

# Purpose Strength Project®: Evidence on Purpose Implementation

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# Abstract

In recent years, corporate purpose has become a hot topic in the world of management. Larry Fink's letters, the Business Roundtable declaration, the Davos Manifesto, and the rise of stakeholder capitalism are proof of this. Various authors affirm the crucial need for companies to define and activate their purpose to inspire confidence in the market and gain the social legitimacy that will enable them to continue operating. It seems clear that defining purpose is not the same as living it and that the effects of corporate purpose arise to the extent that companies implement it in their day-to-day operations in such a way that there is a shared sense of purpose among employees. However, knowledge on how to implement purpose is scarce, and there is little evidence on it. In this report, we present the results of 4 years of research, combining practical experience with advanced theoretical developments. After evaluating more than 50 companies from 11 different countries, we present the main results of our research on corporate purpose's implementation, the effects at the individual and collective levels, the main levers that drive it, and the conditions that enhance its implementation. In addition, we present the Purpose Strength Index to assess the implementation of purpose and 10 practical recommendations to help organizations deploy their corporate purpose and enhance its effects.

# 1. Stakeholder Capitalism

We are immersed in a new economic and social cycle that experts call stakeholder capitalism<sup>1</sup>; a new paradigm characterized by the increase of intangibles<sup>2</sup> in the value of organizations. Today, if we take the universe of all companies in all listed sectors worldwide, around 54% of corporate value resides in their intangible resources and assets, reaching up to 80–85% in some sectors of activity, such as entertainment or technology.<sup>3</sup> This trend can also be seen in terms of investment. The data show that investments in intangible assets have become more important over the last 25 years, with a growth rate of 29% compared to a 13% decline in investments in tangible assets.<sup>4</sup>

In this context of accelerated growth of intangibles, it seems key to achieve recognition and admiration from your stakeholders: employees, customers, shareholders, suppliers, and society as a whole. The formula for the creation of business value lies in the balance between the ability to achieve lasting differentiation over time and the ability to attract and link all stakeholders. This is the only way to generate trust and legitimacy in order to maintain the social license to operate.<sup>5</sup>

Leading research on social trends<sup>6</sup> has highlighted the leadership role that society currently gives to companies as a driver of change toward sustainable development. This corporate responsibility<sup>7</sup> means that consumers, citizens, and other stakeholders, such as investors or shareholders, have a more positive and favorable opinion of organizations that are involved in and committed to a social cause and are willing to encourage valuable behavior (paying a premium, recommending, investing, or wanting to work) if the organization is structured around a genuine and differentiating corporate purpose.<sup>8</sup> Thus, aspects such as the company's values and principles, as well as its commitment to the communities in which it operates,<sup>9</sup> are becoming increasingly important in the decision to buy or invest.

Citizens demand organizations capable of generating ethical, social, environmental, and economic value, thus having a positive impact on the conditions and quality of life of the people living in the territories in which they operate.<sup>10</sup> Although 94% of citizens find it difficult to identify or name companies with purpose,<sup>11</sup> there is an evolution of the traditional capitalist system toward a capitalism of long-term value generation<sup>12</sup> or shared value,<sup>13</sup> which in the corporate agenda is being consolidated as stakeholder capitalism; a new paradigm where corporate purpose and the need to promote a positive contribution beyond the generation of economic benefits have become the levers of transformation to drive this change in mentality in organizations.

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<sup>1</sup> WEF (2020). *Stakeholder Capitalism: A Manifesto for a Cohesive and Sustainable World*.

<sup>2</sup> Intangible assets represent an increasingly large proportion of the value of companies as financial results and profitability increasingly depend on the exchange and management of ideas, information, knowledge and services and less and less on the control of physical and tangible resources. Intangible assets include patents, strategic alliances, customer bases, employee knowledge and other forms of non-physical assets, however, the most valuable asset for many companies is brand and reputation, which can account for as much as 70% of their market capitalization. Source: Carreras, E.; Alloza, A. & Carreras, A. (2013). *Reputación Corporativa*. LID Editorial Empresarial. Corporate Excellence Library: Madrid.

<sup>3</sup> Brand Finance. *Global Intangible Financial Tracker 2021*.

<sup>4</sup> McKinsey (2021). *Getting tangible about intangibles: The future of growth and productivity?*

<sup>5</sup> Corporate Excellence & Global Alliance (2021). *The Global PR & Communication Model*

<sup>6</sup> Edelman (2022). *Trust Barometer 2022*.

<sup>7</sup> In fact, this has been one of the main themes of the World Economic Forum in 2021 and 2022.

<sup>8</sup> 21 Grams (2022). *Brands with Values Study*. The era of consequences.

<sup>9</sup> Edelman (2022). *Trust Barometer 2022*.

<sup>10</sup> Corporate Excellence & Superunion (2020). *The Corporate Purpose Roadmap®. Methodology for the construction, implementation and activation of the corporate purpose*.

<sup>11</sup> Canvas Sustainable Strategies (2021). *Purpose and reinvention of capitalism*.

<sup>12</sup> Barton, D. (2011). Capitalism for the Long Term. *Harvard Business Review*, 89 (3), 84-91.

<sup>13</sup> Porter, M. & Kramer, M. (2011). Creating Shared Value. How to reinvent capitalism-and unleash a wave of innovation and growth. *Harvard Business Review*



## 2. The Phenomenon of Purpose and Its Implementation in Organizations

### 2.1. Clarifying the Term Corporate Purpose and Its Relevance to Organizations

Corporate purpose refers to an organization's identity, its DNA, and *raison d'être*, that which makes it unique. Hence, we can understand it as the cornerstone of any organization. Different authors have defined the purpose as follows:

- An element that integrates an unmet social need and leverages the company's assets to create positive change and strengthen the company's competitive position.<sup>14</sup>
- A key aspect of providing a *raison d'être* and a meaning with a positive impact on society. Knowing why and what we do, and what our place in the world is, is vital for the company to successfully play its role as a social actor.<sup>15</sup>
- The specific goal or objective of the company goes beyond profit maximization.<sup>16</sup>
- Strengthening elements of the ties that bind the employees of a company together.<sup>17</sup>
- The purpose of a large company is its reason for being and existing and its contribution to society. This purpose determines the company's strategy and objectives.<sup>18</sup>
- The purpose of an organization is a central aspect of its identity.<sup>19</sup>
- Corporate purpose is associated with mission, which is defined as the "why" of the company, expressed in terms of a company's operating processes and procedures.<sup>20</sup>
- Companies with a strong corporate purpose are those in which employees have strong beliefs about the meaning and impact of their work.<sup>21</sup>
- Corporate purpose captures what the corporation does and why it is meaningful and valuable.<sup>22</sup>

