

Corporate Purpose and Market Performance: Evidence on Stock Volatility, Financial Performance, and Sustainability Ratings in Global and European Companies

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Abstract

This study examines whether the explicit communication of corporate purpose, and the content of purpose statements, are associated with financial and sustainability outcomes in global and European large firms. Drawing on a sample of 377 publicly traded Fortune Global 500 companies, including 149 firms that explicitly publish a purpose statement on their corporate websites, the analysis combines NVIVO-based content coding with FactSet financial indicators and Truvalue Labs ESG scores. Purpose statements were coded for the presence of key components, including sustainability and corporate responsibility, values, customer orientation, distinctive competence, future orientation, and ESG-related dimensions. Welch's t-tests were used to compare annualized stock returns, stock volatility, and ESG pillar scores across firms with and without explicit purpose statements and across firms whose statements contained specific components. The findings show that firms explicitly communicating purpose exhibit significantly lower stock volatility. In addition, statements emphasizing competence, customer orientation, and sustainability-related content are associated with lower volatility, suggesting that purpose communication may operate as a strategic signal that reduces uncertainty and enhances stakeholder confidence. Environmental content in purpose statements is positively associated with stronger environmental and governance ESG scores. In the European subsample, sustainability- and values-oriented purpose statements are also associated with higher stock returns. These results contribute to the emerging corporate purpose literature by linking external purpose communication to measurable market and sustainability outcomes, while also revisiting the mission statement tradition in a contemporary ESG context. Overall,

the study suggests that purpose is more than symbolic rhetoric when explicitly communicated and substantively aligned with sustainability and stakeholder commitments.

Keywords: Corporate Purpose | Mission Statements | Corporate Sustainability | ESG | Performance | Stock Volatility | Fortune Global 500

Introduction

Corporate purpose has emerged as a central concept in contemporary strategic management. Increasingly, firms are expected not only to generate economic value, but also to articulate their broader contribution to society, the environment, and multiple stakeholder groups. In this context, corporate purpose is often understood as the fundamental reason for a firm's existence and the broader goal that guides its strategic direction (Joly, 2021; George et al., 2023). At the same time, corporate sustainability has become an integral part of corporate strategy, reflecting attempts to balance economic, environmental, and social objectives (Elkington, 1997). Therefore, their managerial intersection should yield a measurable outcome, which, in our study, we analyze in terms of performance.

Although interest in corporate purpose has grown substantially, the empirical literature directly connecting purpose statements to measurable firm outcomes remains underdeveloped. Prior research has mostly focused on organizational purpose as perceived by employees (e.g., Gartenberg et al., 2019), on conceptual discussions of purpose and stakeholder capitalism, or on the adjacent literature on mission statements (Bart, 1997; Pearce & David, 1987). By contrast, little research has examined whether the actual public communication of corporate purpose, as expressed in purpose statements, is associated with financial and sustainability performance.

This gap is especially relevant given the growing role of sustainability in corporate narratives. Recent work suggests that firms are increasingly revising their purpose statements to

incorporate corporate sustainability concerns and broader stakeholder responsibilities (Ruiz-Pérez et al., 2023a, 2023b). Recent evidence from Fortune Global 500 firms further suggest that purpose statements adopt a more outward-looking, sustainability-oriented, and strategically integrated function, compared to previous similar studies on mission statements (Chico, 2025). Yet it remains unclear whether such communication is merely symbolic, or whether it is associated with observable differences in firm performance.

This study addresses this gap by examining purpose statements and financial indicators of the public companies listed in the Fortune Global 500. We analyze whether firms that explicitly communicate corporate purpose differ from those that do not in terms of financial performance and ESG outcomes. We also investigate whether specific purpose components—particularly sustainability-related attributes—are associated with lower stock volatility, higher returns, or stronger ESG scores.

The paper makes three contributions. First, it offers empirical evidence for a new avenue of inquiry by linking purpose statements to stock market performance and volatility. Second, it connects the purpose literature with the sustainability and ESG literature by testing whether sustainability-oriented purpose communication is associated with measurable ESG outcomes. Third, it revisits and updates the classic mission statement literature by analyzing the relationship between purpose statement components and market performance indicators.

The results suggest that firms with explicit purpose statements exhibit lower stock volatility, and that purpose statements containing sustainability and environmental content are associated with stronger ESG environmental performance. Among European firms, sustainability- and values-oriented purpose statements are also associated with higher stock returns. These findings suggest that purpose communication may operate as a strategic signal that reduces uncertainty, enhances stakeholder trust, and supports sustainability performance.

Theoretical Background

Corporate purpose as a strategic construct

Corporate purpose has been defined as the reason for a firm's existence beyond profit maximization, providing direction to organizational strategy and aligning the firm with stakeholder expectations (Joly, 2021; George et al., 2023). Recent literature treats purpose not merely as a rhetorical statement, but as a potential organizing principle that shapes value creation, value appropriation, and multistakeholder impact (George et al., 2023).

Despite this growing conceptual relevance, empirical research remains limited. One reason is methodological: purpose is difficult to measure consistently across firms and over time (Gartenberg et al., 2019). Another is conceptual: there is a scarcity of empirical testing by the lack of a clear construct definition, which is the primary prerequisite of testable hypotheses, also hindering an empirical measurement operationalization (Jasinenko & Steuber, 2023).

Nevertheless, prior work indicates that purpose may matter strategically when embedded in organizational systems, leadership, and employee behaviour. Birkinshaw et al. (2014) argue that purpose drives financial success when it is supported by structures and processes that align employee decisions with the firm's broader objectives. Likewise, Aula and Heinonen (2016) emphasize that purpose communication may strengthen trust, reputation, and competitive positioning. These perspectives suggest that purpose statements may matter not only symbolically, but also as signals of organizational coherence and intent.

Corporate purpose and performance

More than three decades ago, Bartlett and Ghoshal (1994) called for strategy scholars to treat corporate purpose as a precursor to effective strategic management, yet empirical research on its association with performance has remained limited. This gap has been attributed both to the lack of adequate measurement tools and to the absence of a clear and widely accepted construct

definition, which complicates hypothesis testing and empirical operationalization (Gartenberg et al., 2019; Jasinenko & Steuber, 2023).

Existing literature suggests that corporate purpose can influence performance through several organizational mechanisms. Birkinshaw et al. (2014) argued that purpose contributes to long-term profitability when it is embedded in organizational structures and processes, shaping employee behaviour and decision-making. Similarly, research on corporate communication emphasizes that purpose can strengthen reputation, trust, and stakeholder relationships, thereby supporting competitive differentiation and long-term performance (e.g., Aula & Heinonen, 2016; Fitzsimmons et al., 2022).

