RESEARCH REPORT
STUDY PAPER 293
JUNE 2026

Value based leadership in the public sector

Morten Bennedsen, Jihye Jang and Maria Schlier

THE ROCKWOOL FOUNDATION

STUDY PAPER 293 JUNE 2026

Value based leadership in the public sector

Published by:

Address:
The ROCKWOOL Foundation Research Unit
Ny Kongensgade 6
1472 Copenhagen, Denmark

Telephone +45 33 34 48 00
E-mail: kontakt@rff.dk
en.rockwoolfonden.dk/research/

June 2026

Value based leadership in the public sector *

Morten Bennedsen[†], Jihye Jang[‡], Maria Schlier[§]

January 8, 2026

Abstract

This paper examines whether and how the personal values of public sector leaders influence organizational outcomes. We address three questions: What values do public sector leaders hold, and how do these values shape workplace culture? Are these values systematically different from those of private sector leaders? And lastly, does value-based leadership (VBL) improve productivity and employee well-being in public organizations? To answer these questions, we use a unique survey of Danish public sector leaders and employees, linked to administrative registers that allow validation of stated values against revealed preferences. We document the distribution of leadership values and compare them to those of employees and to private sector leaders. We then analyze the consequences of VBL for organizational performance. Units led by high-value leaders exhibit higher job satisfaction, stronger perceptions of meaningful work, and better collegial relationships. They also experience lower turnover and reduced absenteeism, which we interpret as a proxy for effort. Our findings show that value-based leadership significantly improves organizational effectiveness in the public sector.

*We thank XXX. We thank the research office in Statistic Denmark for long term collaboration. We are grateful for financial support from the Rockwool Foundation.

[†]University of Copenhagen, INSEAD, Danish Finance Institute, ECGI, and CEPR

[‡]Cornell University

[§]University of Copenhagen

I Introduction

Leaders in the public sector are often portrayed as mission-oriented individuals who choose public service because it aligns with their personal values. In this paper, we provide systematic evidence on this claim by examining the values of public sector leaders and the extent to which these values influence the organizations they manage. We address three central questions. First, what values do public sector leaders hold and how do these values shape organizational practices and workplace culture? Second, are the values of public sector leaders different from those of leaders in the private sector? Third, does value-based leadership in the public sector lead to measurable improvements in productivity and employee outcomes? By answering these questions, the paper contributes to a deeper understanding of the role of value-based leadership in the public sector and its implications for organizational performance.[1]

Public sector organizations differ fundamentally from private firms in their objectives and operating environment. Whereas private firms pursue profit maximization as a clear and measurable goal, public organizations are responsible for delivering essential services, ensuring fairness, and maintaining legitimacy in the eyes of citizens. These objectives must be achieved under strict fiscal constraints and continuous political oversight. The outputs of public organizations are multidimensional and difficult to quantify, which makes performance evaluation and incentive design inherently incomplete. Formal contracts and monitoring systems can only partially capture the goals that matter, leaving substantial scope for discretion in decision-making. (Wilson, 1989; Ahmad et al., 2003)

When formal mechanisms cannot fully align behavior with organizational objectives, leaders become central to shaping norms, guiding decisions, and sustaining cooperation. Evidence shows that leaders matter in the public sector (Fenizia, 2022; Bennedsen et al., 2025) These studies document that leadership in the public sector influences organizational outcomes and are important drivers of organizational efficiency.

These few studies parallel a larger literature on the importance of CEOs in private firms. Bertrand and Schoar (2003) show that firms led by different chief executive officers systematically differ in corporate policies, even after controlling for observable characteristics. Bennedsen et al. (2020) provides causal evidence using hospitalization shocks, showing that the temporary absence of a chief executive officer leads to significant changes in firm performance. These findings confirm that leadership has measurable effects on organizational behavior and outcomes. Subsequent work has examined the role of personal traits and life experiences in shaping managerial styles. For example, chief executive officers with military

[1] The concept of VBL has attracted considerable attention in the management and leadership literature (Gilliland et al. (2003); Kraemer (2011)), inspiring MBA and Executive courses at leading business schools and even a specialized peer-reviewed outlet, the Journal of Values-Based Leadership.

backgrounds pursue distinct strategies and exhibit different ethical norms Benmelech and Frydman (2015). Early career environments, such as exposure to recessions or economic shocks Schoar and Zuo (2016, 2017), and professional networks Shue (2013) leave lasting imprints on decision-making. Other contributions provide quasi-experimental evidence of leader effects, such as sudden chief executive officer deaths, while political Kramarz and Thesmar (2013) and personal Nguyen (2012) connections have been shown to influence firm behavior. Collectively, this literature underscores that individual leaders and their characteristics are important drivers of organizational performance in the private sector.

More recently, the literature has begun to unpack the mechanisms behind these effects. Kaplan et al. (2012) links interpersonal skills to firm behavior, while Bandiera et al. (2020) demonstrates that the right match of leaders and firms explains productivity differentials, and Hoffman and Tadelis (2021) shows how people-management skills matter for worker retention. Closest to the present paper is Bennedsen et al. (2025), who study value-based leadership in private firms. Using a survey of 1,500 Danish CEOs, they show that value-based leadership is more common in family firms and among women CEOs, and that it correlates with firm performance; CEO turnover and hospitalization shocks establish the causality of this link. Evidence from the public sector reinforces the importance of management: Friebel et al. (2022) shows how middle managers' behaviors vis-à-vis their workers affect turnover in a large randomized controlled trial. Recent contributions extend this agenda: Castro et al. (2022) shows how leadership and organizational culture interact to influence long-term effectiveness, while Delfino and Espinosa (2025) highlights the role of value alignment between leaders and employees and its impact on productivity. Collectively, this literature underscores a central point: leaders matter, but which dimensions of leadership matter most remains an open question, especially in the public sector.

Value-based leadership (VBL) refers to leadership that articulates, embodies, and transmits a coherent system of values that shapes beliefs, expectations, and behavior inside the organization (Bennedsen and Fan, 2014; Bennedsen et al., 2025; Gilliland et al., 2003; Kraemer, 2011). In economic terms, VBL is an informal governance mechanism that operates when contracts and monitoring are incomplete. It works through several channels. First, selection and matching: leaders who make values salient attract and retain agents with aligned preferences and discourage misaligned types, thereby reducing effective agency costs (Van den Steen, 2005; Besley and Machin, 2008; Bolton et al., 2013). Second, credibility and commitment: consistent articulation and enforcement of values builds reputation, which coordinates beliefs and increases effort; formal models show how leadership influences effort through costly signaling and information disclosure (Hermalin, 1998, 2007; Bolton et al., 2013). Third, coordination under complementarities: when production exhibits strategic complementarities, shared values create common knowledge that selects cooperative equilibria and mitigates self-interested behavior (Rotemberg and Saloner, 1994, 2000). Fourth, attention and strategic direction: values act as stable attention weights that channel prior-

ity setting and resource allocation in complex environments, leading to persistent strategic choices (Dessein and Santos, 2021; Steen, 2018). Fifth, culture and identity: VBL intentionally cultivates corporate culture—shared norms and values that guide behavior when contracts are silent—thereby enabling cooperation and adaptation; culture can be viewed as a reputational rule that coordinates expectations (Kreps et al., 1990; Gibbons and Henderson, 2012). Values also alter utility through identity; making organizational membership salient increases intrinsic motivation and discourages opportunism (Akerlof and Kranton, 2005). Closely related literatures emphasize normative and ethical dimensions of leadership and the role of vision, integrity, and role modeling in fostering trust and compliance (Bass, 1990; Burns, 1978; Brown and Treviño, 2006; Shamir et al., 1993; Nohria and Khurana, 2010). In public purpose organizations, mission matching implies that shared values substitute for monetary incentives (Besley and Ghatak, 2005), and institutional perspectives link value alignment to legitimacy (Scott, 2013). Guided by these foundations, we define VBL as leader actions that select, signal, and sustain a shared value system which coordinates expectations, strengthens identity, and supports relational contracts, thereby improving cooperation and performance under agency frictions and incomplete contracts.

Empirical research on organizations further supports the stabilizing role of values. Studies of corporate culture find that shared values contribute to performance that is more resilient (Kotter (2008)) and more stable (Sørensen (2002)). Work on management practices emphasizes structured approaches as drivers of efficiency (Bloom and Van Reenen (2007)), but values may provide the deeper foundations that make practices sustainable. Leadership theory also highlights how value-driven behavior enhances innovative ideas, credibility, reduces conflict, aligns incentives and increases compliance (Rotemberg and Saloner (1993), Bolton et al. (2013); Hermalin (1998); Hermalin (2007)). In the public sector, where leaders are accountable not only to employees but also to citizens, these mechanisms may be particularly decisive for legitimacy and effectiveness.

We draw on a unique survey conducted in 2021 that asked leaders and employees across all industries in the Danish public sector about their values. The survey is largely based on established instruments such as the European Values Study (EVS), while also including a set of unique questions specifically targeting leaders' values and the importance of those values in their daily work. Our survey was carried out in collaboration with Statistics Denmark (DST), which distributed it using unique personal identifiers that allow responses to be merged with administrative registers. This linkage makes it possible to connect survey answers to demographic and employment information and to validate key questions against independent measures such as church membership, crime records, and media consumption.

The results of these validation exercises show that the survey answers coincide with revealed preferences: for example, individuals who report caring more about the living conditions of their fellow citizens are more likely to consume national news, while those who report caring

about the living conditions of Europeans or people worldwide are more likely to consume international news; individuals who state greater acceptance of cheating are more likely to have committed minor offenses; and respondents who report being religious are more likely to be registered as church tax payers.

Our first contribution is descriptive. We document the distribution of leaders' values in the public sector and compare them to those of their employees. The survey captures a broad range of value dimensions, including religiosity, altruism, honesty, and political engagement, along with value-based leadership (VBL) related to how leaders' personal values are transmitted into organizational practices. We find that VBL varies systematically with leader characteristics: it is higher among leaders with advanced education, those above median age, and those supervising other managers. We also document substantial heterogeneity in how leaders across different public sectors, including education, health, and public administration, incorporate values into their leadership practices. VBL of leaders and employees are significantly correlated. This suggests that value-based leadership is effectively transmitted within organizations, either through leader influence on employee perceptions or through sorting mechanisms that match value-oriented leaders with similarly oriented employees.

Our second contribution is to benchmark public-sector leaders against private-sector leaders by drawing on a comparable survey we conducted in Danish firms in 2015. This comparison highlights systematic differences in the value profiles of leaders across the two sectors. By putting public and private leaders side by side, we show that leaders in the public sector score systematically higher on value-based leadership than their private-sector counterparts. The distribution of VBL is shifted rightward in the public sector: public leaders are more likely to report that their personal values align with their organization's mission, shape their daily decisions, and are visible to employees. We also find that public-sector leaders score higher on altruism and trust, whereas private-sector leaders exhibit stronger nationalist orientations. Taken together, these patterns are consistent with mission-driven selection into public service.

Finally, we analyze the consequences of leadership values for workplace outcomes in the public sector. Units led by high-value leaders exhibit higher job satisfaction, a stronger sense of meaningful work, and better relationships among colleagues. These units also experience lower turnover and reduced worker absence, which we interpret as a proxy for employee effort. This result underscores the direct influence of leaders' values on employee behavior.

The remainder of the paper proceeds as follows. Section II describes the data sources, survey design, and sample construction. Section III presents the empirical results on leader values, public–private comparisons, and organizational outcomes. Section IV concludes.

II Data, sample construction and methodology

II.1 Data sources

The survey was conducted in 2021 in collaboration with Statistics Denmark and targeted both leaders and employees in the Danish public sector. Its purpose was to measure individual values, leadership orientations, and management practices in a way that could be linked to high-quality administrative registers. Leaders were asked a comprehensive set of questions on their values and their approach to management, while workers were surveyed on their own values, their perceptions of leadership, and their work environment. Details on the sampling strategy and survey implementation are provided in Appendix A.

The design of the questionnaire builds on established international surveys of values, in particular the World Value Survey (WVS) and the European Values Study (EVS). In the first section, we used questions routinely asked in these surveys, which are regularly employed in economic research linking cultural and personal values to economic outcomes (Guiso et al., 2006; Tabellini, 2008). This allows us to benchmark Danish public sector leaders and workers against comparable international evidence. In addition, we designed new questions to capture how values are transmitted within organizations, how they influence workplace behavior, and how they interact with formal management practices.

The leader questionnaire included three main components. The first covered personal values, with questions on family orientation, social responsibility, trust, religious beliefs, and political attitudes. The second component measured value-based leadership (VBL) by asking leaders how often they communicate, clarify, and enact their personal values in the workplace. To measure this directly, leaders were asked:

VBL questions for leaders:

1. To what extent do you feel that your personal values match the mission of the workplace?
2. To what extent do your personal values influence your decisions in your daily work?
3. To what extent are your personal values visible to the employees for whom you have day-to-day management responsibility, and evident in the everyday life of your team?
4. To what extent is your team's daily work based on strong ethical values, e.g. keeping promises, treating employees and customers well, etc.?
5. How often do you do the following in your capacity as head of a unit? Communicates and clarifies your own personal values to unit members.

VBL questions for employees:

1. To what extent do you feel that your personal values match the mission of the workplace?
2. To what extent do you feel that you understand your immediate manager's personal values and the background for the decisions he or she makes?
3. To what extent do you feel that your immediate manager does his best to communicate and clarify his personal values to you?
4. To what extent do you feel that the daily work in your unit is based on strong ethical values, e.g. that you keep what you promise, that employees and customers are treated properly, etc.?

In addition, leaders were asked how important they considered the mission of their organization to be for their daily work.

To capture how these values are perceived and transmitted, workers in the same units were asked a parallel set of questions. They were asked whether they regarded their leaders' values as visible and influential in the workplace, whether they believed that strong moral principles guided daily operations, and whether they experienced leadership as clear and well-defined. Workers were also asked about the importance of the organization's mission for their own day-to-day work. This dual design allows us to compare the values expressed by leaders with the perceptions of employees, making it possible to study both the articulation and the transmission of values in public organizations.

The third section of the leader questionnaire focused on management practices, covering domains such as target-setting, monitoring, feedback, and personnel management. These questions followed the methodology developed by Bloom and Van Reenen (2007), which has been widely applied in economics to measure structured management practices across firms, and were adapted here to the public sector context. Workers were also asked about management quality in their unit, providing an additional perspective on the effectiveness and credibility of formal practices.

The survey was administered digitally by Statistics Denmark in June 2021 via the national electronic inbox system, with two follow-up reminders in July and August. Responses were collected and anonymized before being made available to researchers through secure servers. This setup allows us to merge survey data with Danish administrative registers, making it possible to compare stated values with revealed behaviors and to link leadership and worker values to objective measures of organizational outcomes.

Additional data sources

Unique identifiers for both leaders and workplaces allow us to merge our survey with Danish administrative records from Statistics Denmark. Using the personal identification number (CPR), we link respondents to population-wide registers containing detailed background information, including gender, age, education, income, and family status. Workplaces are identified through the employer–employee register, Register-based Labour Force Statistics (RAS, from its Danish acronym), which provides comprehensive information on employment relations and forms the backbone of our sample construction.

We complement these core data with additional administrative sources. The Education Register (UDDA) provides detailed information on individuals' educational attainment. The Hospitalization Register (SYIN) is used to identify sudden health shocks affecting leaders, which allows us to study causal effects of leadership separation. The Church Register (FOLKIRK) provides information on membership in the Evangelical Lutheran Church of Denmark through the church tax system, enabling us to validate self-reported religious values. The Absence Register (FRAN) records detailed information on worker absence spells, which we use as a key outcome variable when analyzing workplace behavior and performance.

We supplement administrative registers with external survey data collected by Statistics Denmark. In particular, the Cultural Habits Survey (KVU) provides information on media consumption and civic engagement. Linking these data to our respondents allows us to validate questions on altruism and concern for others against independent behavioral measures.

Two further data sources are central for this paper. The first is the European Values Study (EVS), conducted on a representative sample of the Danish population. Many of the questions in our survey were adapted from the EVS, allowing us to benchmark Danish public sector leaders against the general Danish population. The second is a survey of private-sector leaders carried out in 2015, which focused on CEOs and also included measures of value-based leadership (Bennedsen et al. (2025)). The close alignment of this survey with ours enables direct public–private comparisons of leadership values in Denmark.

II.2 The survey and the quantification of leaders' values

Our survey asked leaders a total of 42 questions about their values. The complete set of questions is documented in Table B.1 and the distributions of responses are shown in the rest of Appendix B. To analyze these responses, we construct indices that summarize underlying dimensions of leaders' values. We pursue two complementary approaches. First, we conduct an exploratory factor analysis on the complete set of questions to identify how answers cluster together. This analysis yields five distinct factors, which we interpret based on the loading structure, as capturing: i) altruism, ii) trust, iii) nationalism, iv) mission orientation, and v) value-based leadership (VBL). Second, we construct simple indices defined as

the unweighted averages of survey responses within each of these five categories. Throughout the paper, we focus on the index-based measures as our main specification, since these allow direct comparisons with analogous indices derived from the European Values Study (EVS) and from the survey of private sector leaders. Nonetheless, the results are qualitatively robust to using the factor-based measures, and full details of the factor methodology are reported in Appendix E.

A large body of research highlights the organizational relevance of each of these dimensions. Altruism has been recognized as a driver of prosocial behavior in organizations, fostering help among colleagues (Organ (1997)) and a higher perception of fairness (Podsakoff et al. (2000)). Leaders who exhibit more fairness are perceived as more charismatic and are more likely to reach group cooperation (de Cremer and Knippenberg (2002)). Rotemberg and Saloner (1993) shows that in a setup of incomplete contracts, leaders who are empathetic improver workers' incentives where the environment benefits from innovative ideas.

Trust, understood here as leaders' willingness to place confidence in others, is equally central. A trusting orientation allows managers to delegate responsibilities and reduce costly monitoring and controlling Falk and Kosfeld (2006); Mayer et al. (1995); McEvily et al. (2003)), especially when there is ambiguity or behaviors that cannot be observed (Dirks (2000)).

Nationalism here reflects the degree to which leaders emphasize attachment to the nation and prioritize compatriots relative to outsiders. While less explored in organizational settings, related work on identity formation suggests that national identification shapes ingroup preferences and decision-making (Tajfel and Turner (2004); Shayo (2009)).

Mission orientation captures leaders' emphasis on the workplace stated mission. Management theory highlights that clearly articulated missions can motivate employees by linking individual tasks to higher-order organizational goals (Bart (1997); Van den Steen (2005); Carton (2018)). Leaders and professionals in the public sector who incorporate the workplace mission into their position increase their motivation for work even after controlling for performance-based rewards (Wright (2007)).

Our central interest lies in value-based leadership (VBL). These questions capture the extent to which leaders make their values visible in the workplace, emphasize their relevance for organizational operations, and frame leadership in terms of moral clarity. We do not take a normative stance on which values are desirable; rather, our objective is to study how values, whatever their orientation, shape the behavior of leaders and how they are transmitted to workers.

In the empirical analysis, we primarily rely on these five index measures. Figure 1 illustrates their interrelations by showing the correlation between VBL and the other value dimensions. At first sight, the relatively high correlations may appear surprising, given that the five di-

mensions were originally identified through an exploratory factor analysis (EFA). However, it is important to clarify that factor analysis does not necessarily produce orthogonal constructs. Unless one explicitly imposes an orthogonal rotation (e.g., varimax), the extracted factors are allowed to correlate, and in many applications and particularly in the social sciences, oblique rotations (e.g., promax) are preferred precisely because latent constructs are expected to be interrelated. Thus, even at the factor level, correlations across dimensions are both methodologically permissible and substantively meaningful.

