Initial Results for the Purpose Strength Research Project

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Abstract

Over the last decade, the effect of intangibles on the total value of an organization has increased considerably, climbing to more than 50%. The public now demands that organizations take into consideration ethical, social and environmental impact, in addition to the economic value generated. Citizens also demand that organizations contribute to improving the sustainability of the environment in which they operate. Only by responding to these calls will organizations be able to instill confidence in, and establish legitimacy for, their operations. One of the most effective organizational elements that can contribute to achieving strong relationships with stakeholders is a relevant purpose. A relevant purpose can serve as the basis for the identity of the organization and give meaning to its day-to-day operations. Organizations, however, face the challenge of identifying management models that allow them to put into practice, develop and focus on a clearly defined purpose. After years of practical and research experience, we have developed the Purpose Strength Model®. This model integrates the variables and dynamism with which organizations can build a strong sense of purpose. The results our analysis of 25 organizations validate the relationships within the model and encourage us to continue generating new knowledge that can help organizations develop sustainable purposes.

The Economy of Reputation and Intangibles

There is general consensus today that we are immersed in a new economic and social cycle[1] referred to as the "economy of reputation and intangibles[2]." This new context emphasizes and prioritizes the weight of intangibles in business value[3]. The ability of an organization to gain recognition granted by stakeholders (employees, customers, shareholders, suppliers, regulators, and society as a whole) is viewed as key to long-term sustainability.

Figure 1. The Economy of Reputation and Intangibles

% of Global Business Value
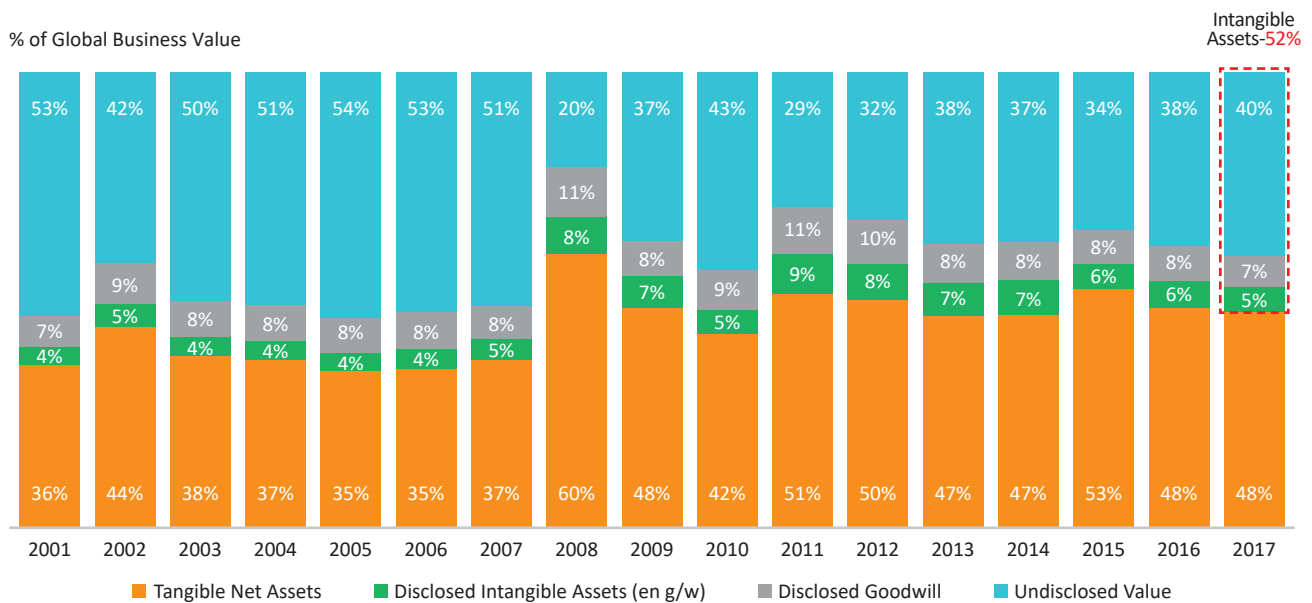
Source: Brand Finance (2018). *Global Intangible Finance Tracker*.

Increasingly, citizens demand that organizations demonstrate the sensitivity and ability to generate ethical, social and environmental value, as well as economic value. Society requires that companies make a positive impact on the conditions and quality of life of the people living in the geoFigure areas in which they operate[4]. However, the gap between citizens' expectations and their perception of business reality is wide: only 39% of citizens believe that organizations work to improve their quality of life and well-being. Moreover, some studies indicate that the public would not mind if 76% of existing brands simply disappeared[5]. Closing this gap requires a profound transformation in government, leadership, culture and the behavior of organizations.

Thus, there is a new urgency to find new models capable of striking a balance between the ability to achieve differentiation that lasts over time and the ability to attract all stakeholders and create rational and emotional bonds with them, building the trust[6] and legitimacy[7] that will allow long-term sustainability.

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[1] Barton, D. (2011), Capitalism for the Long Term, *Harvard Business Review*; Polman, P. (2011), The Remedies for Capitalism, *McKinsey Quarterly*.
[2] Alloza, Á. (2011), La economía de la reputación: un nuevo modelo de gestión empresarial, *Harvard Deusto Business Review*, no. 207, 44-53; Alloza, Á. (2011), Pilares de éxito de la nueva economía de los intangibles: reputación, marca e identidad corporativa, Revista de Economía Aragonesa, 79-89.
[3] Brand Finance (2018). *Global Intangible Finance Tracker*.
[4] 82% of the world population agree with this statement. Source: Havas Group (2017), *Meaningful Brands*.
[5] Havas Group (2017). *Meaningful Brands*.
[6] Edelman (2019). *Barómetro de confianza*.
[7] Suchman, M. C. (1995), Managing Legitimacy: Strategic and Institutional Approaches, *The Academy of Management Review*, vol. 20(3), 571-610.

As stated previously, in recent years the means to achieve differentiation and legitimacy have changed and become intangible: if in the past they were secured by tangible elements (new products and services that are difficult to copy, and legitimacy based exclusively on legal criteria), today, these can only be gained through the skilled management of intangible assets and resources, in addition to the tangible ones. In this way, the purpose, the corporate brand and the principles become the basis on which to build a lasting differentiation, improving reputation and ensuring a social legitimacy[8] on which the sustainability of the organization depends.

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[8] Scherer, A. G., Palazzo, G., y Seidl, D. (2013), Managing Legitimacy in Complex and Heterogeneous Environments: Sustainable Development in a Globalized World, *Journal of Management Studies*, vol. 50(2), pp. 259-284.

The Era of Purpose

Empirical research has shown that having a relevant purpose is, together with honesty and transparency, a fundamental lever that organizations have to regain confidence[9] and achieve a strong relationship with their stakeholders. Studies have shown, for example, that the performance of companies with a clear sense of purpose was 10 times greater than the average performance of the S&P 500[10] from 1996 to 2013. Without an authentic and coherent purpose, it is not possible to build trust, and without trust it is impossible to establish a positive reputation[11]. Hence, defining a solid and shared purpose is the first step of any business project.

Purpose refers to the identity of the organization, its DNA and r*aison d'etre*, what makes it unique. Hence, we can understand purpose as the cornerstone of an organization. Different studies have defined purpose as:

- The source of inspiration to provide relevant and shared meaning[12] for all internal and external stakeholders of an organization[13].