Empirical evidence, however, remains nuanced. Using employee survey data from more than 400 publicly traded firms, Gartenberg et al. (2019) found that purpose alone was not directly associated with financial performance. Instead, stronger future accounting and stock market outcomes appeared in firms combining high purpose with organizational clarity, particularly as perceived by middle managers and professional staff. Extending this line of inquiry, Gartenberg (2023) showed that the relationship between purpose and profits varies across firms and industries and is shaped by mediating factors such as innovation intensity, intangible capital, and the presence of long-term investors.

At the employee level, Jasinenko and Steuber (2023) found that perceived organizational purpose is positively associated with job satisfaction and subjective wellbeing, reinforcing the view that purpose can generate important non-financial outcomes within organizations.

Overall, the literature suggests that corporate purpose becomes a strategic asset when supported by internal alignment, effective communication, stakeholder clarity, and conditions that enable long-term value creation. Despite these advances, research has paid limited attention to how the framing of purpose statements relates to performance realization. This study addresses that

gap by refining measurement approaches and examining the influence of purpose statements on both financial and non-financial performance outcomes.

Sustainability, ESG, and performance

Our study is also adjacent to the literature on corporate sustainability performance (CSP), ESG, and corporate financial performance (CFP). Research on CSP has largely examined the interrelations among CSP, CFP, and the quality of sustainability disclosure (Al-Tuwaijri et al., 2004). CSP captures the extent to which firms incorporate economic, environmental, social, and governance factors into their operations and their broader impacts (Artiach et al., 2010).

Although sustainable business practices have often been presented as a source of competitive advantage (Porter & Kramer, 2006), prior empirical research examining the association between CSP and financial performance has yielded relatively mixed results (e.g., Artiach et al., 2010; Atz et al., 2023; Lourenço et al., 2012). Some studies report no significant association, whereas others document positive effects. Even so, large-scale reviews suggest that this association is generally non-negative. For example, Friede et al. (2015) reviewed around 2,200 studies and found that roughly 90% of studies reported a non-negative relationship between ESG and corporate financial performance, with 48% showing a positive effect; however, they also stressed that realizing the full value of ESG depends on how effectively these factors are integrated into investment processes. Using SASB's materiality framework, Khan et al. (2016) further show that firms performing well on material sustainability issues tend to outperform those performing poorly on such issues. In the European context, Gonçalves et al. (2023) likewise document a positive association between firms' sustainability performance and economic performance.

At the same time, recent research urges caution. Atz et al. (2023) did not find a consistent pattern of abnormal returns for ESG strategies, though they concluded that ESG integration

appears more effective than screening or divesting and that ESG investing may provide downside protection during crises. Ahn et al. (2024) found that the materiality portfolio does not generate alpha after they account for its exposure to profitability and growth factors, and ultimately, underscoring an issue of correlated omitted fundamental factors in the debate of ESG alpha. Rahi et al. (2024) added that macro business conditions also shape the sustainability–performance link, helping explain why results remain inconclusive.

In addition to performance effects, the literature increasingly examines the association between sustainability and firm risk. ESG engagement may act as a form of downside protection, mitigate cash flow risk, lower the cost of capital, improve long-term risk management, and support better credit ratings (Godfrey, 2005; Dhaliwal et al., 2011). Overall, while the evidence on superior financial returns is still debated, sustainability engagement is more consistently associated with lower firm risk.

On the other hand, in recent months, European prudential authorities have reinforced a shared view: ESG factors—particularly climate- and nature-related ones—should be incorporated into prudential risk analysis not because there is an automatic relationship between better ESG performance and higher profitability, but because they can materially affect the solvency, capital, strategy, and resilience of banks and insurers through physical and transition risks (European Central Bank, 2025; EIOPA, 2021, 2022; Prudential Regulation Authority, 2025).

Mission statement literature as an adjacent tradition

Because the empirical literature on purpose statements is still limited, the classic literature on mission statements provides an important adjacent foundation. The classical literature on mission statements explored whether the presence or comprehensiveness of mission statements was associated with performance, but findings were mixed. Pearce and David (1987) found that firms with more comprehensive mission statements tended to show better profit margins,

while Bart (1997) reported little direct connection between mission statement content and financial performance. Baetz and Bart (1998) argued that performance depended less on the mere presence of a mission and more on stakeholder involvement, managerial satisfaction, and alignment with internal systems.

This literature suggests that statements of organizational intent do not automatically improve performance (see Table 1). Their effects depend on mediating factors such as internal alignment, leadership commitment, and behavioural implementation (Bart et al., 2001; Williams et al., 2014). Even so, mission statement studies also indicate that certain content areas—such as values, social responsibility, and stakeholder orientation—may have stronger behavioural or reputational effects (Bartkus et al., 2006; Bartkus & Glassman, 2008).

Table 1: Mission Components and Performance in Classical Research Papers

Relevant Papers and Key Features	Sample size	Approach	Key conclusion (not exhaustive)
Pearce & David (1987)	218 companies of the Fortune 500	Mission statement components vs. Firm performance: Profit margin (t-test)	Specific mission statement components positively associated with a firm's financial performance, i.e., philosophy, self-concept, public image
Germain & Cooper (1990)	475 companies from the International Customer Service Association (ICSA)	Customer mission statement vs. Customer service performance (t-test)	Firms with customer service mission statement more likely to survey customers and are more likely keep specific quantitative measures of customer service performance
Bart (1997)	44 industrial companies	Mission statement components vs Firm performance: ROA, ROS, Sales, Profit (t-test)	Relationship between mission components and the financial performance measures is both tenuous and inconsistent
Baetz & Bart (1998)	136 large Canadian organizations	Mission statement organizational implications vs. Firm performance: ROA, ROS, Sales, Profit (t-test)	Mission statements do not guarantee superior firm performance, but there is a positive correlation when managers are satisfied with them and with the process

Bart et al. (2001)	83 large Canadian and US organizations	Primary and intermediary mission statement components vs. Holistic mission performance model ⁽¹⁾ (t-test, SEM)	Mission statements can affect financial performance, however, not as one might have anticipated initially, and several mediating elements were observed to exist
Bartkus et al. (2006)	56 largest US, Japanese, and European companies (30 initial sample)	Mission statement quality (i.e., stakeholders, components, objectives) vs. financial performance (t-test)	Lack of a relationship between most of mission statement quality drivers and performance

(1) Includes mission-organizational alignment, behavior, satisfaction, commitment, etc.