In addition, the indices we employ in the empirical analysis are not the factor scores themselves but rather unweighted averages of the items grouped under each dimension. While this has the advantage of transparency and comparability across datasets (e.g., with the EVS and our private-sector survey), it also means that the indices do not inherit any orthogonality properties from the factor model. Items contributing to one index may share variance with items contributing to another, so the resulting measures capture overlapping components of individual value systems.

Conceptually, these correlations reflect the fact that values are not mutually exclusive in practice. A leader who emphasizes mission orientation, for example, may also tend to express altruistic attitudes or higher levels of trust. The presence of such associations does not undermine the validity of the latent constructs: the factor analysis establishes that the five dimensions represent distinct underlying orientations, while the observed correlations simply illustrate that leaders who score high on one dimension are, on average, more likely to score high on others as well. In this sense, the correlations shown in Figure 1 should be interpreted as evidence that different aspects of leaders' values are related but not redundant.

This figure shows that value-based leadership (VBL) is correlated with all four other value dimensions, though the strength of association varies. The correlation with mission orientation is the strongest, suggesting that leaders who emphasize clarity of values and moral guidance in their leadership are also more likely to place importance on the mission of their organization. VBL also correlates positively with altruism and trust. By contrast, the correlation between VBL and nationalism is weaker and negative, implying that leaders who are more value-oriented in their leadership tend to place somewhat less emphasis on national attachment as a guiding principle.

II.3 Descriptive Statistics

Table 1 presents summary statistics for our sample. Panel A reports characteristics for all leaders in the final sample. The average leader is 53 years old with approximately 8.5 years of tenure in their current position. The leaders are 61% women, reflecting the high female

representation in Danish public sector leadership. Nearly all leaders (88%) have completed at least a bachelor's degree, and about one-third (33%) supervise other managers, indicating they hold higher-level leadership positions. The vast majority are married (74%) and Danish-born (97%).

Panel B focuses on the subset of leaders who themselves supervise other leaders—what we term "leaders of leaders." These individuals occupy more senior positions in the organizational hierarchy. Compared to the full sample, leaders of leaders are slightly older (average age 54.5 years), have substantially longer leadership experience (18.3 years versus 8.5 years), and are even more likely to hold advanced degrees (92% with at least a bachelor's degree). Interestingly, this group is more male-dominated than general leaders, with women comprising 48% compared to 61% in the overall leader sample.

Panel C reports characteristics for employees in our sample. The employee sample is predominantly female (80%), younger than leaders (average age 47.7 years), and has similar tenure (8.2 years) to the average leader. Educational attainment among employees is somewhat lower than among leaders, with 74% holding at least a bachelor's degree.

III Results

III.1 How are the values of leaders in the public sector?

Leaders' value orientations are not evenly distributed across demographic and organizational characteristics. Figure 2 shows that VBL is higher among leaders with advanced education, those above the median age, and those supervising other managers, while differences by gender and tenure as a leader are small. Unit size is weakly negatively associated with VBL. These patterns suggest that VBL is more prevalent among leaders with greater professional experience and higher hierarchical responsibility.

When disaggregating by sector (Figure 3), the same broad tendencies appear but with notable differences in strength. In education and health, advanced education and hierarchical responsibility are strongly associated with VBL, while in social work, the associations are weak and often statistically insignificant. In public administration, age and hierarchical responsibility stand out as the most robust correlates of VBL. This indicates that while certain leader attributes—such as education and seniority—are consistently linked to stronger value orientation, the extent of these associations varies across institutional settings.

III.2 Comparison between private and public sector

Figure 4 contrasts the distribution of value-based leadership (VBL) scores between leaders in Denmark's public organizations and CEOs/leaders in the private sector drawn from our comparable 2015 survey. Visually, the public-sector distribution is shifted to the right relative to the private-sector distribution, indicating that public leaders score higher on VBL on average. The mass of the public-sector density concentrates at higher values, with fewer observations in the lower tail, whereas the private-sector distribution places more weight at mid-to-low VBL values. Although the two distributions overlap, the rightward shift and the heavier right tail in the public sector suggest first-order differences in where leaders sit on the VBL continuum.

Two caveats are worth noting. First, although the instruments are closely harmonized across surveys, the private-sector data were collected in 2015, whereas the public-sector survey was fielded in 2021; any secular trends in leadership discourse could contribute modestly to the observed shift, though the magnitude and the shape of the difference in Figure 4 are more consistent with contextual sorting than time effects. Second, industry mix differs across sectors; some public domains (e.g., education, health) may intrinsically emphasize values more than certain private industries. In subsequent specifications, we therefore control for observable leader and unit characteristics and include industry fixed effects where applicable; the qualitative public-private contrast in VBL remains, supporting the conclusion that public-sector leadership is, in distributional terms, more value-based than private-sector leadership.

III.3 VBL and Leader quality

Figure 5 examines the relationship between value-based leadership (VBL) and leaders' grade point average (GPA) in high school, a traditional proxy for educational achievement. The figure shows no systematic association between VBL and GPA: leaders with high VBL scores are found across the entire GPA distribution, and the correlation is essentially flat. This indicates that VBL does not simply reflect academic performance or formal schooling outcomes.

Figure 6 presents the distribution of VBL against IQ scores obtained from military draft records, another conventional measure of cognitive ability. Similar to GPA, the pattern reveals no meaningful correlation: leaders with strong value orientation are not concentrated among those with higher IQ, nor among those with lower IQ.

Figure 7 explores the link between VBL and educational attainment, focusing on whether leaders have completed a master's degree. The figure shows that while some high-VBL leaders hold advanced degrees, many do not, and the overall relationship is weak. This reinforces

the view that formal education and VBL are largely independent attributes.

Taken together, Figures 5,6 and 7 underscore a central point: VBL captures a dimension of leadership that is distinct from traditional indicators of leader quality such as education and cognitive ability. Leaders who score high on VBL are not necessarily those with the highest grades, IQ scores, or advanced degrees, highlighting that value orientation represents a separate and important facet of leadership.

III.4 VBL and performance

We now turn to the question of whether value-based leadership affects organizational outcomes in the public sector. We examine this relationship using both survey questions on workplace environment and performance indicators drawn from administrative registers. Figure 8 presents the relationship between VBL and employees' assessments of their work environment. The figure shows two measures: whether employees perceive their work environment as better than other workplaces within their sector, and whether they believe their workplace compares favorably to others in their industry. Both relationships are positive and statistically significant. This suggests that VBL is associated with employees' subjective perceptions of workplace quality.

To examine the relationship between VBL and organizational outcomes, we estimate the following regression using OLS:

$$Y_i = \alpha + \beta \cdot VBL_i + \gamma' X_i + \delta_j + \epsilon_i \tag{III.1}$$

where Y_i is an outcome for unit i, VBL_i is the leader's value-based leadership score, X_i is a vector of control variables, and δ_j represents industry fixed effects. We include controls for other leadership factors (mission orientation, trust, altruism, nationalism) and leader characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Standard errors are clustered at the unit level. We consider four main outcomes. First, we examine worker absence, which we interpret as an inverse proxy for employee effort and engagement. Second, we analyze employee turnover, measuring the fraction of workers who leave the unit during the observation period. Lastly, we examine whether VBL is associated with employee quality as measured by average high school GPA and average IQ scores from military draft records.

Table 2 reports results for worker absence. Column 1 presents the baseline relationship between VBL and absence without any controls. Higher VBL is associated with significantly lower absence at the 1 percent significance level. Column 2 adds industry fixed effects,

and the coefficient remains similar. Columns 3 and 4 control for other leadership values. Columns 5-6 include leader and unit characteristics. Columns 7-8 present the most saturated specifications with all controls. In column 8, which includes all value dimensions, demographics, and industry fixed effects, the VBL coefficient remains significantly negative.

The magnitude of the effect is economically meaningful. The fully saturated specification (Column 8) implies that a one-unit increase in value-based leadership is associated with approximately 1.4 fewer absence days per unit per year. Given the distribution of VBL, a one–standard deviation increase corresponds to a reduction of about 0.17 absence days, or roughly 1.6 percent relative to the mean absence level.

Other leadership factor dimensions show distinct patterns. Trust exhibits a strong negative association with absence in the baseline specification, but this effect weakens substantially with demographic controls. Mission orientation shows a positive coefficient without controls that attenuates with industry fixed effects and demographic controls. In contrast, VBL consistently predicts lower absence across all specifications. Given that the value dimensions are positively correlated (Figure 1), it is not surprising that several dimensions appear predictive in the regressions. However, the horse-race specifications in Columns 3–8 show that VBL is the only value dimension that consistently retains explanatory power for absence once we condition on the other values and on leader and unit observables. Among demographic characteristics, female leaders have units with higher absence, while leaders with master's degrees have units with lower absence.

Table 3 examines employee turnover. The table structure parallels Table 2. VBL consistently predicts lower turnover across all specifications. The baseline coefficient is -0.052 in column 1, significant at the 1 percent level, and it remains similar in magnitude and significance with full controls. One standard deviation increase in VBL corresponds to a reduction in turnover of about 0.7 percentage points. Relative to the mean turnover rate of roughly 19.6 percent, this implies a decline of approximately 3–4 percent, indicating that differences in value-based leadership are meaningfully associated with employee retention. Again, trust also shows a negative association with turnover, though it weakens with controls (columns 5-6). Mission orientation exhibits a positive coefficient without controls that becomes insignificant with demographic adjustments (columns 3-4). Nationalism is consistently associated with lower turnover across specifications.

Tables 4 and 5 investigate whether VBL is associated with employee quality. For GPA (Table 4), the relationship with VBL is insignificant. This suggests VBL does not systematically predict the academic credentials of unit employees. The most important predictors of unit GPA are workplace size and whether the leader has a master's degree . For IQ (Table 5), we find a positive and generally significant relationship with VBL. The baseline coefficient is positive and significant, and in the full specification, it remains positive and significant. One

standard deviation increase corresponds to an increase of about 0.22 IQ points, or roughly 4–5 percent of a standard deviation in unit-level IQ. As with GPA, workplace size is a strong predictor of unit-average IQ, and leaders with master's degrees oversee units with higher-IQ employees.

In summary, the baseline analysis consistently demonstrates a strong, statistically significant, and economically meaningful correlation between VBL and organizational outcomes. VBL is robustly associated with lower absence, lower turnover, and employees with higher cognitive abilities, suggesting that value-based leadership improves performance through employee motivation and retention.

III.5 Decomposing VBL: Which Dimensions Drive Performance?

Our baseline analysis demonstrates that the composite VBL index significantly predicts organizational performance. However, this index aggregates five distinct questions measuring different facets of value-based leadership, and these components need not operate through the same mechanisms or matter equally for all outcomes. To identify which specific components of VBL drive our results, we decompose the index and estimate separate regressions including all five questions. Tables 6 through 9 report these regressions, maintaining the same full set of control variables as our baseline specifications.

Three components of VBL emerge as particularly important drivers of organizational performance. Question 1, measuring the extent to which leaders' personal values match the workplace mission, exhibits the strongest and most consistent relationships: it significantly predicts lower absence and higher employee IQ, suggesting that value-mission alignment is central to VBL's performance benefits. Question 3, measuring whether personal values are visible to employees in everyday team life, also demonstrates significant predictive power across multiple outcomes including lower absence, lower turnover, and higher employee IQ, indicating that the visibility and perception of values matters for organizational effectiveness. Question 4, which asks whether daily work is based on strong ethical values such as keeping promises and treating employees well, shows the strongest association with turnover reduction and also significantly predicts lower absence; workplaces where ethical principles guide daily operations appear to retain employees more effectively. This heterogeneity across components suggests that different dimensions of value-based leadership address distinct organizational challenges. In public-sector settings characterized by multidimensional objectives and incomplete contracts, these dimensions may complement formal management mechanisms by influencing selection, guiding behavior, and sustaining cooperation, though our evidence remains correlational.

IV Conclusions

This paper studies the role of value-based leadership (VBL) in the public sector and its implications for organizational outcomes. Using a unique survey of Danish public-sector leaders and employees linked to rich administrative registers, we document substantial heterogeneity in leaders' values and in the extent to which those values are articulated and transmitted within organizations. We show that VBL captures a distinct dimension of leadership that is not strongly correlated with traditional indicators of leader quality, such as education, cognitive ability, or formal management practice.

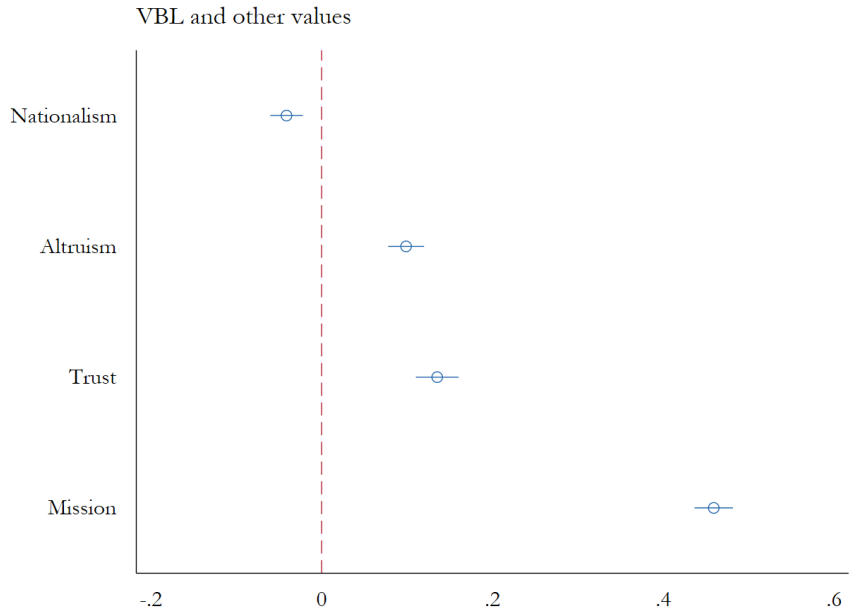
Drawing on a comparable survey of Danish private-sector leaders, we document systematic differences in the distribution of leadership values across sectors. Public-sector leaders score higher on value-based leadership on average, consistent with the view that mission, legitimacy, and non-contractible objectives play a more central role in public organizations than in private firms.

Higher value-based leadership is correlated with better workplace environments, lower absenteeism, and lower employee turnover. In addition, these units are characterized by employees with higher average cognitive ability. Workers in high VBL units also report higher job satisfaction, a stronger sense of meaningful work, and better collegial relationships, suggesting that VBL operates by aligning employee motivation with organizational mission.

Taken together, our findings suggest that value-based leadership operates as an informal governance mechanism in public organizations, shaping behavior when performance measurement and contracts are inherently incomplete. By articulating and sustaining a shared system of values, leaders appear to influence effort, retention, and the composition of the workforce. These results underscore that the values leaders hold, and how they communicate those values, have measurable consequences for organizational effectiveness in the public sector.

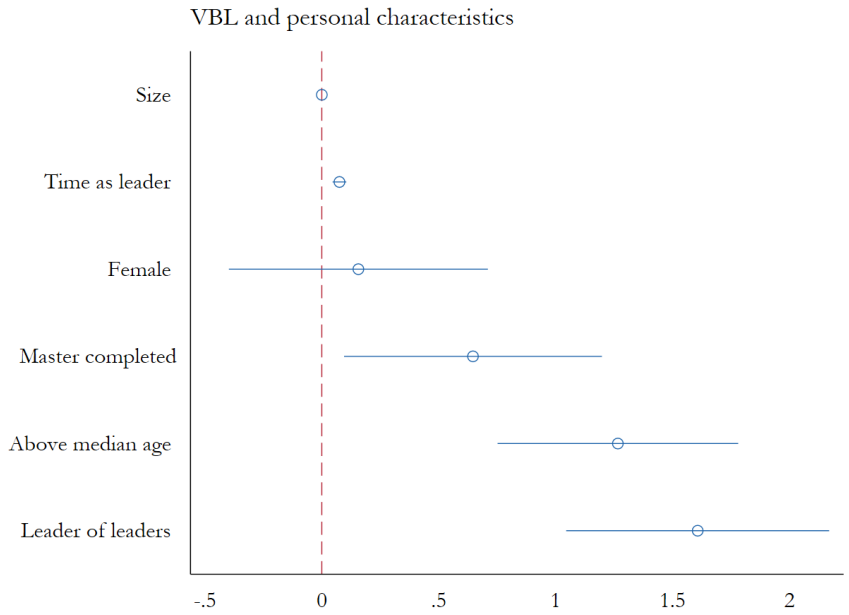
V Figures

Figure 1: Correlation between values



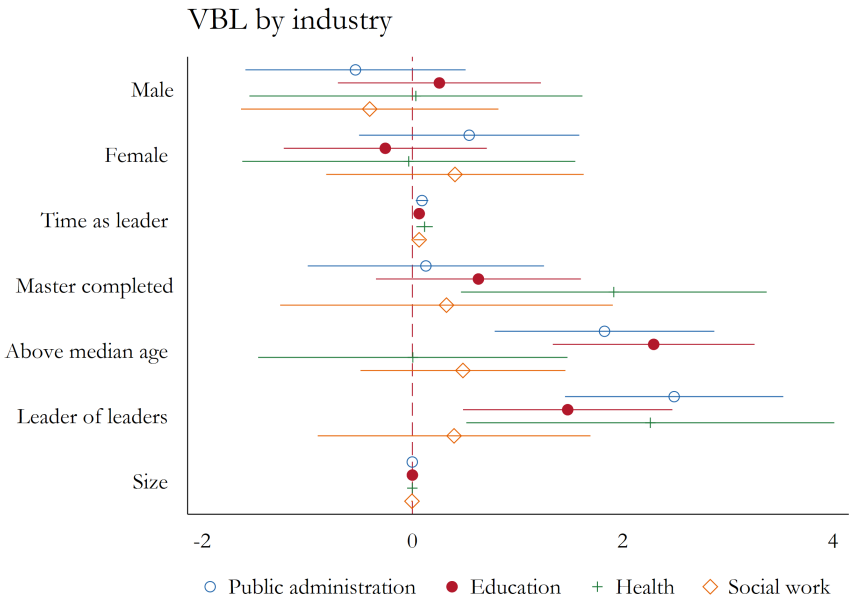
This figure shows the correlation between VBL and other leadership value dimensions (nationalism, altruism, trust, and mission orientation). Each point estimate represents the Pearson correlation coefficient with 95% confidence intervals.

Figure 2: Correlation between VBL and demographic characteristics



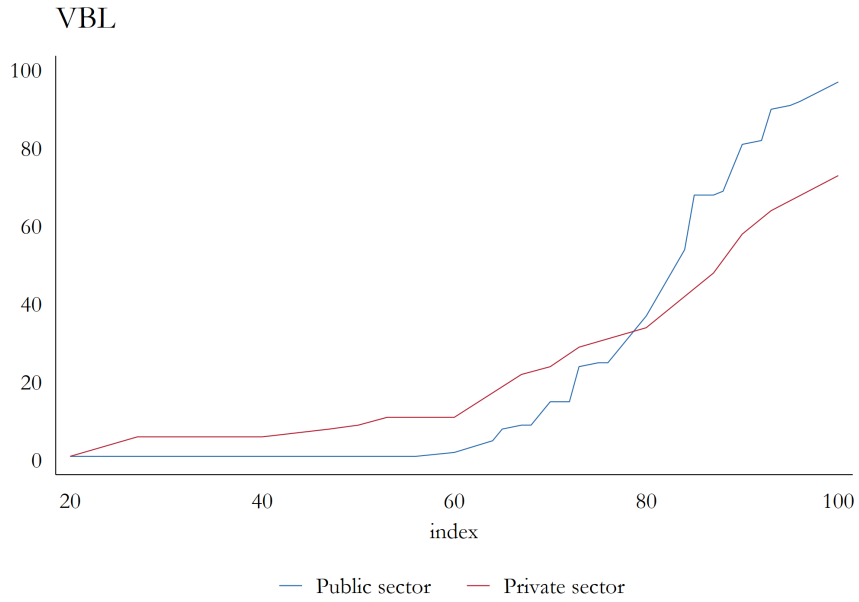
This figure presents univariate correlations between VBL and leader demographic and organizational characteristics in the public sector. Point estimates show regression coefficients from separate regressions of VBL on each characteristic with 95% confidence intervals.

