Organisational purpose

What can we learn from the practitioner literature?
Anna Lelia Sandoghdar and Catherine Bailey
King’s Business School was established in 2017. Our thinking helps organisations navigate the complexities of global challenges, valuing profit with purpose, success with sustainability through real-world research, impact and engagement. Its innovative global research programme connects with businesses, governments, policy bodies and civil society organisations to identify knowledge gaps, build alliances for joint problem-solving and share state-of-the-art research findings. Learning from these deep external networks, King’s Business School research is addressing today’s grand challenges associated with new technologies, globalisation, inequalities, sustainability and rapid change in product and finance markets.

This literature review is part of a series of publications from the Meaning and Purpose Network (MaPNet) of employers and academics which was founded at King’s Business School in 2020 with the aim of ‘creating more ethical, inclusive and sustainable futures for organisations through partnership and knowledge sharing’.

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1. Introduction

Interest in organisational purpose is at its height, yet our knowledge and understanding of what purpose means, and how to develop, communicate and embed purpose remains fragmented. Despite increasing investment in becoming “purpose-led”, organisations are struggling to see tangible improvements. Despite increasing investment in becoming “purpose-led”, organisations are struggling to see tangible improvements.

The gap between aspirations on the one hand and actual purpose-driven impact on the other poses a significant risk that purpose becomes yet another corporate “fad” instead of a fundamentally new way of doing business in the 21st century. Organisations with an incongruence between their statements and practices not only miss the opportunity of becoming a force for good, but also expose themselves to critiques of “purpose-washing” — when businesses misuse purpose purely for marketing reasons and commercial gain.

A recent survey of over 2000 purpose statements found that 93% of statements even fail to mention why their organisation is in business, 95% do not mention the core purpose they are setting out to resolve and 53% do not mention any beneficiaries. Findings such as these suggest an ongoing disconnect between organisations’ understanding of purpose and how to implement and operationalise it.

In publications aimed at a practitioner audience, there are many claims to success. Given the length of time it takes to conduct and publish rigorous research in the top journals, it generally excludes these from the review itself and, as such, should not be taken as a definitive “guide” to purpose, but rather a summary of key themes emerging from practitioner sources, aimed at helping practitioners navigate the complexities of this body of work. Further information about the methods used are included in the Methodological Appendix.

Figure 1: Out of 60 publications reviewed, 32 were written by consultants, five by practitioners in organisations, 15 by academics and eight by a combination of the different groups.

This report sets out to provide a comprehensive overview of the practitioner literature on organisational purpose. It is based on an analysis of an extensive list of papers published by leading international consultancy firms, such as McKinsey, BCG, EY, PwC and Deloitte, as well as articles from top practitioner journals, notably the Harvard Business Review, MIT Sloan Review of Management and the California Management Review. In particular, the report examines why purpose matters, what it is meant by “purpose”, how to develop a purpose statement, how to embed purpose within the organisation and how to measure purpose. Figure 1 summarises the authorship of the sources used in this review which will help readers to interpret the material presented. While occasional reference is made to articles published in scholarly journals, generally it excludes these from the review itself and, as such, should not be taken as a definitive “guide” to purpose, but rather a summary of key themes emerging.

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2. Why purpose matters

In light of the political, economic, and social developments of recent decades, a growing discourse surrounding corporate purpose has emerged. In our increasingly YUCA world, businesses have recognised the need to re-think the role of corporations and how they can address the human and environmental needs of the 21st century, rather than simply pursue shareholder value maximisation. In 2018, a survey of people in all countries demonstrated that roughly 75% want CEOs to explain how their company benefits society.

With the introduction of the UN’s Sustainable Development Goals (SDGs) and UN Global Compact, businesses have started to reflect on their social responsibility, commit to clear goals to improve societal wellbeing, and address the climate crisis. Indeed, the Business Roundtable in 2019 released a statement, signed by 181 CEOs of top US companies, declaring that a business’s responsibility is to serve the wellbeing of all stakeholders.

The Covid-19 pandemic has further exacerbated these trends. There is some evidence that the dramatic changes experienced during the pandemic have led to employees questioning the value of their work and the meaningfulness it provides, and intensified their desire for an authentic sense of belonging.

