Refraiming Corporate Purpose: A Historical Perspective

Fatjon Kaja[*]

Abstract. This research examines the historical evolution of corporate purpose and the legal mechanisms affecting corporate charters. Drawing upon UK royal charters and utilizing textual analysis, the study reveals that corporate charters were issued to fulfill some public-oriented purpose. The analysis shows that such conception of corporate purpose was enforced. Employing the case study of the Massachusetts Bay Company, the research demonstrates that charter revocations historically stemmed from corporate activities exceeding specified purposes. Contrary to prevalent contemporary discourse emphasizing corporate purpose as a broad goal, this study highlights the importance of law in ensuring a commitment to a limited, well-defined corporate purpose. Ultimately, this research contributes to a nuanced understanding of corporate purpose, highlighting its historical roots and its implications for contemporary corporate governance and legal practices.

Keywords: corporate purpose, UK royal charters, historical perspective, Massachusetts Bay Company, textual analysis

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I. Introduction

When it comes to corporate purpose, the academic debate centers around two main points: (1) What is the purpose of the corporation? and (2) How can one commit the corporation to that particular purpose? The first question takes centerstage in the debate, drawing considerable interest from scholars across various disciplines. There seems to be a broad consensus that corporate purpose refers to the fundamental reason for the existence of a corporation. (Bainbridge, 2019; Gartenberg et al, 2019; Mayer, 2022; Pierce, 2022; Cheffins, 2023) However, a divergence of opinion emerges on what that fundamental reason is, particularly if one looks at the purpose of the corporation at various historical times.[1] On one hand, there are the proponents of the shareholder primacy theory, which asserts that corporations exist to prioritize the interests of shareholders above other stakeholders. (Friedman, 1970; Black and Kraakman, 1996; Easterbrook and Fischel, 1991; Hansmann and Kraakman, 2001; Jensen, 2002; Van Der Weide, 1996; Bainbridge, 2020). On the other hand, there are the proponents of stakeholderism, the view that suggests that the purpose of the corporation entails considering the well-being of all who are affected by its actions. (Dodd, 1932; Freeman, 2010; Mayer, 2016, Ripken, 2009; Stout, 2003; Stout, 2012; Williams and Conley, 2005; Sjåfjell, 2009; 2018; Sjåfjell et al., 2015). Meanwhile, in the heat of this academic debate, the second question – how can one commit the corporation to that particular purpose – often remains underexplored. One possible explanation that can account for this under exploration can be that the go-to answer to such question ("Via the law") is unsparingly uttered, but rarely elaborated.

But what if "the law" was not just an enforcer of the commitment towards purpose but also a precursor to it? Put differently, could it be that the type of law that allows a corporation to emerge directly affects the purpose of such corporation? While there is an increasing amount of academic scholarship that explores whereas new legal forms of incorporation are needed or are more efficient in commiting a firm to a particular purpose (Rawhouser et al., 2015; Reiser, 2024), such scholarship mainly focuses on modern developments, taking the answer to the first question almost for granted. Indeed, the innovative aspects of such new legal forms of incorporation do not often go beyond just expanding the fiduciary rights of managements to balance profit maximization with stakeholder interests (Damman, 2024).

One of my aims in this article is to show that, from a historical perspetive, addressing either question that was raised at the start of this article independently is not enough, as such questions are mutually reinforcing. As it happens, on the one hand, there needs to be a proper definition of corporate purpose; without it, any mechanism of commitment becomes directionless (i.e. what are we committing ourselves to?). On the other hand, a well-defined purpose without a credible commitment is ineffective (i.e. how can we demonstrate that we are committed?).

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[1] Yet, for all the burgeoning scholarship that is emerging around corporate purpose, very little is said in offering a precise definition of corporate purpose. Jasinenko and Steuber (2023) conclude that a consensus on a definition of corporate purpose is lacking. Furthermore, scholars opt for rather vague or rather broad definitions so that they can encompass as many points as possible of the debate. (Henderson and van den Steen, 2015; Mayer, 2021) In a series of papers, Gartenberg et al (2019; 2022; 2023) define purpose, as "a set of beliefs about the meaning of a firm's work beyond quantitative measures of financial performance". Pratt and Hedden (2023) provide a second definition: purpose is "an organization's claim for why the work done by an organization is worth doing." Such definitions, rare in the field and for which the authors deserve praise, lack one crucial aspect from a legal perspective: unless clearly stated in writing in the purpose clause, one cannot legally commit the firm to a "set of beliefs" or commit the organization to a "claim". This, in turn, has research repercussions, as Spamann and Fisher (2022) have pointed out, concluding that the discourse surrounding the definition of corporate purpose lacks clarity and empirical evidence.

For starters, if one is interested on how a corporation perceives its purpose, then one needs to look at the purpose clause of its corporate charter, "the legal mechanism by which a corporation expresses its purpose." (Pollman, 2023). That being said, an exploration of the purpose clause of the corporate charters is not that straightforward, as the notion of what is included in such clauses has evolved over time. From a modern perspective, a greater impasse follows, as the language of most corporate charters today does not specify in their purpose clauses what the purpose of the corporation is, but rather states something along the lines that the corporation will comply with the laws of the state in which it is incorporated. (Fisch & Solomon, 2021; Pollman 2023)[2]

One potential way to surpass such limitation with regard to understanding the purpose of the corporation is the utilization of a historical approach to the study of corporate purpose. Scholarship in this direction has been limited, but impactful. For example, Leixnering, Meyer and Doralt (2022) use archival data to explore the history of the Aktiengesellschaft (AG) in Austria and Germany, highlighting the shifts in purpose and meaning of the AG over time. Fisch and Solomon (2021) offer a brief explanation of the major historical developments of corporate purpose from 16th century to present with the aim of exploring the modern corporate charter. Guenther (2019) explores the purpose of the American business corporation by examining the history of the United States from 1780 to 1860, highlighting the public-oriented nature of early American business corporations. Such view is also supported from the work of Ciepley (2019), who states that historically American corporations "were chartered to advance the public weal, chained to it through a fiduciary obligation to their specific, government-sanctioned purposes."

In a detailed study, Pollman (2023) explores the history and the revival of the corporate purpose clause, finding that "throughout history, the sovereign state has firmly held the reins on the legal statement of corporate purpose by determining it as a matter of special grant or by requiring its articulation in the constitutional document establishing the corporation." Moreover, Pollman finds that over the nineteenth century, the purpose clauses of the corporation departed from their specific nature and their public-oriented character. Lund (2023), on the other hand, focuses on two historical periods in the United States (the great stock market crash of 1929, and the economic stagflation in the 1970s) to argue that "the welfare maximizing purpose for corporations could change depending on external economic conditions." Lastly, in examining the historical trajectory of corporate purpose, Cheffins (2023) shares a similar view, concluding that the debate around corporate purpose has cyclical patterns in which the orientation of corporate purpose oscillates between shareholder primacy and stakeholder orientation.

Yet, none of the aforementioned contributions presents a detailed longitudinal study that explores the definition of corporate purpose *vis a vis* the various legal changes taking place in the process of incorporation. Such lacuna is understandable, as the corporate form itself has evolved over time, so tracing the development of purpose can become laborious and challenging, particularly when there are major changes that make the corporate form more readily available in different formats. That being said, some historical legal changes in the incorporation process did not only alter the way of incorporation, but rather offered multiple ways in which a firm can incorporate. As such, it would be interesting to see if such legal changes had an impact on how corporate purpose was conceived. For example, the 19th century witnessed a transformative evolution in the ease of incorporation on both sides of the

[2] For example, Lockheed Martin Corp, one of the world's largest defense contractors, has the following purpose clause: "The purpose for which the Corporation is formed is to engage in any lawful act, activity or business for which corporations may now or hereafter be organized under the Maryland General Corporation Law (the "GCL"). The Corporation shall have all the general powers granted by law to Maryland corporations and all other powers not inconsistent with law which are appropriate to promote and attain its purpose."

Atlantic. (Butler, 1986; Hennessy and Wallis, 2017) This, in turn, drastically shifted the way a company incorporates, providing, at times, more than one option for incorporation.

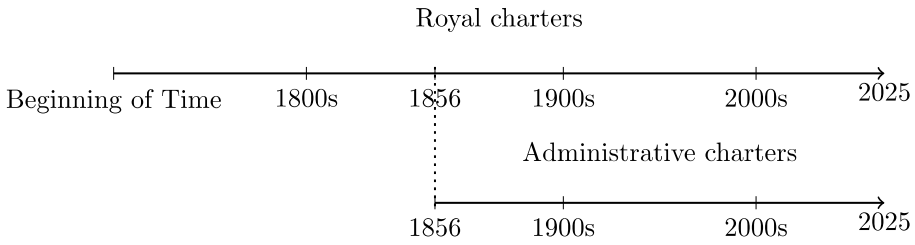

Figure 1.

