



Corporate Purpose in Startups and Established Companies

The Effect of Company Maturity and Leadership
on Purpose Enactment

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ABSTRACT

This study examines how purpose enactment varies in start-ups compared to established and growth-stage companies, and the extent to which leadership is involved in this process. It employs a mixed methods approach that entails extensive literature research and case studies on the current state of research, two qualitative expert interviews and an employee survey as the primary instrument. Interviewees noted that start-ups tend to establish purpose more easily than established companies, mainly due to their less complex structures and lack of extensive histories. According to quantitative data, start-ups exhibit a higher perception of purpose than established or growth-stage firms, with founder-led companies showing also significantly higher levels of purpose than those led by external CEOs. The literature and expert interviews emphasize the agility and less rigid structures of start-ups as advantageous for purpose enactment, an observation confirmed by the survey data. The research consistently highlights the struggle of aligning purpose with practical implementation, particularly in larger, hierarchical organizations, pointing to the need for clear communication, the breaking down of silos, and a real commitment from senior management to effectively embed purpose in day-to-day operations. In conclusion, although organizational purpose – when implemented correctly – would have the potential to navigate organizations through stages of growth and serve as a unifying and guiding force, purpose enactment tends to diminish with increasing company maturity.

Keywords: Corporate Purpose, Purpose Enactment, Purpose Development, Firm Maturity, Maturity Characteristics, Leadership, Employee Perception, Organizational Culture

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SUMÁRIO

Este estudo explora a adoção de objetivos em empresas em diferentes fases de desenvolvimento, centrando-se em empresas em fase de arranque, estabelecidas e em crescimento. Utilizando uma abordagem de métodos mistos, o estudo inclui uma revisão da literatura, estudos de casos, entrevistas qualitativas com peritos e um questionário aos trabalhadores. Os resultados sugerem que as empresas em fase de arranque definem objetivos mais facilmente devido a estruturas menos complexas e à falta de um historial extenso. Comparativamente, as empresas em fase de arranque têm uma perceção mais forte dos objetivos do que as empresas estabelecidas ou em crescimento, sendo que as empresas lideradas pelo fundador apresentam níveis significativamente mais elevados de objetivos em comparação com as empresas lideradas por directores executivos externos. A investigação indica que a agilidade e as estruturas flexíveis das empresas em fase de arranque beneficiam a realização dos objetivos, o que é confirmado pelos dados do questionário. No entanto, o alinhamento dos objetivos com a implementação prática é um desafio, especialmente em organizações grandes e hierárquicas, salientando a importância de uma comunicação clara, da eliminação de silos e do empenho da gestão de topo em integrar os objetivos nas operações diárias. O estudo conclui que, embora um objetivo organizacional bem implementado possa orientar as organizações durante as fases de crescimento e atuar como uma força unificadora, a aplicação deste objetivo tende a diminuir com o aumento da maturidade da empresa.

Palavras-chave: Propósito Corporativo, Implementação do Propósito, Desenvolvimento do Propósito, Maturidade da Empresa, Características de Maturidade, Liderança, Perceção do Empregado, Cultura Organizacional

O objetivo empresarial em empresas em fase de arranque e em empresas estabelecidas
O Efeito da Maturidade da Empresa e da Liderança na Implementação do Propósito

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GLOSSARY

IPO	Initial public offering. A private company offers its shares to the public for the first time (Ledenyov & Ledenyov, 2014)
Principal-Agent Problem	It arises when an agent acts on behalf of the principal but has personal motives that influence decision-making (Guesnerie & Laffont, 1984)
Purpose washing	When companies claim to have a purpose but use this positioning only as marketing to increase profits (Seegers, 2019)
Servant leadership	A leadership philosophy that prioritizes serving others, with a focus on the well-being of individuals and communities (Greenleaf, 2005)
Silo thinking	Ineffective decision-making from a lack of communication and collaboration between different departments or groups within a firm (Blockley & Godfrey, 2017)
Top-down approach	Higher-level executives make choices and policies, which are subsequently conveyed to lower-level personnel for implementation (Saito & Yamaura, 2014)
Transformational leadership	Involves a leader collaborating with teams to identify necessary changes, inspiring and guiding the change through the creation of a vision, and carrying out the change together with group members (Longshore & Bass, 1987)
VC	Investors provide funding to start-ups and small businesses that they believe have the potential for significant long-term growth (Harding, 2000)