Research by McKinsey for example found that the main reason for employees quitting their employer was a feeling that their work was not connected to the business (54%) or no sense of belonging at work (53%).

A clear and authentic statement of corporate purpose that addresses how and why the organisation adds value to society and the environment can provide internal and external stakeholders with increased confidence that the organisation has recognised the current challenges and is taking actionable steps to address them.

Since the topic of corporate purpose has entered into the management lexicon, it has also been linked with several beneficial organisational outcomes:

- Purpose-driven consumer companies produce annual growth rates that are triple the size of the average company’s growth rates of non-purpose driven organisations within their sector.
- A survey by BCG demonstrated that purpose can be a critical factor in driving financial performance. Employees and managers of 21 large public US companies were asked to respond to statements regarding the robustness of purpose within their respective companies. When analysing the relationship between the purpose scores of companies and their long-term performance (indicated by their average ten-year total shareholder return or TSR), results demonstrated that organisations with a high purpose score also had high TSR, exhibiting ten-year TSR above the S&P 500 median.
- Corporations with a clear purpose have also been found to have: increased success in change initiatives, more innovative thinking, improved resilience, and a more engaged workforce.

3. What is organisational purpose?

There is no single agreed definition of purpose within the practitioner literature. Table 1 summarises some of the definitions in use currently.

These definitions coalesce around the view that purpose represents an organisation’s aim beyond pure profit generation. It is agreed that a corporate purpose statement should articulate why the organisation’s work addresses a need or problem in the world and how its work is “significant or inspiring”. It is intended to align the various parts of a business and define a shared aspiration that the company can act on, “using either intrinsic strengths or capabilities it could develop.”

This view is supported within academic research which has identified four dimensions of purpose:

- Contribution – purpose describes how the organisation fulfills a social purpose.
- Authenticity – the purpose statement reflects the organisation’s authentic identity.
- Guidance – purpose is the ever-arching aim which guides organisational strategy.
- Inspiration – purpose is a unifying force that harmonises the interests of employees and the organisation.

A common problem lies in the potential confusion between purpose and related concepts. However, these are distinct in the following ways:

- Vision is a concrete image of the future of a company that comes from a guiding philosophy (which would be based on the purpose).
- Mission, a concept which gained a lot of management traction a few years ago, explains how a company plans to fulfill its purpose.
- Organisations can be the end states the company wants to achieve, which will be inspired by the direction that the organisational purpose has set. The main difference is the temporary nature of the goals. A purpose-driven business should continuously work to fulfill its purpose and create long-term value, whilst short-term specific goals will change.
- Environmental, Social and Governance (ESG) comprises the key factors and standards that demonstrate how a company’s impact on the environment and society and the way it governed can be evaluated. There are a multitude of requirements and initiatives that fall under this umbrella and the focus of ESG is to provide a quantitative measure of their sustainability impact. However, the purpose statement provides a succinct direction, which will help the firm prioritise the actions it can take to improve ESG standards.
- Corporate Social Responsibility (CSR) comprises philanthropic actions and behaviours in the communities in which the business operates. However, CSR does not challenge the core institutional logic of shareholder value and is often supposed to compensate for business practices that are not purpose-led. CSR activities can be a part of the larger purpose-led strategy but should not be conflated with organisational purpose itself.
Definitions of organisational purpose within the practitioner literature

