Preliminary Version

The Value of Corporate Values*

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First Draft: December 2011

Abstract

We analyze the values advertised on the company website and those shared by its employees for a sample of large U.S. companies. We find that 85% of firms post some corporate values, with innovation and integrity being the most frequently stated ones. Larger firms tend to advertise values more while firms who invest more in R&D are more likely to advertise innovation. Yet, advertised values are uncorrelated with values shared by the employees of the firms and even its managers. The values shared by the employees, not the advertised ones are positively correlated with a company's financial performance, Tobin's q, customer satisfaction, and quality of labor relations. These results raise the question of how these better values are established. Our only evidence is that publicly listed firms have worse values.

* We thank the Great Place to Work Institute for sharing the data with us. Luigi Guiso gratefully acknowledges financial support from PEGGED, Paola Sapienza from the Zell Center for Risk and Research at Kellogg School of Management, and Luigi Zingales from the Stigler Center and the Initiative on Global Markets at the University of Chicago Booth School of Business. We also thank Cecilia Gamba, Lanny Lang, and Simone Lenzu for excellent research assistantship.

In their webpages, 85% of the S&P 500 companies have a section (sometimes even two) dedicated to "corporate values." The values companies proclaim to live range from "integrity" to "teamwork" to "innovation and "respect." Can we dismiss them as cheap advertising, with little or no economic consequences?

With few notable exceptions (e.g., Kreps (1990)), the economic and finance literatures have ignored the role culture plays in firms. But this is not so the organizational literature (e.g., O'Reilly, 1989). Still, there is a lot of ambiguity on what the label "corporate culture" means and even more so which values (if any) matter for performance. This paper starts to fill this gap.

Following O'Reilly and Chatman (1996) and Guiso et al. (2008), we define culture as the set of values and beliefs that are widely shared throughout an organization. Unlike Guiso et al. (2008), we do not limit this definition to values that foster cooperation since corporate values can have other objectives, such as favoring innovation.

We identify corporate values in two ways. First, we read the websites of each company included in the S&P 500 index in 2011 and identify the values (if any) that are advertised there By construction, these are values a firm wants to communicate to its audiences, be it workers, customers, suppliers, investors, or society at large. The second way is to rely on information about the actual values shared by the employees of a firm. To obtain this data, we rely on questionnaires collected by the Great Place to Work Institute, a consulting firm that annually ranks firms on the basis of their work environment and consults with them on how to improve it.

We find that on average S&P 500 firms advertise four values. The most advertised value is innovation (mentioned by 80% of the S&P firms), followed by integrity and respect (70%). Interestingly, quality is stressed only by 60% of the S&P firms, and only half of them cite teamwork as a value. We then group the answers of the Great Place to Work's questionnaire into the same set of values we identified from the webpages. Surprisingly, we find no correlation between the value advertised in the webpages and the ones employees perceive inside the company.

The most obvious interpretation is that either the website information or the Great Place to Work answers are so noisy that any informational content is lost. Yet, we do find some systematic cross-sectional differences in the advertised values. Financial firms stress integrity more than other service firms and so do manufacturing firms vis-à-vis construction firms.

Similarly, we do find a significant correlation between the level of R&D expenditure and the frequency with which firms advertise innovation as a value. Thus, the advertised values do not seem to be pure noise.

The Great Place to Work questionnaires are not noisy either. Edmans (2011) finds that being included in the top 100 best firm to work for predicts future abnormal returns. We also document that these scores are correlated with several measures of performance.

Finally, in most cases the mapping between the Great Place to Work scores employees assign to a question and the values advertised on the web is unlikely to be the culprit of this lack of correlation since it is straightforward. For example, we attribute the average score employees assign to the statement *"This is a physically safe place to work"* to the value "safety." Only for the value innovation is the mapping more tentative.

If the lack of correlation is not due to a data problem, it might be due to the failure of corporations to imprint their values on their employees. If this were the case, we should find that the scores assigned by the managers (who are supposed to convey those values) are more correlated with the advertised values than those assigned by the employees. In fact, we find that both sets of scores are equally uncorrelated with the advertised values.

We think that these findings are only consistent with the idea that advertised values are not necessarily those that drive the behavior of firms or are promoted inside firms. In fact, it could be quite the opposite: firms like BP advertise safety to cover up for their negative record of safety. By itself this should lead to a negative correlation. This is indeed what we find, albeit these correlations are not statistically different from zero.

We then move to analyze the values perceived by the employees. We find that all the answers are very highly correlated, so that *de facto* we have only one variable, which we will label GPTW. Not surprisingly, this GPTW variable is negatively correlated with indicators of tension among a company's workforce, such as the probability of unionization, the frequency of labor grievances, and the probability of employment termination. More interestingly, we find that the GPTW variable is positively correlated with measures of performance, from profitability to Tobin's q, from customers' satisfaction to value of the brand. While this evidence cannot be interpreted a casual way (employees might be happy because the firm is profitable and not the other way around), it does suggest that these values are, at the very least, an important indicator of a firm's performance.

These results raise the question of how these better values are established. The lack of correlation between advertised values and shared values makes it unlikely that there are simply the results of selection at hiring. One possibility is that these "better" values are just the results of good performance. Yet, our finding that publicly listed firms have worse values seems to suggest otherwise.

Besides its intrinsic interest, the role of corporate culture speaks to the growing economic literature on role culture plays in society at large (see Guiso et al (2006, 2010) for reviews). When we analyze countries, it is difficult to identify who designed a certain culture and for what purpose. While governments try to foster and promote a certain culture, in modern democracies they cannot punish or expel people with a dissonant culture. Governments can try to attract new immigrants based on their values (for example, advertising religious tolerance and diversity), but they generally do not. By contrast, companies can fire people if they do not fit with the corporate culture and do select new employees on this basis. Thus, studying how corporate culture is created and what its effects are we can shed some light on the formation and effects of culture in societies at large.

The paper continues as follows. Section 1 introduces the theoretical background of the analysis. Section 2 describes the two datasets used. Section 3 presents the results obtained using the values advertised in the websites, while Section 4 presents those obtained by using the values as perceived by the employees. Section 5 concludes.

1. Theoretical Framework

1.1 Definition of culture

There are several definitions of culture. One view (see for example, Cremer 1993) is that culture represents the unspoken code of communication among members of an organization. A related view is that culture is a convention that helps coordination, like the side we drive on. The managerial literature focuses on the notion of culture as "a set of norms and values that are widely shared and strongly held throughout the organization" (O'Reilly and Chatman (1996)). In this literature the function played by culture is that of "social control." According to O'Reilly (1989), most individuals care about the people who surround them. Thus, if we share a common set of expectations with the people we work with, we are under their control whenever we are in their presence. In this respect, culture complements more traditional control systems, such as

incentives. This notion is not very distant from what Kreps (1990) uses. Erhard et al (2007) emphasize one particular value as form of social control: integrity, defined as "the quality or state of being complete; in an unbroken condition; sound/"

We choose to use the O'Reilly and Chatman (1996) definition for two reasons. First, this definition is similar to the one now prevailing in neoclassical economic models that use culture (e.g., Guiso et al (2008) and Tabellini (2008)). Second, this value component of culture is easier to measure and thus facilitates our empirical task.

However, there is a difference in the way these values can be interpreted. In Kreps (1990), corporate values are simply the reputation that a company has developed over time. Thus, corporate culture does not change the preferences of individuals, it only alters their incentives in a repeated game. By contrast, in Hodgson (1996) a corporate culture is able to modify the preferences of individuals and induce them to internalize some norms. We do not take an a priori stand on which notion of values is more relevant, but we will try to let the data speak.

1.2 Why culture might matter

To study the potential effect of culture, we need to be clear on why this culture might matter. Both in O'Reilly (1989) and Kreps (1990), culture is considered relevant because employees will face choices that cannot be properly regulated ex ante. Whether this impossibility arises because some contingencies are unforeseen or because they are foreseen but not contractible (a la Grossman and Hart, 1986) matters more for the modeling choice than for the practical outcome. In both cases, culture is reputation or tradition that helps define compliance ex post.

In Erhard et al (2007) values play a slightly different role. Rather than a system of rewards, values are a constraint ex ante. Adherence to integrity acts as a commitment not to engage in economic calculations. In this way, for example, an employee will not trade off the customer satisfaction with a larger profit. While these two roles are theoretically different, in practice they are not so easy to distinguish.

By contrast, a clearly distinct channel through which culture might matter is selection. Choosing an agent with aligned preferences is the cheapest way to resolve an agency problem.

For example, I would like nursery school teachers to like children and Apple employees to like technology. By advertising certain values, companies can make it easier to match with the right kind of employees.

1.3 For what goals culture might matter

If a firm chooses a culture, for what purpose does it choose? Although this is far from a forgone conclusion, in this paper we will maintain that the ultimate goal of the firm is to maximize profits. Thus, we will consider how culture can help this profit maximization. To impact profits, culture must impact at least one of a company's stakeholders and ameliorate the relationship with them. For example, a culture of safety can help hire better workers and/or get a better treatment from the regulator, who is concerned about the number of accidents in the industry.

In analyzing corporate values it is important to think about which stakeholder they are designed for. Some can be designed for employees, others for customers or suppliers, other for investors or even society at large, which will impact the government view of a firm.

2. Data

There are two ways to collect information on firm values. The first is to rely on information regarding the values that the firms stresses when it communicates with its audiences, whether they are workers, customers, suppliers and/or investors. We try to capture this channel by looking at the values that are stressed on the companies' websites. We can think of these values as a signaling how the firm wants to be perceived along several dimensions.

The second way is to elicit information directly from the audiences, e.g. from its workforce. To follow this route we obtain employees' questionnaire responses from the Great Place to Work Institute, which asks samples of workers in a given firm to rank the firm they work for about the prevalence of a specific value.

In addition, we complement information on values by matching these data with standard information from Compustat and other sources. Below we describe in detail the web values data and the Great Place to Work sample as well as the complementary data collected.

2.1. Advertised Values – S&P 500 sample

To analyze the advertised values, we look at the company's website for the entire S&P 500 as of June 2011. Table 1a shows descriptive statistics for companies in this sample. A corporate website typically has one or more sections dedicated to the company's values, culture and working environment. We collect all the values listed in all these sections, maintaining the wording used by the company.

Companies often identify a set of core values, each of which is further articulated and explained through other key words to clarify its meaning. We maintain this clustering of values as units of meaning, grouping all the key words used by the company to describe a single value (i.e. if a company describes the value "Integrity" with other words like "Honesty," "Ethics," "Accountability," etc., we would group all these words). The data was collected between June and October 2011, therefore the dataset reflects the websites' content of that period (the exact date of access is available).