As seen in the Figure 1 above, English legal reforms in the nineteenth century created a bifurcated mechanism for attaining the corporate charter. Prior to 1856, obtaining a charter required royal approval or a special act of legislation, which was much more complex and much more difficult to attain.[3] From 1856 onward, one could also apply for the second option, a relatively straightforward administrative process as companies could simply apply to the state.

In many ways, although not explicitly stated, a lot of the existing legal scholarship assumes one of the following when tracing the development of the definition of corporate purpose: 1) that the process of incorporation was only one and remained as such, so one has to assume that the process was static through the centuries for the analysis of corporate purpose, or 2) the emergence of new ways to incorporate meant that the old ways of attaining the corporate charter were no longer applicable or in existence, which is not the case in the United Kingdom. At the very least, these assumptions can be misleading when it comes to a thorough analysis of corporate purpose, as firms might select a particular mode of incorporation based on selection bias.

For example, if one compares the purpose clause of a corporation in 1900s (Company B) with the purpose clause of a corporation in the 1600s (Company A), as depicted in Figure 2, one needs to be mindful that is comparing purpose under two different forms of incorporation, even if one is focusing in the same country.

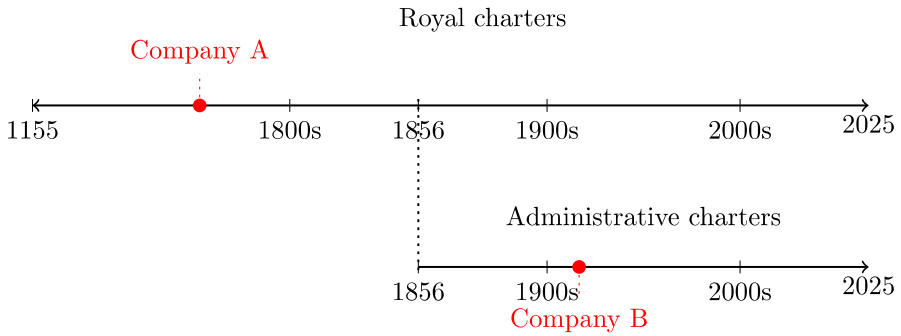

Figure 2.

[3] I use the term "beginning of time" very loosely here. Obviously, royal charters have not been issued from the beginning of time. However, providing a chart that highlights how corporations were given under all forms of government in various countries would be daunting, as different monarchies have different timelines and various forms of government were in place throughout the centuries. However, as democracy was reintroduced as a form of government in 1776, then it seemed a safer bet to assume that most corporations attained a charter from the monarchy or ruler prior to 1776, if anything. Hence, "Royal charters" should not be interpreted as royal charters attained from the monarchy, but rather a charter that is attained from special (time consuming) legislation from the government, regardless of its from.

It could be that under the different forms of incorporation, purpose was viewed fundamentally different, so one cannot conclude that corporate purpose evolved in a particular way just by analyzing how purpose was viewed under Company A and Company B. As you go further back in history, one realizes that the process of incorporation was fundamentally different, making a comparision of the purpose clause of Company A and Company B akin to comparing apples and oranges.

As a matter of fact, it could be that the proliferation of new legal forms of incorporation can affect the type of petitioners who apply for a specific corporate charter, as parties weight the benefits and costs of incorporation under each legal form. While a causal relationship is hard to prove *per se*, one can still learn a lot by studying the evolution of purpose throughout centuries through the analysis of one of the processes of incorporation. At the very least, as one traces purpose development under one form of incorporation, one can start noticing if anything changed with regard to purpose when new forms of incorporation emerged. To do so, one needs to have the following: a) a form of incorporation that has been in existence for a while, b) such form of incorporation has remained relatively constant, and c) there were legal mechanisms in place to ensure that the corporation remains committed to its purpose, and d) new forms of incorporation emerged in parallel with it.

To my knowledge, there is only one process of incorporation that has remained relatively constant throughout time to the present day: the UK royal charter. As such, the main aim of this article is to explore UK royal charters with the goal of learning more about corporate purpose and the commitment of corporations to that purpose, *de facto* providing one possible explanation to the opening questions of this article. At the core of this article, I ask the following research question: how has corporate purpose been conceived and enforced historically under the UK royal charter? Two sub questions follow: a) was such a conception enforced on corporations, ensuring their commitment to it? and b) what can we learn today from this?

After conducting a longitudinal study using textual analysis on the United Kingdom royal charters, a main finding emerges: from a historical perspective, purpose of the corporation was envisioned as a restriction of the range of activities a firm can engage in, and such vision was explicitly enumerated and enforced to ensure that the firm remained committed to it. This historical perspective is crucial, as it contradicts a vast chunk of the contemporary debate on corporate purpose, which focuses to the largest extent on the battle between profit maximization and stakeholderism. Law, for all its shortcomings, plays two important roles: (1) it serves a major policing role on how purpose is envisioned and enforced, and (2) the emergence of new legal forms of incorporation correlates with the type of purpose a corporation has.

The importance of my finding lies in its ability to provide an alternative understanding of how corporate purpose was (continues to be) conceptualized and enforced, for better or for worse. For example, in the realm of legal scholarship, the focus of the studies has been twofold. First, scholars have explored whether the corporation should have a purpose (Fisch & Solomon, 2021) or on whether the legal mechanisms in place allow for the corporation to pursue a particular purpose or not. (Mitchell, 1992; Elhauge, 2005; Yosifon, 2014; Mocsary, 2016 Bainbridge, 2020). Depending on the timeline when the research has been produced, legal scholars have explored the relationship of corporate purpose with pressing social issues: market competition (Roe, 2021), corporate social responsibility (Siegel, 2021), or other social factors. (Lund, 2023; Vatiero, 2024). My findings contribute to this academic debate, stating that, historically, corporations had a purpose that was public-oriented in nature. Second, there is an increasing amount of scholarship that explores the emergence of new legal forms for purposes of incorporation. Indeed, there has been a

proliferation of such new legal forms in a variety of countries; the debate remains ongoing if more legal changes of this nature are needed.[4] Whether these new legal forms have the power to commit successfully a firm to a particular purpose remains to be seen in practice (Damman, 2024). To my knowledge, the jurisprudence debate on purpose enforcement has been mostly centered around the *ultra vires* doctrine, but my findings suggest that the debate is much more nuanced, with other legal mechanisms such as the writ of *quo warranto* and *scire facias* used to ensure purpose enforcement.

My work further situates the historical perspective of corporate purpose within contemporary debates across multiple disciplines such as economics and finance (Hart and Zingales, 2017; Bebchuk and Tallarita, 2020; Mayer 2021; Zingales et al, 2023; Rajan, Ramella, Zingales, 2023), management (Selznick, 1957; Bartlett and Ghoshal, 1994; Edmans, 2021; Gartenberg et al., 2019, 2022, 2023; George et al, 2022; McGahan, 2023), and law (Pollman and Thompson, 2020; Rock, 2020; Cheffins, 2023, String, 2022; Blair, 2003; Blair and Stout, 2012; Puchniak, 2022; Ferrarini, 2021; 2024) to name a few.

The rest of the paper is as follows. Section 2 is about the data, exploring how corporate purpose was envisioned under the royal charters. Section 3 highlights the legal changes that occurred in the mid-nineteenth century and the impact that had on corporate purpose. Section 4 introduces the case of Massachusetts Bay Company, providing a timeline of the events, as well as an analysis of the charter and its revocation. Section 5 briefly discusses the implications for the present. Section 6 concludes.

II. Data

In order to conduct a longitudinal study, I focus on the United Kingdom royal charters for the following reasons. First, the practice of issuing a royal charter has been in place since 1155, which provides a robust timeline of study. With close to nine centuries in operation, such process of incorporation could provide unique insights into how the purpose of the corporation was conceived, despite exogenous changes. Second, there have been over a thousand (1041 to be precise) royal charters issued in the United Kingdom. This, in turn, affords reliability and validity when it comes to the data. Third, given the important role that the United Kingdom has played in global geopolitics, historical information has been relatively well preserved (Mahoney, 2000; Paul, 2023).

From a modern legal perspective, royal charters are not particularly appealing for the purpose of incorporation. After all, there is no added legal benefit that royal charters bestow upon a company that the modern corporate form does not; among such benefits are limited liability, entity shielding, transferability of shares, and so on (Kraakman et al, 2017).[5] From a historical perspective, royal charters are arguably the best source to understand the notion of corporate purpose, as royal charters were the only means of incorporation for centuries.
As such, the first step is to do some basic descriptive statistics to understand better the distribution of the UK royal charters over the years and to start exploring if patterns emerge. Table 1 gives an overview of the distribution of the charters over time, whereas Figure 3 represents a graphical representation of all UK charters.