Defining purpose is not an easy or trivial task, especially if it is to be consistent and has a real impact on the organization. Therefore, it is important to understand the logic that governs the generation of a purpose and how to do it so that it becomes common and shared by the organization's stakeholders. For the purpose of truly differentiating, it must answer the question of whether stakeholders would miss the organization if it did not exist. This is the main proof of having a purpose that has a positive and beneficial impact on others.<sup>23</sup>

#### 2.1.1. Purpose as an Integrating Element of Identity, Meaning, and Mission

As we have seen, there are multiple definitions of corporate purpose, and each emphasizes different qualities. Although there is still no universally accepted univocal conception of the concept of corporate purpose, what seems clear is that purpose is an element capable of generating strong interpersonal bonds. Hence, organizational purpose is more effective to the extent that it is shared.

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<sup>14</sup> Porter, M.E.; Kramer, M.R. Creating shared value. In *Managing Sustainable Business*; Springer: Berlin/Heidelberg, Germany, 2019; pp. 323-346.

<sup>15</sup> Craig, N., & Snook, S. (2014). From purpose to impact. Figure out your passion and put it to work. *Harvard Business Review*, 92(5), 104-111.

<sup>16</sup> Henderson, R., & Van den Steen, E. (2015). Why do firms have "purpose"? The firm's role as a carrier of identity and reputation. *American Economic Review*, 105(5), 326-30.

<sup>17</sup> Marimon, F., Mas-Machuca, M., & Rey, C. (2016). Assessing the internalization of the mission. *Industrial Management & Data Systems*, 116(1), 170-187.

<sup>18</sup> Mayer, C. (2018). The future of the corporation: Towards humane business. *Journal of the British Academy*, 6(s1), 1-16.

<sup>19</sup> Hurth, V., Ebert, C., & Prabhu, J. (2018). Organisational purpose: the construct and its antecedents and consequences (No. 201802).

<sup>20</sup> Rey, C., & Bastons, M. (2018). Three dimensions of effective mission implementation. *Long Range Planning*, 51(4), 580-585.

<sup>21</sup> Gartenberg, C., Prat, A., & Serafeim, G. (2019). Corporate purpose and financial performance. *Organization Science*, 30(1), 1-18.

<sup>22</sup> Van Knippenberg, D. (2020). Meaning-based leadership. *Organizational Psychology Review*, 10(1), 6-28.

<sup>23</sup> Birkinshaw, J., Foss, N. J., & Lindenberg, S. (2014). Combining purpose with profits. *MIT Sloan Management Review*, 55(3), 49.

To understand the potential of purpose, in light of the different definitions drawn from the literature, we proposed three dimensions that synthesized what corporate purpose was and justified its bonding capacity: identity, meaning, and mission.<sup>24</sup>

- Purpose manifests the identity of an organization, its history, its *raison d'être* and the ultimate goal for which it was created. In this way, the purpose is a spotlight that makes it easier to identify an organization's priorities and to set the goal to be pursued.
- Purpose brings meaning to an organization since the defined north and the proposed goal are worth striving for. In this way, purpose becomes a source of motivation and a reservoir of energy with which to overcome the company's day-to-day obstacles.
- Finally, purpose is operationalized in an organization's mission, which is the concrete contribution that it intends to make to the different agents with which it interacts. In this way, purpose guides the daily actions of a company, giving meaning and aligning daily work with the development of the purpose.

These three dimensions should not be thought of independently but together. Purpose is not just a reflection of a company's identity nor a meaningful cause that motivates people or even a specific mission. Purpose is made up of all three. Therein lies its ability to generate strong bonds because, when it is shared, it means that there is a shared identity, meaning, and mission.

### **2.1.2. Authenticity, Consistency, and Integrity of Purpose**

As the potential of purpose lies in its three dimensions, the strength of purpose requires working on three fundamental relationships: its authenticity, its coherence, and, finally, its integrity.<sup>25</sup>

- Authenticity refers to the fact that the north defined by the purpose connects with what is important to the members of the organization, so that the established goal is recognized as something worth striving for. This is crucial because, for a purpose to be lived, it must be perceived as valuable. Purpose is most authentic when it is reinforced by the shared values of the organization. This connection provides a powerful source of motivation. When purpose connects with people's hearts, it has the power to transcend individual interests in the service of collective interests.
- Coherence refers to actually doing what is said. This means that the purpose is not just a statement of intent or a motivational slogan but that it is translated into action and operationalized. Consistency also impacts the way things are done, as it helps people understand how their own work contributes to the development of the purpose. It helps employees stay on the course while remaining true to the essence of the organization. That is why consistency builds trust.
- Finally, integrity is the connection between individual motivation derived from purpose, and the day-to-day actions of the company. It is the belief that what the company does is truly worthwhile. Integrity emerges when the purpose is authentic and consistent, because what is done comes from within. People contribute to the purpose, even when no one is looking. People invest their best efforts in their daily work because they believe that what they are doing is worthwhile.

## **2.2. Benefits of Corporate Purpose**

Several studies have shown the benefits derived from corporate purposes:

- Increased employee engagement, satisfaction, and commitment<sup>26</sup>
- Ability to attract, motivate, and retain talent<sup>27</sup>

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<sup>24</sup> Florez Jiménez, M.P.; Muñoz-Villamizar, A.F.; Lleo, A. (2021) Exploring the Relationship between Sustainability, Resilience, and Purpose in the Context of Corporations: A Comprehensive Literature Review. Available at SSRN: <https://ssrn.com/abstract=3944148>

<sup>25</sup> Rey, C., & Bastons, M. (2018). Three dimensions of effective mission implementation. *Long Range Planning*, 51(4), 580-585.

<sup>26</sup> Allan, B. A., Batz-Barbarich, C., Sterling, H. M., & Tay, L. (2019). Outcomes of meaningful work: A meta-analysis. *Journal of Management Studies*, 56(3), 500-528.

<sup>27</sup> Deloitte Touche Tohmatsu (Firm) (2018). 2018 Deloitte Millennial Survey: millennials disappointed in business, unprepared for Industry 4.0.