Figure 3: VBL by industry and correlation with leader and unit characteristics



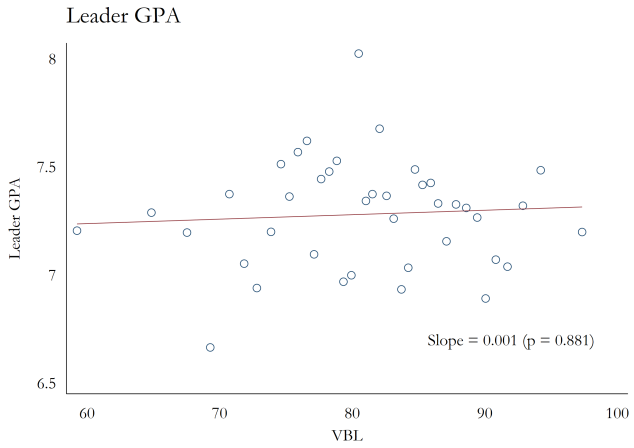
This figure displays the relationship between VBL and leader/unit characteristics across four public sector industries: public administration (hollow circles), education (solid circles), health (plus signs), and social work (diamonds). Point estimates represent univariate regression coefficients with 95% confidence intervals.

Figure 4: Distribution of VBL in the private and public sector



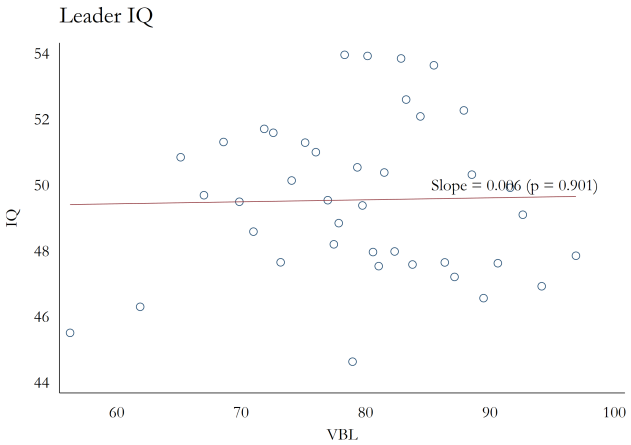
This figure compares the cumulative distribution of VBL scores between public sector leaders (blue line) and private sector CEOs (red line) surveyed in 2015. The x-axis shows VBL index values and the y-axis shows the cumulative percentage.

Figure 5: VBL and CEO quality: GPA



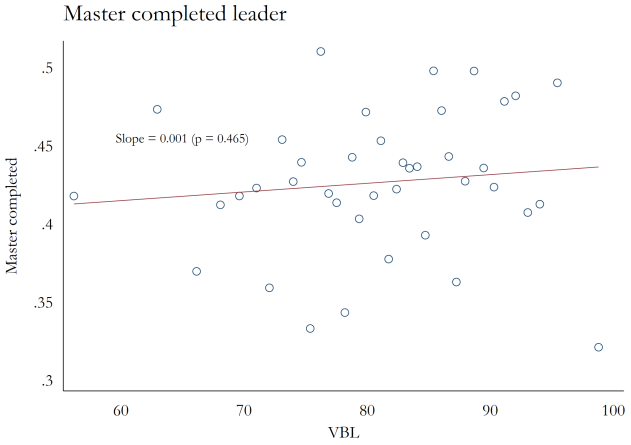
This figure presents a scatter plot showing the relationship between leader VBL (x-axis) and leader high school GPA (y-axis), with a fitted regression line. Each point represents an individual leader. The regression line shows no systematic relationship between VBL and academic achievement (slope = 0.001, p = 0.881), indicating that VBL is not associated with traditional measures of educational performance.

Figure 6: VBL and CEO quality: IQ



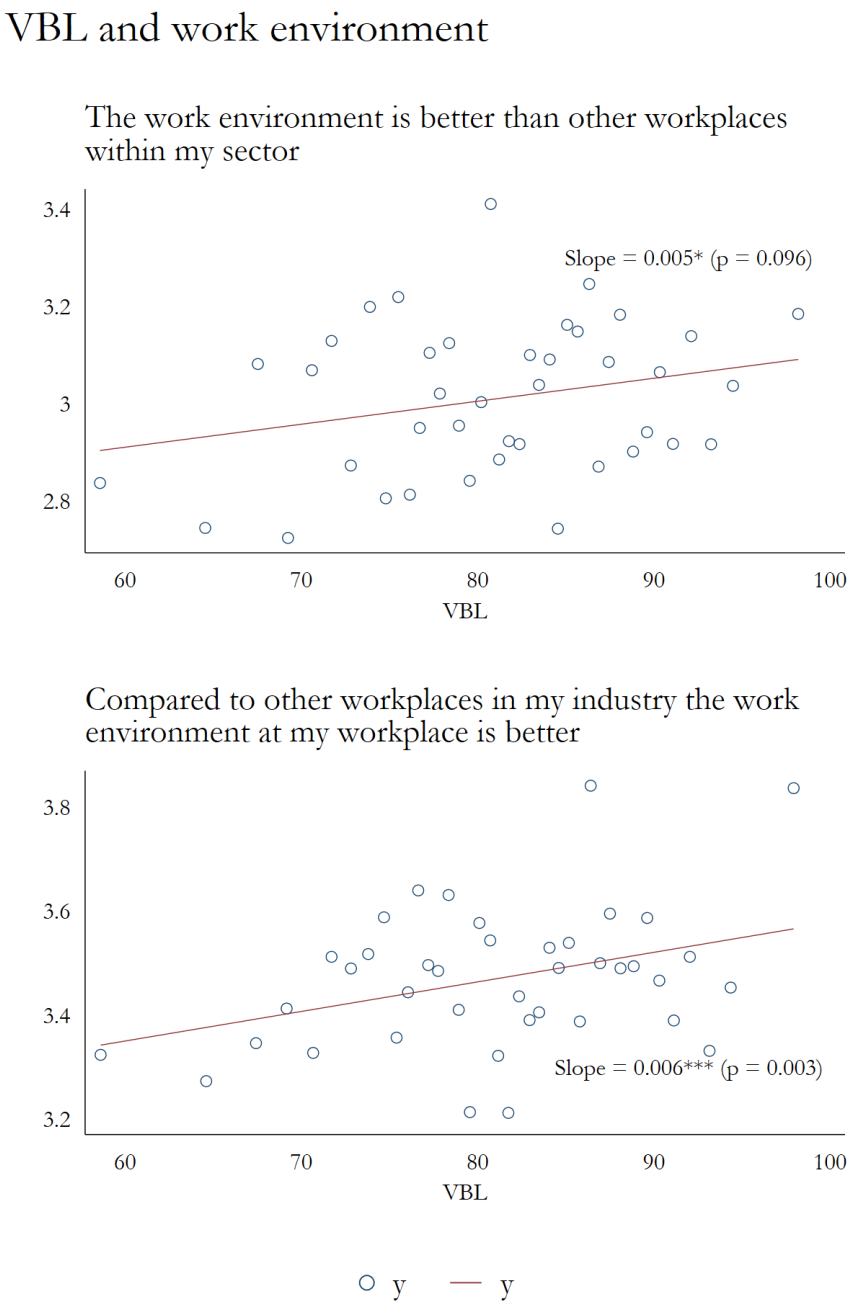
This figure presents a scatter plot of leader VBL (x-axis) against leader IQ from military draft records (y-axis), with a fitted regression line. Each point represents an individual leader. The relationship is essentially flat (slope = 0.006, p = 0.901), demonstrating that VBL is independent of cognitive ability as measured by standardized intelligence tests.

Figure 7: VBL and CEO quality: Education attainment



This figure shows a scatter plot of leader VBL (x-axis) and the probability of having completed a master's degree (y-axis), with a fitted regression line. Each point represents an individual leader. The relationship is weak and statistically insignificant (slope = 0.001, p = 0.463), indicating that VBL does not strongly predict educational attainment beyond the bachelor's level.

Figure 8: VBL and working environment



This figure displays scatter plots showing the relationship between leader VBL (x-axis) and two employee-reported measures of work environment quality (y-axis), with fitted regression lines. The top panel shows responses to whether the work environment is better than other workplaces within the sector. The bottom panel shows whether the work environment is better compared to other workplaces in the industry.

VI Tables

Table 1: Summary Statistics

Panel A reports summary statistics for leaders in the final sample. Panel B reports summary statistics for leaders of leaders. Panel C reports summary statistics for employees.

	Count	Mean	S.d.	Median
Panel A - Leader-Level Characteristics				
Women (%)	4285	.61	.49	1
Age	4285	53.37	7.63	54
Bachelor completed (%)	4280	.88	.32	1
Tenure	4285	8.54	6.83	7
Immigrant	4285	.03	.17	0
Married	4285	.74	.44	1
Leader of leaders	4285	.33	.47	0
Panel B - Leader of leaders -Level Characteristics				
Women (%)	1403	.48	.5	0
Age	1403	54.45	6.93	55
Bachelor completed (%)	1400	.92	.27	1
Tenure	1403	8.02	6.4	6
Immigrant	1403	.02	.14	0
Married	1403	.77	.42	1
Time as leader	1403	18.26	8.5	17
Panel C - Employee-Level Characteristics				
Women (%)	9966	.8	.4	1
Age	9966	47.74	10.26	49
Bachelor completed (%)	9947	.74	.44	1
Tenure	9966	8.2	6.71	6
Immigrant	9966	.07	.26	0
Married	9961	.6	.49	1

Table 2: VBL and absence

This table reports regressions of unit-level absence rates on leader VBL. The dependent variable is the percentage of employee absences in the unit. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Unit absence							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VBL	-1.4072***	-1.2731***	-1.7685***	-1.5346***	-1.0409**	-1.1608**	-1.5115***	-1.4023***
	(0.4877)	(0.4558)	(0.5658)	(0.5344)	(0.4997)	(0.4784)	(0.5531)	(0.5322)
Mission			1.5933***	0.4003			1.1390**	0.1941
			(0.5403)	(0.5275)			(0.5351)	(0.5330)
Trust			-1.9294***	-0.4101			-1.1192**	-0.2106
			(0.4870)	(0.4552)			(0.4799)	(0.4570)
Altruism			0.2185	-0.0344			0.1476	-0.0089
			(0.4166)	(0.4087)			(0.4081)	(0.4088)
Nationalism			0.1140	0.0228			-0.2292	-0.1791
			(0.4450)	(0.4237)			(0.4390)	(0.4270)
Log of workplace size					-0.0367	-0.0510	-0.0203	-0.0404
					(0.0386)	(0.0364)	(0.0403)	(0.0381)
Female					0.9777***	0.4515***	0.8771***	0.3891***
					(0.1309)	(0.1292)	(0.1355)	(0.1347)
Above median age					-0.0714	-0.1026	-0.0689	-0.0741
					(0.1491)	(0.1405)	(0.1539)	(0.1451)
Time as leader					-0.0071	-0.0036	-0.0082	-0.0059
					(0.0084)	(0.0080)	(0.0086)	(0.0083)
Master completed					-1.4039***	-0.7928***	-1.3598***	-0.8035***
					(0.1367)	(0.1328)	(0.1423)	(0.1389)
Leader of leaders					-0.1227	0.1961	-0.1850	0.1500
					(0.1410)	(0.1310)	(0.1455)	(0.1362)
Constant	11.3992***	11.2973***	11.6219***	11.4845***	11.4798***	11.5529***	11.7501***	11.8336***
	(0.3759)	(0.3551)	(0.6004)	(0.5780)	(0.4420)	(0.4428)	(0.6300)	(0.6261)
Observations	4,043	4,043	3,601	3,601	3,826	3,826	3,593	3,593
R-squared	0.0021	0.1242	0.0093	0.1230	0.0579	0.1362	0.0591	0.1345
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table 3: VBL and turnover

This table reports regressions of unit-level turnover rates on leader VBL. The dependent variable is the fraction of employees who leave the unit during the observation period. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Turnover							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VBL	-0.0517***	-0.0457***	-0.0613***	-0.0530***	-0.0486***	-0.0458***	-0.0552***	-0.0490***
	(0.0150)	(0.0155)	(0.0175)	(0.0181)	(0.0157)	(0.0163)	(0.0174)	(0.0179)
Mission			0.0514***	0.0331**			0.0352**	0.0203
			(0.0167)	(0.0152)			(0.0168)	(0.0151)
Trust			-0.0476***	-0.0267*			-0.0353**	-0.0232
			(0.0151)	(0.0150)			(0.0151)	(0.0148)
Altruism			-0.0015	-0.0051			-0.0052	-0.0073
			(0.0130)	(0.0132)			(0.0129)	(0.0131)
Nationalism			-0.0316**	-0.0359***			-0.0270*	-0.0299**
			(0.0138)	(0.0127)			(0.0138)	(0.0126)
Log of workplace size					-0.0068***	-0.0077***	-0.0058***	-0.0067***
					(0.0012)	(0.0012)	(0.0013)	(0.0012)
Female					0.0224***	0.0120***	0.0232***	0.0132***
					(0.0041)	(0.0043)	(0.0043)	(0.0044)
Above median age					-0.0032	-0.0042	-0.0030	-0.0035
					(0.0047)	(0.0046)	(0.0049)	(0.0047)
Time as leader					-0.0002	-0.0001	-0.0001	-0.0000
					(0.0003)	(0.0003)	(0.0003)	(0.0003)
Master completed					-0.0047	0.0037	-0.0054	0.0018
					(0.0043)	(0.0045)	(0.0045)	(0.0047)
Leader of leaders					0.0020	0.0064	0.0008	0.0054
					(0.0044)	(0.0046)	(0.0046)	(0.0048)
Constant	0.2350***	0.2304***	0.2486***	0.2454***	0.2570***	0.2589***	0.2674***	0.2723***
	(0.0116)	(0.0122)	(0.0186)	(0.0193)	(0.0139)	(0.0157)	(0.0199)	(0.0216)
Observations	4,249	4,249	3,786	3,786	4,021	4,021	3,778	3,778
R-squared	0.0028	0.0489	0.0080	0.0534	0.0222	0.0603	0.0257	0.0635
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table 4: VBL and talent of employees (GPA)

This table reports regressions of unit-level average employee GPA on leader VBL. The dependent variable is the mean high school grade point average of employees in the unit. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Unit GPA							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VBL	0.0763	0.0665	0.2687*	0.2172	-0.0526	-0.0029	0.0975	0.0761
	(0.1373)	(0.1220)	(0.1575)	(0.1357)	(0.1189)	(0.1085)	(0.1318)	(0.1177)
Mission			-0.9932***	-0.5653***			-0.5114***	-0.2207*
			(0.1504)	(0.1350)			(0.1275)	(0.1160)
Trust			0.9737***	0.4045***			0.4671***	0.1979*
			(0.1358)	(0.1176)			(0.1146)	(0.1038)
Altruism			-0.1526	-0.0333			-0.0203	0.0376
			(0.1167)	(0.1025)			(0.0979)	(0.0898)
Nationalism			-0.4170***	-0.3849***			-0.2452**	-0.2360**
			(0.1238)	(0.1092)			(0.1046)	(0.0950)
Log of workplace size					0.2027***	0.2089***	0.1998***	0.2072***
					(0.0092)	(0.0089)	(0.0096)	(0.0093)
Female					-0.1818***	-0.0195	-0.1618***	-0.0122
					(0.0313)	(0.0294)	(0.0325)	(0.0305)
Above median age					0.0624*	0.0709**	0.0642*	0.0677**
					(0.0357)	(0.0325)	(0.0369)	(0.0336)
Time as leader					-0.0022	-0.0041**	-0.0028	-0.0044**
					(0.0020)	(0.0018)	(0.0021)	(0.0019)
Master completed					0.8780***	0.6591***	0.8442***	0.6409***
					(0.0324)	(0.0324)	(0.0338)	(0.0338)
Leader of leaders					-0.0282	-0.0939***	-0.0110	-0.0848***
					(0.0337)	(0.0306)	(0.0348)	(0.0319)
Constant	6.6029***	6.6103***	6.7541***	6.7790***	5.4657***	5.4401***	5.5313***	5.4868***
	(0.1057)	(0.0936)	(0.1671)	(0.1453)	(0.1049)	(0.0980)	(0.1499)	(0.1357)
Observations	4,252	4,252	3,788	3,788	4,021	4,021	3,780	3,780
R-squared	0.0001	0.2200	0.0315	0.2399	0.3213	0.4281	0.3253	0.4280
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table 5: VBL and talent of employees (IQ)

This table reports regressions of unit-level average employee IQ on leader VBL. The dependent variable is the mean IQ score from military draft records of employees in the unit. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	IQ unit							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VBL	1.8601***	1.7305***	2.4847***	2.2165***	1.4012**	1.5067***	1.9730***	1.7753***
	(0.6081)	(0.5784)	(0.7053)	(0.6474)	(0.5943)	(0.5644)	(0.6588)	(0.6244)
Mission			-3.9360***	-2.4243***			-2.5040***	-1.2908**
			(0.6697)	(0.6180)			(0.6332)	(0.5972)
Trust			3.1862***	1.3075**			1.7590***	0.6797
			(0.6050)	(0.5339)			(0.5690)	(0.5088)
Altruism			0.3241	0.6082			0.7558	0.8878*
			(0.5228)	(0.4862)			(0.4892)	(0.4661)
Nationalism			-0.2447	-0.1930			-0.0269	-0.0169
			(0.5541)	(0.5196)			(0.5232)	(0.5105)
Log of workplace size					0.6607***	0.6761***	0.6488***	0.6680***
					(0.0468)	(0.0449)	(0.0489)	(0.0469)
Female					-0.9473***	-0.3986***	-0.9024***	-0.3924***
					(0.1545)	(0.1369)	(0.1603)	(0.1431)
Above median age					0.0041	-0.0149	0.0081	-0.0147
					(0.1787)	(0.1704)	(0.1845)	(0.1764)
Time as leader					-0.0058	-0.0076	-0.0095	-0.0107
					(0.0101)	(0.0098)	(0.0104)	(0.0101)
Master completed					2.1446***	1.4572***	2.0217***	1.3980***
					(0.1598)	(0.1458)	(0.1671)	(0.1538)
Leader of leaders					0.0418	-0.2632*	0.0914	-0.2517
					(0.1659)	(0.1545)	(0.1717)	(0.1607)
Constant	42.9127***	43.0110***	43.0173***	43.1913***	39.6164***	39.5882***	39.5222***	39.4661***
	(0.4680)	(0.4478)	(0.7452)	(0.7064)	(0.5276)	(0.5188)	(0.7485)	(0.7479)
Observations	3,902	3,902	3,482	3,482	3,690	3,690	3,475	3,475
R-squared	0.0024	0.1307	0.0201	0.1447	0.1462	0.2240	0.1505	0.2253
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table 6: VBL individual questions and absence