- A fortifying element of the ties that unite the employees of a company[14].

- A key aspect for providing a raison d'etre and a meaning that has a positive impact on society. Understanding the whys and wherefores of what we do and what our place is in the world are vital for a company to successfully play its role as a social actor[15].

- One of the most important resources an organization possesses to gain the trust of its stakeholders[16] and generate lasting differentiation.

- A control mechanism so that the top management of an organization can orchestrate the types of attitudes and behaviors they want to build with their employees[17].

- A reference framework from which to guide the overall strategy of an organization, as well as all institutional and business decisions[18].

Defining purpose is not an easy or banal task, especially if it is to be consistent and have a real impact on the organization. For this reason, it is essential to understand the logic that governs the generation of a purpose and how to ensure that it becomes a common resource shared by the organization's stakeholders.

It is a process of dynamic dialogue that is constantly being constructed among the different stakeholders[19], both internal and external. For the purpose to be truly differentiating, however, it must answer the question of whether or not stakeholders would miss the organization if it did not exist. That is the principal proof that there is a purpose that has a positive and beneficial impact on others[20].

[9] GlobeScan (2016). *Navigating Today's Complex World: An Action-Focused Workshop For Communications, Corporate Affairs, and Sustainability Leaders.*

[10] Mackey, J., & Sisodia, R. S. (2013), Conscious Capitalism: Liberating the Heroic Spirit of Business, *Harvard Business Review Press.*

[11] Carreras, E., Alloza, Á., & Carreras, A. (2013), *Corporate Reputation*, LID Editorial.

[12] Quinn, R. E., & Thakor, A. V. (2018), Creating a Purpose-Driven Organization, *Harvard Business Review*, vol. 96(4), 78-85.

[13] Oliver, X., Serra, E., y Santacreu, J.(2013), *Marcas que sueñan: solo las empresas que sueñan sobresalen*, Libros de cabecera; EY Beacon Institute (2016a), *The state of the debate on purpose in business*; EY Beacon Institute (2016b), *The pursuit of purpose: from aspiration to value creation*; EY Beacon Institute (2016c), *The Why Effect Redefine your business with purpose.*

[14] Marimon, F., Mas-Machuca, M., & Rey, C. (2016), Assessing the internalization of the mission, *Industrial Management & Data Systems*, vol. 116(1), 170-187.

[15] Craig, N., & Scoot, S. A. (2014), From Purpose to Impact. Figure Out your Passion and Put It to Work, *Harvard Business Review*, vol. 92(5), 104-111.

[16] GlobeScan, & Sustainable Brands (2016), *The Public on Purpose. Insights from a Global Study on Corporate Purpose. Executive Summary*.

[17] Ind, N. (2007), *Living the Brand: How to Transform Every Member of Your Organization Into a Brand Champion*, Kogan Page Publishers, Londres.

[18] Chevreux, L.; Lopez, J., & Mesnard, X. (2017), The Best Companies Know How to Balance Strategy and Purpose, *Harvard Business Review*, 2-5.

[19] Ind, N., Iglesias, O., & Schultz, M. (2013), Building Brands Together: Emergence and Outcomes of Co-creation, *California Management Review*, vol. 55(3), 5-26.

[20] Birkinshaw, J., Foss, N. J., & Lindenberg, S. (2014), Combining purpose with profits, *MIT Sloan Management Review*, vol. 55(3), 49.

A purpose's quality is determined by three fundamental elements: coherence, authenticity and integrity[21].

Coherence is the consistency between what is said and what is done. It expresses the degree of "implementation" of the purpose. Coherence consists in maintaining the course without being intimidated by difficulties or getting carried away by opportunistic whims. People check to see if the purpose is consistent, especially in difficult times.

Authenticity has to do with the motivations and intentions with which we do things. In a way, authenticity is the degree of "internalization" of purpose. When the drafters of the purpose's definition really believe in it, it is authentic and therefore builds trust. But when authenticity fails, when creativity and imagination are disconnected from motivation, the purpose's definition becomes an empty slogan.

Integrity is related to spontaneous behavior and the natural manner in which things are done. It is what "comes from within." It is doing the right thing when nobody is watching. Integrity is the most complex quality because, to some extent, it is outside the control and influence of those that draft the purpose. In short, it depends on the personal integrity of the members of the organization and, especially, of its leaders.

Not that all companies have to change the world, but they should be capable of defining themselves based on a shared cause[22] that leads them to make a significant contribution to the environments in which they operate[23]. Companies often considered having a strong sense of purpose are those with the following characteristics: they have a business model, products and services that connect with the needs of people around the world, generate a positive social or environmental impact, get involved in the communities in which they operate by establishing alliances with other organizations, have a positive reputation and treat their employees well[24].

Organizations that understand the strategic importance of their purpose will stand out as different[25]; by understanding its transformative power to align the entire organization in the same direction and provide coherence, authenticity and cohesion, which promote the strategy, defines the culture, impacts the organizational model, and is expressed and perceived at every point of contact and in every experience within the organization[26].

The revolution in the influence of intangibles in organizations, which never ceases to grow through digitalization and globalization, presents, therefore, great opportunities and risks. In this context, the purpose emerges as an essential resource to generate competitiveness, lasting differentiation, and to obtain the trust of stakeholders and the social legitimacy to operate.

Once the importance of the purpose is understood, the challenge lies in being able to implement it in the day-to-day operations of organizations. Management models focused on the purpose are needed for this.

With professors Álvaro Lleó (Tecnun-School of Engineering of the University of Navarra), and Carlos Rey (International University of Catalonia and Founder of DPM Consulting), we have developed the Purpose Strength Model® with the aim of understanding how to develop an organization focused on a solid purpose and to be able to measure its strength. This model is the result of combining rigorous research experience with more than 10 years of practice.

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[21] Rey, C., & Bastons, M. (2018), Three dimensions of effective mission implementation, *Long Range Planning*, vol 51(4), 580-585.

[22] These are companies that structure the whole strategy around their "why," a purpose, a cause, or a superior belief that gives sense and meaning to what they do (Sinek, S. (2013). The key is why: how great leaders inspire us to act. Península).

[23] Fontán, C., Alloza, Á., & Rey, C. (2019), (Re)Discovering Organizational Purpose. In Rey, C., Bastons, M., Sotok, P. (eds.), *Purpose-driven Organizations*, Palgrave Macmillan.

[24] Rodríguez Vilá, O., & Bharadwaj, S. (2017), Competing on social purpose: brands that win by tying mission to growth, *Harvard Business Review*, vol. 95(5), 94-101.

[25] Grayson, D., Coulter, C., & Lee, M. (2018), All in. *The Future of Business Leadership*, Routledge.

[26] Iglesias, O., Ind, N., & Alfaro, M. (2017), The Organic View of the Brand: A Brand Value Co-creation Model, *Advances in Corporate Branding*, Palgrave Macmillan, 148-174.

El Purpose Strength Model®: Building Organizations with Purpose

One of the challenges that arises in the era of purpose is developing management models capable of enhancing the generation of a purpose shared by the members of the organization, while identifying the levers the organization can pull to enhance it and see what consequences or results it generates. Additionally, it is relevant to identify factors that will condition the impact the levers will have on the generation of a shared purpose, accelerating or slowing its effect (accelerators). **Figure 2** illustrates the Purpose Strength Model®, which proposes specific variables for each of the four blocks identified (shared purpose, results, levers and accelerators).

