vertical misalignment disrupts effective communication flows between employees and their managers (Lazear, 1999a; Sandvik et al., 2020; Harju et al., 2021; Adhvaryu et al., 2021; Cai and Wang, 2022; Adhvaryu et al., 2022b; Hager et al., 2023). The outcome variables shown in Table 4 capture employees' communication flows with their manager or their willingness to openly share their views about the bank. Columns (1) and (2) show that workers with greater vertical value misalignment are less likely to discuss objective progress or personal development plans during structured meetings with their managers. Informal communication channels are also disrupted. Column (3) shows that higher vertical misalignment is linked to lower participation in unstructured employee-led meetings, which serve as safe spaces for employees to voice concerns or openly discuss issues with management.[36] In line with this result, the last column of Table 4 shows a negative correlation between value misalignment and a "speak up" index, which averages responses related to the employee's willingness to speak-up and perceived psychological safety (Edmondson, 1999; Castro et al., 2022).[37] Table A20 shows the components of this index, which are all negatively related to vertical misalignment. For instance, workers with misaligned values are less likely to openly express their opinions or challenge policies they disagree with.[38]

Table A21 confirms that these results reflect a worsening of bottom-up communication rather than manager-led communication. When we further explore structured meetings with the manager, we find no significant relationship between value misalignment and the type or frequency of feedback received. Therefore, the negative relationship between VAM and communication appears to be driven by the reduced communication initiated by workers.

[36] Our partner bank holds two types of meetings between workers and managers: structured and unstructured. Structured meetings are led by the manager as part of their core duties and focus on tracking project progress and employee development. Unstructured meetings, created by the bank to increase speak-up, allow employees to organize agenda-free discussions with their managers on any topics they find important.

[37] According to Edmondson (1999), team psychological safety is a "a shared belief held by members of a team that the team is safe for interpersonal risk taking."

[38] We also examine the relationship between employee voice, exit, and intent to stay, as theorized by Hirschman (1970). According to Hirschman, greater employee voice reduces the likelihood of exit, as individuals who feel heard are more inclined to remain within the organization. We find support for this hypothesis: workers with higher levels of voice—measured through the speak-up index or its individual components—are significantly more likely to express intent to stay and less likely to exit.

4.4 Other Potential Explanations

We use the richness of our survey data to explore and rule out further alternative explanations for the impact of vertical value misalignment on performance.

One possibility is that misaligned workers receive less mentoring, which could negatively affect their performance. However, Column (1) of Table A22 shows a negative but statistically insignificant effect between misalignment and mentoring received. Employees who are more misaligned with their manager are also not more likely to perceive the bank as an unfair environment, whether in terms of promotion criteria (Column (2)) or how mistakes are handled (Column (3)), compared to their less misaligned peers.[39] We also do not find evidence that workers with greater misalignment with their manager are less likely to feel recognized for doing a good job (Column (4)) or for upholding good values (Column (5)).

The last three columns of Table A22 explore whether misalignment with the manager affects autonomy and trust. We find a negative but not statistically significant relationship between VAM and perceived autonomy in deciding workload (Column (6)) and perceptions of being trusted by leaders (Columns (7)), pointing to the fact that managers are not more or less likely to delegate tasks to subordinates based on value misalignment (Dessein, 2002). Consistent with the finding that misalignment does not affect top-down communication from managers, employees also do not report a decrease in their leaders' trust in them.

Finally, we find some evidence that workers who are more misaligned with their managers are less likely to trust them (Column (8)). This suggests that trust and communication may be closely connected. When employees do not trust their manager, they may be less likely to communicate openly, share concerns, or ask for advice.

4.5 Taking a Stand on the Results

Our findings show that value misalignment between workers and managers negatively impacts worker performance, particularly in more objective financial metrics. This effect is unlikely to stem from managerial bias, as it persists across teams with different levels of alignment dispersion and is stronger for relatively more objective measures of performance. Additionally, we find no consistent evidence that channels such as mentoring, perceptions of fairness, autonomy or recognition explain the effect. More misaligned employees also do not report an increase in objective obstacles in doing their job well.

[39] This is consistent with Table A14, which shows that greater vertical misalignment is not associated with employees' promotions.

The two most likely explanations for the negative performance impact of value misalignment lie in disrupted employee-led communication flows and reduced worker morale. Disrupted communication flows may affect worker productivity because workers have fewer guidelines and feedback as well less engagement in the organization.

In a simple mediation analysis (Heckman and Pinto, 2015), we find that the variables related to morale and communication explain about 80% of the relationship between VAM and financial performance. Communication variables have roughly twice the explanatory power of worker morale variables, accounting for 62% of the total variation jointly explained by these two categories of explanations.

These findings point to possible ways to reduce the costs of value misalignment, such as finding ways to enhance employees' morale, fostering a psychologically safe environment and promoting open communication to enhance productivity. The next section examines the broader organizational implications of these insights.

5 Organizational Implications

In this section, we delve into the primary implications of our results for organizations when value misalignment is present and matters for performance. We consider three strategies. First, as a deterioration of workers' voice is one of the main channels through which misalignment affects performance, organizations can try to foster psychological safety to reduce the performance costs of diversity in values (sub-section 5.1). Second, organizations can adapt their team assignment rules to maximize value alignment (sub-section 5.2). Finally, organizations can try to manage employees' perceptions about value differences with managers and team members (sub-section 5.3). We are cognizant that the benefits and costs of each approach may depend on the particular setting at hand. For this reason, we collected evidence outside of our specific partner organization to increase the external validity of our discussion.

An Additional Survey in the Finance Industry. We conducted an online survey with 250 workers in the finance and insurance industry across OECD countries, recruited on Prolific. The survey asks respondents about their personal values, their views about the productivity consequences of diversity in values, potential policies that can be effective and actual policies that their organizations are adopting. This survey provides a snapshot of whether - and how - employers are dealing with diversity in values and its potential costs for organizational performance. Moreover, it shows that our implications resonate well with

a more general sample of workers in the financial sector.[40]

5.1 Fostering Psychological Safety

Organizations can mitigate the costs of value misalignment by fostering environments where differences are openly acknowledged and accepted, allowing employees to express their views without fear of negative consequences. This approach, rooted in the concept of "psychological safety," empowers workers to address value differences constructively, improving team performance. Psychological safety encourages honest dialogue, enabling employees to voice concerns and share ideas freely (Edmondson, 1999). Employee programs such as those tested by Alan et al. (2022) and Castro et al. (2022) can equip employees to collaborate effectively with colleagues holding different values, reducing friction and fostering stronger teamwork. Psychological safety is one of the key variables to explain team's success according to Google (Duhigg, 2016). Our survey evidence from 250 financial-industry workers also highlights the importance of communication. 81% of respondents report that better communication quality can reduce the costs of misalignment (Figure A24a). These findings underline the critical role of psychological safety in managing value diversity effectively.

While our analysis uncovers a strong negative relationship between psychological safety and vertical value misalignment, it is mainly correlational. To provide more rigorous evidence on the role of psychological safety in shaping the relationship between value misalignment and performance, we leverage variation in the physical co-location of managers and their employees as a quasi-random source of differences in speak-up. Co-location in the same office often results from logistical factors like space availability or historical decisions, rather than deliberate team planning. Figures A21 and A22 show that co-location is not significantly correlated with most observable characteristics of workers and managers, including vertical misalignment, making it a suitable proxy for studying communication and performance dynamics.[41]

Table A23 reveals that employees working in close physical proximity to their managers are less likely to speak up. This reduced willingness to voice concerns may stem from different factors. For instance, the manager's physical presence may heighten employees' sense of being monitored, leading them to self-regulate speech, or proximity can reinforce

[40] The survey questions are reproduced in sub-section A.2. Figure A20 compares the top five values from our bank survey and the prolific survey. Both align closely, except that the prolific survey over-represents "Thrift" and under-represents "Responsibility."

[41] The controls used in our tables already account for all the variables listed in Figure A21 as potential imbalances between workers with and without co-located managers.

hierarchical dynamics, discouraging dissent or open dialogue. The prediction is that such communication break-down should intensify the costs of misalignment by hindering mutual understanding. Thus we expect the performance costs of VAM to be larger for employees co-located with their managers (if indeed speak up is one of the main channels at play).

In line with this prediction, Table A24 shows that the negative impact of value misalignment on performance is most pronounced in teams where the manager and employees are co-located. In these settings, workers who feel unable to voice concerns miss opportunities to resolve misalignment with their managers, weakening their performance.

Table A25 builds on this evidence and shows that the impact of misalignment is most severe in teams with shorter tenures, measured as the minimum tenure between the focal employee and the manager. Newly formed teams often lack established communication patterns and mutual understanding, leaving them more vulnerable to the challenges of misalignment. Over time, as teams build stronger relationships, the performance costs of misalignment diminish. These findings highlight the need for targeted efforts to improve communication within teams, especially in newer teams.

5.2 Team Assignment Policies

One approach to mitigating the impact of misalignment is to adjust team assignments by pairing employees with managers who share similar values (Lazear, 1999a). Our results suggest that this strategy could improve performance.[42]

However, team assignments based on value similarity can also have drawbacks. First, collecting reliable value measures could be more expensive than it appears. If employees know that their team assignment depends on reported values, they may misrepresent their preferences. Organizations would then need to develop incentive-compatible tools to measure values accurately, increasing the costs of this approach.

Our survey of 250 financial-industry workers supports this intuition. Two-thirds of respondents believe that organizations do not currently consider personal values for team assignments, suggesting that implementing such strategy could present significant challenges (Figure A24b).

Second, our data are not well suited to fully explore the possible costs of value homogeneity within teams. Previous work has highlighted that homogeneous teams may face

[42]We conduct a simple exercise where workers are reassigned to managers in a way that minimizes their value misalignment while keeping managers and workers in their respective roles. This exercise shows that VAM decreases from 18.3 to 3.2, a reduction of about 82%, with an equivalent increase in the predicted financial performance measure.

reduced creativity and be less effective in problem-solving (Galinsky et al., 2015; Hundschell et al., 2022; Darova and Duchene, 2024). Groupthink, where similar perspectives dominate, can hinder innovation and limit the ability to approach challenges from diverse angles (Parrotta et al., 2014). To make progress on this aspect, we collected additional data to explore whether the costs of misalignment depend on the nature of tasks and to check whether roles requiring more creativity may benefit from differences in personal values.

Creativity and Value Misalignment. Since we do not have detailed job descriptions for each worker, we web-scraped the universe of job vacancies from our partner organization's website (N=1308). The text of each vacancy includes a summary of the main tasks that an employee is expected to perform, along with details about the career band and division within the organization. We analyze these job postings to construct creativity measures at the career-band and division level, which we then merge with our cross-sectional data. To develop our creativity measures, three research assistants independently assigned creativity scores to a sample of 100 job descriptions. We then used these manually scored descriptions to train a Random Forest model applied to the full dataset of job advertisements. More details on this methodology can be found in Appendix A.3.

Table A26 presents the results of vertical and horizontal misalignment for our four cross-sectional dependent variables. For each dependent variable, the first column includes only workers in career-band and division combinations with below-median creativity scores, while the second column includes those with above-median creativity scores. The results show that the negative relationship between vertical misalignment and performance is statistically significant only when task creativity is low. When task creativity is high, neither vertical nor horizontal misalignment has a statistically significant effect on performance and the coefficient is much smaller, albeit not significantly different from the coefficient in the low-creativity sample (p = 0.22). This is suggestive evidence that value differences between workers and their managers or colleagues may be less relevant in more creative environments.

5.3 Shaping Employees Perceptions

Unlike demographic diversity, the limited visibility of personal values creates opportunities for information frictions to affect workplace performance. This includes the potential emergence of misperceptions about value alignment with one's manager or colleagues. Workers may have limited knowledge about their managers' or peers' values, leading to inaccurate perceptions of how well they fit with their team's values. Even when actual value differences

are small, the feeling of not belonging can harm performance.

Programs that encourage employees to interact more—such as team retreats, group volunteering (Ashraf et al., 2024a), or knowledge-sharing activities (Sandvik et al., 2020)—can help correct these misperceptions and improve both performance and morale. To explore this idea, our 2017 survey asked the following additional question about employees' perceptions of their colleagues' values:

> Now thinking about your colleagues where you work, what qualities do you think that they would consider especially important for children to learn at home? Select the top three.

By comparing answers to this question with the actual personal values reported by one's colleagues, we can calculate a "horizontal value accuracy" metric for each worker. This gives us the proportion of colleagues' values that a person correctly identifies.[43] Table A27 shows that workers with higher "horizontal value accuracy" perform better, even when controlling for actual differences in personal values with their manager. This result confirms that helping employees know each others' values can be beneficial at the workplace.[44]

Finally, Figure A23 shows that teams with higher "speak-up" communication scores also have higher horizontal accuracy. This suggests that encouraging open communication can improve productivity by helping workers better understand their teammates' values.

Summarizing. In this subsection, we outline three key insights for organizations managing value misalignment and its impact on productivity. First, creating a culture of psychological safety encourages open communication, especially in close working environments where employees may hesitate to speak up. Second, while grouping teams by shared values might seem effective, it can lead to inefficiencies like misreporting and hidden costs. Finally, helping employees better knowing their colleagues' values may improve productivity.

[43] When multiple team members respond to the survey, we first compute the average value ranking across all responses. The horizontal value accuracy measure represents the share of a respondent's top three mentioned values that match this average ranking. Unfortunately, we do not have a comparable measure for assessing accuracy regarding a manager's values.

[44] Several mechanisms could explain this. First, workers who accurately understand their peers' values may know whom to approach for help on specific issues. Second, teams with greater mutual understanding can communicate more effectively, reducing misunderstandings and improving workflows. Third, recognizing each other's values may foster empathy during conflicts, helping teams find solutions that satisfy everyone.

6 Final Remarks

This study highlights the important role of diversity in personal value on workplace performance. We find that value misalignment between employees and managers significantly reduces productivity, with a one-standard-deviation reduction in VAM increasing financial performance by 1%. These findings are robust across multiple analyses, including panel data that account for unobserved heterogeneity, emphasizing the critical impact of manager-employee alignment in values on individual and organizational outcomes. Misalignment with peers (HAM), while present, has weaker and more mixed effects on workplace outcomes.

Our results reveal that personal values are a key but often overlooked ingredient of workplace dynamics. Unlike visible traits like gender or race, personal values are harder to observe, yet can deeply influence organizational performance. We show that value misalignment, particularly with managers, reduces employees' willingness to engage in open communication and lowers *morale*, creating barriers to feedback and reducing psychological safety. Addressing these misalignments presents a clear opportunity for organizations to boost performance.

These findings have important implications for the growing "bring your whole self to work" movement, which encourages organizations to foster authenticity by recognizing the full spectrum of employees' identities (Robbins, 2018). While this approach is thought to encourage inclusivity and employee well-being, our study points out a potential downside: without proper strategies to manage differences in personal values, organizations may face challenges that lower productivity. For example, 82% of employees in our Prolific survey report that their HR departments do not recognize the impact of value misalignment on performance (Figure A24b). These results suggest that while promoting authenticity may improve workplace culture, it also requires organizations to have systems in place to navigate the complexities of diverse values.

By extending the conversation on diversity beyond visible characteristics to include personal values, this research provides a nuanced perspective on workplace dynamics and on how group diversity matters. It underscores the need for organizations to invest in tools and strategies—such as fostering psychological safety and improving communication flows—to mitigate the potential costs of value misalignment.

While our findings provide new insights into the role of personal values at work, many open questions remain. For example, how does value misalignment influence team dynamics in other high-stakes environments, such as healthcare, where communication is crucial? Should organizations deliberately match employees and managers based on values, or would

this reduce diversity in ways that may hinder long-term performance? The rise of remote and hybrid work also raises new challenges: does working virtually amplify or mitigate the effects of value misalignment? Answering these questions would deepen our understanding of how personal values shape organizational success and inform better management practices in increasingly diverse and flexible workplaces.

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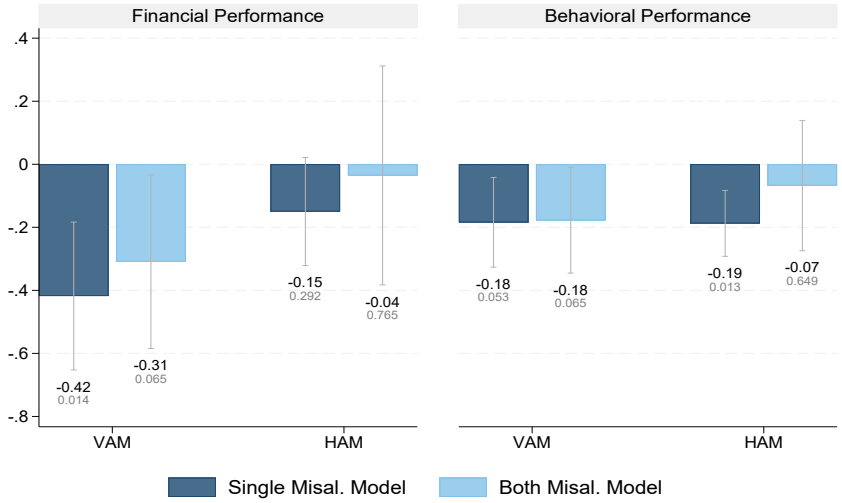
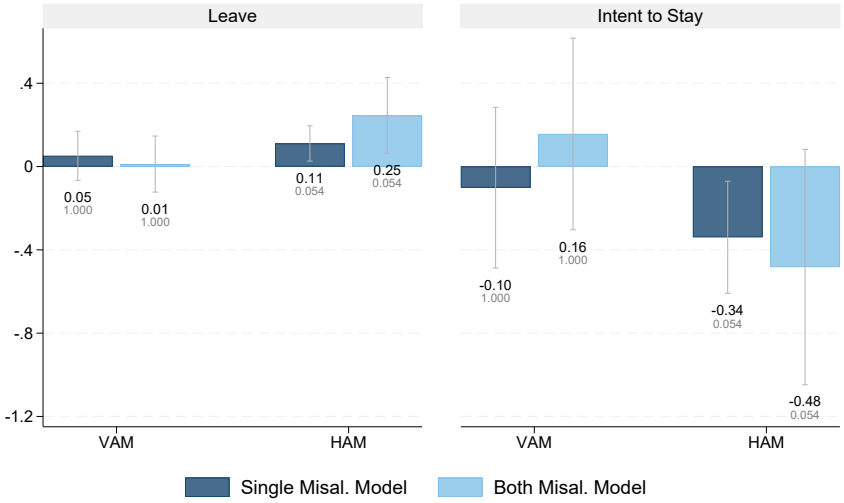
Figures and Tables

Figures



(a) Misalignment and Performance



(b) Misalignment and Turnover

Figure 1: Main Fact: Misalignment, Performance and Turnover (Cross-section)

Note: This figure presents coefficients from 12 regressions of employees' performance and turnover on the actual value misalignment with other team members (excluding their manager) –HAM– and the actual value misalignment with his/her boss –VAM. The dependent variables in Panel (a) are individual performance measures (Financial and Behavioral), while Panel (b) considers employees' turnover and intent to stay. Dark bars show coefficients from regressions with only one misalignment measure (VAM or HAM), while light bars include both misalignment measures as independent variables. Misalignment measures are constructed using the Kendall τ index, and re-scaled by a factor of 1/100 to facilitate the interpretation. Controls for VAM models include a worker's as well as their manager's gender, high age, high tenure, customer-facing role, ethnicity (Asian, White, and Black-Mixed), top and middle career band, and positive assignment number. In the regressions with HAM as independent misalignment measure, we control for the leave-one-out mean characteristics of the team in terms of share of females, ethnicity, high tenure, positive assignment number, customer facing roles, top or middle career band, and high age. Fixed effects include country and division, and standard errors are clustered at the team level. FDR-adjusted q-values are reported in gray.