This table reports regressions of unit-level absence rates on the individual questions that together compose leader VBL. The dependent variable is the percentage of employee absences in the unit. Each column presents specifications with each question alone and with additional value controls. Industry fixed effects are included. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Unit absence				
	(1)	(2)	(3)	(4)	(5)
Q1: Match of personal values	-1.3684***				
	(0.3519)				
Q2: Influence of personal values		0.0054			
		(0.3076)			
Q3: Visibility of personal values			-0.8473**		
			(0.3358)		
Q4: Strong ethical values				-0.9601**	
				(0.3956)	
Q5: Communication of personal values					0.0761
					(0.2984)
Mission	0.0821	-0.2341	-0.0078	0.0448	-0.2988
	(0.5112)	(0.5101)	(0.5163)	(0.5171)	(0.5463)
Trust	0.0186	-0.3230	-0.3019	-0.2484	-0.2993
	(0.4636)	(0.4572)	(0.4570)	(0.4568)	(0.4588)
Altruism	-0.0647	-0.0524	-0.0036	0.0371	-0.0627
	(0.4071)	(0.4086)	(0.4116)	(0.4099)	(0.4132)
Nationalism	-0.2060	-0.1362	-0.2153	-0.1467	-0.1473
	(0.4298)	(0.4277)	(0.4284)	(0.4281)	(0.4322)
Log of workplace size	-0.0508	-0.0445	-0.0390	-0.0441	-0.0500
	(0.0382)	(0.0381)	(0.0384)	(0.0382)	(0.0388)
Female	0.3839***	0.3871***	0.4029***	0.4036***	0.3960***
	(0.1350)	(0.1346)	(0.1354)	(0.1349)	(0.1354)
Above median age	-0.0834	-0.0869	-0.0890	-0.0726	-0.0938
	(0.1452)	(0.1451)	(0.1461)	(0.1458)	(0.1465)
Time as leader	-0.0053	-0.0061	-0.0044	-0.0056	-0.0060
	(0.0083)	(0.0083)	(0.0084)	(0.0084)	(0.0084)
Master completed	-0.7736***	-0.8011***	-0.7963***	-0.8132***	-0.8100***
	(0.1389)	(0.1390)	(0.1398)	(0.1398)	(0.1397)
Leader of leaders	0.1857	0.1486	0.1528	0.1394	0.1665
	(0.1370)	(0.1363)	(0.1368)	(0.1365)	(0.1372)
Constant	11.8741***	11.1839***	11.5814***	11.6735***	11.2000***
	(0.6006)	(0.5986)	(0.6081)	(0.6149)	(0.5783)
Observations	3,581	3,590	3,567	3,582	3,554
R-squared	0.1354	0.1324	0.1340	0.1349	0.1342
Sample	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses

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

Table 7: VBL individual questions and turnover

This table reports regressions of unit-level turnover rates on the individual questions that together compose leader VBL. The dependent variable is the fraction of employees who leave the unit during the observation period. Each column presents specifications with each question alone and with additional value controls. Industry fixed effects are included. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Turnover				
	(1)	(2)	(3)	(4)	(5)
Q1: Match of personal values	-0.0159				
	(0.0115)				
Q2: Influence of personal values		-0.0187**			
		(0.0092)			
Q3: Visibility of personal values			-0.0186*		
			(0.0112)		
Q4: Strong ethical values				-0.0432***	
				(0.0164)	
Q5: Communication of personal values					-0.0049
					(0.0091)
Mission	0.0095	0.0071	0.0088	0.0216	0.0047
	(0.0145)	(0.0146)	(0.0147)	(0.0146)	(0.0163)
Trust	-0.0248*	-0.0253*	-0.0263*	-0.0230	-0.0278*
	(0.0149)	(0.0148)	(0.0148)	(0.0148)	(0.0148)
Altruism	-0.0096	-0.0084	-0.0088	-0.0086	-0.0102
	(0.0133)	(0.0132)	(0.0133)	(0.0132)	(0.0134)
Nationalism	-0.0301**	-0.0299**	-0.0290**	-0.0290**	-0.0282**
	(0.0126)	(0.0126)	(0.0127)	(0.0125)	(0.0126)
Log of workplace size	-0.0069***	-0.0068***	-0.0068***	-0.0070***	-0.0070***
	(0.0013)	(0.0012)	(0.0012)	(0.0012)	(0.0013)
Female	0.0132***	0.0134***	0.0136***	0.0132***	0.0130***
	(0.0044)	(0.0044)	(0.0044)	(0.0044)	(0.0045)
Above median age	-0.0040	-0.0035	-0.0039	-0.0032	-0.0035
	(0.0047)	(0.0047)	(0.0047)	(0.0047)	(0.0048)
Time as leader	-0.0001	-0.0001	-0.0001	-0.0001	-0.0001
	(0.0003)	(0.0003)	(0.0003)	(0.0003)	(0.0003)
Master completed	0.0017	0.0018	0.0019	0.0008	0.0018
	(0.0047)	(0.0047)	(0.0047)	(0.0047)	(0.0047)
Leader of leaders	0.0059	0.0053	0.0054	0.0059	0.0055
	(0.0048)	(0.0048)	(0.0048)	(0.0048)	(0.0048)
Constant	0.2593***	0.2612***	0.2603***	0.2720***	0.2551***
	(0.0203)	(0.0195)	(0.0201)	(0.0222)	(0.0182)
Observations	3,765	3,775	3,752	3,767	3,734
R-squared	0.0616	0.0625	0.0621	0.0645	0.0622
Sample	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses

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

Table 8: VBL individual questions and unit GPA

This table reports regressions of unit-level average employee GPA on the individual questions that together compose leader VBL. The dependent variable is the mean high school grade point average of employees in the unit. Each column presents specifications with each question alone and with additional value controls. Industry fixed effects are included. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Unit GPA				
	(1)	(2)	(3)	(4)	(5)
Q1: Match of personal values	0.0406				
	(0.0782)				
Q2: Influence of personal values		-0.0030			
		(0.0719)			
Q3: Visibility of personal values			-0.0733		
			(0.0770)		
Q4: Strong ethical values				0.1076	
				(0.0858)	
Q5: Communication of personal values					0.0960
					(0.0683)
Mission	-0.2014*	-0.2097*	-0.1659	-0.2262**	-0.2463**
	(0.1123)	(0.1104)	(0.1117)	(0.1142)	(0.1176)
Trust	0.1806*	0.2141**	0.2121**	0.1947*	0.2198**
	(0.1045)	(0.1035)	(0.1037)	(0.1036)	(0.1039)
Altruism	0.0422	0.0396	0.0502	0.0384	0.0365
	(0.0897)	(0.0898)	(0.0903)	(0.0899)	(0.0908)
Nationalism	-0.2448**	-0.2316**	-0.2580***	-0.2386**	-0.2207**
	(0.0952)	(0.0951)	(0.0942)	(0.0951)	(0.0959)
Log of workplace size	0.2070***	0.2074***	0.2078***	0.2081***	0.2054***
	(0.0093)	(0.0093)	(0.0094)	(0.0093)	(0.0094)
Female	-0.0093	-0.0114	-0.0108	-0.0109	-0.0094
	(0.0306)	(0.0305)	(0.0307)	(0.0305)	(0.0308)
Above median age	0.0642*	0.0696**	0.0706**	0.0658*	0.0678**
	(0.0336)	(0.0336)	(0.0337)	(0.0336)	(0.0340)
Time as leader	-0.0042**	-0.0045**	-0.0044**	-0.0042**	-0.0042**
	(0.0019)	(0.0019)	(0.0019)	(0.0019)	(0.0019)
Master completed	0.6421***	0.6408***	0.6395***	0.6405***	0.6406***
	(0.0338)	(0.0338)	(0.0340)	(0.0339)	(0.0341)
Leader of leaders	-0.0856***	-0.0842***	-0.0816**	-0.0879***	-0.0806**
	(0.0321)	(0.0319)	(0.0320)	(0.0319)	(0.0322)
Constant	5.5064***	5.5241***	5.5466***	5.4554***	5.4864***
	(0.1334)	(0.1326)	(0.1308)	(0.1303)	(0.1261)
Observations	3,768	3,776	3,754	3,770	3,735
R-squared	0.4273	0.4284	0.4270	0.4285	0.4268
Sample	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses

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

Table 9: VBL individual questions and unit IQ

This table reports regressions of unit-level average employee IQ on the individual questions that together compose leader VBL. The dependent variable is the mean IQ score from military draft records of employees in the unit. Each column presents specifications with each question alone and with additional value controls. Industry fixed effects are included. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	IQ unit				
	(1)	(2)	(3)	(4)	(5)
Q1: Match of personal values	0.9338**				
	(0.4154)				
Q2: Influence of personal values		0.5645			
		(0.3505)			
Q3: Visibility of personal values			0.6696*		
			(0.3975)		
Q4: Strong ethical values				0.7669*	
				(0.4388)	
Q5: Communication of personal values					0.5252
					(0.3553)
Mission	-0.9693*	-0.8373	-0.9740*	-1.0451*	-0.9979
	(0.5754)	(0.5747)	(0.5784)	(0.5807)	(0.6117)
Trust	0.5813	0.7943	0.8113	0.7861	0.8550*
	(0.5176)	(0.5094)	(0.5098)	(0.5092)	(0.5112)
Altruism	1.0504**	0.9411**	0.9992**	0.9957**	0.8963*
	(0.4612)	(0.4655)	(0.4634)	(0.4630)	(0.4696)
Nationalism	-0.0483	-0.0190	-0.0355	-0.0756	-0.1167
	(0.5123)	(0.5118)	(0.5128)	(0.5109)	(0.5115)
Log of workplace size	0.6747***	0.6726***	0.6633***	0.6734***	0.6678***
	(0.0471)	(0.0470)	(0.0472)	(0.0470)	(0.0474)
Female	-0.3801***	-0.3949***	-0.3929***	-0.3893***	-0.3891***
	(0.1436)	(0.1434)	(0.1443)	(0.1434)	(0.1443)
Above median age	-0.0132	-0.0044	-0.0013	-0.0204	-0.0226
	(0.1768)	(0.1765)	(0.1773)	(0.1776)	(0.1770)
Time as leader	-0.0088	-0.0105	-0.0088	-0.0086	-0.0095
	(0.0101)	(0.0102)	(0.0101)	(0.0101)	(0.0102)
Master completed	1.4081***	1.3949***	1.4324***	1.4356***	1.4109***
	(0.1536)	(0.1543)	(0.1537)	(0.1544)	(0.1551)
Leader of leaders	-0.2876*	-0.2481	-0.2654*	-0.2594	-0.2315
	(0.1608)	(0.1609)	(0.1611)	(0.1607)	(0.1607)
Constant	39.7582***	39.9268***	39.9288***	39.8252***	40.1537***
	(0.7265)	(0.7089)	(0.7228)	(0.7305)	(0.6919)
Observations	3,464	3,471	3,451	3,465	3,437
R-squared	0.2243	0.2240	0.2233	0.2242	0.2259
Sample	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	Yes	Yes	Yes	Yes	Yes

Robust standard errors in parentheses

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

References

Ahmad, Junaid, Stephen Commins, Shantayanan Devarajan, Deon Filmer, Jeffrey Hammer, Lant Pritchett, Ritva Reinikka, Shekhar Shah, and Agnès Soucat, "World development report 2004: making services work for poor people," 2003.

Akerlof, George A and Rachel E Kranton, "Identity and the Economics of Organizations," *Journal of Economic perspectives*, 2005, *19* (1), 9–32.

Bandiera, Oriana, Andrea Prat, Stephen Hansen, and Raffaella Sadun, "CEO Behavior and Firm Performance," *Journal of Political Economy*, 2020, *128* (4), 1325 – 1369.

Bart, Christopher K., "Sex, lies, and mission statements," *Business Horizons*, 1997, *40* (6), 9–18.

Bass, Bernard M., *Bass and Stogdill's Handbook of Leadership: Theory, Research, and Managerial Applications*, 3 ed., New York: Free Press, 1990.

Benmelech, Efraim and Carola Frydman, "Military CEOs," *Journal of Financial Economics*, 2015, *117* (1), 43–59. NBER Conference on the Causes and Consequences of Corporate Culture.

Bennedsen, Morten and Joseph PH Fan, in "The Family Business Map," Palgrave Macmillan, 2014.

_ **, Esther Chevrot-Bianco, Guido Friebel, and Maria Schlier**, "Value-based leadership," 2025.

_ **, Francisco Pérez-González, and Daniel Wolfenzon**, "Do CEOs Matter? Evidence from Hospitalization Events," *The Journal of Finance*, 2020, *75* (4), 1877–1911.

Bertrand, Marianne and Antoinette Schoar, "Managing with Style: The Effect of Managers on Firm Policies*," *The Quarterly Journal of Economics*, 11 2003, *118* (4), 1169–1208.

Besley, Timothy and Maitreesh Ghatak, "Competition and incentives with motivated agents," *American economic review*, 2005, *95* (3), 616–636.

_ **and Stephen Machin**, "Are Public Sector CEOs Different? Leadership Wages and Performance in Schools," 01 2008.

Bloom, Nicholas and John Van Reenen, "Measuring and Explaining Management Practices Across Firms and Countries," *The Quarterly Journal of Economics*, 11 2007, *122* (4), 1351–1408.

Bolton, Patrick, Markus K. Brunnermeier, and Laura Veldkamp, "Leadership, Coordination, and Corporate Culture," *The Review of Economic Studies*, 2013, *80* (2 (283)), 512–537.

Brown, Michael E and Linda K Treviño, "Ethical leadership: A review and future directions," *The leadership quarterly*, 2006, *17* (6), 595–616.

Burns, James MacGregor, *Leadership*, New York: Harper & Row, 1978.

Carton, Andrew M., ""I'm Not Mopping the Floors, I'm Putting a Man on the Moon": How NASA Leaders Enhanced the Meaningfulness of Work by Changing the Meaning of Work," *Administrative Science Quarterly*, 2018, *63* (2), 323–369.

Castro, Silvia, Florian Englmaier, and Maria Guadalupe, "Fostering Psychological Safety in Teams: Evidence from an RCT," *SSRN Electronic Journal*, 01 2022.

de Cremer, David and Daan Knippenberg, "How Do Leaders Promote Cooperation? The Effects of Charisma and Procedural Fairness," *The Journal of applied psychology*, 10 2002, *87*, 858–66.

Delfino, Alexia and Miguel Espinosa, "Value Dissonance at Work," Technical Report 2025.

den Steen, Eric Van, "Organizational Beliefs and Managerial Vision," *The Journal of Law, Economics, and Organization*, 04 2005, *21* (1), 256–283.

Dessein, Wouter and Tano Santos, "Managerial style and attention," *American Economic Journal: Microeconomics*, 2021, *13* (3), 372–403.

Dirks, Kurt, "Trust in Leadership and Team Performance: Evidence From NCAA Basketball," *Journal of Applied Psychology*, 12 2000, *85*, 1004–1012.

Falk, Armin and Michael Kosfeld, "The Hidden Costs of Control," *American Economic Review*, December 2006, *96* (5), 1611–1630.

Fenizia, Alessandra, "Managers and Productivity in the Public Sector," *Econometrica*, 2022, *90* (3), 1063–1084.

Friebel, Guido, Matthias Heinz, and Nikolay Zubanov, "Middle Managers, Personnel Turnover, and Performance: A Long-Term Field Experiment in a Retail Chain," *Management Science*, January 2022, *68* (1), 211–229.

Gibbons, Robert and Rebecca Henderson, "Relational contracts and organizational capabilities," *Organization science*, 2012, *23* (5), 1350–1364.

Gilliland, Stephen, Dirk Steiner, and Daniel Skarlicki, *Emerging perspectives on values in organizations*, IAP, 2003.

Guiso, Luigi, Paola Sapienza, and Luigi Zingales, "Does culture affect economic outcomes?," *Journal of Economic perspectives*, 2006, *20* (2), 23–48.

Hermalin, Benjamin E., "Toward an Economic Theory of Leadership: Leading by Example," *The American Economic Review*, 1998, *88* (5), 1188–1206.

_ , "Leading for the long term," *Journal of Economic Behavior Organization*, 2007, *62* (1), 1–19.

Hoffman, Mitchell and Steven Tadelis, "People Management Skills, Employee Attrition, and Manager Rewards: An Empirical Analysis," *Journal of Political Economy*, 2021, *129* (1), 243 – 285.

Kaplan, Steven N., Mark M. Klebanov, and Morten Sorensen, "Which CEO Characteristics and Abilities Matter?," *The Journal of Finance*, 2012, *67* (3), 973–1007.

Kotter, J.P., *Corporate Culture and Performance*, Free Press, 2008.

Kraemer, Harry M, *From values to action: The Four Principles of Values-Based Leadership*, John Wiley & Sons, 2011.

Kramarz, Francis and David Thesmar, "Social Networks in the Boardroom," *Journal of the European Economic Association*, 2013, *11* (4), 780–807.

Kreps, David M et al., "Corporate culture and economic theory," *Perspectives on positive political economy*, 1990, *90* (109-110), 8.

Lehrer, Evelyn L., "Religion as a Determinant of Economic and Demographic Behavior in the United States," *Population and Development Review*, 2004, *30* (4), 707–726.

Mayer, Roger C., James H. Davis, and F. David Schoorman, "An Integrative Model of Organizational Trust," *The Academy of Management Review*, 1995, *20* (3), 709–734.

McEvily, Bill, Vincenzo Perrone, and Akbar Zaheer, "Trust as an Organizing Principle," *Organization Science*, 2003, *14* (1), 91–103.

Nguyen, Bang Dang, "Does the Rolodex Matter? Corporate Elite's Small World and the Effectiveness of Boards of Directors," *Management Science*, 2012, *58* (2), 236–252.

Nohria, Nitin and Rakesh Khurana, *Handbook of leadership theory and practice*, Harvard Business Press, 2010.

Organ, Dennis, "Organizational Citizenship Behavior: It's Construct Clean-Up Time," *Human Performance - HUM PERFORM*, 06 1997, *10*, 85–97.

Podsakoff, Philip M, Scott B MacKenzie, Julie Beth Paine, and Daniel G Bachrach, "Organizational citizenship behaviors: a critical review of the theoretical and empirical literature and suggestions for future research," *Journal of Management*, 2000, *26* (3), 513–563.

Rotemberg, Julio J and Garth Saloner, "Leadership style and incentives," *Management Science*, 1993, *39* (11), 1299–1318.

_ **and** _ , "Benefits of narrow business strategies," *The American Economic Review 84(5):1330–1349*, 1994.

Rotemberg, Julio J. and Garth Saloner, "Visionaries, Managers, and Strategic Direction," *The RAND Journal of Economics*, 2000, *31* (4), 693–716.

Schoar, Antoinette and Luo Zuo, "Does the market value CEO styles?," *American Economic Review*, 2016, *106* (5), 262–66.

_ **and** _ , "Shaped by Booms and Busts: How the Economy Impacts CEO Careers and Management Styles," *The Review of Financial Studies*, 01 2017, *30* (5), 1425–1456.

Scott, W Richard, *Institutions and organizations: Ideas, interests, and identities*, Sage publications, 2013.

Shamir, Boas, Robert J House, and Michael B Arthur, "The motivational effects of charismatic leadership: A self-concept based theory," *Organization science*, 1993, *4* (4), 577–594.

Shayo, Moses, "A Model of Social Identity with an Application to Political Economy: Nation, Class, and Redistribution," *The American Political Science Review*, 2009, *103* (2), 147–174.

Shue, Kelly, "Executive Networks and Firm Policies: Evidence from the Random Assignment of MBA Peers," *The Review of Financial Studies*, 2013, *26* (6), 1401–1442.

Steen, Eric Van Den, "Strategy and the Strategist: How it Matters Who Develops the Strategy," *Management Science*, 2018, *64* (10), 4533–4551.

Sørensen, Jesper B., "The Strength of Corporate Culture and the Reliability of Firm Performance," *Administrative Science Quarterly*, 2002, *47* (1), 70–91.