Framing Purpose Statements

While existing literature frequently analyzes how companies frame their mission and vision statements, there is a notable lack of empirical understanding concerning the actual content or emerging themes in purpose statements. For example, Pearce & David (1987) proposed a classification of the key components of mission statements, which they divide into eight categories, or the nine basic components described by David (1989) which have been extensively used as practical framework for evaluating and writing mission statements. As a result of our empirical findings, an innovative theoretical contribution of this paper will be to connect the classical literature on mission statements with the current framing of purpose statements by large corporations. Recent examples in the literature have analyzed the purpose statements of publicly listed companies, but without the ambition to develop theoretical frameworks around corporate purpose (Barter et al., 2024).

Building on a qualitative analysis, Chico (2025) and Chico et al. (2026) developed a consolidated conceptual framework consisting of eight components of corporate purpose (see Table 2), derived through thematic clustering and co-occurrence analysis. This framework synthesizes both classical mission statement components (e.g., values, customer focus) and newer dimensions rooted in sustainability and social impact.

Table 2: Conceptual framework on purpose components. Source: Chico (2025), Chico et al. (2026)

Rank	Key Components in Purpose Statements of Fortune Global 500 companies (Fortune Global 500; n=165)
1	Sustainability and Corporate Responsibility – How does the firm drive corporate sustainability through Corporate Responsibility?
2	Life-style and well-being – What is the firm's impact on improving people's lives?
3	Future orientation and progress – How does the firm contribute to a better future driven by progress?
4	Distinctive competence – How does the firm stand out from the competition?
5	Concern for customers – How does the firm serve our customers?
6	Values / philosophy towards excellence - What core values and philosophical priorities drive the enterprise's actions?
7	Financial objectives – What economic value does the firm aim to create for our shareholders?
8	Corporate profile (e.g. location, portfolio, industry) – Where does the firm compete, and with which products and services?

(1) % of companies with presence of a specific component

Taken together, the contemporary purpose literature and the mission statement tradition suggest that externally communicated purpose may be relevant to be assessed in relation to performance, but likely through signalling, alignment, and stakeholder mechanisms rather than through direct causal effects.

Hypothesis Definition

The framing and communication of purpose statements may affect firm performance by influencing how external stakeholders interpret the firm's strategic orientation, consistency, and legitimacy. Firms that explicitly communicate purpose may reduce information asymmetries and uncertainty, thereby improving investor confidence and potentially lowering perceived risk. In addition, purpose statements that emphasize competence, customers, values,

or sustainability may indicate stronger strategic coherence or stakeholder commitment, which could also be reflected in performance outcomes.

Based on this reasoning, we propose that explicit purpose communication is associated with financial performance: **H1a. *Firms with explicitly communicated corporate purpose statements exhibit higher financial performance than firms without such statements.***

Because financial performance may be reflected not only in higher returns but also in lower volatility and stronger risk-adjusted returns, and because prior research highlights the relevance of risk reduction in sustainability-related strategies, we interpret “higher financial performance” broadly to include lower stock volatility as well as stronger returns on both an absolute and a risk-adjusted basis.

We further argue that the content of purpose statements may matter. Statements that incorporate meaningful components—especially sustainability-related elements—may provide stronger signals of alignment and stakeholder responsiveness than generic statements: **H1b. *The presence of specific purpose statement components is positively associated with higher financial performance.*** See Table 3 with purpose statement components considered for this hypothesis.

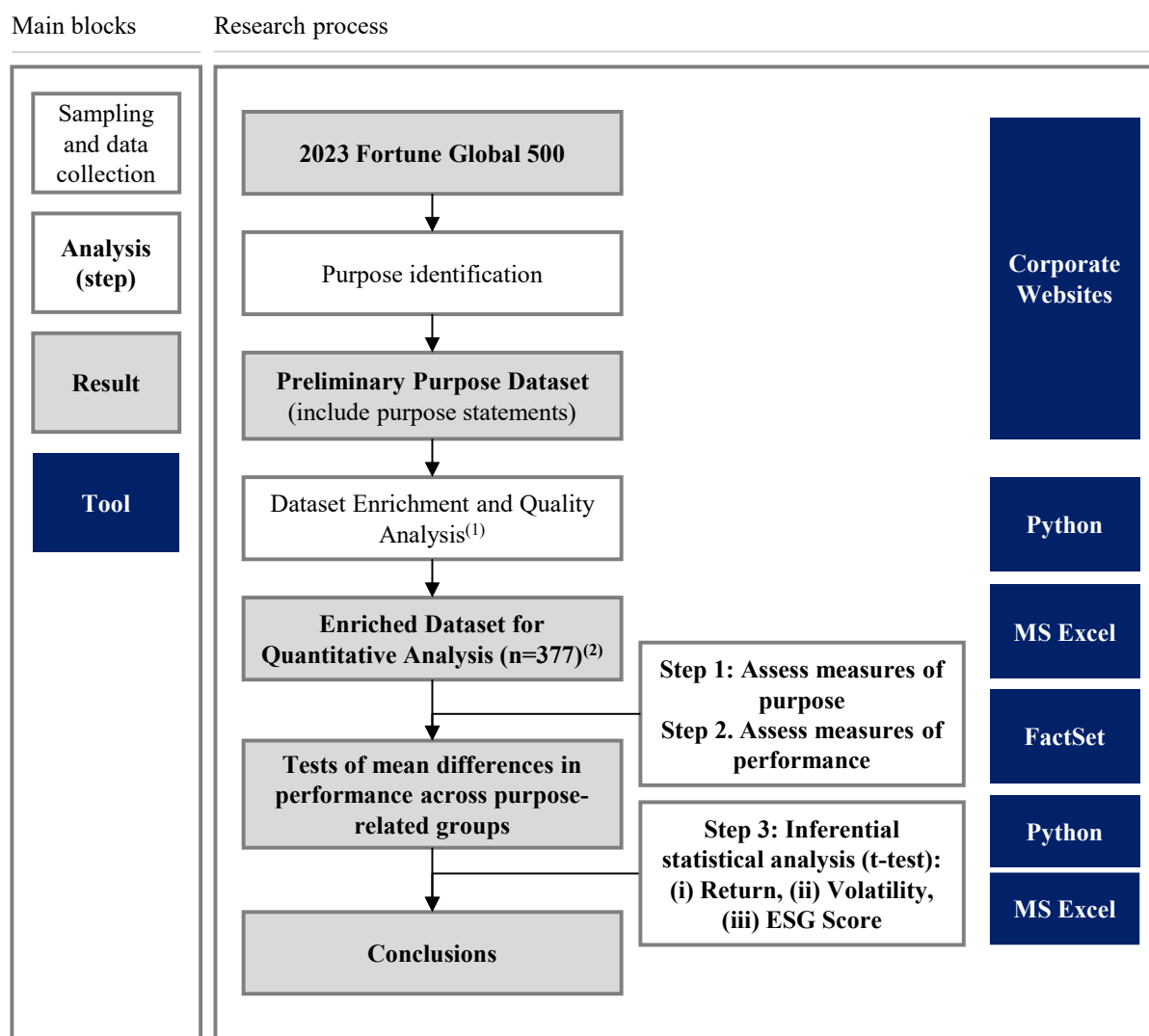
Finally, if purpose statements embed sustainability-related content, they may be associated with superior non-financial performance, particularly in ESG dimensions that correspond to the content communicated. Environmental commitments in purpose statements, for example, may reflect stronger environmental priorities and governance systems: **H2. *Sustainability-related purpose statement components, particularly ESG-related dimensions, are positively associated with higher sustainability performance.***