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
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<tbody>
<tr>
<td>McKinsey &amp; Company – Leape et al., 2020, p.1</td>
<td>Purpose answers the question, “What would the world lose if your company disappeared?” It defines a company’s core reason for being and its resulting positive impact on the world.</td>
</tr>
<tr>
<td>Harvard Business Review – McLead et al., 2020, p.1</td>
<td>An effective organizational purpose acts as the strategic north star for the organization. It defines how you make a difference to your customers and the world.</td>
</tr>
<tr>
<td>Harvard Business Review – Eccles et al., 2020, p.3</td>
<td>A description of corporate purpose turns an organization inside-out. Purpose looks at the organization from the outside to consider the difference that a business makes in people’s lives. [...]. The goal of a purpose statement is to add another dimension to an organization, changing it from a purely transactional system to a relationship.</td>
</tr>
<tr>
<td>Harvard Business Review – Kenny, 2018, p.3</td>
<td>[...]. “Statement of Purpose” defines the positive contribution to society the company will make, and the steps it will take to eliminate its negative impact on society.</td>
</tr>
<tr>
<td>Harvard Business Review – Joly, 2021, p.3</td>
<td>It is the ultimate goal of the business, the essential reason why it exists, and how it contributes to the common good.</td>
</tr>
<tr>
<td>Harvard Business Review – McLeod</td>
<td>Purpose is the organization’s “why.” It articulates why the company’s work matters to the world, and it is the foundation on which the company’s mission, vision, values, and culture are built.</td>
</tr>
<tr>
<td>BCG – Hemerling et al., 2018, p.1</td>
<td>Purpose answers the question “why does the organization exist?”, providing a North Star aspiration that guides the future direction of the business.</td>
</tr>
<tr>
<td>Deloitte – Corporate social purpose: The new business imperative</td>
<td>Corporate social purpose is how a business makes a positive economic, social, and environmental impact in the world. It is how an organization devotes meaningful effort, time, and experience toward public-well-being.</td>
</tr>
<tr>
<td>Cambridge Institute of Sustainability Leadership – Kellard et al. 2021</td>
<td>A purpose answers the question “why does the organization exist?”, providing a North Star aspiration that guides the future direction of the business.</td>
</tr>
<tr>
<td>EY Beacon Institute, 2016, p.2</td>
<td>An aspirational reason for being that is grounded in humanity and inspires a call to action.</td>
</tr>
<tr>
<td>Enacting Purpose Initiative, 2020</td>
<td>Purpose articulates why an organization exists, it sets out the issues that an organisation seeks to solve.</td>
</tr>
<tr>
<td>PwC, 2020, p.1</td>
<td>Purpose is an organization’s reason for existing beyond just the financial. It sets out why the organization matters, building on its core, differentiating capabilities, and articulates the value of the organization to wider societal stakeholders. It creates value for both shareholders and stakeholders and is core to what the company does, a lens around every decision a company makes.</td>
</tr>
<tr>
<td>Management Decision – Reyes and Kleiner, 1993, p.51</td>
<td>Organisational Purpose is the motivating forces moving, guiding, and delivering the organisation to a perceived goal. It is the driving force, the fuel, the bond, the intangible link that pulls the organisation together to achieve success.</td>
</tr>
<tr>
<td>The British Academy – Principles of Purposeful Business, p.5</td>
<td>Corporate purpose should be the reason for a corporation’s existence and its starting point. Profit should then be a product of a corporation’s purpose, but not the purpose of the corporation.</td>
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4. Developing a purpose statement

One topic the practitioner literature has addressed is how to go about developing a purpose statement. After reviewing numerous sources, we summarise this advice in Figure 2.

4.1 Identify stakeholders and understand their needs

Across the literature, almost all practitioner sources agree that the first step in developing a corporate purpose is understanding stakeholder requirements. This includes understanding what each stakeholder group needs from the organisation, and how these needs are situated in the wider context of society. Therefore, a helpful start can be to map both internal stakeholders (employees, executives, the board, shareholders), as well as external stakeholders that are in direct contact with your business (suppliers, customers, banks), including those who are crucial to operations but not in frequent direct contact (communities, environment, governments). Not all of these will be equally relevant, and each group will be heterogeneous, but understanding their needs and complexities will help clarify what problems the business is uniquely placed to solve.

To explore stakeholder needs, it is important to listen to their views directly. A recent survey found that 68% of customers and 64% of employees would like to be involved in corporate decision making. Listening to stakeholders can take various forms, but could include:

- Focus groups and conferences
- Town halls aimed at specific communities
- Analysing data from employee surveys
- Analysing employee reviews on external public forums (e.g. Glassdoor)
- Reading customer reviews
- The use of Artificial Intelligence and “big data” can also be helpful, to analyse natural language processing and stakeholder sentiment.

