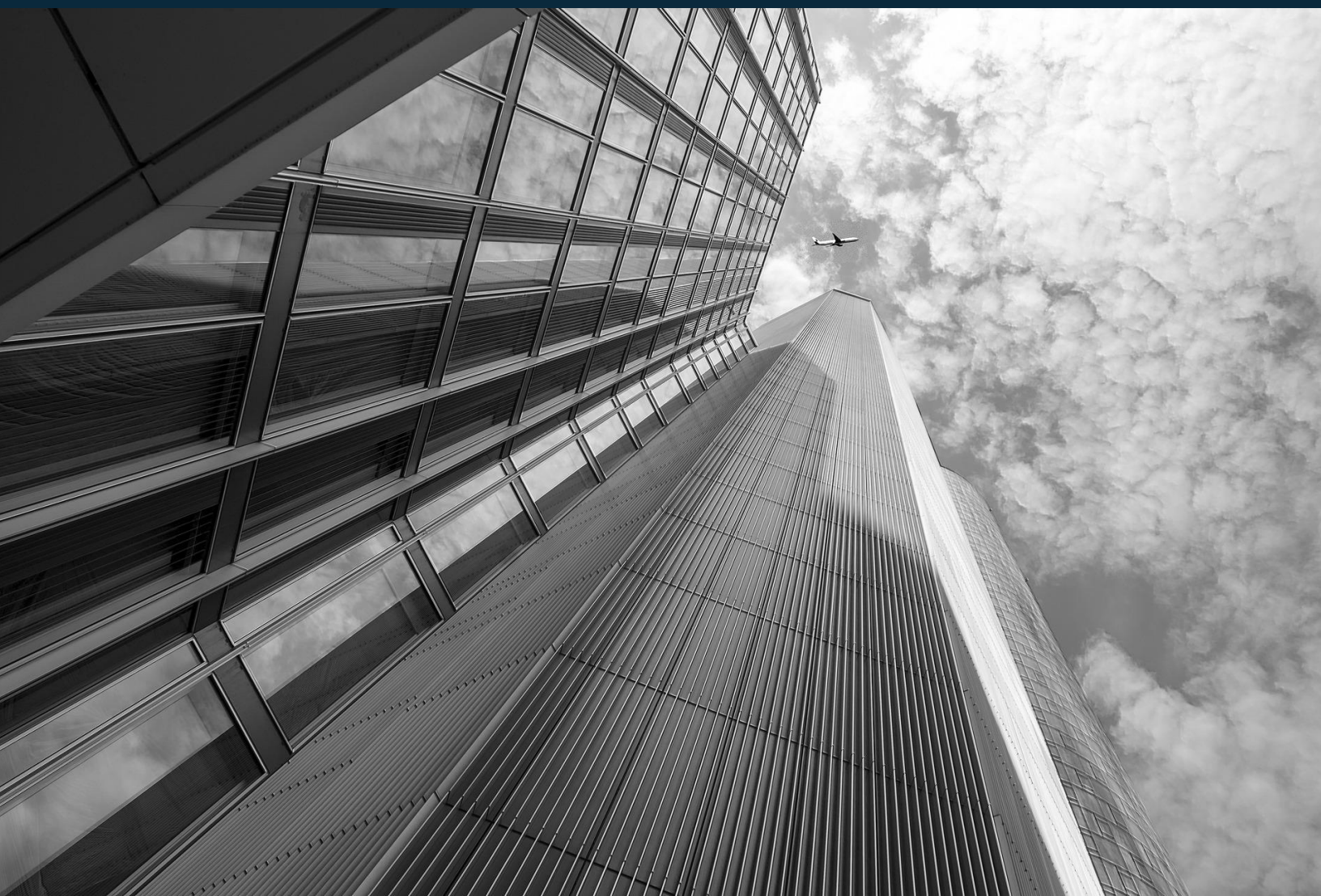# PURPOSE TRENDS REPORT

A selection of what has been published about Purpose in July 2022

July 2022

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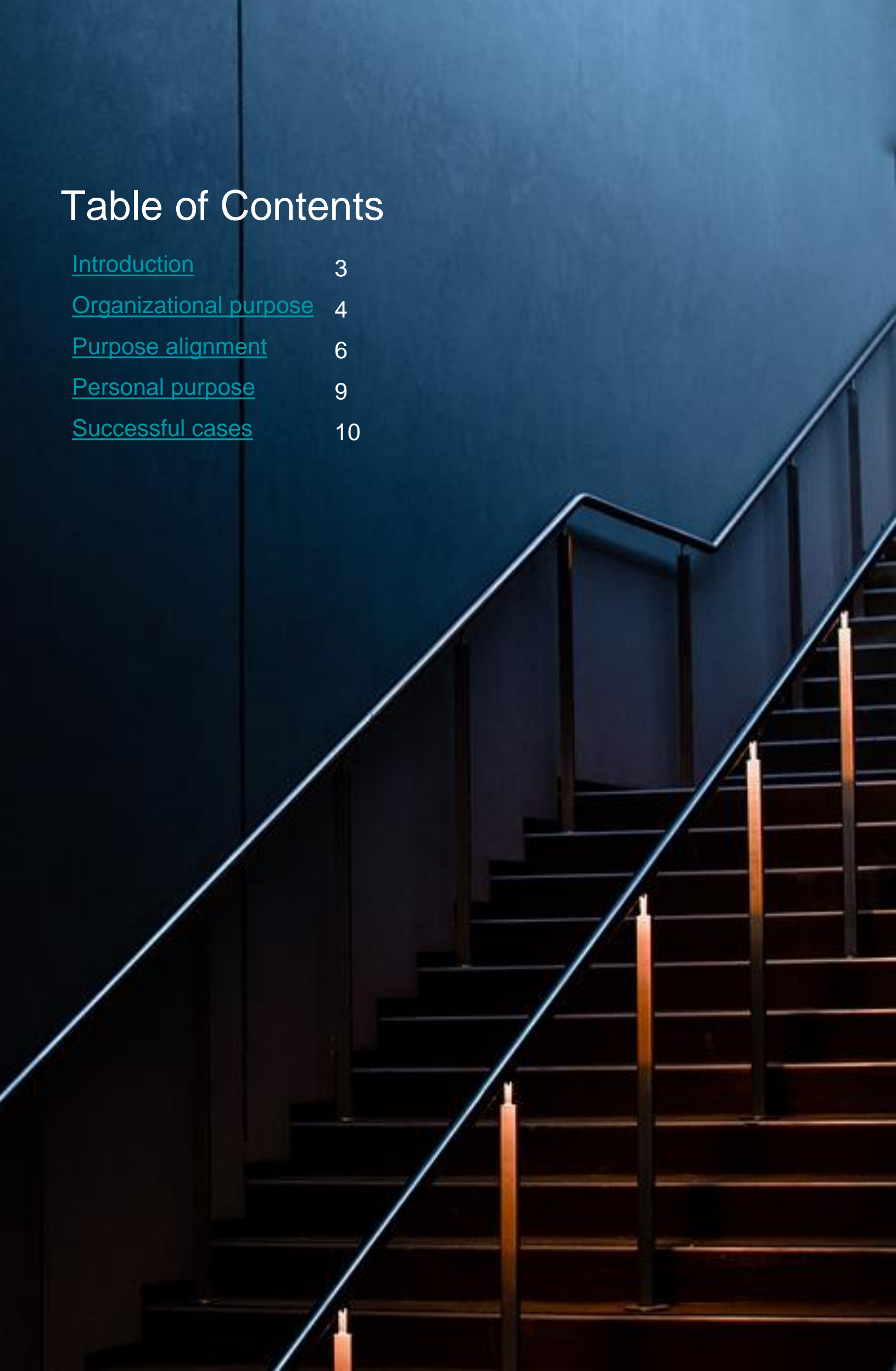School of