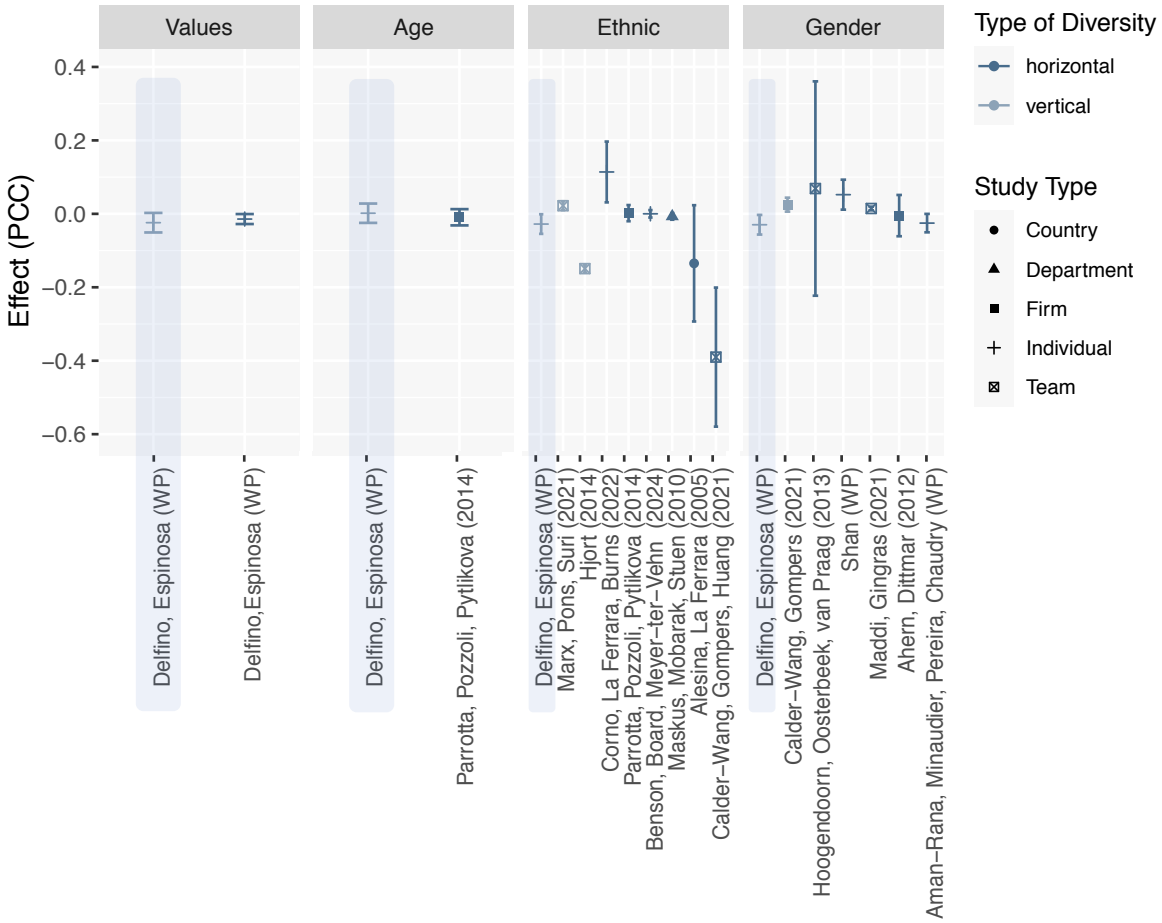
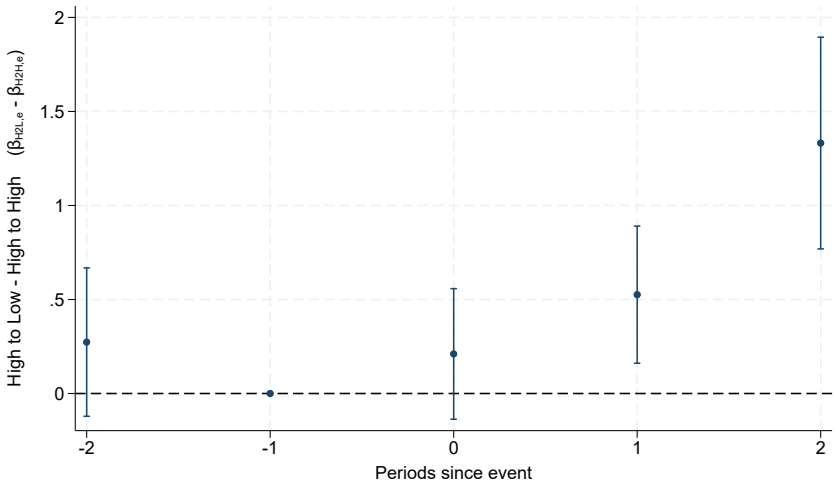
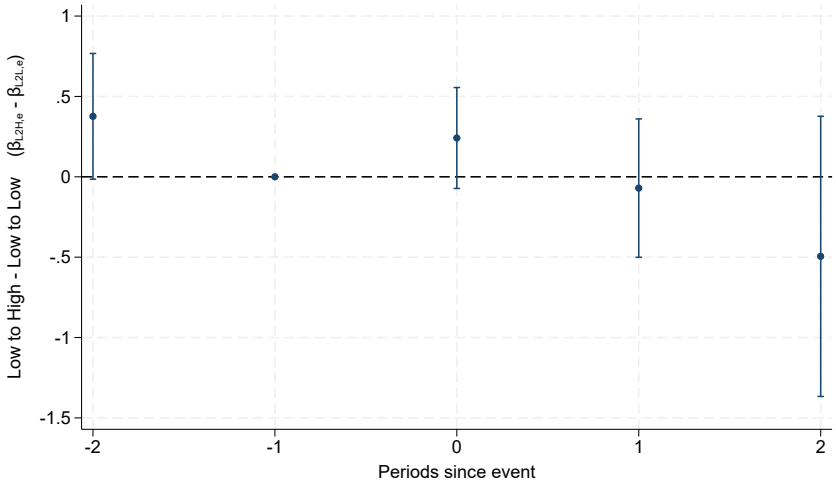


Figure 2: Value Misalignment Effect Compared to Other Studies: a Meta-Analysis

Note: This Figure shows the results of a meta-analysis on papers about diversity and performance (N=14). The Figure shows the Partial Correlation Coefficient (PCC) across studies. We categorize the effects depending on three dimensions: source of diversity (values, age, ethnicity, gender), type of diversity (vertical with managers or horizontal with peers) and whether performance is computed at the individual or aggregate level (e.g., team, firm). The partial correlation coefficient (PCC) is defined as $\frac{t}{(t^2+df)^{1/2}}$, where t is the t-statistic from a regression coefficient and df are the degrees of freedom. We assume no variance between coefficients in the regressions.



(a) From High to Low VAM



(b) From Low to High VAM

Figure 3: Transition Events (High-to-Low or Low-to-High VAM) and Financial Performance

Note: The graphs show the change in financial performance for workers who experience different transitions across the VAM distribution after a managerial switch. Specifically, they show the difference in performance between workers who transition from one side of the VAM distribution to the other and those who remain on the same side of the distribution after a manager change. Transitions across the VAM distribution include 29 individuals transitioning from low to high VAM, 40 individuals transitioning from low to low VAM, 10 individuals transitioning from high to low VAM, and 36 individuals transitioning from high to high VAM. High and low VAM are defined as above and below the median of the full VAM distribution across all semesters for the considered sample, respectively. The sample includes individuals who never change teams, but can change managers multiple times. For individuals with more than one manager switch, we exclude their observations from the second managerial switch onwards. We control for unbalanced manager characteristics (as shown in Table A16) using dummies for their Career Band category, their gender and whether they are older. At the worker level, we control for time-varying variables: their Career Band category and whether they have a high tenure. Fixed effects for the worker and the semester relative to treatment are included. Standard errors are clustered at the worker level, and the unit of observation is the worker-semester. The lines in the graphs represent 95% confidence intervals. Details on the exact estimation method are provided at the end of section 3.5.

Tables

Observations: 38,827 Teams - Managers: 4,379							
	Mean	SD	p10	p25	p50	p75	p90
Dependent Variables							
Financial Performance	2.699	0.791	2	2	3	3	4
Behavioral Performance	3.075	0.463	3	3	3	3	4
Leaves the Company	0.301	0.458	0	0	0	1	1
Intent to Stay							
<1 Year	0.057	0.232	0	0	0	0	0
1-2 Years	0.136	0.343	0	0	0	0	1
3-4 Years	0.157	0.364	0	0	0	0	1
>4 Years	0.650	0.477	0	0	1	1	1
Independent Variables							
VAM	18.399	6.626	10	13	18	23	27
HAM	18.636	5.499	12	15	18	22	26
Controls							
Female	0.495	0.500	0	0	0	1	1
White	0.179	0.383	0	0	0	0	1
Black & Mixed Ethnicities	0.023	0.149	0	0	0	0	0
Customer Facing Role	0.389	0.487	0	0	0	1	1
Top Career Band	0.008	0.091	0	0	0	0	0
Mid Career Band	0.352	0.478	0	0	0	1	1
Positive Assignment Number	0.107	0.309	0	0	0	0	1
Age							
<29 Years	0.254	0.435	0	0	0	1	1
30-39 Years	0.388	0.487	0	0	0	1	1
40-49 Years	0.223	0.416	0	0	0	0	1
>50 Years	0.135	0.342	0	0	0	0	1
Tenure							
<1 Year	0.168	0.374	0	0	0	0	1
1-4 Years	0.298	0.457	0	0	0	1	1
5-9 Years	0.215	0.411	0	0	0	0	1
10-20 Years	0.214	0.410	0	0	0	0	1
>20 Years	0.106	0.307	0	0	0	0	1

Table 1: Descriptive Statistics (Cross-section)

Note: This table shows the summary statistics of the dependent, independent and control variables used in the cross-section estimations. The first two columns present respectively the mean and standard deviations. The last five columns include the value of percentiles 10, 25, 50, 75, and 90 respectively. The sample considers 38827 individuals. VAM is the vertical actual misalignment, HAM is the horizontal actual misalignment. Variables are defined in the main text (in sections 2.3 and 2.5).

	Financial Performance			Behavioral Performance			Leave			Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VAM	-0.418***		-0.309*	-0.184**		-0.178*	0.052		0.012	-0.101		0.156
	(0.143)		(0.167)	(0.087)		(0.102)	(0.072)		(0.082)	(0.234)		(0.280)
	[0.014]		[0.065]	[0.053]		[0.065]	[1.000]		[1.000]	[1.000]		[1.000]
HAM		-0.150	-0.036		-0.188***	-0.068		0.111**	0.246**		-0.340**	-0.483
		(0.104)	(0.211)		(0.064)	(0.126)		(0.052)	(0.111)		(0.164)	(0.343)
		[0.292]	[0.765]		[0.013]	[0.649]		[0.054]	[0.054]		[0.054]	[0.054]
Observations	7,018	21,054	5,528	6,547	19,773	5,159	8,736	26,983	6,924	3,819	11,426	3,038
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes
Team Controls		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.697	2.706	2.711	3.069	3.077	3.073	0.258	0.269	0.260	3.423	3.418	3.432

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 2: Main Fact: Misalignment, Performance and Turnover (Cross-section)

Note: This table presents the estimations of the effect of actual value misalignment with other team members (excluding their manager) –HAM–, and the actual value misalignment with the manager –VAM– on employee performance and turnover. Dependent variables in Columns (1) to (6) are individual performance measures, while Columns (7) to (12) show estimates on employees' turnover and intent to stay. Misalignment measures are computed using the Kendall τ index and are re-scaled by a factor of 1/100 to facilitate the interpretation. Controls for models with VAM include a worker's as well as their manager's gender, high age, high tenure, customer-facing role, ethnicity (Asian, White, and Black-Mixed), top and middle career band, and a dummy for positive assignment number. In the regressions with HAM as independent misalignment measure, we control for these same worker level controls as well as the leave-one-out mean characteristics of the team in terms of share of females, ethnicity, high tenure, positive assignment number, customer facing roles, top or middle career band, and high age. Top (middle) Career Band is an indicator variable for being in the top three (third to sixth) hierarchical levels out of nine. Positive Assignment Number indicates that the employees had multiple assignments in the current job role. Regressions with both misalignment measures include the worker, manager and team-level controls described above. Fixed effects include country and division. Standard errors are clustered at the team level, and square brackets include FDR-adjusted q-values.

	Financial Performance			Behavioral Performance		
	(1)	(2)	(3)	(4)	(5)	(6)
VAM	-1.264**		-1.949**	-0.145		0.316
	(0.635)		(0.821)	(0.376)		(0.521)
	[0.078]		[0.078]	[0.539]		[0.539]
HAM		-0.205	-0.375		-0.191	-0.233
		(0.271)	(0.954)		(0.174)	(0.381)
		[1.000]	[1.000]		[1.000]	[1.000]
Observations	3876	10823	2366	3856	10758	2355
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes	Yes	Yes
Semester FE	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.768	2.788	2.768	3.134	3.161	3.142

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 3: Main Fact: Misalignment and Performance (Panel)

Note: This table presents estimations of employees' performance on actual value misalignment with other team members (excluding their manager) – HAM –, and actual value misalignment with his/her boss – VAM. Misalignment measures are defined by the Kendall τ index. They were re-scaled by a factor of 1/100 to facilitate the interpretation. We restrict the sample to workers who never change teams. The controls are worker tenure and career band category. Fixed effects for worker and semester are present in all specifications. Standard errors are clustered at the worker level, and square brackets include FDR-adjusted q-values. The unit of observation is the individual for each semester.

	Discuss progress of objectives	Discuss own development plan	Participated in unstructured meetings	Speak-up index
	(1)	(2)	(3)	(4)
VAM	-0.177**	-0.129	-0.217**	-0.390***
	(0.078)	(0.083)	(0.087)	(0.128)
	[0.044]	[0.109]	[0.036]	[0.016]
Observations	8,736	8,736	8,736	8,736
Ind Controls	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes
Mgr Demographic Diff Controls	Yes	Yes	Yes	Yes
Top VAM Control	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
DV Mean	0.656	0.415	0.489	0.021

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table 4: Main Mechanism: VAM hinders Workers' Voice

Note: This table presents the estimations between bottom-top communication quality and vertical value misalignment. All the misalignment measures are defined by the Kendall τ index. The individual vertical actual misalignment (VAM) is the actual value misalignment with the manager. The misalignment measure is re-scaled by a factor of 1/100 to facilitate the interpretation. The "Speak Up" index corresponds to the average of standardized variables capturing the degree of employee's agreement with the following statements about their workplace: "I feel able to speak up when I see a behavior that is considered wrong"; "Issues of right and wrong are discussed in team meetings"; "Everyone has the chance to say what they think"; "People can state their opinion without the fear of negative consequences"; "I feel able to challenge policies and procedures that I think will be bad for customers"; "People feel comfortable suggesting different ways of doing things"; "Constructive criticism is appreciated". In addition to our main controls and fixed effects (as in Table 2, Column (1)), two additional sets of controls are included: the first are demographic differences between the focal employee and the manager (in gender, ethnicity and age), and the second is the employee's value misalignment with the bank's management. Square brackets include FDR-adjusted q-values. Standard errors are clustered at the team level.

A Value Dissonance at Work: Online Appendix

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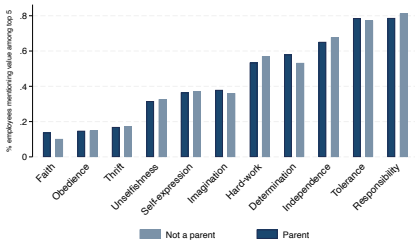
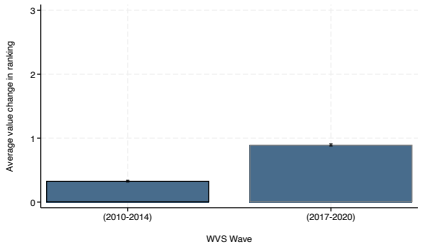
(Bocconi University, CESIfo, CEPR, LEAP and IGIER) & (Bocconi University, CESIfo, CEPR, LEAP and ICRIOS)

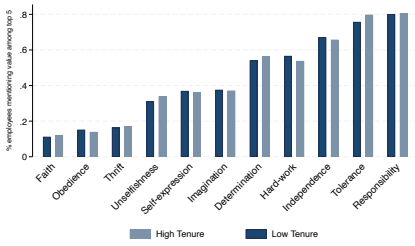
Figures



(a) Bankers' Values by Parenthood



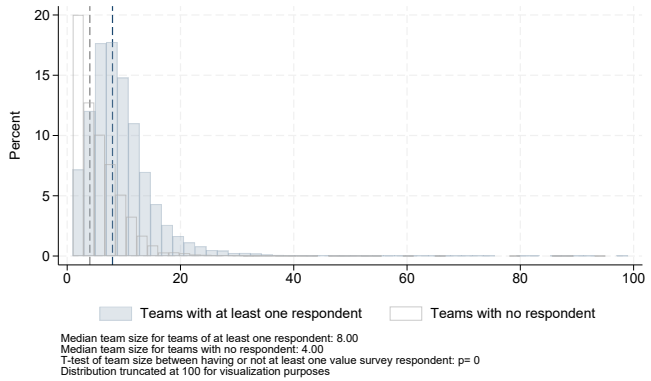
(b) Changes in Value Ranking Across WVS Waves



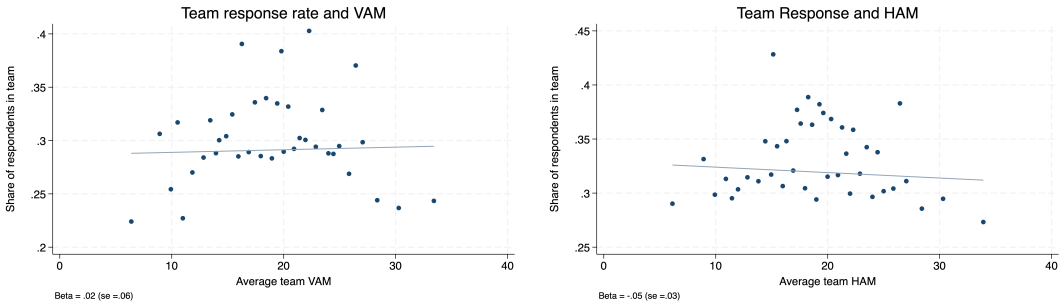
(c) Bankers' Values by Tenure

Figure A1: Stability of Values over Time

Note: Figure (a) shows the proportion of employees mentioning each value among their top five, grouped by parenthood status. Figure (b) uses data from the 5th (2005–2009), 6th (2010–2014), and 7th (2017–2020) waves of the World Values Survey. For each wave, we take the top-5 ranked values of a country and estimate the weighted average number of values that change from one ranking to the next. A score of 5 indicates that all the values in the ranking changed, while a score of 0 means none of them changed. The analysis focuses on countries represented in our survey data, weighting changes in rankings by the number of employees in our sample working in each country. Results are similar when using unweighted averages. Figure (c) shows the proportion of employees mentioning each value among their top five, broken down by tenure. Dark blue bars represent employees with high tenure (5 years or more), while light blue bars represent employees with low tenure (4 years or less).



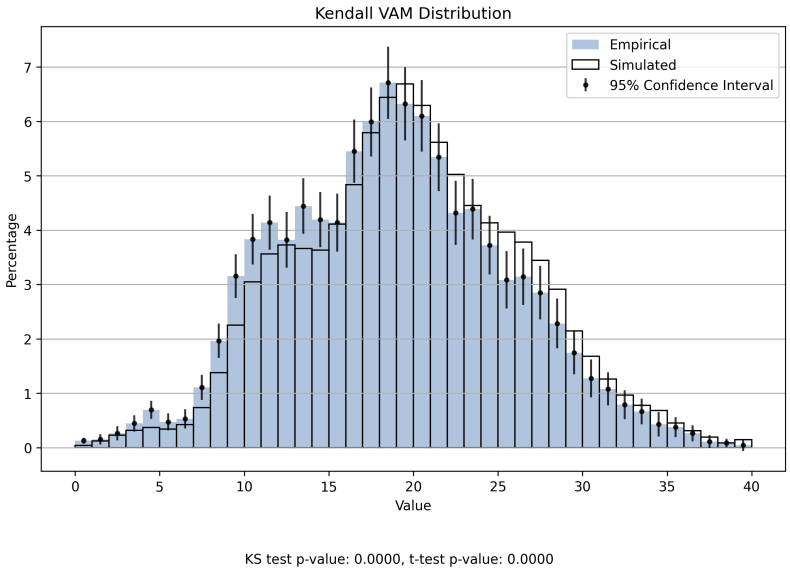
(a) Team Size: With or Without Survey Respondents



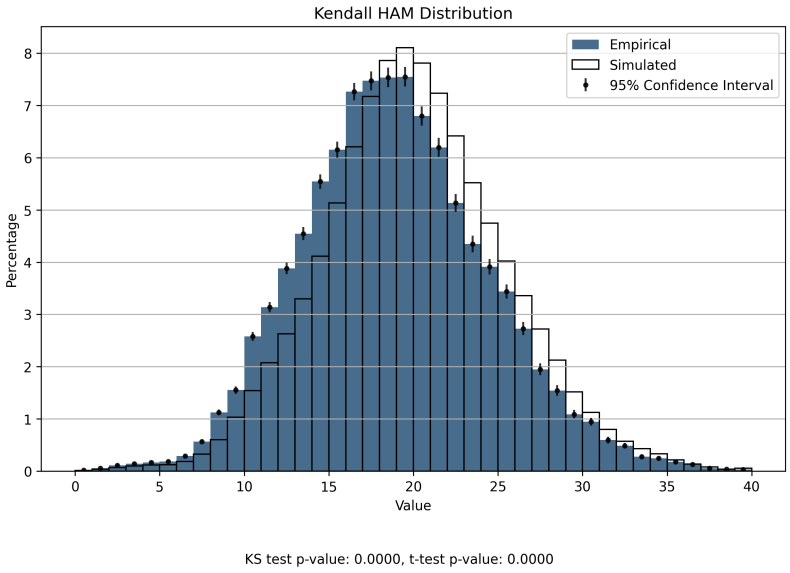
(b) Team Response Rate and Misalignment

Figure A2: Team Size and Response Rate

Note: Figure (a) compares teams with at least one survey respondent (light blue bars) with teams with no survey respondent (gray empty bars). The dashed blue and gray vertical lines represents the median team sizes for teams with at least one respondent and with no respondent respectively. Figure (b) shows that there is no significant correlation between HAM or VAM measures averaged at the team level and team survey response rates.



(a) Vertical Misalignment



(b) Horizontal Misalignment

Figure A3: Empirical and Simulated Distribution of Misalignment

Note: Figure (a) compares the empirical distribution of vertical actual misalignment (in light blue bars) with a simulated distribution of the same measure (in empty bars). Figure (b) compares the empirical distribution of horizontal actual misalignment (in dark blue bars) with a simulated distribution of the same measure (in empty bars). The simulation performs a 100 random team assignments, keeping fixed the distribution of team size and managerial hierarchy.