[4] The number of sources on this point is vast. For example, Reiser (2011;2024) mentions the Benefit Corporation in the US, Ventura (2023) mentions *societá benefit* in Italy and other new forms in Europe.
[5] Kraakman et al. 2017. The Anatomy of Corporate Law: A Comparative and Functional Approach, 3d ed. (Oxford, 2017; online edn, Oxford Academic)

Table 1: Summary Statistics of Year

Statistical Measure	Year
Minimum	1155
1st Quartile	1812
Median	1888
Mean	1844
3rd Quartile	1955
Maximum	2021

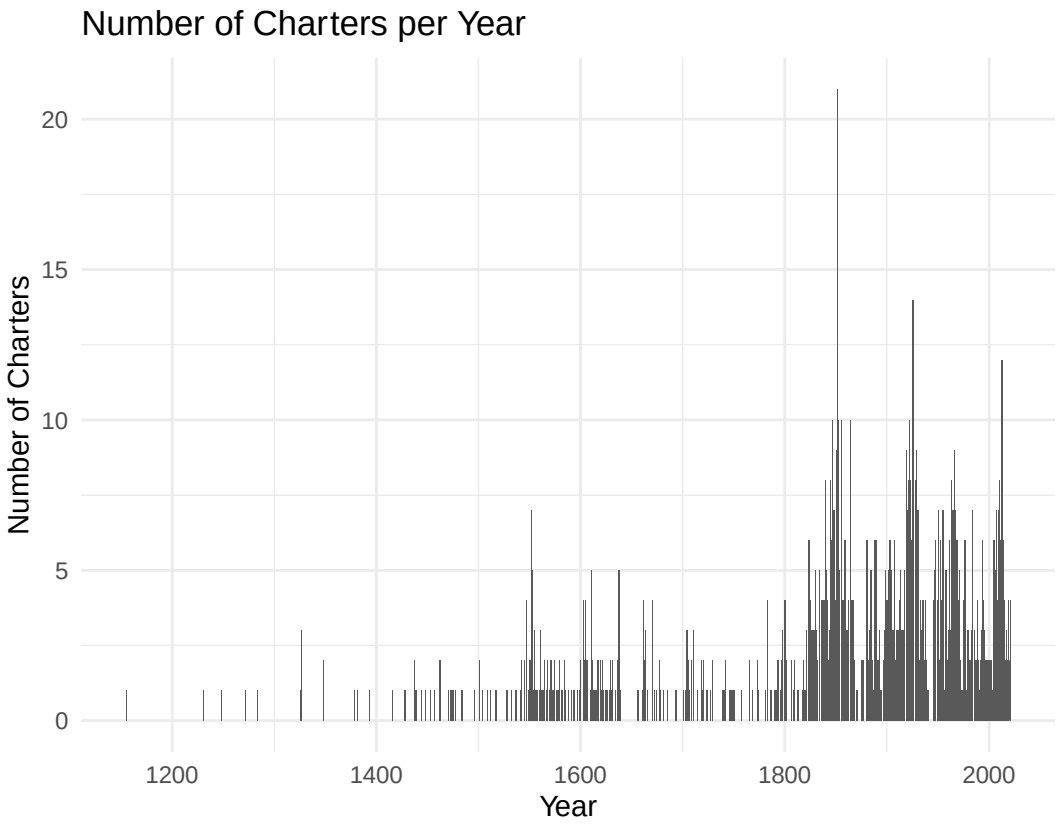

Figure 3

Table 1 and Figure 3 reveal that royal charters were not easily granted, particularly up to the 1800s. A possible explanation relies on the fact that corporate charters were very difficult to obtain, as they were entirely dependent on the preferences of the monarch. Laski (1917) shows how corporations were originally dependent on royal authority for their existence, whereas George (1940) discusses how the monarchy used royal charters to establish control over Parliament. As a matter of fact, the monarchy often distributed charters based on criteria beyond the odds of success of the venture. Such criteria were loyalty to the monarchy, political interests at stake, or a hefty financial compensation in return. (Holdsworth, 1922; Scott, 1912) In examining the importance of the royal charters, Paul (2023) argues that the issuance of royal charters served to bolster royal power and privilege, as colonial ventures and interests received preferential treatment.

The risk of expropriation also remained constantly high, as the monarchs often had a tendency to not honor entirely their charter agreements (which often granted monopoly rights, explaining their appeal) or there occurred a switch of alleageance within the political

elites, making the king suspicious of commercial influences. (Butler, 1986). As Table 1 shows, 1812 serves as the first quartile cut-off year, revealing that for over six centuries, the royal charter was given only one quarter of the total amount of charters to date.

Decade	Count
1150	1
1230	1
1240	1
1270	1
1280	1

Table 2: Decade Count

Indeed, when one looks at the decades with the least charters issued, as depicted in Table 2, one notices that charters were rarely given from 1150s to 1280s. There can be possible explanations for this. For starters, the monarchy in the UK at this time was not as consolidated as it would later become. The historical period of the twelfth century coincides with the early reign of Henry II, who wanted to restore the royal authority in the kingdom after years of continued conflict.[6] Hence, charters were given for strategic reasons, chief among them being an alignment with the interests of the Crown.

For example, the first royal charter was granted in 1155 to the Weavers Company – currently the oldest chartered livery company in the City of London – because it agreed to make a contribution in return for the priveleges of the charter. As stated in its own website:

> "The Anglo Saxon word "gild" meant "payment" and the members' subscriptions raised funds which could be used for *social, charitable* and trade purposes. One important use of the funds was *to make a contribution to the Exchequer in return for which a charter confirming certain privileges, rights or liberties would be granted by the King*. It is the recording of such a payment, the first for any guild, which establishes the Weavers as London's oldest Company." (emphasis added)

The language here (e.g. *social, charitable* and *trade* purposes) is fundamental. The Crown saw the alignment of the activities of the chartered corporation with its own interests as serving some public purpose.[7] While there were various criteria applied for the issuing of a royal charter, it becomes evident that one of the main conditions that is needed to be satisfied was a "public-oriented" sense of purpose for the corporation that is seeking the charter. As such, a tendency to grant charters for corporations that engaged in "noncommercial" activities emerged. (Laski, 1917; Seavoy, 1982) For example, the second royal charter was granted to the University of Cambridge in 1231, whereas the third royal charter was granted to the University of Oxford in 1248.

Initial royal charters were often given for a specific timeline and for a limited range of activities, which were specifically listed. (Holdsworth, 1922; Scott, 1912) This, in turn, also served as a "policing" mechanism at a later date. As capital lock-in was not yet invented (Dari-Mattiacci et al, 2017), the corporation would eventually face a dilemma: (1) be

[6] *A/AS Level History for AQA Royal Authority and the Angevin Kings, 1154–1216 Student Book*, pt. 1, at 1 (The Reign of Henry II, 1154–1189: The Restoration of Royal Authority, 1154–1166) Cambridge University Press.
[7] For example, the Saddlers Company was issued its initial charter in 1272 and it was subsequently renewed in 1363 and 1395. According to its website, one of the main reasons for the Crown to keep granting such charter was "to raise money to fill its own coffers and to exert its control over the City and its Livery Companies." (The Worshipful Company of Saddlers).

disolved after a certain amount of time, whether that was at the lapse of the charter or because the agreed purpose of the corporation had been fulfilled, or (2) request for a reneweal of the charter, which *de facto* would shed light to the compliance record of the corporation and its success in fulfilling the obligations under the initial charter.

Given such a combination of factors, most of the early English corporations were chartered for municipal, ecclesiastical, charitable, and educational purposes (Seavoy, 1982). The notion of a "public-oriented" purpose was so ingrained in the public perception as well that legal commentators starting to define corporations as "bodies politic" (Kyd, 1793). Building on this English tradition, early corporations with interests in the colonies of the British Empire or later-on established in the colonies and subsequent independent nations emulated such understanding. (Ciepley, 2019; Handlin and Handlin, 1945; Hilt, 2014)

Yet, new territorial discoveries, along with the emergence of commerical trade for various commodities from all over the world, intensified requests for corporate charters, particularly for commerical reasons (Holdsworth, 1922).