Tabellini, Guido, "Institutions and culture," *Journal of the European Economic association*, 2008, *6* (2-3), 255–294.

Tajfel, Henri and John C. Turner, "The Social Identity Theory of Intergroup Behavior," in John T. Jost and Jim Sidanius, eds., *Political Psychology: Key Readings*, Psychology Press, 2004, pp. 276–293.

Wilson, James Q., *Bureaucracy: What Government Agencies Do and Why They Do It*, Basic Books, 1989.

Wright, Bradley E., "Public Service and Motivation: Does Mission Matter?," *Public Administration Review*, 2007, *67* (1), 54–64.

A Appendix: Sample selection

The starting point for our survey was the absence data from 2020, from which we constructed the sampling frame for the public sector. We restricted attention to government, municipal, and regional units, excluding private-sector observations. In total, this dataset contained more than 1.1 million individuals across 18,182 production units. To ensure comparability, we retained only units with at least five full-time employees, where full-time was defined as working at least 70 percent of standard hours (except in moving years), and employees had a minimum tenure of two years. This restriction left 12,185 production units.

A further step was required to address the problem of invalid workplace identifiers in the absence data, which could otherwise prevent consistent merging across units. To resolve this, we validated workplace identifiers by comparing them with information on employees' primary workplaces. Units whose identifiers could not be matched in a consistent way were excluded, reducing the sample to 12,169 units. We then restricted the data to production units with at least one identifiable manager, resulting in 9,273 units, which form the basis of our survey.

The identification of leaders relied on occupational codes distinguishing managerial from non-managerial employees. Managers were defined as individuals in the highest occupational categories, corresponding to top or middle leadership positions. Where multiple candidates were present in the same unit, we prioritized those in top managerial positions; if none were available, we selected from the second tier. In cases of ties, we applied further criteria such as prior leadership experience, wage level, and tenure in the unit. This procedure produced a final leader sample of 14,750 individuals, corresponding to around 7 percent of the universe of leaders in the public sector. The sample included units with a single top manager, units with a single middle manager, and a smaller group of units with multiple top managers.

Employees were defined as all individuals not classified as managers. To ensure comparability with the leader sample, we again restricted the data to full-time employees with at least two years of tenure. From this group, we randomly sampled two employees per unit, independently of unit size. The final employee sample consisted of 28,062 individuals, or roughly 3 percent of the universe of public-sector employees.

Because a separate project focused on the hospital sector, employees in this area were oversampled. For small hospital units, we applied the same rule as elsewhere, selecting two employees per unit. For larger hospital units, however, we sampled 10 percent of employees (for example, three individuals from a unit of 35 workers). This resulted in 9,856 hospital employees in the final sample, corresponding to nearly 10 percent of the hospital workforce in 2020.

Table XX provides a selection analysis focusing on the extent to which there is a bias in the types of leaders who answered our survey.

This selected sample was then used in collaboration with Statistics Denmark (DST) to administer the survey. The questionnaire was distributed digitally in June 2021 via the Danish national e-mail inbox system, which ensures that all residents receive official communications. Two follow-up reminders were sent in July and August 2021 to increase response rates. Responses were collected by DST and linked to individuals' identifiers, which were subsequently anonymized before being made accessible to researchers through the secure DST data servers. This setup not only safeguarded confidentiality but also allowed us to merge survey responses with Danish administrative registers, including tax and employment records. This linkage enables us to validate the survey answers against high-quality administrative data and to connect leaders' reported values with objective measures of workplace outcomes.

Revealed preferences validation

To assess whether the values reported in our survey reflect genuine orientations rather than aspirational statements, we validate responses using independent information from administrative registers and complementary surveys conducted by Statistics Denmark. This revealed-preference approach allows us to test whether stated values align with observable behaviors.

We begin with religious values. In Denmark, membership in the Evangelical Lutheran Church of Denmark (Folkekirken) is officially recorded because members are required to pay a church tax, which is collected through the tax system. This provides an objective register-based measure of religiosity for the entire population. We find that leaders and workers who self-report being religious, or who state that they were raised in a religious household, are significantly more likely to be registered as church tax payers (Table A.1). Religious self-reports also correlate with family-related behaviors: respondents who identify as religious are more likely to be married and to have more children. These findings are consistent with prior evidence that religiosity is associated with higher fertility and stronger family orientation (see, for example, Lehrer (2004)).

Table A.1: Validation of religious values with register-based measures

This table reports regressions validating self-reported religiosity with register-based and behavioral measures. Panel A use the outcome "I am religious", while Panel B use the outcome "Religion was important in my childhood". Explanatory variables include number of children, marital status, and membership in the Evangelical Lutheran Church of Denmark (Folkekirken), recorded in the Danish registers through the church tax system.

	(1)	(2)	(3)	(4)
Panel A: I am religious				
Number of children	0.2428***			0.2163***
	(0.0506)			(0.0508)
Married		0.2352**		0.1434
		(0.1089)		(0.1091)
Member of church			1.6137***	1.5978***
			(0.1394)	(0.1391)
Constant	3.8066***	4.1297***	2.8990***	2.3634***
	(0.1141)	(0.0938)	(0.1300)	(0.1743)
Observations	4017	4017	4008	4008
Adjusted R^2	0.005	0.001	0.032	0.037
Panel B: Religion played a role in my childhood				
Number of children	0.2175***			0.1937***
	(0.0501)			(0.0510)
Married		0.3496***		0.2703**
		(0.1079)		(0.1097)
Member of church			0.2497*	
			(0.1406)	
Constant	3.1593***	3.3452***	3.3817***	3.0078***
	(0.1128)	(0.0929)	(0.1311)	(0.1284)
Observations	4034	4034	4024	4034
Adjusted R^2	0.004	0.002	0.001	0.006

We also examine values related to altruism and concern for others. Specifically, we compare self-reported answers about the importance of living conditions for different groups, ranging from one's local community to people around the world, with information from Statistics Denmark's cultural survey on media consumption (Table A.2). Although these media habits are also self-reported, they are collected independently from our survey, providing

a separate source of validation. The results show a clear pattern: respondents who emphasize concern for their community, region, or country are statistically more likely to follow Danish local news, while those who place greater importance on the living conditions of Europeans or of people worldwide are more likely to consume international news.

It is important to note that the sample sizes for these regressions are relatively small, since they are limited to the subset of individuals who were randomly selected into both our survey and Statistics Denmark's cultural survey. While this constraint reduces statistical power, the consistent and intuitive patterns we observe nonetheless provide meaningful evidence of validity.

Table A.2: Validation of altruism values with news consumption

Each column corresponds to self-reported concern for the living conditions of different groups (community, region, Denmark, Europe, everyone). Each panel reports regressions of these values on news consumption patterns based on the KVU survey asking wheter or not they read, listen or watch local or foreign news. Standard errors are in parentheses. *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

	(1)	(2)	(3)	(4)	(5)
	Caring about the living conditions of:				
	My community	My region	Denmark	Europe	Everyone
Panel A: Local news					
Local news	0.6745**	0.7098**	0.5490**	0.2980	0.2745
	(0.3025)	(0.2759)	(0.2674)	(0.2650)	(0.3187)
Constant	3.0588***	2.8235***	3.1176***	3.2353***	3.0588***
	(0.2071)	(0.1889)	(0.1831)	(0.1815)	(0.2182)
Panel B: Foreign news					
Foreign news	0.0667	0.1500	0.2000	0.4667*	0.7667**
	(0.3364)	(0.3130)	(0.2921)	(0.2656)	(0.3016)
Constant	3.3500***	3.1000***	3.3000***	3.2000***	2.9000***
	(0.2060)	(0.1917)	(0.1789)	(0.1626)	(0.1847)
Observations	32	32	32	32	32

Finally, we test self-reported honesty values by comparing stated approval of cheating in different contexts with objective measures of past criminal activity recorded in the registers (Table A.3). While the vast majority of crimes in our data are minor infractions, mostly traffic-related (e.g., running a red light or failing to stop at a stop sign), the correlation is nevertheless informative: individuals who express more lenient attitudes toward cheating

also report a higher number of prior offenses. This provides further evidence that our survey measures capture meaningful behavioral tendencies.

Table A.3: Validation of Honesty values with crime register-based measures

This table reports regressions validating self-reported attitudes toward cheating with register-based measures of past crimes. The outcomes are four survey questions: approval of cheating on social benefits, on taxes, on a spouse, and approving on taking bribes. The explanatory variable is the total number of registered crimes committed by the respondent.

	(1)	(2)	(3)	(4)
Panel A: Cheating				
		Tolerates cheating:		
	Social benefits	Taxes	Spouse	Bribes
Total crimes	0.0155	0.0397***	0.0790**	0.0074
	(0.0122)	(0.0146)	(0.0355)	(0.0079)
Constant	1.2366***	1.3721***	2.9028***	1.0748***
	(0.0147)	(0.0176)	(0.0427)	(0.0095)
Observations	4019	4014	3598	4010
Adjusted R^2	0.000	0.002	0.001	-0.000

Standard errors in parentheses

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

Together, these correlations confirm that the values captured in our survey map onto observable behaviors and independent measures. This strengthens our interpretation that the reported values of public sector leaders and workers reflect genuine orientations with meaningful behavioral implications, rather than abstract attitudes.

B Appendix : Distribution of answers

Table B.1: Complete Questionnaire

Question	Scale
leader1: Are you employed as a manager?	0-1
leader2: What type of leadership position do you have?	
sektor: In which sector are you employed?	open text
L4: How many people do you have daily management responsibility for?	continuous
L5: In which year did you first have day-to-day management responsibility for one or more employees?	continuous
L6: Imagine a job in the private sector that is as exciting as your current job, but has no social value. How much more would you need to be paid to leave your current job for this job in the private sector?	continuous
L7: To what extent do you feel that your personal values match the mission of the workplace?	1-5
L8: To what extent do your personal values influence your decisions in your daily work?	1-5
L9: To what extent are your personal values visible to the employees for whom you have day-to-day management responsibility, and evident in the everyday life of your team?	1-5
L10: To what extent is your team's daily work based on strong ethical values, e.g. keeping promises, treating employees and customers well, etc.?	1-5
L11: To what extent is the workplace's mission visible to the employees for whom you have day-to-day management responsibility, and evident in everyday life for your team?	1-5
L12_1: How often do you do: Communicate the workplace mission to unit members and reminds them of the mission.	1-5
L12_2: How often do you do: Engage in dialogue with the unit's members when they ask questions about or about the workplace's mission.	1-5

Question	Scale
L12_3: How often do you do: Explains the unit's members how their daily tasks contribute to the workplace's mission.	1-5
L12_4: How often do you do: Explain to unit members the basis for important managerial and strategic decisions.	1-5
L12_5: How often do you do: Communicate and clarifies your own personal values to unit members.	1-5
L13_1: When someone does me a favor, I'm willing to do them a favor.	1-11
L13_2: How well does the statement fit you: If I am treated unfairly, I will retaliate at the first opportunity, even if there are costs involved.	1-11
L13_3: How well does the statement fit you: I automatically assume that people have the best intentions.	1-11
L13_4: How well does the statement fit you: I am proud to be Danish.	1-11
L13_5: How well does the statement fit you: I am religious.	1-11
L13_6: How well does the statement fit you: Religion played a prominent role in my childhood home and in my childhood in general.	1-11
L14: You suddenly receive DKK 8,000, which you did not expect. What proportion of this amount will you donate to a good cause?	continuous
L15_1: To what extent do you care about the living conditions of: immediate family:	1-5
L15_2: To what extent do you care about the living conditions of: People in your community.	1-5
L15_3: To what extent do you care about the living conditions of: People in the region you live in.	1-5
L15_4: To what extent do you care about the living conditions of: Your countrymen.	1-5
L15_5: To what extent do you care about the living conditions of: Europeans.	1-5
L15_6: To what extent do you care about the living conditions of: All people in the whole world.	1-5
L16: Do you generally think that you can trust most people, or that you can't be wary enough of others?	1-5
L17_1: To what extent do you trust: Unions	1-5

Question	Scale
L17_2: To what extent do you trust: The police	1-5
L17_3: To what extent do you trust: the Danish parliament	1-5
L17_4: To what extent do you trust: Humanitarian organizations	1-5
L17_5: To what extent do you trust: The People's Church	1-5
L17_6: To what extent do you approve: To what extent do you trust: Defense	1-5
L18_1: To what extent do you approve: Accepting social benefits to which you are not entitled.	1-11
L18_2: To what extent do you approve: Cheating on taxes if you have the opportunity.	1-11
L18_3: To what extent do you approve: Driving a car that belongs to someone else.	1-11
L18_4: To what extent do you approve: That a married person has an affair outside of marriage.	1-11
L18_5: To what extent do you approve: Accepting bribes in connection with one's work area.	1-11
L19: What do you think the Government should do regarding people from less developed countries who come to Denmark to work?	1-4
L20_1: To what extent do you agree: Immigrants take jobs from Danes.	1-11
L20_2: To what extent do you agree: Danish culture is undermined by immigrants.	1-11
L20_3: To what extent do you agree: To what extent do you agree or disagree with the following statements?	1-11
L21: On a scale of 1 to 11, where 1 is the far left and 11 is the far right, where are your political views?	1-11
L22: How would you characterize your childhood home politically on a scale from 1 to 11, where 1 is extreme left and 11 is extreme right?	1-11

Figure B.1: Distribution personal values match the mission of the workplace

This figure presents the distribution of responses to the question of whether personal values match the mission of the workplace. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

Figure B.2: Distribution of responses: personal values influence decisions in daily work

This figure presents the distribution of responses to the question of whether personal values influence decisions in daily work. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

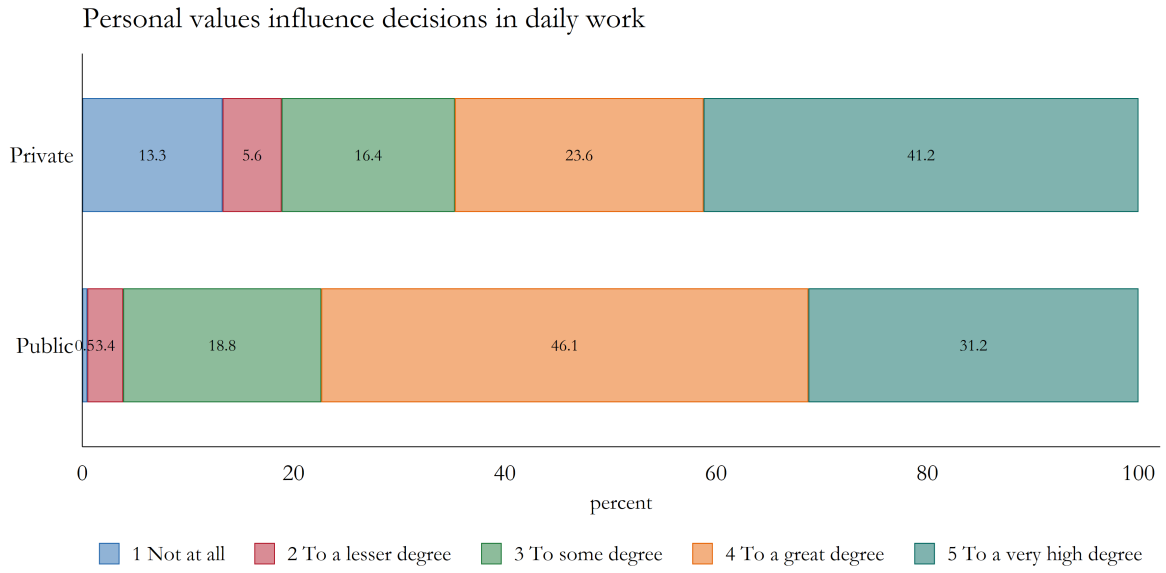


Figure B.3: Distribution of responses: personal values visible to employees

This figure presents the distribution of responses to the question of whether personal values are visible to employees. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

Figure B.4: Distribution of responses: daily work based on strong ethical values

This figure presents the distribution of responses to the question of whether daily work is based on strong ethical values. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

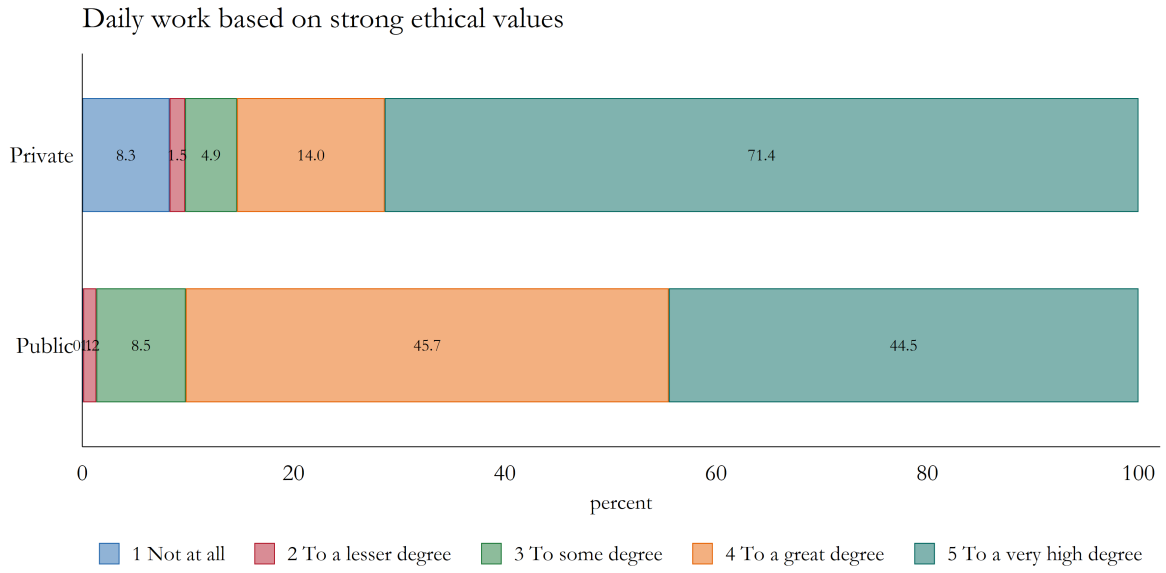


Figure B.5: Distribution of responses: frequency of communicating personal values to unit members

This figure presents the distribution of responses to the question of how often leaders communicate and clarify their personal values to unit members. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

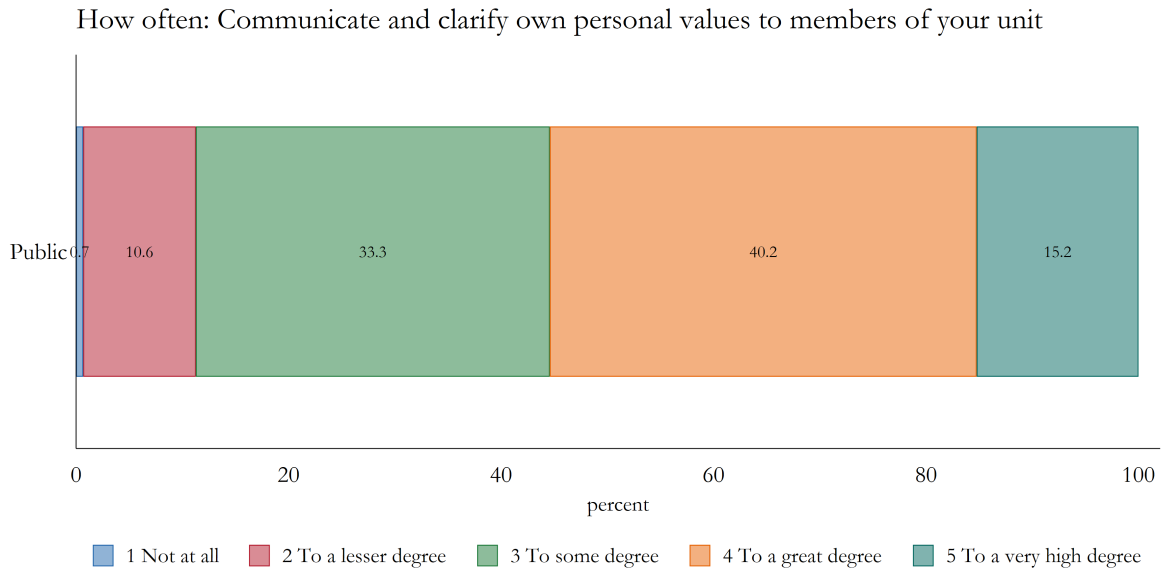


Figure B.6: Distribution of trust in unions

This figure presents the distribution of responses regarding trust in unions. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