Economics and Business. University of Navarra
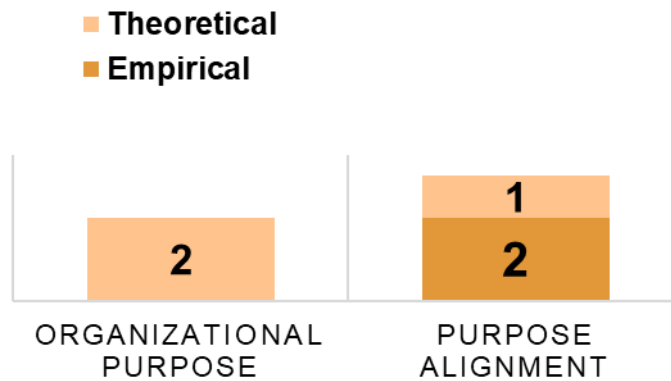
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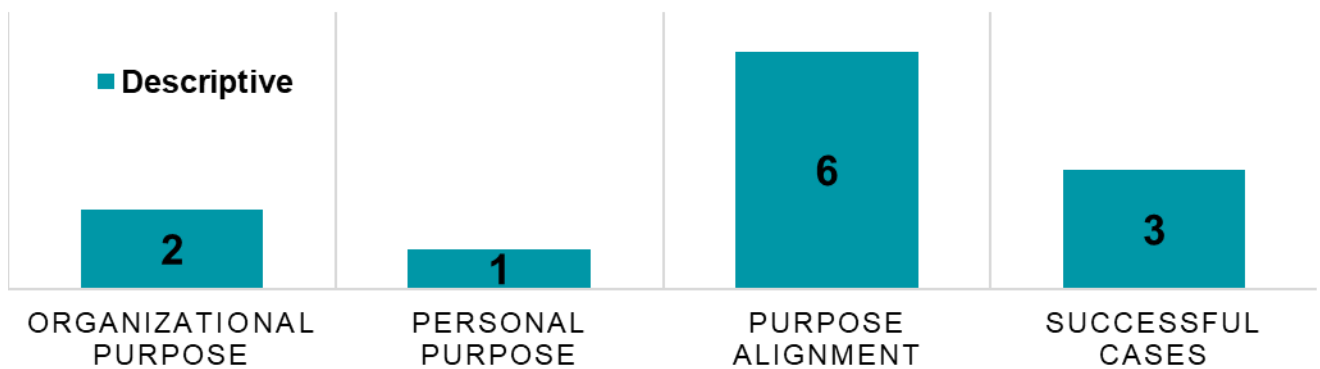
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INTRODUCTION

