Seeing the Vision: How a Company's Sense of Purpose Drives Value

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Abstract

We explore the relationship between the readability of the Vision and mission (VM) statement and firm value. VM statements are critical elements that establish organizational identity and strategy, acting as guides for both internal and external stakeholders. Drawing our theoretical framework from the goal-setting theory, we find a positive association between the readability of VM statements and firm value, suggesting that having clearer VM statements improves firm value. We further show that this positive association is driven by higher operating efficiency and labor efficiency, suggesting that clarity in communicating a firm's vision and mission enhances internal alignment and resource utilization. Additionally, our study highlights the effect of business groups (BGs), the effect of institutional shareholding, and the effect of financial constraints on the relationship between the readability of VM statements and firm value.

Keywords: Vision, Mission, Firm value, FOG Index, Goal-Setting Theory, Readability, Textual Analysis

JEL Classification: G30, G32, M10, M12, M14

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Managerial Summary

Communicating a clear vision and mission is essential for organizational success. This study demonstrates a direct link between the readability of these statements and firm value, using a large sample of Indian firms. Our findings reveal that more readable vision and mission statements correlate with stronger financial performance, suggesting that clarity is a key driver of value creation. We show that readability enhances operational and labour efficiency by fostering alignment between employee efforts and strategic objectives. Furthermore, the positive impact of clear communication is amplified for firms affiliated to business group affiliation, those with dispersed ownership structures, and those not financially constrained. These insights underscore the strategic importance of crafting easily digestible vision and mission statements to drive superior financial outcomes.

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1 Introduction

Vision and mission (VM) statements serve as foundational pillars of organizational identity and strategy, collectively communicating an organization's purpose, direction, and values. These statements encapsulate the organization's overarching aspirations, defining its desired future state and how it aims to achieve it (Drucker, 1974; Henderson and Van den Steen, 2015). By outlining core values, beliefs, and strategic priorities, management provides a framework for decision-making and guides the organization's actions, initiatives, and investments (Bower and Gilbert, 2005; Kaplan and Norton, 2004; Kramer and Porter, 2011). Moreover, VM statements foster alignment among stakeholders, inspiring collective effort and commitment toward shared goals (Bartkus and Glassman, 2008; Berbegal-Mirabent et al. 2021). They serve as a beacon of inspiration and motivation, shaping organizational culture and driving performance. In essence, VM statements encapsulate the essence of the organization, guiding its trajectory, and instilling a sense of purpose, and provide direction among stakeholders.

The clarity of an organization's VM statements is intricately linked to its overall performance and success (Kaplan and Norton, 2004; Desmidt et al., 2011; Gartenberg et al., 2019). When these statements are clearly defined and easily understood by employees, they serve as powerful tools for aligning organizational efforts and focusing energies toward common objectives. Employees who grasp the broader goals and values of the organization are more likely to feel engaged and motivated in their work, leading to increased productivity and commitment (Carpenter and Gong, 2016; Gartenberg et al. 2019; Hollensbe et al, 2014). Moreover, clear statements of vision, mission, and purpose provide a strategic framework for decision-making, enabling leaders and employees to make informed choices that support the organization's long-term objectives (Graham et al., 2022). This alignment not only minimizes

inefficient use of resources but also ensures that organizational efforts are directed towards activities that contribute to desired outcomes.

Externally, the clarity of VM statements enhances stakeholders' perception of the organization. When customers, investors, and other external parties have a clear understanding of the organization's vision and mission, they are more likely to trust and support the organization. Positive perceptions and trust can lead to increased customer loyalty, investor confidence, and overall reputation (Gulati and Wohlgezogen, 2023), contributing to improved organizational outcomes. Additionally, clear VM statements provide a solid foundation for organizational adaptability and resilience in the face of change (Mirvis et al., 2010). When organizations encounter challenges, turbulence, or disruptions, having a clear sense of purpose and direction enables them to quickly assess the situation and pivot as needed. This adaptability and resilience are crucial for sustaining long-term success and achieving positive organizational outcomes.

The notion of clarity in organizational goals and its impact on performance is deeply rooted in goal-setting theory. This theory posits that the aims of an action, specifically the attainment of an identifiable standard of competence within a specified time, are crucial for driving performance (Locke & Latham, 2006). While goal-setting is a complex process (Kotlar & De Massis, 2013), goal clarity emerges as a critical factor in achieving higher organizational performance. It reduces ambiguity among employees, enabling them to understand expectations and effectively contribute to organizational goals (Davis & Stazyk, 2015; Pandey & Wright, 2006; Smith & Thomas, 2024; Van der Hoek et al., 2018).

Prior research, primarily based on surveys, laboratory experiments, or small sample studies, has shown that individuals with specific, clearly defined goals perform better than those with ambiguous goals (Jung, 2014). Goal clarity focuses efforts by directing attention and resources towards the desired outcomes, fostering persistence in the face of challenges,

and ultimately leading to improved performance (Anderson and Stritch, 2016; Grant & Sumanth, 2009). It also aids in the optimal allocation of resources, both domestically and internationally (Maritan and Lee, 2017; Bai and Liesch, 2022).

We contend that more readable VM statements presumably enhance their clarity (Sattari et al., 2011), ensuring that information is presented in an easily understandable manner. Prior literature has shown that poor readability in annual reports can lead to stock price crashes, as complex language often indicates that managers might be attempting to obscure unfavorable news (Kim et al, 2019). This insight into annual reports underscores the potential consequences of unclear communication in other critical organizational documents, such as VM statements. Therefore, our research endeavors to address this gap by focusing on the readability of VM statements.

Studying the readability of VM statements is crucial for the following reasons. Firstly, these statements serve as foundational text articulating an organization's purpose, values, and strategic direction (Kaplan and Norton, 2004). Ensuring their readability enhances communication clarity, enabling stakeholders to easily grasp and internalize the organization's overarching objectives. Additionally, clear and understandable VM statements foster alignment among employees, stakeholders, and leadership. When individuals comprehend the organization's vision and mission, they are more likely to feel connected to its goals and contribute meaningfully, leading to greater engagement and commitment (Suh et al., 2011).

Further, more readable VM statements provide a guiding framework for strategic decision-making. Importantly, our study moves beyond simply identifying the presence of specific words in VM statements, which is a common approach in previous research (e.g., searching for 'stakeholder' or 'community'). Instead, we argue that readability is a more comprehensive and meaningful measure of VM clarity. By focusing on readability, we assess the extent to which these statements are easily understood and accessible to a wide range of

stakeholders. This approach allows us to capture the true essence of clarity and its impact on organizational outcomes.

When both top management and employees, have a clear understanding of an organization's direction and priorities, they can make informed decisions that are consistent with their long-term objectives (Carton et al., 2014; Write et al., 2012), leading to more effective allocation of resources and efforts. Furthermore, the readability of VM statements influences organizational culture by shaping shared beliefs, behaviors, and norms within the organization, fostering a cohesive and aligned culture that supports the achievement of strategic goals. Clear and accessible VM statements also enhance external stakeholders' perception of the organization. Investors, customers, and partners who understand the organization's vision and mission are more likely to trust its leadership, support its initiatives, and engage in mutually beneficial relationships (Epitropaki and Martin, 2005; Cappelli et al., 2015). Moreover, organizations with clear and readable VM statements have a competitive advantage in attracting and retaining talent, as employees are drawn to organizations whose purpose and values resonate with them, leading to a more engaged and motivated workforce (Smith, 2016; Kopaneva, 2019; Fritz et al., 2013).

Finally, more readable VM statements facilitate organizational adaptability and resilience in the face of change. When employees understand the organization's overarching goals and values, they can more easily navigate challenges and uncertainties while staying true to its core principles (Desmidt, 2016; Kopaneva and Sias, 2015; Toh et al., 2022). By ensuring that VM statements are clear, accessible, and compelling, organizations can enhance their competitive position, strengthen their culture, and drive long-term success (Berbegal-Mirabent et al., 2021).

Based on the above discussion, we contend that clear and transparent communication in VM statements is essential for conveying organizational purpose, values, and strategic intent

effectively (Blair-Loy et al., 2011; Grant and Sumanth, 2009) and posit that readability increases the degree of resonance and impact that VM statements exert on organizational culture, decision-making processes, and ultimately, performance outcomes.

Using a sample of Indian firms from 2011 – 2022, we explore the relationship between the readability of VM statements on firm value. By examining the impact of organizational goals, as articulated in vision and mission statements, on a large sample of listed firms in an emerging economy, our study offers a unique and significant contribution to goal-setting theory and our understanding of firm success. We find a positive association between the readability of VM statements and firm value. This finding not only underscores the significance of clear communication within organizations but also highlights the tangible impact that well-articulated VM statements can have on firm value. Specifically, rather than being mere aspirational rhetoric, our results suggest that clear VM statements serve as actionable drivers of financial success, offering empirical evidence to support their strategic importance in organizational discourse and decision-making processes.