Research Process

The research process begins with sampling and data collection from the 2023 Fortune Global 500 list¹, followed by the identification of each company's purpose statement to build a *Preliminary Purpose Dataset*. This dataset is then enriched with financial data and validated to produce an *Enriched Dataset* of 377 firms. Finally, the statistical analysis is conducted: first, by assessing purpose and performance variables; and second, by running inferential tests on returns, volatility, and ESG scores. Throughout the process, tools such as corporate websites, Python, MS Excel, and FactSet are used to collect information, enrich the dataset with financial data, and test for differences in performance across purpose-related groups (see Figure 1).

¹ Source: <https://www.fortune.com/ranking/global500/> (accessed June 2024)

Figure 1: Research Design



(1) A company-level data enrichment process was conducted by combining information from external databases.
 (2) Includes 149 companies that explicitly communicated a corporate purpose statement on their public corporate websites

Sample and data collection

The empirical analysis is based on a sample of companies drawn from the Fortune Global 500 list, which served as the starting point for the sampling and data collection process. To construct the *Enriched Dataset*, company names and financial information were cross-checked and matched with FactSet records. A total of 133 firms in the Fortune Global 500 were excluded from the sample because they were private, unlisted, or exhibited substantial discrepancies

between the accounting data reported by Fortune and FactSet. After these exclusions, the final sample comprised 377 publicly listed Fortune Global 500 firms.

Among these firms, a corporate purpose statement was explicitly communicated on the public corporate websites of 149 companies. The final dataset combines information on corporate purpose communication, company characteristics, financial indicators, and ESG performance. The fields in the *Enriched Dataset* (see Figure 1) provide the necessary data for quantitative analyses, including a unique company identifier, sector and industry classifications, headquarters location, and economic, financial, and sustainability data sourced from FactSet². Truvalue Labs³, a FactSet company, is the source for sustainability data, which applies AI to quantify Environmental, Social, and Governance (ESG) data found in unstructured text sources including news, trade journals, NGO, and industry reports to deliver ESG metrics as an indicator of company performance.

Corporate purpose variables

Three types of purpose-related variables were included in the analysis: (i) Purpose Availability, a dichotomous variable indicating whether a firm explicitly publishes a purpose statement on its corporate website; (ii) Purpose Component, a set of dichotomous variables capturing whether the purpose statement contains specific content categories. Based on the broader analytical framework developed by Chico (2025) and Chico et al. (2026), nine components were coded (see Table 3); and (iii) ESG Dimension, a set of dichotomous variables indicating

² FactSet, “Investment Research,” available at: <https://www.factset.com/solutions/investment-research> (accessed April 2024).

³ Truvalue Labs, “FactSet Truvalue Scores and Spotlights,” available at: <https://www.factset.com/marketplace/catalog/product/factset-truvalue-scores-and-spotlights> (accessed April 2024).

the presence of environmental, social, and governance attributes in purpose statements that included sustainability-related content (see Table 3).

Table 3 Coding framework for qualitative analysis through NVIVO®. Source: Based on Chico (2025) and Chico et al. (2026)

Level	Theme / Code Name	Source / Origin
1	Purpose Component	
2	Corporate profile (Industry, Geographic Scope)	Bartkus et al., 2006 (they based their list of components on previous research, e.g. Bart 1997; Pearce & David 1987)
2	Values/philosophy	
2	Benefit to society	
2	Distinctive competence and excellence	
2	Concern for customers	
2	Financial objectives	
2	Future orientation and progress	Chico (2025), Chico et al. (2026)
2	Life-style and well-being	
2	Sustainability and Corporate Responsibility	
1	ESG Dimension	
2	Environmental	Global Compact, 2004; Elkington, 1997
2	Governance	
2	Social	

Note: Based on previous literature review and preliminary thematic identification through LDA and LLM

The coding process was conducted through NVIVO-based content analysis supported by an integrated methodology combining literature review and qualitative analysis. The variables Purpose Components and ESG Dimensions was measured according to a NVIVO® content analysis. Additionally, we considered the variable ESG Dimension for each purpose statement that includes the component “Sustainability and Social Responsibility.” Each ESG dimension (i.e., Environmental, Social, Governance) was measured according to our NVIVO® content analysis.

Performance variables

Return and volatility were measured using two market-based indicators derived from FactSet-adjusted daily price data: annualized stock return and annualized stock volatility. Daily log returns were first computed, and both measures were subsequently annualized. Stock volatility was calculated as the annualized standard deviation of daily log returns. In total, three variables were employed to capture firm performance: (i) Annualized Stock Return, (ii) Annualized

Stock Volatility, and (iii) ESG Score, with the latter analyzed separately for the environmental, social, and governance dimensions.

Inferential statistical analysis

Given the absence of longitudinal purpose statement data, the study relies on Welch's t-tests to compare mean performance across cross-sectional groups of firms defined by purpose-related variables. Welch's t-test is particularly appropriate when group variances may differ and sample sizes are unequal.

The analysis compares firms with and without explicit purpose statements, as well as firms whose purpose statements do or do not include specific components. The tests are conducted for financial performance and ESG outcomes. In addition, a separate analysis is presented for the European subsample to explore regional differences.

Results

Purpose statements availability, components and financial performance

Descriptive statistics and t-test results are presented in Tables 4 and 5, comparing the mean of financial performance metrics across groups of companies based on specific purpose-related variables (i.e., Purpose Availability, Purpose Component, and ESG Dimension).