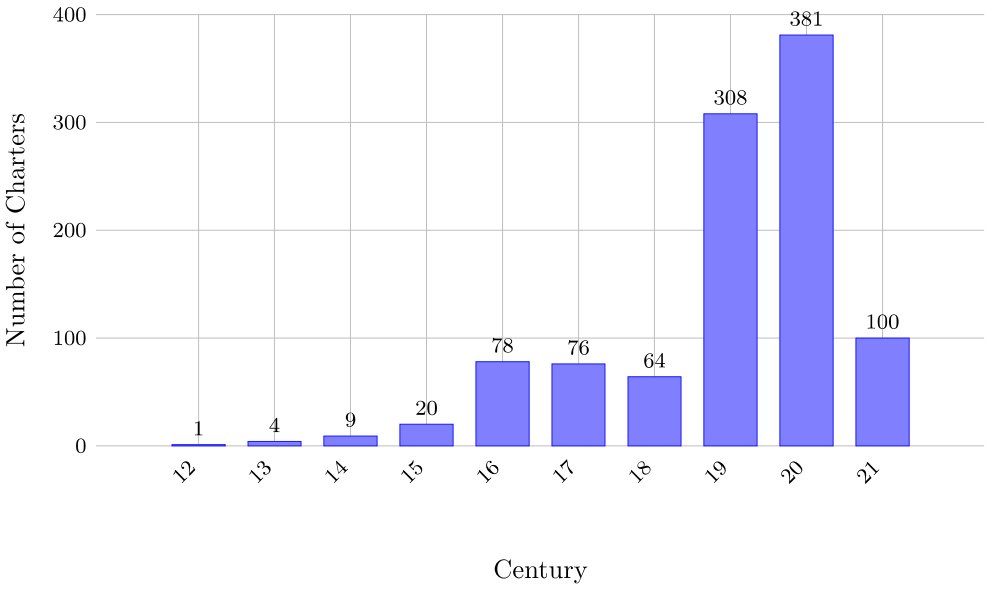

Figure 4: The number of charters per century

Figure 4 depicts the disribution of UK royal chaters by century. While there is a relatively consistent growth in the number of royal charters granted each subsequent century, a trend is noticable. During the nineteenth century, the number of royal charters more than doubles from that of the previous century. This is still valid even if we compare it with the 1600s or we take into account the fact that in the 1700s the various colonies of the British empire had started to rebel and declared themselves independent.

Yet, despite all of the tumulostous events that sorrounded the British monarchy during these centuries and a proliferation on the request for corporate charters for commerical reasons, there was still a firm commitment to a "public-oriented" nature of corporate purpose. Indeed, petitioners for charters, either to the Crown or Parliament, were severily scrutinized.[8] As Butler (1986) points out in his research on England,

[8] It is important to note that by the end of the 17th century, parties could also petition for charters granted through Acts of Parliaments. Part of such explanation can be the fact that from the end of the 17th century, monarchs lost most of their executive power, becoming increasingly subject to Parliament, which more often than not was composed by a new class of merchant elites, who most likely were quite familiar with the

> "Petitions for companies formed for 'public utilities' were much more successful than those for commercial purposes, as indicated by the following figures for 1825: **73** of 104 petitions for companies engaged in the improvement of towns (waterworks, gas, etc.) were passed; **108** of 146 petitions by companies engaged in internal communications (roads, canals, railroads) were passed; and only **11** of 47 petitions for other purposes were passed." (emphasis added)

A brief calculation shows that petitions for companies with a public-oriented purpose were much more succesful in being granted. This is quite impressive, and begs for an exploration of the names of such companies.

Rank	Word	Frequency
1	company	217
2	college	138
3	royal	129
4	society	113
5	university	92
6	institute	88
7	chartered	59
8	school	57
9	london	53
10	institution	51

Table 3: Top 10 Most Frequent Words for All Charters

Applying a term frequency analysis to the list of names of all the UK royal charters from the beginning to the present day, Table 3 reveals a taxonomy of the most common words on the title.[9] The taxonomy reveals that the most common word in all the names of the royal charters is "company", almost double the amount of the next most frequent term. As Table 4 indicates, such predominance is also present for all the UK royal charters issued until 1825, the year when the repeal of the Bubble Act of 1720 took place, which basically had made the royal charter the only instrument to establish joint-stock companies until then.

expropriation risk highlighed above. (Butler, 1986). That being said, Hunt (1936) shows that even Parliament was frugal with its charters and rarely granted them.

[9] For the textual analysis here, I only used the information provided under "Name" for the Royal Charters that the Privy Office has. Official titles for the royal charters often tend to be much longer, so a subsequent analysis might be warranted.

Rank	Word	Frequency
1	company	113
2	college	38
3	school	37
4	royal	30
5	society	28
6	hospital	19
7	oxford	17
8	grammar	15
9	london	13
10	cambridge	12

Table 4: Top 10 Most Frequent Words until 1825

As seen in Table 3 and 4, the rest of the terms are affiliated with institutions that one would automatically assume to have some sense of public interest associated with them.[10] These include universities, schools, and hospitals. Hence, it seems that the Crown and Parliament ensured that the public oriented nature of corporate purpose was maintained in two ways. First, charters were granted to petitioners that somehow led to the betterment of society, as indicated in Table 3 and 4. Second, if the charter was granted to a corporation for commercial reasons, then such reasons involved serving public or quasi-public infrastructure needs, a practice that was eventually also emulated in the United States (Handlin and Handlin, 1945; Hilt, 2014; Ciepley, 2019; Guenther, 2019).[11]

Employing a rule-based text classification approach, Figure 5 provides a more general overview of the industry classification of all charters by century.[12] The trend reveals that, at various points in time, different industries were more succesful in attaining charters than others.

[10] The term "grammar" is associated with grammar schools, whose original purpose was the teaching of Latin.
[11] Building on the English tradition, such practice was emulated also in the early United States. (Hamill, 1999; Blair, 2013;Handlin and Handlin, 1945; Hilt, 2014; Ciepley, 2019; Guenther, 2019). Indeed, as Cheffins (2023) points out in his research, a North Carolina court stated in an 1805 case "it seems difficult to conceive of a corporation established for merely private purposes."
[12] It is important to note that this classification cannot be exhaustive. In coming up with the classification, I was obliged to assign particular terms to each industry for the algorithm to do the classification. Hence, it could be that some of the chartered bodies do not necessarily self-identify with the industry profession or that some of the "catch" terms are missing for particular industries. "Company" was assigned its own classification because I wanted to emphasize the trend, based on the "Name" in the charter.

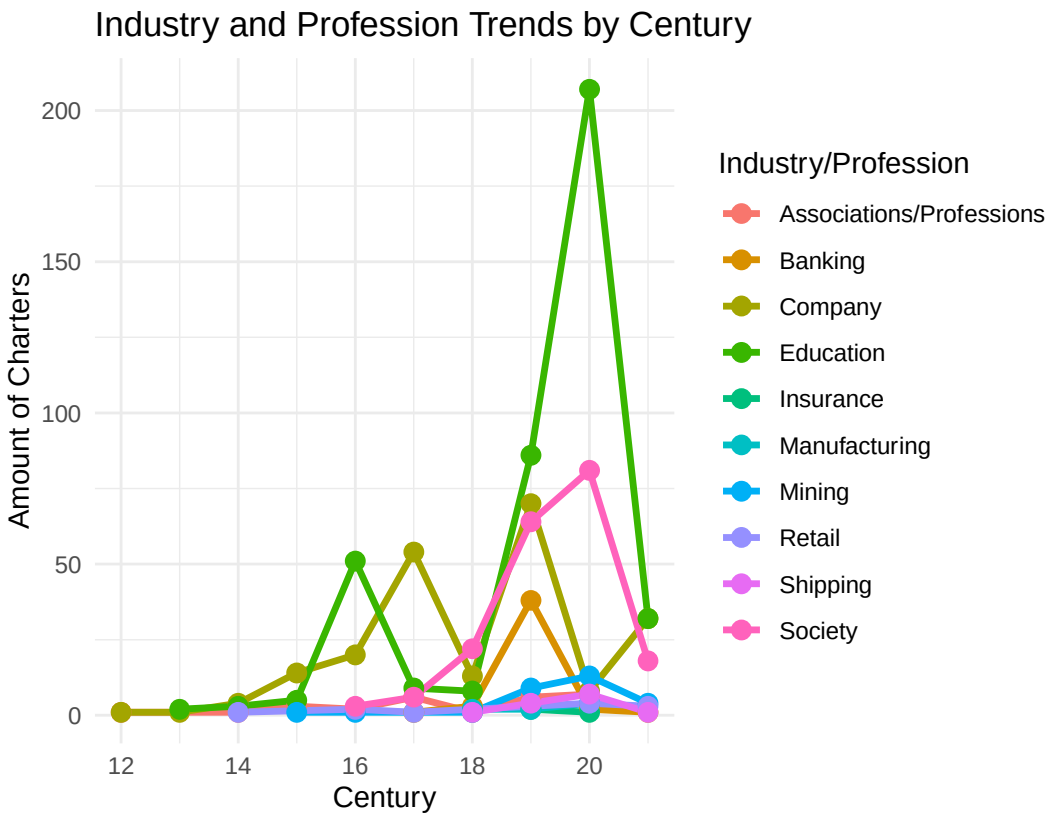

Figure 5.

One of the key things that emerges from Figure 5 is the tipping point phenomenon for almost each industry; for almost all of them, this occurs around 19th century, pushing one to wonder why this was the case, considering that, historically, this period coincides with a period where the Industrial Revolution is spurring the growth of corporations.