Figure 2. Purpose Strength Model®
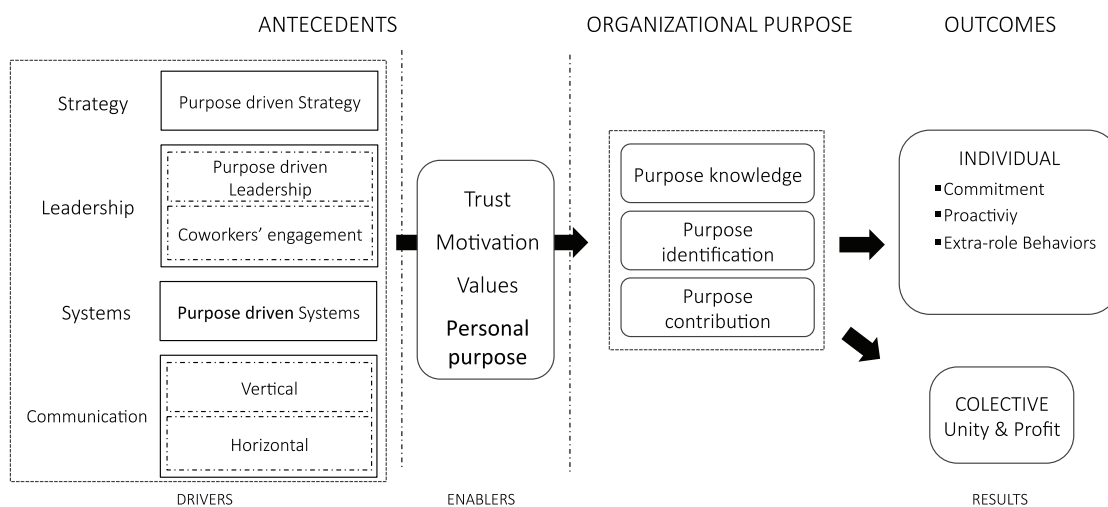
Source: Lleó *et al*. (2019)[27].

The central part of the model lies in the generation of a shared purpose. The purpose will be shared to the extent that it revolves around the following triad: head, heart and hands of the organization's people. Thus, the objective of the purpose is to be able to illuminate the head (knowledge), give hope to the heart (motivation) and guide the daily work of the employees (contribution): Illuminate, give hope and guide are the three verbs that should characterize the business purpose so that it becomes shared and internalized by all. In the Purpose Strength Model®, the head-heart-hands triad is defined by the following variables: knowledge of the purpose, identification with the purpose and contribution to the purpose.

To the extent that the organization develops a shared purpose, attitudes, behaviors and results will be enhanced, both individually and collectively. At the individual level it seems reasonable to affirm that working for a shared purpose will enhance commitment (being comfortable in the organization[28]), proactivity (wanting to partake in, and contributing to, the goal of the organization[29]), and induce employees to develop extra-role behaviors (behaviors that go beyond what is formally required such as

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[27] Lleó, Á., Rey, C., & Chinchilla, N. (2019), Measuring the Purpose Strength. In Rey, C., Bastons, M., Sotok, P. (eds.), *Purpose-driven Organizations*, Palgrave Macmillan, 119-130.
[28] Meyer, J. P. (2016), Handbook of Employee Commitment, *Edward Elgar Publishing*.
[29] Griffin, M. A., Neal, A., & Parker, S. K. (2017), A New Model of Work Role Performance: Positive Behavior in Uncertain and Interdependent Contexts, *Academy of Management Journal*, vol. 50(2), 327-347.

helping a partner or staying to work longer if necessary[30]). At the collective level, it is logical to assume that working with people who identify with the same purpose will influence the creation of a climate of unity. Finally, it seems reasonable to postulate that working for a purpose will also influence the results of the organization. Thus, the unity and profit binomial will allow us to see what type of organization we are developing[31]. A purpose will be effective and sustainable to the extent that it achieves high levels of unity and profits, leading to competent organizations. We argue that having a shared purpose will enhance individual commitment, collective unity and organizational results.

Once the results of a shared purpose have been observed, one should become acquainted with the tools the organization can put in place to develop an organization focused on the purpose and enhance its effects. Our model sets out four factors, or levers, on which to act:

1. In the first place is strategy, which indicates the way forward. The organization must define a strategy aimed at developing the purpose that has been defined. Additionally, the purpose must be specified with objectives in order to be put into practice. The strategy design must combine the definition of concrete objectives with their alignment to the purpose. Both are required and complement each other since "a purpose without objectives will be a sterile purpose and objectives without purpose will be blind objectives[32]."

2. Secondly, it is necessary to have leadership capable of instilling into the heads and hearts of the workforce the enthusiasm for working toward the defined purpose[33]. The Purpose Strength Model® distinguishes two types of leadership. The first type is the leadership exercised by the directors and managers of the organization, promoting the purpose with their example, authenticity and consistency. The second type, which is equally important, is leadership that is distributed throughout the organization so that the purpose of the organization is promoted, strengthened and consolidated at all levels and areas of the company[34].

3. Thirdly, management systems are the organizational procedures that indicate day-to-day operations. Management systems have to ensure that the purpose is perceived on a day-to-day basis, that it is present and gives meaning to daily tasks[35]. The recruitment, training and development of talent, task planning, performance evaluation, incentive systems, budget management and other company policies should be focused on further developing the purpose of the organization.

4. Finally, positive communication is essential to convey that what the organization is, what it claims to be and how it is perceived, all coincide[36]. The organization must ensure that it has the appropriate channels to convey the purpose, to show that decisions are justified on the basis of it and to promote the purpose as part of the internal dialogue of the organization. In addition, the organization must have the means to listen to its employees, to know how they feel and what they think about the organization.

[30] Motowidlo, S. J. (2000), Some Basic Issues Related to Contextual Performance and Organizational Citizenship Behavior in Human Resource Management, *Human Resource Management Review*, vol. 10(1), 115-126.
[31] Kotter, J. P., & Heskett, J. L. (2011), Corporate culture and performance, *Simon & Schuster*.
[32] Cfr. Cardona, P., & Rey, C. (2008), Management by Missions, P*algrave Macmillan*.
[33] Marimon, F., Mas-Machuca, M., & Rey, C. (2016), Assessing the internalization of the mission, *Industrial Management & Data Systems*, vol. 116(1), 170-187.
[34] Cardona, P., & Rey, C. (2009), El liderazgo centrado en la misión, *Harvard Deusto Business Review*, vol. 180, 46-56.
[35] White, A., Yakis-Douglas, B., Helanummi-Cole, H., & Ventresca, M. (2017), Purpose-Led Organization: `Saint Antony´ Reflects on the Idea of Organizational Purpose, in Principle and Practice, *Journal of Management Inquiry*, vol. 26(1), 101-107.
[36] Mallén, J. I. B. (Ed.). (2004), Comunicar para crear valor: la dirección de comunicación en las organizaciones, *Eunsa*.