Once the data collection for all S&P 500 companies was completed, we started an aggregation process to identify the main values and classify them into a few categories. To do so, we first identified the most recurring values across all companies. Starting from the top recurring value (Integrity, listed as corporate value by almost 52% of the companies), we checked all the other words that were clustered with it by each company and their frequency across companies. We took the one word that was most commonly associated with the main value (Ethics, associated with Integrity in about 34% of companies) and aggregated the two values together in a single category (unit of meaning).

Then we moved on to the second most recurring value (Teamwork) and performed the same analysis to identify the word that was most commonly associated with it (Collaboration) and again associated the two together, creating another category. We followed this process for all top 50 values, progressively aggregating them based on the word association made by companies. As we proceeded down the ranking, some values were most commonly associated with words that we had already encountered higher in the ranking (for example, Accountability is the 6th most recurring value, and its most commonly associated value is Integrity, which we had already linked with Ethics). In these cases we added the new value to the pre-existing aggregation (i.e. the category now includes three values: Integrity, Ethics and Accountability), therefore expanding the set of words identifying a similar concept. This process allowed us to

reduce a broad list of values to just a few categories that included multiple words with similar meaning, as revealed by the data.

After performing this aggregation strategy for the 50 most recurring values, 9 categories or units of meaning emerged from the data:

- *Integrity* + Ethics + Accountability + Trust + Honesty + Responsibility + Fairness + Do the right thing + Transparency + Ownership
- *Teamwork* + Collaboration/Cooperation
- *Innovation* + Creativity + Excellence + Improvement + Passion + Pride + Leadership + Growth + Performance + Efficiency + Results
- *Respect* + Diversity + Inclusion + Development + Talent + Employees + Dignity + Empowerment
- *Quality* + Customer + Meet needs + Commitment + Make a difference + Dedication + Value + Exceed expectations
- *Safety* + Health + Work/Life balance + Flexibility
- *Community* + Environment + Caring + Citizenship
- *Communication* + Openness
- *Hard work* + Reward + Fun + Energy

Finally, we created dummy variables for each of these 9 categories. Companies were assigned dummy = 1 in a category if they listed any of the values part of that aggregation on their website. While the list does not cover the totality of values listed by all the companies, it provides a good representation of the main categories of values encountered in the data. In fact, among the companies which listed corporate values on their website (some had no values listed), all except one had at least one value falling into one of our categories, and most of them had 5 or more dummies.

2.2 Shared Values – The Great Place to Work data

Each year, the Great Place to Work® Institute (GPTWI) partners with more than 5,500 companies operating in 45 countries to conduct a workplace culture study on these enterprises. In this paper, we focus only on the US companies surveyed by GPTWI.

The GPTWI collects data on employees' perceptions through ad-hoc surveys of a stratified sample of companies' employees and integrates this with factual information gathered from the company representatives. Based on this information GPTWI elaborates the list of the 100 Best Companies to Work For®, which is published in Fortune magazine. This list, first published in 1984 by Levering, Moskowitz and Katz (1984) and headed by Levering and Moskowitz (1993) throughout its 22-year existence. Importantly, Fortune has no involvement in the company evaluation process else it may have incentives to bias the list towards advertisers (Reuter and Zitzewitz, 2006).

To be in the U.S. data of Great Place to Work, companies submit an application[1] and have to meet the following criteria: they must have been in business for at least 7 years and they have to have at least 1,000 employees. This application process clearly creates a selection bias: To apply companies need to have an interest in their employees. We will try to assess this bias by looking at a set of similar companies that are not in the GPTW sample.

Once the company applies, the GPTWI collects two types of data: the Trust Index Employee Survey (TI) and the Culture Audit Survey (CAS). The TI measures the behaviors and the environment that forms the underpinning of most desirable workplaces through 58 specific metrics. These measures are gathered by submitting to a stratified sample of employees a long questionnaire. Together the behavior and environment measures represent two thirds of the overall GPTW final score.

The remaining one-third of the score is assigned based on company characteristics, such as pay structure, benefits programs, facilities and other type of employees programs and corporate practices. This data is collected through a separate questionnaire (CAS) filled out by a company representative. The CAS is organized into seven sections. The first section collects general information about the company, such as type of organization, location, industry, revenues and economically relevant operations in which the firm has recently been involved. The second part explores the demographic composition of the workforce in different dimensions: job types, job levels, gender and ethnic composition, age, turnover and tenure structure. In the third

[1] There are no fees charged for companies that want to participate in the Fortune list selection process. Companies can buy reports at the end of the process that can cost anywhere from $2,500 to $20,000 depending on the extent of the report and whether a presentation is involved – yet there is no obligation to buy a report. About 1/3 of the companies in any given year buy a report.

section company representatives are asked questions regarding compensation of employees, pension plains and other form of income redistribution. Section four regards benefits and perks offered by the company to its employees, section five investigates time-off plans, sabbatical and other forms of scheduling programs. Work-family issues are investigated in section six, while section seven asks how many hours it took to complete the entire CAS questionnaire.

The GPTWI elaborate these two datasets into a final GPTW score that is used to determine the published ranking. The algorithm is proprietary and GPTW has not shared it with us, nor did it share the score each company received. Thus, we work with the raw data.

We have access to all the GPTWI data for the United States in the period 2007–2011, including information on all the companies that do not make the list of best companies to work for. Over 2007–2011, 1,072 private and publicly listed US firms filled out Part I of Culture Audit©, for a total of 2,132 firm-year observations.

We limit our analysis to for-profit companies, excluding from the sample non-profit companies and government agencies (236 and 3 firms, respectively, for a total of 510 company-year observations). For 227 observations, we do not have information from GPTWI on the year the data refer to, so we cannot merge these observations with other information from other sources.[2]

Our final sample includes 683 firms (private 273 and 410 publicly listed), for a total of 1,475 company-year observations. This dataset is unbalanced; 338 companies appear only once, 125 twice, 82 three times, while 49 and 89 companies partnered with the Great Place to Work institute for four and five years respectively. We merge this dataset with the cross-section CAS dataset previously described. In this process, we are able to match 668 of the 683 companies in CAS dataset. Of these 683 firms, 410 are publicly listed and 273 are privately held. For these firms we have information from both the CAS and the TI employee survey database.

For the purpose of this study, we focus our attention on a limited set of variables of the CAS, which are described in detail in Table II in the Appendix. Revenues World (GPTW) and Revenues US represent respectively the world and US revenues of the company, scaled in million USD. Employees is the total number of company workers in all plants based in the United States, including full-time, part-time and temporary employees. The variable *Unionized*

[2] We conventionally attribute fiscal year equal t to those observations whose reported end of fiscal year falls between June of year t and May of year t+1.

workers/Employees indicates the fraction of employees who join a union, while *Union Grievances/Unionized workers* represents the number of union grievances per unionized worker. *Separations/Employees* indicates the total number of voluntary and involuntary separations from the company in the past year as a fraction of employees, while *Job Applicants/Employees* represents the total number job applicants for positions at the company as a fraction of current employees. For each company we also calculate the average job tenure of the workers, Average Tenure, and report the number of years since its foundation, Company's Age. The variable *Worker Comp. Claims/Employees* indicates the number of workers' compensation claims per employee in the last year. Workers' compensation claims are a form of insurance providing wage replacement and medical benefits to employees injured during work. This benefit is provided in exchange of the employee's right to sue his employer. Workers' compensations are admitted in the United States on a state-by-state basis, but they generally exclude cases of punitive damages for employer negligence.

We transform this dataset into a cross-section. For the variables described above, we calculate the average over 2007–2011 for each of the 683 companies in our database. The sample statistics for these GPTW variables are presented Table 1C. The average firm size, measured by revenues, in the GPTW data is about half of the S&P 500 sample, and the median is about a fourth the size of the median firm in the S&P 500 sample. The average (median) number of employees in GPTW is 15,200 (4,800) as compared to 45,900 (17,900) for S&P 500. Compared to the S&P 500 sample, these firms have similar return on sales, but a lower q (these statistics can only be calculated for the public companies that are in GPTW sample).

Five percent of the GPTW employees are unionized, 2 percentage points less than the fraction of private sector workers that are unionized (source: BLS USDL-11-0063). The average separation rate is 32 % a year, while the median is 22 %. As a comparison, the statistics provided by the Bureau of Labor Statistics for the U.S. economy show that between 2009 and 2011, the monthly separation rate for the total nonfarm sector is around 3–3.2%, which corresponds to an annualized separation rate of about 36–38.4% (source: BLS USDL-10-1103, USDL-11-1610).

We also use information about the employees' perception of their company's culture which is provided anonymously by employees via the Trust Index© Employee Survey. Asking 58 questions to a random sample of 580,095 employees across all levels of the firms in the Great Place to Work sample, this dataset explores several dimensions of corporate culture and provides

an indication of the underlying level of trust and workplace comfort within each company. For the median firm in our sample, 967 employees are surveyed between 2006 and 2011, which each year corresponds to about 9% of total employees of the company. The employees anonymously respond directly to the Great Place to Work institute, with a response rate of about 60%. Table II in the Appendix reports the full list of questions of the Trust Index© Employee Survey. For each employee interviewed, Great Place to Work collects a set of demographic and other individual information, such as age, gender, ethnicity, work status, and job function. Fifty-seven of the questions cover a range of different topics exploring attitudes toward management, job satisfaction, fairness in the workplace, and camaraderie; a final question investigates the overall opinion of the employees on whether their company is a great place to work or not.

In order to compare employees perception of the company culture with the values advertised in the company website, we apply a methodology similar to the one used for the website values that is described in the previous paragraph. First, we group the questions in the Trust Index© employee Survey into 10 categories, each of them representing a culture score: Integrity, Teamwork, Innovation, Respect, Quality, Safety, Citizenship, Communication, Hard Work, and GPTW score. With the exception of GPTW score, which itself corresponds to question 58 of the survey and reflects the overall employee opinion on whether their company is a great place to work or not, we associate each one of the 57 questions to one culture score as described in Table II in the Appendix. Then, for each surveyed employee, we calculate the remaining 9 culture scores as the average of the answers to the questions associated with it. Finally, we calculate 10 company-level scores by taking the average of all scores for all employees surveyed between 2007 and 2011. Of these ten scores, nine match the list of values identified in the web values dataset and the 10^{th} is the GPTW score. The sample statistics for these variables are described in Table 1D.