While we show that the clarity of VM statements is associated with higher firm value, it is important to understand what drives this association. Understanding the mechanisms through which the clarity of VM statements drives superior performance is crucial for organizations seeking to enhance their effectiveness and competitiveness. We focus on two key mechanisms: operational efficiency and labor efficiency. We argue that clear and understandable VM statements, consistent with the principles of goal-setting theory, provide employees with a coherent framework for understanding the organization's strategic objectives and priorities. This clarity, by effectively setting organizational goals, allows employees to internalize the aims of the organization and direct their efforts accordingly (Locke & Latham, 2006). This alignment of understanding, driven by clear goal setting, can result in improved operational efficiency as employees make more informed decisions, streamline processes, and

avoid duplication of efforts. By clearly defining the 'what' and 'why' of their work, employees can prioritize tasks, optimize workflows, and minimize resource wastage, all of which contribute to enhanced operational efficiency.

Secondly, clarity in VM statements has implications for labor efficiency. Goal-setting theory suggests that clear and challenging goals can significantly enhance the motivation and effort of the workforce (Locke & Latham, 1990). When employees have a clear understanding of the organization's goals and values, akin to having well-defined individual goals, they are more likely to feel engaged and motivated, leading to increased productivity and reduced turnover rates. This heightened sense of purpose and direction fosters a sense of ownership and commitment among employees, driving them to contribute more effectively to organizational goals.

We next study the role of business groups (BGs) in shaping the relationship between VM statements and firm value. Business groups, prominent in the Indian business sector, frequently furnish their member firms with access to invaluable resources, expertise, and support structures. Our findings indicate that the association between the clarity of VM statements and firm value is notably stronger for firms affiliated with BGs. This observation implies that BGs exert a considerable influence in augmenting the positive effects of VM clarity by furnishing additional resources and support, thereby bolstering the firm's capacity to translate VM clarity into tangible financial outcomes. These results underscore the importance of considering the broader organizational context, such as BG affiliation, when evaluating the effectiveness of VM statements. By highlighting the role of BGs, our study contributes to a more nuanced understanding of the factors that enhance the impact of VM clarity on firm value.

We also find that the association between VM readability and firm value varies with the firm's ownership structure and financial constraints. Specifically, firms with lower institutional ownership exhibit a stronger relationship between the clarity of VM statements

and firm value. This is plausibly because firms with dispersed ownership structures rely more on clear communication to align diverse shareholder interests and build consensus around strategic goals. Finally, we find that the association between VM readability and firm value is more pronounced for firms with lower financial constraints, suggesting that these firms have more resources to leverage the strategic benefits of clear communication to enhance their firm value and reinforce their long-term orientation.

Our study contributes to the literature in several ways. First, our study addresses a critical gap in the existing literature on vision and mission statements. While prior research has offered valuable insights into the content and function of these statements (Bartlett and Ghoshal, 1994; Hollensbe et al., 2014; Blader et al., 2015; Helfat and Peteraf, 2015), it often relies on subjective assessments or limited samples (Gartenberg et al., 2019). By employing a large-scale empirical analysis and utilizing textual analysis techniques, we provide more robust and generalizable findings regarding the relationship between VM clarity and firm value.

Moreover, we contribute to the ongoing discussion on corporate purpose by examining the role of VM statements in articulating and communicating this purpose (George et al., 2023; Gartenberg, 2022; McGahan, 2023). We argue that clear and readable VM statements, serving as purpose statements, enhance stakeholder understanding, trust, and ultimately, firm value. This approach aligns with recent research emphasizing the importance of clear and meaningful purpose statements in driving organizational success (Mayer, 2021; Rocha et al., 2021; Lee et al., 2023; Rajan et al., 2023; Raghunandan and Rajgopal, 2024).

Third, to the best of our knowledge, there is no research that systematically measures VM statement readability, especially in an emerging market setting like India. This is significant because the institutional and cultural context of emerging markets may influence the way firms communicate their vision and mission.

Fourth, by utilizing a large panel dataset of Indian firms from 2011 to 2022, our study enhances the generalizability of its findings in contrast to prior studies that typically use much smaller samples and focus on a single point in time. This extended time frame is critical because a firm's current performance is often the culmination of incremental steps and strategic decisions taken over time. The VM statement, therefore, reflects these accumulated efforts and provides a more comprehensive picture of the organization's journey. By analyzing data over a longer period, we can capture the dynamic interplay between VM clarity and firm value, offering a deeper understanding of how clear communication contributes to long-term success.

Finally, our study also contributes to the growing body of research that utilizes textual analysis techniques (as demonstrated in studies by Li, 2008; Miller, 2010; and Lehavy et al., 2011), highlighting the effectiveness of these methods in examining the impact of VM statements on organizational outcomes. By employing rigorous quantitative methods to analyze textual data, we offer a novel perspective on the relationship between VM clarity and firm value.

The rest of the paper is organized as follows. We discuss the theoretical framework and hypothesis in Section 2. We describe the sample period, industry distribution, and main dependent variable in Section 3. We outline the research design and empirical results in Sections 4 and 5, respectively. Section 6 concludes the study.

2 Theoretical Framework and Hypothesis

2.1 Theoretical Framework

Our study is grounded in goal-setting theory, a prominent framework in organizational behavior that emphasizes the critical role of clear and specific goals in driving individual and organizational performance (Locke & Latham, 2006). This theory posits that the act of setting goals, particularly those that are challenging yet attainable, has a profound impact on motivation, effort, and ultimately achievement (Locke & Latham, 1990). The core tenets of

goal-setting theory highlight the importance of goal clarity, specificity, difficulty, and commitment in fostering a sense of purpose and direction that propels individuals and organizations towards desired outcomes.

Goal clarity, a central element of this theory, refers to the extent to which goals are well-defined and easily understood. When goals are clear, individuals can readily grasp their purpose and align their efforts accordingly. This clarity minimizes ambiguity, reduces uncertainty, and enables individuals to focus their energies on activities that directly contribute to goal attainment (Davis & Stazyk, 2015; Pandey & Wright, 2006). In contrast, ambiguous or poorly defined goals can lead to confusion, misdirected efforts, and diminished performance.

The importance of goal clarity is underscored by numerous studies that have demonstrated its positive impact on performance across various contexts. For instance, research has shown that individuals with specific clearly defined goals, outperform those with vague or general goals (Jung, 2014). Moreover, goal clarity has been found to enhance employee engagement, motivation, and commitment (Suh et al., 2011), leading to increased productivity and reduced turnover rates.

In the organizational context, goal clarity plays a vital role in aligning individual efforts with broader organizational objectives. When employees have a clear understanding of the organization's vision, mission, and strategic priorities, they are more likely to make informed decisions, streamline processes, and avoid duplication of efforts, thereby enhancing operational efficiency. Furthermore, clear goals foster a sense of shared purpose and collective responsibility, promoting a cohesive and aligned organizational culture that supports the achievement of strategic goals.

Our study extends goal-setting theory to the realm of VM statements, arguing that these statements serve as critical vehicles for articulating and communicating organizational goals. We contend that the clarity of VM statements, as reflected in their readability, plays a crucial

role in shaping employee understanding, engagement, and ultimately, firm value. By examining the relationship between VM clarity and firm value, we aim to provide empirical evidence for the importance of clear and accessible organizational goals in driving organizational success.

In essence, our theoretical framework draws on goal-setting theory to highlight the significance of VM clarity in fostering a shared understanding of organizational goals, promoting employee engagement and motivation, and ultimately, driving firm value. By grounding our study in this well-established theoretical framework, we aim to contribute to a deeper understanding of the mechanisms through which clear and accessible organizational goals translate into tangible organizational outcomes.

2.2 Hypothesis

Based on the literature and theoretical frameworks discussed, we hypothesize that the clarity of VM statements improves firm value. As explained above, VM statements are crucial for articulating an organization’s purpose, direction, and values. When these statements are clearly defined and easily understood, they can serve as powerful tools for aligning organizational efforts and focusing energies toward common objectives. Clear VM statements provide a strategic framework for decision-making, enabling leaders and employees to make informed choices that support the organization's long-term objectives.

Internally, clear VM statements enhance employee engagement and motivation by providing a coherent framework for understanding the organization's strategic objectives. This alignment leads to improved operational efficiency as employees make more informed decisions, streamline processes, and avoid duplication of efforts. Furthermore, when employees feel connected to the organization's goals, they are more likely to be productive and exhibit lower turnover rates, contributing to labor efficiency.

Externally, clear VM statements improve stakeholders' perception of the organization. Customers, investors, and other external parties who clearly understand the organization's purpose and values are more likely to trust and support the organization. Positive perceptions and trust can lead to increased customer loyalty, investor confidence, and an overall enhanced reputation, which in turn contribute to higher sales and improved financial performance.

Furthermore, clear VM statements provide a foundation for organizational adaptability and resilience. In times of change or uncertainty, having a clear sense of purpose and direction enables organizations to quickly assess situations and pivot as needed while staying true to their core values and objectives. This adaptability is crucial for sustaining long-term success and achieving positive organizational outcomes.

Given these points, we hypothesize that:

H1: The clarity of vision and mission statements is positively associated with firm value.

3 Data

3.1 Sample Selection

Our initial sample consisted of all 1,785 companies listed on India's National Stock Exchange (NSE) during the financial year 2021-22. After excluding financial and utility companies, our sample size reduced to 1,552 firms. We hand collected the VM statements from these companies' websites over a six-month period from July to December 2021 to ensure the content is relevant to our study. Only 971 firms provided VM statements on their websites. Thus, our base sample is restricted only to these firms.