The first hypothesis (H1a) proposes that firms with explicitly communicated corporate purpose statements (Purpose Availability variable) exhibit better financial outcomes than firms without such statements. The results show an association between the explicit communication of purpose statements on corporate websites and stock price volatility ($p < .1$), suggesting that companies that publicly communicate their corporate purpose tend to exhibit lower stock price volatility.

The second hypothesis (H1b) proposes that the presence of specific purpose statement components (Purpose Component variable) is positively associated with better financial outcomes. The empirical results provide support for this association. In particular, purpose statements emphasizing firm competence and excellence, as well as customer orientation, are associated with lower stock price volatility ($p < .1$).

This result is consistent with the idea that purpose communication functions as a strategic signal that reduces uncertainty and strengthens investor confidence. Rather than promising superior returns in a simple linear sense, purpose may contribute to resilience, reputational stability, and downside protection.

Table 4: Return and Volatility t-test Results in Fortune Global 500 (2022, 2023, 2024)

Annualized Stock Return ⁽¹⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE AVAILABILITY						
Explicit communication through corporate website	149	-0.017	228	-0.018	0.052	0.958
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	103	-0.009	274	-0.021	0.613	0.540
Lifestyle and well-being	54	-0.038	323	-0.015	-1.001	0.319
Future orientation and progress	51	-0.006	326	-0.020	0.642	0.522
Distinctive competence and excellence	37	-0.042	340	-0.015	-1.097	0.277
Concern for customers	25	-0.013	352	-0.018	0.165	0.870
Values / philosophy towards excellence	24	-0.011	353	-0.018	0.241	0.811
Financial objectives	7	0.0102	370	-0.018	0.731	0.488
Corporate profile	3	-0.099	374	-0.017	-1.289	0.320
Benefit to Society	18	-0.054	359	-0.016	-0.943	0.357

(1) Calculated from average daily log returns over the period analyzed, annualized using 252 trading days. Based on the three-year average for 2022, 2023, and 2024

Annualized Stock Volatility ⁽²⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value	
	n	mean	n	mean			
PURPOSE AVAILABILITY							
Explicit communication through corporate website	149	0.315	228	0.343	-2.321	0.021	*
PURPOSE COMPONENT							
Sustainability and Corporate Responsibility	103	0.320	274	0.337	-1.392	0.165	
Lifestyle and well-being	54	0.319	323	0.334	-1.061	0.291	
Future orientation and progress	54	0.319	323	0.334	-1.064	0.290	
Distinctive competence and excellence	37	0.306	340	0.335	-2.339	0.022	*
Concern for customers	25	0.299	352	0.334	-2.181	0.036	*
Values / philosophy towards excellence	24	0.319	353	0.333	-0.853	0.399	
Financial objectives	7	0.275	370	0.333	-1.900	0.101	
Corporate profile	3	0.308	374	0.332	-0.741	0.530	
Benefit to Society	18	0.338	359	0.332	0.230	0.820	

(2) Calculated as the annualized standard deviation of daily log returns, using the square root of 252, the conventional number of trading days. Based on each firm's three-year average for 2022, 2023, and 2024

Note: * 0.10 Significance ($p < .1$) ** 0.01 Significance ($p < .01$) *** 0.001 Significance ($p < .001$)

(two tail t-tests, in all cases)

Additionally, we analyzed the 2018–2020 period by conducting an additional t-test on returns and volatility in relation to H1a and H1b. Because the 2018–2020 period precedes the extraction of purpose statements, this analysis was carried out as a complementary exercise. The results further reinforce the previous conclusions. First, they reveal a statistically highly significant association ($p < .001$) between the explicit communication of purpose statements—

particularly those including a sustainability-related component—and lower stock volatility. Second, a statistically significant association ($p < .01$) is observed between purpose components related to values and financial objectives and reduced volatility. Finally, we also identify an association ($p < .1$) between purpose dimensions such as future orientation, competitiveness, and customer focus and lower volatility levels.

Table 5: Return and Volatility t-test Results in Fortune Global 500 (2018, 2019, 2020)

Annualized Stock Return ⁽¹⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE AVAILABILITY						
Explicit communication through corporate website	145	-0.001	225	-0.008	0.394	0.694
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	101	-0.006	269	-0.005	-0.061	0.951
Lifestyle and well-being	53	0.000	317	-0.006	0.253	0.801
Future orientation and progress	49	-0.006	321	-0.005	-0.057	0.955
Distinctive competence and excellence	37	-0.014	333	-0.004	-0.401	0.690
Concern for customers	25	0.009	345	-0.006	0.559	0.581
Values / philosophy towards excellence	23	-0.005	347	-0.005	0.000	1.000
Financial objectives	7	0.0140	363	-0.005	0.376	0.719
Corporate profile	3	0.009	367	-0.005	0.208	0.854
Benefit to Society	17	-0.004	353	-0.005	0.031	0.975

(1) Calculated from average daily log returns over the period analyzed, annualized using 252 trading days. Based on the three-year average for 2018, 2019, and 2020

Annualized Stock Volatility ⁽²⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value	
	n	mean	n	mean			
PURPOSE AVAILABILITY							
Explicit communication through corporate website	145	0.252	225	0.282	-3.469	0.0006	***
PURPOSE COMPONENT							
Sustainability and Corporate Responsibility	101	0.249	269	0.278	-3.478	0.0006	***
Lifestyle and well-being	53	0.258	317	0.272	-1.203	0.233	
Future orientation and progress	49	0.245	321	0.274	-2.457	0.017	*
Distinctive competence and excellence	37	0.250	333	0.272	-2.109	0.039	*
Concern for customers	25	0.241	345	0.272	-2.055	0.049	*
Values / philosophy towards excellence	23	0.239	347	0.272	-3.263	0.003	**
Financial objectives	7	0.2021	363	0.2714	-4.3367	0.0034	**
Corporate profile	3	0.254	367	0.270	-0.464	0.687	
Benefit to Society	17	0.275	353	0.270	0.197	0.846	

(2) Calculated as the annualized standard deviation of daily log returns, using the square root of 252, the conventional number of trading days. Based on each firm's three-year average for 2018, 2019, and 2020

Note: * 0.10 Significance ($p < .1$) ** 0.01 Significance ($p < .01$) *** 0.001 Significance ($p < .001$)
(two tail t-tests, in all cases)

These findings suggest that not all purpose statements are equivalent. Purpose appears more closely linked to financial stability when statements communicate distinctive capabilities, customer orientation, strategic direction, or responsibility-related content. Such components may convey greater organizational clarity or stronger stakeholder relevance than more generic statements.