III. 19th century legal changes

The aboundant wealth that started to accumulate during the Age of Exploration, along with their trade and the emergence of mercantilist thought, led to a reconsideration of the political and institutional establishment of the time. (Acemoglu, 2005) The royal charter was not immune in this regard. New forms of business associations (such unincorporated joint-stock companies) were emerging, partly because of legal loopholes and partly because of a new political elite largely composed of merchants who were keen to implement changes to spurr business growth. (Willinston, 1888, Butler, 1986)

Although such new forms of business association were appealing from a commerical perspective, they lacked some of the structual features of legal personality and legality under the common law. (Butler, 1986) The Crown and later on the Parliament tried to rein in on the benefits of the corporate form. (Mahoney, 2000). For example, the Bubble Act of 1720 made it illegal, without a royal charter, to presume that an association had the attributes of the corporate form. This was paramount because it acknowledged the idea that the corporate form must be a concession from the state, and not subject to contractual agreement.

Yet, geopolitical events, coupled with the Industrial Revolution, led to a rethinking of the access to the corporate form. As the empire needed money and economic activities given the exigencies of war, the efforts to widen access to the corporate form increased. (Hunt,

1936) Eventually, Parliament decided to relinquish its control of the corporate form in a series of much debated legislative acts.

Three crucial steps unfolded: (1) the repeal of the Bubble Act in 1825, subjecting joint-stock companies to common law; (2) the passage of the Registration Act of 1844, granting corporate privileges through a simplified registration procedure; and (3) the Limited Liability Act of 1855, enabling firms to obtain limited liability through registration and public notice (Butler, 1985; 1986). This legislative framework laid the groundwork for a more accessible corporate form (which I also refer to as the liberalization of the corporate form), marking a transformative shift in the legal landscape of business associations. Butler (1986) concludes that the process of acquiring corporate status has basically not changed significantly since 1855.[13]

As reflected in Figure 1, petitioners for the corporate charter had now options for their access to the corporate form. From an efficiency perspective, the second option (that of the "administrative charter") is much more appealing, as it is easier to attain in terms of time and resources and it does not have any restrictions when it comes to the purpose of the corporation. Furthermore, the risk of expropriation is low, which should increase the desire for an "administrative charter".

As scholars have pointed out, the enduring impact of nineteenth-century legal innovations resonates in contemporary corporate charters, where explicit purposes are often absent (E. Davoudi, L., McKenna, C., & Olegario, R. (2018); Fisch and Solomon, 2021). Cheffins (2023) supports such claim by stating:

> "In the mid- and late-19th century most states enacted general incorporation laws where a corporation could be formed by way of a routine filing with a state official. Since under these general incorporation laws "private profit was no longer a 'reward' for public service, but a legitimate end in its own right" it might be ***assumed*** the corporate purpose story could move quickly to one where corporate law provided a congenial setting for profit-driven firms. (Cheffins, 2023:15) (emphasis added)

While access to the corporate form should not be seen *per se* as a bad thing, the ease of such incorporation correlates with another historical trend: a decline on the "public-oriented" provisions of corporate purpose on the companies that attain the charter through this method of incorporation. Given that the "administrative charters" should be the obvious choice for incorporation from a rationality perspective, it is actually surprising to note that the royal charter remained attractive. As seen in Figure 6 below, when grouped by the decade and the respective fitted line, there is a relatively consistent growth of the number of royal charters issued during the mid nineteenth century.

[13] In the nascent stages of U.S. corporate history, charters were also very difficult to attain. State laws mandated corporations to adhere strictly to the purposes outlined in their charters and petitioners needed to lobby arduously to attain a charter. (Fisch and Solomon, 2021) In surveying the American jurisprudence on incorporation, Cray and Drutman (2005) insist on the point that after the mid nineteenth century changes, the process of incorporation in the US has remained relatively the same.

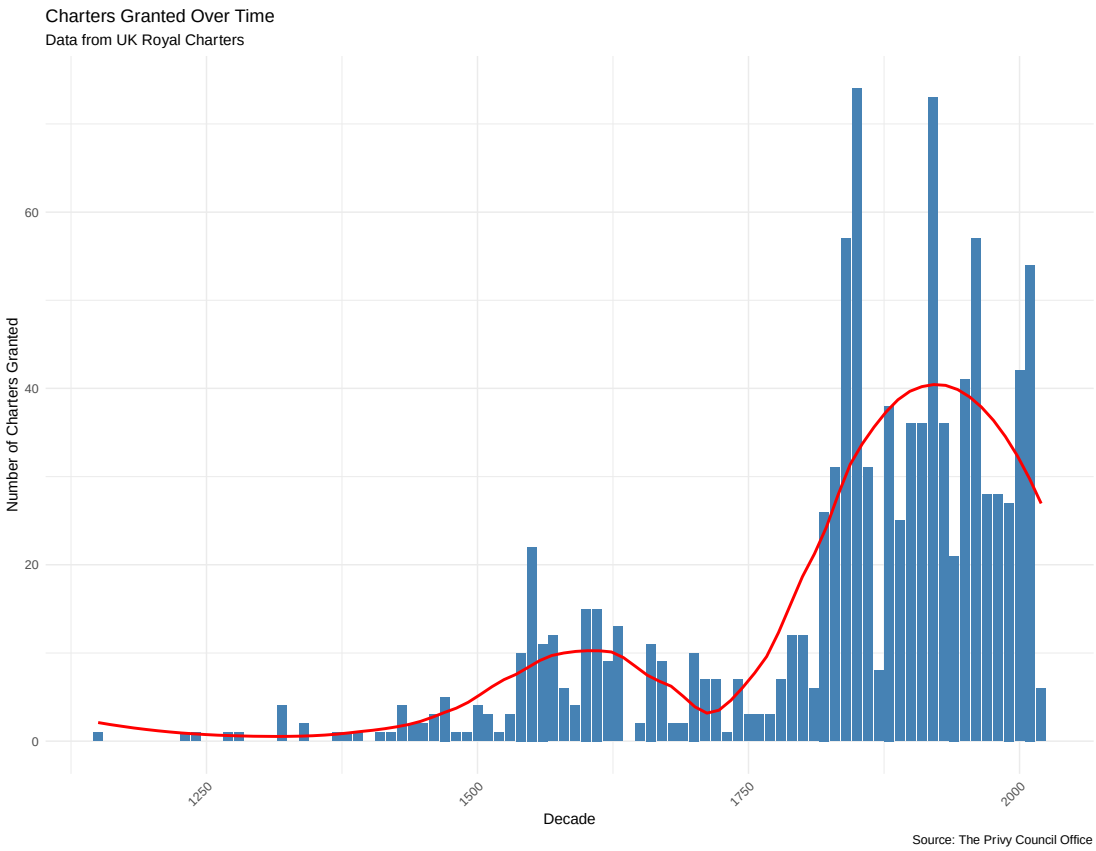

Figure 6.

A breakdown of the data, from the highest to lowest, reveals the top five decades when most royal charters were issued:

Decade	Number of Royal Charters Issued
1850	74
1920	73
1840	57
1960	56
2010	54

Table 5: Number of Royal Charters Issued by Decade

Of particular interest here are the decades of 1840 and 1850. This is not only because they are in the top five decades when most royal charters were issued, but because they also coincide with the period where the liberalization of the corporate form started to take place. For example, the United Kingdom's Parliament passed the Joint Stock Companies Act of 1844 (7 & 8 Vict. c. 110), which significantly broadened the possibilities for establishing joint-stock companies. The Limited Liability Act of 1855 followed, along with the Joint Stock Companies Act of 1856, which basically allowed for the corporate form to be attained as a merely administrative procedure from now on.

Period	Word	Frequency
Before 1856	company	173
	society	52
	college	51
	royal	46
	school	40
After 1856	college	87
	institute	85
	royal	83
	university	77
	society	61

Table 6: Combined Top 5 List of Words Before and After 1856

In exploring on whether such legislative changes had any impact on the type of companies requesting the royal charter, Table 6 reveals an interesting pattern after applying a term frequency analysis. The word "company", which tops the list for its frequency in the names of charter prior to 1856 drops altogether. This finding is even more remarkable, if one considers the fact that substantially more charters are issued after 1856 than prior to 1856. In order to address for the fact that concentration of the term at a particular year could potentially skew the findings of Table 6, Figure 7 traces the frequency of the term "company" over the centuries.