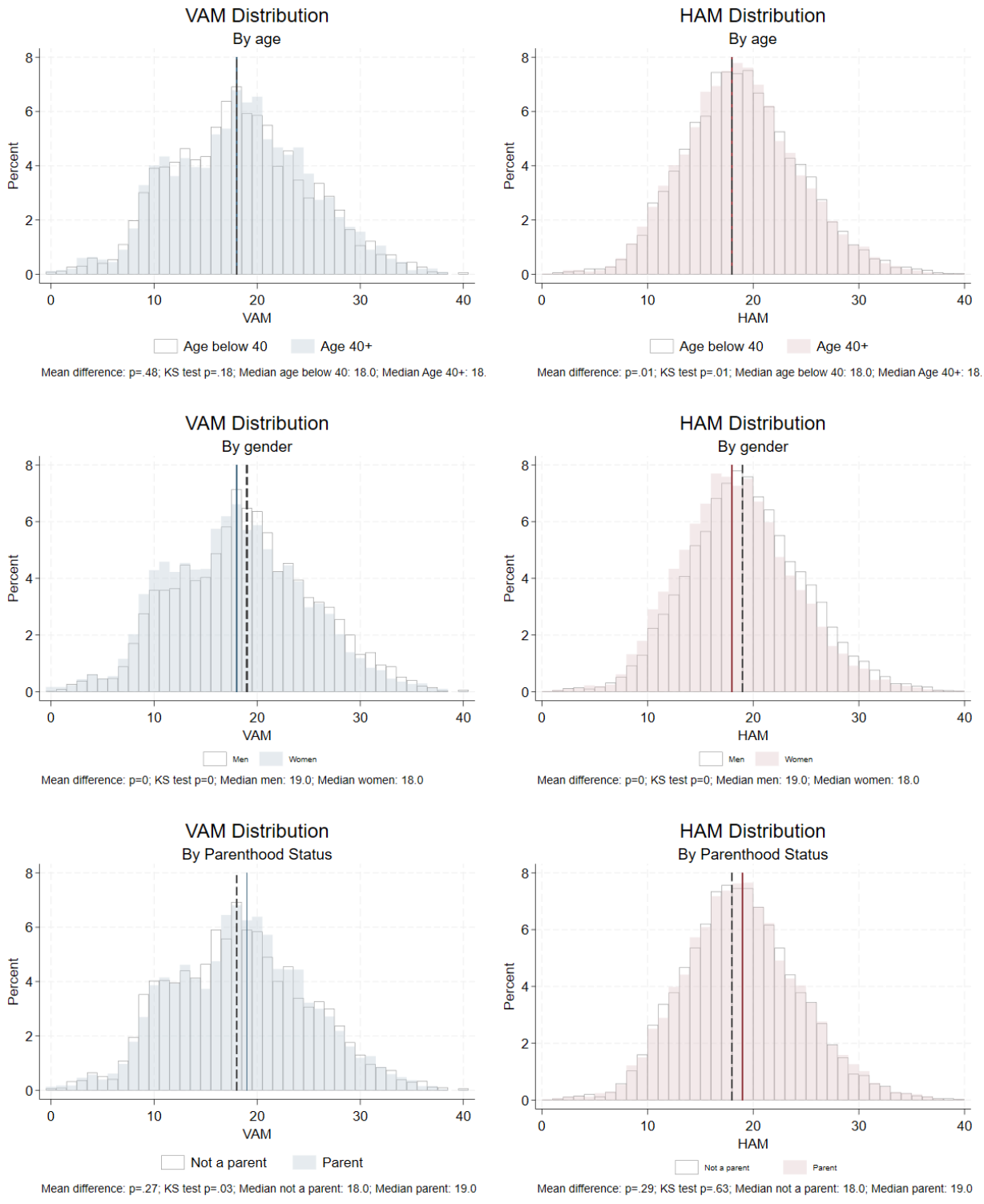


Figure A4: Distributions of VAM and HAM by Demographics

Note: This figure presents the distribution of VAM and HAM by age, gender and parenthood status. The solid blue and red vertical lines represent the median VAM and HAM respectively for individuals in the sample who are above 40, women, or are a parent depending on the figure. Dashed gray lines represent the median VAM and HAM for people younger than 40, men or who are not a parent depending on the figure.

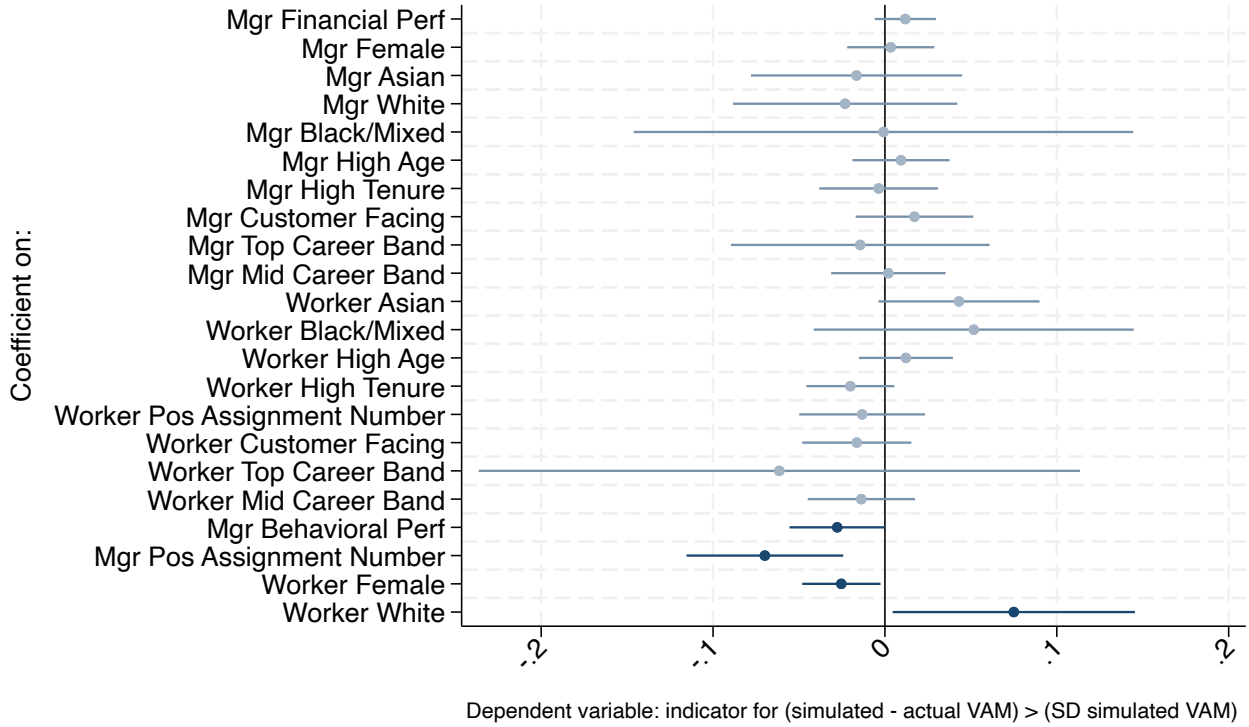


Figure A5: Correlates of Positive Sorting

Note: This figure shows the coefficients for worker and manager observables from a regression where the dependent variable is a dummy equal to one if the difference between actual VAM and simulated VAM (minus one standard deviation) is negative. See Figure A3 for the distribution of actual and simulated VAM.

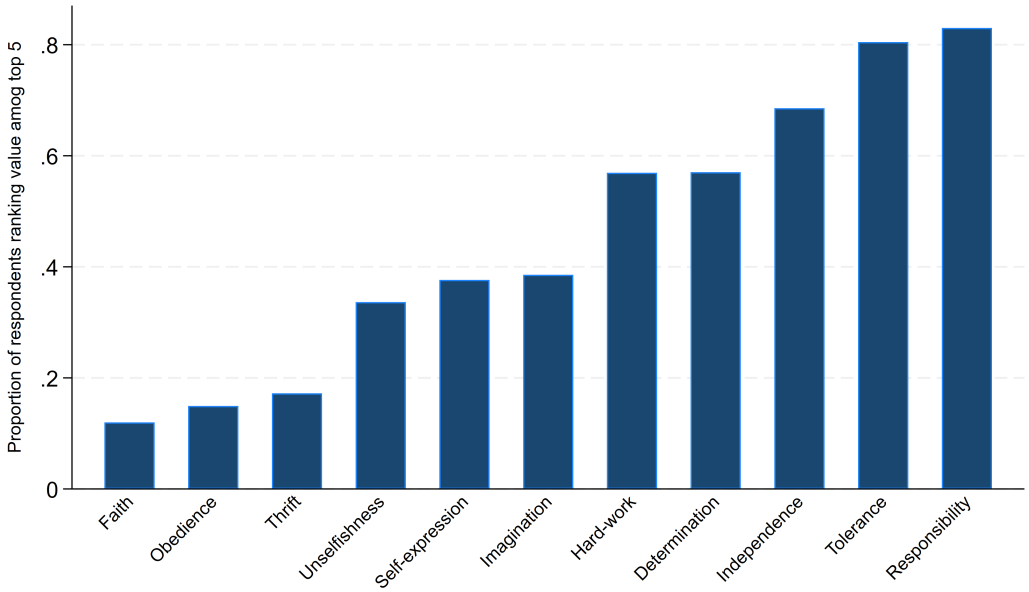
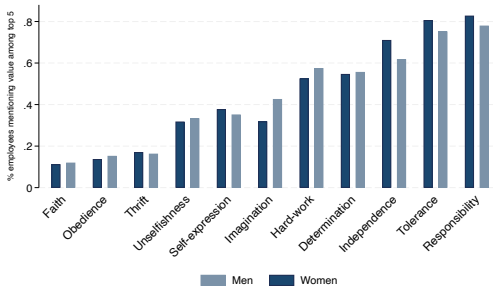
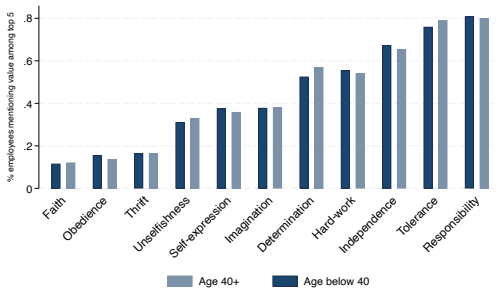


Figure A6: Most Common Values for our Survey Respondents

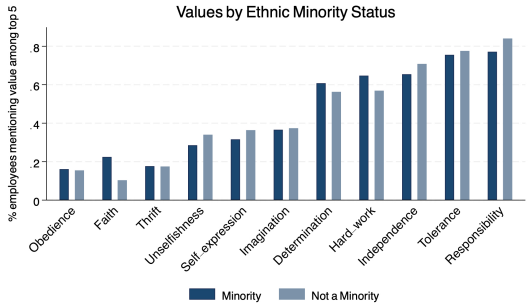
Note: This figure shows how popular each value is among all survey respondents in the bank. It calculates the percentage of employees who ranked that value in their top five.



(a) Bankers' Values by Gender



(b) Bankers' Values by Age



(c) Bankers' Values by Minority Status

Figure A7: Value Rankings by Demographics

Note: Figures (a), (b), and (c) show how the most important values vary based on employees' gender, age, and ethnic minority status, respectively.

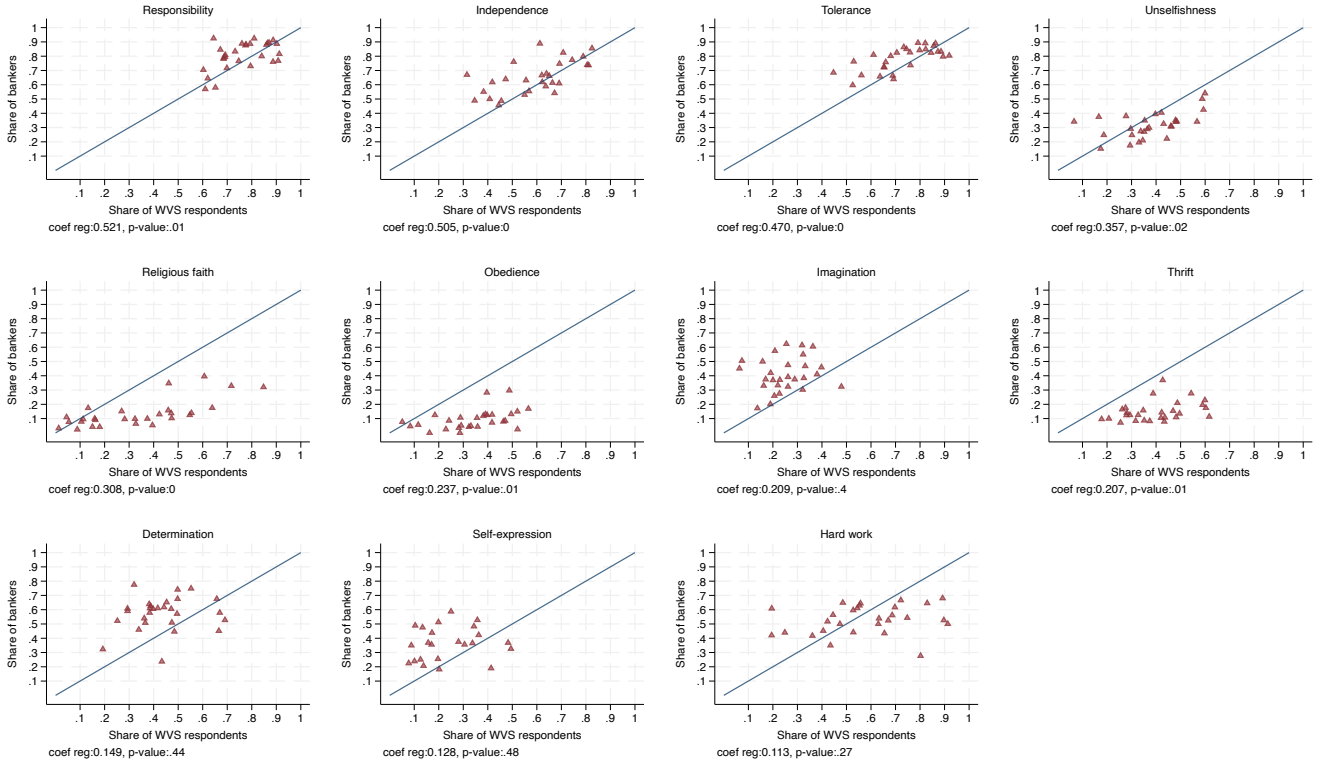
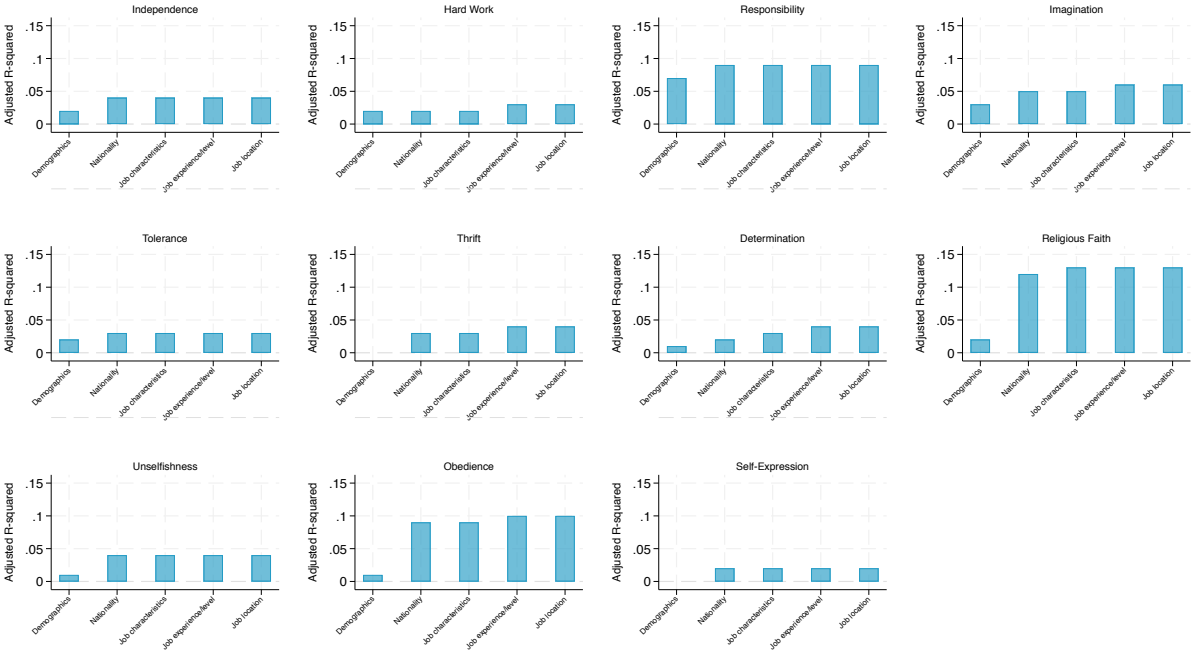


Figure A8: Values by Country of Origin and WVS Respondents

Note: This figure compares how often bank employees and respondents from the World Values Survey rank each personal value in their top five. Each red triangle represents a country, based on the bankers' country of birth. The values are arranged from highest to lowest correlation, as estimated using ordinary least squares (OLS).



Dependent variable: mentioning a given value among top 5. The bar plots the adjusted R-squared

Figure A9: Relationship Between Observables and Personal Values

Note: The figure shows how well different factors explain whether someone ranks each of the 11 personal values in their top five, measured by the cumulative adjusted R^2 of regression models. Each sub-graph tracks how the R^2 changes as five groups of variables are gradually added: demographics (e.g., gender, race, age), nationality, job characteristics, job level and experience, and finally job location.

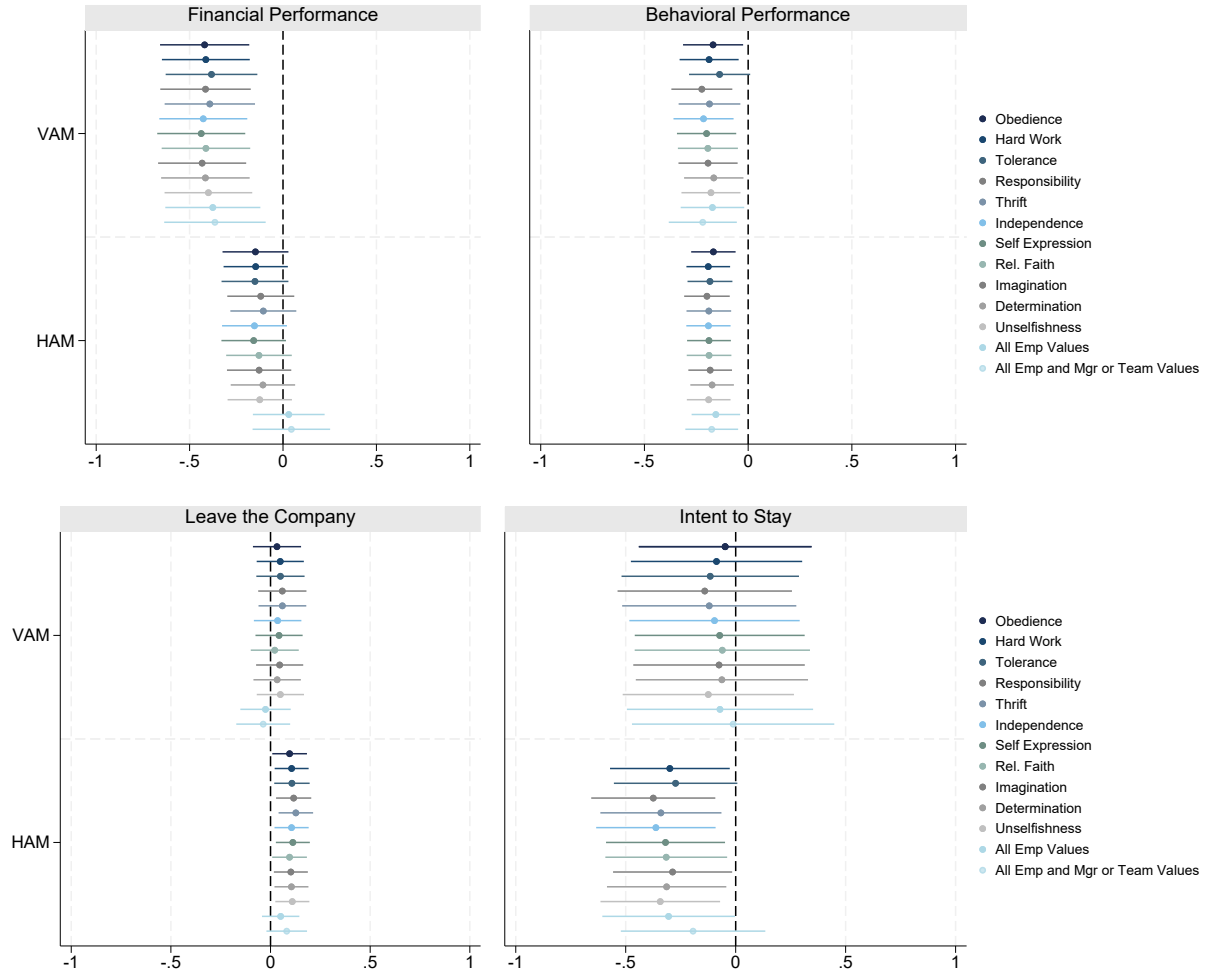
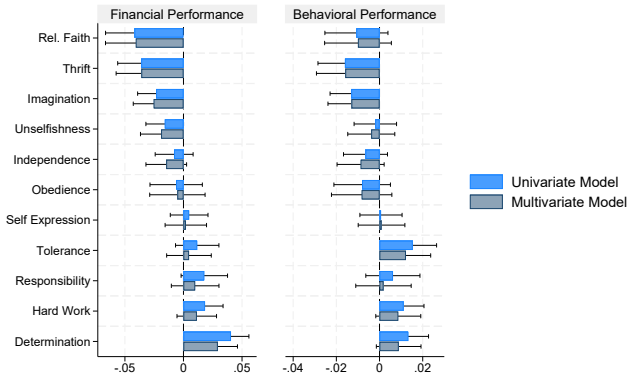
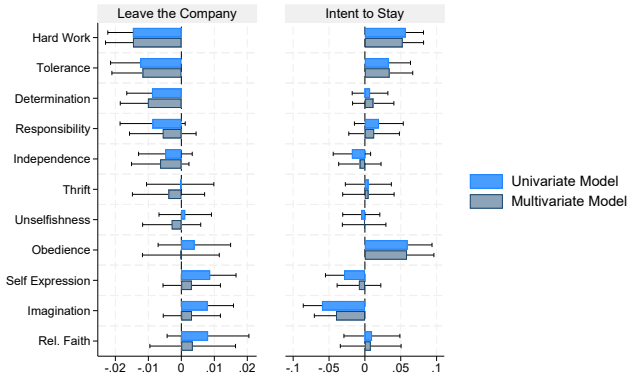


Figure A10: Robustness of VAM and HAM effects to Controls for Mentioned Values

Note: This figure shows how VAM and HAM affect performance and turnover while accounting for whether a respondent, their manager or their colleagues ranked a specific value in their top five. In each panel, the first eleven coefficients add controls for whether the worker and their manager (for VAM) or the worker and their colleagues (for HAM) mentioned a given value among their top five. The second-to-last model includes dummy variables for all values the worker listed in their top five. The final model further adds controls for the values mentioned by both the worker and their manager for regressions with VAM and values mentioned by the worker as well as the proportion of colleagues who mentioned each value for regressions with HAM. All estimations include the controls and fixed effects defined in Table 2 (Column (1) for regressions with VAM and Column (2) for regressions with HAM), with standard errors clustered at the team level.