Our 10 culture scores are highly correlated with each other; part of the variation has been washed away by grouping the 58 questions into the 10 culture scores, and averaging employee scores by company. For this reason, in most of our analysis, we focus our attention on GPTW score—which can be interpreted as the overall opinion of employees working environment—and on the first principal component which we extract from the remaining 9 culture scores. The correlation between the GPTW score and all the other scores varies between 83% (with the respect score) and 96% (with the hardwork score). The Principal Component GPTW reduces the

nine dimensions to one, with the minimum loss of information. We can interpret Principal Component GPTW as a variable synthesizing the overall employees' perception of corporate culture, information similar to the one expressed by GPTW score.

2.3 CompuStat and other complementary data

For the companies listed in the S&P 500 index between 2005–2010 (604 firms) and for the publicly listed companies in the Great Place to Work dataset (410 firms), we collect additional financial data using CRPS/Compustat Merged database. We gather information on employees and world revenues; the former represents the number of company workers as reported to shareholders, while the latter is the annual gross sales of the company in million USD. For each company/year we calculate the Return on Sales (ROS) and Tobin's q as (Total Assets - Shareholder's Equity + Market Value of Equity) / Total Assets.

Table II in the appendix provides a detailed description of these variables and their source. We transform our dataset into a cross-section averaging all the variables over the 2007–2010 period for the GPTW variables and 2005–2010 for the S&P 500 variables. To avoid the impact of the financial crisis on the calculation of market values, for both the GPTW and S&P 500 sample, we assign the value of Tobin's q in 2007 for all the years after 2007.

Where possible, we also collect data on brand value from Brandirectory (http://www.brandirectory.com). Brandirectory estimates the brand value by discounting the estimated future royalties of the trademark and associated intellectual property. The variable Brand Value/Revenues U.S. represents the company brand value in the United States as a fraction of the revenues collected in the national market. For each company, this variable is equal to the average of Brand Value/Revenues U.S. for the years in which it appears in Great Place to Work Culture Audit© dataset or, in the case of the S&P 500 sample, to the average across observations between fiscal year 2005 and 2010.

Following Gomes, Kogan and Yogo (2009), we classify our firms into two categories: Business-to-Business (B2B) or Business-to-Customers (B2C). For companies classified as Business-to-Consumer, we collect data on consumer satisfaction from the American Consumer Satisfaction Index (ACSI) database (http://www.theacsi.org/).

The ACSI reports scores on a 0–100 scale at the national level and produces indexes for 10 economic sectors, 47 industries (including e-commerce and e-business), more than 225

companies, and over 200 federal or local government services, covering more than 40% of the GDP of United States. The ACSI methodology provides a uniform, independent, customer-based, firm-level satisfaction measure (Fornell et al, 1996), collecting data from random telephone surveys of customers (at least 200 customers per firm) who have recently consumed a specific brand of firm's product or service. Respondents are asked questions on 15 measurement variables, which are then used as indicators of 6 latents or constructs, including the overall Consumer Satisfaction Index (ACSI)[3]. Similarly we classify the companies belonging to the S&P 500 sample into Business-to-Consumer and Business-to-Business, and we collect data on consumer satisfaction for those belonging to the former category. For both GPTW and S&P 500 sample, each company is attributed a value of ACSI equivalent to the average between the ACSI scores in the years in which the company appeared in the Great Place to Work Culture Audit© database, or between fiscal year 2005 and 2010 in case of the S&P 500 sample.

Finally, by using the Stanford Securities Class Action Clearinghouse (SSCAC) database (available at www.http://securities.stanford.edu/), we obtain information regarding stakeholders' legal claims filed against the public companies in our dataset. This dataset provides detailed information relating to the prosecution, defense, and settlement of federal class action securities fraud litigation since 1995. For each public company in the Great Place to Work database, we create one variable indicating the total number of class actions filed against the company since 1995 and another with the total amount paid during the same period to settle litigations, where we normalize this amount by the level of world revenues.

3. Advertised Values

3.1 *What is advertised*?

Advertised values are identified by a dummy equal to 1 if that value appears in the web page of the firm. Table 1b shows summary statistics of which values firms advertise. On average, firms in the S&P 500 sample advertise 4 out of the 9 values in our list. The modal firm advertises 5, but there is considerable dispersion (standard deviation of 2.5). Some firms (15% of the sample) do not advertise any value and of the 7 firms that choose to advertise just one value, 4 choose to stress "innovation". Innovation is also the most advertised value in the whole sample—

[3] The six constructs are Customer Expectations, Perceived Quality, Perceived Value, Customer Complaints, Customer Loyalty and Consumer Satisfaction Index.

appearing in 80% of the S&P 500 firms, this is followed by integrity and respect (70%). Interestingly, quality is stressed by 60% of the S&P 500 firms while half of them cite teamwork as a value. On the other hand, few firms (12 in total) advertise all the values, and almost all 89 modal firms advertise innovation and 88% also advertise integrity.

We summarize advertised values extracting the first principal component; this composite index too shows substantial diversity, as documented by its standard deviation which is twice as large as the sample mean. Overall, it seems that values do not matter for all, and not all values matter for all firms; yet, some values, namely innovation and integrity seem to be more key then others.

3.2 *What correlates with advertised values*?

Given this heterogeneity, it is interesting to check which observable characteristics of the firm correlate with diversity in signaling values. Here we look systematically at variation across industries, geographical location, firm size measured by (log) revenues and investment in R&D as an index of the propensity of the firm to innovate. We estimate linear probability models for two among the most advertised values —integrity and innovation—and ordinary least squares regressions for two summary indexes, the number of values advertised and the principal component of the values. For each variable, we report two specifications, one controlling for individual industry dummies using a 15 industry classifications (the excluded industry is manufacturing) and one in which firms have been allocated to two groups according to whether they have a business-to-business orientation or a business-to-customer one, basing the classification on their industry (see Table II in the Appendix). Results are shown in Table 2.

Larger firms are more likely to advertise innovation and to cite integrity with essentially equal marginal effects; size is also positively and significantly correlated with the number of values advertised and the principal component. Controlling for the company's customer base, one standard deviation increase in log size is associated with an increase in the number of advertised values of 0.4, about 10% of the sample mean; controlling for company industry, one standard deviation increase in log size is associated with an increase in the number of advertised values of 0.3 (8% of the sample mean). The correlation of incentives to advertise with the size of the firm can reflect many possible channels: size may proxy for complexity and more complex firms may need to rely more on values, raising the chances of observing each single value and a

higher number of values in the web site. Size may be positively correlated with reputation costs. If adoption of cultural values protects from reputation loss, this can explain the correlation. Or, it may reflect the importance of cultural values for the success of the firm—of which size is measure. Below we will also look at correlations with measures of firm performance.

Interestingly, firms that do more R&D are more likely to advertise innovation; R&D expenditure instead has no effect on whether a firm advertises integrity. This suggests that firms *choose* to advertise values that reflect their attributes probably to signal to customers, investors, and perspective applicants for vacant jobs the type and values they insist on, hoping this induces selection: of their products (in the case of customers), of their shares (in the case of investors looking for innovative, high-growth opportunities), of their vacancies (in the case of workers who value innovative and possibly highly competitive environments). Firms that do more R&D also tend to span the set of values as suggested by the positive effect on the number of values and the principal component.

There is some evidence that firms located in the North-East are less likely (compared to firms in the North-West, the excluded group) to advertise integrity, but when we look at the principal component it is firms in the South that are less likely to advertise values. We find no correlation of the propensity to advertise values with whether the business is customer oriented, perhaps suggesting that signaling values is equally important independent of the nature of the firms' customers. The industry of the firm seems to play a role: relative to manufacturing (the excluded industry), construction firms are, perhaps not surprisingly, less likely to advertise integrity (31 percentage points less likely); financial services, where integrity should be of considerable importance do not advertise it more than manufacturing, but non-financial services are 20 percentage points less likely to advertise integrity than financial services. On the other hand, utilities are less likely to advertise innovation, but not integrity. In terms of overall values construction firms and non-financial service firms are those that advertise the least, transportation and warehousing are those that advertise the most.

Overall, these patterns suggest that our measures of advertised values are not just noise since the firms that should in principle advertise certain values do indeed stress them on their webpages. However, size, R&D expenditure, industry and location explain only a small fraction of the overall variation, as shown by the low R-squared, implying that a lot of the heterogeneity

in the values advertised is either explained by attributes we are not controlling for or by unobservable factors and, to some extent, measurement error in our procedure to collect the data.

3.3 Are advertised values for real?

How do values advertised by the firms compare with the values reported by their workers and managers? To answer this question, we focus on the sample of firms in S&P 500 that are also surveyed by GPTW. In total, we are able to match 197 firms; comparisons of firm characteristics in S&P 500 sample matched and unmatched with GPTW are shown in Table 5a.

Firms in S&P 500 that are matched with GPTW are, on average, larger in terms of revenues and employees than those who do not belong to the GPTW sample. Moreover, they spend a higher fraction of their revenues on advertising and R&D, and have a higher consumer satisfaction index and Tobin's q. In line with the results of Table 2, we find a positive and statistically significant difference in the frequency of some of the advertised values—integrity, innovation, but also respect, citizenship and hard work—with respect to the other firms in the S&P 500 sample (Table 5B).

Table 6 shows the cross correlation between the indicator for whether a given value is advertised on the webpage of the firm and the score that workers in that firm attribute to that value. The result is pretty clear: there is no correlation between the views expressed by the workers about the relevance of a certain value in the firm and whether that value is cited on the webpage of the firm. This is true when we look at correlations between different values, such as integrity and innovation, and may not be surprising: after all they are different values. However, there is no correlation even among values in the same family (e.g. integrity advertised and the integrity score in GPTW): correlation coefficients along the main diagonal of the table are very small and sometimes even of a negative sign.

The most obvious interpretation is that either the website information or the Great Place to Work answers are so noisy that any informational content is lost. Yet, as we documented in section 3.2 we find some systematic cross-sectional differences in the advertised values. Thus, the advertised values do not seem to be pure noise. The Great Place to Work questionnaires are not noisy either. Edmans (2011) finds that being included in the top 100 best firm to work for predicts future abnormal returns. We shall also document that these scores are correlated with several measures of performance.

Finally, in most cases the mapping between the Great Place to Work scores employees assign to a question and the values advertised on the web is unlikely to be the culprit of this lack of correlation since it is straightforward. For example, we attribute the average score employees assign to the statement *"This is a physically safe place to work"* to the value "safety." Only for the value innovation is the mapping more tentative. The question that might be most related with the value of innovation is the answer to the question "Management genuinely seeks and responds to suggestions and ideas." Even when we look at the correlation between the score given to this statement and the frequency innovation is advertised as a value, we do not find any correlation.