- Change and innovation management in the organization<sup>28</sup>
- Increased organizational flexibility, agility, and resilience<sup>29</sup>
- Increase in economic results<sup>30</sup>
- Generator of solid relationships with customers and other stakeholders<sup>31</sup>
- Increased corporate reputation<sup>32</sup>
- Attracting investment<sup>33</sup>

However, it seems reasonable to think that all these effects will emerge to the extent that the purpose becomes a reality in organizations. That is, when the purpose goes from being a mere declaration of intentions to palpable manifestations in day-to-day operations. Hence, the benefits and potential of the purpose emerge to the extent that the purpose is implemented. The key to purpose is to move from declaration to living, from an organization that calls itself purposeful to an organization that actually lives its purpose.

## 2.3. Corporate Purpose Implementation

The implementation of purpose consists of generating a shared purpose in the organization in such a way that the organization's identity is clarified, meaning is provided, and a mission is established to drive day-to-day work. As we have seen, it is important that this shared purpose be authentic, coherent, and integral. What can an organization do to generate this shared sense of purpose? How can it move from declaring to living the purpose? Combining practical experience with research advances, we proposed three processes to generate this shared meaning: knowledge, internalization, and contribution.

- Understanding the purpose consists of explaining and disseminating the purpose, and rolling it out to every department, team, and person in the organization on a day-to-day basis. It is important that each employee understands what the purpose is, why it is important, and explains it in his or her own words. The managers of an organization must clarify their decisions in light of the purpose, creating a habit of consistency that helps eliminate the differences between the official version and the reality of the organization.
- Internalization consists of connecting the purpose of the organization with the personal values of each employee so that the purpose ceases to be the purpose of the company and becomes "my purpose" for every individual employee. This process is key, and the role of leaders is crucial to achieving it. It is a personal encounter with the organization's purpose: What does corporate purpose mean to me? What connection does it have with my personal values and motivations?<sup>34</sup> It is necessary to learn how to build healthy relationships in which employees feel psychologically safe<sup>35</sup> to be able to start authentic conversations, to know the predominant values of each employee, and to connect them with the purpose of the organization.
- The last process, contribution, is to ensure that the purpose is reflected in the day-to-day operations of the organization. This process looks both backward and forward. First, it looks to the past by asking "How have we fulfilled our purpose?" questions. Here, it is vital to define metrics to better assess the level of purpose development, creating a sense of urgency. In addition, it is important for each employee to connect their daily activities to the purpose: "Why am I doing this? How do I contribute my tasks to the purpose? How can I contribute better?"

<sup>28</sup> HBR (2015). The Business Case for Purpose.

<sup>29</sup> EY-Beacon Institute (2017). The State of the Debate on Purpose in Business.

<sup>30</sup> Gartenberg, C., Prat, A., & Serafeim, G. (2019). Corporate purpose and financial performance. *Organization Science*, 30(1), 1-18.

<sup>31</sup> 21GRAMOS. (2022). IV estudio marcas con valores: la era de las consecuencias. <https://marcasconvalores.com/estudios/>.

<sup>32</sup> Tomo, O. (2017). Intangible asset market value study 2017.

<sup>33</sup> Fink, L (2019). Purpose and profit.

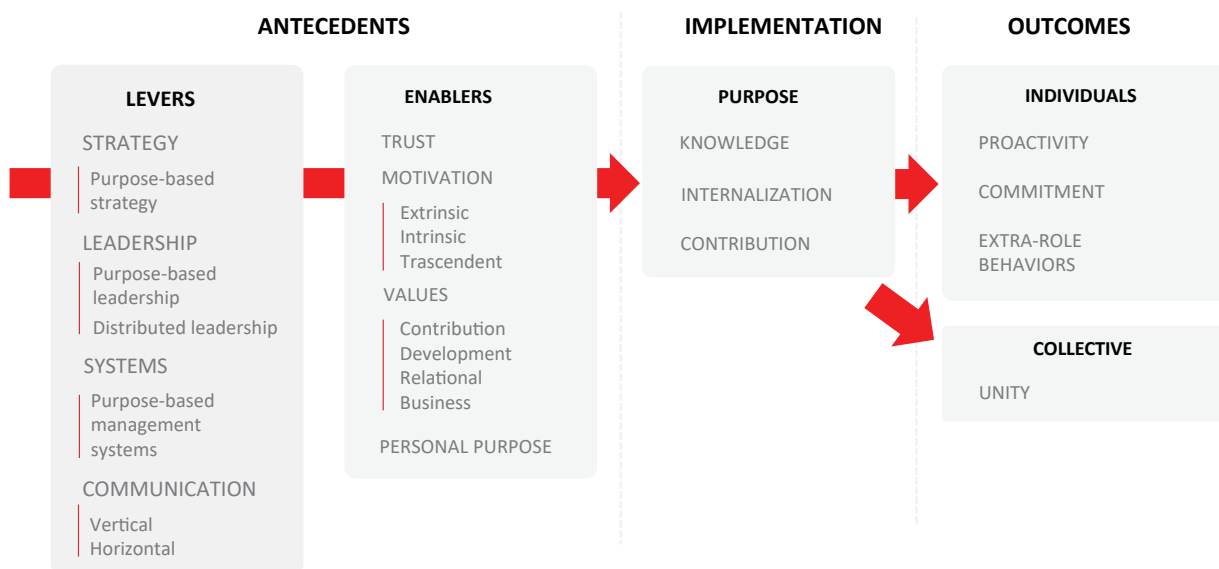
<sup>34</sup> Rey, C., & Malbašić, I. (2019). Harmonization of personal and organizational purpose. In *Purpose-driven Organizations* (pp. 17-27). Palgrave Macmillan, Cham.

<sup>35</sup> Edmondson, A. (2018) *The fearless organization: Creating psychological safety in the workplace for learning, innovation, and growth*. John Wiley & Sons.

### 2.3.1. The Purpose Strength Model: Processes, Levers, Enablers, and Outcomes of Purpose Implementation

The Purpose Strength Model<sup>36</sup> is a model that integrates the variables and dynamism with which to implement purpose and build organizations with a strong shared sense of purpose. It is the result of an action research project that integrated years of practical experience and research.