Sustainability-related purpose content and ESG performance

Hypothesis 2 proposes that sustainability-related purpose statement dimensions, particularly ESG-related dimensions in purpose statements (ESG Dimension variable), are positively associated with sustainability performance. The results indicate a positive association between the presence of an environmental dimension in purpose statements and the corresponding ESG Environmental Score ($p < .10$). In addition, the inclusion of an environmental dimension in purpose statements is positively associated with a higher ESG Governance Score ($p < .10$). By contrast, the social dimension is negatively associated with the ESG Environmental Score ($p < .10$).

These results also show that companies that integrate environmental content into their purpose statements exhibit a 2–3% increase in their ESG Environmental Scores. That Fortune Global 500 segment of companies also display a 7–8% increase in their ESG Governance Scores, which may suggest interconnections or synergies between the different ESG dimensions and scoring systems.

Table 6: ESG Score t-test Results in Fortune Global 500

Environmental Score ⁽¹⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	103	68.224	270	69.053	-0.875	0.383
ESG DIMENSION IN SUSTAINABILITY COMPONENT						
Environmental Dimension	62	70.189	311	68.552	1.661	0.100
Social Dimension	86	67.489	287	69.224	-1.681	0.095
Governance Dimension	10	66.678	363	68.883	-0.777	0.456

(1) Based on each firm's three-year average annual FactSet metrics for 2022, 2023, and 2024

Social Score ⁽²⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	103	51.991	270	53.084	-1.096	0.274
ESG DIMENSION IN SUSTAINABILITY COMPONENT						
Environmental Dimension	62	52.376	311	52.863	-0.426	0.671
Social Dimension	86	51.729	287	53.098	-1.353	0.178
Governance Dimension	10	49.502	363	52.873	-1.382	0.198

(2) Based on each firm's three-year average annual FactSet metrics for 2022, 2023, and 2024

Governance Score ⁽³⁾	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	103	51.018	271	50.112	0.709	0.479
ESG DIMENSION IN SUSTAINABILITY COMPONENT						
Environmental Dimension	62	53.603	312	49.717	2.585	0.011
Social Dimension	86	49.744	288	50.546	-0.603	0.548
Governance Dimension	10	50.290	364	50.363	-0.020	0.984

(3) Based on each firm's three-year average annual FactSet metrics for 2022, 2023, and 2024

Note: * 0.10 Significance ($p < .1$) ** 0.01 Significance ($p < .01$) *** 0.001 Significance ($p < .001$)
(two tail t-tests, in all cases)

European Firms

In light of the greater prevalence of purpose communication among European companies and prior literature documenting regional differences in ESG–performance associations, we conducted a separate analysis for the European subsample.

The European results reinforce the overall conclusions but are stronger in some respects. Explicit purpose communication continues to be associated with lower volatility, and certain purpose components are also associated with higher stock returns. In particular, purpose statements containing “Values and Philosophy” and “Sustainability and Corporate Responsibility” are associated with higher returns. These results also show that European firms that incorporate “Values and Philosophy” and/or “Sustainability and Corporate Responsibility” into their purpose statements achieve, on average, stock returns that are 9.5% higher than those of peers that do not.

In addition, customer orientation, future orientation, and financial objective components are linked to lower volatility. These findings suggest that in the European context, purpose may function not only as a stabilizing device but also, under certain conditions, as a contributor to stronger market performance.

Table 7: Return and Volatility t-test Results in Sample of European Firms (2022, 2023, 2024)

Annualized Stock Return ⁽¹⁾ European subsample	Statements that included the variable		Statements that omitted the variable		t-value	p-value	
	n	mean	n	mean			
PURPOSE AVAILABILITY							
Explicit communication through corporate website	65	0.000	32	-0.099	1.549	0.130	
PURPOSE COMPONENT							
Sustainability and Corporate Responsibility	53	0.008	44	-0.081	1.826	0.073	*
Lifestyle and well-being	21	-0.020	76	-0.036	0.393	0.696	
Future orientation and progress	30	0.001	67	-0.048	1.228	0.223	
Distinctive competence and excellence	15	-0.037	82	-0.032	-0.130	0.898	
Concern for customers	10	-0.038	87	-0.032	-0.146	0.885	
Values / philosophy towards excellence	9	0.061	88	-0.042	2.257	0.038	*
Financial objectives	5	-0.012	92	-0.034	0.391	0.709	
Corporate profile	3	-0.099	94	-0.031	-1.025	0.391	
Benefit to Society	5	-0.090	92	-0.030	-0.682	0.528	

(1) Calculated from average daily log returns over the period analyzed, annualized using 252 trading days. Based on the three-year average for 2022, 2023, and 2024

Annualized Stock Volatility ⁽²⁾ European subsample	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE AVAILABILITY						
Explicit communication through corporate website	65	0.321	32	0.373	-1.491	0.144
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	53	0.326	44	0.352	-0.917	0.363
Lifestyle and well-being	21	0.322	76	0.342	-0.804	0.425
Future orientation and progress	30	0.312	67	0.350	-1.720	0.089
Distinctive competence and excellence	15	0.329	82	0.340	-0.456	0.651
Concern for customers	10	0.293	87	0.343	-2.099	0.048
Values / philosophy towards excellence	9	0.337	88	0.338	-0.042	0.967
Financial objectives	5	0.267	92	0.342	-2.196	0.073
Corporate profile	3	0.308	94	0.339	-0.889	0.443
Benefit to Society	5	0.318	92	0.339	-0.238	0.823

(2) Calculated as the annualized standard deviation of daily log returns, using the square root of 252, the conventional number of trading days. Based on each firm's three-year average for 2022, 2023, and 2024

Note: * 0.10 Significance ($p < .1$) ** 0.01 Significance ($p < .01$) *** 0.001 Significance ($p < .001$)

(two tail t-tests, in all cases)

Additionally, we analyzed the 2018-2020 period by conducting an additional t-test on return and volatility in relation to H1a and H1b. The results further support the impact of purpose statement components on performance, revealing a highly significant negative correlation ($p < .001$) between stock price volatility and the firm's orientation toward benefiting society, as well as a negative correlation ($p < .10$) between volatility and the firm's orientation toward financial

objectives. In short, companies that include these components in their purpose statements exhibit lower stock price volatility.