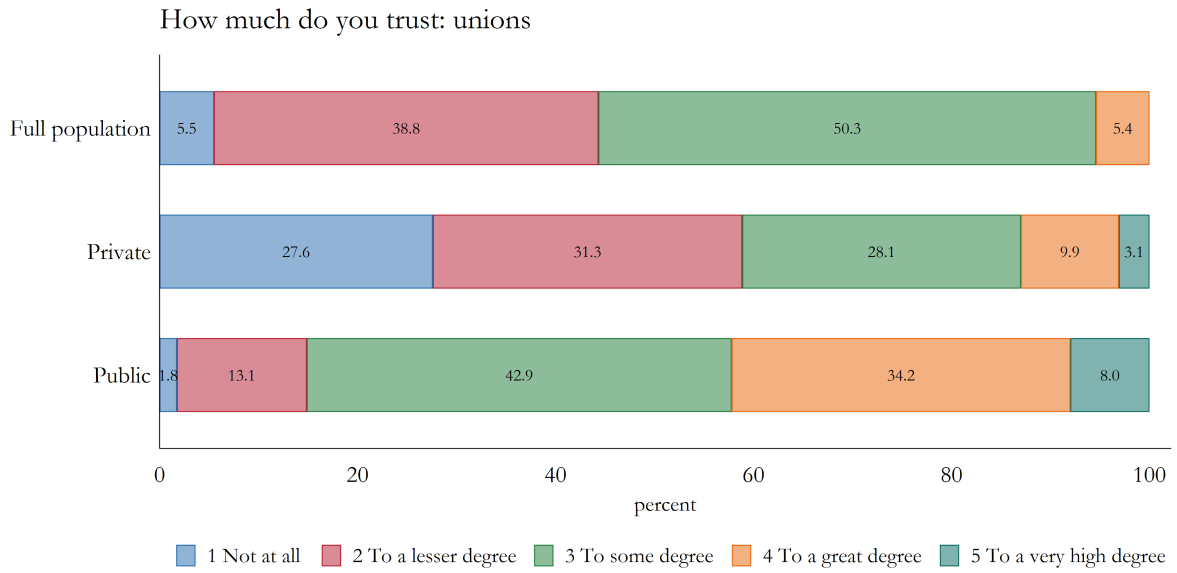


Figure B.7: Distribution of trust in the police

This figure presents the distribution of responses regarding trust in the police. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

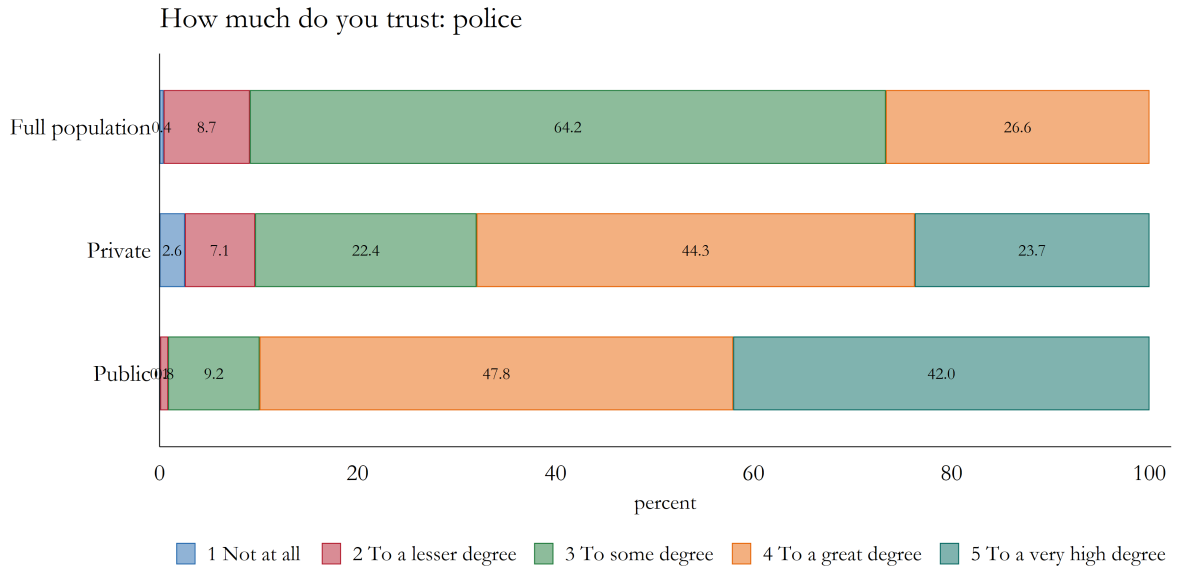


Figure B.8: Distribution of trust in Parliament

This figure presents the distribution of responses regarding trust in the Danish Parliament. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

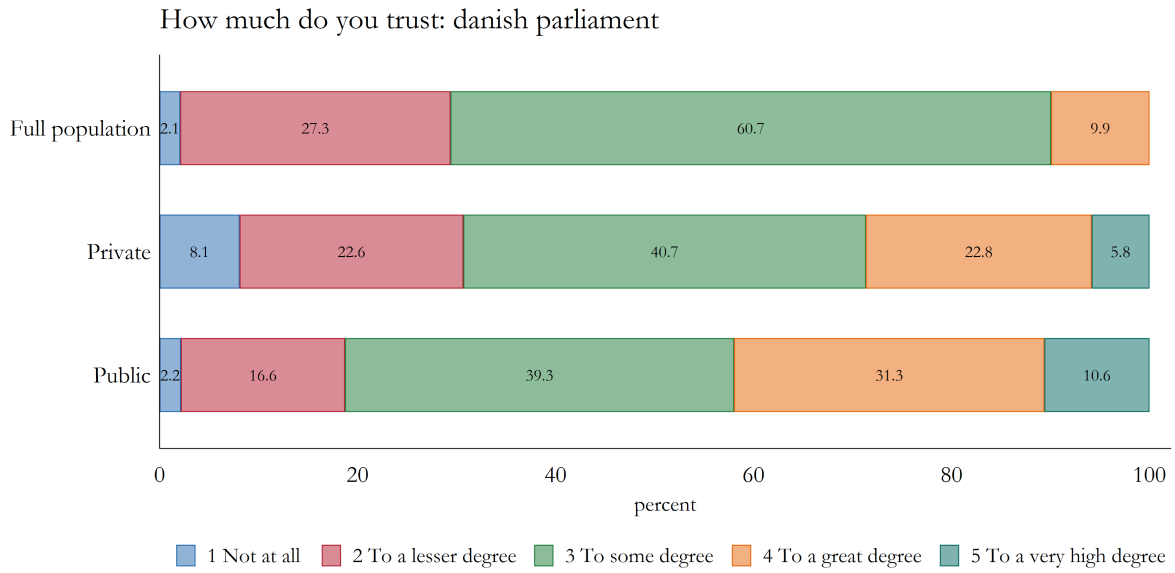


Figure B.9: Distribution of trust in humanitarian organizations

This figure presents the distribution of responses regarding trust in humanitarian organizations. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

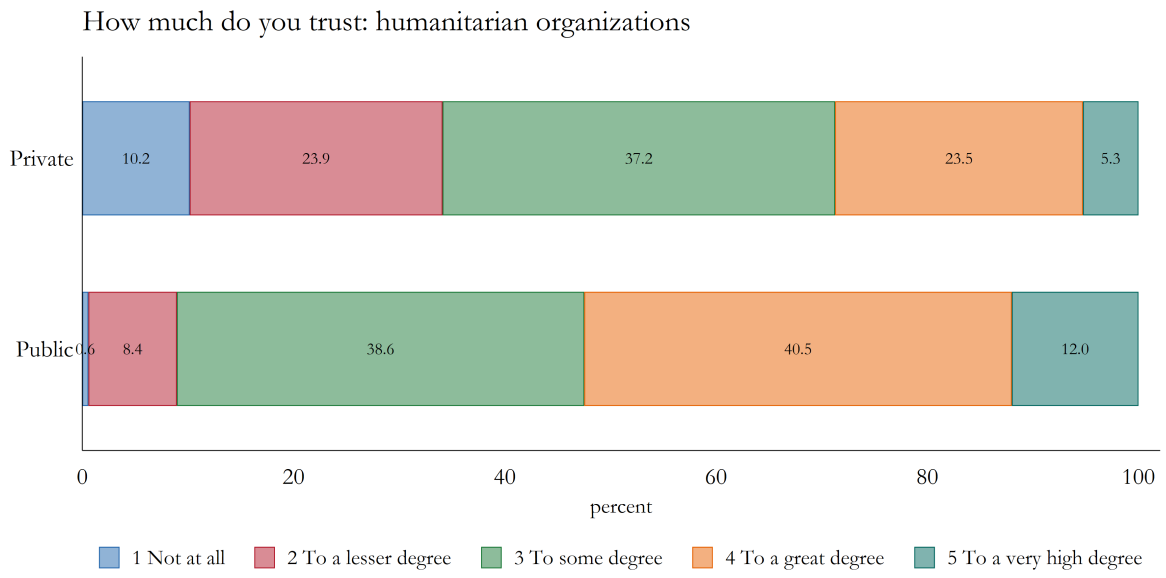


Figure B.10: Distribution of concern for family

This figure presents the distribution of responses regarding concern for the living conditions of immediate family. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

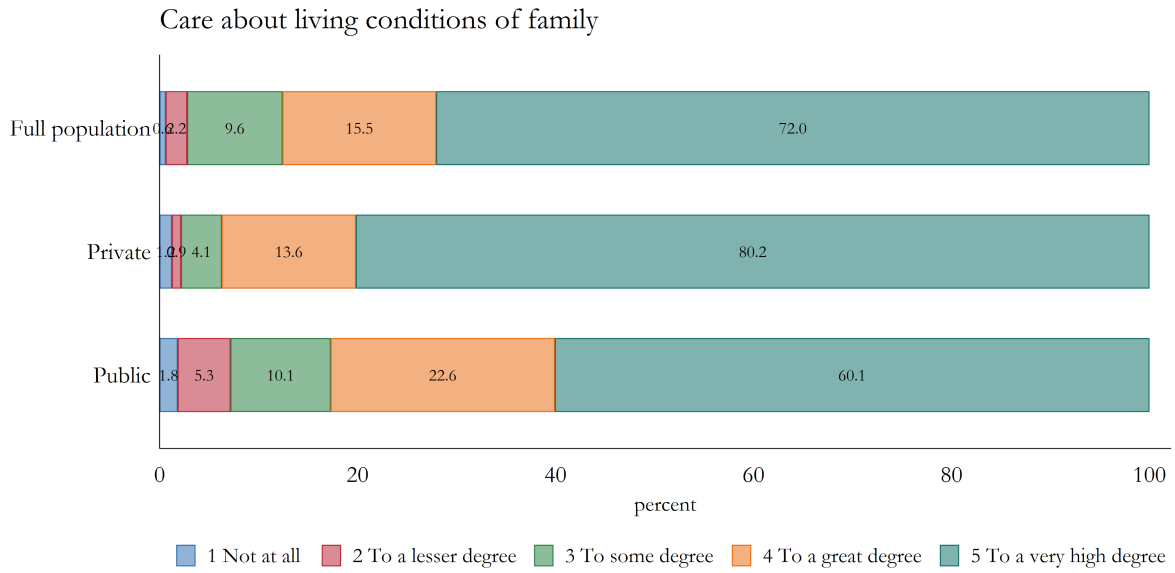


Figure B.11: Distribution of concern for people in the community

This figure presents the distribution of responses regarding concern for the living conditions of people in one's community. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

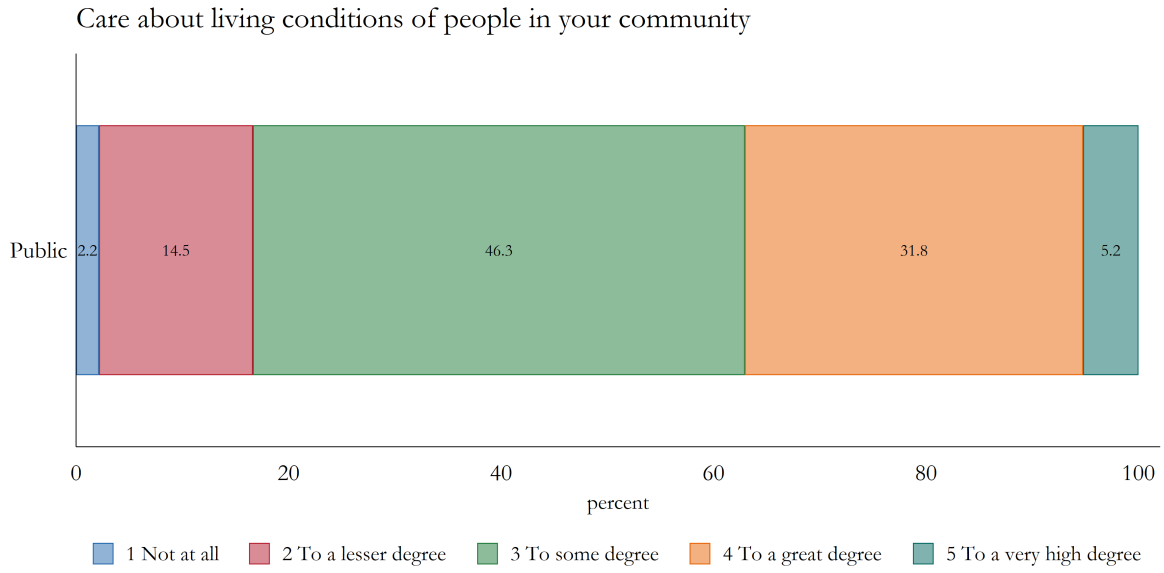


Figure B.12: Distribution of concern for people in the region

This figure presents the distribution of responses regarding concern for the living conditions of people in one's region. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

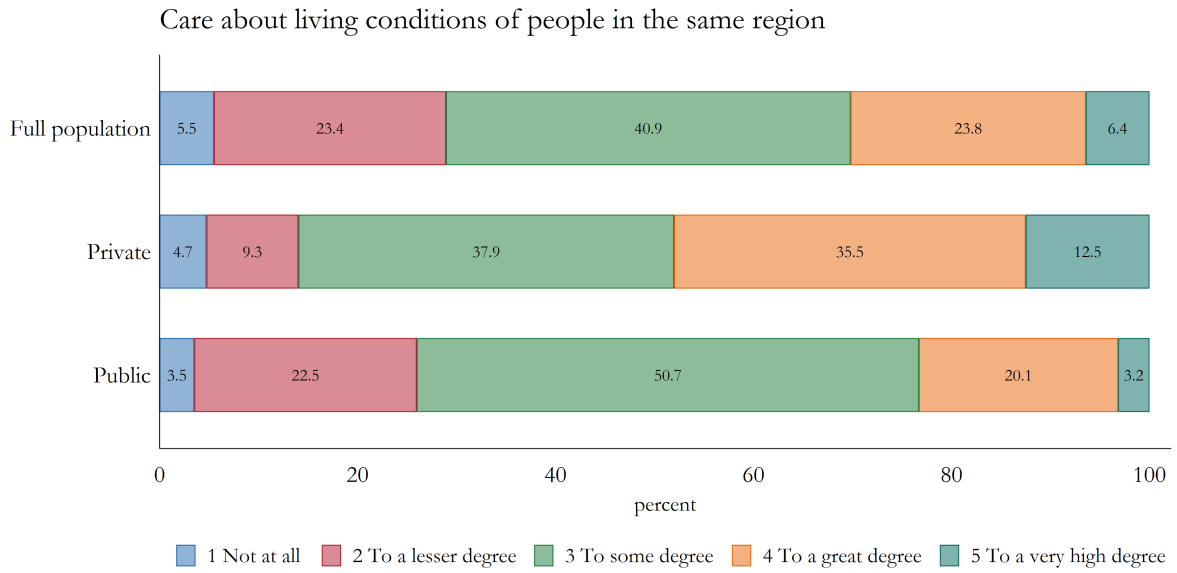


Figure B.13: Distribution of concern for fellow countrymen

This figure presents the distribution of responses regarding concern for the living conditions of fellow Danes. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

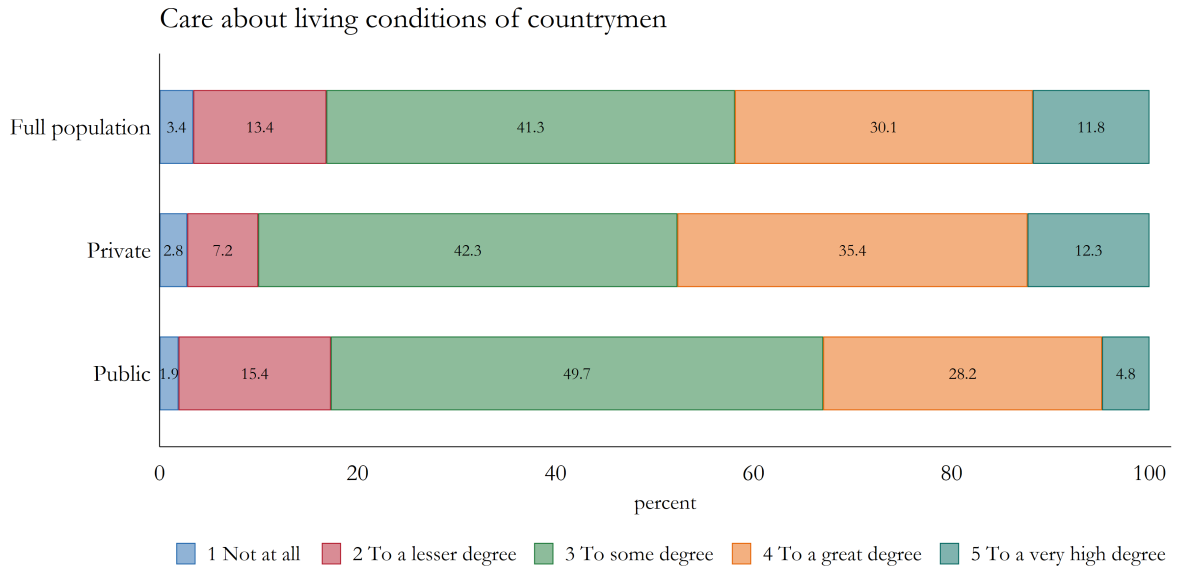


Figure B.14: Distribution of concern for Europeans

This figure presents the distribution of responses regarding concern for the living conditions of Europeans. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