**Figure 1. Purpose Strength Model®**



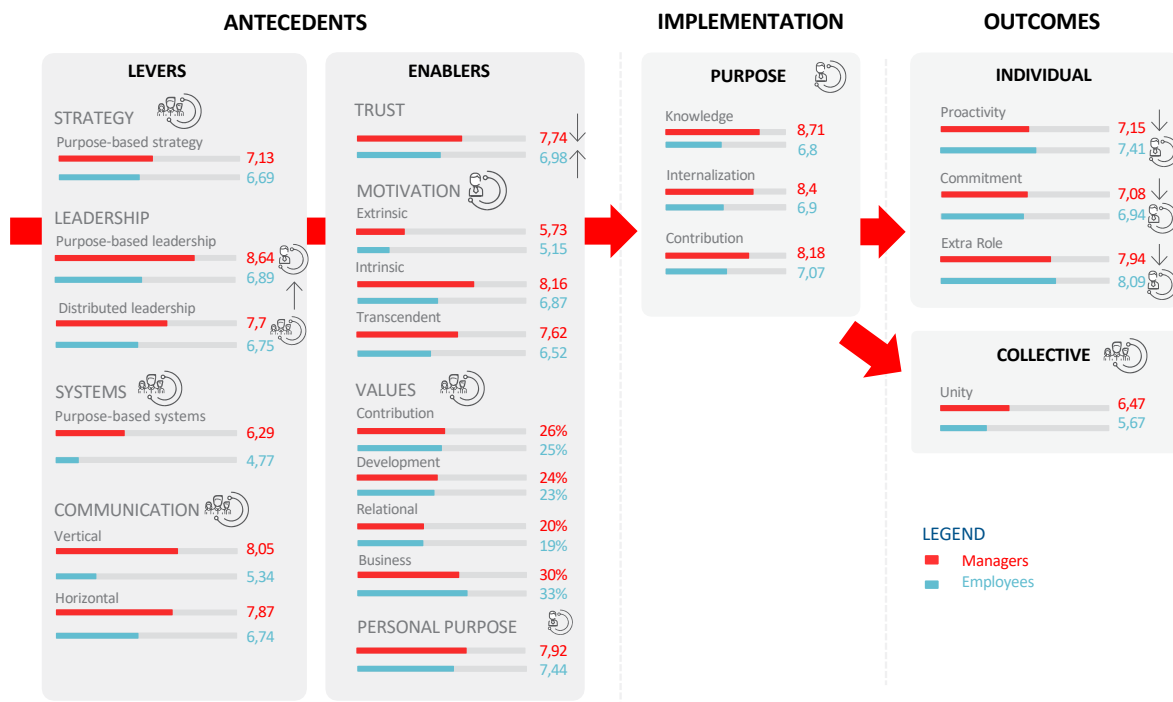
Source: Lleó et al. (2019).

Complementing each of the variables of the model with valid and reliable measurement instruments, a diagnostic tool was built to evaluate and take the pulse of the degree to which organizations have implemented their purpose. The tool is an anonymous questionnaire that is sent to all staff, both managers and employees, to ask for their opinions on each of the variables of the Purpose Strength Model. The sending of the questionnaire is preceded by communication indicating that the purpose of the evaluation is to know the reality of the organization and thus be able to enhance the sense of purpose in the organization. In addition, the confidentiality of the answers is guaranteed, and the results are presented in aggregate form so that the identity of the informant is not known.

By collecting a representative sample of the organization, a diagnostic report is generated to help better understand its reality and improve its sense of purpose. **Figure 2** shows each and every one of the variables collected in the Purpose Strength Model, as seen by the organization's managers and employees, representing a thermometer of the organization's sense of purpose.

<sup>36</sup> Lleó, A.; Rey, C.; & Chinchilla, N. (2019). Measuring the Purpose Strength. In Purpose-driven Organizations (pp. 119-130). Palgrave Macmillan.

**Figure 2. Example of a thermometer of an organization's sense of purpose**



Source: Own elaboration.

### 3. Purpose Strength Project®: Data Observatory on Purpose Implementation

By combining the data collected from the different companies evaluated, a multilevel and longitudinal database was generated to perform statistical analyses and improve the understanding of the phenomenon of the implementation of purpose. The aim was to generate evidence-based knowledge on three lines of action:

- Evidence on the effects of purpose at the individual and organizational levels.
- How the different levers act and drive the implementation of purpose.
- How the facilitators positively or negatively condition the impact that the levers have on the deployment of the purpose and whether other variables, such as the size of the company, also condition the implementation of purpose.

**Table 1** describes the characteristics of the sample currently in the database that was analyzed by the Purpose Strength Project with data from Spain, the USA, Brazil, Chile, Ecuador, Guatemala, Peru, Venezuela, Slovakia, Lithuania, and Israel.

**Table 1. Descriptive analysis of the sample analyzed**

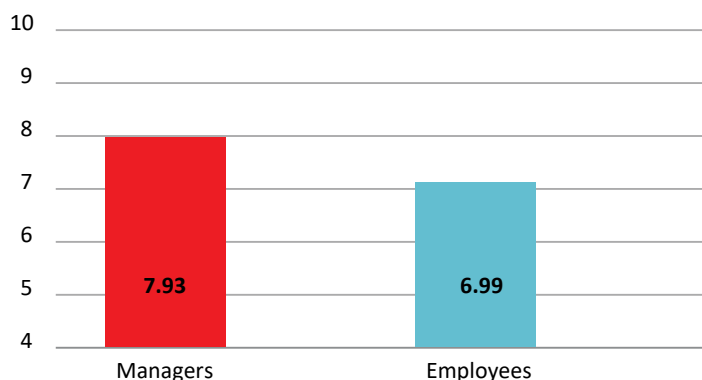
Sample size:			
<ul style="list-style-type: none"> <li>• Studies performed: 52</li> <li>• Total workers to whom the survey was sent: 11,194</li> <li>• Number of workers surveyed: 8,671 (response rate: 77.46%)</li> <li>• Total number of managers to whom the survey was sent: 2,396</li> <li>• Number of managers surveyed: 1,949 (response rate: 81.34%)</li> </ul>			
Characteristics of the companies		Characteristics of the informants	
Company size (number of employees)		Sex	
Less than 50	23.8%	Male	57.1%
Between 50 and 250	51.92%	Female	38.2%
More than 250	24.28%	No answer	4.7%
Total	100%	Total	100%
Sector of activity		Seniority of employees	
Distribution	23.64 %	Less than 5 years	47.4%
Services	43.64%	5–10 years	24.9%
Industry	32.72 %	11–20 years	18.3%
Total	100%	More than 20 years	8.9%
Countries (11)		Unknown	0.5%
Spain	51.9%	Total	100%
USA	17.3%		
Brazil	2%		
LATAM	9.5%		
Slovakia and Lithuania	17.3%		
Israel	2%		

Also noteworthy is the high percentage of employees who had been with the company for less than 5 years. This implies that approximately 50% of the employees in the sample were hired after the company's transformation process toward purpose-driven companies.