Finally, the model shows that there are four variables that facilitate or slow down the effects that these factors can have on the development of a shared purpose:

1. Trust between managers and employees: The more trust that exists, the stronger the personal relationships in the organization are going to be[37].

2. Employee motives: To what extent do employees perform for extrinsic reasons (perform to receive), intrinsic (perform to acquire) or transcendental (perform to give)[38].

3. The values of the employees: To what extent does the business emphasize relationships, employees' development or the contribution they make[39].

4. Finally, one's personal purpose: The greater the sense of purpose each employee has, the easier it will be to manifest it and see if they can arrive at a shared purpose[40].

Complementing each of the variables of the model with valid and reliable means of measuring, a diagnostic tool has been constructed that is capable of evaluating the organizations. Questionnaires in which an affirmation is raised and the informant is asked to show their degree of acceptance or disagreement are used as the measuring instruments. In all the questions, a Likert scale of 5 points has been used where a 1 indicates that the informant strongly disagrees with the statement and 5 shows that they strongly agree.

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[37] Guillen, M., Lleó, Á., & Marco, G. S. (2011), Towards a more humanistic understanding of organizational trust, *Journal of Management Development*, vol. 30(6), 605-614.
[38] Pérez López, J. A. (2014), Foundations of management, *Rialp*.
[39] Malbašić, I., Rey, C., & Potočan, V. (2015), Balanced Organizational Values: From Theory to Practice, *Journal of Business Ethics*, vol. 130(2), 437-446.
[40] Hanson, J. A., & VanderWeele, T J. (2019), The comprehensive measure of meaning, *Harvard University Technical Report*.

Empirical Research

As a result of a collaboration between professors from IESE and Tecnun, from the University of Navarra, and from the International University of Catalonia, DPMC and researchers from the Corporate Excellence Center for Reputational Excellence, an empirical study is being carried out to collect real data and to perform statistical analysis[41].

The first objective of this study was to confirm whether the relationships between the variables proposed in the Purpose Strength Model® are reasonable or not. To carry this out, companies were selected that already had a purpose and that had developed concrete methods to update it. This report presents the results of the analysis carried out with data from 25 organizations from four different countries.

As can be seen in **Table 1**, most of the companies studied are medium-sized companies (61.53%) with a workforce of between 50 and 250 employees. Organizations dedicated to the distribution (42%) and service (46%) sectors are the most represented. Regarding the sample size, more than 1,000 employees and almost 300 managers have been surveyed and their opinions have been consulted with respect to each of the Purpose Strength Model® variables.

Table 1. Descriptive Analysis of the Analyzed Sample

| Sample Size			
Organizations surveyed:		25	
Total number of employees to whom the survey was sent:		1,350	
Number of employees surveyed:		1,004 (Response rate: 74.37%)	
Total number of executives to whom the survey was sent:		340	
Number of executives surveyed:		291 (Response rate: 85.6%)	
Company size (number of employees)		**Countries**	
Less than 50	30.7%	Spain	64%
Between 50 and 250	61.53%	USA	8%
More than 250	7.77%	Lithuania	24%
Total	100%	Israel	4%
		Total	100%
Sector of activity			
Distribution	42%		
Services	45%		
Industry	13%		
Total	100%		

Source: Prepared by the authors.

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[41] See: www.corporateexcellence.org/recurso/2c4a56a1-50f3-497d-9448-7e4ab030f670/c5a92eeb-2b54-7b6d-5c19-e5e7f057cc52?modified

The data in **Figure 3** reflect that the average values of the degree of shared purpose, or internalization of the purpose, that exist in the organizations studied so far are high, both from the point of view of the employees and that of the managers.

As can be seen in **Figure 3**, the data collected shows that, indeed, the companies analyzed are making efforts to work on the organizational purpose and keep it up to date. All the values of the organizational levers identified in the Purpose Strength Model® are greater than 3, which indicates that both employees and managers are aware and perceive the effort made by the organization to develop each of the six identified variables. The perception of employees is lower than that of managers, although they continue to have values above 3.5, which still supports our claim.

Figure 3. Average Values of the Shared Purpose of Employees and Managers

Shared Purpose
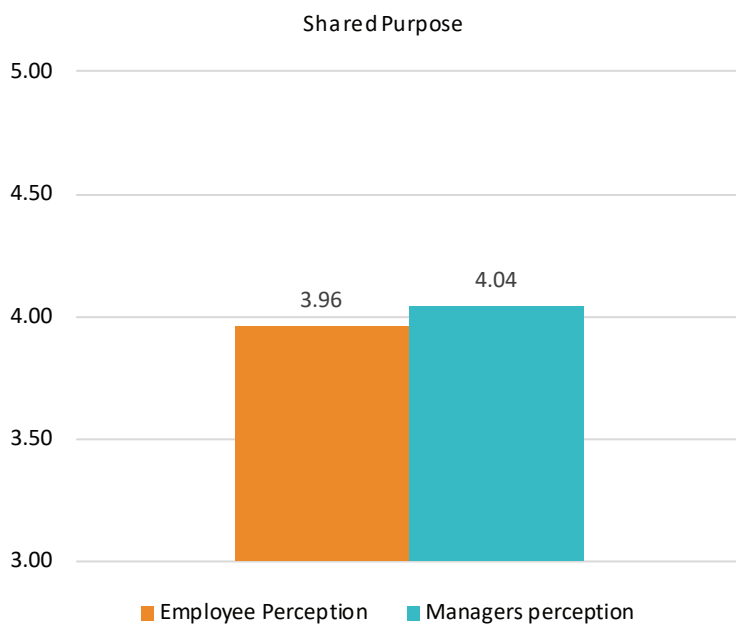
Source: Prepared by the authors.

In **Figure 4**, the values of leadership and horizontal communication stand out, highlighting the importance and degree of development of human relations in this type of organization. Leadership reflects the influence that managers have on the people in their charge, generating enthusiasm for carrying out the purpose of the organization. The leaders of these organizations also insist on expanding leadership throughout the organization, as reflected in the values of distributed leadership, with the aim of helping people define their own purpose and become involved in the development of it. On the other hand, the values of horizontal communication demonstrate the importance of informal conversations within the organization. This is to say that they collaborate and that the active participation of people in search of solutions be encouraged.

Figure 4. Evaluation of Managers and Employees of the Development of the 6 Levers Identified in the Purpose Strength Model®

Drivers Development

Driver	Managers perception	Employee perception
Horizontal Communication	4.16	4.13
Vertrical Communication	4.13	3.87
Management Systems	3.86	3.54
Distributed Leadership	3.91	3.84
Leadership	4.38	4.14
Strategy	3.96	3.96