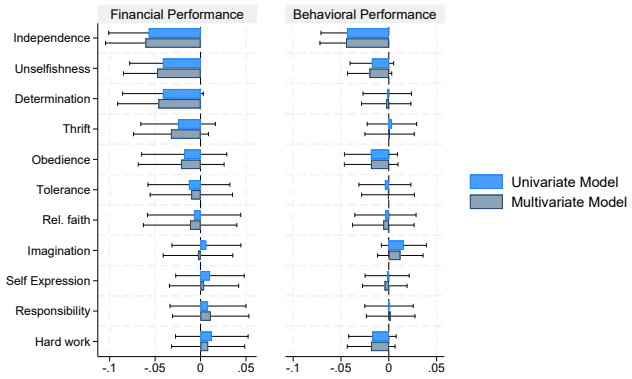
(a) Values and Performance



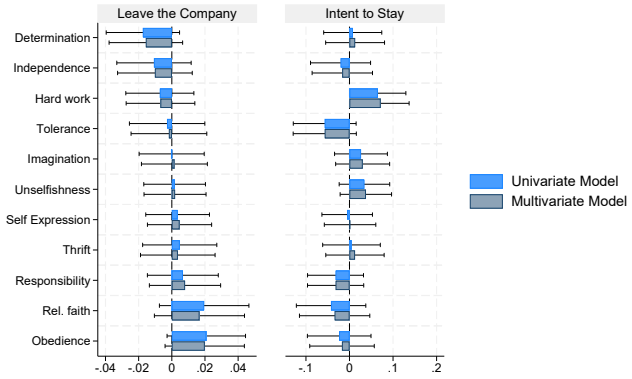
(b) Values and Turnover

Figure A11: Relationship between Mentioning a Given Personal Value, Performance and Turnover

Note: This figure shows the coefficients from regressions examining the relationship between employees' performance and turnover and the personal values they consider important. The blue bars represent the coefficient for a dummy variable equal to one if the employee ranks a given value in their top five, without controlling for other values. The gray bars show the coefficients when controlling for all eleven personal values simultaneously. The model includes worker-level controls, as defined in the note to Table 2, along with the fixed effects specified in the same figure. Standard errors are clustered at the team level.



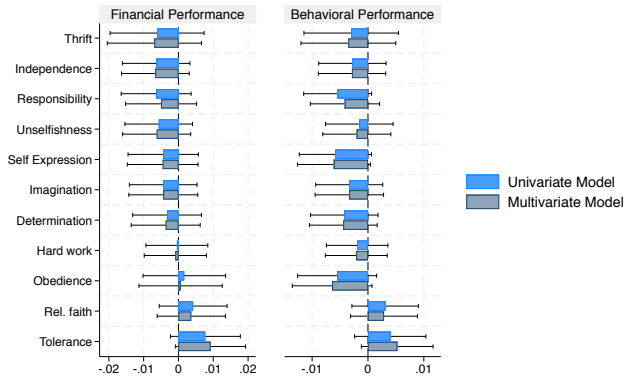
(a) Value-by-value VAM and Performance



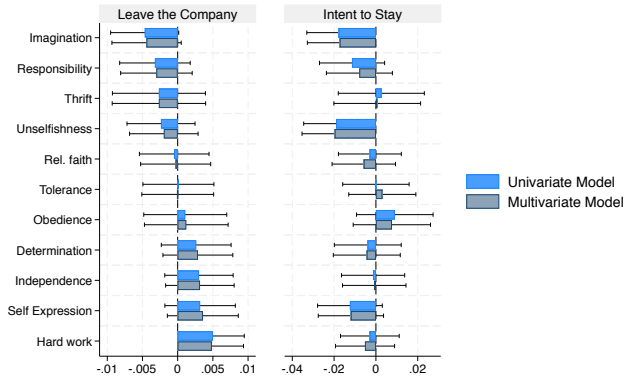
(b) Value-by-value VAM and Turnover

Figure A12: Vertical Misalignment in Each Personal Value, Performance and Turnover

Note: This figure shows the coefficients from regressions analyzing the impact of vertical value misalignment (VAM) for each personal value on performance and turnover. Misalignment is defined as a value of 1 if the employee and their manager rank a given value differently and 0 otherwise. Each of the 11 values is assessed separately. The blue bars represent coefficients from regressions that include only the VAM for that specific value, while the gray bars show coefficients from regressions that control for all 11 misalignment indicators. Confidence intervals are displayed at the 95% level. To improve interpretability, all misalignment measures are rescaled by a factor of 1/100. Controls and fixed effects are the same as in Table 2 Column (1).



(a) Value-by-value HAM and Performance



(b) Value-by-value HAM and Turnover

Figure A13: Horizontal Misalignment in Each Personal Value, Performance and Turnover

Note: This figure shows the coefficients from regressions analyzing the impact of horizontal value misalignment (HAM) for each personal value on performance and turnover. Misalignment is measured separately for each of the 11 values and is defined as the difference in rankings of a given value, averaged across all other team members. The blue bars represent coefficients from regressions that include only the HAM for that specific value, while the gray bars show coefficients from regressions that control for all 11 misalignment indicators. Confidence intervals are displayed at the 95% level. To improve interpretability, all misalignment measures are rescaled by a factor of 1/100. Controls and fixed effects are the same as in Table 2 Column (2).

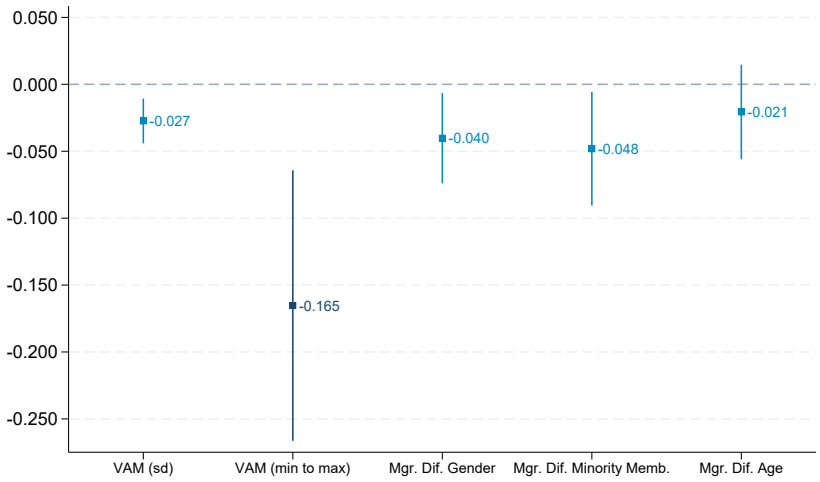
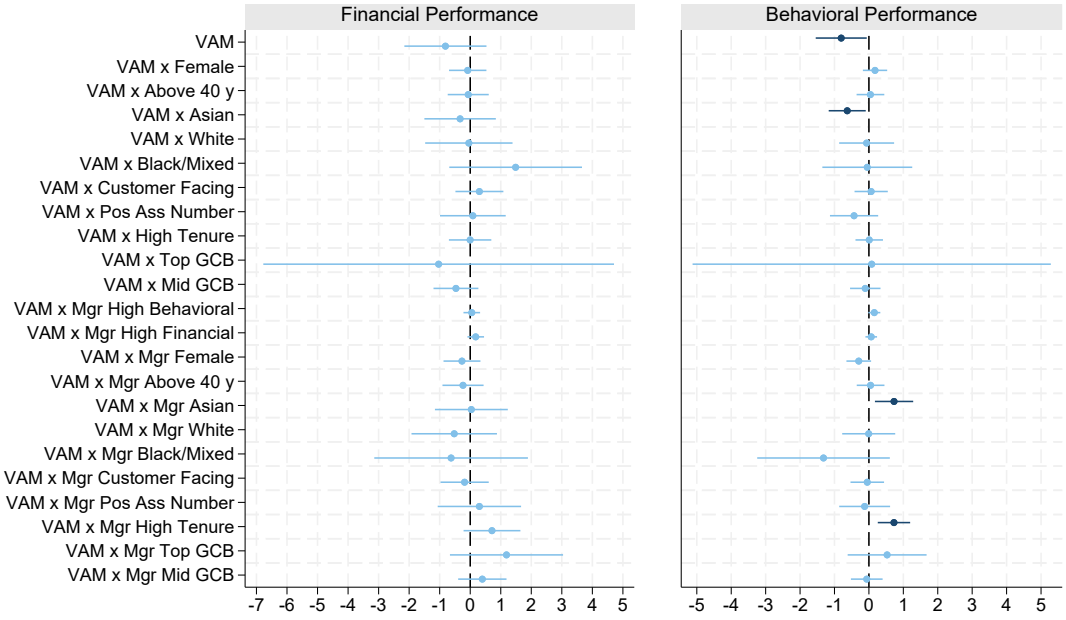
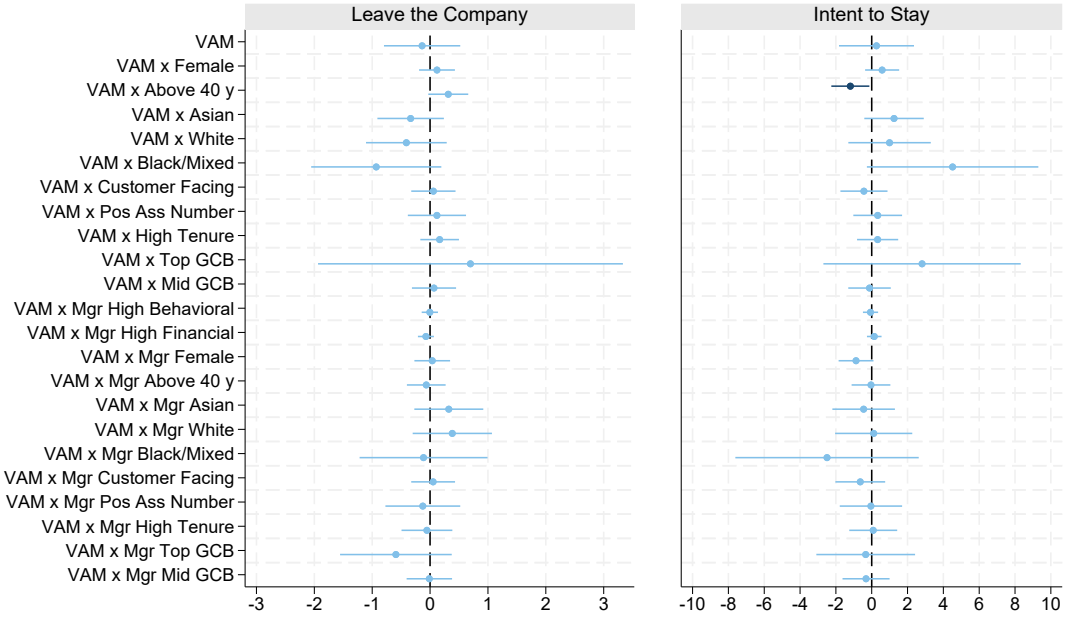


Figure A14: Vertical Value Misalignment: Effect Size in Comparison with Other Diversity Sources

Note: This figure compares the coefficients from regressions of financial performance on two different measures of vertical value misalignment (VAM): one standardized (mean zero, unit standard deviation) and one normalized (ranging from 0 to 1, where 0 is the minimum and 1 is the maximum). The model also presents the effect of demographic differences between the worker and their manager, such as having a manager of a different gender, belonging to a minority group when the manager does not (or vice versa), and being from a different generation than the manager on financial performance. Other controls and fixed effects are the same as in Table 2 Column (1). The first two coefficients correspond to the two VAM measures, while the last three represent the effects of demographic differences with the manager in a regression that also controls for VAM.



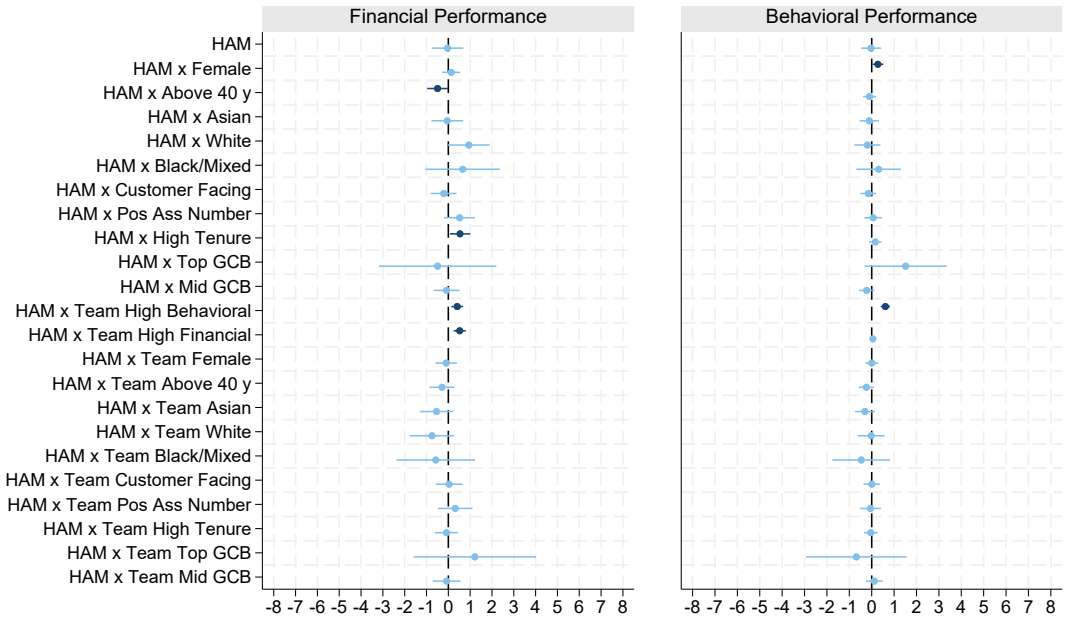
(a) Financial and Behavioral Performance



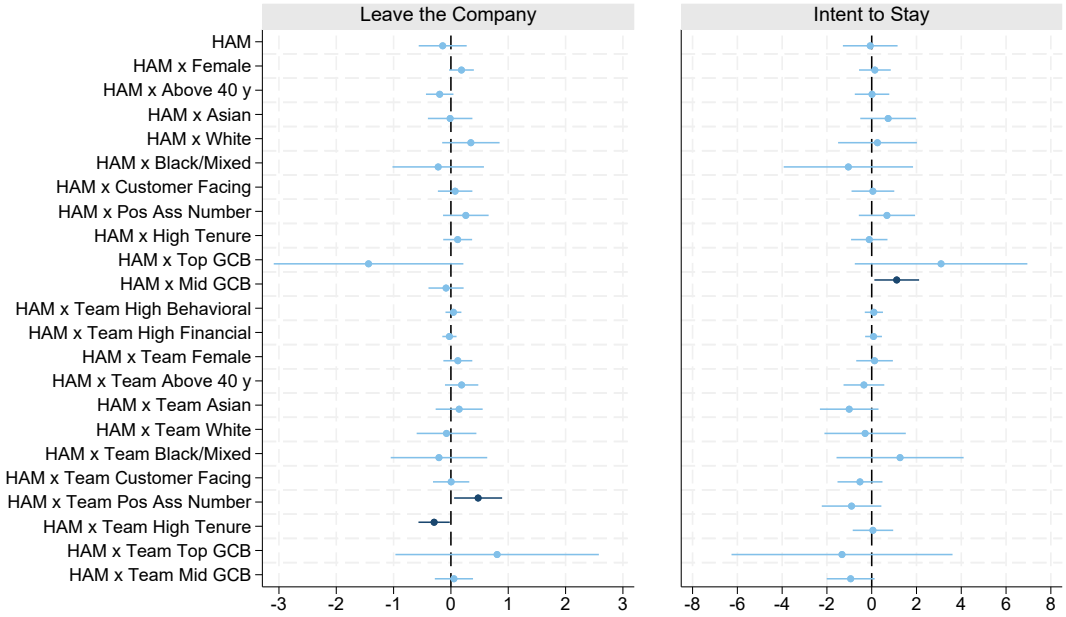
(b) Leave the Company and Intent to Stay

Figure A15: Heterogeneity Analysis on the Effect of VAM on Performance and Turnover

Note: This figure shows the coefficients from regressions estimating the relationship between vertical value misalignment (VAM) and performance or turnover. It plots the interaction terms between VAM and various socio-demographic characteristics of both workers and managers. Controls and fixed effects are the same as in Table 2 Column (1). The lines represent the 95% confidence intervals, and standard errors are clustered at the team level. Coefficients in dark blue indicate statistical significance at the 5% level.



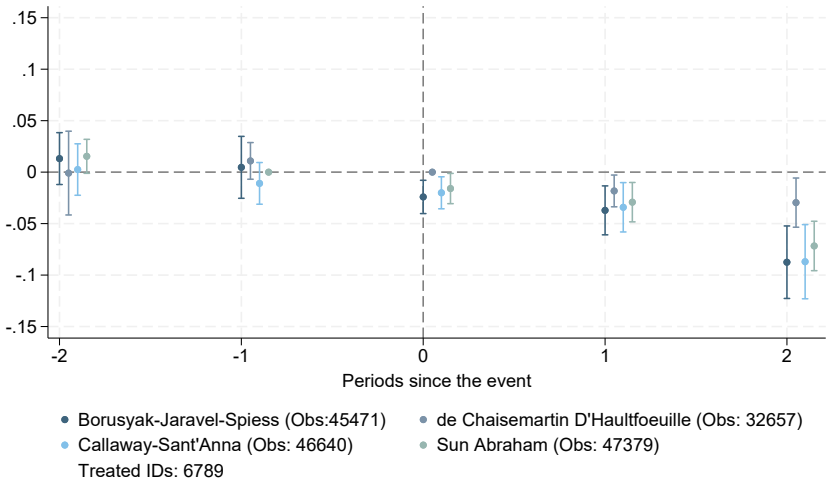
(a) Financial and Behavioral Performance



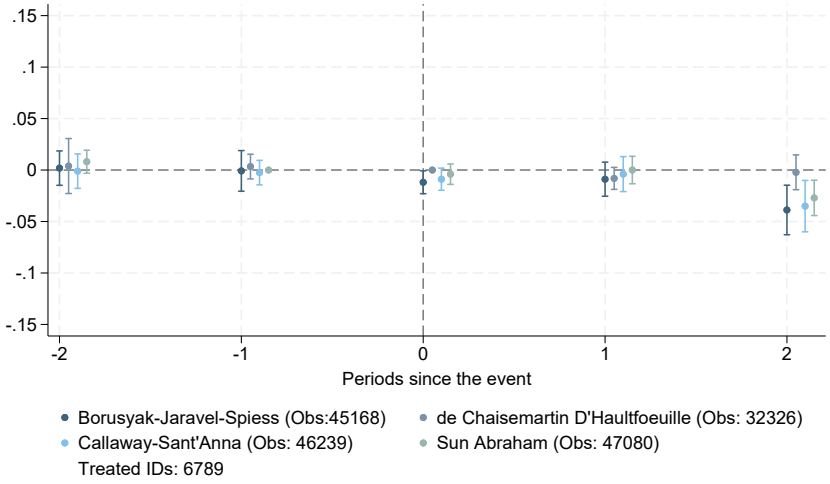
(b) Leave the Company and Intent to Stay

Figure A16: Heterogeneity Analysis on the Effect of HAM on Performance and Turnover

Note: This figure shows the coefficients from regressions estimating the relationship between horizontal value misalignment (HAM) and performance or turnover. It plots the interaction terms between HAM and various socio-demographic characteristics of workers, as well as the team-level leave-one-out means of the same variables. Controls and fixed effects are the same as in Table 2 Column (2). The lines represent the 95% confidence intervals, and standard errors are clustered at the team level. Coefficients in dark blue indicate statistical significance at the 5% level.



