

## Appendix Tables and Figures

### Table A1: Summary Statistics

#### Panel A: Frequency by Year

Year	No. Obs.
2006	365
2007	349
2008	321
2009	275
2010	255
2011	242
2012	218
2013	213
2014	213
2015	209
2016	200

#### Panel B: Frequency by Industry

Industry	No. Obs.
Advertising & Marketing	26
Aerospace	22
Agriculture	18
Biotechnology & Pharmaceuticals	86
Confidential	3
Construction & Real Estate	197
Education & Training	19
Electronics	19
Engineering	2
Financial Services & Insurance	410
Health Care	131
Hospitality	186
Industrial Services	34
Information Technology	280
Manufacturing & Production	502
Media	69
Mining and Quarrying	5
Missing	26
Other	16
Professional Services	322
Retail	359

Telecommunications	53
Transportation	64
Utilities	1

### Panel C: Frequency by Ownership Type

Ownership type	No. Obs.
Private-only	863
Private, Private-equity owned	149
Private, Public owner	187
Public	1661

Panel A presents number of observations in our sample by year. Panel B presents number of observations in our sample by industry. Panel C presents number of observations in our sample by ownership type. Private only firms are not publicly listed, do not have institutional investors and are not owned by a public company. Private w/ public owner firms' ultimate owners are publicly listed firms. Private equity owner firms' ultimate owners are private equity firms.

**Table A2: Individual analysis: Owner commitment**

Dependent variable: Model:	Purpose- clarity	
	OLS (1)	OLS (2)
Public	-0.0243** (0.0110)	-0.0249** (0.0109)
Public * Hedge fund	-0.0482* (0.0273)	
Public * Long term investors	0.0814** (0.0316)	
Private equity	-0.0303 (0.0217)	-0.0315 (0.0218)
<i>Lagged measures</i>		
Public * Hedge fund		-0.0526* (0.0306)
Public * Long term investors		-0.0217 (0.0293)
<i>Leading measures</i>		
Public * Hedge fund		-0.0441* (0.0251)
Public * Long term investors		0.116*** (0.0368)
<i>Controls</i>		
Revenue (log)	0.0109***	0.0106***

	(0.0026)	(0.0026)
FT employees (log)	0.0133***	0.0134***
	(0.0039)	(0.0038)
Firm age (log)	0.0150**	0.0148**
	(0.0060)	(0.0059)
Halo control	0.255***	0.255***
	(0.00275)	(0.0027)
Constant	-1.581***	-1.576***
	(0.0666)	(0.0672)
Observations	1,608,830	1,608,830
R-squared	0.098	0.098
Org Controls	Y	Y
Industry and State FE	Y	Y
Year FE	Y	Y

\*\*, \*, † signify statistical significance at the 1, 5, and 10% level respectively

**Table A3: Fixed Effects Analysis with Firms that Went Public**

Dependent variable: Model:	Purpose-Clarity			
	OLS (1)	OLS (2)	Firm FE (3)	Firm FE (4)
Public	-0.0823** (0.00792)	-0.0716* (0.0160)	-0.0713* (0.0136)	-0.0633* (0.0136)
Constant	0.0949* (0.0223)	-1.259** (0.121)	0.0930** (0.00242)	-0.694* (0.132)
Observations	15,235	15,235	15,235	15,235
R-squared	0.003	0.080	0.007	0.083
Controls	N	Y	N	Y
Firm FE	N	N	Y	Y

\*\*, \*, † signify statistical significance at the 1, 5, and 10% level respectively

**Table A4: 2SLS analysis**

Dependent variable:	Purpose-Clarity				
	(1)	(2)	(3)	(4)	(5)
<i>CEO background</i>					
CEO joined in lower ranks	0.374* (0.166)				
<i>CEO compensation</i>					
Pay gap relative to salaried ranks		0.00814 (0.0266)			
<i>CEO incentive structure</i>					
Number of non-margin incentives				0.0369*	