The following graphs present the mean values of the Purpose Strength Model variables of the companies collected in the database. **Figure 1** shows that the companies studied had a high level of implementation of purpose. This is logical if one takes into account that the vast majority of the companies evaluated had already been working on the definition and activation of their purposes for some time.<sup>37</sup> It can also be observed that managers were, on average, one point above their employees, which implied that the process of purpose implementation usually started with these managers, as has already been mentioned in the literature.

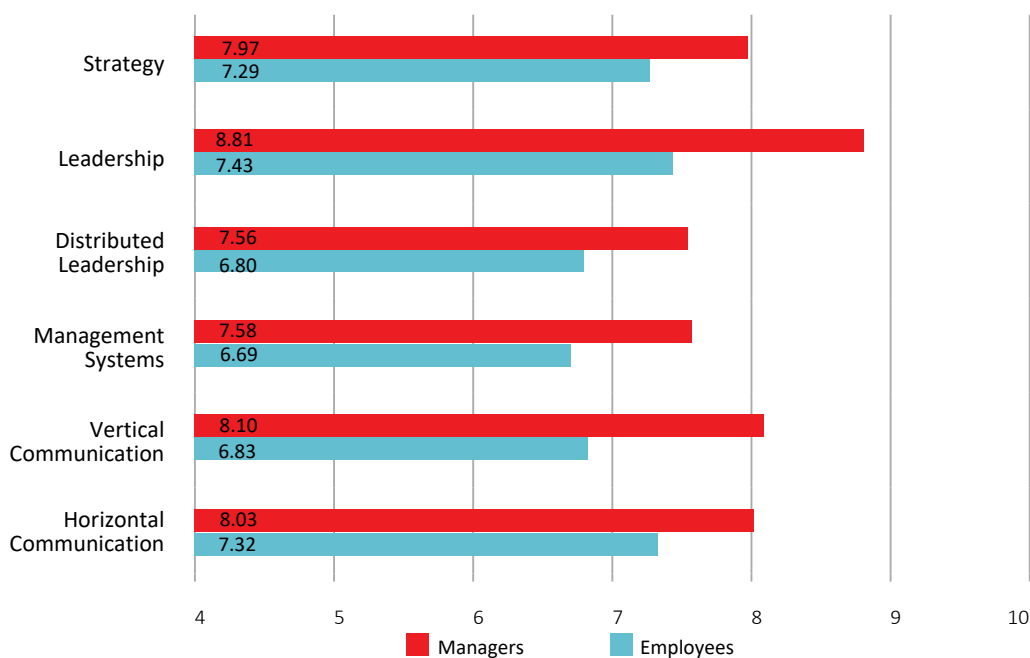
<sup>37</sup> Thanks to the Purpose Strength Model®, they were able to know the degree of implementation of their purpose.

**Figure 3. Mean values of the shared purpose of employees and managers**



**Figure 4** shows the average values of all the companies analyzed in the levers of the Purpose Strength Model. Both managers and employees agreed that the highest values were found in leadership, strategy, and horizontal communication.<sup>38</sup>

**Figure 4. Management and employee assessment of the development of the six levers identified in the Purpose Strength Model® (%)**

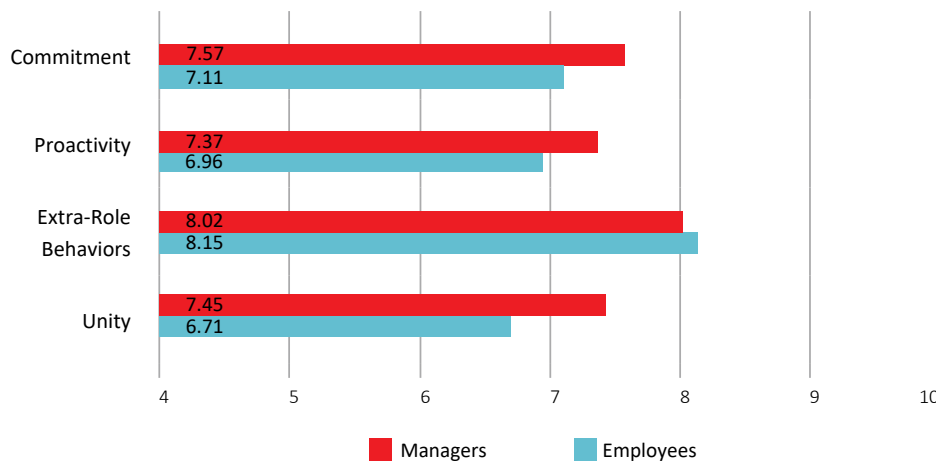


At the same time, the least developed (and most time-consuming) levers are management systems and distributed leadership. Aligning day-to-day policies and procedures with the purpose and distributing leadership in such a way as to make people protagonists in the promotion and development of the purpose were the levers that were taking the longest to activate in the organizations studied.

<sup>38</sup> As explained in Lleó et al. (2019) horizontal communication refers to the collaboration and informal relationships that exist in the organization.

**Figure 5** shows the average values of the behavioral results obtained by the companies studied. Commitment, proactivity, and extra-role behaviors refer to the individual attitudes and behaviors of employees in the company. The high values, recognized by both managers and employees themselves, of the development of extra-role behaviors stand out, which showed that employees in purpose-driven organizations went above and beyond what was required in their work, both for the good of the company and for the good of their colleagues.

**Figure 5. Mean values of individual and collective behavioral variables of workers (%)**



Regarding the value of unity, the high value given by managers stood out, which expressed their perception of the quality bonds they were capable of generating when leading for the purpose.

## 4. Evidence on the Implementation of Purpose

The previous section showed that the organizations studied were advanced in the implementation of their purpose. However, we had not yet delved into the relationship that the variables may have had with each other. This is what we attempted to do in this section. Using structural equation modeling, we analyzed the consequences of purpose implementation, the impact of antecedents, the moderating effect of the facilitating variables identified in the Purpose Strength Model, and the mediation of purpose implementation on the relationships between antecedents and behavioral outcomes. Finally, we analyzed the role of consistency (the balanced development of knowledge, internalization, and contribution of purpose) in studying the impact that shared purpose had on behavioral variables.