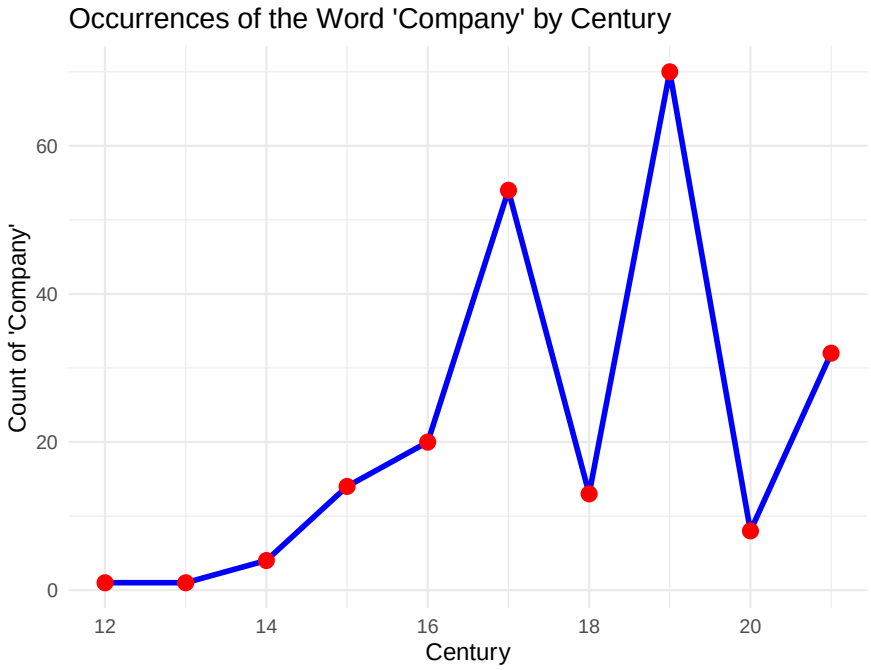

Figure 7

It becomes evident that although the word "company" has been present throughout the timeline of the royal charter, which reliability to the data and to the analysis presented here.

A thorough study of Figure 7 reveals glimpses of the rise and "demise" of the word "company". As some of the legal changes occurred in middle of a century, it is crucial to see the trend at the decade level, as indicated in Figure 8.[14]

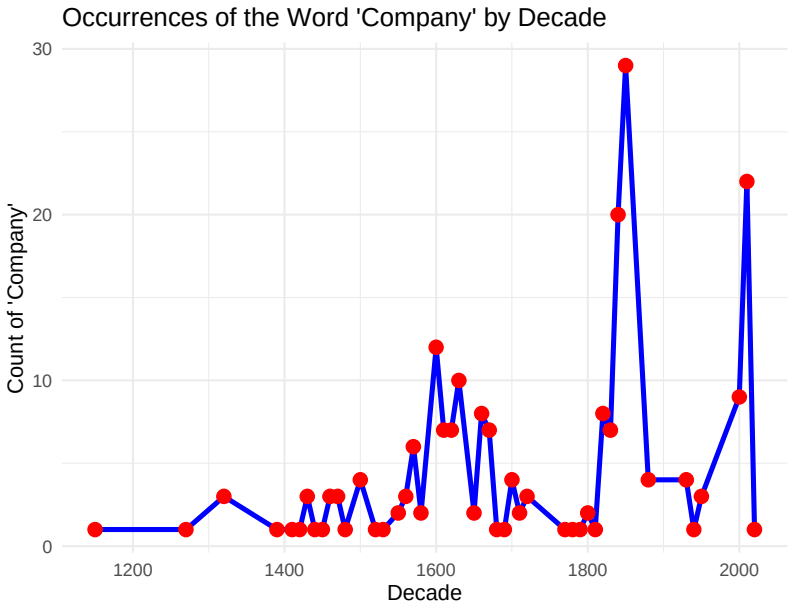

Figure 8.

This is important for two reasons. First, the data from the Figure 7 and 8, and Table 3 and 4 shows that the "word" company is spread throughout the timeline and there is not a huge concentration of it for a particular time that would basically tamper with the aforementioned frequency analysis. Second, the data shows that companies attained a royal charter prior and after the introduction of the new legal forms of incorporation (mid nineteenth century), which goes to show that there were still companies that preferred to attain the royal charter even when other more-easily accessible legal forms of incorporation became available. Although somewhat puzzling, this latter point provides a unique opportunity to compare charter clauses for companies, prior and after the introduction of the new legal forms of incorporation.

As indicated by Figure 7 and 8, a big drop occurs around mid nineteenth century. One possible explanation could be that the for-profit maximization companies likely sought after the administrative charter. Although causal relationships cannot be inferred from this, it is interesting to note that the public-oriented nature of the corporate purpose under the royal charter was still maintained. Indeed, companies still continued to sought the royal charter. For example, the Worshipful Company of Basketmakers had tried unsuccesfully to obtain a royal charter from the Crown in 1660, in 1682, 1685, and 1698; it eventually attained a royal charter in 1937.[15] According to the Privy Office, the grant of a royal charter "came to be seen more as a special token of Royal favour or as a mark of distinction."

Looking at the graphs in Figure 8 and Table 5, one notices that such distinction was still sought out, particularly in the late 1900s. Such a trend might question the determination on whether the public-oriented nature of the purpose of the corporation, under royal charters,

[14] Only decades when there was at least one charter issued are highlighted.
[15] *History*, The Worshipful Company of Basketmakers, https://www.basketmakersco.org/history, (Last visited Jun. 3 2024).

remained constant, even after commercial enterprises emerged or the corporate form was liberalized.

Indeed, if one looks carefully at Figure 7, one notices that the term "company" starts to pick up steam again after the year 2000. In analyzing the companies that attained the royal charter, a new trend emerges. Most of the companies that attained the royal charter after 1856 are actually livery companies, similar to the Weavers Company – the first royal charter, previously discussed in this article.[16] As a matter of fact, there were 33 of them after 1856, with the vast majority attaing a royal charter after the year 2000, which helps explain the upstic in the frequency of the term "company" after the twentieth century. This finding is of paramount importance, considering that the term "company" appears only 44 times after 1856, suggesting that, at the very least, 75% of all the incorporated companies after 1856 had a public-oriented purpose.

The official stance of the Privy Office also buttresses such finding; according to it, "since the 1950s one of [the] criteria has been that the petitioner shall exist not solely to advance the interests of its members but also, and *primarily*, *to advance the public interest."* (emphasis added) This is crucial, as it shows that that are still corporate charters that are given today only if the petitioner can show that the prospective corporation has a public-oriented corporate purpose.

These findings contribute to the ongoing corporate purpose debate by highlighting that the presence of such process of incorporation partially debunks the argument that profit maximization/shareholder primacy is the black letter law of corporate law nowadays. It is not so much that profit maximization is the norm, but rather the purpose of the corporation is dependent on which type of chartering process is implemented. The findings suggest that, at the very least, a broader discussion on the topic is needed. (Berger, 2019)

IV. Massachusets Bay Company

Having answered how corporate purpose has been conceived historically under the UK royal charters, one needs to turn the attention to the following subquestion: a) was such conception enforced on corporations in a credible manner? This is paramount, as one can argue that a company could abandon its public-oriented purpose once it attained its charter. The only way to show that the commitment to the public-oriented purpose was/remains credible is if there are repercussions in case the corporation abandons such purpose. As such, one needs to look if there are instances of charter revocation for failure to faithfully commit to the purpose that has been enumerated on the charter of the corporation during incorporation.

In surveying the list of the UK royal charters, one quickly finds out that there are no instances of charter revocation on part of the Crown since the time of Charles II.[17] (Privy Office, 2024) At first glimpse, this result is somewhat surprising, as it creates the idea that the risk of expropriation on part of the Crown was present only until the granting of the charter. That being said, the historical context is much more complex, considering that the reign of Charles II ended in 1685 and a period of political turmoil followed the country.

In exploring the legal mechanisms in place to police the behavior of the corporation, one notices that different mechanisms were well-established in English jurisprudence. As Pollman (2023) states:

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[16] To learn more about livery companies, please check out the following: https://www.cityoflondon.gov.uk/about-us/law-historic-governance/livery-companies.

[17] *Royal Charters*, The Privy Council Office, https://privycouncil.independent.gov.uk/royal-charters/, (Last visited Jun. 3 2024).

> "The remedy of *quo warranto* allowed a state to revoke a corporation's charter where the corporation abused or neglected its franchise – an imperfect but a powerful last resort."[18]

Furthermore, according to the Privy Office,

> "legal proceedings by way of Scire Facias (a writ requiring a person to show why a judgement regarding a record or patent should be enforced or annulled) could be brought by a third party in the administrative court. This is the only means by which a court may determine forfeiture of a Royal Charter."

As one can imagine, legal proceedings of such nature involved high transaction costs and were seen as measures of last resort. Given this, there have been very few *scire facias* cases in general. (Privy Office, 2024)

One such case was the case of the Massachusetts Bay Company, which attained a royal charter in 1629. King Charles I granted the charter that allowed the company to establish a colony in the region between the Charles and Merrimack rivers[19](Karr, 2004). The main motivation behind such a charter was a religious one: Puritans sought to create a society based on their religious beliefs in the new world (Robbins, 1969).