■ Managers perception ■ Employee perception
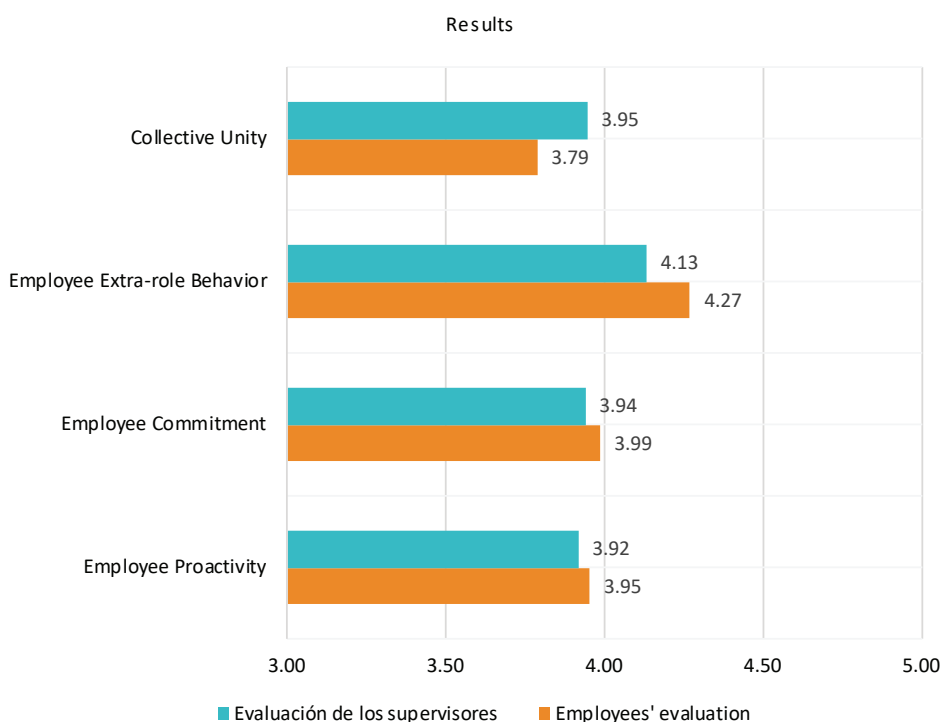
Source: Prepared by the authors.

It also highlights the strong perception of employees and managers regarding how the purpose influences the strategy, functioning as a decision making compass.

Finally, the data also show that the least developed aspect is the design of purpose-centered management systems. It seems that the most difficult thing is to redesign management systems so that they are aligned and promote the development of the purpose.

Regarding the values of the results identified in the Purpose Strength Model®, the data in **Figure 5** show the values of the collective unit, perceived by managers and perceived by the employees, as well as the values of the following variables: commitment, proactivity and employee's extra-role behaviors. The latter illustrates the perceptions that employees have of themselves and the perceptions that managers have of them.

All variables have high values, above 3.5. The extra-role behaviors developed by the employees stand out, with values above 4, both in the evaluations of the managers and in those of the employees. These results show that, in the organizations analyzed, employees go far beyond what is formally required in their employment contract.

Figure 5. Average Values of the Behavioral, Individual and Collective Variables of the Employees


Results

Collective Unity	3.95 / 3.79
Employee Extra-role Behavior	4.13 / 4.27
Employee Commitment	3.94 / 3.99
Employee Proactivity	3.92 / 3.95

■ Evaluación de los supervisores ■ Employees' evaluation

Source: Prepared by the authors.

Once the values of the Purpose Strength Model® variables have been established, an initial analysis of the relationships between the model variables is shown. For this, two types of relationships have been analyzed. The first type centers the perceptions of the employees about the degree of development of the model's levers and their own degree of shared purpose / internalization of the purpose has been analyzed. Second, we have analyzed the relationships between the employee's shared purpose and the result variables in the employees as perceived by the managers (their level of commitment, their level of proactivity.)

All the analyses have been carried out at the organization level, adding the employee's and manager's responses, since we want to analyze the reality of each company as a whole and not the opinions of individual employees. The sample size analyzed is 25 cases, corresponding to the 25 organizations surveyed.

Figures 6, 7, 8, 9, 10 and **11** show the correlations between the degree of strategy, leadership, distributed leadership, management systems, vertical communication and horizontal communication perceived by the employees along with their responses concerning their level of shared purpose.

As you can see, each of the levers identified in the Purpose Strength Model® has a positive correlation with the purpose shared by the employees. The high correlations between the perception of levers and the degree of shared purpose stand out. All relationships, with the exception of systems, have a level of significance of less than 1%. The correlation between the perception that management systems are focused on the purpose and the level of shared purpose of employees is less than 5%.

Figure 6. Correlations Between the Strategy as Perceived by the Employees and the Shared Purpose as Declared by the Employees

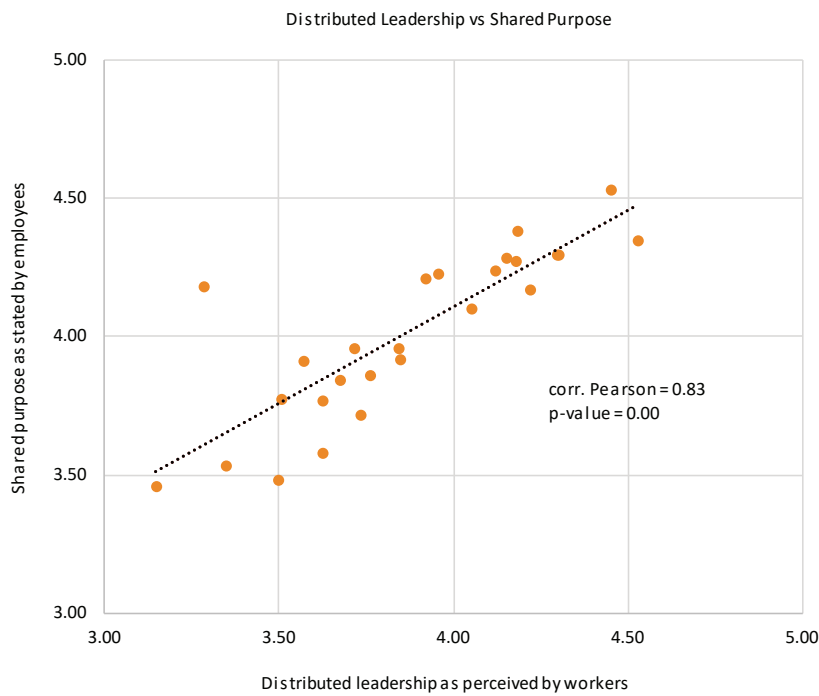Strategy vs Shared Purpose

corr. Pearson = 0.88
p-value = 0.00
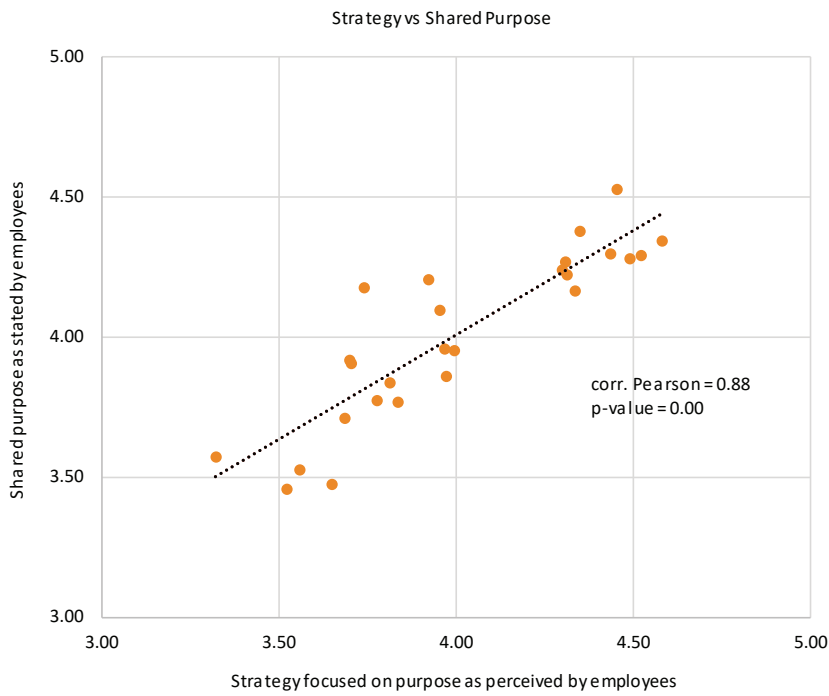
Source: Prepared by the authors.