### 4.1. Effects of the Implementation of Purpose at Individual and Organizational Levels

**Table 2** shows the results of the impact that the implementation of purpose had on individual commitment, the development of extra-role behaviors, and the improvement of collective unity among the organization's employees.



**Table 2. Relationships between the implementation of purpose and individual and collective employee outcomes**

Relationships	Regression coefficient ( $\beta$ )	R <sup>2</sup>
Purpose implementation → Affective commitment	0,687*	0,472
Implementation of purpose → Extra-role behaviors	0,482*	0,232
Implementation of purpose → Unity	0,625*	0,39

Note: \* Implies a significant relationship (in all cases the  $p$ -value is less than 0.01).

All relationships were very high and significant (not random). In addition, the R values<sup>2</sup> indicated the percentage of the dependent variable (commitment, extra-role behaviors, and unity) that was able to explain the implementation of purpose. As can be seen, the values were remarkably high. Therefore, in the companies studied, the implementation of purpose enhanced the affective commitment of employees and their ability to behave beyond what was required in their work.

In addition, purpose enhanced interpersonal ties among employees, strengthening unity and identification with the company. This conclusion empirically evidenced the theoretical propositions of other authors, who suggested that purpose and its implementation generated a culture of strong bonds.

## 4.2. Background on Purpose Implementation

Having studied the consequences of purpose implementation, we then looked at how the levers of the Purpose Strength Model® contributed to this purpose implementation. The results of these models are shown in **Table 3**.

**Table 3. Relationships between organizational levers and the implementation of purpose**

Relation	Regression coefficient ( $\beta$ )	R <sup>2</sup>
Strategy → Purpose implementation	0.702*	0.493
Leadership → Purpose implementation	0.532*	0.283
Distributed leadership → Purpose implementation	0.553*	0.306
Management systems → Purpose implementation	0.59*	0.349
Vertical communication → Purpose implementation	0.489*	0.239
Horizontal communication → Purpose implementation	0.413*	0.171

Note: \* Implies a significant relationship (in all cases the  $p$ -value is less than 0.01).

It can be seen that all the variables had a very high impact on the implementation of the purpose. The variable with the least direct impact was highly involved management systems, and the one with the greatest impact was strategy. According to the data collected, whether the company's business strategy was aligned with the company's purpose was highly influential in achieving a common and shared purpose.

The data also highlighted the role of management systems and leadership, both among managers and among colleagues. Regarding the latter, it seemed clear that seeing that managers believed in the company's purpose, lived it, and promoted it on a daily basis was key to sharing it. On the other hand, perceiving that coworkers felt that the organization's purpose was their own and that they proactively promoted it, influenced, and spread the generation of a shared purpose.

Finally, the data also highlighted the importance of management systems that were aligned with purpose.

### 4.3. Analysis of the Moderating Effects of the Enabler Variables

One of the advantages of structural equation models is that they allow different effects to be analyzed in them. Moderating effects occur when a third variable has the potential to modify the strength of the relationship between two previously related variables. For example, if it is proven that there is a relationship between supervisor leadership and employee engagement, and that trust in the supervisor positively moderates this relationship, this would mean that, when trust in the supervisor is high, the more impact leadership has on engagement.

Therefore, studying the moderating effects makes it possible to analyze the effect of variables that may not have a direct effect on the implementation of the purpose but may have an effect through the modification of other relationships that have already been studied. Analyzing the moderating effects allowed us to know under what conditions the effects of the purpose were facilitated and enhanced.

In the case of the Purpose Strength Model®, facilitators have been considered moderators. Therefore, we began by studying their roles in the relationships between the levers and the implementation of purpose. The facilitator variables studied were trust, values, and personal purpose. The values of trust and personal purpose were extracted directly from the workers' responses. When talking about company values, we looked at the responses of employees who considered that their company's values had to do with contributing to society and improving interpersonal relationships in the work environment.

Thus, we proceeded to analyze the moderating effects of these three variables on the relationships between the levers and the implementation of the purpose. To perform these moderations, two analyses were performed for each leverage-purpose implementation relationship: a model with the data from a third of the sample with the highest values of the moderator variable, and a model with the data from a third with the lowest data. Once these two models were established, the differences between the regression coefficients were compared, and an attempt was made to see if these differences were statistically significant. If so, then moderation could be said to exist. **Table 4** presents the results of these moderating effects.

**Table 4. Moderating effects of trust, values, and personal purpose between levers and purpose implementation**

Relation		$\Delta\beta$ (High trust vs. low trust)	$\Delta\beta$ (High ratio and contribution values vs. low values)	$\Delta\beta$ (High personal purpose vs. low personal purpose)
Strategy	→ Purpose implementation	0.031	-0.017	-0.006
Leadership	→ Purpose implementation	0.13**	0.042	-0.042
Distributed leadership	→ Purpose implementation	0.031	-0.006	0.001
Management systems	→ Purpose implementation	0.099**	0.059**	0.038
Vertical communication	→ Purpose implementation	0.069**	0.058**	0.032
Horizontal communication	→ Purpose implementation	0.075**	0.033	-0.037

Note: \*\* Implies a significant relationship (in all cases the *p*-value is less than 0.05).

First, it was observed that having a personal purpose did not moderate any of the relationships studied. That is, having, or not having a personal purpose neither facilitated nor hindered the emergence of a shared purpose through the implementation of the purpose with the levers studied.

Trust in immediate supervisors had a moderating effect. Specifically, it had a moderating effect on the impact of leadership on the implementation of purpose but also on vertical communication, horizontal communication, and management systems. Even if the systems were the same, employees were more

willing to take them on board and see them as purpose-driven; the greater the trust they had in their immediate supervisors.

It also had a moderating effect when the primacy of the values of contribution and relational values in the organization was noted. When this occurred, the relationship that management systems and vertical communication had in the implementation of purpose was enhanced. Employees who saw their company as oriented toward contributing to society were more open to the communication they received from the company, and thus, this communication had a greater impact on employees' shared purpose. Similarly, this orientation to contribute positively to the relationships between employees favored the impact that management systems had on the generation of a shared purpose among employees.

As was observed in two of these three moderating variables, promoting relationship and contribution values and manager-worker trust was key to enhancing the impact of vertical communication and management systems on shared purpose. If these values and trust were not developed, it was possible that the desired impact would not be observed, no matter how much better systems and communication were generated.