Table 8: Return and Volatility t-test Results in Sample of European Firms (2018, 2019, 2020)

Annualized Stock Return ⁽¹⁾ European subsample	Statements that included the variable		Statements that omitted the variable		t-value	p-value
	n	mean	n	mean		
PURPOSE AVAILABILITY						
Explicit communication through corporate website	63	-0.033	32	-0.038	0.154	0.878
PURPOSE COMPONENT						
Sustainability and Corporate Responsibility	52	-0.042	43	-0.026	-0.469	0.640
Lifestyle and well-being	21	-0.067	74	-0.026	-0.972	0.339
Future orientation and progress	29	-0.022	66	-0.040	0.534	0.596
Distinctive competence and excellence	15	-0.033	80	-0.035	0.040	0.968
Concern for customers	10	-0.014	85	-0.037	0.459	0.654
Values / philosophy towards excellence	9	-0.039	86	-0.034	-0.074	0.942
Financial objectives	5	0.0378	90	-0.039	1.063	0.341
Corporate profile	3	0.009	92	-0.036	0.665	0.567
Benefit to Society	3	0.009	92	-0.036	0.665	0.567

(1) Calculated from average daily log returns over the period analyzed, annualized using 252 trading days. Based on the three-year average for 2018, 2019, and 2020

Annualized Stock Volatility ⁽²⁾ European subsample	Statements that included the variable		Statements that omitted the variable		t-value	p-value	
	n	mean	n	mean			
PURPOSE AVAILABILITY							
Explicit communication through corporate website	63	0.234	32	0.261	-1.406	0.167	
PURPOSE COMPONENT							
Sustainability and Corporate Responsibility	52	0.236	43	0.251	-0.927	0.357	
Lifestyle and well-being	21	0.242	74	0.243	-0.075	0.941	
Future orientation and progress	29	0.237	66	0.245	-0.510	0.612	
Distinctive competence and excellence	15	0.245	80	0.242	0.155	0.878	
Concern for customers	10	0.230	85	0.244	-0.933	0.362	
Values / philosophy towards excellence	9	0.230	86	0.244	-0.928	0.367	
Financial objectives	5	0.201	90	0.245	-2.820	0.024	*
Corporate profile	3	0.254	92	0.242	0.329	0.771	
Benefit to Society	4	0.169	91	0.246	-5.892	0.0005	***

(2) Calculated as the annualized standard deviation of daily log returns, using the square root of 252, the conventional number of trading days. Based on each firm's three-year average for 2018, 2019, and 2020

Note: * 0.10 Significance (p < .1) ** 0.01 Significance (p < .01) *** 0.001 Significance (p < .001)
(two tail t-tests, in all cases)

Summary of results

Our findings suggest an association between corporate purpose and volatility in the Enriched Dataset of the Fortune Global 500, as well as between corporate purpose and return in the

European subsample. More broadly, these results open a new avenue for examining the association between corporate purpose and stock performance, thereby complementing the classic literature on corporate missions. Prior research did not reach a clear consensus when examining accounting-based performance indicators such as Return on Assets (ROA), Return on Equity (ROE), or change in profit. The following findings provide support for our conclusions concerning performance:

- Companies that explicitly communicate purpose statements with specific components (e.g., “Concern for customer”, “Distinctive competence”) exhibit a 10-12% reduction in stock price volatility. This suggests enhanced financial resilience associated with both the availability and substantive quality of corporate purpose articulation.
- Companies that integrate environmental content into their purpose statements show a 2-3% increase in ESG Environmental Scores, while the inclusion of social dimensions presents a marginally negative correlation with environmental ratings, that may demonstrate both the credibility signalling role of environmental content and the complexities inherent in ESG evaluations.
- European firms that incorporate “Values and Philosophy” and/or “Sustainability and Corporate Responsibility” into their purpose statements achieve, on average, stock returns 9.5% higher than those of peers that do not. They also align with the global outcome of reduced stock price volatility associated with explicit purpose articulation.

Based on the coding performed in this thesis using NVIVO®, components such as “Sustainability and Corporate Responsibility,” “Concern for Customers,” and “Distinctive Competence and Excellence” are associated with lower volatility. Meanwhile, the components “Corporate Values” and “Sustainability and Corporate Responsibility” are linked to higher returns among European companies. Notably, there is a significant or highly significant relationship between the explicit communication of purpose statements and the inclusion of the

“Sustainability and Corporate Responsibility” component with lower volatility. These outcomes may evidence a shift in the role of corporate purpose from a symbolic or aspirational statement to a tangible driver of financial performance. Specifically, they suggest that when corporate purpose is articulated through purpose statements that are explicitly communicated and oriented toward sustainability and responsibility, it may serve as a stabilizing force that reduces volatility and enhances returns in the European context. This reinforces the view that purpose, when strategically articulated and embedded, can contribute to both reputational strength and economic resilience.

Table 9: Summary of impact on Returns and Stock Volatility

Measures of Corporate Purpose	Performance (2022, 2023, 2024)		Performance (2018, 2019, 2020)	
	Companies in FG 500	European Companies in FG 500	Companies in FG 500	European Companies in FG 500
Explicit purpose statements	✓ Volatility*	--	✓ Volatility***	--
Sustainability	--	✓ Return*	✓ Volatility***	--
Component in purpose statements Other (specific component)	✓ Volatility* (distinctive competence) ✓ Volatility* (customer focus)	✓ Return* (corporate values) ✓ Volatility* (customer focus) ✓ Volatility* (financial objectives) ✓ Volatility* (future orientation)	✓ Volatility** (financial objectives) ✓ Volatility** (corporate values) ✓ Volatility* (future orientation) ✓ Volatility* (distinctive competence) ✓ Volatility* (customer focus)	✓ Volatility*** (benefit to society) ✓ Volatility* (financial objectives)

✓ Performance enhancement

Note: * 0.10 Significance ($p < .1$) ** 0.01 Significance ($p < .01$) *** 0.001 Significance ($p < .001$)
(two tail t-tests, in all cases)

Our findings contrast with prior studies on mission statements by providing clearer evidence of a positive link between purpose statements and financial performance. While much of the

earlier literature presents mixed or inconclusive results regarding the financial effects of mission components, our analysis shows that explicitly framed and communicated purpose statements—particularly those oriented towards sustainability and responsibility—are associated with improved return and reduced volatility in the European context.

Discussion

This study set out to examine whether the explicit communication of corporate purpose, and the sustainability-related content of purpose statements, are associated with financial and ESG outcomes in large for-profit firms. The findings suggest that purpose communication is more closely associated with lower stock volatility and stronger environmental performance than with short-term excess returns across the full sample. In Europe, however, sustainability- and values-oriented purpose statements are also associated with higher returns. Taken together, these results extend the corporate purpose literature in several ways.