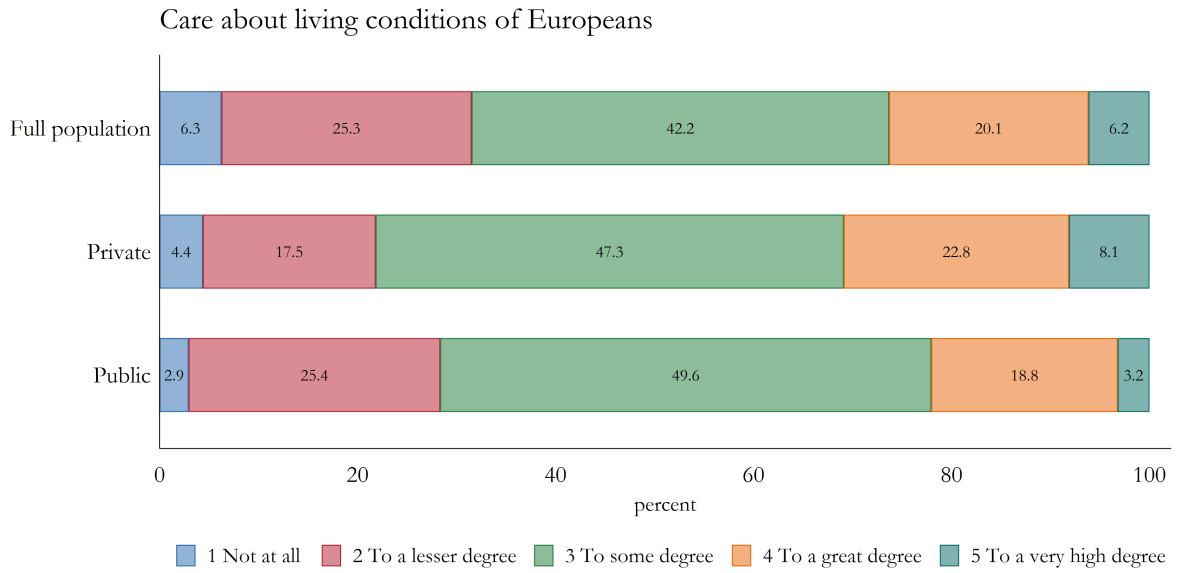


Figure B.15: Distribution of concern for all people in the world

This figure presents the distribution of responses regarding concern for the living conditions of all people in the world. The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

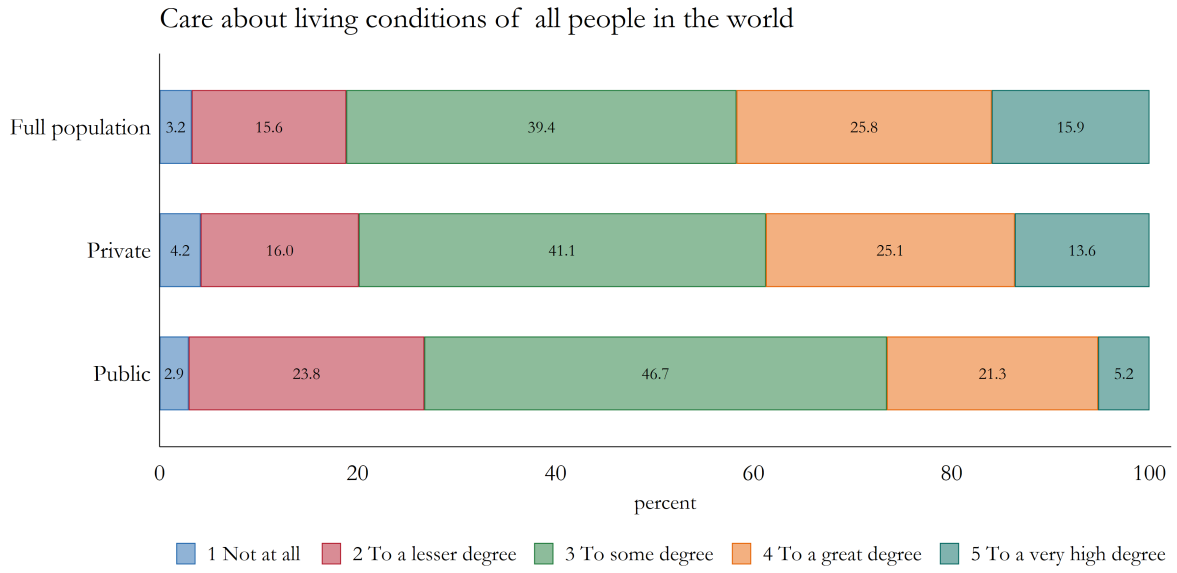


Figure B.16: Distribution of national pride

This figure presents the distribution of responses to the statement "I am proud to be Danish." The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

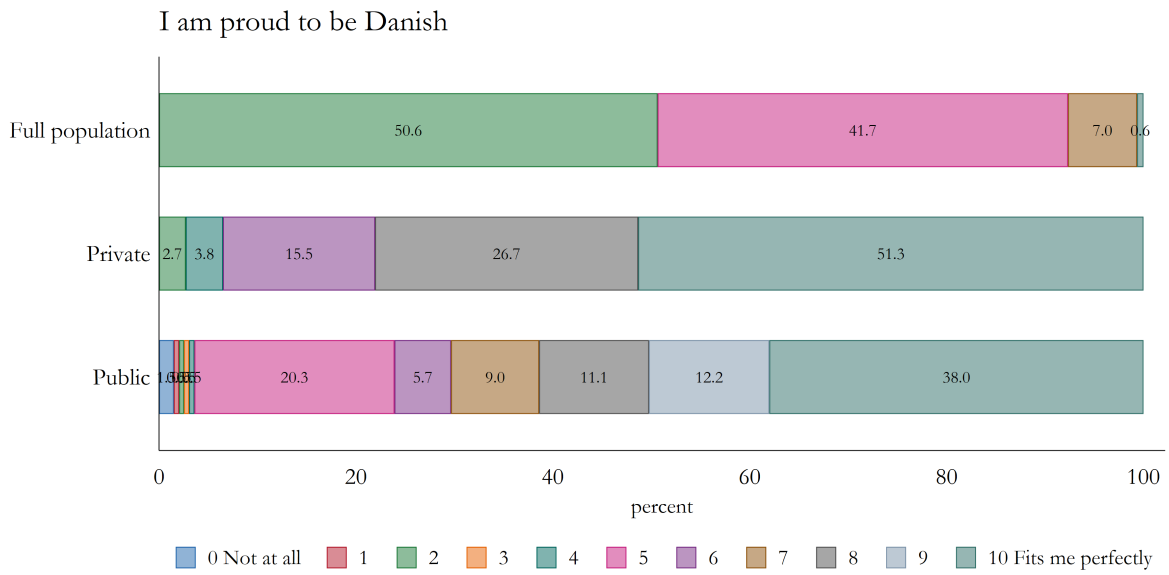


Figure B.17: Distribution of attitudes: immigrants take jobs from Danes

This figure presents the distribution of responses to the statement "Immigrants take jobs from Danes." The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

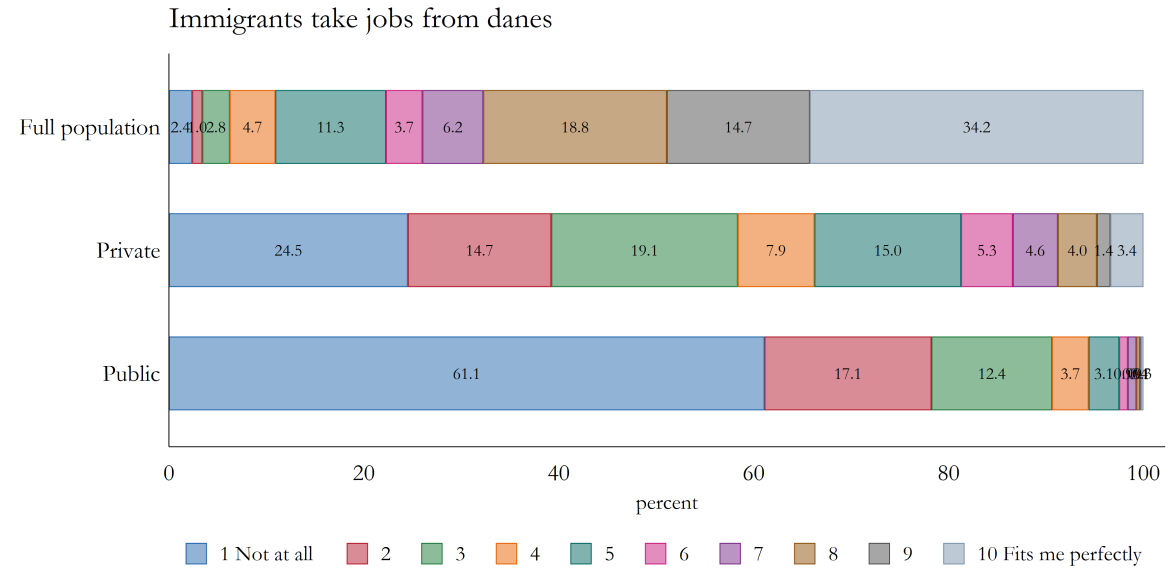


Figure B.18: Distribution of attitudes: Danish culture undermined by immigrants

This figure presents the distribution of responses to the statement "Danish culture is undermined by immigrants." The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

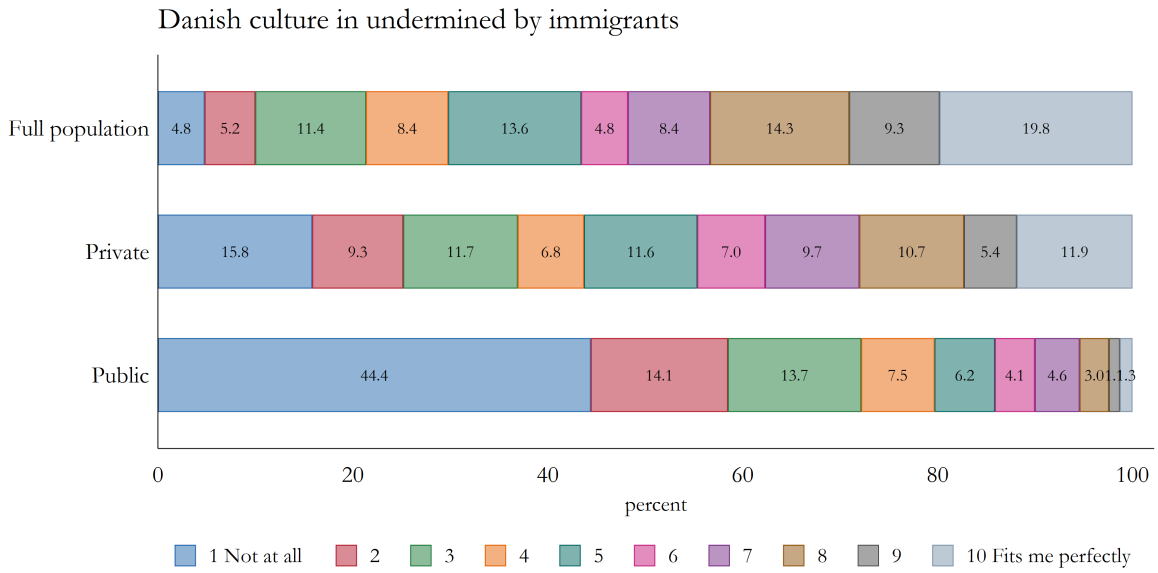


Figure B.19: Distribution of attitudes: immigrants blamed for crime problems

This figure presents the distribution of responses to the statement "Immigrants are to blame for the worsening of crime problems." The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.

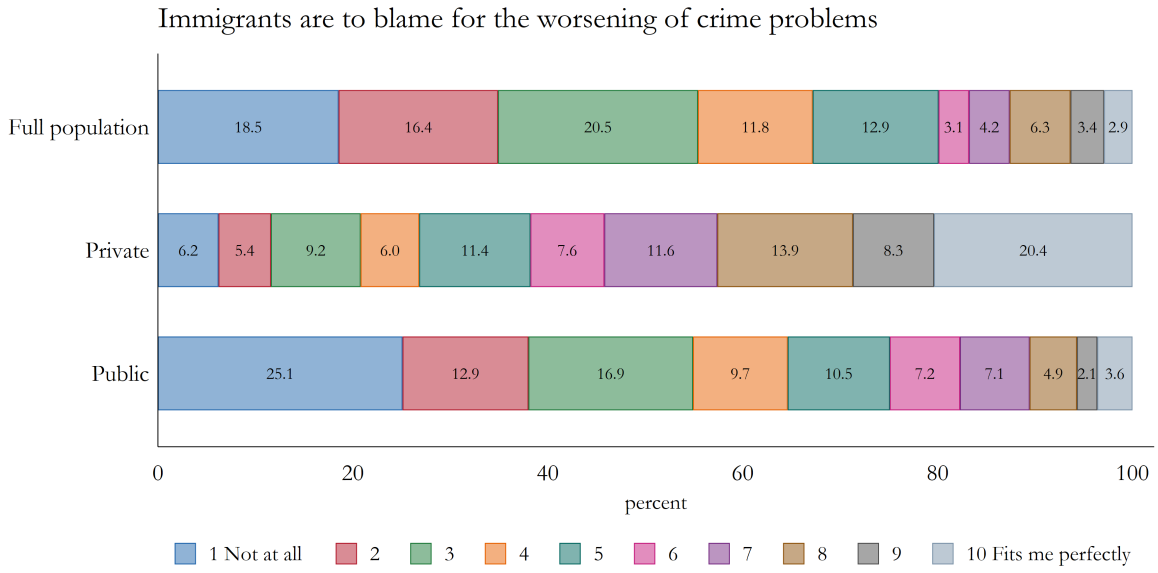
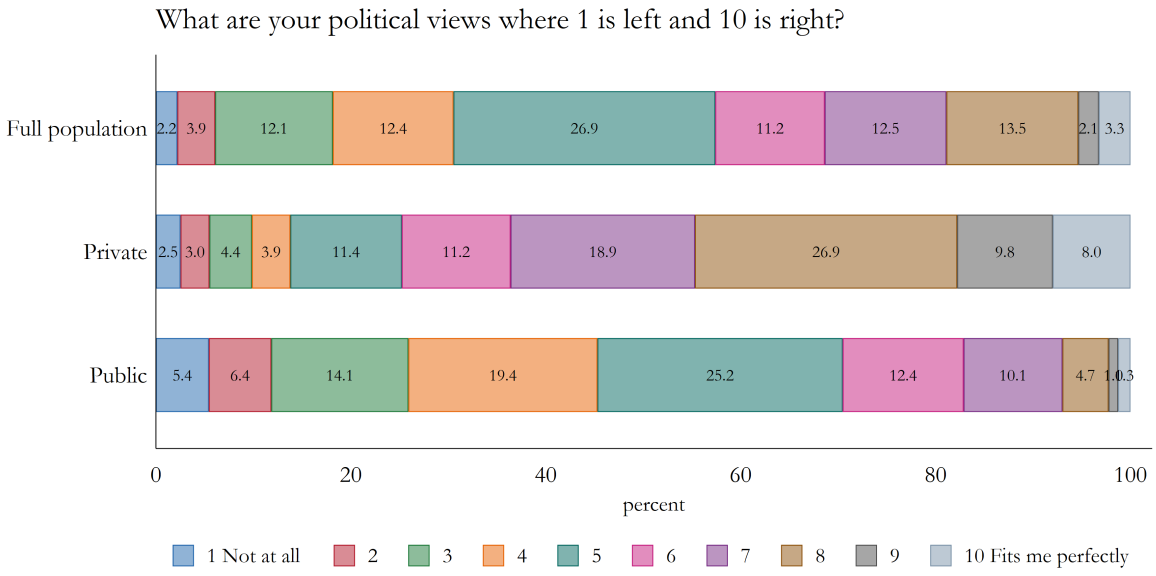


Figure B.20: Distribution of political orientation

This figure presents the distribution of responses regarding political views on a left-right scale (1=far left, 11=far right). The comparison includes the general Danish population from the European Values Survey (EVS), private sector leaders from the 2015 value-based leadership (værdiledelse) survey, and public sector leaders from our 2021 survey.



C Appendix: Distribution values

Figure C.1: Distribution of altruism in the private and public sector

This figure presents the cumulative distribution of altruism scores across three groups: public sector leaders (blue line), private sector leaders (red line), and the full Danish population (green line).

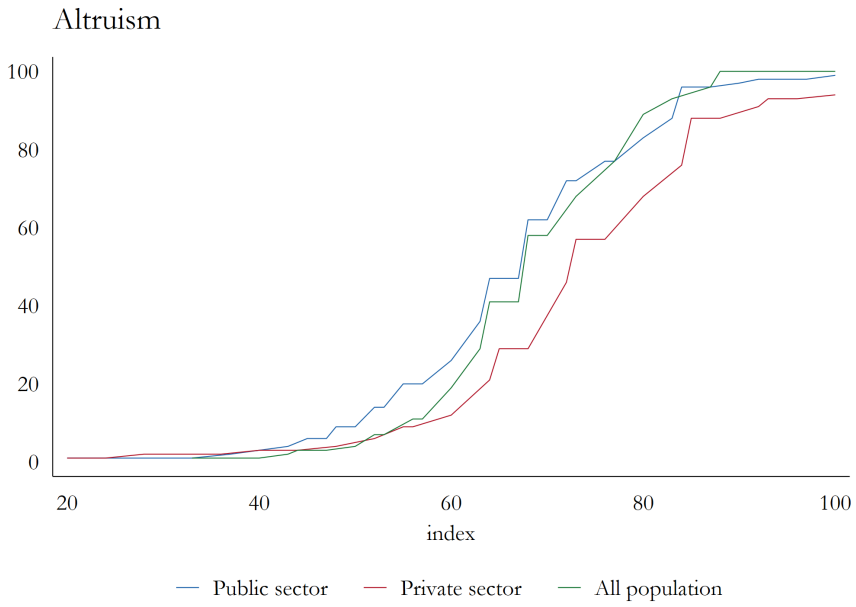


Figure C.2: Distribution of nationalism in the private and public sector

This figure presents the cumulative distribution of nationalism scores across three groups: public sector leaders (blue line), private sector leaders (red line), and the full Danish population (green line).

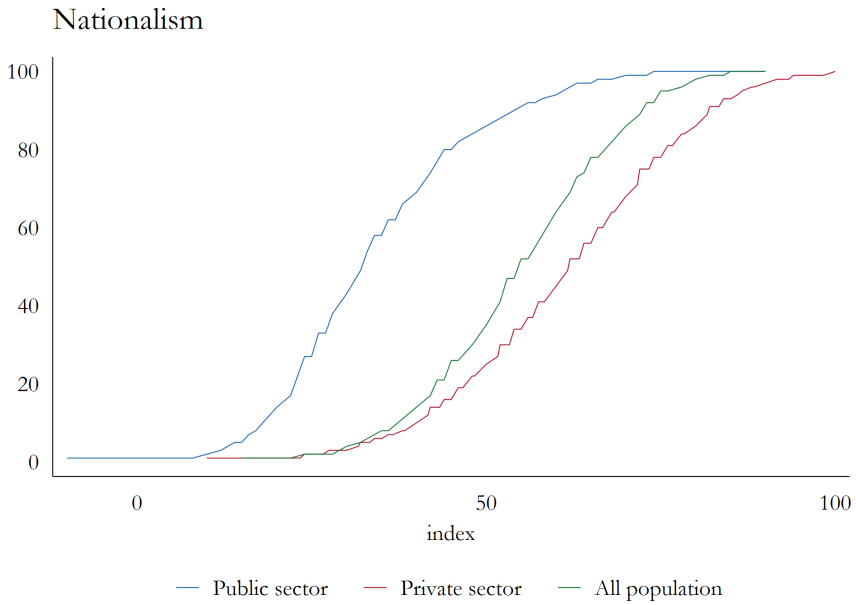
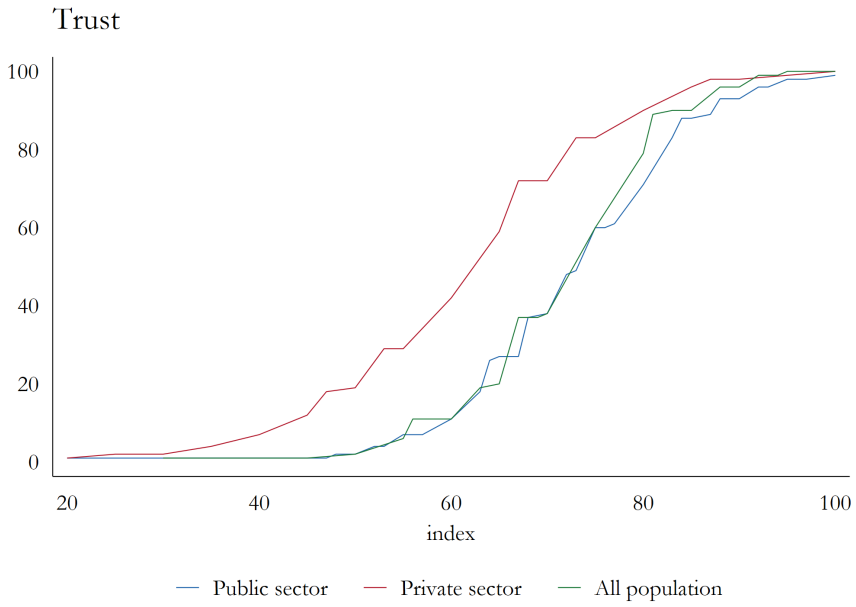


Figure C.3: Distribution of trust in the private and public sector

This figure presents the cumulative distribution of trust scores across three groups: public sector leaders (blue line), private sector leaders (red line), and the full Danish population (green line).