Figure 7. Correlations Between the Leadership as Perceived by the Employees and the Shared Purpose as Declared by the Employees
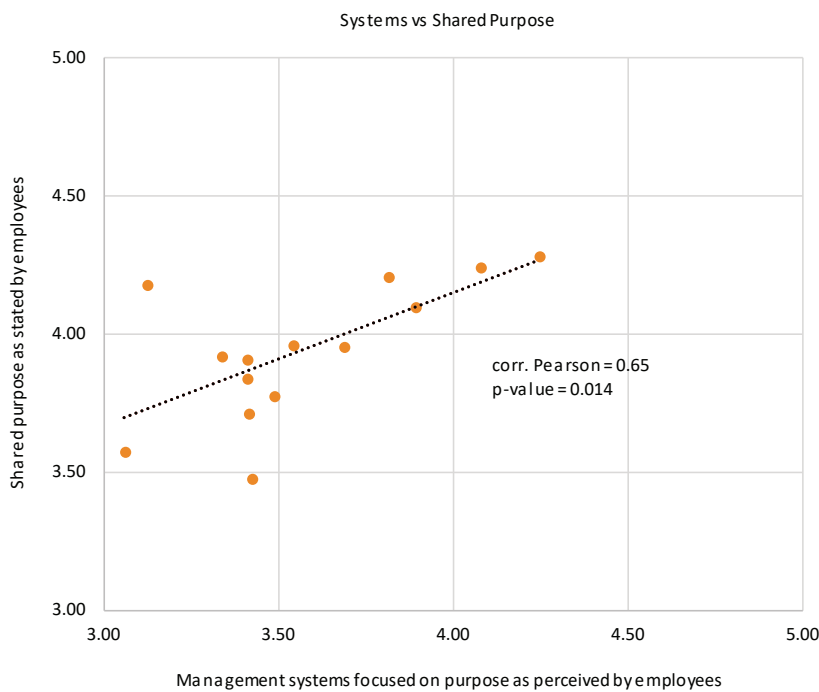
Leadership vs Shared Purpose

corr. Pearson = 0.82
p-value = 0.00
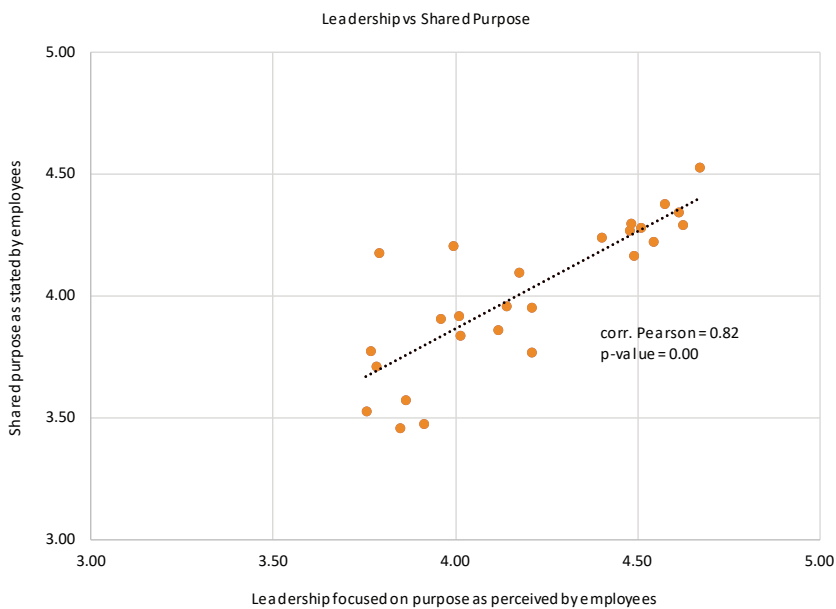
Source: Prepared by the authors.

Figure 8. Correlations Between Distributed Leadership as Perceived by Employees and the Shared Purpose as Declared by Employees

Distributed Leadership vs Shared Purpose

corr. Pearson = 0.83
p-value = 0.00

Shared purpose as stated by employees

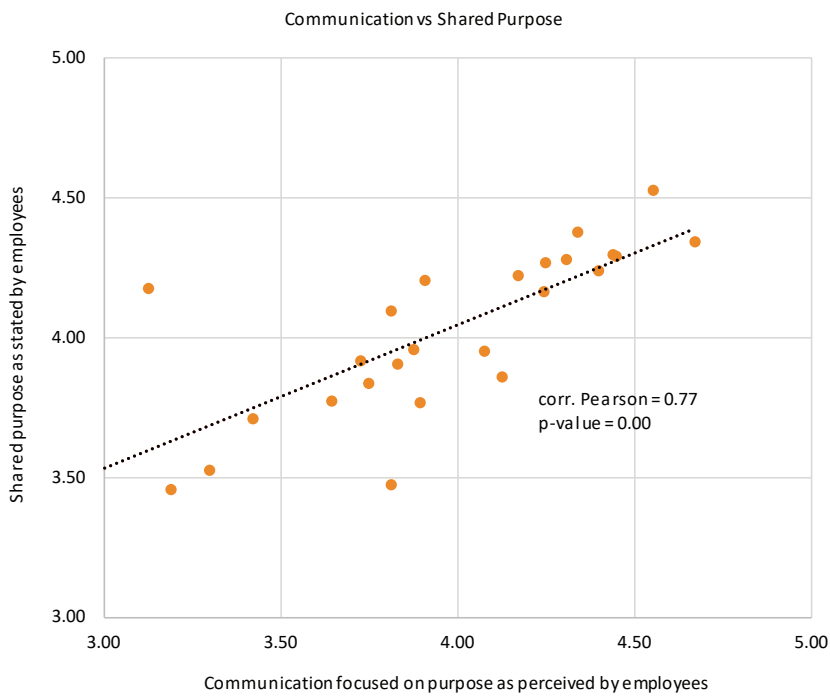Distributed leadership as perceived by workers

Source: Prepared by the authors.