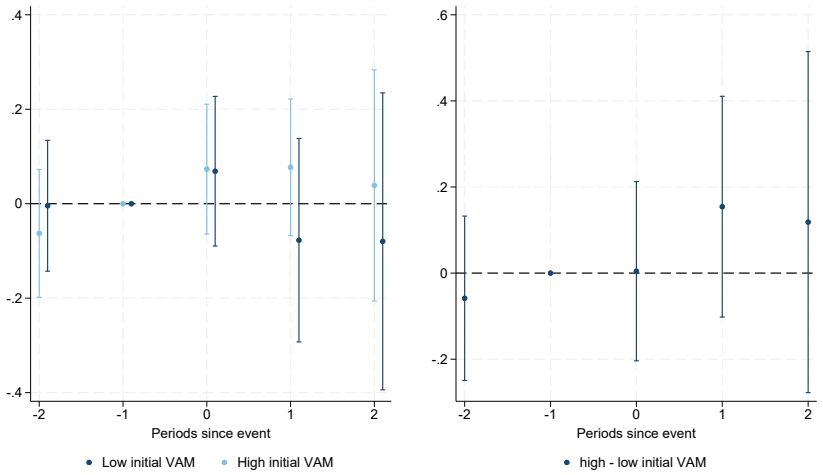
(a) Financial performance



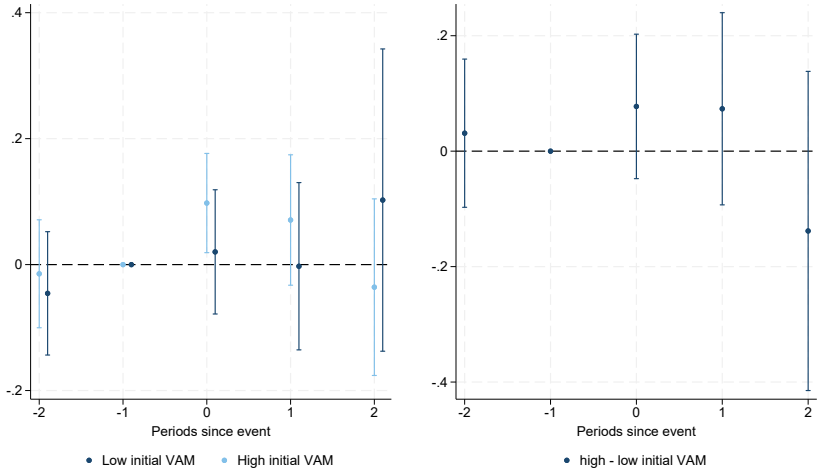
(b) Behavioral performance

Figure A17: Event Study: Managers Switching

Note: This figure presents the results of an event study analyzing financial and behavioral performance, where the event is a manager switch. The sample includes individuals who never change teams, but can change managers multiple times. For individuals with more than one manager switch, we exclude their observations from the second managerial switch onwards. The analysis accounts for worker career band category and high tenure. The number of observations corresponds to the sample size used in estimations for BJS (Borusyak et al. (2024)), CS (Callaway and Sant'Anna (2021)), and SA (Sun and Abraham (2021)). For CD (De Chaisemartin and D'Haultfœuille (2020)), the reported sample size reflects the data used to calculate the average effect. Standard errors are clustered at the worker level. Note that in SA and CD, the point estimates for $T = -1$ and $T = 0$, respectively, are missing. The lines in the figure represent 95% confidence intervals.



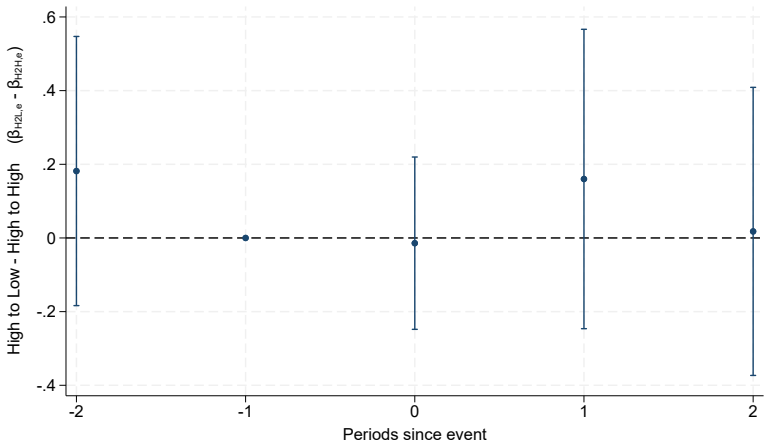
(a) Financial performance



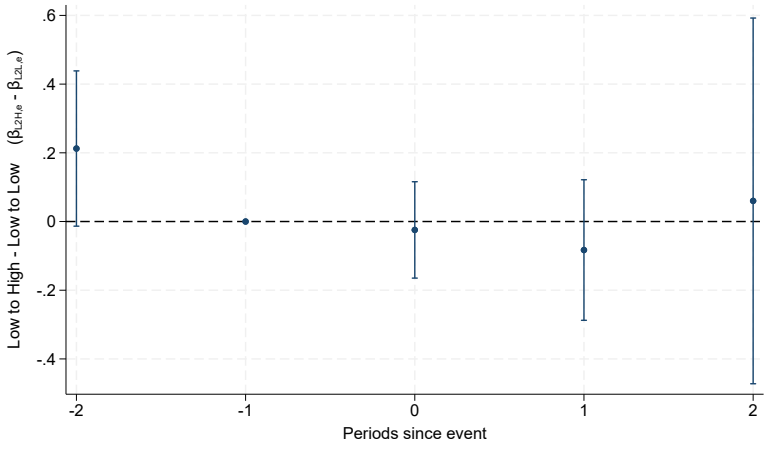
(b) Behavioral performance

Figure A18: Differential Effect on Financial and Behavioral Performance of Manager Switch for Individuals with High versus Low Initial VAM

Note: For the regression with financial performance as the dependent variable, 199 workers had low VAM before their first manager switch and 203 had high VAM before their first manager switch. For behavioral performance as the dependent variable, 197 workers have low VAM before their first manager switch and 201 have high VAM. High and low VAM are defined as at or above the 75th percentile and at or below the 25th percentile of the VAM distribution before treatment, respectively. The sample includes individuals who never change teams, but can change managers multiple times. For individuals with more than one manager switch, we exclude their observations from the second managerial switch onwards. We control for unbalanced manager characteristics by including dummies for manager gender, career band category, and being older, along with worker tenure category and career band category. Fixed effects for the worker and semester relative to treatment are included. The lines in the results represent 95% confidence intervals, standard errors are clustered at the worker level, and the unit of observation is the worker-semester.



(a) From high to low VAM



(b) From low to high VAM

Figure A19: Transition Events (High to Low or Low to High VAM) and Behavioral Performance

Note: The graphs show the change in behavioral performance for workers who move from one side of the VAM distribution to the other after a manager change, compared to those who stay on the same side of the distribution. In the sample, 28 individuals transition from low to high VAM, 40 remain in low VAM, 10 transition from high to low VAM, and 36 remain in high VAM. High and low VAM are defined as above and below the median of the full VAM distribution across all semesters, respectively. The sample includes individuals who never change teams, but can change managers multiple times. For individuals with more than one manager switch, we exclude their observations from the second managerial switch onwards. To account for unbalanced manager characteristics, we include dummies for the manager's gender, career band categories, and whether they are older. Worker tenure category and career band category are also controlled for. Fixed effects for the worker and semester relative to treatment are included. Standard errors are clustered at the worker level, and the unit of observation is the worker-semester. The lines in the graphs represent 95% confidence intervals.

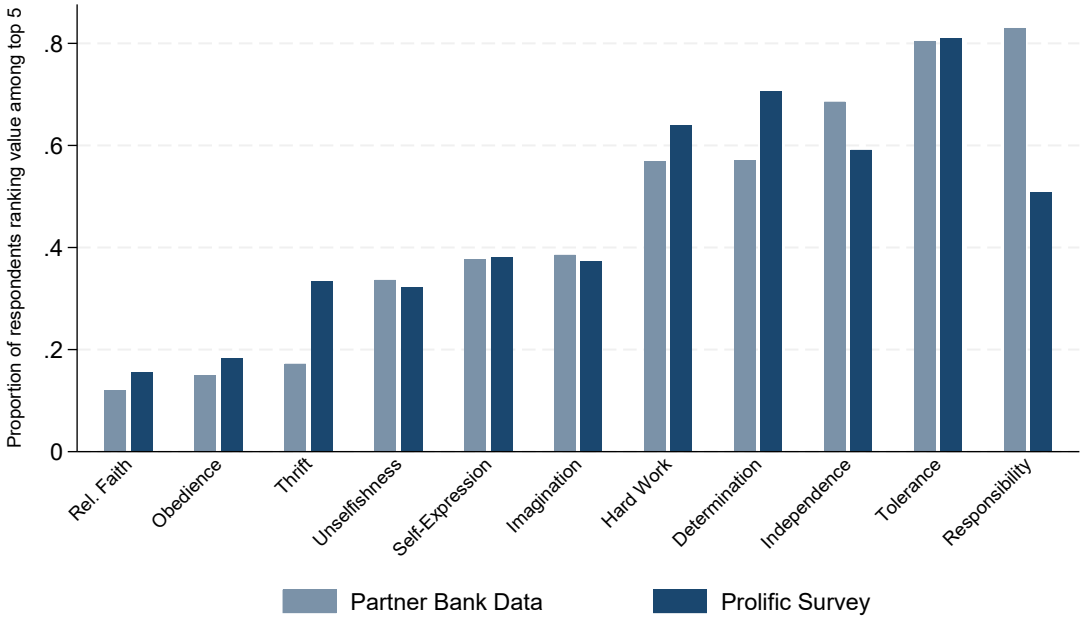


Figure A20: Comparison of Top Five Values between the Partner Bank Data and the Prolific Survey Responses

Note: The figure compares the ranking of values by respondents of the survey used in the study and the Prolific survey. Each bar corresponds to the percentage of individuals within each survey who have mentioned this value as one of their top five most important.

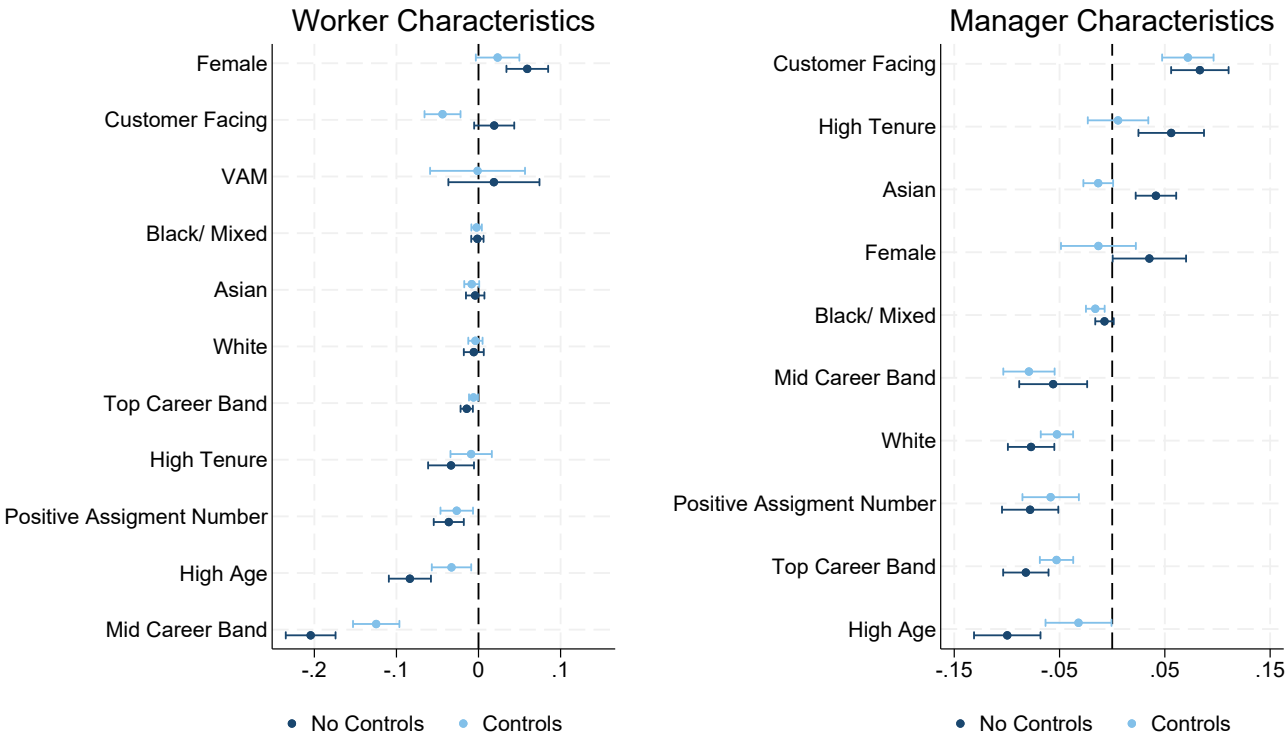


Figure A21: Correlation between Co-location and Employees' Characteristics

Note: Each row in the figure presents the results of two regressions, where the dependent variable is the row variable and co-location with the manager is the independent variable. The deep blue dots represent results without controls, the light blue dots include controls for all the variables present in the graph for both manager and worker. All models include country and division fixed effects. The Vertical Misalignment measure is standardized, while other variables are dummy variables. The lines represent 95% confidence intervals, and standard errors are clustered at the team level. The unit of observation is the worker.

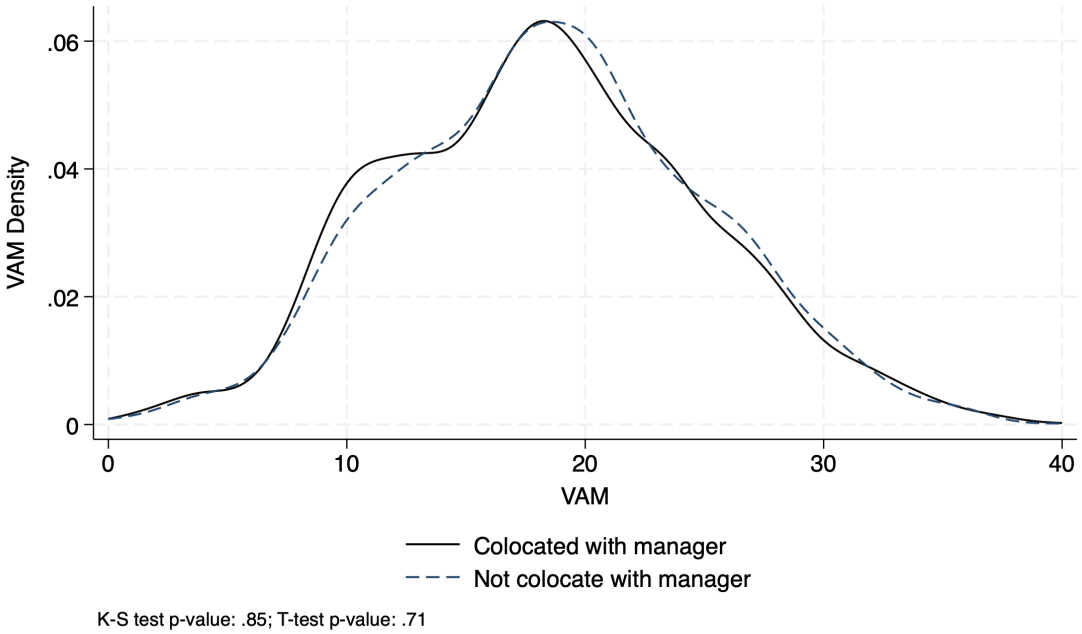


Figure A22: VAM Distribution by CO Location

Note: This figure shows the distributions of vertical misalignment for employees who are co-located with their managers (i.e., working in the same office) compared to employees who are not co-located with their managers.

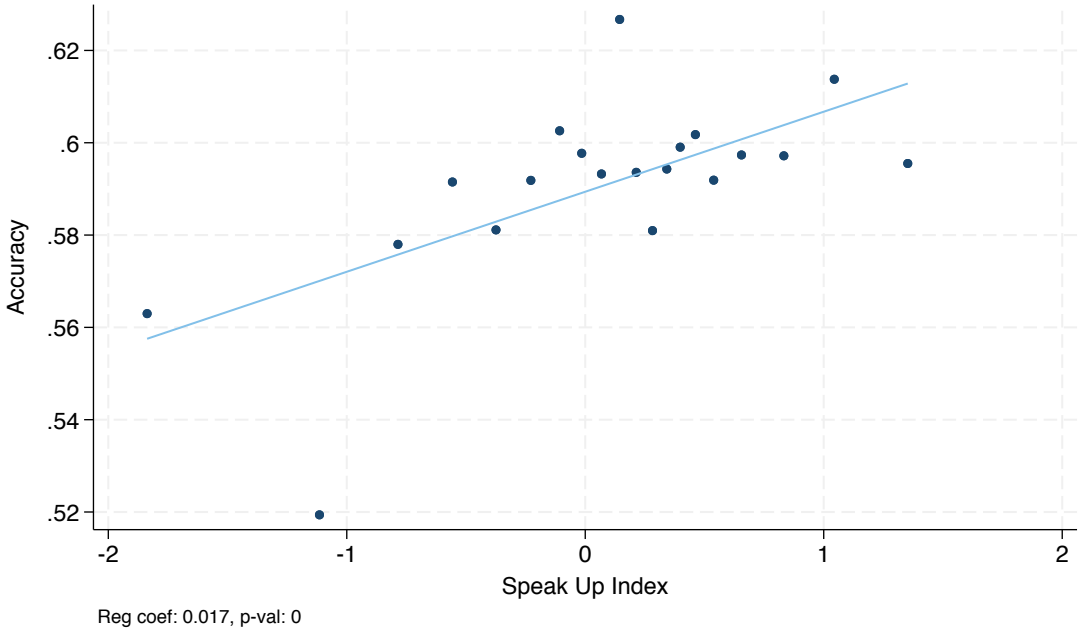
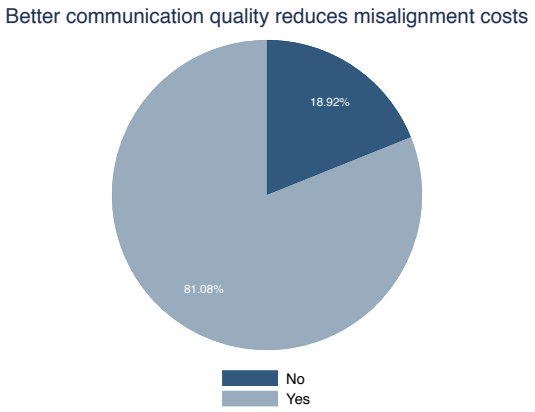
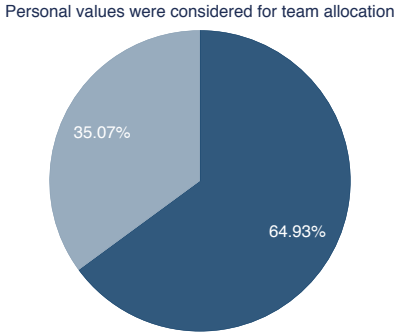


Figure A23: Horizontal Value Accuracy and Speak Up

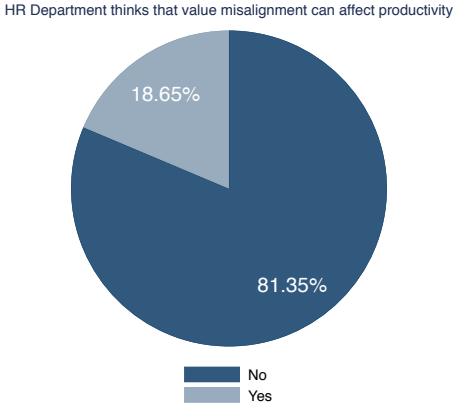
Note: The figure plots the binscatter between the speak up index and the horizontal accuracy index. Controls and fixed effects are the same as in Table 2 Column (1).



(a) Communication and Misalignment Costs



(b) Personal Values and Team Allocation



(c) HR Department Views

Figure A24: Prolific Survey with Workers in the Financial Sector

Note: The Figure shows results from the additional survey with workers in the financial industry (N=250) conducted on Prolific.