				(0.0148)	
<i>Employee compensation</i>					
Benefits index				0.0738*	
				(0.0333)	
Bonus as % comp (salaried)					0.615† (0.366)
Observations	1,848	1,848	1,848	1,848	1,848
Controls	Y	Y	Y	Y	Y
Org Controls	Y	Y	Y	Y	Y
Industry and State FE	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A5: Alternative purpose measures**

Dependent variable:	Purpose- camaraderie	Purpose Index	Clarity
Model:	OLS	OLS	OLS
	(1)	(2)	(3)
Public	-0.0658** (0.0146)	-0.0607** (0.0111)	-0.0812** (0.0131)
Revenue (log)	0.0028 (0.0027)	0.0027 (0.0024)	-0.0030 (0.0033)
FT employees (log)	-0.0276** (0.0053)	-0.0084* (0.0038)	0.0004 (0.0046)
Firm age (log)	-0.0088 (0.0073)	-0.0031 (0.0057)	-0.0111† (0.0064)
Halo control	0.711** (0.0555)	0.773** (0.0534)	0.863** (0.0330)
Constant	-3.014** (0.276)	0.843** (0.259)	0.498** (0.181)
Observations	2,860	2,860	2,860
R-squared	0.471	0.551	0.554
Org Controls	Y	Y	Y
Industry and State FE	Y	Y	Y
Year FE	Y	Y	Y

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A6: Alternative purpose measures: nearest neighbor match**

Dependent variable:	Purpose- camaraderie	Purpose Index	Clarity
Model:	Nearest neighbor match		
	(1)	(2)	(3)
Public	-0.0801** (0.0100)	-0.0784** (0.0080)	-0.1120** (0.0095)
Observations	2,792	2,792	2,792
Match criteria	Table 2(3)	Table 2(3)	Table 2(3)

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A7: Alternative purpose measures: coarsened exact match**

Dependent variable:	Purpose- camaraderie	Purpose Index	Clarity
Model:	Coarsened exact match		
	(1)	(2)	(3)
Public	-0.0148 (0.0309)	-0.0520* (0.0258)	-0.0722* (0.0302)
Revenue (log)	-0.0262† (0.0134)	-0.0095 (0.0111)	-0.0218 (0.0137)
FT employees (log)	0.0067 (0.0158)	-0.0043 (0.0128)	0.0052 (0.0150)
Firm age (log)	0.0038 (0.0249)	0.0101 (0.0217)	-0.0076 (0.0258)
Halo control	0.889** (0.134)	0.913** (0.117)	0.898** (0.136)
Constant	-4.122** (0.680)	-0.140 (0.591)	-0.220 (0.683)
Observations	259	259	259
R-squared	0.654	0.657	0.686
Match criteria	Table 2(3)	Table 2(3)	Table 2(3)

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A8: Alternative purpose measures and ownership commitment**

Dependent variable:	Purpose-camaraderie (1)	Purpose Index (2)	Clarity Index (3)
Public	-0.0686** (0.0152)	-0.0623** (0.0112)	-0.0837** (0.0133)
Public*Hedge fund	-0.0752 (0.0698)	-0.0650 (0.0523)	-0.0140 (0.0611)
Public*Long term investors	-0.0311 (0.0579)	-0.0115 (0.0469)	-0.0120 (0.0539)
Private Equity	-0.0150 (0.0301)	-0.0010 (0.0258)	-0.0131 (0.0305)
<i>Controls</i>			
Revenue (log)	0.0027 (0.0027)	0.0026 (0.0024)	-0.0030 (0.0033)
FT employees (log)	-0.0273** (0.0053)	-0.0083* (0.0038)	0.0006 (0.0047)
Firm age (log)	-0.0096 (0.0073)	-0.0039 (0.0057)	-0.0116† (0.0065)
Halo control	0.709** (0.0555)	0.772** (0.0536)	0.862** (0.0332)
Constant	-2.996** (0.279)	0.862** (0.263)	0.509** (0.186)
Observations	2,860	2,860	2,860
R-squared	0.472	0.552	0.554
Org Controls	Y	Y	Y
Industry and State FE	Y	Y	Y
Year FE	Y	Y	Y