We gather firm-level financial data for Indian companies from the Prowess Database, of the Centre for Monitoring the Indian Economy (CMIE), covering the period from the financial year 2011 to 2022. The Prowess database is extensively used in studies examining research questions in the Indian capital market settings (Chittoor et al., 2015; Gopalan & Gormley,

2013; Manchiraju & Rajgopal, 2017; Marshall et al. 2022; Rajgopal & Tantri, 2023). Since we collect the VM Statements from the company websites during the 2021-22 financial year, as discussed above, we limit our analysis to the ten years preceding the data collection year. We exclude data for firms with negative sales, total assets, and equity. Finally, by dropping all observations with missing values for control variables, our final sample comprises 4,574 firm-year observations (396 unique firms).

One might contend that collecting VM data at a single point in time—during the financial year 2021-22 - could misrepresent the true relationship between VM clarity and firm value over the previous decade. This is because the conditions or strategies reflected in the VM statements at the time of collection might not accurately reflect those across the entire ten-year period. To mitigate this issue and provide a more accurate analysis, we include a focused subsample analysis for the period 2018 to 2022. This shorter period is likely to offer a more contemporaneous association between VM clarity and firm value. Despite the above argument, it is essential to note that the VM statement reflects a firm's incremental steps and strategic decisions over time rather than just immediate conditions. Therefore, we think this extended time frame is critical, as it allows for a more comprehensive view of how VM clarity evolves alongside firm value. We winsorize all continuous variables in our dataset at the 1st and 99th percentiles to minimize the effect of outliers.

4 Research Design

We estimate the following model to test our Hypothesis:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it} \quad (1)$$

The variable of interest in equation (1) above is *FOG index*, which measures the readability (Gunning-FOG Index) of the VM statements. The higher the FOG index, the lower the readability. Thus, we expect a negative coefficient on this variable. Based on prior literature, we include the following firm-level control variables in our regression model: *SIZE* (defined as the natural logarithm of 1 plus total assets), leverage – *LEV* (defined as total short-term and long-term debt to total assets), sales growth – *SALEGR* (defined as the sales growth rate of firm year-on-year basis), earnings volatility - *EARNVOL* (defined as standard deviation of earnings on a 3-years rolling window, the earnings is measured as income before extraordinary items to one year lag total assets), capital intensity – *CAPINT* (defined as the ratio of net property, plant and equipment to total assets), labor intensity – *LABINT* (defined as total employee scaled by total assets), free-cash flow – *FCF* (defined as net cash flow from operations minus capital expenditure scaled by one year lag total assets), *LOSS* is the dummy variable of 1, if income before extraordinary items is less than zero. We define the variables in detail in the variable appendix.

5 Empirical Results

5.1 Descriptive Statistics and Correlations

5.1.1 Descriptive Statistics

Table 1, Panel A shows the distribution of firm-year observations across industries. We use the Fama-French 12 industry classification to classify firms into industries. As the Table suggests, there is a significant concentration of firms in the Mining, Construction, Building Materials, Transportation, Hotels, Business Services, Entertainment, Food, Tobacco, Textile, and Apparel sectors in our sample. In contrast, there are fewer firms from the Telecom and Television Transmission sectors. The firm-year observations across industries of our sample is

comparable with prior literature (Majumdar & Bhattacharjee, 2014; Manchiraju & Rajgopal, 2017).

In Table 1, Panel B, we present the distribution of firm-year observations by year. The Table suggests there is an increasing trend in the distribution of observations by year – a greater number of observations in recent years. In Table 1, Panel C, we present the distribution summary of FOG across years. The Table suggests that the mean FOG and standard deviation of FOG is almost similar across years.

Table 1, Panel D, presents the distribution of FOG index[2] scores across industries. While the mean FOG index score is relatively similar across industries, the standard deviation varies significantly. This suggests that although the average readability of VM statements is comparable across sectors, the variability in readability within each industry differs markedly.

Specifically, we observe a higher degree of variability in readability within industries characterized by a greater diversity of products, services, and target audiences. For instance, the standard deviation is highest for consumer durables, non-durables, and manufacturing sectors, which encompass a wide range of industries such as food, apparel, household appliances, automobiles, and heavy machinery. In contrast, industries with a more focused product or service offering and a narrower target audience, such as energy, wholesale and retail, and healthcare, exhibit lower variability in FOG index scores.

This pattern suggests that the nature and complexity of an industry's operations may influence the clarity and consistency of communication in VM statements. Industries with greater complexity may face greater challenges in crafting VM statements that are universally understood and resonate with all stakeholders. This can lead to greater variability in the readability of these statements across firms within the industry.

[Insert Table 1 here]

[2] We provide details of *FOG* Index construction and interpretation in the appendix.

Table 2 of Panel A presents the descriptive statistics of our sample. We begin with the full sample of firms, including those that did not have VM statements in the 2021-22 fiscal year and compare the firm valuation (Tobin's Q) and profitability measures (ROA and ROE) for firms with and without VM statements. The Table shows that firms with VM statements have higher Tobin's Q (difference = 0.206; p-value = 0.000), ROA (difference = 0.018; p-value = 0.000), and ROE (difference = 0.013; p-value = 0.000). These statistics show that having a VM statement seems to have a positive impact on firm value and operating performance.

In Table 2, Panel B, we show the descriptive statistics of the firms with VM statements. The *FOG* index, our measure of VM statement readability, shows a mean (median) score of 16.6 (15.7), respectively. This indicates that, on average, the VM statements are complex, corresponding to college-level reading ability. Our primary measure of firm value is Tobin's Q, which shows a mean (median) value of 4.2 (3.9), respectively, suggesting that the market value of our sample firms is, on average, four times their book value.

Further analysis of firm characteristics reveals that our sample consists of relatively larger firms, with a mean (median) *Size* of 9.773 (9.620), corresponding to total assets of INR 17.553 billion. The mean (median) financial leverage (*LEV*) is 26.6 percent (23.4 percent), indicating that our sample firms employ a moderate amount of debt in their capital structure.

In terms of financial performance, the mean (median) return on assets (*ROA*) is 3.71 percent (3.59 percent), and the mean (median) return on equity (*ROE*) is 7.7 percent (9.3 percent), respectively. The mean (median) yearly sales growth (*SALEGR*) is 10.3 percent (7.7 percent), reflecting the growth trajectory of these firms.

Additional characteristics of our sample include a mean (median) three-year earnings volatility (*EARNVOL*) of 16.6 percent (4.3 percent), a capital intensity (*CAPINT*) of 31.7 percent (31.1 percent), and a labor intensity (*LABINT*) of 18.8 percent (11.8 percent), respectively. The mean (median) free cash flow (*FCF*) is 10.5 percent (9.7 percent), indicating

healthy cash generation. Finally, we observe that approximately 10 percent of our sample experienced losses (*LOSS*) during the sample period. The descriptive statistics of our sample is comparable with prior literature (Chauhan et al, 2016; Manchiraju & Rajgopal, 2017; Sony & Bhaduri, 2021; Raithatha & Shaw, 2021).

Panel C of Table 2 compares our main sample based on terciles of *FOG* to analyze how the readability of VM statements is associated with financial performance. Our analysis reveals significant differences between firms with lower and higher *FOG* scores. Specifically, firms with lower *FOG* scores have a higher average Tobin's Q compared to those with higher FOG scores, with a coefficient difference of 0.023 and a p-value of less than 0.01. This pattern is consistent across other financial metrics as well: the average *ROA* for firms with lower *FOG* scores surpasses that of higher *FOG* firms by 0.903 (p-value < 0.01), and the average *ROE* is greater by 0.021 (p-value < 0.05). These differences in fundamental financial performance indicators suggest that better readability, as reflected by lower *FOG* scores, correlates with stronger firm performance providing initial support for our hypothesis.

Furthermore, our study finds additional evidence supporting this relationship through other financial variables. For instance, firms with lower FOG scores have significantly lower earnings volatility (*EARNVOL*), with a coefficient difference of -0.079 (p-value < 0.01), and higher labor intensity (*LABINT*), with a coefficient difference of 0.031 (p-value < 0.01), suggesting potentially higher efficiency or greater investment in human capital. Lastly, the occurrence of losses (LOSS) is less frequent among firms with lower FOG scores, with a coefficient difference of -0.027 (p-value < 0.05). These findings collectively provide preliminary evidence that clearer and more readable VM statements, as indicated by lower FOG scores, are associated with higher firm value and stability. This underscores the importance of clarity in formulating VM statements and its potential impact on a firm's financial health and investor perception.

[Insert Table 2 here]

5.1.2 Correlations

Table 3 reports the Pearson pair-wise correlation coefficients between our main variables of interest. As discussed above, we predict a negative association between VM statement readability and firm value and operating performance, i.e., the lower the FOG index or the higher the readability, the higher the firm value. This prediction is supported by the results of Table 3 – negative correlations between *FOG* and *Tobin's Q* (coefficient = -0.063; p-value < 0.05), *ROA* (coefficient = -0.074; p-value < 0.05) and *ROE* (coefficient = -0.052; p-value < 0.05). This correlation results provide further initial evidence that more readable VM Statements are associated with superior firm value. The correlation table also suggests that the control variables used in this study are significantly correlated with the readability of VM statements, our main variable of interest. However, none of the correlations appear to be large enough to cause multi-collinearity problem. This is also supported by the low variance inflation factors (VIF) (all the variables have VIFs below 2).