#### 4.3.1. Company Size Study

Having analyzed the facilitating variables of the Purpose Strength Model, we continued by analyzing the moderation that could result from operating in large companies. From the database, companies with more than 250 employees were categorized as "high"-sized, and those with less than 250 employees were categorized as "low"-sized.

Again, two models were run: one for the database with large companies and another for the database with small companies. The differences and their statistical significance are shown in **Table 5**.

**Table 5. Moderating effects of firm size on leverage relationships, purpose implementation, and individual and organizational consequences**

Relation			$\Delta\beta$ (High company size vs. low company size)
Strategy	→	Purpose implementation	0.028
Leadership	→	Purpose implementation	-0.012
Distributed Leadership	→	Purpose implementation	0.073**
Management Systems	→	Purpose implementation	0.051**
Vertical Communication	→	Purpose implementation	-0.028
Horizontal communication	→	Purpose implementation	0.111**
Purpose Implementation	→	Affective Commitment	0.122**
Purpose Implementation	→	Extra-role behaviors	0.302**
Purpose Implementation	→	Unity	0.026

Note: \*\* Implies a significant relationship ( $p$ -value less than 0.05).

As can be seen, the size of the companies was important, as five of the nine relationships were impacted by this moderator.

Considering the levers, we observed that the greatest impact was received by horizontal communication. This could indicate that when collaboration existed and was facilitated in large companies, where it was easier for functional silos to emerge, better implementation of the purpose was achieved. Similarly, although with less difference in intensity, this happened with management systems.

Distributed leadership also had a greater impact if the company was large. In these companies, the managers' example and stated strategy might be distant to employees who were more observant of

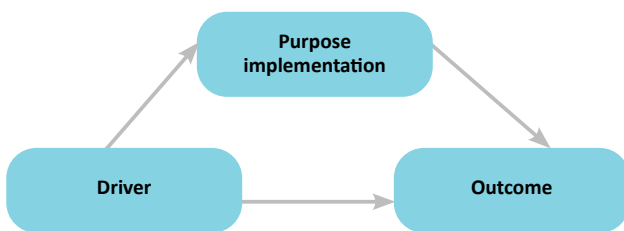
peer behaviors than of these other aspects. This was one possible explanation for the greater impact of peer commitment on the purpose of these types of companies.

Being a large company also increased the impact of the implementation of purpose on affective commitment and extra-role behaviors. One possible justification was the fact that purpose brought meaning to work and a sense of belonging to the organization. In larger companies, it was difficult to see how it contributed to the bottom line in some jobs. Therefore, the larger the company, the greater the impact the implementation had on individual consequences.

#### 4.4. The Implementation of Purpose as a Mediator Between Levers and Commitment and Unity

Just as there are variables that have moderating effects, structural equation models have allowed us to analyze mediating effects. These effects occurred as follows: In a relationship between two variables, a model was created that included the direct relationship between the two variables and an indirect relationship through a third variable (the mediated relationship). For example, if we were to connect the variable strategy and affective commitment, and we wanted to study the mediation of purpose implementation, we would have three relationships: between strategy and commitment, between strategy and implementation, and between implementation and affective commitment. For mediation to occur, more than 25% of the total effect on commitment should come from the implementation of the purpose. An example of mediation is shown in **Figure 6**.

**Figure 6. Mediation model diagram**



According to the logic of the Purpose Strength Model, the implementation of the purpose has to be a mediator between the levers and the consequences, as can also be observed in Figure 3. The results of these models can be seen in **Table 6**.

**Table 6. Purpose implementation mediations between levers and consequences**

Mediated Relationships	Mediation and percentage	R <sup>2</sup>
Implementation of purpose as a mediator between strategy and affective engagement	Partial (54%)	0.521
Implementation of purpose as a mediator between strategy and unity	Partial (44%)	0.499
Implementation of purpose as a mediator between leadership and affective engagement	Partial (65%)	0.501
Implantation of purpose as a mediator between leadership and unity	Partial (42%)	0.519
Average implementation between distributed leadership and affective engagement	Partial (61.2%)	0.508
Implementation of purpose as a mediator between distributed leadership and unity	Partial (43.7%)	0.512
Implementation of purpose as a mediator between management systems and affective engagement	Partial (67.9%)	0.498
Implementation of the purpose as a mediator between management systems and the unit.	Partial (40.9%)	0.526
Implementation of purpose as a mediator between vertical communication and affective engagement.	Partial (72.5%)	0.489
Implementation of the purpose as a mediator between vertical communication and unity	Partial (44.4%)	0.506
Implementation of the purpose as a mediator between horizontal communication and affective commitment.	Partial (60.3%)	0.502
Implementation of the purpose as a mediator between horizontal communication and unity	Partial (45.2%)	0.494

The results showed that purpose mediated between all the levers and affective commitment and unity. This validated the logic of the Purpose Strength Model.

However, when observing and comparing the values of the R<sup>2</sup> in **Tables 2** and **6**, it was noted that these models had a higher predictive capacity than if only purpose was considered an antecedent. This indicated that the role of the levers was not exclusively to implement the purpose but that they also contributed to the outcomes. This was an additional reason for the company to start developing them, as the results did not have to wait for the generation of a shared purpose. Some of these results would already begin to be seen with the very development of the levers.

It could also be considered that the percentage of mediation presented by the relationships studied was higher in affective commitment than in unity. However, their predictive capacity (R<sup>2</sup>) was similar. Therefore, it could not be concluded that the levers generated, together with the implementation of the purpose, more commitment. The conclusion drawn from this information was that the mediation models predicted affective commitment and unity similarly but that the mediation of implementation was greater for commitment. That is, purpose generation was more important for generating affective commitment. Unity, on the other hand, required both the development of levers and the implantation of purpose.

## 4.5. Consistency in the Implementation of Purpose and the Purpose Strength Index®

Consistency of purpose took into account that the purpose was effectively implemented in its three processes. Consistency took into account the average values of the three sub-processes that made up the implementation of the purpose (intensity) and the degree of balance between their development. Thus, we would say that a purpose was effectively implemented when it was well known, when it was strongly internalized, and finally, when it was seen how it impacted and contributed to its development with its daily work.

**Table 7** shows the results of the analysis of the moderating effect of the consistency of purpose implementation (the degree to which the purpose balanced the development of its three sub-processes) on the effects that the shared purpose had on the behavioral outcomes: individual commitment, extra-role behaviors, and collective unity.