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A9: Alternative purpose measures and CEO background and incentives**

Dependent variable:	Purpose- Camaraderie (1)	Purpose Index (2)	Clarity Index (3)
Public	-0.0591** (0.0148)	-0.0520** (0.0109)	-0.0707** (0.0131)
Public*Hedge fund	-0.0630 (0.0707)	-0.0471 (0.0527)	0.0139 (0.0607)
Public*Long term investors	-0.0766 (0.0567)	-0.0499 (0.0448)	-0.0454 (0.0536)
Private Equity	-0.0064 (0.0289)	-0.0035 (0.0242)	-0.0072 (0.0283)
<i>CEO background</i>			
CEO joined in lower ranks	0.0336** (0.0114)	0.0343** (0.0090)	0.0490** (0.0104)
CEO tenure at company (log years)	0.0185** (0.00695)	0.0171** (0.0056)	0.0254** (0.0068)
<i>CEO compensation</i>			
Pay gap relative to salaried ranks	0.0006 (0.0015)	-0.0006 (0.0011)	0.0011 (0.0014)
CEO total compensation	-0.0256* (0.0110)	-0.0025 (0.0089)	-0.0058 (0.0092)
<i>CEO incentive structure</i>			
Number of margin incentives	-0.0022 (0.0045)	-0.0018 (0.0033)	-0.0004 (0.0041)
Number of non-margin incentives	-0.0010 (0.0012)	-1.11e-06 (0.0008)	0.0001 (0.0010)
<i>Employee compensation</i>			
Benefits index	0.0261** (0.0045)	0.0167** (0.0034)	0.00371 (0.0039)
ESOP	0.0139 (0.0151)	0.0106 (0.0112)	0.0160 (0.0141)
Bonus as % comp (salaried)	-0.0139 (0.0333)	0.0309 (0.0296)	0.0728* (0.0307)
Constant	-2.626** (0.284)	1.002** (0.265)	0.553** (0.200)
Observations	2,860	2,860	2,860
R-squared	0.497	0.568	0.568
Controls	Y	Y	Y
Org Controls	Y	Y	Y
Industry and State FE	Y	Y	Y
Year FE	Y	Y	Y

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A10: Controlling for Integrity**

Dependent variable:	Integrity		Purpose- clarity		Ethics		Purpose- clarity	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Integrity				0.0619** (0.0227)				
Ethics								0.0506† (0.0288)
Public	-0.0940** (0.0158)	-0.0741** (0.0145)	-0.0745** (0.0144)	-0.0260* (0.0116)	-0.0731** (0.0113)	-0.0551** (0.0108)	-0.0556** (0.0108)	-0.0278* (0.0116)
Public*Hedge fund			-0.0311 (0.0657)	-0.105* (0.0507)			-0.0178 (0.0547)	-0.106* (0.0508)
Public*Long term investors			-0.0361 (0.0564)	0.0935* (0.0419)			-0.0416 (0.0411)	0.0933* (0.0419)
Private Equity	0.0479 (0.0342)	0.0104 (0.0310)	0.0102 (0.0311)	-0.0292 (0.0206)	0.0017 (0.0249)	-0.0084 (0.0242)	-0.0085 (0.0243)	-0.0282 (0.0207)
<i>Controls</i>								
Revenue (log)		-0.0053 (0.0037)	-0.0052 (0.0037)	0.0122** (0.0026)		-0.0015 (0.0022)	-0.0014 (0.0022)	0.0120** (0.0026)
FT employees (log)		-0.0127* (0.0053)	-0.0125* (0.0054)	0.0159** (0.0037)		-0.0093* (0.0037)	-0.0091* (0.0037)	0.0156** (0.0037)
Firm age (log)		-0.0210** (0.0069)	-0.0210** (0.0070)	0.0173** (0.0059)		-0.0012 (0.0053)	-0.0011 (0.0053)	0.0161** (0.0058)
Halo control	0.983** (0.0377)	1.036** (0.0376)	1.037** (0.0377)	0.201** (0.0375)	0.988** (0.0278)	1.021** (0.0279)	1.022** (0.0279)	0.213** (0.0410)
Constant	-0.565** (0.187)	-0.382† (0.204)	-0.390† (0.206)	-1.541** (0.154)	-0.258† (0.137)	-0.244 (0.154)	-0.257† (0.156)	-1.552** (0.154)
Observations	2,860	2,860	2,860	2,860	2,860	2,860	2,860	2,860
R-squared	0.552	0.621	0.621	0.383	0.649	0.687	0.687	0.380
Org Controls	Y	Y	Y	Y	Y	Y	Y	Y
Industry and State FE	Y	Y	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y	Y	Y