CHAPTER 1: INTRODUCTION

1.1 Introduction

In today's world, organizations have a variety of responsibilities that range from generating profits to addressing the needs of a wider group of stakeholders. Nobel laureate Milton Friedman famously argued that the sole purpose of a firm is to increase its profits within legal and ethical boundaries, put the interests of shareholders first and focus primarily on financial returns (Friedman, 1970). Stakeholder theory, on the other hand, suggests that the success and sustainability of an organization depend on its ability to manage and balance the interests of all relevant stakeholder groups, thereby promoting social interdependence (Greenwood & Mir, 2019). Nowadays, the concept of corporate purpose beyond profit maximization found its place in the business world. It is an organization's reason for being or fundamental goal, justified by the firm seeing itself as part of society and creating added value for the greater good (Gartenberg, 2021). Corporate purpose has increasingly gained attention in academic and professional discourse as various stakeholders rethink organizations' responsibilities to the planet and society. Therefore, more and more businesses are incorporating it into their strategy and core narratives. Prior literature found that organizational purpose can be influential regarding employee retention (Grant, 2008), customer loyalty (Hoppner et al., 2015), or financial performance (Gartenberg et al., 2019). However, the current state of research offers limited knowledge about the differences in the development of purpose, more specifically purpose enactment (Younger et al., 2020), at distinct maturity stages of a company's lifecycle. A company's maturity level describes the stage of growth and development it has reached, from its early foundational days as a startup to its status as an established organization (Kazanjian, 1988). Start-ups typically begin with a purpose, but during their lifetime they might face pressure to compromise. On the other hand, established companies have more resources to mobilize purpose at scale, but they tend to be more rigid due to their size (Greiner, 1997; Loderer & Waelchli, 2010; Rode & Vallaster, 2005). Prior academic work has looked at factors that influence corporate purpose other than firm maturity, as well as the comparison of startups and established companies including concepts other than purpose. Researchers, for instance, have studied ownership and governance as drivers of purpose and found that purpose is weaker in public companies compared to non-public companies due to the short-term interests of investors (Gartenberg & Serafeim, 2023). The two variables purpose enactment and firm maturity and their interdependences, however, have not yet been studied altogether. In this context, particular attention is paid to one key differentiation criterion, namely the role of leadership. Therefore, in addition to company maturity, it is also analyzed whether a company has a bought-in CEO or is founder-led.

1.2 Problem Statement & Research Question

Despite the increasing attention, research is still lacking about why certain organization types successfully activate corporate purpose. Prior research did not focus on how firm maturity can influence how purpose is implemented. Most theories generalize corporate purpose processes across business life cycles. The question that arises is the influence of the company's maturity (startup, growth-stage, or established firm) on the development of corporate purpose. The development process can be divided into four principal phases when fostering purpose: conceptualizing, articulating, enacting, and assessing (Younger et al., 2020; Hollensbe et al., 2014). The focus of this study will be on stage three: enacting purpose, which means truly integrating it into the company's daily operations, behaviors, and culture beyond just communicating it. It is crucial to understand this dynamic because it may provide insights into the intrinsic and extrinsic motivations and challenges of organizations at various points of their business lifecycles. Potential differences may relate to agility, processes, company policy, stakeholder expectations, or budget (Greiner, 1997; Rode & Vallaster, 2005). One straightforward expectation would be that start-ups exhibit a stronger and less challenging enactment of purpose because of their agility and flat hierarchy. Moreover, startup cultures tend to foster a stronger sense of community and mission focus due to the direct involvement of their founders (Doan et al., 2023). On the other side, they face uncertainty and resource constraints. Established corporations, however, may possess the means to concentrate on their purpose, yet confront the inclination towards immobility. Even with the resources, established businesses may confront difficulties because of their complexity and the necessity to realign or reintroduce purpose amongst long-standing business structures and corporate cultures (Sauer mann, 2017).

Firms that are looking at the successful implementation of a purpose may face certain limitations in the development process. By contrasting the corporate purpose of start-ups and established businesses, this study aims to close this gap.

Research question: How does purpose enactment differ between start-ups and established companies?

The goal of this study is to provide evidence on one source of variation in purpose enactment: whether the firms are startups or established companies. It investigates how purpose enactment – the third stage of the purpose development process – varies and changes in start-ups, which are small, young companies that are still growing their business model, in contrast to established

companies. It offers a comparative approach to highlight differences/contrasts, possible commonalities, and transformation processes by also looking at companies within the growth stage.

1.3 Managerial and Academic Relevance

First and foremost, it provides managers in both start-up and established companies with valuable insights into how to maintain purpose while growing. It not only provides businesses with an insight into the challenges of purpose enactment but also provides an understanding of the requirements and recommendations for activating corporate purpose. Practically speaking, the research's conclusions can help firms understand the factors that can impact the whole process of purpose development. Revealed challenges and advantages (or disadvantages) can help save time and money for decision-makers. In addition, measures can be prevented from having no effect or even damaging the company's reputation due to a mistaken approach. In the end, managers may be better informed and equipped to activate and enable a stronger sense of purpose inside their organizations.