If the lack of correlation is not due to a data problem, it might be due to the failure of corporations to imprint their values on their employees. If this were the case, we should find that the scores assigned by the managers (who are supposed to convey those values) are more correlated with the advertised values than those assigned by the employees. In fact, we find the same lack of correlation when we look at the relation between the advertised values and the value scores of managers and workers separately. One interpretation is that advertised values reflect the image the firm wants to advertise not the true values that are actually shared within the firm. That is, advertised values are void of content. Another interpretation is that the choice to advertise a certain value or not on the web—which is what the webpage indicator is about—depends on differences in communication strategies followed by the firms which are unrelated to the prevalence of that value in the firm. For instance, cooperation may score very high in a firm and is consequently reflected in workers opinions, but the firm may choose not to reveal it on the web because values of cooperation inside the firm are irrelevant to customers accessing the web.

3.4 Do advertised values matter?

One way to shed some light on advertised values is to check whether they have any predictive value on measures of firm performance. If the values advertised have no link with the real values of the firm they should presumably be poorly correlated with the firm performance.

Table 7 shows regressions of advertised values on various measures of performance: a measure of Tobin's q, return on assets, the American Consumer Satisfaction Index (ACSI), a measure of brand value scaled by sales, two indicators of class actions against the company, and a number of measures of labor relations (workers unionizations, union grievances/employees, the worker separation rate, job applicants intensity, and the number workers' compensation claims

per employee). The measures capture firms "success" along various dimensions and each may potentially be affected by the company's predominant values. To save on space, we use integrity and the principal component as measures of advertised values.

With one exception, we find very little evidence that advertised values affect performance; there is no detectable effect on firm profitability and Tobin's q, no effect on brand value, frequency of class action suits, and quality of labor relations' measures. The exception, an interesting one, is the customer satisfaction index which is significantly higher among firms who advertise integrity and firms with higher principal component of advertised values. One possibility is that advertised values are meant to talk to the firm's customers and are thus reflected on their satisfaction; but bear little correlation with the financial performance of the firm or the quality of labor relations because these variables are affected by many other variables and only indirectly by customer satisfaction.

4. Shared Values

4.1 What correlates with GPTW values?

Table 3 shows which observable characteristics of the company correlate with the GPTW score. We estimate ordinary least square regressions for three of the scores that receive the highest values in the GPTW sample—respect, safety and hardwork—for the GPTW score and for the principal component of all the scores. For each variable we report two specifications, one controlling for individual industry dummies using a 15 industry classification (the excluded industry is manufacturing) and one in which firms have been allocated to two groups according to whether they have a business-to-business orientation or a business-to-customer one, basing the classification on their industry.

Probably the most interesting finding is that, within the GPTW sample, being a privately held company, other things being equal, makes the company a much better place to work, according to employees. The same result is confirmed for the most relevant scores in the sample: respect and hardwork scores, and to a lesser extent safety. In general, scores for the publicly listed are lower. Controlling for the company's customer base, public companies have a GPTW score 0.11 lower than the public companies, about 3% lower than the sample mean. This result holds true when we look at the Principal Component of the Great Place to Work scores (0.28 lower, about 2% of sample mean) and for the individual scores; respect, safety and hardwork are

lower for public companies (respect, -0.13; safety, -0.05; hardwork, -0.08), respectively three, one and two percent lower than the sample mean. We obtain similar results when we control for company industries, although coefficients are slightly lower for all culture scores.

Unlike advertised values, shared values are not positively correlated with the size of the firm, measured by log of revenues. Size of the firm is only positively and significantly correlated with the respect score, but the effect is small. One standard deviation increase in log size is associated with an increase in the respect score of 0.03, about 0.8% of the sample mean.[4]

There is no evidence that firms located in some geographical areas score higher or lower. We find no correlation of the GPTW's most important scores with whether the business is customer oriented, suggesting perhaps that scores are equally important independently of the nature of the customers of the firms.

Interestingly, the industry of the firm seems to play a role and somewhat opposite to what we find for advertised values: construction firms and financial service firms are scored much higher in all the dimensions, while transportation and warehousing is scored lower in every dimension. Another interesting comparison between Table 2 and Table 3 is the difference in R-squared, much higher in Table 3, suggesting that the precision of measurement of GPTW scores is much higher than the advertised values collected through the web.

Table 4 presents another interesting pattern: the difference between the employees' opinions when the survey questions are answered by the management and non-management employees. The results show that on average managers give higher scores along all the dimensions with a range between 3.6% and 7.5% more. The highest differences are for the quality scores (7.5% more), integrity (5.9%), and innovation (5.3%), the lowest differences are for respect (3.6% more) and safety (3.8%). The GPTW score which candidly asked employees whether the company is indeed a great place to work is on average 4.7% higher when managers are replying to the survey compared to non-managers employees.

4.2 Do GPTW culture scores matter?

[4] When size is measured by the number of employees, it actually affects negatively and significantly the GPTW score.

To study the importance of the company's culture, as described by employees, we correlate key indicators collected through the GPTW employees' questionnaire with measures of firm performance. Since the scores are highly correlated with each other, we focus our analysis on two variables: the GPTW score which asks employees whether the company they work for is a great place to work and the first principal component of all the scores. As mentioned before, the correlation between the GPTW score and all the other scores is very high.

The results are presented in Table 8. In interpreting these results, it is important to stress that we cannot claim causality. While it is possible that a better company culture leads to better performance, it is also plausible that firms with a better performance can afford a better and more welcoming company culture.

Controlling for size, firms with a higher GPTW score and higher Principal Component GPTW have higher q, higher return on sales (ROS). All these effects are statistically and economically significant. One standard deviation in the GPTW score increases q by 0.3, which corresponds to 16% of the sample mean. The effect on the sample mean is smaller for ROS (8% of the sample mean). All the results described for the GPTW score are qualitatively and quantitatively similar when we use the Principal Component GPTW as a regressor.

While it is harder to tease out the causality in these regressions, the results are consistent with the idea that a better company culture does not have to come at the expense of returns.
These results are consistent with, but slightly different from, Edmans (2011). He shows that if a company is included in the top100 best companies to work for subsequent stock returns are on average higher. He only measures the effect for the top 100 companies, while we consider the entire sample of companies surveyed. Furthermore, the position in the ranking depends only for 2/3 on the employee survey (the one we use) and for a remaining 1/3 on an evaluation of companies' policy, which includes pecuniary and non-pecuniary benefits. By removing benefits and compensation from the analysis and by focusing strictly on culture, we are able to qualify that a large part of the effect is indeed due to culture alone. Finally, he looks at the predictive power of the GPTW ranking on future stock market performance, while we simply look at correlations between contemporaneous variables.

Once we have documented that firms with a better culture are also more profitable, we can try to tease the mechanism through which this effect takes place. We identify three potential mechanisms. First, it is possible that a better culture in the work place trickles down to the

consumers providing higher quality customer services and goods. To study this effect, we correlate our GPTW variables with the American Consumer Satisfaction Index (ACSI) and a measure of Brand Value. Of course, these variables are relevant only for a subset of firms that sell to the public and have a recognized brand. We restrict our analysis to those firms. Our results show that there is a positive and significant relationship between ACSI and GPTW score. One standard deviation change in the GPTW score increases ACSI by 2.34 percentage points, which correspond to 3% of the sample mean. The effect of the Principal Component of the GPTW is statistically and economically similar. Despite a very limited number of observations, a similar result is obtained on our measure of brand value: one standard deviation in GPTW scores affects brand value over sales by 48 %, which corresponds to 56% of sample mean.

Another potential mechanism through which culture can improve performance is by creating a better corporate governance system which is less liable of class action suit. However, we do not find any effect on the probability a firm receives a class action filing, even though firms contained in the GPTW sample have a lower incidence of class action suit compared to the S&P 500 sample.

A third mechanism through which culture can improve company performance is by attracting and retaining first class employees and reducing losses due to high turnover. To investigate this channel we correlate our GPTW score with a number of variables measuring labor relations (workers unionizations, union grievances/employees, the worker separation rate, job applicant's intensity, and the number workers compensation claims per employee). We find a significant correlation for three out of the five variables used. Companies with a higher GPTW score and higher Principal Component GPTW have fewer unionized workers, fewer union grievances, and lower involuntary and voluntary separations.

For a GPTW score in the top 25% percentile, the predicted mean in separation is 26%, 10% to 12.4% lower than the separation reported by BLS for the non-farming sector. The effect is even stronger if we distinguish between voluntary separations and involuntary ones (albeit this distinction is always tricky). In the GPTW sample, the voluntary separations are only 8% vs. an 18% in the BLS sample. By contrast, involuntary separations are 19% in the GPTW sample vs. 16.8% in the BLS.

By contrast, there is no significant effect of the GPTW score on the ratio between job applicants on employees and on the worker compensation claims.

5. Conclusions

We try to analyze the values advertised and shared by large U.S. companies. While we find that corporate values feature a prominent role in companies' web sites, they do not seem to be correlated with the values perceived by the companies' employees. The former do not seem to be correlated with any measure of performance, while the latter do.

These results raise the question of how these better values are established. The lack of correlation between advertised values and shared values makes it unlikely that they are simply the results of selection at hiring. One possibility is that these "better" values are just the results of good performance. Yet, our finding that publicly listed firms have worse values seems to suggest otherwise.

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Table 1a: Sample statistics S&P500 sample

The table shows the summary statistics for the companies belonging to the S&P500 sample. The description of the variables is provided in Table II in the Appendix.