[Insert Table 3 here]

5.3 Main Results

5.3.1 The Association Between VM Statement Readability and Firm Value

In Table 4, we present the results of the estimation of equation (1) above. Since a company's website changes at periodic intervals and only archived searches are possible, in Column 1 of Table 4, we consider the sample period from 2018 to 2022 and in Column 2, we consider the full sample period.

Consistent with our expectation, we find that the coefficient of *FOG* is negative in both Columns (coefficient = -0.022 and – 0.014; p -value = 0.001, and 0.001, respectively). These

results are consistent with our univariate analysis presented in Table 2 and Table 3 above. The results of Table 4 thus, lend support to our hypothesis that more readable VM statements improve the firm value. We also find that *SIZE*, *SALEGR*, and *FCF* are positively associated with Tobin's Q (coefficient = 0.130, 0.295, and 3.648 respectively; p-value = 0.000, 0.000, and 0.000 respectively) and that *LEV, EARNVOL*, and *LOSS* is negatively associated with Tobin's Q (coefficient = -1.364, -0.047, and -0.225 respectively; p-value =0.000, 0.079, and 0.005 respectively).[3] These results are consistent with expectations.

[Insert Table 4 here]

5.3.2 Association between VM Statements and Operating Performance

Next, we examine the association between firm's operating performance and the readability of VM statements. We measure the firm-level operating performance through return on assets (*ROA*) and return on equity (*ROE*). We present our regression results in Table 5. As in Table 4, we consider both a shorter sample (2018-2022) – Columns 1 and 3 and the full sample period – Columns 2 and 4.

Column 1 and 2 of Table 5 shows that there is a significant negative relationship between *FOG* and *ROA* during both the sub-period and full sample period (coefficient = -0.069 and -0.054 respectively; p-value = 0.007 and 0.003 respectively). Consistent with these results, Columns 3 and 4 show that there is a significant negative relationship between *FOG* and *ROE* during both the sub-period and full sample period (coefficient = -0.003 and -0.002 respectively; p-value = 0.036 and 0.038 respectively). Since higher values of FOG indicate lower readability, the findings of Table 5 support the idea that the higher readability of VM statements is associated with superior operating performance.

[Insert Table 5 here]

[3] For brevity, we only describe the coefficients in Column 1.

5.4 Mechanisms: Operating Efficiency, and Labor Intensity

We now examine the drivers behind the association between the readability of VM statements and firm value. Specifically, we focus on two key performance metrics: asset turnover (ATO), and labor efficiency (LAB).

Finance theory and prior studies show that higher operating efficiency and improved employee efficiency increased profit margins result in superior firm value (Baik et al., 2013; Yousefi et al., 2023; Crook et al., 2011; Shaw et al., 2013). Thus, we argue that *ATO* and *LAB* drive the association between readability of VM statements and firm value. We estimate the following models to test our conjecture.

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 ATO_{it} + \beta_3 FOG_{it} * ATO_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 SALEGR_{it} + \beta_7 EARNVOL_{it} + \beta_8 CAPINT_{it} + \beta_9 LABINT_{it} + \beta_{10} FCF_{it} + \beta_{11} LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it} \quad (2)$$

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 LAB_{it} + \beta_3 FOG_{it} * LAB_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 SALEGR_{it} + \beta_7 EARNVOL_{it} + \beta_8 CAPINT_{it} + \beta_9 LABINT_{it} + \beta_{10} FCF_{it} + \beta_{11} LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it} \quad (3)$$

In equation (2), the estimated coefficient $\hat{\beta}_2$ will be positive if operating efficiency is positively associated with firm value. Furthermore, if operating efficiency drives the association between readability of VM statements and firm value, the estimated coefficient $\hat{\beta}_3$ will be negative. We make similar predictions about labor efficiency in equation (3).

Table 6 presents these results. Table 6 Column 1 shows that the relation between *ATO* and *Tobin's Q* is positive (coefficient = 0.860; p -value = 0.000) and that interaction between *ATO* and *FOG* is negatively associated with *Tobin's Q* (coefficient = -0.024; p -value = 0.000). This supports our assertion that operating efficiency is a channel driving the association between VM readability and firm value. Similarly, Column 2 suggests that the relation between

LAB and *Tobin's Q* is positive (coefficient = 0.047; p-value = 0.026), with the interaction between *LAB* and *FOG* being negatively associated with *Tobin's Q* (coefficient = -0.002; p-value = 0.033). In sum, Table 6 provides evidence that the positive association between VM readability and firm value is driven by both operating efficiency and labor efficiency. These results highlight the importance of clear and understandable VM statements in enhancing internal alignment, resource utilization, and employee motivation, ultimately leading to improved firm performance.

[Insert Table 6 here]

Marginal Effects of FOG on Tobin's Q as a function of ATO

While the statistically significant interaction term between *FOG* and *ATO* confirms that the effect of *FOG* on Tobin's Q *does* depend on *ATO*, relying solely on the interaction coefficient provides limited insight into the *nature* of this moderation. The interaction coefficient itself represents the change in the effect of *FOG* for a one-unit change in *ATO*. This metric, while statistically informative, is difficult to interpret substantively. It doesn't directly address the key question of *how* the impact of readability of VM statements on Tobin's Q varies across different levels of *ATO*. Furthermore, the magnitude of the interaction coefficient is sensitive to the scaling of the variables, making comparisons across studies challenging.

Therefore, we conduct a marginal effects analysis to directly examine the effect of *FOG* index on Tobin's Q at specific, meaningful values of *ATO*. By calculating and plotting the marginal effect of *FOG* index[4] across the range of observed ATO values, we gain a much clearer understanding of the moderating role of *ATO*. Crucially, this analysis allows us to

[4] Based on equation (2) above, the marginal effect of FOG on Tobin's Q is estimated as:

$$\frac{d\ Tobin's\ Q_{it}}{dFOG_{it}} = \beta_1 + \beta_3 * ATO_{it}$$

identify the specific regions of *ATO* where the impact of the readability of VM statements on Tobin's Q is both statistically significant and practically relevant.

Our findings, reported in Figure 1, reveal a compelling story. While the relationship between *FOG* index and Tobin's Q appear to be weak or non-existent at lower levels of *ATO*, we observe a statistically significant and positive effect of lower *FOG* index (indicating higher readability) on Tobin's Q for firms with *ATO* ratios greater than or equal to 1.4. This threshold suggests that firms with higher asset turnover ratios, perhaps indicative of a more dynamic or growth-oriented business model, are particularly sensitive to the clarity and accessibility of their communication. For these firms, a more readable VM statement appears to translate into improved financial performance as reflected in higher Tobin's Q. Below this threshold, the effect of readability on Tobin's Q is not statistically different from zero, suggesting that for firms with lower *ATO*, the readability of their vision and mission statements may be less impactful on their valuation.

While the interaction term signals the presence of a moderating effect, the marginal effects analysis is essential for understanding the *nature* and *locus* of this moderation. Our findings highlight the importance of considering asset turnover when examining the relationship between communication strategy and financial performance, demonstrating that the benefits of clear and concise communication, as captured by the fog index, are particularly pronounced for firms with higher asset turnover ratios.

Marginal Effects of FOG on Tobin's Q as a function of Labor Efficiency

Following our approach above, we also present the marginal effect of *FOG* on Tobin's Q for different levels of *LAB*.[5] By calculating and visualizing the marginal effect across the spectrum

[5] Based on equation (3) above, the marginal effect of FOG on Tobin's Q is estimated as:

$$\frac{d\ Tobin's\ Q_{it}}{dFOG_{it}} = \beta_1 + \beta_3 * LAB_{it}$$

of observed labor efficiency, we can more effectively discern the moderating role of workforce productivity.

Our findings, reported in Figure 2, offer a nuanced perspective. While the association between *FOG* and Tobin's Q appear to be insignificant at lower levels of labor efficiency, a statistically significant and positive relationship emerges for firms with labor efficiency ratios at or above 4.4. This suggests that firms with a more productive workforce are particularly attuned to the clarity of their corporate messaging. For these firms, a lower *FOG* index (indicating greater readability) appears to translate into enhanced financial performance, as evidenced by higher Tobin's Q. Conversely, for firms below this labor efficiency threshold, the readability of their vision and mission statements seems to have little bearing on their market valuation. This could be attributed to the fact that in firms with lower labor efficiency, other factors, such as technology or capital investment, may be more salient drivers of performance. In short, while the interaction term highlighted the presence of a moderating effect, the marginal effects analysis proved indispensable in elucidating the *nature* and *locus* of this moderation. Our results thus show the importance of considering labor efficiency when examining the connection between communication strategy and financial success. They suggest that the benefits of concise and accessible communication, as captured by the FOG index, are amplified for firms boasting a highly efficient workforce.

5.5 Cross-sectional tests

In this section, we present the results of important cross-sectional tests to further explore the association between readability of VM Statement and firm value. Specifically, we examine the role of business group membership, institutional shareholding, and financial constraints.