In this report, we want to synthesize the most relevant about corporate purpose published in July 2022. For this aim, we did a content search (using selected keywords) in Scopus and Google Scholar for academic publications; and diffusion magazines and other trusted sites for articles. We selected relevant publications about organizational purpose, purpose alignment, and personal purpose. Also, we include some successful cases that show how corporate purpose has been implemented. Bellow, we present statistics about the selected literature.

ACADEMIC PUBLICATIONS - JULY 2022

■ Theoretical
■ Empirical

2	1
	2
ORGANIZATIONAL PURPOSE	PURPOSE ALIGNMENT

ARTICLES - JULY 2022

■ Descriptive

2	1	6	3
ORGANIZATIONAL PURPOSE	PERSONAL PURPOSE	PURPOSE ALIGNMENT	SUCCESSFUL CASES

Some academic publications and articles sustain that today more people desire companies a social purpose; to align with their core values and purpose on this planet. Some academic publications sustain that for the above, an increasing number of organizations have proposed a business purpose that goes beyond profit maximization and seeks to contribute to the common good. Some articles sustain that corporate strategic planning methods have changed and will continue to evolve because a genuinely purpose-driven company's purpose is inseparable from managing the business.

Both academic publications and articles define what corporate purpose is. Some academic publications say that corporate purpose is not the sole pursuit of profits but the animating force for achieving them. Some articles say that corporate purpose is a company's higher purpose that goes beyond profit orientation.

Both academic publications and articles also present positive outcomes of having a corporate purpose. Some academic publications present outcomes, such as financial value, increased stakeholder trust and legitimacy in challenging times, and a positive contribution to individuals' well-being. Some articles sustain that corporate purpose helps companies navigate a volatile and unpredictable environment and delivers higher and more sustainable performance. They also argue that corporate purpose can help organizations appeal to workers' social consciousness and recreate a sense of community and fulfillment.