Microsoft uses its AI software InclusionIndex8 to understand general employee sentiment and to analyse the extent to which their employees feel a sense of belonging in the organisation.

When Interface, a commercial carpet and flooring company, wanted to develop its purpose strategy in 2016, discovering what leaders and employees found unique about the company was at the heart of their process. Through Appreciative Inquiry (AI) was a common tool used to start this process. AI entails asking your employees what the company looks like when it is at its best. On the flip side, it is also important to ask employees about the barriers that are keeping the business from consistently being its best.

The aim of this listening exercise is to gain insight into:

- What does each stakeholder group want or need from the organisation?
- What does each stakeholder group believe the organisation contributes to society and/or the environment?
- If the organisation disappeared tomorrow, how would the world be worse off?

4.2 Identify the organisation’s unique reason for being

How will the organisation address stakeholder needs and expectations, beyond simply achieving financial success? This entails understanding how the organisation is uniquely placed to bring value to people, society and the environment, whether that takes the form of a service, product, moment or feeling. As BCG put it, “the best purposes latch on to a timeless good related to collective flourishing.”

To inform decision-making, it is helpful to look back and consider the heritage and identity of the organisation and what makes it unique. This involves understanding the current culture and value system as well as the “story” about where the organisation has come from. Whilst reviewing the practitioner literature, it became evident that Appreciative Inquiry (AI) is a common tool used to start this process. AI entails asking your employees what the company looks like when it is at its best. On the flip side, it is also important to ask employees about the barriers that are keeping the business from consistently being its best.

Microsoft uses its AI software InclusionIndex8 to understand general employee sentiment and to analyse the extent to which their employees feel a sense of belonging in the organisation.25

When Interface, a commercial carpet and flooring company, wanted to develop its purpose strategy in 2016, discovering what leaders and employees found unique about the company was at the heart of their process. Through Appreciative Inquiry (AI), the company was able to understand what employees valued about their employer, the kind of goals employees respected and where the company’s true strengths lay. This positive approach not only led the organisation to uncover its purpose “to lead industry to love the world”, but also resulted in an updated mission that put sustainability at the heart of all business practices. By using an AI approach, employees felt that the purpose development had been a collaborative effort, thus increasing their buy-in later.26
The authors argue that only a few organisations are positioned to address grand pro-social causes. However, this does not mean that those businesses whose purpose falls into the first two categories should discard the idea of “doing well by doing good”. A purpose that is competence or culture based can still be viewed as providing a means to a pro-social end.

The authors challenge senior managers to reflect whether they are choosing a purpose that genuinely represents their business. Focusing on lofty, cause-based purposes can lead to misrepresentation and the dismissing of purpose as simply a marketing exercise. An example that has been cited is WeWork’s description of itself as “elevating the world’s consciousness.”

4.4 Determine the scope of the purpose

Developing a genuine purpose statement which can be embedded into all parts of the organisation and deliver external and internal benefits relies on finding a “sweet spot”. There is a need to make sure that the scope of the purpose is not too limited, focusing purely on the organisation’s product or service, but also not so broad and grandiose that it could apply to any company. The statement should be inspiring, yet not purely aspirational. Michaelson and colleagues cite “creating a world-class organization” as being too abstract, compared with “to deliver steel structures for [regional] market” as being too specific.

The purpose should connect the past identity and the future potential of a business into a timeless idea that can foster employees’ imagination, leading to new innovations and services, whilst emphasising the sustainable wellbeing of stakeholders.

A review of the practitioner literature has identified four key criteria against which purpose statements can be checked:

- **Inspiration** – Are the needs that are addressed sufficiently inspiring and significant (in size and value)? Will this motivate employees to act?

- **Formulation** – Is the statement articulated in a manner that uses clear language, is it compelling, easy to understand and remember? Is the usefulness of the company evident?

- **Authenticity and Legitimacy** – Does the statement reflect the company’s values and what its people care about? Do leaders’ actions reflect the claims of the purpose statement, demonstrating that the business has integrity and wants to make the world a better place?

- **Plausibility** – Based on the business’s abilities and assets, can it sustainably deliver the purpose? Can the purpose be operationalised and turned into concrete actions?