5.5.1 The Role of Business Group Membership

Business groups (BGs) are a prominent feature of emerging economies like India, where they often account for a significant portion of the largest firms (Hirt et al., 2013). Characterized by a network of legally independent firms bound by formal and informal ties (Khanna & Rivkin, 2001), these groups leverage internal markets to share resources and achieve competitive advantages (Khanna & Palepu, 2000). This resource sharing can be particularly beneficial in the context of emerging markets, which are often characterized by institutional voids and market inefficiencies. BGs can provide member firms with access to capital, talent, and technology, enabling them to overcome challenges and capitalize on growth opportunities that might otherwise be inaccessible.

However, BG affiliation is not without its potential drawbacks. The complex ownership structures and control mechanisms often found within BGs can give rise to misaligned incentives and value-eroding practices such as tunneling (Chacar & Vissa, 2005; Bertrand et al., 2002).

Given this inherent duality of BGs, we examine how BG affiliation influences the relationship between VM statement readability and firm value. Drawing upon goal-setting theory, which posits that clear and specific goals are essential for driving individual and organizational performance (Locke & Latham, 2006), we argue that BGs can play a crucial role in either facilitating or hindering the effectiveness of VM statements in setting organizational goals and driving goal attainment.

BGs can facilitate goal clarity and commitment by fostering a shared understanding of the overall vision and mission among member firms, leading to greater alignment of organizational goals. The support and resources provided by the BG can further enhance goal commitment, strengthening the sense of collective purpose and enabling member firms to overcome obstacles in pursuit of their objectives.

However, the complex dynamics within BGs can also present challenges to the goal-setting process. The potential for goal conflict between controlling and minority shareholders, coupled with reduced autonomy for individual firms in setting their own goals, can introduce ambiguity and hinder motivation. Furthermore, an overemphasis on group-level goals may overshadow the individual goals of member firms, potentially leading to misaligned incentives and suboptimal effort allocation.

To test these propositions, we divide our sample into BG-affiliated and non-BG-affiliated firms. Table 7 presents the results. Column 1 shows a negative and significant association between FOG and Tobin's Q for BG-affiliated firms (coefficient = -0.018; p-value = 0.002), indicating that higher readability is associated with higher firm value. In contrast, Column 2 shows no significant association for non-BG-affiliated firms. This suggests that the benefits of clear VM statements are more pronounced for BG-affiliated firms, indicating that BGs' ability to leverage clear communication to enhance coordination and resource allocation within their network, ultimately drives firm value of affiliated firms.

[Insert Table 7 here]

5.5.2 Effect of Institutional share holdings

Ownership structures in emerging economies are often characterized by high concentration, leading to potential agency conflicts between controlling shareholders and minority investors (Claessens et al., 2000; La Porta et al., 1999). In India, large promoter holdings are a common feature, raising concerns about the alignment of management with broader shareholder interests. To address this, the Indian government has encouraged greater participation from institutional and non-institutional (retail) investors in corporate decision-making (Fichtner et al., 2017).

This diversification of ownership can have significant implications for the relationship between VM statement readability and firm value, particularly when viewed through the lens of goal-setting theory. Goal-setting theory suggests that clear and specific goals, understood and accepted by individuals, are crucial for driving performance (Locke & Latham, 2006). In the context of firms, clear VM statements can serve as these goals.

However, the effectiveness of VM statements in setting organizational goals and driving performance can be influenced by the firm's ownership structure. Institutional investors, with their larger holdings and greater resources, are often more informed and actively engaged in corporate governance. This greater informational access and active involvement of these investors reduce the role of the VM statements as tools for setting organizational goals and holding management accountable. Thus, the association between VM readability and firm value may be less pronounced for firms with large institutional shareholdings because these investors often have direct access to management and private information, reducing their reliance on public disclosures like VM statements for decision-making. Conversely, dispersed institutional investors with smaller holdings require more clarity on the firm's VM statements to understand the company's strategic direction.

To test the effect of ownership structure on the association between VM statement readability and firm value, we divide our sample into two groups based on the 75th percentile of institutional holdings and examine the relationship between VM statement readability and firm performance across these two groups. Table 8 presents the results. Consistent with our expectations, we find a significant negative association between *FOG* and Tobin's Q for firms with lower institutional ownership (coefficient = -0.015; p-value = 0.001). In contrast, Column 2 shows no significant association between *FOG* and Tobin's Q for firms with higher institutional ownership. This supports the notion that when ownership is more dispersed, clear

VM statements play a more crucial role in informing investors and aligning them with the company's goals, ultimately impacting firm value.

[Insert Table 8 here]

5.5.3 Effect of Financial Constraints

We further examine the relationship between VM statement readability and firm value by considering the role of financial constraints. Prior research suggests that financial constraints can impede firm growth and performance (Becchetti and Trovato, 2002; Musso and Schiavo, 2008; Bradley et al., 2011; Gibbert et al., 2007). However, studies also highlight the importance of resource slack in facilitating market expansion and achieving superior performance (Mishina et al., 2004). This suggests that firms with greater financial resources might be better positioned to leverage the benefits of clear communication. We expect the association between VM readability and firm value to be more pronounced for firms with lower financial constraints. This is because such firms can invest more in growth and strategically communicate their vision and mission to attract investors and maintain stakeholder confidence. Clear and concise VM statements can play a crucial role in achieving these objectives.

To test this hypothesis, we use the SA Index developed by Hadlock and Pierce (2010) as our measure of financial constraints. This index captures the notion that smaller and younger firms are typically more financially constrained. We divide our sample into two sub-samples based on the median SA Index score: firms with above-median scores (high financial constraints) and firms with below-median scores (low financial constraints). We then estimate our main model, which examines the relationship between VM readability and firm value, separately for each sub-sample. We present these results in Table 9.

We find that the association between VM readability and firm value is stronger and statistically significant for firms with lower financial constraints. Specifically, the coefficient of FOG is negative for the *low* financial constraint sub-sample (coefficient = -0.029, p-value =

0.000) but not for the high financial constraint sub-sample (coefficient = -0.004 p-value = 0.485). This finding is consistent with our expectations and suggests that firms with greater access to resources might be better equipped to leverage the benefits of clear VM statements because such firms have more resources to invest in sophisticated communication strategies, allowing them to craft VM statements that are both clear and compelling, thereby enhancing their market perception and attracting investors. Additionally, firms with lower financial constraints might be able to adopt a long-term orientation, focusing on sustainable growth and value creation. Clear VM statements can reinforce this long-term focus, signaling to investors a commitment to a sustainable future.

[Insert Table 9 here]

5.6 *Robustness tests: Fama-MacBeth Regression*

In panel data analysis, the serial correlation of regression residuals is a crucial factor in calculating accurate standard errors. Serial correlation, if not properly accounted for, can lead to the overestimation of t-statistics, resulting in misleading inferences about the significance of the coefficients (Petersen, 2008). Traditional OLS regression methods sometimes fail to adequately capture this serial correlation, particularly in finance data where such issues are common.

To address these concerns and ensure the robustness of our results, we use the Fama-MacBeth (1973) regression methodology. This two-step approach, as advocated by Skoulakis (2008), involves running cross-sectional regressions at each time period and then averaging the coefficients across time. This method effectively accounts for cross-sectional dependence and provides standard errors that are robust to autocorrelation and heteroscedasticity in the residuals.

By using Fama-MacBeth regressions, we aim to mitigate the potential biases that could arise from serial correlation in panel data, thereby enhancing the validity and reliability of our empirical findings

In Table 10, we show the Fama-MacBeth regression results. In Column 1 of Table 10, we consider the sample period from 2018 to 2022, and in Column 2, we consider the full sample period. Consistent with our baseline OLS regression results, we find that the coefficient of *FOG* is negative in both Columns 1 and 2 (coefficient = -0.027 and -0.020 respectively; p-value = 0.005 and 0.000 respectively). These results, therefore, corroborate our baseline results and lend support to our hypothesis.

[Insert Table 10 here]

6 Conclusion

Our study highlights the pivotal role of readability of VM statements in driving financial success for firms. Clear and more readable VM statements provide a strategic framework that promotes operational efficiency and enhances profitability. They serve as a beacon, guiding organizations in making informed decisions that align with their long-term objectives. This clarity not only streamlines operational practices but also boosts employee productivity by providing a clear sense of direction and purpose. Employees who understand their company's goals are more engaged and motivated, contributing positively to the firm's overall performance.

We identify two key mechanisms through which readability of VM statements enhances performance: operational efficiency, and labor efficiency. Our findings demonstrate that investing in the clarity of VM statements is not merely about improving communication—it is crucial for fostering strategic alignment, enhancing employee engagement, and achieving financial success. These insights highlight the tangible benefits of clear VM statements and

provide a compelling argument for their strategic prioritization as organizations navigate the complexities of the modern business landscape. We also find that the association between VM statement readability and firm performance is more pronounced in firms affiliated with business groups, those with more dispersed ownership, and less financially constrained firms.

Despite the importance of our findings, our study has some important caveats. An important critique of VM statements is that they could advertised values that fail to reflect the organization's genuine objectives. Specifically, these statements might not truly represent the operational realities or the evolving strategic intents of the organizations. To address this issue, a direct approach, such as querying top management via a questionnaire survey, may be more effective. This method could provide deeper insights into the actual values and intentions behind crafting the VM statements by capturing nuanced details that website statements may omit.