This report presents a new legal figure, the Companies of Benefit and Common Interest (SBIC). Finally, it describes the cases of Tata group and Boehringer Ingelheim, two organizations that have implemented corporate purposes.

Academic publications (2)

Designing transformative learning experiences for managerial transition to integrative CSR

Business Horizons, JCR Q1 see online

Abstract: Business leaders have increasingly committed to redefining corporate purpose in terms of corporate social responsibility (CSR). The challenge now is to enact this commitment. This article argues that to do so, managers must adopt a new cognitive frame (or mental lens). Specifically, managers must disengage from their existing instrumental frames, under which they consider CSR only instrumentally as a means to drive profit and pay only peripheral attention to external stakeholder goals, and instead engage with an integrative frame, in which CSR goals are intrinsic to business plans and are considered equivalent to, and simultaneously with, the firm's financial goals. To enable managerial transition from the established instrumental frame to a novel, challenging, integrative frame, this article presents a transformative learning experience (TLE). In the TLE, managers first are immersed in a business initiative explicitly designed to expose the inadequacies of the instrumental frame for the redefined corporate purpose. This activates disorienting dilemmas in which the instrumental frame no longer applies but a new frame is not yet apparent. In the second phase, firms provide managers with heuristics such as metaphorical reasoning to enable experimentation with an integrative frame. This article provides guidelines for the structure in which this process should be embedded, how this process can be activated, and the process and learning outcomes to measure.

Stakeholderism, Corporate Purpose, and Credible Commitment

SSRN, see online

Abstract: One of the most significant recent phenomena in corporate governance is the embrace, by some of the most influential actors in the corporate community, of the view that corporations should be focused on furthering the interests of all corporate stakeholders as well as the broader society. This stakeholder vision of corporate purpose is not new. Instead, it has emerged in cycles throughout corporate law history. However, for much of that history—including recent history—the consensus has been that stakeholderism has not achieved dominance or otherwise significantly influenced corporate behavior. That honor is reserved for the corporate purpose theory that focuses on shareholders and profit. Thus, many view the most recent embrace of stakeholderism as empty rhetoric. In light of this view, and the relatively fickle history of allegiance to stakeholderism, this Article seeks to explore whether we can expect that this most recent resurgence of stakeholderism will be different, and hence whether we can expect that corporate actors will work to ensure that their corporations in a way that benefits all stakeholders.

Relying on the theory of credible commitment—a theory focused on predicting whether economic actors will comply with their promises—this Article argues that there are considerable obstacles to achieving stakeholderism. This Article first argues that there are some reasons for optimism that this most recent embrace of stakeholderism will translate into reality. Second, and despite that optimism, this Article draws upon credible commitment theory to argue that it is unlikely that stakeholderism will have a lasting impact on corporate conduct unless corporations make a credible commitment to operating in a way that advances stakeholder interests and a broader social purpose. Third, this Article not only highlights the significant credible commitment challenges posed by efforts to pursue a stakeholder-related corporate purpose, but also reveals significant concerns with the ability of prevailing reforms to overcome those challenges. Nevertheless, this Article argues that these concerns do not necessarily doom to failure the credible commitment effort. Instead, relying on the too often overlooked emphasis credible commitment theory places on norms, this Article insists that the collection of governance mechanisms aimed at achieving credible commitment, even if flawed, may facilitate norm internalization in a manner that increases the likelihood that corporate actors will align their behaviors with stakeholderism.

How to Evaluate the Impact of Corporate Purpose

Christian Busch and Lisa Hehenberger, MIT Sloan Management Review
see online

It affirms that at truly purpose-driven companies, managing purpose is inseparable from managing the business. It sustains that for an organization's stated purpose to be sustainable, companies must be able to accurately assess the results of executing their purpose-driven strategy in terms of specific objectives, outputs, and outcomes.

> **"** Confronted by employees seeking meaningful work, customers demanding sustainable and traceable products, and investors who want companies to do both well and good — while inequality is rising and climate change is an increasingly dire threat — business leaders are redefining the purpose of their organizations. **"**

Your Corporate Purpose Changed. Has Your Strategy Kept Up?