First, the results are consistent with the idea that purpose statements operate as strategic signals. By publicly communicating a purpose statement, firms may reduce uncertainty regarding their strategic direction and stakeholder commitments. This interpretation aligns with arguments that purpose communication enhances trust, reputational strength, and stakeholder clarity (Aula & Heinonen, 2016; Fitzsimmons et al., 2022). In financial markets, these signalling effects may be reflected more readily in lower volatility than in immediate return differentials.

Second, the results indicate that content matters. Firms do not benefit equally from any generic purpose statement. Rather, associations are stronger when purpose statements include components related to competence, customers, values, sustainability, or environmental stewardship. This finding resonates with the adjacent mission statement literature, which has long suggested that the behavioural and strategic relevance of such statements depends on the

quality and substance of their content rather than on their mere existence (Bart et al., 2001; Baetz & Bart, 1998).

Third, the study strengthens the link between purpose and sustainability. The positive association between environmental content in purpose statements and ESG environmental scores suggests that sustainability-oriented purpose may be more than symbolic. Firms that embed environmental commitments in their core corporate narrative appear more likely to deliver stronger environmental outcomes. The additional positive association with governance scores is also meaningful, since effective environmental action often depends on monitoring, incentives, and internal accountability systems.

The stronger findings for European firms are also notable. One plausible interpretation is that Europe's institutional environment—with stronger sustainability regulation, stakeholder expectations, and governance frameworks—makes it more likely that corporate purpose is not only communicated, but also embedded in practice. In such a context, purpose may carry greater credibility and therefore stronger performance associations.

At the same time, the findings should be interpreted in relation to the existing academic literature. Purpose statements are not a “ticket to fortune.” As classical work on mission statements emphasized, the impact of such statements depends on mediating factors, including leadership, internal alignment, behavioural implementation, and organizational systems (Bart, 1997; Williams et al., 2014). The real benefits and impact from a purpose statement come from its influence on the behaviour and actions of the firm's employees, by aligning personal values with organizational goals through a coherent culture and ethical leadership that supports their growth (Ocasio et al., 2023).

Theoretical Contribution

By examining firms' publicly communicated purpose statements, this paper advances the emerging literature on corporate purpose beyond abstract conceptualizations and employee-level perceptions and provides a more direct way of analyzing how purpose is framed externally and how it may relate to organizational outcomes. The study also connects the literatures on corporate purpose, sustainability, and ESG. Although prior research has extensively examined ESG and financial performance, little is known about whether sustainability-related commitments embedded in corporate purpose statements are associated with stronger ESG outcomes. Our findings indicate that environmental purpose communication is linked to better environmental and governance performance.

Finally, the paper revisits the classic mission statement–performance literature in light of the contemporary rise of corporate purpose. Whereas earlier studies reported mixed evidence on whether mission statement content affected performance, our results suggest that purpose statements—especially when explicit and sustainability-oriented—are associated with lower volatility and, in some contexts, higher returns. This suggests that the newer language of corporate purpose may carry greater strategic relevance than traditional mission statements, or at least resonate more strongly in today's stakeholder- and ESG-oriented environment.

Managerial Implications

These findings suggest that managers and boards should approach corporate purpose as a strategic mechanism rather than merely as a communication exercise. The association between explicit purpose communication and lower financial volatility indicates that a clearly articulated purpose may help reinforce stakeholder confidence and reduce uncertainty. At the same time, the content of purpose statements appears to matter. Statements emphasizing

sustainability, values, competence, and customer orientation are more closely associated with favorable outcomes than other formulations.

The results further suggest that firms aiming to enhance their sustainability profile should consider embedding environmental and broader ESG concerns into their core purpose narrative rather than relegating them to stand-alone sustainability reports. More broadly, the managerial relevance of corporate purpose is likely to depend on the degree to which it is embedded in organizational practices through mechanisms such as leadership commitment, governance structures, employee engagement, performance systems, and stakeholder communication. Purpose articulation alone is unlikely to be sufficient unless it is supported by concrete organizational processes.

Limitations and Future Research

While this study provides several insights, it is not without limitations, which in turn open promising avenues for future research.

First, the design is cross-sectional, which limits causal inference. The results show associations rather than definitive causal effects. Future research could mitigate this limitation by using longitudinal designs, panel data, or quasi-experimental methods.

Second, the analysis is limited to Fortune Global 500 firms, which are large, visible, and often mature multinational corporations. The findings may not generalize to smaller firms, private companies, or firms operating in different institutional contexts.

Third, the identification of purpose components relies on textual coding of publicly available statements. Although a systematic coding process was used, purpose statements may be aspirational and may not fully reflect how purpose is implemented internally.

Fourth, the use of t-tests provides an appropriate first-level comparison of means, but it does not control for confounding variables such as industry, size, ownership structure, or governance characteristics. Future studies should use multivariate and longitudinal designs to test more complex models.

Fifth, performance was captured through a limited set of indicators—stock returns, stock volatility, and ESG scores. Other dimensions, such as employee engagement, innovation, brand reputation, or long-term resilience, may also be affected by purpose and deserve investigation.

Future research could address these limitations by employing panel data, longitudinal designs, and multivariate models. It would also be valuable to examine the mediating mechanisms linking purpose statements to performance, especially leadership, internal alignment, and stakeholder trust. Comparative studies across sectors, firm sizes, and regions would further clarify where and when purpose matters most.

Conclusion

Corporate purpose is increasingly central to corporate strategy, stakeholder engagement, and sustainability discourse. Yet empirical evidence on its association with firm performance has remained limited. This study contributes to addressing that gap by examining whether the explicit communication of corporate purpose, as well as the sustainability-related content of purpose statements, is associated with market-based performance and ESG outcomes among Fortune Global 500 firms. The findings suggest that firms explicitly communicating purpose exhibit lower stock volatility, and that specific purpose components—especially those related to competence, customer orientation, values, and sustainability—are associated with more favourable financial outcomes. In addition, firms embedding environmental content in their purpose statements show higher ESG environmental performance, with evidence of positive

spillovers into governance. Among European firms, sustainability- and values-oriented purpose statements are also associated with higher stock returns.

Overall, the study suggests that corporate purpose can function as more than a symbolic narrative. When explicitly communicated and substantively linked to sustainability, purpose appears associated with lower financial risk and stronger sustainability performance. These findings reinforce the view that corporate purpose, if meaningfully articulated and organizationally embedded, may serve as both a strategic narrative and a driver of measurable organizational outcomes.

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