Another limitation of our study is that companies may update their VM statements periodically as they update their objectives or when there is executive turnover and the new management team brings a different corporate objective. While we have explained the rationale for fixing the VM statements at a point in time, the current empirical design of our study does not allow us to consider changes in a company's vision and mission over time and its potential impact on firm value.

Further research is essential to thoroughly investigate this issue. Empirical and exploratory studies, particularly those conducted in multi-country settings, are needed to gain a better understanding of how VM statements function in different cultural and economic contexts. Such studies could reveal how VM statements vary across regions and sectors and whether their aspirational content aligns with the companies' operational strategies and cultural nuances. This approach would help clarify the real impact and relevance of mission statements

globally, contributing to a more nuanced understanding of their role and effectiveness in organizational strategy.

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FOG Index Estimation Appendix

The Fog Index is a readability test designed to measure the complexity of English texts. The Fog Index also called the Gunning Fog Index, is a measure of the readability of a test document that calculates how many years of formal education are required to comprehend a document on the first reading.

Step 1: Estimation of average sentence length (ASL)

Average sentence length = $\frac{Total\ words\ in\ the\ text}{Total\ sentences\ in\ the\ text}$

Step 2: Estimation of Percentage of complex words (PCW)

Percentage of complex words = $\frac{Number\ of\ complex\ words\ or\ 3\ or\ more\ syllables}{Number\ of\ total\ words} \times 100$

Complex words = words with three or more syllables.

Step 3: Fog Index Estimation

Fog Index = $0.4 \times (ASL + PCW)$

Example:

Total word in the text = 100
Total sentences = 5
Complex words or 3 or more syllables = 23

ASL = $\frac{100}{5} = 20$

PCW = $\frac{23}{100} \times 100 = 23\%$

Fog Index = $0.4 \times (20 + 23) = 17.2$

Fog Index 17.2 means that the reader would need roughly 17 years of formal education to understand the text. A lower Fog Index indicates easier readability, while a higher index suggests more complex text.

Examples of Low and High Fog Index in our Sample

Company Name	Fog Index	Tobin's Q	Vision-Mission Statement
EIH Ltd	9.92	2.78	Our guests We are committed to meeting and exceeding the expectations of our guests through our unremitting dedication to perfection to every aspect of service. Our people We realise that our people are our truest asset. We are totally committed to their growth, development and welfare. Our distinctiveness Together we shall continue the Oberoi tradition of pioneering in the hospitality industry, striving for unsurpassed excellence in high potential locations all the way from the Middle East to Asia-Pacific. Our shareholders We believe it is our responsibility and duty to create extraordinary value for our shareholders. They have reposed their trust in us and our abilities.
Gillete India Ltd	10.95	14.65	Deliver incredible grooming experiences, while leaving the world a better place for every generation.
Reliance Communications Ltd.	31.72	1.13	To build a global enterprise for all our stakeholders, and A great future for our country. To give millions of young Indians the power to shape their destiny, the means to realize their full potential.
NRB Industrial Bearings Ltd.	57.65	0.99	To be a recognized leader in the Design and Production of Customised Friction Solutions, with a presence in every vehicle in the World. To create a culture that fosters innovation and rewards out-of the-box thinking which leads to

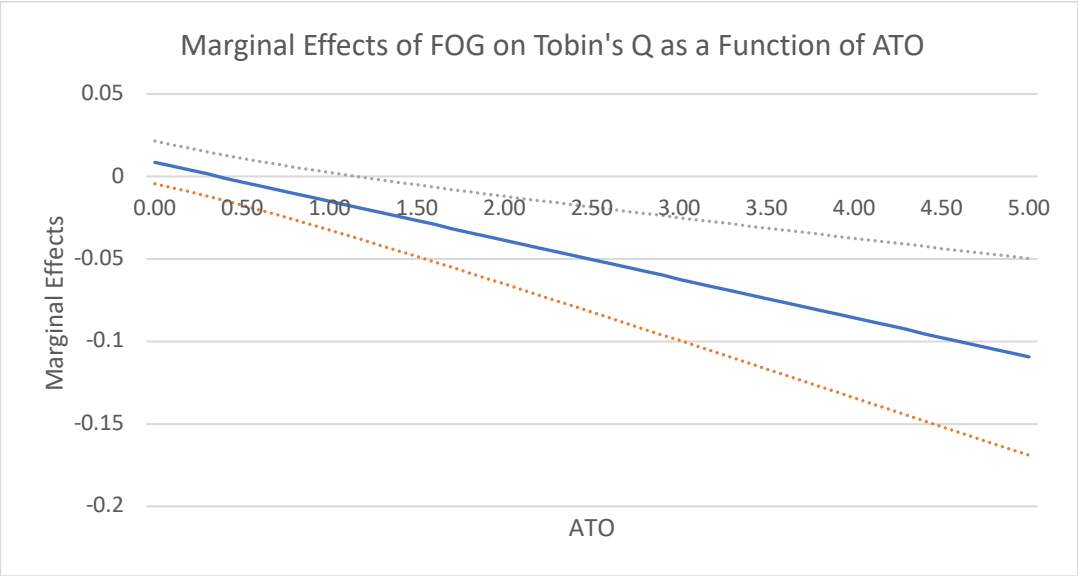
	quantum improvements. To supply products of high quality at optimal cost, leading us to be the preferred business partner. To cultivate team spirit and a sense of ownership, empowering each individual to measurably impact the quality of our organizational results. To recognize individuals who respect and communicate our values and are consistently ethical. To meet International Quality Management System requirements striving to continually improve effectiveness with a focus on product quality, delivery, cost optimization and speed of new product and process development.

This Table provides examples of the *FOG* Index of the Vision and Mission Statements from our sample. It also presents the mean Tobin's Q of the firm

Variable Appendix A

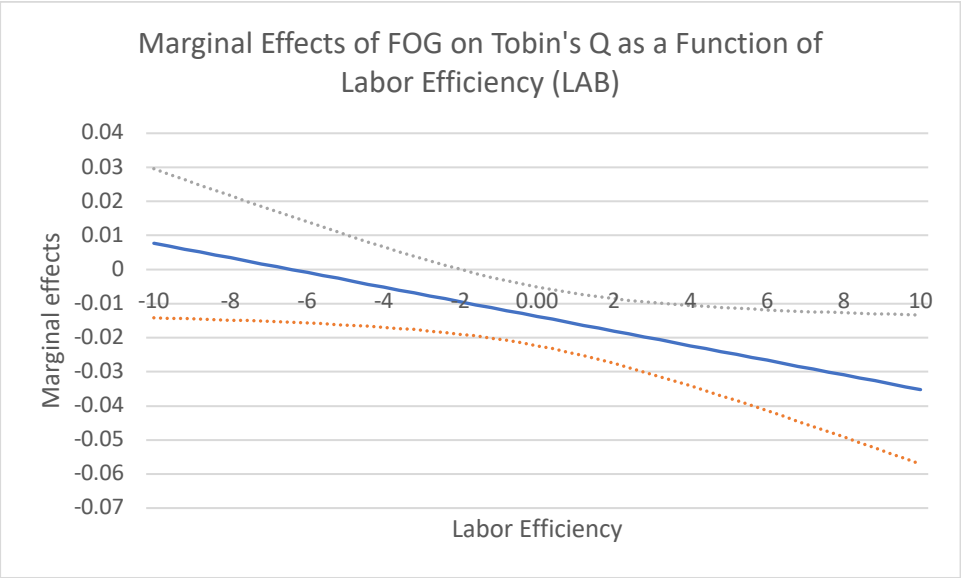
Variable name	Definition and Measurement
FOG	The readability score was developed by Robert Gunning (1952) to measure the readability of mission statements.
TOBIN'S Q	Tobin's q ratio measured as yearend total assets minus common equity plus yearend market capitalization divided by total assets
ROA	Return on assets measured as net income after adjusting extraordinary income divided by total assets
ROE	Return on equity measured as net income divided by common equity or net worth
SIZE	Natural log of book value of total assets
LEV	The ratio of long-term borrowings divided by lag total assets
SALEGR	Sales growth measured as year-on-year growth of revenue.
EARNVOL	Earning volatility measured as standard deviation of earnings on a 3-year rolling window, divided by one year lag total assets. Earnings are the earnings before interest and taxes
CAPINT	Capital intensity measured as net property plant and equipment scaled by lag total assets
LABINT	Labor intensity measured as total employee costs divided by total assets
FCF	Free cash flow measured as net cash flow from operations minus capital expenditure divided by one year lag total assets
LOSS	An indicator variable takes value 1 if earnings before interest and tax is negative, and 0 otherwise.
ATO	Asset turnover ratio measured as sales divided by total assets
LAB	Labor efficiency measured by total sales divided by total employee
BG	Business group, an indicator variable takes value of 1 if a firm belongs to any business group, and 0 otherwise
SA Index	SA Index is the measure of financial constraints. Following Hadlock and Pierce (2010), the SA Index is defined as $[-0.737 \times \text{Log(Total asset)}] + [0.043 \times \text{Log(Total asset)}^2] - (0.040 \times \text{Age})$. Higher values of the SA Index imply firm is more financially constrained.