Graham Kenny, Harvard Business Review, see online

It states that while there is evidence that companies with a clear purpose do better than those without one, this is the consequence of hard work. It argues that corporate strategic planning methods have to change to evolve further. Additionally, it proposes a partial list of tasks leaders should do.

Academic publications (3)

Customer interaction strategy, brand purpose and brand communities

Journal of Service Management, JCR Q1, see online

Abstract: Purpose: Customer interactions are integral to service brands. Indeed, many product brands have added services in order to create more opportunity for customer interaction. This paper deals with the strategic use of customer interactions to build a strong brand. Customer interaction strategy has evolved considerably beyond traditional sales and advertising in how customer interactions are conducted. Yet the Pareto rule (e.g. 80% of sales from 20% of customers) continues to guide who brands interact with. Conventional wisdom is that firms should target heavy users or customers high on the recency, frequency and monetary (RFM) value of purchases. The purpose of this conceptual paper is to examine how brands can use brand purpose and brand communities to target light users and even nonuser stakeholders as well. Design/methodology/approach: There is reason to hypothesize that brands can go beyond the heavy user limit of targeting customer interactions by developing brands around purpose. Purpose can be based on engagement with personal goals or values or on societal values about doing good for others. Brand purpose can be reinforced by either life purpose brand communities or societal purpose brand communities. Findings: The paper reviews findings in the brand interaction, brand purpose and brand communities literature. Research limitations/implications: The two types of brand purposes and brand communities offer the possibility of growing a brand by targeting customer interactions at light users and nonuser stakeholders. Practical implications: There are important future research issues to be addressed, but this approach could increase the value of brands to consumers and extend the life cycle of brands for organizations. Social implications: Furthermore, the concept of societal brand purpose could allow firms to focus on creating shareholder value as well as addressing social and environmental problems. Originality/value: This paper broadens the current conception of customer interaction strategy and is thus relevant to relationship and experience marketing.

Perceived Organizational Purpose: Systematic Literature Review, Construct Definition, Measurement and Potential Employee Outcomes

Journal of Management Studies, JCR Q1, see online

Abstract: Organizational purpose has recently gained great popularity in research and practice. However, the development of this nascent research field has struggled with definitional ambiguity, the lack of a measurement instrument and little empirical testing of potential outcomes. In our paper, we first introduce and define the multidimensional construct of perceived organizational purpose, which sheds light on the individual and subjective experiences of organizational purpose. Second, building on our construct definition, we develop and validate a four-dimensional Perceived Organizational Purpose Scale. Third, we disentangle the related yet differentiated concepts of perceived organizational purpose and meaningful work and theorize how substantial knowledge in the field of meaningful work can be transferred to the relatively new and untested field of perceived organizational purpose. Fourth, we critically elaborate and empirically test the relationship of perceived organizational purpose with employee job satisfaction, subjective well-being and work-life conflict.

Green organizational identity and sustainable innovation in the relationship between environmental regulation and business sustainability: Evidence from China's manufacturers

Journal of General Management, JCR Q3, see online

Abstract: Bridging government involvement and business sustainability, particularly in manufacturers, is becoming a new research interest. To enrich this knowledge area guided by the Institutional Theory, this study builds a multiple mediation model to investigate the effect of environmental regulation on business sustainability by concerning on the chain mediation effect of green organizational identity and sustainable exploration/exploitation innovations. China's manufacturers that are a key component of emerging markets have been analyzed by this study because of their significant impacts on climate change, substantial contributions to the boom of industries, and distinctive governance structures. By investigating China's manufacturers such as shipbuilding, energy, food, and daily necessities manufacturing sectors, we witness that the relationship between environmental regulation and business sustainability could be positively subsequently mediated by green organizational identity and sustainable innovation. While this identity does not exercise a positive mediation between environmental regulation and business sustainability significantly. Furthermore, both sustainable exploration/exploitation innovations exercise a significantly positive mediation between green organizational identity and business sustainability. We therefore conclude that manufacturers of emerging markets need a thoughtful deployment in pro-environmental psychologies and behaviors to closely bridge environmental regulation and business sustainability instead of only concerning on one aspect. This study has significant implications for emerging markets constructing a comprehensive as well as systematic pro-environmental path by using the merit of Institutional Theory to enhance business sustainability with more standardized and professional ways.