Several companies have achieved this, with their statements encapsulating their core ethos and mission:

- **Google**: “to organize the world’s information and make it universally accessible and useful.”

- **Walt Disney**: “to use our imagination to bring happiness to millions.”

- **Starbucks**: “to inspire and nurture the human spirit— one person, one cup and one neighbourhood at a time.”

- **Ralph Lauren**: “to inspire the dream of a better life through authenticity and timeless style.”

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5. Embedding and enacting organisational purpose

Once a purpose statement has been developed, the next challenge is embedding the purpose into all departments and functions of the business. After spending a significant amount of time defining their purpose, it has been noted that companies often fall short in communicating the purpose and achieving genuine impact at the business level. Some companies only make reference to their purpose in specific and highly visible contexts, such as in marketing materials or talent recruitment programmes, while failing to embed purpose more widely across the organisation. Others lay claim to a significant pro-social purpose but then continue to operate in harmful ways. In fact, a recent survey found that only 42% of people working in a company with a purpose statement felt that the purpose resulted in real impact. Common barriers identified in the practitioner literature include:

- Lack of a shared sense of purpose amongst employees
- Misalignment with strategy or incentives
- Lack of leadership training to deliver the purpose
- Short-term pressures due to a focus on profit
- Absence of metrics that measure the impact of purpose

We set out below the key factors identified within the practitioner literature that need to be considered when embedding purpose.

5.1 Allocating responsibility

As most businesses start to engage in purpose development from the top down, executives and the board will likely be involved from the inception of the purpose statement. The role of the board will continue to be important, as a source of accountability and scrutiny.

While companies might be tempted to allocate the responsibility of the purpose strategy to the sustainability team (or dedicated purpose team), the literature suggests it is important to extend this to include leaders across the central functions of the business. Identifying the internal constituents that share an interest in the purpose is therefore helpful, such as functions that generate demand (e.g. marketing or sales), employee engagement (HR, employee networks), strategy and business operations, and sustainability. Establishing a task force or working team tailored to the challenges of their functions. These can then be fed down to team level, creating alignment with the content of employees’ individual job roles.

Though a part of this will be instigated by senior management, a multi-functional purpose task force also has a role to play. Through workshops and coaching, it has been argued that the first step should entail a re-formulation of existing strategic goals and objectives to embody both social/environmental and commercial value. Explicitly aligning present strategic objectives with the purpose will assist teams and individuals in the organisation to integrate the purpose into their work.

5.2 Aligning strategy with purpose

Making sure that the purpose drives the strategy requires alignment between purpose, corporate objectives, operations, and the portfolio. This is often when tensions first come to the surface, as social goals and financial goals compete for resources and attention.

Goals and objectives

It has been noted that the first step should entail re-formulation of existing strategic goals and objectives to embody both social/environmental and commercial value. Explicitly aligning present strategic objectives with the purpose will assist teams and individuals in the organisation to integrate the purpose into their work.

Operations and decision-making

Becoming purpose-driven entails addressing the assumptions underlying current business processes and systems, which may have been designed in the past purely to meet financial or performance goals. It has been argued that the redesign of processes should be prioritised according to their centrality in delivering strategic goals. Using targets and KPIs to support this will convey a sense of urgency, with responsibility given to individual departments who have the oversight and expertise to translate the purpose into practical and actionable steps.

Portfolio alignment

The company’s portfolio of products and services will need to be reviewed in light of the purpose in terms of what to stop, start or continue. This does not just relate to future activities, such as mergers or acquisitions or new products/services, but also includes a consideration of the signals the current offerings send to consumers, investors and employees. Making the decision to eliminate services that no longer align with the purpose sends a clear message to stakeholders that the organisation is serious about its purpose.

5.3 Embedding purpose into culture and behaviour

Developing an authentic purpose can provide a platform for the organisation to expand into new product areas or markets.

Patagonia founder Yvon Chouinard formulated a bold purpose in 2018: “we’re in the business to save our home planet.” Whilst this is very broad, it has allowed the business to expand into new areas, such as regenerative agriculture and educational literature about environmental activism, as well as developing an online platform that can match volunteers with a cause in their local community.