Tables

	Values Sample			Non Values Sample			Difference	
	Mean	SD	N	Mean	SD	N	P-val	Normalized
Dependent Variables								
Financial Performance	2.699	0.79	29037	2.692	0.79	41556	0.26	0.01
Behavioral Performance	3.075	0.46	27245	3.074	0.46	38841	0.85	0.00
Leaves the Company	0.301	0.46	38827	0.310	0.46	56311	0.00	0.02
Intent to Stay								
< 1 Year	0.043	0.20	20838	0.044	0.21	28452	0.56	0.01
1-2 Years	0.103	0.30	20838	0.105	0.31	28452	0.50	0.01
3-4 Years	0.119	0.32	20838	0.114	0.32	28452	0.09	0.02
> 4 Years	0.490	0.50	20838	0.479	0.50	28452	0.02	0.02
Controls								
Co-location	0.433	0.50	38827	0.422	0.49	56311	0.00	0.02
Female	0.495	0.50	38730	0.501	0.50	56143	0.06	0.01
Asian	0.452	0.50	38827	0.379	0.49	56311	0.00	0.15
White	0.179	0.38	38827	0.175	0.38	56311	0.14	0.01
Black & Mixed ethnicities	0.023	0.15	38827	0.021	0.14	56311	0.09	0.01
Customer Facing	0.389	0.49	38827	0.387	0.49	56311	0.63	0.00
Top Career Band	0.008	0.09	37786	0.008	0.09	54304	0.54	0.00
Mid Career Band	0.352	0.48	37786	0.360	0.48	54304	0.02	0.02
Positive Assignment Number	0.107	0.31	38107	0.108	0.31	55203	0.38	0.01
Age								
< 29 Years	0.254	0.44	38750	0.257	0.44	56187	0.33	0.01
30-39 Years	0.388	0.49	38750	0.372	0.48	56187	0.00	0.03
40-49 Years	0.223	0.42	38750	0.226	0.42	56187	0.24	0.01
> 50 Years	0.135	0.34	38750	0.145	0.35	56187	0.00	0.03
Tenure								
< 1 Year	0.168	0.37	38827	0.170	0.38	56311	0.46	0.00
1-4 Years	0.298	0.46	38827	0.301	0.46	56311	0.23	0.01
5-9 Years	0.215	0.41	38827	0.208	0.41	56311	0.01	0.02
10-20 Years	0.214	0.41	38827	0.208	0.41	56311	0.04	0.01
> 20 Years	0.106	0.31	38827	0.113	0.32	56311	0.00	0.02

Table A1: Comparison of Respondents to the Values Survey vs Respondents to the Bank Census

Note: The table shows summary statistics for the sample of respondents to the questions on values ("Values sample") and for non-respondents ("Non Values Sample"), who participated in the bank Census but were not shown the values questions. The normalized difference follows the definition of Imbens and Rubin (2015).

Observations: 90102	Individuals: 15017		Managers: 4087				
	Mean	SD	p10	p25	p50	p75	p90
Dependent Variables							
Financial Performance	2.788	0.779	2	2	3	3	4
Behavioral Performance	3.147	0.520	3	3	3	3	4
Promotion	0.187	0.403	0	0	0	0	1
Leave the Company	0.147	0.354	0	0	0	0	1
Independent Variables							
VAM	19.338	6.733	10	15	19	24	28
HAM	19.301	5.586	12	16	19	23	26
Controls							
Female	0.480	0.500	0	0	0	1	1
White	0.710	0.454	0	0	1	1	1
Black & Mixed ethnicities	0.049	0.215	0	0	0	0	0
Customer Facing Position	0.393	0.488	0	0	0	1	1
Top Career Band	0.024	0.153	0	0	0	0	0
Mid Career Band	0.560	0.496	0	0	1	1	1
Positive Assignment Number	0.104	0.306	0	0	0	0	1
Age							
≤ 29 years	0.146	0.353	0	0	0	0	1
30-39 years	0.312	0.463	0	0	0	1	1
40-49 years	0.307	0.461	0	0	0	1	1
≥ 50 years	0.235	0.424	0	0	0	0	1
Tenure							
Less than 1 year	0.013	0.114	0	0	0	0	0
1 to 4 years	0.217	0.412	0	0	0	0	1
5 to 9 years	0.202	0.401	0	0	0	0	1
10 to 19 years	0.293	0.455	0	0	0	1	1
≥ 20 years	0.275	0.446	0	0	0	1	1

Table A2: Descriptive Statistics (Panel)

Note: This table shows the summary statistics of the dependent, independent and control variables used in the paper from the UK panel data. The first two columns present respectively the mean and standard deviations. The last five columns include the value of percentiles 10, 25, 50, 75, and 90 respectively. The sample considers 90102 observations. VAM is the vertical actual misalignment, HAM is the horizontal actual misalignment.

	Financial Performance			Behavioral Performance			Leave			Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VAM (Spearman)	-0.419**		-0.275	-0.300***		-0.273**	0.018		-0.018	-0.248		0.119
	(0.189)		(0.220)	(0.115)		(0.134)	(0.096)		(0.110)	(0.309)		(0.359)
	[0.042]		[0.060]	[0.037]		[0.045]	[1.000]		[1.000]	[1.000]		[1.000]
HAM (Spearman)		-0.130	-0.093		-0.225***	-0.162		0.103	0.346**		-0.541**	-0.995**
		(0.139)	(0.285)		(0.084)	(0.166)		(0.068)	(0.146)		(0.216)	(0.445)
		[0.534]	[0.866]		[0.031]	[0.534]		[0.036]	[0.036]		[0.036]	[0.036]
Observations	7,018	21,054	5,528	6,547	19,773	5,159	8,736	26,983	6,924	3,819	11,426	3,038
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes
Team Controls		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.697	2.706	2.711	3.069	3.077	3.073	0.258	0.269	0.260	3.423	3.418	3.432

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A3: Main Fact: Robustness with Spearman ρ Index of Misalignment (Cross-section)

Note: This table replicates the results in Table 2 using an alternative metric to compute misalignment: the Spearman ρ index (see explanation in Appendix A.1). The regression models are the same as described in the note to Table 2, including controls and fixed effects. All the misalignment measures were re-scaled by a factor of 1/100 to facilitate the interpretation.

	Financial Performance			Behavioral Performance			Leave			Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VAM (% uncommon top values)	-0.191***		-0.155**	-0.070**		-0.082**	0.032		0.020	0.010		0.082
	(0.056)		(0.066)	(0.034)		(0.039)	(0.028)		(0.032)	(0.091)		(0.109)
	[0.003]		[0.030]	[0.030]		[0.030]	[1.000]		[1.000]	[1.000]		[1.000]
HAM (% uncommon top values)		-0.079*	-0.008		-0.067***	0.021		0.032	0.050		-0.099	-0.072
		(0.041)	(0.081)		(0.025)	(0.049)		(0.020)	(0.043)		(0.064)	(0.134)
		[0.085]	[0.848]		[0.031]	[0.809]		[0.330]	[0.330]		[0.330]	[0.419]
Observations	7,018	21,054	5,528	6,547	19,773	5,159	8,736	26,983	6,924	3,819	11,426	3,038
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes
Team Controls		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.697	2.706	2.711	3.069	3.077	3.073	0.258	0.269	0.260	3.423	3.418	3.432

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A4: Main Fact: Robustness with Share of Uncommon Top-5 Values as Measure of Misalignment (Cross-section)

Note: This table replicates the results from Table 2 using an alternative metric to compute misalignment: the proportion of values that are not shared among the top-5 values between workers and their managers (VAM) or among workers (HAM) (see explanation in Appendix A.1). The regression models are the same as described in the note to Table 2, including controls and fixed effects.

	Financial Performance		Behavioral Performance		Leave the Company		Intent to Stay	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A								
VAM	-0.418***	-0.401***	-0.184**	-0.175**	0.052	0.044	-0.101	-0.100
	(0.143)	(0.143)	(0.087)	(0.087)	(0.072)	(0.072)	(0.234)	(0.235)
Mgr. Dif. Minority Memb.		-0.045*		-0.018		0.018		0.033
		(0.026)		(0.015)		(0.013)		(0.042)
Mgr. Dif. Age		-0.017		-0.022*		0.014		-0.027
		(0.020)		(0.012)		(0.010)		(0.031)
Mgr. Dif. Gender		-0.036*		-0.016		0.022**		-0.007
		(0.019)		(0.012)		(0.010)		(0.031)
Observations	7,018	7,018	6,547	6,547	8,736	8,736	3,819	3,819
DV Mean	2.697	2.697	3.069	3.069	0.258	0.258	3.423	3.423
Panel B								
HAM	-0.150	-0.136	-0.188***	-0.181***	0.111**	0.106**	-0.340**	-0.348**
	(0.104)	(0.104)	(0.064)	(0.064)	(0.052)	(0.051)	(0.164)	(0.164)
Coll. Dif. Minority Memb.		-0.062***		-0.020		0.015		-0.050
		(0.023)		(0.014)		(0.012)		(0.039)
Coll. Dif. Age		0.019		-0.011		-0.009		0.032
		(0.015)		(0.009)		(0.008)		(0.023)
Coll. Dif. Gender		-0.032**		-0.004		0.020***		0.023
		(0.014)		(0.009)		(0.007)		(0.022)
Observations	21,054	21,054	19,773	19,773	26,983	26,983	11,426	11,426
DV Mean	2.706	2.706	3.077	3.077	0.269	0.269	3.418	3.418
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr/Team Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A5: Robustness of VAM and HAM effects to Demographic Differences

Note: This table presents the estimations of the effect of actual value misalignment with the manager (VAM) or with colleagues (HAM) on employee performance and turnover. Misalignment measures are computed using the Kendall τ index and re-scaled by a factor of 1/100 for easier interpretation. Samples, controls and fixed effects are the same as those used in Table 2 Column (1) (for Panel A) and Column (2) (for Panel B). For each dependent variable, the second column adds controls for demographic differences between an employee and their manager (Panel A) or their colleagues (Panel B). If a demographic difference is missing, it is set to zero, and a dummy variable is included to indicate the missing value. In the row at the bottom of the table labeled "Mgr/Team Controls", Manager Controls refer to Panel A and Team Controls to Panel B.

	Financial Performance				Behavioral Performance				Leave the Company				Intent to Stay			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Panel A																
VAM	-0.401***	-0.401***	-0.400***	-0.419***	-0.175**	-0.175**	-0.174**	-0.188**	0.044	0.047	0.045	0.039	-0.100	-0.112	-0.110	-0.092
	(0.143)	(0.143)	(0.143)	(0.143)	(0.087)	(0.086)	(0.086)	(0.087)	(0.072)	(0.072)	(0.072)	(0.072)	(0.235)	(0.237)	(0.237)	(0.234)
Mgr. Dif. Age	-0.017	-0.016	-0.016	-0.019	-0.022*	-0.021*	-0.021*	-0.022*	0.014	0.015	0.015	0.014	-0.027	-0.021	-0.021	-0.028
	(0.020)	(0.020)	(0.020)	(0.020)	(0.012)	(0.012)	(0.012)	(0.012)	(0.010)	(0.010)	(0.010)	(0.010)	(0.031)	(0.031)	(0.031)	(0.031)
Mgr. Dif. Gender	-0.036*	-0.035*	-0.035*	-0.035*	-0.016	-0.016	-0.016	-0.016	0.022**	0.022**	0.022**	0.022**	-0.007	-0.006	-0.006	-0.010
	(0.019)	(0.019)	(0.019)	(0.019)	(0.012)	(0.012)	(0.012)	(0.012)	(0.010)	(0.010)	(0.010)	(0.010)	(0.031)	(0.031)	(0.031)	(0.031)
Mgr. Dif. Minority Memb.	-0.045*				-0.018				0.018				0.033			
	(0.026)				(0.015)				(0.013)				(0.042)			
Mgr. Dif. Geo		-0.009				0.030				-0.004				0.041		
		(0.043)				(0.027)				(0.021)				(0.062)		
Mgr. Dif. Nation			-0.016				0.016				0.011				0.035	
			(0.042)				(0.027)				(0.021)				(0.062)	
Mgr. Dif. Ethnicity				-0.004				0.030				0.011				0.115
				(0.046)				(0.031)				(0.027)				(0.072)
Observations	7,018	7,018	7,018	7,018	6,547	6,547	6,547	6,547	8,736	8,736	8,736	8,736	3,819	3,819	3,819	3,819
DV Mean	2.697	2.697	2.697	2.697	3.069	3.069	3.069	3.069	0.258	0.258	0.258	0.258	3.423	3.423	3.423	3.423
Panel B																
HAM	-0.136	-0.148	-0.145	-0.149	-0.181***	-0.189***	-0.188***	-0.186***	0.106**	0.112**	0.112**	0.108**	-0.348**	-0.341**	-0.341**	-0.355**
	(0.104)	(0.104)	(0.104)	(0.104)	(0.064)	(0.064)	(0.064)	(0.064)	(0.051)	(0.052)	(0.052)	(0.051)	(0.164)	(0.164)	(0.164)	(0.164)
Coll. Dif. Age	0.019	0.018	0.018	0.019	-0.011	-0.012	-0.012	-0.010	-0.009	-0.008	-0.008	-0.009	0.032	0.034	0.033	0.033
	(0.015)	(0.015)	(0.015)	(0.015)	(0.009)	(0.009)	(0.009)	(0.009)	(0.008)	(0.008)	(0.008)	(0.008)	(0.023)	(0.023)	(0.023)	(0.023)
Coll. Dif. Gender	-0.032**	-0.033**	-0.033**	-0.033**	-0.004	-0.004	-0.004	-0.005	0.020***	0.021***	0.021***	0.020***	0.023	0.025	0.025	0.023
	(0.014)	(0.014)	(0.014)	(0.014)	(0.009)	(0.009)	(0.009)	(0.009)	(0.007)	(0.007)	(0.007)	(0.007)	(0.022)	(0.022)	(0.022)	(0.022)
Coll. Dif. Minority Memb.	-0.062***				-0.020				0.015				-0.050			
	(0.023)				(0.014)				(0.012)				(0.039)			
Coll. Dif. Geo		0.054**				-0.004				-0.012				-0.074*		
		(0.027)				(0.017)				(0.013)				(0.042)		
Coll. Dif. Nation			0.028				-0.013				-0.012				-0.059	
			(0.026)				(0.017)				(0.013)				(0.041)	
Coll. Dif. Ethnicity				0.044				-0.012				0.000				-0.044
				(0.029)				(0.018)				(0.014)				(0.045)
Observations	21,054	21,054	21,054	21,054	19,773	19,773	19,773	19,773	26,983	26,983	26,983	26,983	11,426	11,426	11,426	11,426
DV Mean	2.706	2.706	2.706	2.706	3.077	3.077	3.077	3.077	0.269	0.269	0.269	0.269	3.418	3.418	3.418	3.418
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr/ Team Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A6: Robustness of VAM and HAM effect to Alternative Definitions of Demographic Differences

Note: This table presents the estimations of the effect of actual value misalignment with a manager (VAM) or with colleagues (HAM) on employee performance and turnover. Misalignment measures are calculated using the Kendall τ index and are re-scaled by a factor of 1/100 for easier interpretation. Controls and fixed effects are the same as those used in Table 2 Column (1) (for Panel A) and Column (2) (for Panel B). For each dependent variable, one column adds controls for demographic differences between an employee and their manager (Panel A) or between an employee and their colleagues (Panel B). "Mgr Dif Geo" is a dummy variable equal to one if the employee and manager come from different geographical areas (e.g., North America vs. Europe). "Mgr Dif Nation" is a dummy equal to one if the employee and manager come from different countries. "Mgr Dif Ethnicity" is a dummy equal to one if the employee and manager report belonging to different ethnicities. If any of the difference variables are missing, the value is set to zero, and a dummy variable is added to indicate the missing value. "Coll. Dif. Geo", "Coll. Dif. Nation" and "Coll. Dif. Ethnicity" represent the proportion of colleagues who are from a different geographic area, country or ethnicity as the worker. For Columns (2), (3), (6), (7), (10), (11), (14) and (15) in addition to ethnicity, the model includes controls for the geographical areas of the worker and their manager (Panel A) or the share of colleagues from that area (Panel B). In the row at the bottom of the table labeled "Mgr/Team Controls", Manager Controls refers to Panel A and Team Controls to Panel B.

	Financial Performance					Behavioral Performance				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Panel A										
VAM	-0.460***	-0.364**	-0.495***	-0.450***	-0.464***	-0.183*	-0.219**	-0.206**	-0.189**	-0.245**
	(0.153)	(0.165)	(0.154)	(0.143)	(0.179)	(0.094)	(0.100)	(0.090)	(0.087)	(0.103)
Observations	6,812	7,018	6,001	7,018	6,001	6,343	6,547	5,981	6,547	5,981
DV Mean	2.697	2.697	2.695	2.697	2.695	3.069	3.069	3.067	3.069	3.067
Panel B										
HAM	-0.118	0.045	-0.150	-0.160	0.039	-0.186***	-0.176**	-0.174***	-0.184***	-0.157**
	(0.108)	(0.126)	(0.103)	(0.105)	(0.126)	(0.066)	(0.077)	(0.063)	(0.064)	(0.076)
Observations	20,864	21,054	19,742	21,054	19,742	19,593	19,773	19,742	19,773	19,742
DV Mean	2.706	2.706	2.709	2.706	2.709	3.077	3.077	3.077	3.077	3.077
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr/Team Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional Controls										
Job Role	Yes					Yes				
Ind and Mgr/Team Values		Yes			Yes		Yes			Yes
Mgr/Team Perf			Yes		Yes			Yes		Yes
Top Misalignment				Yes	Yes				Yes	Yes
Mgr/Team Demographic Diff					Yes					Yes

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A7: Robustness: Misalignment and Performance (Cross-section)

Note: This table presents the estimations of the effect of actual value misalignment with an employee's manager (VAM) or with colleagues (HAM) on employee performance. Misalignment measures are calculated using the Kendall τ index and re-scaled by a factor of 1/100 for easier interpretation. Controls and fixed effects are the same as those used in Table 2 Column (1) (for Panel A) and Column (2) (for Panel B). For each dependent variable, the model incorporates an increasing number of controls, starting with job role, mentioned values of the worker and their manager (Panel A) or colleagues (Panel B), managerial (Panel A) or colleague (Panel B) performance, misalignment with the top levels of the bank, and demographic differences with the manager (Panel A) or colleagues (Panel B). Standard errors are clustered at the team level. In the rows at the bottom of the table, Manager Controls refers to Panel A and Team Controls to Panel B.

	Leave the Company					Intent to Stay				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Panel A										
VAM	0.093	0.052	0.064	0.024	0.032	-0.249	-0.101	-0.047	-0.129	-0.059
	(0.075)	(0.072)	(0.076)	(0.072)	(0.077)	(0.251)	(0.234)	(0.254)	(0.237)	(0.257)
Observations	8,536	8,736	7,381	8,736	7,381	3,606	3,819	3,230	3,819	3,230
DV Mean	0.258	0.258	0.254	0.258	0.254	3.428	3.423	3.427	3.423	3.427
Panel B										
HAM	0.096*	0.111**	0.101*	0.103**	0.084	-0.363**	-0.340**	-0.275	-0.347**	-0.283
	(0.053)	(0.052)	(0.058)	(0.052)	(0.058)	(0.174)	(0.164)	(0.179)	(0.166)	(0.181)
Observations	26,822	26,983	19,742	26,983	19,742	11,187	11,426	9,515	11,426	9,515
DV Mean	0.269	0.269	0.235	0.269	0.235	3.420	3.418	3.417	3.418	3.417
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr/Team Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Additional Controls										
Job Role	Yes					Yes				
Ind and Mgr/Team Values		Yes			Yes		Yes			Yes
Mgr/Team Perf			Yes		Yes			Yes		Yes
Top Misalignment				Yes	Yes				Yes	Yes
Mgr/Team Demographic Diff					Yes					Yes

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A8: Robustness: Misalignment and Turnover (Cross-section)

Note: This table presents the estimations of the effect of actual value misalignment with an employee's manager (VAM) or with colleagues (HAM) on turnover. Misalignment measures are calculated using the Kendall τ index and re-scaled by a factor of 1/100 for easier interpretation. Controls and fixed effects are the same as those used in Table 2 Column (1) (for Panel A) and Column (2) (for Panel B). For each dependent variable, the model incorporates an increasing number of controls, starting with job role, mentioned values of the worker and their manager (Panel A) or colleagues (Panel B), managerial (Panel A) or colleague (Panel B) performance, misalignment with the top levels of the bank, and demographic differences with the manager (Panel A) or colleagues (Panel B). Standard errors are clustered at the team level. In the rows at the bottom of the table, Manager Controls refers to Panel A and Team Controls to Panel B.

	Financial Performance			Behavioral Performance			Leave the Company			Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Panel A												
VAM4V	-0.322		-0.323	-0.542		-0.541	0.020		0.020	0.103		0.103
	(0.656)		(0.655)	(0.398)		(0.398)	(0.328)		(0.328)	(1.061)		(1.061)
VAM7V		-0.665**	-0.665**		-0.270	-0.269		0.167	0.167		-0.101	-0.101
		(0.290)	(0.290)		(0.172)	(0.172)		(0.147)	(0.147)		(0.474)	(0.474)
P-val diff			0.634			0.533			0.684			0.858
Observations	7,018	7,018	7,018	6,547	6,547	6,547	8,736	8,736	8,736	3,819	3,819	3,819
DV Mean	2.697	2.697	2.697	3.069	3.069	3.069	0.258	0.258	0.258	3.423	3.423	3.423
Panel B												
VAM5V	-0.626		-0.558	-0.178		-0.155	-0.065		-0.082	0.318		0.370
	(0.505)		(0.504)	(0.308)		(0.309)	(0.258)		(0.258)	(0.799)		(0.797)
VAM6V		-1.054***	-1.033***		-0.344	-0.338		0.223	0.226		-0.638	-0.655
		(0.382)	(0.382)		(0.239)	(0.239)		(0.188)	(0.188)		(0.624)	(0.623)
P-val diff			0.460			0.648			0.346			0.310
Observations	7,018	7,018	7,018	6,547	6,547	6,547	8,736	8,736	8,736	3,819	3,819	3,819
DV Mean	2.697	2.697	2.697	3.069	3.069	3.069	0.258	0.258	0.258	3.423	3.423	3.423
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A9: VAM with or without Performance-Relevant Values

Note: This table presents estimations where the dependent variables are employee performance and turnover, and the main independent variables are two measures of vertical misalignment: the first one is calculated using only those values that are correlated with performance, while the second one includes the remaining values. In Panel A, the first misalignment measure (VAM4V) is based on the four values positively related to performance (Responsibility, Hard Work, Determination, and Tolerance). In Panel B, the first Misalignment measure (VAM5V) is based on the 5 values that are correlated to performance, either positively or negatively (Imagination, Thrift, Religious Faith, Determination and Hard Work). All misalignment measures are calculated using the Kendall τ index. Each version of the individual vertical actual misalignment values (VAM) represents the employee's actual value misalignment with their manager. All misalignment measures are re-scaled by a factor of 1/100 to facilitate interpretation. The p-values at the bottom of each panel show the whether the difference in the two coefficients associated with the misalignment measures is significant. Samples, controls and fixed effects are the same as those used in Table 2, Column (1).