Secondly, it contributes to an increasingly crucial area of research regarding the purpose within organizations. Future researchers will be able to delve further into the unique issues encountered by various types of companies. The novel approach to this research is the consideration of firm maturity with its key characteristics and future researchers may include this variable when studying purpose theory. It also develops theories about how purpose changes and transforms over the life cycle of organizations for future research.

1.4 Dissertation Outline

After this introduction chapter, chapter two consists of a literature review of Corporate Purpose in general, its relevance and the development process as well as Firm Maturity and its effects on business and finally, the relation of these two, studying the current state of research. The study uses both a qualitative approach in the form of expert interviews and a survey. In chapter three, this methodology is explained in detail. In chapter four, the study's data is analyzed by contrasting the results of the interviews and survey. Finally, chapter five includes the discussion and conclusion, covering the main findings, the limitations, and proposals for future studies.

CHAPTER 2: LITERATURE REVIEW & THEORETICAL BACKGROUND

2.1 Corporate Purpose

2.1.1 Definition of Corporate Purpose

Corporate Purpose refers to a company's core reason for being, which goes beyond simply maximizing profits. It is shaped by the values and aspirations of the company's leaders and employees (Henderson & Steen, 2015). The literature on corporate purpose shows how changes in market dynamics, legal frameworks, and societal values have affected corporate ambitions over the last decades (Parish et al., 2016). More than ever, companies aim for environmentally friendly operations and challenge the role they play in promoting social progress. The focus on maximizing shareholder wealth alone has been replaced by a more holistic strategy that considers the interests of multiple stakeholders, including communities, the environment, and employees (Mayer, 2023).

Purpose, values, mission, and vision are different elements that guide an organization, although they are often confused. Values set out the expected behaviors and cultural norms and define how the organization should operate. The mission describes the day-to-day activities and strategies of the organization based on its values. The vision illustrates the desired impact and long-term aspirations of the organization and what success looks like (Kenny, 2014; Younger et al., 2020). Purpose reflects the company's intended impact and contribution to society. It summarizes the fundamental goal of the organization and its deeper intention and meaning. Accordingly, the purpose is an affirmation of daily action – not only in the fulfilment of desired outcomes but also during the process of action (Chinchilla et al., 2020).

2.1.2 Requirements of Corporate Purpose

Corporate purpose is a long-term orientation to steer the organization in the right direction and to ensure that the services and activities are also in line with the organization's vision (Franceschini et al., 2019). To be effective, corporate purpose must be connected to the organization's core values. It clarifies the goal it seeks to achieve through its work. It provides direction by articulating the company's intended role in the world (Franceschini et al., 2019). Purpose-driven organizations are usually also associated with practices such as empowerment, support, standards, innovation, and leadership development. These practices can have a dual advantage for companies: on one side, they can attract new customer segments that might identify with purpose-driven organizations, and on the other side, employees might want to work for these companies. This affects the organizational climate, which describes the employee's long-term perception of the culture and business environment of the firm (Grodzicki, 2023). Classic “for-

profit” companies, on the other hand, often lack this climate and do not achieve high results (Eldor, 2020). The company's purpose should inspire people to do good work instead of setting unattainable goals. A company's greatest asset is the people who can identify with its purpose (Henderson & Steen, 2015). However, purpose must go beyond communication and be embedded in operations and culture. Otherwise, there is a risk that it will be seen by stakeholders as inauthentic *purpose washing*. Companies claim to want to contribute to society but only use this positioning as a marketing campaign to increase profits (Voegtlin & Greenwood, 2016). Therefore, it is important not only to communicate the defined corporate purpose but to credibly bring it to life – to operationalize it. So that it becomes tangible in every phase, in every area, and at every point of contact with stakeholders. Only then will it be appreciated by employees and customers (Fink & Moeller, 2022).

2.1.3 Relevance & Impact

Public discourse on purpose increased significantly within the last decades and is now growing at an even higher rate, outpacing the speed of public debate on sustainability (Parish et al., 2016).

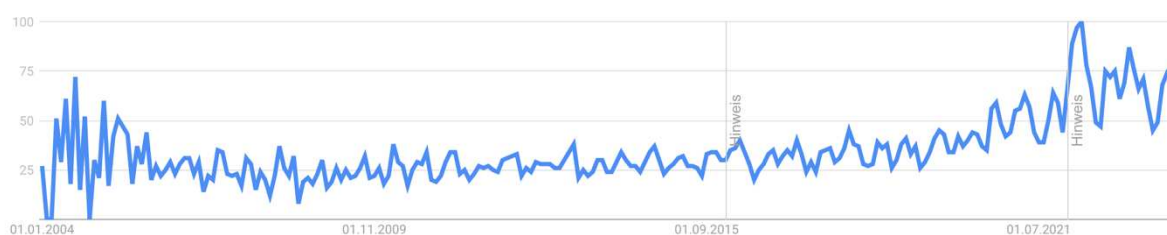


Figure 1: Google Trends for Search Requests on Corporate Purpose

According to a survey (Deloitte, 2015), 95 percent of Millennials see no conflict between purpose and wealth creation. While they believe that wealth creation is important, 75 percent of Millennials also believe that companies should focus more on improving society. Four out of five Millennials believe that business, not government, has a critical role to play in solving social and environmental challenges. For six out of ten Millennials, purpose is partly responsible they chose to work for their current employer.