Since 1834, the company Rügenwalder Mühle has been Germany’s leading manufacturer of meat and sausage products. Its purpose “Enabling the consumer to have a balanced and sustainable diet in an uncomplicated way” led the business to introduce a new range of vegetarian and vegan meat alternatives into its range of offerings in 2014. The company is now Germany’s biggest provider of meat alternatives, which currently account for more than 50% of its revenue. They continue to invest into researching plant-based protein and sustainable meat options and expand their range frequently.

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5.7 Embedding purpose into culture and behaviour

“Only executes experience purpose as a top-down phenomenon. Most other stakeholders experience it from the bottom up—through their interactions with products and services, employees, physical locations, and communications.”

One of the biggest differentiators between companies whose purpose has become deeply embedded in all parts of the business and those whose purpose is superficial is the extent to which employees have internalised the purpose. Fostering a feeling of shared ownership over the purpose and ensuring integration into employees’ daily work has been found to require integration into routine communications, HR practices such as career development plans and recruitment processes, and leadership practices. There is widespread agreement across the literature that it is crucial to let individual employees connect their personal purpose and motivations with those of the company.

Language and communication

The literature shows that a major difference between organisations that have managed to embed purpose into their day-to-day activities versus those who have not is communication. Laggards have identified poor communication from leaders as the most significant challenge in activating purpose. There are a number of key recommended activities:

- Establish a shared vocabulary to discuss purpose-related matters
- Communicate the intention behind the purpose when introducing it into the business
- Explain the social aspirations of the purpose as well as its projected link to performance outcomes to overcome scepticism
- Utilise formal and informal communications channels throughout the organisation
- Inflating purpose into informal discussions can help grow interest in purpose organically
- Create a cadre of purpose champions from across the organisation
- Honestly address the gap between the ideal and the reality to signal awareness of the progress needed
- Enable employees to challenge senior managers about the purpose to create trust and authenticity
- Use stories and story-telling to demonstrate the purpose in practice
Aligning individuals with the purpose

The literature suggests that while a common language around purpose is important, it is equally vital to give employees space to reflect on what the purpose means to them and to make it their own.67

“One way of fostering links between individual and organisational purpose is through personification, which can help make purpose less abstract.”68

“Enable all employees to write themselves into the story.”69

Unilever, one of the front-runners of purpose-driven corporations, first developed their purpose strategy in 2009. At this time, they decided to hold a workshop for their top 400 executives across the world to help them uncover their personal purpose and how they might infuse this into their work and leadership practices. After the programme’s success, the business decided to scale this (albeit a shorter 1-day version) to all employees in all countries, including hourly staff and freelancers. The workshops were delivered in the local languages to enhance the employees’ feelings of connection. By 2021, more than 60,000 employees (over 60,000 people), had participated and were able to articulate their personal purpose and how it fitted into Unilever’s overarching purpose.70

Management practices and leadership

Leaders and managers have an important role to play in embedding purpose through daily management practices such as career development or coaching conversations, performance reviews and goal-setting.71

“Genuinely purposeful organisations embed solidarity right into management practices.”72

Key management actions include:

- Including a discussion of purpose in all management meetings73
- Helping employees understand how their role contributes to the delivery of purpose74
- Rewarding employees whose actions have embodied purpose75

As Decathlon, the athletic wear and equipment company, store managers start the day with “15 minutes of purpose” meetings, in which employees are asked to talk about the way they lived out the company’s purpose of “making sport accessible to many” in their work from the previous day. Often, these stories do not just centre around the selling of products or sports but focus on the different ways in which employees were able to help their customers.76

Hiring and socialising employees

As a crucial part of the employee life cycle, purpose should also be implemented into the recruitment processes for new joiners, as well as their socialisation period.77 Rather than asking direct questions regarding the candidate’s thoughts of the company’s purpose (this may lead to standardised and practised answers), it may focus on scenario-based questions in which value and purpose-alignment is evaluated through their choice of behaviour in a specific situation.78

To socialise new employees, explaining how the purpose came about, what this means in the day-to-day and why this is important can help employees understand what is expected of them and start off on the right foot.79 Connecting new employees with the beneficiaries of the purpose can also be a powerful tool to make the purpose more tangible.80