	Mgr Financial Performance			Mgr Behavioral Performance			Mgr Leave			Mgr Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VAM	-0.016		-0.441	0.217		0.222	-0.032		-0.236	0.419		-0.533
	(0.235)		(0.388)	(0.153)		(0.246)	(0.113)		(0.185)	(0.347)		(0.608)
HAM		-0.361	-0.232		0.032	-0.003		0.137	0.180		-0.037	0.124
		(0.325)	(0.340)		(0.197)	(0.211)		(0.162)	(0.170)		(0.464)	(0.500)
Observations	3,654	2,064	2,026	3,418	1,932	1,897	4,059	2,283	2,242	2,169	1,247	1,226
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.943	2.951	2.952	3.204	3.208	3.210	0.203	0.191	0.193	3.503	3.508	3.515

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A10: Effect of Misalignment on Manager Performance

Note: This table displays estimations of manager's performance and turnover on actual vertical and horizontal value misalignment measures. All the misalignment measures are calculated using the Kendall τ index. To construct the measure of VAM, we first calculate the individual vertical actual misalignment (VAM) for each worker and then take the average across all of the workers in the team. The individual horizontal actual misalignment (HAM) is the average actual value misalignment among all the pairs of workers (excluding their manager and without double-counting pairs of employees). All the misalignment measures were re-scaled by a factor of 1/100 to facilitate the interpretation. Controls are the same as those used in Table 2, but averaged at the team level. Standard errors are clustered at the team level. The unit of observation is the team.

	Manager Switch		Employee switch	
	(1)	(2)	(3)	(4)
VAM	-0.784		-0.611	
	(0.728)		(0.575)	
HAM		0.121		0.278
		(0.219)		(0.202)
Observations	3286	9094	3286	9093
Ind Controls	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes
Semester FE	Yes	Yes	Yes	Yes
DV Mean	.187	.235	.551	.637

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A11: Correlation between Switches and Misalignment (Panel)

Note: The dependent variable in columns (1) and (2) is a managerial switch. In columns (3) and (4), it is a change in colleagues. The misalignment values are taken in the semester before the managerial switch for column (1) and (2) and before the switch in colleagues for columns (3) and (4). Only individuals who never change teams are considered. We control for time-varying worker controls (high tenure and career band). Semester and worker fixed effects are included. Standard errors are clustered at the worker level. The unit of observation is the worker-semester. Misalignment measures are re-scaled by a factor of 1/100 to facilitate interpretation.

	Spearman						% Uncommon Top Values					
	Financial Performance			Behavioral Performance			Financial Performance			Behavioral Performance		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VAM	-1.562*		-2.670**	0.228		0.878	-0.549**		-0.727**	-0.133		0.030
	(0.900)		(1.222)	(0.510)		(0.685)	(0.243)		(0.302)	(0.151)		(0.216)
HAM		-0.145	-0.775		-0.219	-0.185		-0.088	-0.067		-0.039	-0.102
		(0.350)	(1.106)		(0.233)	(0.531)		(0.106)	(0.367)		(0.069)	(0.178)
Observations	3876	10823	2366	3856	10758	2355	3876	10823	2366	3856	10758	2355
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Individual FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Semester FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.768	2.788	2.768	3.134	3.161	3.142	2.768	2.788	2.768	3.134	3.161	3.142

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A12: Panel Data Estimations using Alternative Misalignment Measures

Note: This table presents estimations of employees' performance on actual value misalignment with other team members (excluding their manager) – HAM –, and actual value misalignment with his/her boss – VAM. Misalignment measures are defined by the Spearman ρ index in columns (1) to (6) and they were re-scaled by a factor of 1/100 to facilitate the interpretation. Misalignment measures are defined by the share of uncommon top 5 mentioned values in columns (7) to (12). We restrict the sample to workers who never change teams. Controls include worker high tenure and career band category, and fixed effects for worker and semester. Standard errors are clustered at the worker level. The unit of observation is the individual-semester.

	Financial Performance					Behavioral Performance				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
VAM	-1.764**	-1.116*	-1.210*	-1.598**	-6.323*	-0.167	-0.086	-0.118	-0.000	1.005
	(0.749)	(0.645)	(0.671)	(0.754)	(3.309)	(0.429)	(0.359)	(0.384)	(0.410)	(0.837)
Observations	2969	3855	3661	3661	1724	2950	3835	3641	3641	1719
Ind controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls		Yes	Yes	Yes			Yes	Yes	Yes	
Mgr Perf			Yes	Yes				Yes	Yes	
Mgr Values				Yes					Yes	
Individual FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Semester FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.754	2.768	2.767	2.767	2.757	3.13	3.133	3.134	3.134	3.14

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A13: Robustness Exercises (Panel)

Note: The dependent variables are the worker's performance measures. In columns (1) and (6), we present results from a stacked event design. Columns (2), (3), (4), (7), (8), and (9) include controls for the manager's gender, ethnicity, high tenure, career band category, having a positive assignment number, holding a customer-facing position, and being older. Columns (3), (4), (8), and (9) further control for the manager's financial and behavioral performance. Additionally, columns (4) and (9) include dummies for the manager's mentioned values. The sample is restricted to workers who never change teams, while columns (5) and (10) further limit the sample to workers who, when changing managers, do not also change colleagues. In columns (1) and (6), observations occurring more than two semesters before or after the worker's first managerial switch are excluded. All specifications include controls for the worker's high tenure and career band category, as well as worker and semester fixed effects. Standard errors are clustered at the worker level. To improve interpretability, the vertical misalignment measure is rescaled by a factor of 1/100.

	Turnover									Promotions								
	Stay duration			Stay < 1 year			Stay < 2 years			Promotion duration			Promotion < 1 year			Promotion < 2 years		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
VAM	0.341		0.219	-0.069		-0.088	-0.012		-0.020	-0.691		0.040	0.012		-0.108	0.002		0.059
	(0.934)		(1.362)	(0.082)		(0.110)	(0.136)		(0.205)	(0.829)		(1.008)	(0.108)		(0.126)	(0.151)		(0.206)
HAM		-0.945	-0.271		0.107	0.057		0.050	-0.031		0.527	-0.236		0.089	0.154		-0.027	-0.030
		(1.256)	(1.843)		(0.145)	(0.158)		(0.274)	(0.307)		(1.037)	(1.258)		(0.116)	(0.153)		(0.200)	(0.249)
Observations	1780	1913	1228	1598	1460	1025	1147	782	589	1803	1999	1259	1599	1461	1026	1147	782	589
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes
Team Controls		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes
Semester FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	6.591	6.315	6.438	.058	.119	.073	.125	.205	.141	6.543	6.385	6.42	.081	.056	.074	.137	.105	.136

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A14: Effect of Misalignment on Promotion and Turnover (Panel)

Note: The panel data is collapsed so that each worker has a single observation. The key coefficients correspond to the last observed values of HAM and VAM for each worker. In columns (1) to (3), the dependent variable is the number of days the worker remains at the bank from the time of their first interaction with their last manager (VAM) or team (HAM). If the worker does not leave before the study period ends, they are assigned the number of days until the end of the study. In columns (4) to (9), the dependent variables are dummies indicating whether the worker stays at the bank for less than 1 or 2 years relative to the time of their last misalignment value. In columns (10) to (12), the dependent variable is the number of days until the worker is promoted, starting from their first interaction with their last manager (VAM) or team (HAM). If the worker is not promoted before the study period ends, they are assigned the number of days until the end of the period. In columns (13) to (18), the dependent variables are dummies indicating whether the worker is promoted within 1 or 2 years relative to their last misalignment observation. Columns (1) to (3) and (10) to (12) use censored normal regressions, while the other models use OLS. Workers whose first interaction with their last manager (VAM) or team (HAM) occurs in the last semester of the panel are excluded. Additionally, in models (4) to (9) and (13) to (18), workers whose last misalignment observation occurs later than 1 or 2 years before the end of the study period, respectively, are also excluded. Controls match those used in Table 2, with time-varying controls taken at the time of the last misalignment observation. All specifications include fixed effects for the semester in which the worker last changed managers (VAM) or teams (HAM). Standard errors are clustered at the manager level at the time of the last misalignment observation.

WORKERS

	Had event?		Low VAM to...		High VAM to...	
	No	Yes	Low VAM	High VAM	Low VAM	High VAM
Unique workers	347	967	42	30	10	37
Financial Performance	2.772	2.714	2.900	2.897	2.250	2.914
	(0.77)	(0.75)	(0.81)	(0.72)	(0.46)	(0.70)
Behavioral Performance	3.144	3.132	3.256	3.143	3.000	3.167
	(0.50)	(0.53)	(0.50)	(0.65)	(0.00)	(0.61)
Gender (Female)	0.424	0.514	0.476	0.533	0.500	0.649
	(0.49)	(0.50)	(0.51)	(0.51)	(0.53)	(0.48)
Older	0.671	0.606	0.643	0.633	0.500	0.514
	(0.47)	(0.49)	(0.48)	(0.49)	(0.53)	(0.51)
White	0.885	0.855	0.857	0.867	0.900	0.811
	(0.32)	(0.35)	(0.35)	(0.35)	(0.32)	(0.40)
Asian	0.058	0.068	0.048	0.033	0.000	0.054
	(0.23)	(0.25)	(0.22)	(0.18)	(0.00)	(0.23)
Black & Mixed ethnicities	0.026	0.041	0.071	0.100	0.100	0.054
	(0.16)	(0.20)	(0.26)	(0.31)	(0.32)	(0.23)
Missing Ethnicity	0.032	0.035	0.024	0.000	0.000	0.081
	(0.18)	(0.18)	(0.15)	(0.00)	(0.00)	(0.28)
High tenure	0.809	0.801	0.714	0.833	0.700	0.838
	(0.39)	(0.40)	(0.46)	(0.38)	(0.48)	(0.37)
Top Career Band	0.025	0.018	0.000	0.000	0.000	0.027
	(0.16)	(0.13)	(0.00)	(0.00)	(0.00)	(0.16)
Mid Career Band	0.656	0.487	0.595	0.367	0.500	0.486
	(0.48)	(0.50)	(0.50)	(0.49)	(0.53)	(0.51)
Low Career Band	0.320	0.495	0.405	0.633	0.500	0.486
	(0.47)	(0.50)	(0.50)	(0.49)	(0.53)	(0.51)
Customer Facing Position	0.415	0.406	0.357	0.333	0.600	0.514
	(0.49)	(0.49)	(0.48)	(0.48)	(0.52)	(0.51)
Positive Assignment Number	0.063	0.065	0.024	0.100	0.100	0.027
	(0.24)	(0.25)	(0.15)	(0.31)	(0.32)	(0.16)

Table A15: Balance Table: Workers (Panel)

Note: An event is defined as a switch in managers. The sample includes only individuals who never change teams and have at least one VAM value. For workers in the first column, all semesters are used to compute means and standard deviations. In the other columns, means and standard deviations are calculated using observations from the semester before the first manager switch. Low and high VAM are defined as below and above the median of the VAM distribution within this sample. A transition between VAM categories (low to high, high to high, low to low, or high to low) is determined based on the worker's first managerial switch. If a worker changes managers multiple times during the study period, only the first switch is used to define their VAM transition.

MANAGERS (INCOMING)

	Had event?		Low VAM to...		High VAM to...	
	No	Yes	Low VAM	High VAM	Low VAM	High VAM
Unique Incoming managers	200	529	37	30	9	32
Financial Performance	3.023	3.082	3.275	3.000	3.600	3.306
	(0.73)	(0.78)	(0.64)	(0.80)	(0.84)	(0.58)
Behavioral Performance	3.268	3.411	3.538	3.448	3.800	3.528
	(0.48)	(0.53)	(0.51)	(0.57)	(0.42)	(0.51)
Gender (Female)	0.257	0.413	0.415	0.433	0.600	0.361
	(0.44)	(0.49)	(0.50)	(0.50)	(0.52)	(0.49)
Older	0.773	0.629	0.659	0.533	0.800	0.639
	(0.42)	(0.48)	(0.48)	(0.51)	(0.42)	(0.49)
White	0.706	0.615	0.905	1.000	1.000	0.919
	(0.46)	(0.49)	(0.30)	(0.00)	(0.00)	(0.28)
Asian	0.016	0.029	0.024	0.000	0.000	0.027
	(0.13)	(0.17)	(0.15)	(0.00)	(0.00)	(0.16)
Black & Mixed ethnicities	0.007	0.019	0.048	0.000	0.000	0.000
	(0.08)	(0.14)	(0.22)	(0.00)	(0.00)	(0.00)
Missing Ethnicity	0.271	0.337	0.024	0.000	0.000	0.054
	(0.44)	(0.47)	(0.15)	(0.00)	(0.00)	(0.23)
High tenure	0.832	0.832	0.756	0.833	0.900	0.667
	(0.37)	(0.37)	(0.43)	(0.38)	(0.32)	(0.48)
Top Career Band	0.161	0.084	0.049	0.067	0.100	0.056
	(0.37)	(0.28)	(0.22)	(0.25)	(0.32)	(0.23)
Mid Career Band	0.750	0.747	0.878	0.733	0.900	0.750
	(0.43)	(0.44)	(0.33)	(0.45)	(0.32)	(0.44)
Low Career Band	0.088	0.169	0.073	0.200	0.000	0.194
	(0.28)	(0.38)	(0.26)	(0.41)	(0.00)	(0.40)
Customer Facing Position	0.403	0.390	0.366	0.433	0.500	0.444
	(0.49)	(0.49)	(0.49)	(0.50)	(0.53)	(0.50)
Positive Assignment Number	0.084	0.074	0.098	0.000	0.000	0.139
	(0.28)	(0.26)	(0.30)	(0.00)	(0.00)	(0.35)

MANAGERS (OUTGOING)

	Had event?		Low VAM to...		High VAM to...	
	No	Yes	Low VAM	High VAM	Low VAM	High VAM
Unique Outgoing managers	205	564	39	30	10	33
Financial Performance	3.011	2.989	3.051	3.069	3.000	3.265
	(0.73)	(0.79)	(0.79)	(0.80)	(0.82)	(0.75)
Behavioral Performance	3.283	3.294	3.447	3.345	3.500	3.265
	(0.48)	(0.53)	(0.50)	(0.61)	(0.53)	(0.45)
Gender (Female)	0.274	0.464	0.500	0.567	0.300	0.432
	(0.45)	(0.50)	(0.51)	(0.50)	(0.48)	(0.50)
Older	0.731	0.703	0.810	0.700	0.800	0.568
	(0.44)	(0.46)	(0.40)	(0.47)	(0.42)	(0.50)
White	0.694	0.692	0.929	0.967	1.000	0.865
	(0.46)	(0.46)	(0.26)	(0.18)	(0.00)	(0.35)
Asian	0.030	0.017	0.024	0.000	0.000	0.027
	(0.17)	(0.13)	(0.15)	(0.00)	(0.00)	(0.16)
Black & Mixed ethnicities	0.010	0.022	0.024	0.033	0.000	0.081
	(0.10)	(0.15)	(0.15)	(0.18)	(0.00)	(0.28)
Missing Ethnicity	0.266	0.270	0.024	0.000	0.000	0.027
	(0.44)	(0.44)	(0.15)	(0.00)	(0.00)	(0.16)
High tenure	0.828	0.838	0.762	0.933	0.900	0.703
	(0.38)	(0.37)	(0.43)	(0.25)	(0.32)	(0.46)
Top Career Band	0.170	0.072	0.048	0.033	0.100	0.108
	(0.38)	(0.26)	(0.22)	(0.18)	(0.32)	(0.31)
Mid Career Band	0.751	0.710	0.762	0.733	0.800	0.622
	(0.43)	(0.45)	(0.43)	(0.45)	(0.42)	(0.49)
Low Career Band	0.079	0.217	0.190	0.233	0.100	0.270
	(0.27)	(0.41)	(0.40)	(0.43)	(0.32)	(0.45)
Customer Facing Position	0.443	0.380	0.310	0.433	0.800	0.189
	(0.50)	(0.49)	(0.47)	(0.50)	(0.42)	(0.40)
Positive Assignment Number	0.110	0.063	0.048	0.033	0.000	0.162
	(0.31)	(0.24)	(0.22)	(0.18)	(0.00)	(0.37)

Table A16: Balance Tables: Managers (Panel)

Note: An event is defined as a change in managers by the worker. The sample includes all workers who never change teams and have at least one VAM measure. For workers with no manager change (no event), means and standard deviations are calculated across all semesters. For the event columns in the table, means and standard deviations are calculated using observations from the semester before the worker's first manager switch for incoming managers, and from the semester of the switch for outgoing managers.

Sales and Customer Facing:	Financial performance		Behavioral performance		Leave		Intent to Stay	
	Yes	No	Yes	No	Yes	No	Yes	No
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VAM	-2.415**	-0.283*	-1.236	-0.150	0.292	0.005	-4.868	0.128
	(1.055)	(0.170)	(0.847)	(0.102)	(0.520)	(0.083)	(3.310)	(0.281)
HAM	3.237**	-0.099	0.929	-0.076	0.639	0.261**	6.340	-0.454
	(1.315)	(0.214)	(1.079)	(0.128)	(0.868)	(0.111)	(4.258)	(0.347)
P-val diff (VAM)	0.017		0.123		0.538		0.016	
Observations	149	5,378	133	5,024	213	6,710	65	2,970
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Team Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.644	2.713	3.030	3.074	0.286	0.259	3.631	3.427

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A17: Misalignment Effect by Sales vs Non Sales Roles

Note: For each dependent variable the sample is split between employees who have a job role in sales which is customer facing and those who do not. Misalignment measures are re-scaled by a factor of 1/100 to facilitate interpretation. Controls and fixed effects are the same as in Table 2, Column (3).

	Financial Performance					
	Min VAM		Max-Min VAM		SD VAM	
	< p25	> p75	> p75	< p25	> p50	< p50
	(1)	(2)	(3)	(4)	(5)	(6)
VAM	-0.567	-0.643	-0.565**	-0.214	-0.294	-0.279
	(0.566)	(0.686)	(0.269)	(0.461)	(0.202)	(0.281)
P-val diff	0.59		0.50		0.96	
Observations	717	713	1,195	1,208	2,680	2,842
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes
Team Size Controls	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.700	2.718	2.731	2.696	2.723	2.698

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A18: Testing Managers' Bias

Note: The table presents three exercises to test whether a manager with values different from their subordinates behaves in a biased manner. Columns (1) and (2) analyze the relationship between VAM and financial performance for two groups of teams: those where the minimum VAM is below the 25th percentile of the team-level VAM distribution (Column (1)) and those where the minimum VAM is above the 75th percentile of the VAM distribution (Column (2)). These regressions exclude employees with the minimum VAM. Columns (3) and (4) split the sample into teams based on the difference between the maximum and minimum VAM within the team, categorizing teams as having very high differences (Column (3)) or very low differences (Column (4)). The final two columns split the sample into teams based on whether the standard deviation of VAM within the team is above or below the median. The idea behind these exercises is that if a manager is biased, they would likely favor employees who are very aligned with them and penalize those who are very misaligned. Consequently, the cost of misalignment should be more pronounced in teams where there are large differences in VAM among subordinates (i.e., where there is more opportunity for bias). Controls and fixed effects are the same as in Table 2 Column (1). Additionally, we control for team size categories in all specifications.

		Morale Index Components:						
	Morale Index	No time for doing job well	No barriers for doing job well	Conditions allow me to be productive	Able to Achieve Career Objectives	Proud	Feel Valued	Recommend bank
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VAM	-0.272**	0.098	-0.009	-0.176	-0.403**	-0.520***	-0.515***	-0.379**
	(0.107)	(0.167)	(0.164)	(0.162)	(0.159)	(0.166)	(0.167)	(0.162)
	[0.036]	[0.293]	[0.378]	[0.183]	[0.036]	[0.016]	[0.016]	[0.043]
Observations	8,736	8,736	8,736	8,736	8,736	8,736	8,736	8,736
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Demographic Diff Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Top VAM Control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	0.008	0.012	0.014	0.019	0.021	-0.004	-0.006	-0.002

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A19: Relationship between VAM and Workers' Morale

Note: This table presents estimations of proxies for workers' morale on vertical actual misalignment (VAM). The outcome in the first column is the standardized average across all the variables in the rest of the columns (which are standardized). Each column (from the second one) corresponds to an OLS estimation between VAM and a different outcome. VAM is defined as the Kendall τ index of value misalignment with the manager, re-scaled by a factor of 1/100 to facilitate the interpretation. In addition to the controls and fixed effects of our main specifications (as in Table 2, Column (1)), we add controls for demographic differences with the manager and value misalignment with the bank's management. Standard errors are clustered at the team level.