Variable	Mean	Sd	Med	Min	Max	p10	p90	Obs (Missing %)	Source
Revenues World (Comp) (MM USD)	17,115	33,040	7,151	483	389,954	1,699	40,993	500 (0 %)	Comp
Employees (Comp)	45,946	111,330	17,934	84	2,060,000	3,462	114,100	500 (0 %)	Comp
Advertising Expenses/Revenues World (Comp)	0.01	0.03	0.00	0.00	0.27	0.00	0.04	500 (0 %)	Comp
R&D Expenses/Revenues World (Comp)	0.03	0.06	0.00	0.00	0.57	0.00	0.13	492 (2 %)	Comp
Unionized Workers/Employees	0.07	0.16	0.00	0.00	0.87	0.00	0.27	160 (68 %)	GPTW
Union Grievances/Unionized Workers	0.03	0.09	0.00	0.00	0.85	0.00	0.07	160 (68 %)	GPTW
Separations/Employees	0.29	0.26	0.20	0.03	1.00	0.05	0.64	165 (67 %)	GPTW
Job Applicants/Employees	9.05	12.73	5.40	0.16	75.49	1.40	15.88	151 (70 %)	GPTW
Workers Comp. Claims/Employees	0.09	0.44	0.01	0.00	4.40	0.00	0.13	126 (75 %)	GPTW
Tobin's Q	2.04	1.40	1.59	0.38	15.51	1.02	3.53	497 (1 %)	Comp
ROS	0.09	0.13	0.08	-2.01	0.44	0.01	0.20	500 (0 %)	Comp
ACSI	75.56	6.03	75.67	58.00	89.20	68.17	83.83	106 (79 %)	ACSI
Brand Value/Revenues US	0.95	1.02	0.52	0.04	3.34	0.12	2.53	22 (96 %)	Brand Dir, Comp, GPTW
Class Actions Filed	0.42	0.73	0.00	0.00	3.17	0.00	1.83	193 (61 %)	SSCA
Class Actions Settlements Paid/Revenues	0.00	0.00	0.00	0.00	0.02	0.00	0.00	135 (73 %)	SSCA, Comp, GPTW

Table 1b: Summary statistics of culture indexes advertised in websites

The table shows the summary statistics of the frequencies of the values advertised in the companies webpages for the sample of companies in the S&P500 sample. The description of the variables is provided in Table II in the Appendix.

Variable	Mean	Sd	Med	Min	Max	p10	p90	Obs (Missing %)	Source
Integrity advertised?	0.7	0.5	1.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Teamwork advertised?	0.5	0.5	1.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Innovation advertised?	0.8	0.4	1.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Respect advertised?	0.7	0.5	1.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Quality advertised?	0.6	0.5	1.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Safety advertised?	0.3	0.4	0.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Citizenship advertised?	0.3	0.5	0.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Communication advertised?	0.3	0.4	0.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Hard work advertised?	0.3	0.5	0.0	0.0	1.0	0.0	1.0	500 (17 %)	Webpage
Tot Values advertised	4	2.5	5	0	9	0	7	500 (17 %)	Webpage
Principal Component Web	1.6	0.9	1.8	0.0	2.9	0.0	2.5	500 (17 %)	Webpage

Table 1c: Sample statistics GPTW sample

The table shows the summary statistics for the companies belonging to the Great Place to Work sample. The description of the variables is provided in Table II in the Appendix.

Variable	Mean	Sd	Med	Min	Max	p10	p90	Obs (Missing %)	Source
Revenues World (MM USD)	9,292	31,794	2,063	2	470,000	277	20,291	658 (4 %)	GPTW & Comp
Employees	15,221	32,255	4,795	858	336,442	1,305	37,152	680 (0 %)	GPTW
Advertising Expenses/Revenues World (Comp)	0.02	0.03	0.00	0.00	0.21	0.00	0.05	376 (45 %)	Comp
R&D Expenses/Revenues World (Comp)	0.04	0.08	0.00	0.00	1.05	0.00	0.15	376 (45 %)	Comp
Unionized Workers/Employees	0.05	0.13	0.00	0.00	0.87	0.00	0.21	670 (2 %)	GPTW
Union Grievances/Unionized Workers	0.01	0.06	0.00	0.00	0.85	0.00	0.04	670 (2 %)	GPTW
Separations/Employees	0.32	0.27	0.22	0.00	1.00	0.06	0.74	683 (0 %)	GPTW
Job Applicants/Employees	7.76	18.74	4.50	0.00	394.98	0.68	14.77	619 (9 %)	GPTW
Workers Comp. Claims/Employees	0.31	1.28	0.05	0.00	21.71	0.00	0.50	531 (22 %)	GPTW
Tobin's Q	1.86	1.39	1.44	0.23	15.51	0.86	3.43	370 (46 %)	Comp
ROS	0.08	0.11	0.08	-1.00	0.70	0.01	0.19	376 (45 %)	Comp
ACSI	76.40	5.58	77.00	61.33	84.60	69.00	84.00	58 (92 %)	ACSI
Brand Value/Revenues US	0.86	0.94	0.52	0.04	3.34	0.12	2.53	28 (96 %)	Brand Dir, Comp, GPTW
Class Actions Filed	0.15	0.45	0.00	0.00	3.00	0.00	1.00	410 (40 %)	SSCA
Class Actions Settlements Paid/Revenues	0.00	0.00	0.00	0.00	0.03	0.00	0.00	396 (42 %)	SSCA, Comp, GPTW

Table 1d: Summary statistics of culture scores from GPTW

The table shows the summary statistics of the culture scores from the Great Place to Work Trust Index database. The description of the variables is provided in Table I and Table II in the Appendix.

Variable	Mean	Sd	Med	Min	Max	p10	p90	Obs (Missing %)	Source
GPTW score	4.31	0.23	4.33	3.22	4.99	3.98	4.60	679 (1 %)	GPTW
Integrity score	4.09	0.20	4.09	3.35	4.90	3.83	4.34	679 (1 %)	GPTW
Teamwork score	4.05	0.22	4.05	3.18	4.79	3.77	4.33	679 (1 %)	GPTW
Innovation score	3.98	0.24	4.00	3.18	4.99	3.67	4.27	679 (1 %)	GPTW
Respect score	4.19	0.23	4.20	3.41	4.99	3.89	4.49	679 (1 %)	GPTW
Quality score	4.09	0.21	4.10	3.28	4.99	3.81	4.35	679 (1 %)	GPTW
Safety score	4.23	0.21	4.25	3.36	4.99	3.96	4.49	679 (1 %)	GPTW
Citizenship score	4.16	0.22	4.17	3.33	4.99	3.87	4.44	679 (1 %)	GPTW
Communication score	4.05	0.21	4.06	3.26	4.99	3.77	4.30	679 (1 %)	GPTW
Hard work score	4.19	0.21	4.19	3.28	4.99	3.91	4.46	679 (1 %)	GPTW
Principal Component GPTW	12.32	0.62	12.34	9.88	14.82	11.49	13.08	679 (1 %)	GPTW

Table 2: Impact of company characteristics on advertised values, S&P500 sample

The table reports the OLS coefficients of the regressions of the dependent variables, column headers, on *Log Revenues World (Comp)*, *Advertising Expenses/Revenus World (Comp)*, *R&D Expenses/Revenus World (Comp)*, *Business-to-Consumer* and industry dummies, for the companies in the S&P500 sample. All variables are described in Table II in the Appendix. For regressions with industy dummies, Manufacturing is the baseline (omitted dummy). In all regressions we control for the geographical location of the company (macro area in which the company headquarter is located), Midwest is the baseline (omitted dummy). All regressions contain a constant term, standard errors in parentheses, R-squared of the regression, and */**/*** indicate statistical significance at the 10%, 5%, and 1% level.

VARIABLES	(1) Integrity advertised?	(2) Integrity advertised?	(3) Innovation advertised?	(4) Innovation advertised?	(5) Tot Values advertised	(6) Tot Values advertised	(7) Principal Component Web	(8) Principal Component Web
Log Revenues World (Comp)	0.05***	0.05**	0.05***	0.05***	0.33***	0.30***	0.12***	0.11***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.09)	(0.10)	(0.03)	(0.03)
Advertising Expenses/Revenues World (Comp)	-0.01	0.15	-0.06	-0.10	2.55	3.82	0.65	0.94
	(0.76)	(0.77)	(0.69)	(0.70)	(4.00)	(4.04)	(1.36)	(1.38)
R&D Exp / Revenues World (Comp)	0.60*	0.41	0.95***	0.85**	4.64**	4.84**	1.79***	1.76**
	(0.36)	(0.39)	(0.33)	(0.35)	(1.90)	(2.04)	(0.65)	(0.69)
Business-to-Consumer	0.05		0.00		0.14		0.04	
	(0.05)		(0.04)		(0.24)		(0.08)	
Entertainment, Food and Accomodation		-0.01		0.09		0.54		0.18
		(0.13)		(0.12)		(0.71)		(0.24)
Construction and Real Estate		-0.30**		-0.14		-1.18*		-0.47**
		(0.13)		(0.12)		(0.70)		(0.24)
Fin. Services and Insurance		-0.04		-0.06		-0.08		-0.03
		(0.07)		(0.06)		(0.35)		(0.12)
Health and Assistance		0.08		0.26		1.16		0.31
		(0.24)		(0.21)		(1.24)		(0.42)
Information		-0.05		-0.07		-0.04		-0.03
		(0.08)		(0.07)		(0.42)		(0.14)
Mining, Oil and Gas		-0.08		0.05		0.16		-0.01
		(0.10)		(0.09)		(0.51)		(0.17)
Non-Fin. Services		-0.20**		-0.14		-0.88*		-0.31*
		(0.10)		(0.09)		(0.51)		(0.17)
Retail		-0.08		-0.06		-0.00		-0.04
		(0.08)		(0.08)		(0.44)		(0.15)
Transportation and Warehousing		0.03		0.14		1.27*		0.39
		(0.14)		(0.13)		(0.74)		(0.25)
Utilities		0.00		-0.18**		0.56		0.11
		(0.09)		(0.08)		(0.48)		(0.16)
South	-0.09	-0.08	-0.04	-0.07	-0.39	-0.49	-0.16	-0.18*
	(0.06)	(0.06)	(0.05)	(0.05)	(0.31)	(0.32)	(0.10)	(0.11)
North-East	-0.12**	-0.12**	-0.07	-0.07	-0.41	-0.37	-0.16	-0.15
	(0.06)	(0.06)	(0.05)	(0.05)	(0.31)	(0.31)	(0.11)	(0.11)
West	-0.04	-0.04	-0.02	-0.03	-0.14	-0.20	-0.08	-0.10
	(0.07)	(0.07)	(0.06)	(0.06)	(0.35)	(0.35)	(0.12)	(0.12)
Constant	0.22	0.36**	0.29*	0.36**	1.48*	1.88**	0.52*	0.70**
	(0.17)	(0.18)	(0.15)	(0.16)	(0.89)	(0.95)	(0.30)	(0.32)
Observations	492	492	492	492	492	492	492	492
R-squared	0.04	0.05	0.04	0.07	0.04	0.07	0.05	0.07

Table 3: Impact of company characteristics on culture scores, Great Place to Work sample