The charter specifically enumerated the rights and obligations of the company. For example, according to its charter, the company had exclusive trading privileges, along with the legislative authority to establish laws or administer oaths and govern settlers.[20] In terms of the specific obligations that the company had, among the key ones was:

> "*YEILDINGE* and *paying* therefore to the saide late Kinge, his heires and Successors, *the fifte Parte of the Oare of Gould and Silver*, which should from tyme to tyme, and at all Tymes then after happen to be found, gotten, had, and obteyned in, att, or within any of the saide Landes, Lymitts, Territories, and Precincts, or in or within any Parte or Parcell thereof, for or in Respect of all and all Manner of Duties, Demaunds and Services whatsoever, to be don, made, or paide to our saide Dear Father the late Kinge…" (emphasis added)

This involved a continuous payment in gold and silver to the Crown. Furthermore, the Crown established a list of obligations for the company, such as taking their corporal oaths seriously and fulfilling faithfully their duties in the service of the Crown, to ensure the advancement of the Christian faith, and the prevention of scandal and dishonor to the government of the Crown.

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[18] Pollman relies on the works of Hovenkamp (1988), Hilt (2017).

[19] The language of the charter states "lyeing and being in Bredth, from Forty Degrees of Northerly Latitude from the Equinoctiall Lyne, to forty eight Degrees Of the saide Northerly Latitude inclusively". It specifies further on "which lyes and extendes betweene a greate River there comonlie called Monomack alias Merriemack, and a certen other River there, called Charles River, being in the Bottome of a certayne Bay there, comonlie called Massachusetts, alias Mattachusetts, alias Massatusetts Bay, and also all and singuler those Landes and Hereditaments whatsoeve"

[20] The charter states "and all Jurisdiccons, Rights, Royalties, Liberties, Freedomes, Ymmunities, Priviledges, Franchises, Preheminences, and Comodities whatsoever, which they, the said Councell established at Plymouth, in the County of Devon, for the planting, ruling, ordering, and governing of Newe England in America, then had, or might vse, exercise, or enjoy, in or within the saide Landes and Premisses by the saide Indenture mencoed to be given, graunted, bargained, sould, enfeoffed, and confirmed, or in or within any Parte or Parcell thereof".

Surprisingly, a textual analysis of the charter reveals that the charter does not specifically state where the company shall be stationed, a legal loophole that became subject to a lot of debate, conspiratorial allegations, and lobbying efforts. (Karr, 2004). According to Robbins (1969), the fact that the wording of the charter was vague on this point created enough of a loophole for the governing body of the company to transfer the company's charter and government to New England. This point, while not necessarily related to the corporate purpose debate, goes to show how seriously the written charter clauses were taken; indeed, the provisions listed in a charter were considered to be binding and not subject to expansatatory reinterpretation. If a provision was lacking, then it meant that it was subject to interpretation.

Ciepley (2023) points out that the Massachusetts Bay Colony's governance and community structures bring to life "the republican potential of the member corporation". Spier (2012) also aknowledges such point, arguing that royal charters were instrumental in shaping the legal landscape and governance structures of early modern societies.

As the years passed though, the relationship between the Massachusetts Bay Colony's governance and that of the Crown started to deteriorate, due to the antagonizing nature of the legislative process associated with the colony and the financial interests at stake. Since early on, the magistrates in New England started to see their loyalty swayed towards their own government and the charter, and not the Crown. (Lucas, 1967) Furthermore, the Massachusetts General Court, along with the rest of the public, believed that the Navigation Acts – a series of acts of Parliament intended to promote self-sufficiency of the British Empire by restricting colonial trade to England – brought resentment for the Crown among them. Lastly, the Massachusetts General Court started to produce a series of legislative acts that were in contradiction with the rules of the Crown, having interpretated its power of legislation quite broadly. Among such actions were its efforts to establish its own currency through the creation of a mint, something that went beyond the purview of the corporate charter.

Table 7 provides a timeline of the events that unfolded, leading to the revocation of the royal charter in 1684.

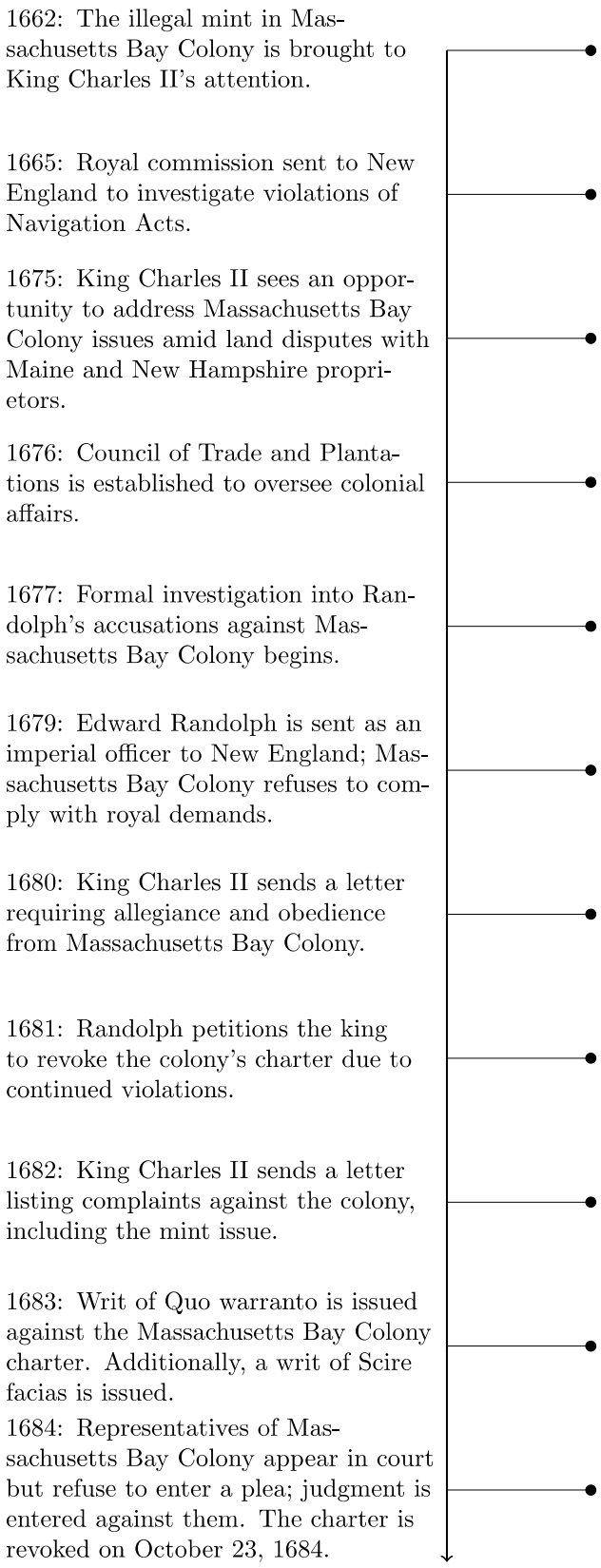

Table 7: Timeline of the Massachusetts Bay Colony Charter Revocation

Critics will be quick to point that the threat of revocation is not real if it takes roughly two decades to take effect, questioning the efficacy of the legal mechanisms to ensure commitment to the stated corporate purpose. While there is some merit to such critique, one also needs to put things into a historical context. Communication channels were substantially slower during this period; it took months for updates to reach parties on each side of the Atlantic. Furthermore, as practicing lawyers know way too well, allowing each party to have their day in court in the interest of fairness has also a side effect; it, unfortunately, also means that legal proceedings are dragged for years.

Although somewhat of a long timeline, the Crown's successful revocation of the Massachusetts Bay Company charter should be seen as important for a variety of reasons. First, it shows that there were legal mechanisms in place that were set up to ensure that corporate purpose was enforced. Second, such revocation is important, because it shows that the purpose of the corporation was envisioned to be enumerated in its charter and, in case of enforcement, the language of the charter mattered. Third, the enforcement of the charter, although partially for political influence and other political economy interests, is a clear reflection that the Crown policed carefully the chartering process to ensure that each company fulfilled the purpose it was established to fulfill.

Another potential criticism that is often highlighted is that the Massachusetts Bay Company charter revocation could be just a one-off political event, triggered by the upcoming American Revolution. While political interests could undoubtedly have played a role, a survey of the historical context portrays a more nuanced picture. For starters, it is essential to situate the revocation of charters beyond individual examples. As the Crown was the one to grant the charter (and would only do so if such entities fulfilled their economic functions, their public-oriented purpose, and *advanced* the Crown's interests), one can argue that any intervention in policing the corporate behaviour of *any* of the chartered companies had political motivations behind.