When socialising their new hires, Novo Nordisk, a leading producer of insulin, makes new employees spend the day with a diabetes patient, in order to experience the struggles that their clients face first hand. For many back-office employees, this is especially important, as it connects them to the company’s reason for existing.81

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6. Measuring purpose

Measuring the impact of purpose is important not only for tracking progress but also for reporting to internal and external stakeholders, including investors.82 The review found that measuring purpose is one of the biggest challenges that organisations face. Yet it is also the aspect on which there was the least practitioner-published information available. The lack of information about the types of measures that successful purpose-driven companies use to track their progress and impact can be partly attributed to the fact that consultancies have developed proprietary frameworks and metrics that they can sell, thus being careful about publishing their intellectual property. Companies such as Contexti or BCG have published various blog posts, drawing attention to the importance of measuring purpose with the aim of publicising their service.83 Within the academic literature, there is one publicly available validated scale of “perceived organisational purpose” comprising 12 items that measure employees’ views concerning the organisation’s purpose, but this does not include an indication as to how to measure the outcomes of purpose.84

Although it may not be helpful to evaluate purpose purely based on standard KPIs and measures, some have argued that it can be useful to start by identifying which current quantifiable key outcomes reflect the strategic impact of the purpose.85 However, due to the lack of comprehensive information on how to best measure organisational purpose, many companies focus exclusively on engagement and retention or tracking the amount of money spent on social initiatives rather than seeking the evaluate the holistic impact of purpose on financial, social and environmental objectives.86

Companies also tend to resort to using ESG frameworks as indicators of the extent to which their purpose is being delivered. While standardised ESG frameworks are helpful for indications of environmental, social or governance impacts, ESG data often assigns equal weight to each indicator, thus making it less useful for understanding purpose-specific outcomes.87 In general, the literature is in agreement that a balance of subjective and objective measures is needed to gain a holistic understanding of the progress of purpose.88 For example, this means that measuring stakeholder perceptions of the extent to which the company is succeeding in delivering its purpose should be balanced with metrics from non-financial performance outcomes. Furthermore, the purpose literature revealed that companies measuring the progress of their purpose often supplement their quantitative indicators with qualitative data.89 Some examples of non-financial performance measures that are aligned with purpose are:

- Knowledge of the purpose
- Understanding the importance of the purpose
- The extent to which employees perceive their leaders to commit and exemplify purpose
- The extent to which employees think that their co-workers are committed to the purpose
- The extent to which employees perceive the daily decision-making and practices in the company to be influenced by purpose
- The extent to which employees take ownership of the purpose and are able to collaborate and shape the purpose delivery

Customers measured101

- Customer perception of the organisation’s commitment to purpose
- Customer acquisition and retention resulting from purpose-focused branding (e.g. measured in sticks from advertisements)

Partnerships102

- Fair trade metrics
- Health of relationships (e.g. growth of relationship)

Community/environment103

- Carbon footprint
- Community health (e.g. education, health, status of social issues)

Employee measures104

- Community health (e.g. education, health, status of social issues)
7. Tensions and trade-offs

Becoming a purpose-led organisation will inevitably lead to tensions given that “a purpose should make you feel that what you are doing now is not enough”.95

The most common tensions are between:

- **Purpose vs profit**: achieving a balance between financial vs non-financial goals is a constant balancing act.96 What has been found to set purpose-driven businesses apart is their ability to shift dynamically between profit and purpose according to contexts and markets. They demonstrate a willingness to sacrifice either profit or purpose in the short-term in favour of long-term social, environmental, and financial value creation.98

- **Reality vs aspiration**: purpose-driven aspirations will come into conflict with existing organisational demands, especially during challenging times.99 This is an issue encountered by Facebook, for example, as their current business is under scrutiny for political involvement and being overly influenced by advertising profits, which stands opposed to their purpose to “to build community and bring the world closer together”.100

- **Static vs dynamic**: while purpose statements are intended to articulate a timeless ideal of a “greater good”, aspirations and capabilities, along with the social context, are likely to change over time.101

This idea that for one stakeholder to win, another has to lose is, to me, bad design. I always think like a designer. Design is not the way ferocity with which you pursue and manifest it. Recognize that you won’t get it perfectly right for everyone all the time. The purity of your intention is what counts, along with the time. The purity of your intention is what counts, along with the time. The purity of your intention is what counts, along with the time. The purity of your intention is what counts, along with the time. The purity of your intention is what counts, along with the time. The purity of your intention is what counts, along with the time.