The table reports the OLS coefficients of the regressions of the dependent variables, column headers, on *Log Revenues World (Comp)*, *Average Tenure*, *Company's Age*, *Business-to-Consumer*, *private*, and industry dummies, for the companies in the Great Place to work sample. All variables are described in Table II in the Appendix. For regressions with industy dummies, Manufacturing is the baseline (omitted dummy). In all regressions we control for the geographical location of the company (macro area in which the company headquarter is located), Midwest is the baseline (omitted dummy). All regressions contain a constant term, standard errors in parentheses, R-squared of the regression, and */**/*** indicate statistical significance at the 10%, 5%, and 1% level.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
VARIABLES	GPTW score	GPTW score	Respect score	Respect score	Safety score	Safety score	Hardwork score	Hardwork score	Principal Component GPTW	Principal Component GPTW
Log Revenues World	0.00	0.01	0.02**	0.02***	0.00	0.01	0.00	0.00	0.01	0.02
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)
Average Tenure	-0.01**	-0.01*	-0.01**	-0.01	-0.01**	-0.00	-0.01***	-0.01**	-0.04***	-0.03***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Company's Age	-0.00*	-0.00**	0.00	-0.00	-0.00	-0.00**	-0.00**	-0.00***	-0.00	-0.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Business-to-Consumer	-0.02		-0.02		-0.05***		-0.02		-0.09*	
	(0.02)		(0.02)		(0.02)		(0.02)		(0.05)	
Public	-0.11***	-0.10***	-0.13***	-0.11***	-0.05***	-0.04**	-0.08***	-0.07***	-0.28***	-0.23***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.05)	(0.05)
Entertainment, Food and Accomodation		0.04		-0.00		-0.02		0.03		0.06
		(0.04)		(0.04)		(0.03)		(0.03)		(0.10)
Construction and Real Estate		0.13***		0.16***		0.13***		0.13***		0.41***
		(0.04)		(0.04)		(0.03)		(0.04)		(0.10)
Fin. Services and Insurance		0.05*		0.13***		0.14***		0.09***		0.30***
		(0.03)		(0.03)		(0.03)		(0.03)		(0.08)
Health and Assistance		0.07		0.07		0.06		0.08*		0.22*
		(0.05)		(0.04)		(0.04)		(0.04)		(0.12)
Information		0.04		0.05		0.12***		0.07**		0.19**
		(0.03)		(0.03)		(0.03)		(0.03)		(0.09)
Mining, Oil and Gas		0.16		0.13		0.01		0.08		0.23
		(0.13)		(0.13)		(0.11)		(0.12)		(0.33)
Non-Fin. Services		0.04		0.16***		0.12***		0.06**		0.27***
		(0.03)		(0.03)		(0.03)		(0.03)		(0.08)
Retail		0.01		-0.01		0.01		0.02		0.08
		(0.03)		(0.03)		(0.03)		(0.03)		(0.08)
Transportation and Warehousing		-0.12**		-0.18***		-0.21***		-0.12**		-0.39***
		(0.06)		(0.05)		(0.05)		(0.05)		(0.14)
Utilities		0.09		0.11*		0.06		0.08		0.20
		(0.06)		(0.06)		(0.05)		(0.05)		(0.15)
South	0.03	0.01	0.04	0.02	0.01	-0.00	0.03	0.02	0.07	0.03
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.06)	(0.06)
North-East	-0.01	-0.02	0.01	-0.01	-0.01	-0.03	-0.01	-0.02	-0.01	-0.04
	(0.02)	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.07)	(0.06)
West	0.06**	0.04	0.05*	0.03	0.03	0.02	0.04*	0.03	0.11	0.08
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.02)	(0.02)	(0.02)	(0.07)	(0.07)
Constant	4.42***	4.35***	4.18***	4.07***	4.34***	4.23***	4.31***	4.23***	12.72***	12.43***
	(0.05)	(0.05)	(0.05)	(0.05)	(0.04)	(0.04)	(0.04)	(0.05)	(0.12)	(0.13)
Observations	643	643	643	643	643	643	643	643	643	643
R-squared	0.08	0.12	0.07	0.18	0.05	0.17	0.09	0.14	0.10	0.16

Table 4: Difference in culture scores from Great Place to Work sample between managers and non-managers employees.

The table shows the average culture scores and standar deviations for managers and non-managers employees for the companies belonging to the Great Place to Work sample. The last two colums report the difference in the average culture scores between the two groups, and the p-values of the t-test of the null hypothesis 'difference equals zero' against the alternative hypothesis 'Difference different from zero'.
The description of the variables is provided in Table II and Table II in the Appendix.

Index	**Managers**		**Non Managers**			
	Mean	**Sd**	**Mean**	**Sd**	**Mean Difference**	Ha: Diff $\neq 0$
GPTW score	4.47	0.23	4.27	0.25	0.20	0.00
Integrity score	4.28	0.19	4.04	0.22	0.24	0.00
Teamwork score	4.20	0.20	4.00	0.23	0.20	0.00
Innovation score	4.14	0.24	3.94	0.25	0.21	0.00
Respect score	4.30	0.24	4.16	0.24	0.15	0.00
Quality score	4.32	0.20	4.02	0.23	0.30	0.00
Safety score	4.36	0.19	4.20	0.23	0.16	0.00
Citizenship score	4.31	0.21	4.12	0.23	0.19	0.00
Communication score	4.20	0.21	4.00	0.23	0.20	0.00
Hard work score	4.34	0.21	4.14	0.22	0.20	0.00

Table 5a: Sample statistics GPTW companies in the S&P500 sample

The table shows the summary statistics for the companies participating to the the Great Place to Work survey, who belong to the S&P500 sample. The description of the variables is provided in Table II in the Appendix.

Variable	**Mean**	**Sd**	**Med**	**Min**	**Max**	**p10**	**p90**	**Obs (Missing %)**	**Source**
Revenues World (Comp) (MM USD)	18,191	26,763	9,103	564	198,040	2,136	48,485	197 (0 %)	Comp
Employees (Comp)	48,122	69,882	22,500	1,406	415,816	4,882	141,000	197 (0 %)	Comp
Advertising Expenses/Revenues World (Comp)	0.02	0.03	0.00	0.00	0.19	0.00	0.05	197 (0 %)	Comp
R&D Expenses/Revenues World (Comp)	0.04	0.07	0.00	0.00	0.34	0.00	0.16	197 (0 %)	Comp
Tobin's Q	2.07	1.44	1.63	0.51	15.51	1.02	3.65	196 (1 %)	Comp
ROS	0.09	0.07	0.08	-0.14	0.35	0.03	0.19	197 (0 %)	Comp
ACSI	76.18	5.97	76.75	58.00	89.20	69.83	83.83	50 (75 %)	ACSI
Brand Value/Revenues US	0.95	1.02	0.52	0.04	3.34	0.12	2.53	22 (89 %)	Brand Dir, Comp, GPTW

Table 5b: Difference in advertised values between S&P500 companies belonging to the Great Place to Work sample and not belonging to the Great Place to Work sample.

The table shows the average frequencies of advertised values for the companies listed in the S&P500, splitted by companies which belong to the Great Place to Work sample and companies which do not belong to the Great Place to Work sample. The last two colums report the difference between the frequencies of the advertised values between the two groups of companies, and the p-values of the t-test of the null hypothesis 'difference equals zero' against the alternative hypothesis 'Difference different from zero'. The description of the variables is provided in Table II in the Appendix.

	GPTW		**Not GPTW**			
Variable	**Mean**	**Sd**	**Mean**	**Sd**	**Mean Diff**	Ha: Diff $\neq 0$
Integrity advertised?	0.73	0.44	0.64	0.48	0.09	0.03
Teamwork advertised?	0.53	0.50	0.49	0.50	0.04	0.33
Innovation advertised?	0.82	0.39	0.71	0.45	0.10	0.01
Respect advertised?	0.78	0.42	0.65	0.48	0.13	0.00
Quality advertised?	0.67	0.47	0.61	0.49	0.06	0.16
Safety advertised?	0.28	0.45	0.28	0.45	0.00	0.96
Citizenship advertised?	0.39	0.49	0.28	0.45	0.10	0.02
Communication advertised?	0.28	0.45	0.24	0.43	0.04	0.34
Hard work advertised?	0.42	0.50	0.29	0.45	0.13	0.00

Table 6: Cross correlation between values advertised in the website and culture scores from Great Place to Work.

The table shows the correlation between the values advertised in the company website (rows) and the culture scores from Great Place to Work (columns) for the companies belonging to the Great Place to Work sample which are listed in the S&P500 index.The description of the variables is provided in Table II in the Appendix.

*** p<0.01, ** p<0.05, * p<0.1

Variable	GPTW score	Integrity score	Teamwork score	Innovation score	Respect score	Quality score	Safety score	Citizenship score	Communication score	Hardwork score
Integrity advertised?	0	-.02	-.02	-.02	.04	-.03	.02	-.01	.01	-.02
Teamwork advertised?	.12	.12	.12	.12	.12	.1	.08	.09	.08	.11
Innovation advertised?	-.09	-.07	-.08	-.08	-.01	-.06	-.05	-.09	-.05	-.09
Respect advertised?	-.03	-.02	-.05	-.06	.03	-.03	-.03	-.02	-.01	-.03
Quality advertised?	-.04	-.08	-.09	-.1	0	-.07	-.03	-.05	-.09	-.07
Safety advertised?	.03	-.03	-.03	.02	.12	-.01	-.01	.01	-.01	0
Citizenship advertised?	.07	.02	-.02	.05	.03	.03	-.01	.02	.08	.03
Communication advertised?	.03	.01	-.02	.01	.08	-.03	.04	.03	.03	.01
Hard work advertised?	.03	.05	.06	.02	.03	.02	.03	.04	.05	.03

Table 7: Impact of advertised values from webpage on outcomes, S&P500 sample

The tables report the OLS coefficients of the regressions of the dependent variables, column headers, on *Integrity advertised?* and on *Principal Component Web* for the companies in the S&P500 sample. All variables are described in Table II in the Appendix. In all regressions we control for the logaritm of *Revenues World (Comp)* and, with the exception of the regressions where *Brand Value/Revenues* is the dependent variables, we control for industry fixed effects. We report the R-squared and the Marginal R-squared, where the latter is the difference between the R-squared and the R-squared of a regressions where we control only for *Log Revenus World* and industry fixed effects. All regressions contain a constant term, standard errors in parentheses and */**/*** indicate statistical significance at the 10%, 5%, and 1% level.