Figure 1: Marginal Effects of FOG on Tobin's Q as a Function of the Asset Turnover Ratio



This figure displays the marginal effects of *FOG* on Tobin's Q for different levels of *ATO*, derived from a sample of Indian firms between 2011-2022.

Figure 2: Marginal Effects of FOG on Tobin's Q as a Function of the Asset Turnover Ratio



This figure displays the marginal effects of *FOG* on Tobin's Q for different levels of *LAB*, derived from a sample of Indian firms between 2011-2022.

Table 1: Sample Distribution

Panel A: Industry Distribution of Firms

Industry	Obs	Percent
Consumer non-durables	820	17.92
Consumer Durables	383	8.37
Manufacturing	660	14.43
Energy	106	2.32
Chemicals & Allied Products	310	6.78
Business Equipment	369	8.07
Telephone & Television	60	1.31
Wholesale & Retail	206	4.44
Healthcare, Medical Equipment, & Drugs	397	8.68
Others: Mines, Construction, Transport, Hotels & Entertainment	1,263	27.41
Total	4,574	100

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the industry distribution of the sample.

Panel B: Year Distribution of Firms

Year	Obs	Percent
2011	190	4.15
2012	231	5.07
2013	225	4.92
2014	210	4.59
2015	381	8.33
2016	412	9.01
2017	408	8.92
2018	434	9.49
2019	427	9.33
2020	553	12.09
2021	570	12.46
2022	533	11.65
Total	**4,574**	**100**

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the year distribution of the sample.

Panel C: Descriptive Summary of FOG by Year

Year	Obs	Mean	Stdev	Min	Max
2011	190	16.93	4.68	6.34	44.51
2012	231	16.93	4.87	7.8	52.66
2013	225	16.87	5.08	5.73	52.66
2014	210	17.04	5.04	5.73	52.66
2015	381	16.84	5.38	3.92	57.65
2016	412	16.75	5.07	3.92	57.65
2017	408	16.51	4.64	3.92	52.66
2018	434	16.79	5.24	6.34	57.65
2019	427	16.77	5.33	5.73	57.65
2020	553	16.43	4.51	3.92	46.14
2021	570	16.60	5.10	3.92	57.65
2022	533	16.50	4.69	3.92	52.66

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the descriptive statistics of the *FOG* Index of the Vision and Mission (VM) statements for the full sample of firms by year.

Panel D: Descriptive Summary of FOG by Industry

Industry Classification	Obs	Mean	Stdev	Min	Max
Consumer non-durables	820	16.49	5.59	6.8	52.66
Consumer Durables	383	16.06	5.54	5.73	45.48
Manufacturing	660	17.29	5.5	3.92	57.65
Energy	106	16.75	2.47	12.24	24.62
Chemicals & Allied Products	310	16.76	5.01	7.8	37.24
Business Equipment	369	15.89	3.48	9.05	26.89
Telephone & Television	60	16.2	4.18	9.53	31.72
Wholesale & Retail	206	15.61	2.89	10.81	22.4
Healthcare, Medical Equipment, & Drugs	397	16.2	3.13	10.84	30.33
Others: Mines, Construction, Transport, Hotels & Entertainment	1,263	17.26	5.25	6.47	46.14

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the descriptive statistics of the *FOG* Index of the Vision and Mission (VM) statements for the full sample of firms by industry.

Table 2 Descriptive Statistics

Panel A: Descriptive Statistics Non-VM Firms vs VM Firms

	Non-VM Firms				VM Firms					
	N	Mean	Median	Std. Dev.	N	Mean	Median	Std. Dev.	Mean Difference (VM – Non-VM)	(p-value)
Tobin's Q	**1869**	**2.014**	**1.461**	**1.599**	**4574**	**2.220**	**1.584**	**1.708**	**0.206**	**0.000**
ROA	**1869**	**0.019**	**0.022**	**8.855**	**4574**	**0.037**	**0.036**	**0.761**	**0.018**	**0.000**
ROE	**1869**	**0.064**	**0.076**	**0.371**	**4574**	**0.077**	**0.093**	**0.278**	**0.013**	**0.081**

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents and compares the descriptive statistics for the Non-VM and VM Firms. Statistically significant differences are presented in bold font. Refer to Appendix A for variable definitions.

Panel B: Descriptive Statistics

Variables	N	Min	p25	Mean	Median	p75	Max	Stdev
Tobin's Q	4574	0.520	1.228	2.220	1.584	2.463	10.324	1.708
ROA	4574	-2.87	0.052	0.037	0.036	0.076	3.085	0.761
ROE	4574	-1.42	0.028	0.077	0.093	0.165	1.337	0.278
FOG	4574	9.31	14.04	16.603	15.67	17.96	35.16	4.263
SIZE	4574	5.917	8.655	9.773	9.62	10.742	14.284	1.582
LEV	4574	0.002	0.115	0.266	0.234	0.366	1.32	0.207
SALEGR	4574	-0.812	-0.045	0.103	0.077	0.206	5.356	0.35
EARNVOL	4574	0.002	0.022	0.166	0.043	0.086	9.3	0.758
CAPINT	4574	0.061	0.174	0.317	0.311	0.445	0.805	0.179
LABINT	4574	0.022	0.056	0.188	0.118	0.225	1.949	0.24
FCF	4574	-0.372	0.038	0.105	0.097	0.163	0.689	0.115
LOSS	4574	0	0	0.102	0	0	1	0.302

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the descriptive statistics for the full sample of firms. Refer to Appendix A for variable definitions.

Panel C: Descriptive Statistics Low and High FOG firms

	Low FOG				High FOG					
	N	Mean	Median	Std. Dev.	N	Mean	Median	Std. Dev.	Mean Difference	(p-value)
FOG	**1463**	**12.954**	**13.310**	**1.318**	**1519**	**21.04**	**19.370**	**4.387**	**-8.085**	**0.000**
Tobin's Q	**1463**	**2.295**	**1.588**	**1.840**	**1519**	**2.085**	**1.556**	**1.476**	**0.209**	**0.000**
ROA	**1463**	**0.039**	**0.037**	**0.754**	**1519**	**0.031**	**0.032**	**0.766**	**0.009**	**0.001**
ROE	**1463**	**0.083**	**0.098**	**0.263**	**1519**	**0.061**	**0.090**	**0.301**	**0.021**	**0.037**
SIZE	1463	9.613	9.506	1.582	1519	9.687	9.433	1.479	-0.073	0.187
LEV	1463	0.269	0.235	0.209	1519	0.271	0.244	0.203	-0.002	0.888
SALERG	1463	0.106	0.074	0.357	1519	0.101	0.081	0.336	0.005	0.686
EARNVOL	**1463**	**0.139**	**0.041**	**0.641**	**1519**	**0.218**	**0.042**	**0.959**	**-0.079**	**0.008**
CAPINT	1463	0.321	0.323	0.178	1519	0.317	0.311	0.187	0.004	0.551
LABINT	**1463**	**0.212**	**0.130**	**0.272**	**1519**	**0.181**	**0.112**	**0.225**	**0.031**	**0.000**
FCF	1463	0.105	0.100	0.121	1519	0.105	0.095	0.113	0.000	0.949
LOSS	**1463**	**0.093**	**0**	**0.291**	**1519**	**0.121**	**0**	**0.326**	**-0.027**	**0.015**

The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents and compares the descriptive statistics for the High and low *FOG* index of the mission statement. Statistically significant differences are presented in bold font. Refer to Appendix A for variable definitions.

Table 3: Pairwise correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1) Tobin's Q	1.000											
(2) ROA	0.470*	1.000										
(3) ROE	0. 184*	0.378*	1.000									
(4) FOG	-0.063*	-0.074*	-0.052*	1.000								
(5) SIZE	0.101*	0.089*	0.014	-0.004	1.000							
(6) LEV	-0.320*	-0.405*	-0.096*	0.027	-0.048*	1.000						
(7) SALEGR	0.099*	0.217*	0.094*	-0.001	0.011	0.024	1.000					
(8) EARVOL	-0.045*	-0.158*	-0.025	0.076*	0.038*	0.052*	0.005	1.000				
(9) CAPINT	-0.109*	-0.092*	-0.029	-0.019	-0.085*	0.233*	-0.011	-0.026	1.000			
(10) LABINT	0.103*	0.084*	0.045*	-0.026	-0.275*	-0.036*	-0.016	-0.076*	0.191*	1.000		
(11) FCF	0.229*	0.466*	0.200*	-0.019	0.053*	-0.121*	0.120*	-0.108*	0.283*	0.084*	1.000	
(12) Loss	-0.149*	-0.564*	-0.317*	0.052*	-0.042*	0.206*	-0.155*	0.205*	0.065*	-0.057*	-0.260*	1.000

The Table above is based on a sample of Indian firms for the period 2011-202. The above table presents the Pearson correlation coefficients among the variables of interest. The correlations that are significant at the 5% level of significance or better are indicated by *. Refer to Appendix A for variable definitions.