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

**Table A11: Other ownership classifications****Panel A: Private firms with public parents**

Dependent variable:	Corporate purpose		
	(1)	(2)	(3)
Public	-0.0105 (0.0143)	-0.0409*** (0.0130)	-0.0463*** (0.0127)
Private w/ public owner	-0.0182 (0.0179)	-0.0378** (0.0168)	-0.0416** (0.0167)
Private equity owner	-0.0444* (0.0253)	-0.0450* (0.0244)	-0.0345 (0.0229)
Revenue (log)		0.0171*** (0.00304)	0.0151*** (0.00293)
FT employees (log)		0.0125** (0.00495)	0.0168*** (0.00484)
Constant	0.00650 (0.0132)	-0.301*** (0.0739)	-0.269** (0.119)
R-squared	0.198	0.319	0.330
Controls	Industry, year	Firm, year	Full

**Panel B: Public family firms**

Dependent variable: Model:	Purpose- clarity	
	OLS (1)	OLS (2)
Public	-0.0280** (0.0105)	-0.0314** (0.0114)
Public*Hedge fund		-0.108* (0.0504)
Public*Long term investors		0.0906* (0.0420)
Public*Family firm	0.0196 (0.0200)	0.0172 (0.0200)
Private Equity		-0.0288 (0.0208)
<i>Controls</i>		
Revenue (log)	0.0123** (0.0026)	0.0118** (0.0026)
FT employees (log)	0.0153** (0.0037)	0.0148** (0.0036)
Firm age (log)	0.0183** (0.0058)	0.0157** (0.0058)
Halo control	0.272** (0.0287)	0.266** (0.0283)
Constant	-1.653** (0.154)	-1.566** (0.154)
Observations	2,860	2,860

R-squared	0.374	0.380
Org Controls	Y	Y
Industry and State FE	Y	Y
Year FE	Y	Y

\*\* , \* , † signify statistical significance at the 1, 5, and 10% level respectively

## Appendix B: Factors resulting from the factor analysis

This table shows the four factors resulting from the exploratory factor analysis identifying the survey questions that receive the highest loadings for each factor

Factor	Questions
<i>Purpose-Clarity</i>	<p>“My work has special meaning: this is not just a job”</p> <p>“I feel good about the ways we contribute to the community”</p> <p>“When I look at what we accomplish, I feel a sense of pride”</p> <p>“I’m proud to tell others I work here”</p> <p>“Management has a clear view of where the organization is going and how to get there”</p> <p>“Management makes its expectations clear.”</p> <p>“I am given the resources and equipment to do my job,”</p>
<i>Purpose-Camaraderie</i>	<p>“This is a fun place to work”</p> <p>“We are all in this together”</p> <p>“There is a family or team feeling here”</p> <p>“My work has special meaning: this is not just a job”</p> <p>“I feel good about the ways we contribute to the community”</p> <p>“When I look at what we accomplish, I feel a sense of pride”</p> <p>“I’m proud to tell others I work here”</p>
<i>Non-discrimination</i>	<p>“People here are treated fairly regardless of their sexual orientation”</p> <p>“People here are treated fairly regardless of their ethnicity”</p> <p>“People here are treated fairly regardless of their gender”</p> <p>“People here are treated fairly regardless of their age.”</p>
<i>Management</i>	<p>“Management’s actions match its words.”</p> <p>“I can ask management any reasonable question and get a straight answer.”</p> <p>[further questions masked by data agreement, but reflect other questions regarding management quality]</p>

## Appendix C: Supplemental discussion on robustness

In this appendix section we discuss supplemental analyses and discussion of various aspects of our analysis. We first consider alternative measures for our dependent and explanatory variables, then turn to potential sources of omitted variable bias.