Figure 9. Correlations Between the Systems as Perceived by the Employees and the Shared Purpose as Declared by the Employees

Systems vs Shared Purpose

corr. Pearson = 0.65
p-value = 0.014

Shared purpose as stated by employees

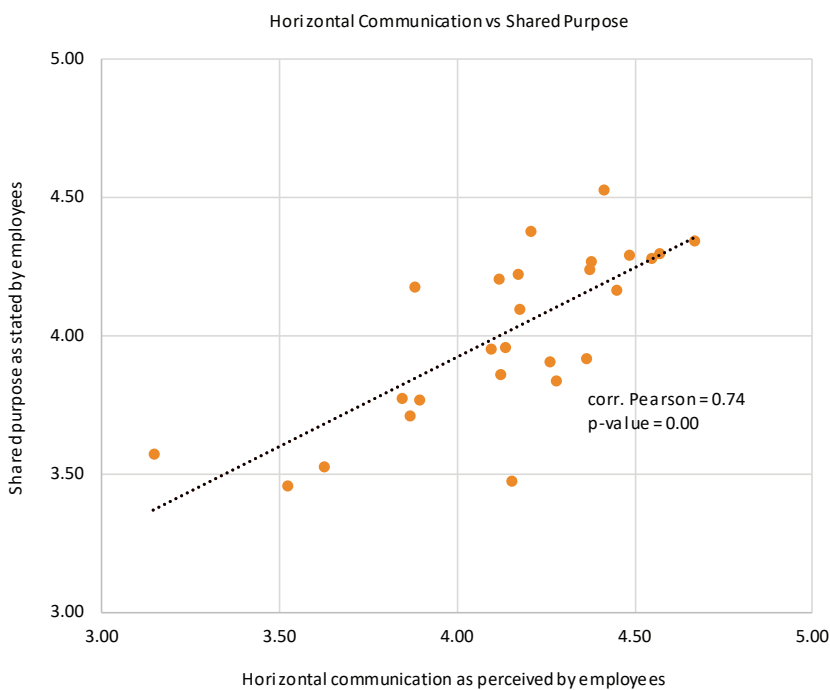Management systems focused on purpose as perceived by employees

Source: Prepared by the authors.

Figure 10. Correlations Between the Strategy as Perceived by the Employees and the Shared Purpose as Declared by the Employees

Communication vs Shared Purpose

corr. Pearson = 0.77
p-value = 0.00

Shared purpose as stated by employees (y-axis: 3.00, 3.50, 4.00, 4.50, 5.00)

Communication focused on purpose as perceived by employees (x-axis: 3.00, 3.50, 4.00, 4.50, 5.00)

Source: Prepared by the authors.

Figure 11. Correlations Between the Strategy as Perceived by the Employees and the Shared Purpose as Declared by the Employees

Horizontal Communication vs Shared Purpose

corr. Pearson = 0.74
p-value = 0.00

Shared purpose as stated by employees (y-axis: 3.00, 3.50, 4.00, 4.50, 5.00)

Horizontal communication as perceived by employees (x-axis: 3.00, 3.50, 4.00, 4.50, 5.00)
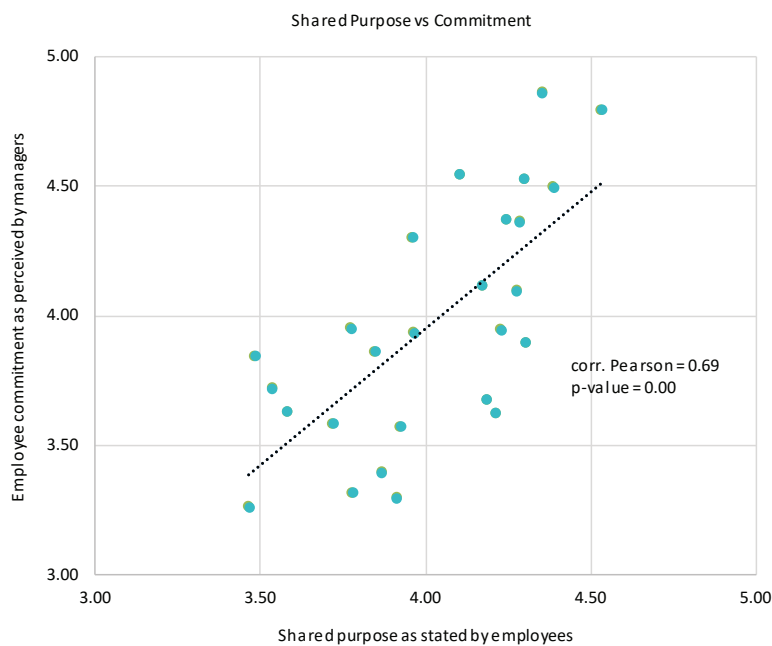
Source: Prepared by the authors.

Regarding the relationship between the degree of shared purpose of the employees and their behaviors, individual and collective, perceived by the managers, the objective was to analyze whether it is reasonable to state that higher values of shared purpose entail greater values of the Purpose Strength Model® result variables. In this case, the answers given by the employees have been related to those given by the managers to avoid a bias in the common method.

Figures 12, 13, 14 and **15** show the correlations made. **Figures 13** and **16** show a positive correlation between the shared purpose declared by the employees and their level of commitment and unity, as perceived by the managers, with a significance of less than 1%.

The correlation between the shared purpose, as declared by the employees, and their level of proactivity and extra-role behavior, as perceived by the managers, is also positive, but the significance is 5%.

In this way we can affirm that greater values of shared purpose entail greater values of development of commitment, proactivity, extra-role behavior and unity. This does not mean that we can affirm cause-effect relationships. To the extent that we collect data from more organizations and increase the sample size, we can analyze structural equation models that will allow us to validate if there are causal relationships between the Purpose Strength Model® variables.

Figure 12. Correlations Between the Shared Purpose as Declared by the Employees and the Commitment of the Employees as Perceived by the Managers
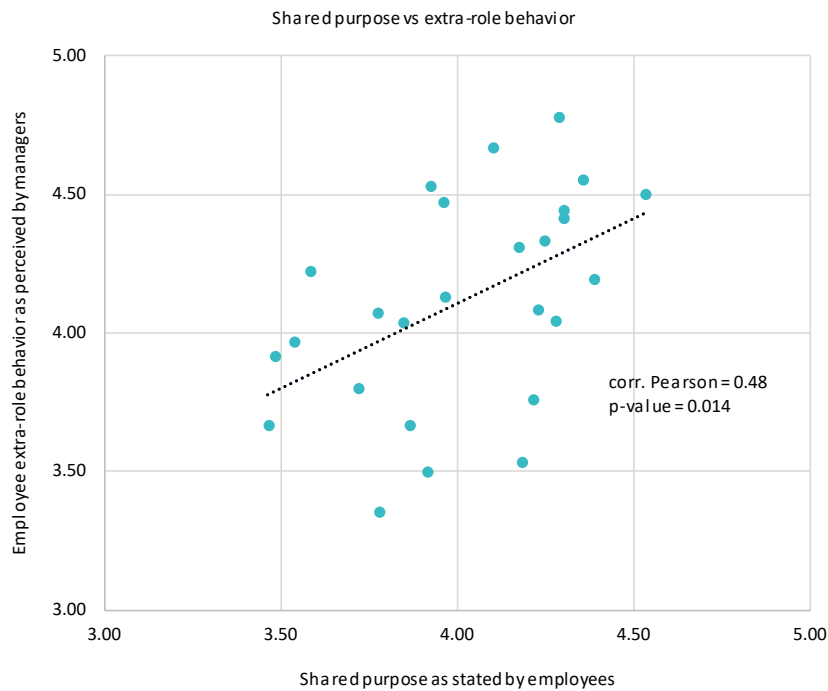

Source: Prepared by the authors.