Table 4: Readability of Vision, Mission, and Purpose Statement and Firm Value

Dependent Variable	Tobin's Q	
	2018-2022	Full Sample
FOG	-0.022***	-0.014***
	(0.001)	(0.001)
SIZE	0.130***	0.125***
	(0.000)	(0.000)
LEV	-1.364***	-1.475***
	(0.000)	(0.000)
SALEGR	0.295**	0.215***
	(0.001)	(0.001)
EARNVOL	-0.047*	-0.044*
	(0.079)	(0.058)
CAPINT	-2.136***	-1.816***
	(0.000)	(0.000)
LABINT	-54.774*	-36.166*
	(0.095)	(0.055)
FCF	3.648***	3.432***
	(0.000)	(0.000)
LOSS	-0.225**	-0.155**
	(0.005)	(0.004)
Industry Fixed Effects	-0.022***	-0.014**
Year Fixed Effects	Yes	Yes
Constant	2.163***	1.868***
	(0.000)	(0.000)
Observations	2514	4574
Adjusted R^2	0.297	0.334

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the model below:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.

Table 5: Readability of Vision, Mission, and Purpose Statement and Operating Profitability

Dependent Variable	ROA		ROE	
	2018-2022	Full Sample	2018-2022	Full Sample
FOG	-0.069***	-0.054***	-0.003**	-0.002**
	(0.007)	(0.003)	(0.036)	(0.038)
SIZE	0.038	0.190**	0.000	-0.007*
	(0.713)	(0.011)	(0.946)	(0.075)
LEV	-8.861***	-8.855***	0.033	-0.020
	(0.000)	(0.000)	(0.394)	(0.495)
SALEGR	3.256***	2.421***	0.007	0.023
	(0.000)	(0.000)	(0.792)	(0.157)
EARNVOL	-0.368**	-0.272*	0.025*	0.022*
	(0.030)	(0.056)	(0.097)	(0.051)
CAPINT	-7.277***	-6.357***	-0.112**	-0.123***
	(0.000)	(0.000)	(0.013)	(0.000)
LABIN	-345.843**	-110.190	1.515	-4.367
	(0.014)	(0.225)	(0.849)	(0.318)
FCF	22.995***	21.296***	0.306***	0.325***
	(0.000)	(0.000)	(0.000)	(0.000)
LOSS	-8.691***	-9.237***	-0.259***	-0.256***
	(0.000)	(0.000)	(0.000)	(0.000)
Industry Fixed Effects	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes
Constant	7.851***	5.730***	0.143**	0.213***
	(0.000)	(0.000)	(0.030)	(0.000)
Observations	2515	4574	2516	4574
Adjusted R^2	0.588	0.561	0.119	0.127

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the following models below:

$$ROA_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

$$ROE_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.

Table 6: Readability of Vision, Mission, and Purpose Statement and Firm Value: Mechanisms

Dependent Variable	Tobin's Q	
Mediating Variable	ATO	LAB
FOG	0.009	-0.014**
	(0.190)	(0.001)
ATO	0.860***	
	(0.000)	
FOG*ATO	-0.024***	
	(0.000)	
LAB		0.047**
		(0.026)
FOG*LAB		-0.002**
		(0.033)
SIZE	0.159***	0.123***
	(0.000)	(0.000)
LEV	-1.623***	-1.446***
	(0.000)	(0.000)
SALEGR	0.095*	0.211***
	(0.080)	(0.001)
EARNVOL	-0.019	-0.043*
	(0.398)	(0.076)
CAPOINT	-1.544***	-1.805***
	(0.000)	(0.000)
FCF	-51.423**	-37.994**
	(0.007)	(0.044)
LABINT	2.737***	3.414***
	(0.000)	(0.000)
LOSS	-0.014	-0.128**
	(0.806)	(0.023)
Industry Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Constant	0.724**	1.879***
	(0.012)	(0.000)
Observations	4574	4574
Adjusted R^2	0.358	0.335

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the following models below:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 ATO_{it} + \beta_3 FOG_{it} * ATO_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 SALEGR_{it} + \beta_7 EARNVOL_{it} + \beta_8 CAPINT_{it} + \beta_9 LABINT_{it} + \beta_{10} FCF_{it} + \beta_{11} LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 LAB_{it} + \beta_3 FOG_{it} * LAB_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 SALEGR_{it} + \beta_7 EARNVOL_{it} + \beta_8 CAPINT_{it} + \beta_9 LABINT_{it} + \beta_{10} FCF_{it} + \beta_{11} LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.

Table 7: Readability of Vision, Mission, and Purpose Statement and Firm Value: BG Effect

Dependent Variable	Tobin's Q	
	BG Sample	Non-BG Sample
FOG	-0.018***	-0.011
	(0.002)	(0.109)
SIZE	0.174***	0.055
	(0.000)	(0.153)
LEV	-1.251***	-1.731***
	(0.000)	(0.000)
SALEGR	0.161**	0.237**
	(0.023)	(0.037)
EARNVOL	-0.093**	-0.000
	(0.007)	(0.993)
CAPINT	-2.590***	-0.935***
	(0.000)	(0.000)
LABINT	8.871	-107.202***
	(0.755)	(0.000)
FCF	3.225***	3.467***
	(0.000)	(0.000)
LOSS	-0.119*	-0.171*
	(0.095)	(0.053)
Industry Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Constant	1.545***	2.455***
	(0.000)	(0.000)
Observations	2479	2095
Adjusted R^2	0.415	0.297

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the model below:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.
We estimate the model for the BG firms and the non-BG firms and compare the coefficients of FOG. We report the p-values of tests of mean difference of coefficients in parentheses.

Table 8: Readability of Vision, Mission, and Purpose Statement and Firm Value: Effect of Institutional Holdings

Dependent Variable	(1) Tobin's q	(2) Tobin's q
	Institutional Below 75th Percentile	Institutional Above 75th Percentile
FOG	-0.015***	-0.013
	(0.001)	(0.276)
SIZE	0.104***	-0.155**
	(0.000)	(0.010)
LEV	-1.292***	-2.157***
	(0.000)	(0.000)
SALEGR	0.229***	0.117
	(0.001)	(0.455)
EARNVOL	-0.040	-0.019
	(0.169)	(0.670)
CAPINT	-1.382***	-2.254***
	(0.000)	(0.000)
LABINT	-4.965	-29.376
	(0.805)	(0.899)
FCF	2.559***	6.199***
	(0.000)	(0.000)
LOSS	-0.217***	0.307
	(0.000)	(0.123)
Industry Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Constant	1.849***	5.174***
	(0.000)	(0.000)
Observations	3428	1143
Adjusted R^2	0.316	0.459

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the model below:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.

We separately estimate the models for the firms with Institutional holdings below 75th Percentile and those with Institutional holdings above 75th Percentile.

Table 9: Readability of Vision, Mission, and Purpose Statement and Firm Value: Effect of Financial Constraints

	(1)	(2)
Dependent Variable	Tobin's Q	
	High Financial Constraints	Low Financial Constraints
FOG	-0.004	-0.029***
	(0.485)	(0.000)
SIZE	0.119***	0.152***
	(0.000)	(0.000)
LEV	-1.339***	-1.684***
	(0.000)	(0.000)
SALEGR	0.220**	0.180*
	(0.004)	(0.091)
EARNVOL	-0.048**	-0.057
	(0.046)	(0.474)
CAPINT	-1.665***	-2.074***
	(0.000)	(0.000)
LABINT	-59.762**	37.577
	(0.021)	(0.245)
FCF	3.024***	3.698***
	(0.000)	(0.000)
LOSS	-0.203**	-0.191**
	(0.004)	(0.025)
Industry Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Constant	1.779***	1.870***
	(0.000)	(0.000)
Observations	2309	2264
Adjusted R^2	0.371	0.319

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the model below:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.
We separetly estimate the models for the firms with above-median and below-median financial constraints proxied by SA Index.

Table 10: Readability of Vision, Mission, and Purpose Statement and Firm Value: Fama-Macbeth Regression

Dependent Variable	Tobin's Q	
	2018-22	Full Sample
FOG	-0.027***	-0.020***
	(0.005)	(0.000)
SIZE	0.029	0.045*
	(0.608)	(0.094)
LEV	-1.932***	-1.950***
	(0.000)	(0.000)
SALEGR	0.262*	0.319**
	(0.064)	(0.003)
EARNVOL	0.004	0.159
	(0.846)	(0.242)
CAPINT	-1.164**	-0.836***
	(0.007)	(0.000)
LABINT	-63.438*	-32.307*
	(0.058)	(0.078)
FCF	3.388**	3.010***
	(0.001)	(0.000)
LOSS	-0.335**	-0.026
	(0.045)	(0.802)
Industry Fixed Effects	Yes	Yes
Year Fixed Effects	Yes	Yes
Constant	3.106**	2.515***
	(0.009)	(0.000)
Observations	2517	4574
Adjusted R^2	0.33	0.31

The p-values (reported in parentheses) are based on standard errors clustered at the firm and year levels. The Table above is based on a sample of Indian firms for the period 2011-2022. The above table presents the results of the model below:

$$Tobin's\ Q_{it} = \beta_0 + \beta_1 FOG_{it} + \beta_2 SIZE_{it} + \beta_3 LEV_{it} + \beta_4 SALEGR_{it} + \beta_5 EARNVOL_{it} + \beta_6 CAPINT_{it} + \beta_7 LABINT_{it} + \beta_8 FCF_{it} + \beta_9 LOSS_{it} + \sum_j \gamma_j Ind_j + \sum_t \delta_t Year_t + \epsilon_{it}$$

Refer to Appendix A for variable definitions.