Panel A

	Q		**ROS**		**ACSI**		**Brand Value/Revenues US**		**Class Actions Filed**		**Class Actions Settlements Paid/Revenues**	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Integrity advertised?	-0.09		0.02		3.08***		0.19		0.10		0.00	
	(0.13)		(0.01)		(1.01)		(0.50)		(0.10)		(0.00)	
Principal Component Web		-0.04		0.01		1.70***		0.30		0.01		0.00
		(0.07)		(0.01)		(0.57)		(0.32)		(0.06)		(0.00)
Log Revenues World (Comp)	-0.28***	-0.28***	-0.02***	-0.02***	-1.80***	-1.93***	-0.28	-0.24	0.13***	0.13***	-0.00	-0.00
	(0.05)	(0.05)	(0.00)	(0.00)	(0.45)	(0.46)	(0.27)	(0.27)	(0.04)	(0.04)	(0.00)	(0.00)
Constant	4.60***	4.61***	0.30***	0.29***	91.07***	91.79***	3.56	2.76	-1.05***	-1.01***	0.00	0.00
	(0.47)	(0.48)	(0.04)	(0.05)	(4.54)	(4.52)	(2.66)	(2.76)	(0.36)	(0.37)	(0.00)	(0.00)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Observations	497	497	500	500	106	106	22	22	165	165	161	161
R-squared	0.13	0.13	0.09	0.09	0.51	0.51	0.06	0.10	0.22	0.21	0.12	0.12
Marginal R-squared	0.01	0.01	0.01	0.01	0.05	0.05			0.00	0.00	0.01	0.00

Panel B

	Unionized Workers/Employees		**Union Grievances/Unionized Workers**		**Separations/Employees**		**Job Applicants/Employees**		**Workers Comp. Claims/Employees**	
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Integrity advertised?	-0.01		0.00		-0.06		-1.92		0.07	
	(0.03)		(0.02)		(0.04)		(2.27)		(0.09)	
Principal Component Web		-0.00		0.00		-0.04*		-1.30		0.03
		(0.02)		(0.01)		(0.02)		(1.27)		(0.05)
Log Revenues World (Comp)	0.03**	0.03**	0.00	0.00	-0.02	-0.02	-0.50	-0.47	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.96)	(0.96)	(0.04)	(0.04)
Constant	-0.17	-0.17	0.02	0.02	0.51***	0.53***	15.06*	15.64*	-0.05	-0.04
	(0.11)	(0.11)	(0.06)	(0.06)	(0.16)	(0.16)	(9.05)	(9.09)	(0.37)	(0.38)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	160	160	160	160	165	165	151	151	126	126
R-squared	0.21	0.21	0.17	0.17	0.23	0.23	0.19	0.19	0.10	0.10
Marginal R-squared	0.00	-0.01	0.00	0.00	0.02	0.02	0.02	0.02	0.05	0.05

Table 8: Impact of culture scores from Great Place to Work on outcomes, Great Place to Work sample

The tables report the OLS coefficients of the regressions of the dependent variables, column headers, on *GPTW score* and on *Principal Component GPTW* for the companies in the Great Place to Work sample. All variables are described in Table II in the Appendix. In all regressions we control for the logaritm of *Revenues World* and, with the exception of the regressions where *Brand Value/Revenues* is the dependent variables, we control for industry fixed effects. We report the R-squared and the Marginal R-squared, where the latter is the difference between the R-squared and the R-squared of a regressions where we control only for Log Revenus World and industry fixed effects. All regressions contain a constant term, standard errors in parentheses and */**/*** indicate statistical significance at the 10%, 5%, and 1% level.

Panel A

	Q		**ROS**		**ACSI**		**Brand Value/Revenues US**		**Class Actions Filed**		**Class Actions Settlements Paid/Revenues**	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
GPTW score	1.27***		0.08***		10.19***		2.09**		-0.16		0.00	
	(0.32)		(0.03)		(3.36)		(0.96)		(0.10)		(0.00)	
Principal Component GPTW		0.47***		0.03***		4.93***		0.70*		-0.05		0.00
		(0.13)		(0.01)		(1.50)		(0.38)		(0.04)		(0.00)
Log Revenues World	-0.05	-0.00	0.00	0.00	-0.54	-0.75	-0.02	-0.04	0.04***	0.04***	0.00	0.00
	(0.04)	(0.07)	(0.00)	(0.00)	(0.63)	(0.63)	(0.16)	(0.17)	(0.01)	(0.01)	(0.00)	(0.00)
Constant	-3.15**	-5.25**	-0.27**	-0.33**	38.24**	23.79	-8.05*	-7.52	0.52	0.39	-0.00	-0.00
	(1.45)	(2.55)	(0.12)	(0.14)	(14.55)	(17.64)	(4.47)	(4.90)	(0.45)	(0.52)	(0.00)	(0.00)
Observations	370	370	376	376	56	56	28	28	408	408	396	396
R-squared	0.12	0.11	0.07	0.07	0.27	0.29	0.16	0.12	0.09	0.09	0.01	0.01
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Marginal R-squared	0.04	0.03	0.02	0.02	0.15	0.17			0.01	0.00	0.00	0.00

Panel B

	Unionized Workers/Employees		**Union Grievances/Unionized Workers**		**Separations/Employees**		**Job Applicants/Employees**		**Workers Comp. Claims/Employees**	
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
GPTW score	-0.12***		-0.02*		-0.15***		3.61		0.24	
	(0.02)		(0.01)		(0.04)		(3.43)		(0.26)	
Principal Component GPTW		-0.06***		-0.01***		-0.05***		0.92		0.09
		(0.01)		(0.00)		(0.02)		(1.33)		(0.10)
Log Revenues World	0.01**	0.01*	0.00	0.00	-0.01***	-0.01***	1.38***	1.37***	-0.09**	-0.09**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.48)	(0.48)	(0.04)	(0.04)
Constant	0.52***	0.74***	0.07	0.12**	1.08***	1.08***	-18.45	-14.18	-0.01	-0.08
	(0.10)	(0.10)	(0.04)	(0.05)	(0.18)	(0.20)	(15.51)	(17.05)	(1.19)	(1.31)
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	645	645	645	645	655	655	595	595	514	514
R-squared	0.18	0.21	0.16	0.17	0.28	0.28	0.05	0.05	0.04	0.04
Marginal R-squared	0.04	0.07	0.00	0.01	0.02	0.02	0.00	0.00	0.00	0.00

Table I: Variables description

Panel A describes the variables obtained from the information available in websites for the companies in the S&P500 sample. Panel B describes the variables obtained from the GPTW databases; specifically, from the Trust Index database (Table I) and from the Culture Audit database. Panel C describes the variables obtained from Compustat and CRSP database. Panel D describes other variables collected from the American Consumer Satisfaction database, Brand Directory website, and Stanford Security Class Action database.

Panel A: Variables from companies' websites

Variable Name	Source	Description
Integrity advertised?	Company's webpage	This variable equals one if at least one of the following words is advertised in the company's website: *Integrity, Ethics, Accountability, Trust, Honesty, Responsibility, Fairness, Do the right thing, Transparency, Ownership.*
Teamwork advertised?	Company's webpage	This variable equals one if at least one of the following words is advertised in the company's website: *Teamwork, Collaboration/Cooperation.*
Innovation advertised?	Company's webpage	This variable equals one if at least one of the following words is advertised in the company's website: *Innovation, Creativity, Excellence, Improvement, Passion, Pride, Leadership, Growth, Performance, Efficiency, Results.*
Respect advertised?	Company's webpage	This variable equals one if at least one of the following words is advertised in the company's website: *Respect, Diversity, Inclusion, Development, Talent, Employees, Dignity, Empowerment.*
Quality advertised?	Company's webpage	This variable equals one if at least one of the following words is advertised in the company's website: *Quality, Customer, Meet needs, Commitment, Make a difference, Dedication, Value, Exceed expectations.*
Citizenship advertised?	Company's webpage	This variable equals one if one of the following words is advertised in the company's website: *Community, Environment, Caring, Citizenship*
Communication advertised?	Company's webpage	This variable equals one if one of the following words is advertised in the company's website: *Communication, Openness*
Hard work advertised?	Company's webpage	This variable equals one if one of the following words is advertised in the company's website: *Hard work, Reward, Fun, Energy*
Principal Component Web	Company's webpage	This variable is the principal component extracted, for each company, from the dummies *Integrity Advertised?, Teamwork Advertised?, Innovation Advertised?, Quality Advertised?, Safety Advertised?, Citizenship Advertised?, Communication Advertised?, Hard Work Advertised?.*
Tot Values advertised	Company's webpage	This variable counts the number of values advertised by the company in its webpage, ranging from 0 to 9.

Panel B: Variables from Great Place to Work

Variable Name	Source	Description
GPTW score	Great Place to Work , Trust Index database	GPTW score is the average score of question "Is this company a Great Place to Work?" (described in Table I) across all surveyed employees of a company, on a 1-5 scale.
Integrity score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_08, q_09, q_11 - q_14, q_18, q_28 - q_39, q_42, and q_45 described in Table I. Integrity score is the average score across all surveyed employees of a company, on a 1-5 scale.
Teamwork score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_19 q_43 and q_57 described in Table I. Teamwork score is the average score across all surveyed employees of a company, on a 1-5 scale.
Innovation score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_05 - q_07, q_10, and q_20 described in Table I. Innovation score is the average score across all surveyed employees of a company, on a 1-5 scale.
Respect score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_15 and q_16 described in Table I. Respect score is the average score across all surveyed employees of a company, on a 1-5 scale.
Quality score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_40, q_41 and q_46 described in Table I. Quality score is the average score across all surveyed employees of a company, on a 1-5 scale.
Safety score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_21, q_22, q_24 and q_25 described in Table I. Safety score is the average score across all surveyed employees of a company, on a 1-5 scale.