What is fundamental here is not so much the motivation behind the revocation, but rather the formal grounds for the revocation. The Crown's legal argument was that the company had overstepped or violated its chartered purpose; it used the legal tool of *quo warranto* to challenge the right of a corporation to operate. Such tool had been widely used to challenge both minicipal and corporate charters that were seen to be violaing their terms.[21] If the end goal was to quash political resistance, then the quick way to go about this would have been something other than initiating a legal process. Indeed, as Table 7 shows, it took roughly 22 years for the entire process to finalize, a long-enough period for all political animosities to settle. To put things into perspective, the relationship between the colonies and the Crown varied deeply within a twenty-year timeline, depending on your start date. For example, the Navigation Acts, a series of laws passed by the British Parliament between 1651 and 1663 to benefit mainland England, occurred right prior to the events that Table 7 highlights, whereas the Glorious Revolution of 1688, which ensured a rollback of some of these policies and allowed the colonies more self-governance occurred only 4 years later after the Massachusetts Bay Company charter revocation. In such a diverse political atmosphere, it would make no sense to choose a time-consuming legal tool such as *quo warranto,* unless the revocation was based more in well-established legal principles rather that political whims.

Lastly, the revocation of a charter had severe consequences; it *de jure* (and most likely *de facto* as well) meant that the company's legal structure had dissolved, so the Crown itself would no longer be able to reap its expropriation benefits. For the Crown to take such drastic action instead of using fines or temporary restrictions, there needs to be a much-more

[21] Patterson, C. F. (2022). Challenging Charters: Borough Corporations and Quo Warranto. *Urban Government and the Early Stuart State*, 50–77. https://doi.org/10.1017/9781800104969.003

severe violation of the charter than usual. Indeed, even in the timeline mentioned in Table 7, the Crown actively tried to get the corporation in compliance with its charter, a strategy it implemented with other chartered companies, such as the South Sea Company or the East India Company.[22]

V. Implications for the present

After such findings, the second subquestion to ask is: b) what can we learn today from them? For starters, one of the fundamental issues with studying corporate purpose is in the timeline. Hence, scholars need to be very mindful of the historical context that surrounds a particular point in time.

When surveying the academic literature on corporate purpose, a pattern emerges: a vast majority of the academic articles start or refer immediately to the Milton Friedman's 1970 article in The New York Times Magazine titled "The Social Responsibility of Business is to Increase its Profits." While the article has sparked significant debate, where Friedman's arguments have been praised, criticized, or even ridiculed (Edmans, 2020b), the fact of the matter is that it is, arguably, not the best starting point for the corporate purpose academic debate. After all, the article is only 54 years old, whereas the corporation, as a legal construction, has been around for much longer. Even if Professor Friedman's assertions were entirely accurate, it's important to consider that his viewpoint on corporate purpose was static, offering only a snapshot in time. Even if he had in mind all the history of corporations in the United States (which, I personally doubt, given some of the corporate law developments that occurred would contradict his claims), corporations around the world have been much longer in existence than the United States. Without acknowledging the historical context and the development of corporate responsibilities over time, his perspective provides a limited understanding of the topic.

The next go-to point for scholars of corporate purpose is the Dodd and Berle debates, named after legal scholars Adolf Berle and E. Merrick Dodd. These debates, occurring over a series of articles in Harvard Law Review, laid the groundwork for discussions around corporate social responsibility and corporate governance. While Berle's perspective influenced subsequent theories emphasizing shareholder primacy and the importance of corporate governance mechanisms to align managerial incentives with shareholder interests, Dodd's stance contributed to the development of stakeholder theory, which posits that corporations should consider the interests of all stakeholders, not just shareholders, in their operations. Obviously, the contributions of this debate are valuable. That being said, the critique offered regarding Friedman's perspective is applicable here as well. Regardless of the merits of the arguments presented, which is beyond the scope of this article, the fundamental concern of a limited timeline remains present.

Defenders of such timelines tend to point out that Friedman or the Berle and Dodd debate are often about normative views on the purpose of the corporation. As such, the timeline or the historical context is irrelevant, as one is stating what the purpose of the corporation should be and not what it is. While this is partially true, normative statements also need, at the very least, to learn from the historical context, as otherwise they risk offering incomplete views or views that cannot be verified using empirical evidence.

For example, imagine a corporation that is founded in the fourteenth century in continental Europe and is still in operation. Could it be that the founders of such a

[22] Both companies were warned multiple times for failure to fulfill their chartered purpose before full-fledged intervention on the part of the Crown. Their timelines are complex. In the case of the East India Company, Parliament decided to interfere via the Government of India Act of 1858, causing the company to lose all of its administrative powers.

corporation in the fourteenth century in continental Europe were already thinking about artificial intelligence when they were determining the fundamental reason for establishing such a corporation? An immediate response could be that it sounds farfetched that such founders thought of something like ChatGPT when they still had not experienced the wonders of the printing press. Another response could be that the corporate purpose of this corporation was envisioned so broadly that it could be malleable to unpredictable changes.

The veracity of both answers could be plausible, but disregarding historical developments along the journey, solely for the sake of normative views, can lead to a plethora of unwanted ramifications, particularly when exploring the commitment of the firm to its purpose. Indeed, it runs the risk that it leads to a circular line of thinking that is entirely dependent on exogenous factors, losing track of whether the factor is affected by the purpose of the corporation or vice versa. For example, to measure the commitment to a "belief", one would need to have a start and an end point and a continuous journey. If beliefs change rapidly with regard to corporate purpose, then one might run into a Sisyphean challenge. Namely, if the pressing issue of our time is income inequality, then scholars look at corporate purpose with the aim of finding what beliefs the purpose of the firm has about addressing inequality. If, on the other hand, the pressing issue of our time is economic growth, then scholars look at corporate purpose with the aim of finding what purpose says about shareholder interests. And if, somehow, the pressing issue of our time is artificial intelligence or automation, then scholars look at corporate purpose with the aim of finding what purpose says about these issues. This line of thinking can lead to a lot of confirmation bias; one is looking at the purpose of the corporation at a point in time with (what could potentially be) a different metric than what the situation was when the corporation emerged. The only way to overcome this challenge is to situate the purpose clause in a historical context, regardless of a positive or normative stance on corporate purpose that scholars might embrace.

In my perspective, a crucial point in history needs to be highlighted for any analysis of corporate purpose. The split that occurred in the mid-nineteenth century, where the corporate form was liberalized, is essential in understanding the changes that occurred to the notion of corporate purpose and how we see purpose today. Scholars engaged in normative statements about the future of corporate purpose[23] need to be mindful of the legal changes that occurred. According to the findings of this article, having multiple ways of incorporation could create alternate universes of how purpose is envisioned and enforced. Furthermore, companies can exercise selection bias when incorporating. This last point helps explain the push from social entreprenurs for the phenomenon of social enterprises and the variety of new legal forms that are emerging on this front. (E. Davoudi, L., McKenna, C., & Olegario, R. (2018).

VI. Conclusion

The lack of a precise definition on corporate purpose has significant implications. For researchers, it presents a challenge in developing a cohesive theoretical framework that can encompass the various facets of corporate purpose. For practitioners in the corporate world, this leads to varied interpretations and implementations (at times contradictory) of corporate

[23] See an example, Yosifon, "Given the failure of shareholder primacy theory and the myriad evidence of individual, social, and environmental harm caused by firms operating under the shareholder primacy norm, we must seek corporate law reforms which encourage good faith attention to the interests of multiple corporate stakeholders at the level of firm governance." (2014:228) There is a plethora of other scholars who have taken a normative stance on corporate purpose.

purpose strategies, affecting organizational alignment, stakeholder engagement, and corporate governance.

A detailed analysis of the United Kingdom royal charters as a chartering mechanism reveals that, from a historical perspective, corporate purpose was envisioned as a restriction of the range of activities a firm can engage in, and such vision was explicitly enumerated and enforced. Applying textual analysis tools, this article traces the historical trend of the United Kingdom royal charters, showcasing the public-oriented nature of the purpose of the chartered corporation. The article also uses the revocation of the Massachusetts Bay Company as a prime example of the policing power of the Crown in ensuring that the public-oriented nature of corporate purpose is preserved. This historical perspective contributes to the modern debate on corporate purpose, offering fresh insights that often were overlooked. Instead of focusing on the profit maximization or stakeholderism as the primary focus of the academic debate on corporate purpose, this article concludes that the most fundamental point of the exploration should be the chartering process. As mentioned earlier, the findings suggest that the purpose of the corporation is strongly linked with the chartering process it pursued in its emergence.

The need for a more-detailed analysis on the various mechanisms through which corporate purpose can be enforced in modern legal and governance framework remains present. Additionally, comparative studies across different jurisdictions could reveal how corporate purpose has evolved differently historically. Such future findings could potentially explain whether the modern appetite for new forms of legal incorporation is the by-product of historical trends or more modern developments in corporate law.

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