Growing with Purpose to Transform the Dental Industry

Rahma Samow & Joerg Aumueller, Harvard Business Review, see online

It sustains that one risk of organizations' growth is seeing people more as commodities and less as individuals. It advises growing with purpose, and according to values everyone can believe in. It sustains that understanding the shared values serves as a north star.

How To Align Your Team, According To A Former Navy SEAL Officer

Jodie Cook, Forbes, see online

It sustains that high-performing teams are characterized by aligning the team's purpose with each team member's purpose. Only when team purpose, individual purpose, roles, and assessed worth are aligned can each teammate consistently deliver valuable actions for the team.

New Study: What People Want From Work And 3 Ways To Create It

Tracy Brower, Forbes, see online

It proposes three ways to create a better, more inspiring, and nourishing work climate. One of them is how employers ensure a sense of purpose. Additionally, it shows that employees believe organizations can contribute to positive work cultures by facilitating more significant connections between coworkers.

The Great Side Hustle: How Social Purpose Can Help Attract And Retain Talent

Dwayne J. Clark, Forbes see online

It sustains that a social purpose can help organizations appeal to workers' social consciousness and recreate a sense of community and fulfillment. It argues that today, more people are desiring companies that align with their core values and purpose on this planet.
It also proposes two strategies to help organizations be purpose-driven companies.

Why Corporate Purpose And AI Ethics Must Be a Leadership And Risk Management Priority

Cindy Gordon, Forbes, see online

It argues that organizations should strive to accelerate sustainable performance with the energy force of resilience and inspire everyone to rally around a unifying vision of why the organization exists and how it contributes to achieving a common good. It sustains that an increased focus on human needs rather than on products and services is critical to building a strong corporate purpose and protecting humans.

Why More Employee Engagement Doesn't Mean Better Productivity

Mex Emini, Forbes, see online

It presents the power of data for more engaging work, for learning quickly from failures, and creating new collaboration methods that enable greater autonomy and a sense of purpose in people's day-to-day work. It argues that automating menial tasks creates more time for creativity and innovation, connecting employees to their purpose at work.

Articles (1)

3 New Studies Teach Us How To Find More Meaning In Our Lives

Mark Travers, Forbes, <u>see online</u>

It sustains that a life lived with purpose and meaning has immense benefits for the mind and body. It proposes things humans can do to induce meaningfulness and a sense of purpose into their life. Additionally, it gives reasons why costly, prosocial actions give a higher sense of meaning.

> " Undergoing difficult endeavors with other people builds social bonding, which is also a powerful source of meaning. "

Articles (2)

El Congreso aprueba la figura legal de las Empresas Con Propósito

Compromiso RSE, see online

The Congress of Deputies approved the creation of a new legal figure, the Companies of Benefit and Common Interest (SBIC), which will recognize companies with purpose in Spain. To have this legal recognition, the company must include in its statutes the triple objective of generating economic, social, and environmental value while transparently demonstrating its performance.

Tata Group in 2021: Pursuing Profits through Purpose

Harvard Business Review, see online

"To improve the quality of life of the communities we serve globally, through long-term stakeholder value creation based on Leadership with Trust"

Tata Group has realized the importance of looking beyond profits. It has sound and straightforward business principles, considering the interests of stakeholders and the health and the welfare of the employees as the sure foundation of their prosperity. The company developed a reputation for seeking to develop intellectual and social capital.

Boehringer Ingelheim España implementa 119 iniciativas para contribuir al desarrollo sostenible

Compromiso RSE, see online

"Contribuir a lograr un futuro más saludable y sostenible para las generaciones presentes y futuras"

The company works to meet the needs of human and animal health. She puts sustainable development at the heart of the business. It is committed to the environment, the organization's professionals, the community in which it operates, patients, providers, and public administration.