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Brian Chesky, co-founder and CEO of Airbnb works best when it works for the largest number of people. The practitioner literature has highlighted the following strategies to help tackle the tensions:

- Prepare employees for dealing with trade-offs as part of becoming more purpose-led.
- Use re-framing language from “one or the other” to “and” – reaching decisions that are both commercially viable and socially valuable.
- Explain the logic behind decisions to employees to foster trust and demonstrate commitment to the purpose.

By creating “spaces of negotiation”, businesses can work through tensions by letting them surface and giving all employees (or other involved stakeholders) an opportunity to actively participate in discussions about trade-offs between economic and social value.

7.1 Dealing with tensions

Tensions and trade-offs appear to be an inevitable part of becoming more purpose-led and the practitioner literature is in agreement that openly acknowledging these is important. By creating “spaces of negotiation”, businesses can work through tensions by letting them surface and giving all employees (or other involved stakeholders) an opportunity to actively participate in discussions about trade-offs between economic and social value. Not only does this facilitate a broader exchange of perspectives, which can expedite resolution, but it will also increase sense of ownership in decision-making.101

In a European multinational bank, trade-offs are tackled by letting decision-makers from all local branches participate in an iterative debate, in which different teams are assigned the role of championing either social or financial goals. This means that employees practice prioritising and arguing for both types of objectives and prevents tensions from becoming too personal.102

The practitioner literature has highlighted the following strategies to help tackle the tensions:

- Explain the logic behind decisions to employees to foster trust and demonstrate commitment to the purpose.

8. Conclusion

The review of the practitioner literature demonstrates that while there is overarching agreement in certain areas, such as what a purpose statement should include and the benefits of being purpose-led, an understanding of other aspects of purpose integration is still lacking, for example concerning the best ways to measure purpose outcomes. It is also important to bear in mind that much of the practitioner literature has not been subject to peer-review and therefore does not meet the same standards of quality and rigour that would be expected in academic outlets. Accordingly, exhortations about what purpose “should be” that are published in this body of work are often based on partial evidence and need to be evaluated in this light. An added factor is that most practitioner publications are authored by consultants and are therefore based on proprietary frameworks, which poses a barrier to knowledge sharing.

It is anticipated that the coming years will witness an increased number of academic publications which can provide more robust evidence to advance our understanding of purpose; meanwhile, future research would benefit from increased collaboration between academics, consultants and industry experts to foster the development of theoretically-driven, rigorous research with practical application.

Lastly, the review of the literature has made it clear that in order for organisations to become truly purpose-driven, it is important to forego the pursuit of perfection in favour of progress.

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Recognize that you won’t get it perfectly right for everyone all the time. The purity of your intention is what counts, along with the ferocity with which you pursue and manifest it.

**Gokall, 2022, p.52**

Methodological appendix

To gain a comprehensive understanding of high-quality practitioner literature, a search with the terms ‘organisational purpose’, ‘organizational purpose’, ‘corporate purpose’ and ‘purpose’ was conducted in the archives of the Harvard Business Review, MIT Sloan Management Review and California Management Review – the top management journals for practitioners. Amongst these practitioner journals, the Harvard Business Review stood out to have by far the largest number of related articles. After eliminating any publications that were not relevant (often those focusing on individual purpose), the search resulted in 24 articles. After this, the search was extended to include relevant reports and publications by major consultancies such as McKinsey & Company, BCG, Deloitte, EY and PwC., which resulted in an additional 26 publications. Reports by associations such as Blueprint for Better Business, the British Academy and the Enacting Purpose Initiative were consulted, as well as three reports published by the Cambridge Institute for Sustainability. Lastly, a textbook written for a practitioner audience was also included.
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