Figure 13. Correlations Between the Shared Purpose as Declared by the Employees and the Proactivity of the Employees as Perceived by the Managers

Shared Purpose vs Proactivity
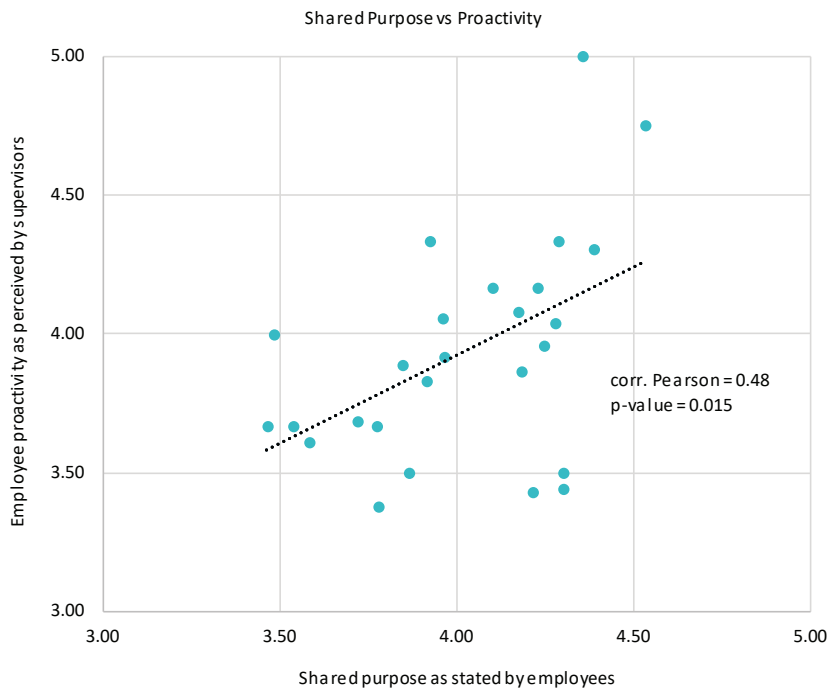
Source: Prepared by the authors.

Figure 14. Correlations Between the Shared Purpose as Stated by Employees and the Development of Extra-role Behaviors of Employees as Perceived by Managers

Shared purpose vs extra-role behavior

Source: Prepared by the authors.

Figure 15. Correlations Between the Shared Purpose as Declared by the Employees and the Unity as Perceived by the Managers

Shared Purpose vs Unity

corr. Pearson = 0.66
p-value = 0.00

Employees unity as perceived by managers

Shared purpose as stated by employees
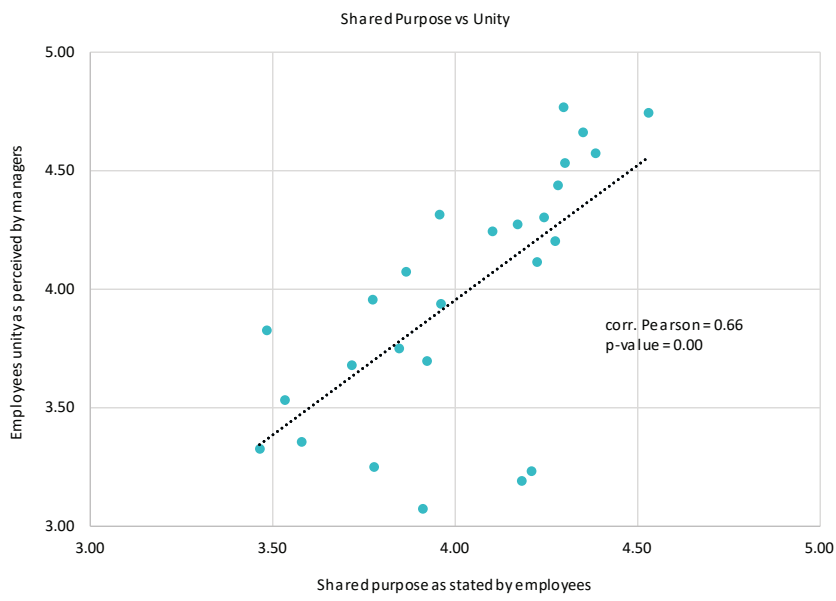
Source: Prepared by the authors.

Conclusions and Recommendations

Last August, the Business Roundtable association announced a manifesto signed by more than 180 prominent CEOs. The signatories represent a group of organizations that generate more than $7 trillion in turnover with approximately 15 million employees. This statement reflects the firm commitment to change the paradigm in business management, transcending the primacy of maximizing shareholder profit by creating value for all stakeholders. Specifically, the business leaders pledged to "deliver value to our customers; invest in our employees; treat our suppliers fairly and ethically; support the communities in which we work; and generate long-term value for shareholders".

Without a doubt, this manifesto represents a significant milestone in the history of management. This statement highlights the need to rethink the management models of organizations in the 21st century in order to strengthen links with stakeholders, build trust and gain legitimacy to operate and external recognition.

In today's uncertain and changing global business world, which offers options to operate anywhere at any location, commercial transactions have less stability than in the past. Terms for loyalty that were previously taken for granted are now broken. The dangers of human disconnection arising from globalization increase the temptation to see organizations through a purely mechanistic prism, focusing on cost differentiation strategies and forgetting the intangible aspects. This form of management radically conflicts with the mindset of younger generations entering the labor market. Young people who are beginning their professional lives are increasingly connected to the global world and seek to generate an impact through their daily activities. Therefore, an organization that lacks a prosocial cause will have difficulty engaging its employees and will have serious problems with its staff.

This new reality has led us to initiate a line of research around a purpose and how to create organizations with a purpose, shared by all its members, that gives meaning to the daily tasks of the employees. This report provides evidence of the importance of incorporating a purpose as a management tool that can be applied in daily operations.

The development of a purpose in organizations requires a working method that allows the creation of this new management paradigm and its intangible assets. To be able to create organizations focused on a purpose, it is necessary to devote time to reflect on the purpose itself, make it known and explain it carefully to all employees. In addition, it is necessary to strengthen leadership that other leaders of the purpose can emerge. Finally, it is necessary to adapt management systems so that they feed back into the purpose.

A common denominator of the companies that we have analyzed in this report is that they have invested efforts in working on these three elements: reflection-knowledge-communication, leadership and management systems.

This triad is the basis on which organizations can ensure the results shown in this report. The positive correlation between the shared purpose and the results presented is an encouraging reason for all those managers who are still skeptical about the value of the purpose. The purpose has the strength to give meaning to the daily work of the organization. It acts as a guiding star and a light that illuminates and prioritizes decisions. It also serves as a springboard capable of enhancing individual commitment and collective unity, lending meaning to the results. We are not yet able to quantify the direct return of purpose. However, we postulate that the value of a purpose does not reside in the economic return that it is capable of generating. Instead, we believe that its value resides in the purpose itself.

Finally, once the potential of the purpose is known, with evidence to corroborate it, we recommend that organizations be evaluated. In order to do this, they will need to employ quality measurement instruments, either their own or those of others. Measurement provides knowledge of people's feelings and opinions. It allows us to take the pulse of the organization, have a more authentic and complete vision of the situation, identify strengths and weaknesses and, finally, to improve. This is the key objective: to measure the purpose in order to improve it and enhance its impact, while making sense of the organization's daily work, encouraging commitment, bringing employees together around a common goal and, as a result, building a complete organization that will improve its external recognition and legitimacy to operate.

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