		Speak-up Components:						
	Speak-Up Index	Report Wrong	Screen Right/Wrong	Say What I Think	State Opinion	Challenge Policy	Diff Convos	Criticize
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VAM	-0.390***	-0.430***	-0.431***	-0.368**	-0.329*	-0.541***	-0.363**	-0.266
	(0.128)	(0.163)	(0.164)	(0.166)	(0.169)	(0.170)	(0.167)	(0.165)
	[0.016]	[0.034]	[0.034]	[0.047]	[0.067]	[0.016]	[0.051]	[0.107]
Observations	8,736	8,736	8,736	8,736	8,736	8,736	8,736	8,736
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Demographic Diff Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Top VAM Control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	0.021	0.010	0.039	0.016	0.014	0.032	0.017	0.023

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A20: Relationship between VAM and Speaking Up

Note: This table presents estimations of measures of speak-up on vertical actual misalignment (VAM). The outcome in the first column is the average across all the variables in the rest of the columns (which are standardized). Each column (from the second one) corresponds to an OLS estimation between VAM and a different outcome. VAM is defined as the Kendall τ index of value misalignment with the manager, re-scaled by a factor of 1/100 to facilitate the interpretation. In addition to the controls and fixed effects of our main specifications (as in Table 2, Column (1)), we add controls for demographic differences with the manager and value misalignment with the bank's management. Standard errors are clustered at the team level.

		Manager gives me feedback:				Manager asks:
	Frequent check-ins	When I do well	To get back on-track	On positive behavior	To support me	For my Advice
	(1)	(2)	(3)	(4)	(5)	(6)
VAM	0.043	-0.107	-0.007	0.028	-0.013	-0.094
	(0.081)	(0.081)	(0.084)	(0.085)	(0.085)	(0.083)
	[0.294]	[0.147]	[0.378]	[0.337]	[0.357]	[0.174]
Observations	8,736	8,736	8,736	8,736	8,736	8,736
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Demographic Diff Controls	Yes	Yes	Yes	Yes	Yes	Yes
Top VAM Control	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	0.629	0.619	0.483	0.502	0.502	0.451

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A21: Relationship between VAM and Managers' Communication

Note: This table presents estimations of manager's communication variables on vertical actual misalignment (VAM). Each column corresponds to an OLS estimation between VAM and a different outcome. VAM is defined as the Kendall τ index of value misalignment with the manager, re-scaled by a factor of 1/100 to facilitate the interpretation. In addition to the controls and fixed effects of our main specifications (as in Table 2, Column (1)), we add controls for demographic differences with the manager and value misalignment with the bank's management. Standard errors are clustered at the team level.

	Has mentor	Promotion are fair	Mistakes are treated fairly	Recognized for good job	Recognized for good values	Autonomy in workload	Leaders trust me	Trust in manager
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VAM	-0.026	-0.228	-0.263	-0.181	-0.284	-0.219	-0.187	-0.357**
	(0.073)	(0.168)	(0.167)	(0.253)	(0.248)	(0.170)	(0.165)	(0.168)
	[0.337]	[0.145]	[0.108]	[0.257]	[0.174]	[0.148]	[0.174]	[0.053]
Observations	8,231	8,736	8,736	4,273	4,273	8,736	8,736	8,736
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Demographic Diff Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Top VAM Control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	0.240	0.003	0.019	-0.011	-0.008	-0.011	0.000	0.023

Clustered standard errors in parentheses
FDR q-values in square brackets
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A22: Relationship between VAM and Other Potential Channels

Note: This table explores the relationship between vertical actual misalignment (VAM) and other potential explanations for the main results. Each column corresponds to an OLS estimation between VAM and a different outcome. VAM is defined as the Kendall τ index of the actual value misalignment with his/her manager, re-scaled by a factor of 1/100 to facilitate the interpretation. In addition to the controls and fixed effects of our main specifications (as in Table 2, Column (1)), we add controls for demographic differences with the manager and value misalignment with the bank's management. Standard errors are clustered at the team level. Differences in the number of observations across columns are due to some questions being asked by the bank only to a subset of respondents.

	Speak Up Index	Report Wrong	Screen Right/Wrong	Say What I Think	State Opinion	Challenge Policy	Diff Convos	Criticize
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Co-location	-0.042*	-0.040	-0.056**	-0.046	-0.040	-0.060**	-0.032	-0.019
	(0.023)	(0.028)	(0.028)	(0.029)	(0.030)	(0.029)	(0.029)	(0.029)
Observations	8,900	8,900	8,900	8,900	8,900	8,900	8,900	8,900
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Demographic Diff Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Top VAM Control	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	0.020	0.009	0.035	0.013	0.011	0.032	0.015	0.022

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A23: Co-Location and Speaking Up

Note: This table presents regressions on the relationship between being in the same office with the manager and measures of speaking up / psychological safety. In addition to the controls and fixed effects of our main specifications (Table 2, Column (1)), we add controls for demographic differences with the manager and value misalignment with the bank's management. Standard errors are clustered at the team level.

	Financial Performance			Behavioral Performance			Leave the Company			Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
VAM	-0.557***	-0.021	0.367	-0.222**	-0.105	0.141	0.067	-0.007	0.507	-0.028	-0.051	-0.439
	(0.166)	(0.329)	(0.612)	(0.097)	(0.218)	(0.402)	(0.083)	(0.167)	(0.313)	(0.279)	(0.473)	(0.917)
P-val diff	0.137	0.539		0.617	0.551		0.687	0.121		0.966	0.666	
Sample:												
Same Office	Yes			Yes			Yes			Yes		
Same Country	Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes	
Observations	5279	1384	333	4916	1295	315	6572	1719	424	2780	804	206
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.682	2.734	2.790	3.055	3.105	3.121	0.253	0.277	0.257	3.409	3.479	3.364

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A24: Quasi-exogeneous Variation in Voice: Co-Location with Manager and VAM

Note: This table displays estimations of employee performance and turnover on actual vertical value misalignment for various levels of proximity between the focal worker and the manager. The first level pertains to instances where employees and managers share the same office (Columns (1), (4) and (7)). The subsequent level involves scenarios where they do not share the same office, but are located in the same country (Columns (2), (5) and (8)). The final case involves situations where the focal employee and her manager are located in different countries (Columns (3), (6) and (9)). All the misalignment measures are calculated using the Kendall τ index, and re-scaled by a factor of 1/100 to facilitate the interpretation. The individual vertical actual misalignment (VAM) is the actual value misalignment with his/her manager. Controls and fixed effects are the same as in Table 2 Column (1), which include observable correlates of co-location with the manager (shown in Figure A21). Standard errors are clustered at the team level.

	Financial Performance			Behavioral Performance			Leave			Intent to Stay		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Panel A: Low Common Tenure												
VAM	-0.494**		-0.444*	-0.331***		-0.237*	-0.076		-0.152	-0.208		0.278
	(0.223)		(0.268)	(0.122)		(0.135)	(0.107)		(0.125)	(0.354)		(0.428)
HAM		-0.197	0.025		-0.183	-0.046		0.236	0.317*		-0.541	-0.608
		(0.330)	(0.349)		(0.176)	(0.179)		(0.158)	(0.167)		(0.497)	(0.525)
Observations	2,831	2,237	2,201	2,733	2,158	2,122	4,478	3,599	3,540	1,693	1,359	1,337
DV Mean	2.619	2.624	2.627	3.035	3.038	3.041	0.309	0.316	0.315	3.348	3.342	3.346
Panel B: High Common Tenure												
VAM	-0.356*		-0.238	-0.062		-0.135	0.182*		0.167	-0.177		-0.087
	(0.189)		(0.218)	(0.123)		(0.145)	(0.096)		(0.108)	(0.318)		(0.375)
HAM		-0.020	0.016		-0.085	-0.047		0.232*	0.190		-0.305	-0.334
		(0.258)	(0.267)		(0.165)	(0.175)		(0.141)	(0.144)		(0.454)	(0.475)
Observations	4,177	3,377	3,319	3,803	3,077	3,027	4,251	3,438	3,379	2,116	1,715	1,690
DV Mean	2.751	2.765	2.767	3.093	3.094	3.095	0.204	0.204	0.202	3.483	3.494	3.499
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes		Yes	Yes		Yes	Yes		Yes	Yes		Yes
Team Controls		Yes	Yes		Yes	Yes		Yes	Yes		Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A25: Relationship between Misalignment, Performance and Tenure

Note: This table presents the estimations of the effect of the actual value misalignment with other team members (excluding their manager) –HAM–, and the actual value misalignment with his/her boss –VAM– on employee performance and turnover. Dependent variables in Columns (1) to (6) are individual performance measures, while Columns (7) to (12) show estimates on employees' turnover. Misalignment measures are computed using the Kendall τ index and are re-scaled by a factor of 1/100 to facilitate the interpretation. Controls and fixed effects are the same as in Table 2. The Top (Bottom) Panel only includes teams in which the minimum tenure between the worker and the manager is lower (higher) than 4 years (the median value). Standard errors are clustered at the team level.

	Financial performance		Behavioral performance		Leave		Intent to Stay	
Creativity:	Below median	Above median	Below median	Above median	Below median	Above median	Below median	Above median
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VAM	-0.622**	-0.168	-0.282*	-0.200	-0.080	0.138	-0.112	0.457
	(0.272)	(0.249)	(0.164)	(0.153)	(0.131)	(0.121)	(0.491)	(0.385)
HAM	0.152	0.263	0.079	-0.032	0.479***	0.184	-0.763	-0.653
	(0.361)	(0.316)	(0.190)	(0.204)	(0.180)	(0.161)	(0.584)	(0.503)
P-val diff (VAM)	0.216		0.705		0.219		0.347	
Observations	2,093	2,670	2,007	2,416	2,812	3,140	1,069	1,578
Ind Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Team Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
DV Mean	2.661	2.741	3.032	3.101	0.253	0.261	3.409	3.447

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A26: Misalignment, Performance and and Required Creativity in Job

Note: For each dependent variable, the sample is split between individuals working in roles whose creativity score is below or above the median. Details on how the creativiy scores were constructed can be found in Appendix A.3 . Misalignment measures are re-scaled by a factor of 1/100 to facilitate interpretation. Samples, controls and fixed effects are defined as in Table 2, Column (3).

	Financial Performance	Behavioral Performance	Leave the Company	Intent to Stay
	(1)	(2)	(3)	(4)
VAM	-0.397***	-0.187**	0.047	-0.077
	(0.143)	(0.086)	(0.072)	(0.234)
Horizontal Value Accuracy	0.083*	-0.034	-0.025	0.134*
	(0.044)	(0.026)	(0.023)	(0.070)
Observations	7,018	6,547	8,736	3,819
Ind Controls	Yes	Yes	Yes	Yes
Mgr Controls	Yes	Yes	Yes	Yes
Division FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
DV Mean	2.697	3.069	0.258	3.423

Clustered standard errors in parentheses
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Table A27: VAM and Horizontal Value Accuracy

Note: This table presents the estimations of employee performance and turnover on actual value misalignment with the manager (VAM) and Horizontal Value Accuracy (HVA). HVA measures the average accuracy of employees in reporting the top values of their peers. A score of 100% accuracy indicates that, on average, all three perceived values reported by the employee are present in the top three values of their team. Accuracy takes value 0 if the variable is missing and a dummy for the missing value is included. VAM is re-scaled by a factor of 1/100 to facilitate interpretation. Samples, controls and fixed effects are defined as in Table 2, Column (1). Standard errors are clustered at the team level.

A.1 Value Misalignment Measures

In this subsection, we describe the three misalignment measures used in our analysis. These measures are always calculated between pairs of individuals. For the vertical misalignment measure, we determine the distance between the worker and their manager. For the horizontal misalignment measure, we calculate the distance between the worker and each of their colleagues. To obtain a worker-level measure, we take the average of these differences across all colleagues.

A.1.1 Kendall τ Methodology

For each pair of people in a team, we calculate the distance between their rankings of each possible pair of values and sum them up over all pairs. Let $N = \{1, ...n\}$ be the set of value pairs and R_1, R_2 be the two top k rankings on N. The Kendall τ distance is defined as:

$$d_{Kendall}(R_1, R_2) = \sum_{\{i,j\} \epsilon N} K_{i,j}(R_1, R_2)$$

where:

- $K_{i,j}(R_1, R_2) = 0$ if i and j appear in the same order in R_1 and R_2
- $K_{i,j}(R_1, R_2) = 1$ if i and j appear in the opposite order in R_1 and R_2
- $K_{i,j}(R_1, R_2) = \frac{1}{2}$ if both i and j do not appear in the top k positions but appear in the top k positions in the other ranking.

For example, consider a pair of values: independence (i) and obedience (j). If both individuals rank independence and obedience among their top five values, the distance between them will be either zero or one, depending on whether they rank the values in the same or a different order. Now, suppose one person ranks both independence and obedience, while the other ranks only one of them. If the unranked value in the second person's list matches the lower-ranked value in the first person's list, the distance is zero. However, if the unranked value matches the higher-ranked value in the first person's list, the distance is one. If one person ranks independence but not obedience, and the other ranks obedience but not

independence, the distance is always one. Finally, if one person ranks independence and/or obedience while the other ranks neither, the distance is set to one-half. This lower penalty reflects the uncertainty in how the person who does not rank either value would have ordered them.

A.1.2 Absolute Spearman ρ Methodology

For each pair of people in a team, we subtract person 1's ranking of a given value from person 2's ranking. We do this for all eleven values and sum up the absolute value of each difference to get the distance. Every value which is not ranked among the top k is given rank $k+1$:

$$\rho_{abs}(R_1, R_2) = \sum_{\{i=1\} \in N} r_1(i) - r_2(i)$$

where i is a value, $r_j(i)$ is the ranking for person $j \in \{1, 2\}$ and N is the set of eleven values.

A.1.3 Share of uncommon top values Methodology

For each pair of people in a team, we calculate the proportion of values that both employees include in their top five. We then subtract this proportion from 1 to measure their difference in values.

A.2 Online Survey with Workers in the Financial Industry

Here is the list of main questions that we asked in the survey:

Q1. Here is a list of qualities/values that children can be encouraged to learn at home. Which do you consider to be especially important?
Please select 5 qualities/values, those which you think are the most important.

- Independence
- Hard work
- Feeling of responsibility
- Imagination
- Tolerance and respect for other people
- Thrift, saving money and things
- Determination, perseverance
- Religious faith
- Unselfishness
- Obedience
- Self-expression

Q2. Keep thinking about the 11 personal values listed above. Reflect on the experience that you have in your current workplace and organization. To what extent do you agree with the following statements? For all the statements, consider as "colleagues" the members of your team, that is the group of people supervised by the same direct manager.
[For every statement, respondents have to reply on the following scale: Strongly disagree - Disagree - Somewhat disagree – Somewhat agree – Agree – Strongly agree]

- "Having different personal values to those of my colleagues makes me less productive"

- "Having different personal values to those of my direct manager makes me less productive"
- "A manager and an employee with different personal values have difficulties communicating"
- "More and better communication with my manager increases my productivity"
- "Where I work, the HR department does not think that sharing personal values between managers and workers is important for employees' productivity"

Q3. You agreed/disagreed with the statement: "Having different personal values to those of my colleagues makes me less productive". Can you explain why? If possible, give concrete examples.

Q4. You agreed/disagreed with the statement: "Having different personal values to those of my direct manager makes me less productive". Can you explain why? If possible, give concrete examples.

Q5. You agreed/disagreed with the statement: "A manager and an employee with different personal values have difficulties communicating". Can you explain why? If possible, give concrete examples.

Q6. You agreed/disagreed with the statement: "More and better communication with my manager increases my productivity". Can you explain why? If possible, give concrete examples.

Q7. A "speak up culture" is an environment where employees feel comfortable speaking their minds, sharing their ideas, and raising concerns without fear of negative consequences or reprisal. Do you think that a speak-up culture can increase employees' productivity?
Yes, definitely / Yes / No / No, definitely not

Q8. You mentioned before that having different values to your direct manager negatively affects your productivity. Do you think that a speak-up culture can help alleviate this problem? Definitely not / Probably not / Probably yes / Definitely yes

Q9. Think about the last time you were assigned to work with a specific team of people. Do you think your personal values were considered as part of this allocation process? Definitely not / Probably not / Might or might not /Probably yes / Definitely yes

A.3 Creativity scores assignment

Job descriptions were gathered from the partner organization's career website in two rounds: the first on October 10, 2024, and the second on December 4, 2024. The first round gathered 584 job postings after filtering for location, language, and alignment with the bank's internal classification of area of interest. The second round expanded the dataset to 1,308 postings by including internal listings that explicitly mentioned career bands. Manual matching was performed to assign career bands to job titles from the first round.

Job postings contain a variable that describes the area of interest of the position, which is similar to the "division" variable available in the cross-sectional dataset. We confidently matched most of the areas of interest with the corresponding division categories, based on information provided on the organization's web pages.

Creativity scores Creativity scores were assigned to job descriptions using a Random Forest model trained on a manually scored sample of 100 job postings. To train the machine learning model, we manually scored 100 job descriptions using a structured definition of creativity that entails 5 scores (1 being the lowest creativity level and 5 the maximum). The creativity of a job position was defined as the extent to which a role requires generating new ideas, approaches, or solutions as part of its core responsibilities. This includes flexibility, originality, and problem-solving and considers how much the position relies on innovation rather than routine or predefined tasks. The scoring process was independent, with each evaluator blind to others' scores. Two evaluators rated all 100 descriptions, while two others divided the task (one scored 42 texts, the other 58). The final creativity score used for training was the average of these three sets of ratings.

Random forest model We tested multiple models before selecting a Random Forest with 100 trees and unrestricted depth. The job descriptions were vectorized using `TfidfVectorizer` from `scikit-learn`, reducing the dataset to the 500 most relevant terms while considering only unigrams. Since the creativity measure was an average of three independent scores, a non-ordinal Random Forest model was preferred over an ordinal one.

The dataset was split into seven folds using K-fold cross-validation, ensuring robustness

by training and validating the model on different subsets. The final model produced an average test MSE of 0.0762 and a train MSE of 0.5429, indicating overfitting. This was further confirmed by the R^2 values of 0.9139 in training and 0.3347 in testing.

Rank correlation between input and target data Since our analysis only differentiates between jobs with creativity scores above or below the median, ranking accuracy is more important than precise numerical predictions.

Below, we report two rank correlation measures from earlier models trained on fewer job descriptions: Model 1 (trained on 42 job descriptions) and Model 2 (trained on 70). Both had similar MSE, R^2, and overfitting patterns as the final model. The rank correlation coefficients were calculated by comparing the rankings of manually scored job descriptions not included in training with those predicted by the model.

Correlation Type	**Model 1**	**Model 2**
Kendall Rank Correlation	0.47841	0.56353
Spearman Rank Correlation	0.65207	0.70468

Table A28: Rank Correlation Coefficients Across Models

The improvement from Model 1 to Model 2 is likely due to the larger training dataset. While we cannot directly test the final model (since it incorporates all 100 manually scored descriptions), it is expected to perform at least as well due to its expanded training set. These results validate the classification of creativity scores as above or below the median.

The distribution of assigned creativity scores can be seen in Figure A.3.1.

Aggregating scores at the area of interest and career band level Since job descriptions in the scraped dataset did not always match job titles in the cross-sectional dataset, we aggregated creativity scores by averaging them at the career band and Area of Interest levels for descriptions sharing these characteristics. The aggregated scores were then merged into the dataset.

Some career bands and area of interest combinations were missing from the scraped data. To address this, we estimated missing creativity scores using a linear regression model

trained on job characteristics. The dataset was split into observations with known and unknown creativity scores, and a linear regression model was fitted to predict scores based on job characteristics. The trained model was then used to fill in missing values. The final distribution of creativity scores in the cross-sectional dataset is shown in Figure A.3.2.

Caveats The analysis relies on three key assumptions:

- The creativity requirements of job positions have remained stable or changed uniformly across categories since the survey.
- The machine learning model reliably classifies jobs as above or below the median creativity score, despite some overfitting.
- The scraped job postings are representative of their respective job categories, as defined by area of interest and career bands.

Due to data limitations, these assumptions cannot be fully verified.

Figures

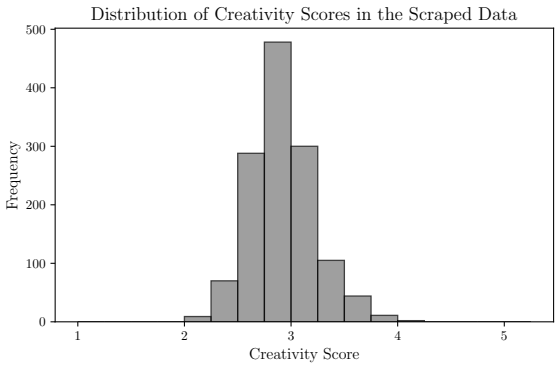


Figure A.3.1: Distribution of creativity scores in the scraped job offers

Note: The graph shows the distribution of creativity scores over the 1308 scraped job ads.

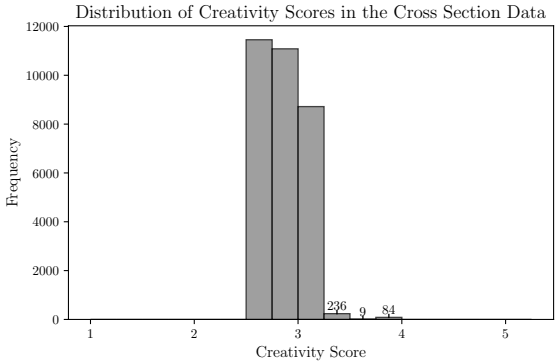


Figure A.3.2: Distribution of creativity scores in the cross-section dataset

Note: The graph shows the distribution of creativity scores in the 32519 observations of the cross-sectional dataset which were matched using the worker's Career Band and Area of Interest.