Table II (cont): Variables description

Citizenship score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_23, q_26, q_27, q_47, q_48, q_49, q_50, and q_53-q_56 described in Table I. Citizenship score is the average score across all surveyed employees of a company, on a 1-5 scale.
Citizenship score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_23, q_26, q_27, q_47, q_48, q_49, q_50, and q_53-q_56 described in Table I. Citizenship score is the average score across all surveyed employees of a company, on a 1-5 scale.
Communication score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_01-q_04 described in Table I. Communication score is the average score across all surveyed employees of a company, on a 1-5 scale.
Hard Work score	Great Place to Work , Trust Index database	For each surveyed employee we calculate the average of questions q_17, q_44, q_51 and q_52 described in Table I. Hard Work score is the average score across all surveyed employees of a company, on 1-5 scale.
Principal Component GPTW	Great Place to Work , Trust Index database	This variable is the principal component extracted, for each company, from the culture score variables *Integrity score, Teamwork score, Innovation score, Quality score, Safety score, Citizenship score, Communication score, Hard Work score*
Revenues World (GPTW)	Great Place to Work , Culture Audit database	Total annual world revenues of the company, scaled in MM USD.
Employees	Great Place to Work , Culture Audit database	This variable represents the total number full-time, part-time and temporary employees of the company.
Average Tenure	Great Place to Work , Culture Audit database	This variable represents the average tenure of the employees of the company, across all levels, measured in years.
Company's Age	Great Place to Work , Culture Audit database	This variable represents the number of years since the foundation of the company.
Unionized workers	Great Place to Work , Culture Audit database	This variable represents the total number of employees joining a worker union.
Unionized workers/Employees	Great Place to Work , Culture Audit database	This variable represents the total number of employees joining a worker union over Employees.
Union Grievances/Unionized workers	Great Place to Work , Culture Audit database	This variable represents the total number employees union grievances over Unionized workers.
Separations/Employees	Great Place to Work , Culture Audit database	This variable represents the total number voluntary and involuntary separations of employees, over Employees.
Job Applicants/Employees	Great Place to Work , Culture Audit database	This variable represents the total number applications received by the company, over Employees.
Worker Comp. Claims/Employees	Great Place to Work , Culture Audit database	This variable represents the total number workers compensation claims agreed between the company and the its employees, over Employees.

Panel C: Variables from Compustat

Variable Name	Source	Description
Revenues World (Comp)	Item REVT, Compustat Fundamental Annual North America (Funda)	This variable is Revenues - Total from income statement, annual data in MM USD. This item represents the gross income received from all divisions of the company.
Q	Compustat, Fundamental Annual North America (funda); CRSP, Monthly Stock File (msf)	Tobin's Q is calculated as *[(Total Assets - Shareholder's Equity + Market Value of Equity) / Total Assets]* where *Total Assets* is item AT from Compustat funda, *Shareholder's Equity* is item TEQ from Compustat funda, and *Market Value of Equity* is the sum of the total market value each security issued by the company (MM USD). The market value is calculated as price of the share (item PRC , CRSP msf) at the end of the fiscal year times the number of outstanding shares (item SHROUT, CRSP msf) at the end of the fiscal year.
ROS	Fundamental Annual North America (funda)	Return on Sales (ROS), calculated as *Net Income/Sales,* where *Net Income* is item NI, Compustat funda , and *Sales* is item sale, Compustat funda.

Table II (cont): Variables description

Employees (Comp)	Item EMP, Compustat Fundamental Annual North America (funda)	This item represents the number of company workers as reported to shareholders. This is reported by some firms as an average number of employees and by some as the number of employees at year-end. No attempt has been made to differentiate between these bases of reporting. If both are given, the year-end figure is used. The original Compustat item is in thousand; we convert it in units in agreement with the variable Employees from Great Plate to Work.
Sales	Item SALE, Compustat Fundamental Annual North America (funda)	This item represents gross sales, the amount of actual billings to customers for regular sales completed during the period, reduced by cash discounts, trade discounts, and returned sales and allowances for which credit is given to customers. Annual data scaled in MM USD.
Advertising Expenses	Item XAD, Compustat Fundamental Annual North America (funda)	This item represents the cost of advertising media (i.e., radio, television, and periodicals) and promotional expenses. Annual data, scaled in MM USD. This item is not available for utility companies.
R&D Expenses	Item XRD, Compustat Fundamental Annual North America (funda)	This item represents all costs incurred during the year that relate to the development of new products or services (including software expenses and their amortization). This amount is only the company's contribution. Annual data, scaled in MM USD.

Panel D: Other variables

Variable Name	Source	Description
ACSI	ACSI (www.theacsi.org)	American Consumer Satisfaction Index provided by ACSI. This variable is a score on a 0-100 scale at the national level. This score is produced by ACSI collecting data from random telephone surveys of customers (at least 200 customers per firm) who have recently consumed a specific brand of firm's product or service. Respondents are asked questions on 15 measurement variables, which are then used as indicators of 6 latent variables or constructs, including the overall Consumer Satisfaction Index (ACSI).
Brand Value	Brand Directory (www.brandirectory.com)	Brand Value is the market value (MM USD) of company's brand in the US market; The methodology employed in the BrandFinance Global 500 uses a discounted cash flow (DCF) technique to discount estimated future royalties, at an appropriate discount rate, to arrive at a net present value (NPV) of the trademark and associated intellectual property: the brand value.
Brand Value /Revenues US	Brand Directory; Great Place to Work , Culture Audit database	This variable is Brand Value from Brand Directory, over Revenues US from the Great Place to Work Culture Audit database.
Class Actions Filed	Stanford Securities Class Action Database (SSCA)	This variable represents the total number class actions filed against the company – i.e. the company is the plaintiff – since 1995.
Class Action Settlements/ Revenues World	Stanford Securities Class Action Database (SSCA); Great Place to Work Culture Audit database ; Compustat Fundamental Annual North America (Funda)	This variable represents the total amount (MM USD) paid by the company to settle a class action since 1995, over Revenues World
Revenues World	Great Place to Work Culture Audit database ; Compustat Fundamental Annual North America (funda)	This variable is Revenues World (GPTW), where missing values are replaced with Revenues World (Comp) is non-missing.
Business-to-Consumer		Dummy equal 1 if the company has a Business-to-Consumer customer base, and equal 0 if Business-to-Business. Gomes, Kogan and Yogo (2009) link industries, identified by the four-digit SIC code, to the various components of personal consumption expenditures (PCE) from the National Income and Product Accounts. Following their method, we define Business-to-Consumers those industries/sectors classified as durable-goods, nondurable-goods, and service producers. In addition, we classify Construction (SIC 1500-1700) and Wholesale Trade (SIC 5000-5100) as Business-to-Business, while Retail Trade (SIC 5200-5900) as Business-to-Consumer. For Finance, Insurance, & Real Estate (SIC 6000-6700), SIC 6020-6062, 6111, 6141, 6159, 6271-6412, 6517, 6531-6541 are classified as Business-to-Consumer sectors, and Business-to-Business all the other sectors in this category.

Table II: Description questions from Trust Index© employees survey, Great Place to Work® database

The first and second column report the question numbers and the questions asked Trust Index© employee survey from the Great Place to Work database. The third column reports our classification of the questions into the 10 culture scores or categories. For each surveyed employee, we calculate the value of each culture score as the average score of the questions classified in that category.

Variable Name	Question (Great Place To Work categories)	Our Classification
	Two-way communication	
q_01	Management keeps me informed about important issue and changes.	Communication score
q_02	Management makes its expectations clear.	Communication score
q_03	I can ask management any reasonable question and get a straight answer.	Communication score
q_04	Management is approachable, easy to talk with.	Communication score
	Competence	
q_05	Management is competent at running the business.	Innovation score
q_06	Management hires people who fit in well here	Innovation score
q_07	Management does a good job of assigning and coordinating people.	Innovation score
q_08	Management trusts people to do a good job without watching over their shoulders.	Integrity score
q_09	People here are given a lot of responsibility.	Integrity score
q_10	Management has a clear view of where the organization is going and how to get there.	Innovation score
	Integrity	
q_11	Management delivers on its promises.	Integrity score
q_12	Management's actions match its words.	Integrity score
q_13	I believe management would lay people off only as a last resort.	Integrity score
q_14	Management is honest and ethical in its business practices.	Integrity score
	Support	
q_15	I am offered training or development to further myself professionally.	Respect score
q_16	I am given the resources and equipment to do my job.	Respect score
q_17	Management shows appreciation for good work and extra effort.	Hard Work score
q_18	Management recognizes honest mistakes as part of doing business.	Integrity score
	Collaboration	
q_19	Management genuinely seeks and responds to suggestions and ideas.	Teamwork score
q_20	Management involves people in decisions that affect their jobs or work environment.	Innovation score
	Caring	
q_21	This is a physically safe place to work.	Safety score
q_22	This is a psychologically and emotionally healthy place to work.	Safety score
q_23	Our facilities contribute to a good working environment.	Citizenship score
q_24	I am able to take time off from work when I think it's necessary.	Safety score
q_25	People are encouraged to balance their work life and their personal life.	Safety score
q_26	Management shows a sincere interest in me as a person, not just an employee.	Citizenship score
q_27	We have special and unique benefits here.	Citizenship score
	Equity	
q_28	People here are paid fairly for the work they do.	Integrity score
q_29	I feel I receive a fair share of the profits made by this organization.	Integrity score
q_30	Everyone has an opportunity to get special recognition.	Integrity score
q_31	I am treated as a full member here regardless of my position.	Integrity score
	Impartiality	
q_32	Promotions go to those who best deserve them.	Integrity score
q_33	Managers avoid playing favorites.	Integrity score
q_34	People avoid politicking and backstabbing as ways to get things done.	Integrity score
	Justice	
q_35	People here are treated fairly regardless of their age.	Integrity score
q_36	People here are treated fairly regardless of their race.	Integrity score
q_37	People here are treated fairly regardless of their sex.	Integrity score
q_38	People here are treated fairly regardless of their sexual orientation.	Integrity score
q_39	If I am unfairly treated, I believe I'll be given a fair shake if I appeal.	Integrity score
	Personal Job	
q_40	I feel I make a difference here.	Quality score
q_41	My work has special meaning: this is not "just a job."	Quality score
	Team	
q_42	When I look at what we accomplish, I feel a sense of pride.	Integrity score
q_43	People here are willing to give extra to get the job done.	Teamwork score
	Corporate Image	
q_44	I want to work here for a long time.	Hard Work score
q_45	I'm proud to tell others I work here.	Integrity score
q_46	People look forward to coming to work here.	Quality score
q_47	I feel good about the ways we contribute to the community.	Citizenship score
	Intimacy	
q_48	I can be myself around here.	Citizenship score
q_49	People celebrate special events around here.	Citizenship score
q_50	People care about each other here.	Citizenship score
	Hospitality	
q_51	This is a friendly place to work.	Hard Work score
q_52	This is a fun place to work.	Hard Work score
q_53	When you join the company, you are made to feel welcome.	Citizenship score
q_54	When people change jobs or work units, they are made to feel right at home.	Citizenship score
	Community	
q_55	There is a "family" or "team" feeling here.	Citizenship score
q_56	We're all in this together.	Citizenship score
q_57	You can count on people to cooperate.	Teamwork score
	Great Place to Work?	
q_58	This company is a Great Place to Work	GPTW score