D Appendix: Correlations between demographic characteristics and other values

Figure D.1: Correlation between altruism and demographic characteristics

Public sector

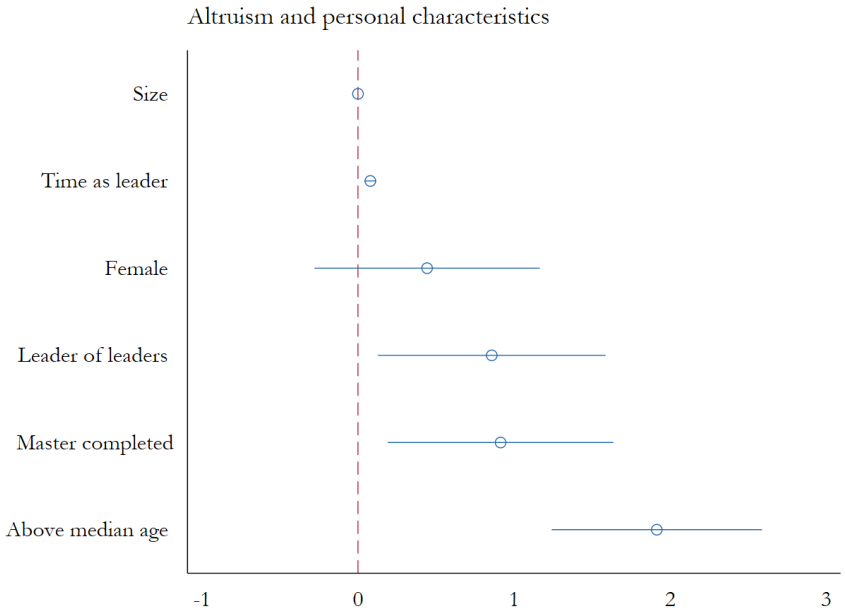


Figure D.2: Correlation between mission and demographic characteristics

Public sector

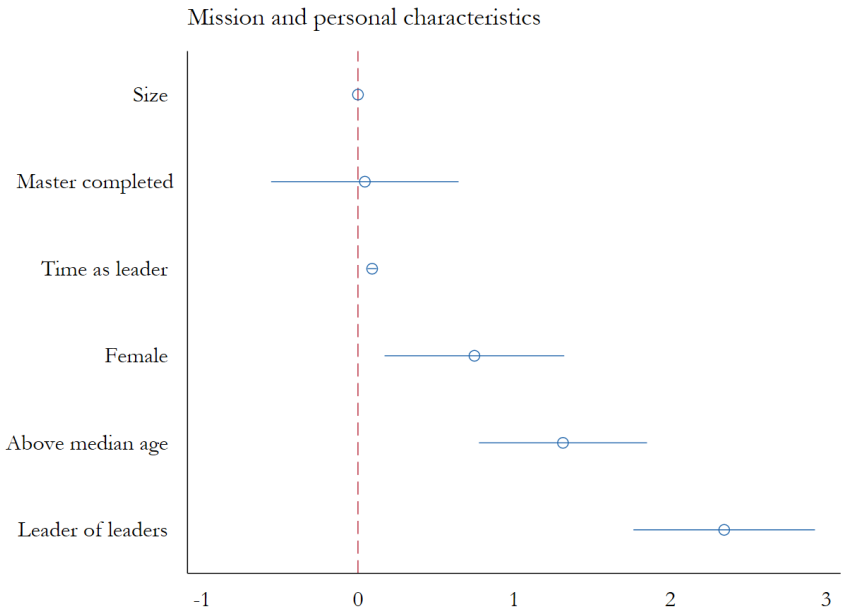


Figure D.3: Correlation between nationalism and demographic characteristics

Public sector

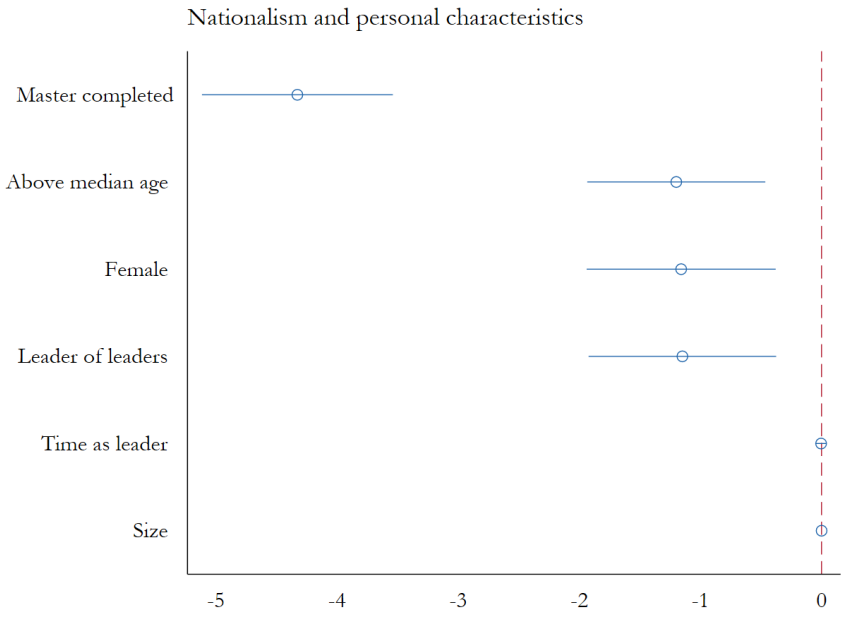
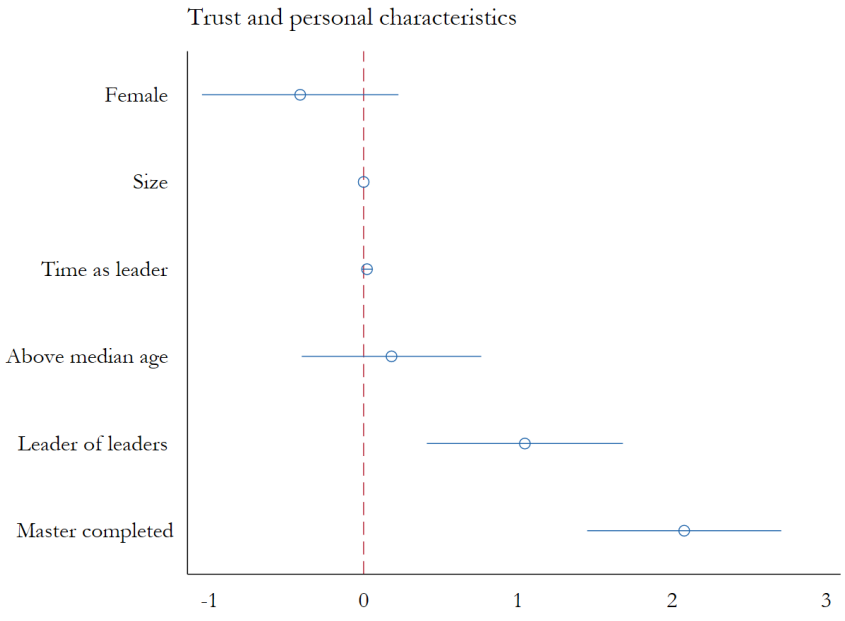


Figure D.4: Correlation between trust and demographic characteristics

Public sector



E Appendix: Factor analysis

F Appendix: Leader and employees VBL

Table F.1: VBL and absence

This table reports regressions of unit-level absence rates on leader VBL. The dependent variable is the percentage of employee absences in the unit. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Unit absence							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Leader's VBL	-2.0601**	-1.4396	-2.8553***	-2.2134**	-1.7629*	-1.4128	-2.4605**	-2.0223**
	(0.9822)	(0.9292)	(1.0908)	(1.0252)	(0.9811)	(0.9551)	(1.0666)	(1.0286)
Employees' VBL	-0.7041	-0.9517	-0.8062	-1.0130	-0.9415	-1.0582*	-0.8552	-0.9953
	(0.6475)	(0.6280)	(0.6600)	(0.6235)	(0.6397)	(0.6227)	(0.6458)	(0.6222)
Mission			2.5389**	0.9063			1.4618	0.5475
			(1.0683)	(1.0881)			(1.0580)	(1.1054)
Trust			-2.7359***	-1.0332			-1.5337	-0.7113
			(0.9639)	(0.9705)			(0.9536)	(0.9767)
Altruism			0.0855	-0.4678			-0.1711	-0.4311
			(0.8055)	(0.8273)			(0.7892)	(0.8359)
Nationalism			0.0802	-0.2735			-0.2732	-0.5251
			(0.8334)	(0.8528)			(0.8169)	(0.8542)
Log of workplace size					-0.0568	0.0477	-0.0362	0.0543
					(0.0947)	(0.0944)	(0.0958)	(0.0953)
Female					1.1119***	0.5296*	1.0049***	0.4597
					(0.2635)	(0.2827)	(0.2712)	(0.2952)
Above meadian age					-0.0392	-0.0169	0.0240	0.0630
					(0.2975)	(0.2887)	(0.3026)	(0.2948)
Time as leader					-0.0057	-0.0090	-0.0085	-0.0127
					(0.0167)	(0.0172)	(0.0170)	(0.0176)
Master completed					-1.3956***	-0.9697***	-1.4174***	-1.0665***
					(0.2714)	(0.2673)	(0.2774)	(0.2744)
Leader of leaders					-0.5159*	-0.2452	-0.5275*	-0.2633
					(0.2851)	(0.2723)	(0.2915)	(0.2860)
Constant	12.7893***	12.4743***	13.3175***	13.4683***	13.0302***	12.5582***	13.6423***	13.5482***
	(0.8275)	(0.7852)	(1.2124)	(1.2336)	(0.9702)	(0.9784)	(1.2991)	(1.3932)
Observations	1,312	1,312	1,225	1,225	1,274	1,274	1,224	1,224
R-squared	0.0046	0.0922	0.0180	0.1011	0.0644	0.1137	0.0714	0.1176
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table F.2: VBL and turnover

This table reports regressions of unit-level turnover rates on leader and employees VBL. The dependent variable is the fraction of employees who leave the unit during the observation period. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Turnover							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Leader's VBL	-0.0356	-0.0219	-0.0451	-0.0293	-0.0356	-0.0259	-0.0394	-0.0276
	(0.0297)	(0.0330)	(0.0336)	(0.0358)	(0.0309)	(0.0345)	(0.0336)	(0.0368)
Employees' VBL	-0.0005	-0.0127	-0.0021	-0.0150	-0.0009	-0.0111	-0.0027	-0.0150
	(0.0195)	(0.0179)	(0.0202)	(0.0183)	(0.0199)	(0.0182)	(0.0202)	(0.0184)
Mission			0.0333	-0.0040			0.0249	-0.0029
			(0.0326)	(0.0284)			(0.0331)	(0.0280)
Trust			-0.0634**	-0.0377			-0.0529*	-0.0390
			(0.0297)	(0.0282)			(0.0301)	(0.0283)
Altruism			-0.0001	-0.0042			-0.0016	-0.0033
			(0.0247)	(0.0223)			(0.0248)	(0.0224)
Nationalism			-0.0272	-0.0427*			-0.0306	-0.0437*
			(0.0256)	(0.0241)			(0.0257)	(0.0237)
Log of workplace size					0.0001	0.0004	0.0008	0.0003
					(0.0029)	(0.0028)	(0.0029)	(0.0028)
Female					0.0138*	-0.0025	0.0147*	0.0003
					(0.0082)	(0.0096)	(0.0085)	(0.0099)
Above meadian age					-0.0067	-0.0048	-0.0055	-0.0029
					(0.0093)	(0.0090)	(0.0095)	(0.0092)
Time as leader					-0.0001	-0.0001	-0.0002	-0.0002
					(0.0005)	(0.0005)	(0.0005)	(0.0005)
Master completed					-0.0066	0.0042	-0.0086	0.0000
					(0.0084)	(0.0100)	(0.0086)	(0.0099)
Leader of leaders					-0.0062	0.0028	-0.0072	0.0005
					(0.0089)	(0.0086)	(0.0092)	(0.0089)
Constant	0.2173***	0.2146***	0.2523***	0.2665***	0.2181***	0.2188***	0.2476***	0.2684***
	(0.0250)	(0.0272)	(0.0372)	(0.0415)	(0.0304)	(0.0352)	(0.0409)	(0.0471)
Observations	1,359	1,359	1,267	1,267	1,318	1,318	1,266	1,266
R-squared	0.0011	0.0762	0.0062	0.0796	0.0069	0.0774	0.0123	0.0800
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table F.3: VBL and talent of employees (GPA)

This table reports regressions of unit-level average employee GPA on leader and employees VBL. The dependent variable is the mean high school grade point average of employees in the unit. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	Unit GPA							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Leader's VBL	0.2649	0.0209	0.3568	0.1190	-0.0201	-0.0976	0.1691	0.0413
	(0.2748)	(0.2355)	(0.3039)	(0.2560)	(0.2313)	(0.2184)	(0.2525)	(0.2329)
Employees' VBL	0.0486	0.1054	0.0447	0.0736	0.1301	0.1913	0.1426	0.2007
	(0.1808)	(0.1520)	(0.1825)	(0.1541)	(0.1499)	(0.1441)	(0.1518)	(0.1451)
Mission			-1.4837***	-0.7317***			-0.7631***	-0.3690
			(0.2946)	(0.2674)			(0.2480)	(0.2372)
Trust			1.2198***	0.4710**			0.5524**	0.2831
			(0.2681)	(0.2394)			(0.2255)	(0.2217)
Altruism			-0.3012	-0.0586			-0.0634	0.0141
			(0.2239)	(0.2059)			(0.1863)	(0.1848)
Nationalism			-0.6024***	-0.4483**			-0.3669*	-0.2465
			(0.2305)	(0.2027)			(0.1921)	(0.1867)
Log of workplace size					0.1938***	0.1694***	0.1925***	0.1716***
					(0.0219)	(0.0213)	(0.0222)	(0.0218)
Female					-0.2368***	-0.0060	-0.2123***	-0.0009
					(0.0618)	(0.0624)	(0.0637)	(0.0647)
Above meadian age					0.0643	0.0543	0.0947	0.0846
					(0.0695)	(0.0692)	(0.0711)	(0.0711)
Time as leader					-0.0087**	-0.0080**	-0.0102**	-0.0097**
					(0.0039)	(0.0037)	(0.0040)	(0.0038)
Master completed					1.1250***	0.9455***	1.1025***	0.9416***
					(0.0628)	(0.0669)	(0.0644)	(0.0689)
Leader of leaders					-0.0356	-0.0884	-0.0392	-0.0957
					(0.0671)	(0.0623)	(0.0689)	(0.0647)
Constant	6.2385***	6.3879***	6.8386***	6.7542***	5.4235***	5.4801***	5.6409***	5.5374***
	(0.2313)	(0.2023)	(0.3366)	(0.2846)	(0.2283)	(0.2287)	(0.3071)	(0.2988)
Observations	1,361	1,361	1,268	1,268	1,320	1,320	1,267	1,267
R-squared	0.0008	0.2537	0.0447	0.2719	0.3330	0.4316	0.3477	0.4397
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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

Table F.4: VBL and talent of employees (IQ)

This table reports regressions of unit-level average employee IQ on leader and employees VBL. The dependent variable is the mean IQ score from military draft records of employees in the unit. Columns (1)-(4) present specifications with VBL alone and with additional value controls (mission, trust, altruism, nationalism). Columns (5)-(8) add leader demographic characteristics (log workplace size, female, above median age, time as leader, master completed, leader of leaders). Odd-numbered columns exclude industry fixed effects; even-numbered columns include them. Standard errors are clustered at the unit level and reported in parentheses. *** p<0.01, ** p<0.05, * p<0.1

	IQ unit							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
VBL	1.8601***	1.7305***	2.4847***	2.2165***	1.4012**	1.5067***	1.9730***	1.7753***
	(0.6081)	(0.5784)	(0.7053)	(0.6474)	(0.5943)	(0.5644)	(0.6588)	(0.6244)
Mission			-3.9360***	-2.4243***			-2.5040***	-1.2908**
			(0.6697)	(0.6180)			(0.6332)	(0.5972)
Trust			3.1862***	1.3075**			1.7590***	0.6797
			(0.6050)	(0.5339)			(0.5690)	(0.5088)
Altruism			0.3241	0.6082			0.7558	0.8878*
			(0.5228)	(0.4862)			(0.4892)	(0.4661)
Nationalism			-0.2447	-0.1930			-0.0269	-0.0169
			(0.5541)	(0.5196)			(0.5232)	(0.5105)
Log of workplace size					0.6607***	0.6761***	0.6488***	0.6680***
					(0.0468)	(0.0449)	(0.0489)	(0.0469)
Female					-0.9473***	-0.3986***	-0.9024***	-0.3924***
					(0.1545)	(0.1369)	(0.1603)	(0.1431)
Above median age					0.0041	-0.0149	0.0081	-0.0147
					(0.1787)	(0.1704)	(0.1845)	(0.1764)
Time as leader					-0.0058	-0.0076	-0.0095	-0.0107
					(0.0101)	(0.0098)	(0.0104)	(0.0101)
Master completed					2.1446***	1.4572***	2.0217***	1.3980***
					(0.1598)	(0.1458)	(0.1671)	(0.1538)
Leader of leaders					0.0418	-0.2632*	0.0914	-0.2517
					(0.1659)	(0.1545)	(0.1717)	(0.1607)
Constant	42.9127***	43.0110***	43.0173***	43.1913***	39.6164***	39.5882***	39.5222***	39.4661***
	(0.4680)	(0.4478)	(0.7452)	(0.7064)	(0.5276)	(0.5188)	(0.7485)	(0.7479)
Observations	3,902	3,902	3,482	3,482	3,690	3,690	3,475	3,475
R-squared	0.0024	0.1307	0.0201	0.1447	0.1462	0.2240	0.1505	0.2253
Sample	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders	Leaders
Industry FE	No	Yes	No	Yes	No	Yes	No	Yes

Standard errors in parentheses

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