### *Alternative Dependent Variables*

We focused our analysis using a purpose metric that measures employee beliefs both about the meaning of the work and about the clarity provided by management towards that purpose. We focused on this measure because it reflects the idea of meaningfulness in the workplace and aligns with work that emphasizes the role of leaders in communicating and creating the conditions, as architects, for employees to find meaning in their work. For robustness, however, we look here at two alternative approaches to capturing purpose.

One alternative measure of purpose is what Gartenberg et al. (2019) call *Purpose-Camaraderie*, the second of two factors that concerns purpose. This measure includes the four meaning-related questions, listed in the introduction section, together with questions on the degree of camaraderie between employees in the workplace. The two items with the highest loadings on this question are i) whether employees have fun at work and ii) whether they believe that there is a familial atmosphere among employees at work. The other questions included in this factor similarly focus on workplace collegiality. Appendix Table A5 presents this alternative measure. As is the case with our primary measure of corporate purpose, public firms and private firms owned by public companies have lower purpose-camaraderie in column 1. Columns 2 and 3 decompose the *Purpose-Clarity* measure to the questions that relate to meaning in column 2 and the questions that relate to clarity in column 3.

Results suggest that both components are lower in public firms. Table A6 shows results using propensity score matching and Table A7 using coarsened exact matching. Table A8 shows the results in the augmented models that incorporate the ownership commitment variables. We find that although the indicator variable is negative and significant the ownership interaction terms do not achieve significance.

Our interpretation is that those alternative measures miss an important aspect of purposeful organizations, which is the role of leaders as architects in creating clarity about the path towards that purpose (Podolny et al. 2004; Carton 2018). Table A9 shows the results using the augmented models with variables on CEO characteristics and incentives. We find similar results for the estimated coefficients on *CEO joined in lower ranks*, and *Benefits Index*.

### *Sample Selection Bias*

We must also consider whether sample selection bias may affect our results. If, for some reason, public firms with lower purpose choose to participate in the GPTW survey but private firms with lower purpose do not, then our results could reflect this sample bias. Although it is difficult to construct a scenario wherein this occurs, it is possible. Even if this bias exists, however, it could explain only part of the differences in purpose across firms with different forms of

ownership. Even within private firms, there is systematic variation across PE and non-PE owned firms and within public firms, the commitment level of the public market investors is associated with purpose; therefore, any sample bias would also have to explain that result.

### *Correlated Omitted Variables*

#### Relation of Purpose to Integrity

Guiso, Sapienza, and Zingales (2015) document that public firms score lower on a measure of integrity that is derived from the same survey that we use in our paper. Therefore, it could be that integrity is a correlated omitted variable in the relation between purpose and ownership. Table A10 tests this possibility. Columns 1 and 2 replicate the analysis and the result as reported in Guiso et al. (2015), wherein public firms exhibit lower integrity. Column 3 shows that integrity is not related to hedge fund and long-term investor ownership. Column 4 replicates our analysis while also including their control for integrity. Our results remain robust to the inclusion of integrity as a control variable. Integrity loads with a positive and significant coefficient. Columns 5-8 show the same analyses but now instead of the integrity variable we use the ethics variable from Guiso et al. (2015). All the results are similar.

#### Differences in Financial Performance

A potential alternative explanation is that the results we document are driven by differences in financial performance in those companies. We fail to find evidence consistent with this alternative explanation in our data, which would suggest that private firms in our sample have better financial performance than public firms. The inclusion of sales growth, the only financial performance variable included in the GPTW data, as a control variable in the models or as a matching covariate, does not change our key results. However, the financial performance explanation could also affect our results within public firms if for example, hedge funds might choose to invest in worse-performing companies and long-term investors in better performing companies. To address this concern, we include three periods of lagged return on assets and three periods of lagged revenue growth. We still find differences in the purpose measure.