**Table 7. Analysis of the moderating effect of consistency of purpose implementation on the impact on behavioral outcomes**

Relation	Regression coefficient ( $\beta$ )
Moderating effect of consistency of purpose implementation on the impact on affective commitment.	0.015**
Moderating effect of consistency of purpose implementation on the impact on extra-role behaviors.	0.076*
Moderating effect of consistency of purpose implementation on unit impact.	0.015**

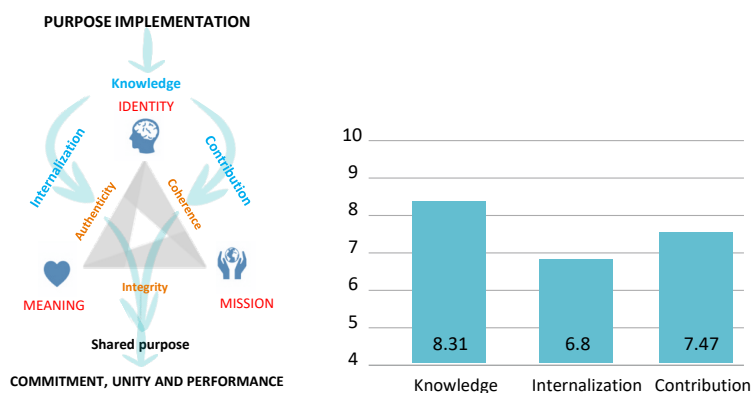
Note: \* Implies a significant relationship ( $p$ -value less than 0.01). \*\* Implies a significant relationship ( $p$ -value less than 0.05).

After analyzing a sample of 3,163 employees from 22 companies in five different countries, Lleó et al. (2021)<sup>39</sup> showed that when the implementation of the purpose was consistent, the impact it had on extra-role behaviors more than doubled.

These results allowed us to define the Purpose Strength Index®, an indicator to measure the implementation and strength of the purpose in an organization and to give a value to the implementation of the purpose over a maximum of 100 points. **Figure 7** shows an example of how to calculate purpose implementation using the Purpose Strength Index®.

**Figure 7. Purpose Strength Index®**

### Purpose Strength Index®



$$\text{Purpose implementation} = \text{intensity} * \text{equilibrium} = 7.52 * 8.49 = 63.84 \text{ of } 100$$

$$\text{Intensity} = (8.31 + 6.8 + 7.47) / 3 = 7.52$$

$$\text{Equilibrium} = 10 - (|8.31 - 6.8| + |8.31 - 7.47| + |6.8 - 7.47|) / 2 = 8.49$$

<sup>39</sup> Lleó, A., Bastons, M., Rey, C., & Ruíz-Perez, F. (2021). Purpose Implementation: Conceptualization and Measurement. *Sustainability*, 13(4), 1921.

## 5. Conclusions and Recommendations

After analyzing the results of the more than 50 companies evaluated, we highlighted the following conclusions and practical recommendations:

### 1. The Most Developed Levers: Leadership and Horizontal Communication

Both managers and employees agreed that the most developed levers were leadership focused on the purpose of managers and collaboration and interpersonal relationships among employees.

### 2. The Least Developed: Distributed Leadership and Management Systems

The least developed and most difficult levers were the distribution of leadership throughout the organization and the alignment of management systems with purpose.

### 3. The Most Relevant Outcome: Extra-Role Behavior

Both managers and employees highlighted the high levels of extra-role behaviors of workers, behaviors that went beyond those formally required as a result of people's commitment to the organization's purpose.

### 4. Strong Impact of Purpose on Commitment and Unity

We had evidence that showed the strong impact of sharing the organization's purpose on improving individual employee engagement and collective unity among the organization's members. The purpose ceases to be "someone else's thing" and became "my thing." Regarding unity, having a shared sense of purpose created a collective identity that made everyone work in unison for a common goal.

### 5. Strategy: Main Lever in the Purpose Implementation

All the variables identified in the Purpose Strength Model (strategy, management leadership, distributed leadership, human resources policies, communication, and collaboration) had a strong impact on the implementation of purpose and the generation of a shared sense of purpose. It highlighted the special impact that the strategy focused on purpose had on the generation of a shared sense of purpose.

Employees seeing how business decisions were justified in light of purpose and, moreover, perceiving how purpose guided and shaped business decisions would be crucial to enhance the meaning and contribution of their daily work.

### 6. Trust Is Key

The fact that immediate supervisors inspired trust in their collaborators significantly conditioned the impact that leadership, management systems, communication, and collaboration had on the generation of a shared sense of purpose. For this reason, it was essential to carry out evaluations and action plans to enhance the trustworthiness of immediate supervisors.

### 7. Relational and Contribution Values Were Great Enablers of Purpose

To the extent that the values of interpersonal relationships and contribution prevailed in the organization, the impact that personnel policies and communication had on the generation of a shared sense of purpose was greatly enhanced. Therefore, it was important to take the pulse and evaluate the perceptions of workers regarding the values that prevailed in the organization's day-to-day work to see if there was an alignment with the values that we wished to promote.

### 8. In Larger Companies, the Effect of Management Systems Was Greater

In large companies, the impact that distributed leadership, personnel policies, and day-to-day collaboration had on generating a shared sense of purpose was greater. The impact that the implementation of purpose had on increasing individual commitment and collective unity was also greater. Thus, the larger the organization, the more important it was to align personnel policies with purpose, improve day-to-day collaboration by empowering employee autonomy and participation, and align employee engagement with the organization's purpose.

## **9. No Purpose, No Commitment**

The implementation of purpose mediated the relationship of all Purpose Strength Model antecedents to individual commitment and collective unity.

When it came to boosting commitment, the mediation of the implementation of the purpose was higher than 50%, which meant that, no matter how much action was taken on the levers, it was very difficult for employees to commit to the organization if they did not share its purpose.

## **10. A Surprising Result: The Impact of Consistency**

The effect of consistency in the implementation of the purpose was very striking, since when the purpose was developed in a balanced way in its three dimensions (knowledge, internalization, and contribution), the impact it had on the development of extra-role behaviors more than doubled.

It was therefore very convenient that in the design of action plans to implement the purpose in an organization, to work in unison on these three dimensions to achieve high levels of consistency in the implementation and deploy the full potential of the corporate purpose.

In this study, we saw the great contribution of having measurement instruments that allowed us to evaluate the implementation of the purpose. The Purpose Strength Index was the result of rigorous research and was presented as a validated indicator for measuring and enhancing consistency in this implementation.





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