Purpose is crucial not only because it provides a rationale for day-to-day activities but also because it channels efforts and resources toward objectives that are congruent with the organization's aims (Rey et al., 2019). Purpose enhances employee motivation by enabling people to find meaning in their work beyond the formal employment contract. Signaling a company's commitment to stakeholders beyond shareholders also builds external goodwill (Gibbons &

Henderson, 2012). Being part of a meaningful whole increases employees' loyalty. Also, customers and the public are more accepting of a company when they realize it has a purpose beyond making as much profit as possible (Parish et al., 2016). One misconception is that profit-oriented companies are not purpose-driven. And that purpose is only about social impact. However, research indicates that there is no conflict between purpose and profit – especially when profit is used to scale and increase impact (Parish et al., 2016).

2.1.4 Purpose Development

Developing a strong sense of purpose is recognized as a process that unfolds over time, rather than a single discrete event. The literature shows a direct interrelation between organizational purpose and organizational culture, as they both play a critical role in shaping organizational climate and employee perceptions. Both concepts significantly influence values, goals, and employee commitment, which underpin the organization's image, structure, and teamwork. Organizational culture is commonly defined as the beliefs, values, and attitudes of a company, and how they affect the behavior of people within the firm (Schein, 2004). Purpose and culture balance stability with the necessity for change, adapting to evolving environments (Ellson, 2004). The understanding of culture and purpose is crucial for creating alignment between individual roles and the organization's broader objectives (Guidroz et al., 2010). This paper utilizes the synergy between culture and purpose in promoting organizational commitment, adaptability, and accountability to explore the effective purpose implementation. The delineation of purpose development process lacks uniformity in theoretical frameworks. Satya Nadella's strategic propositions, outlined in "Hit Refresh" (Nadella et al., 2017), and Schein's seminal research on workplace culture provide a framework for organizational culture that can be applied to organizational purpose. Schein argues that culture and leadership are interdependent, where proficient leadership is pivotal for the establishment, monitoring, and enhancement of organizational culture (Schein, 2004). A key part of Microsoft's purpose is to democratize technology and to create products and services that enable people to achieve their goals. In his book, Nadella often emphasizes the importance of purpose and empowering employees to live out their personal purpose within the context of Microsoft's larger goal (Nadella et al., 2017). It is essential to consider these cultural frameworks when examining the process of organizational purpose. The following model proposes that organizations undergo four principal phases when fostering purpose: conceptualizing, articulating, enacting, and assessing.

The first stage involves reflecting and conversing among leaders to conceptualize the organization's fundamental purpose and reason for being (Hollensbe et al., 2014). Conceptualization

is the essential initial process required to formulate an appropriate purpose statement. This includes analyses and research to answer the question of why an organization exists in the world. An analytical and strategic approach is crucial for a corporate purpose to resonate, hold credibility, be authentic, and have a significant impact within an organization's context (McKinsey, 2021). Such a procedure not only clarifies the higher business's objective but also guarantees the effective elaboration of the following steps. The conceptualization phase exemplifies conformity with Schein's stance on culture establishment, which highlights leaders' involvement in shaping a firm's fundamental beliefs and assumptions (Schein, 2004).

Subsequently, it is fundamental to articulate purpose consistently across the organization to ensure the cascading of understanding (Younger et al., 2020). The formation phase sets the stage for the articulation phase, in which these beliefs are communicated and reinforced. Articulation refers to the communicative integration of the purpose statement into the corporate context, the internal and external launch, so to speak (Kienbaum, 2020).

The third one is the most crucial phase of this study. It involves enacting the purpose through incorporation into the organization's daily operations, behaviors, and culture. This results in specific derivations, which may be communicative, strategic, or operational and may present in various areas, including HR, marketing, or sales. The enactment phase resembles what Nadella defines as the strategy for societal transformation and synchronization of operations (Nadella et al., 2017). In this phase, objectivity is prioritized through actions taken by management and adjustments to policies, which also harmonizes with Schein's idea of infusing culture into routines (Schein, 2004). The Enacting Purpose Initiative report offers insight into how boards can effectively enact corporate purpose. It stresses the significance of purpose beyond marketing buzzwords, framing it as an orientational principle that guides strategic decisions and creates value for a range of stakeholders. The report presents the SCORE framework for purpose governance, encompassing the simplification of purpose statements, connecting purpose to strategic decisions, ownership of purpose at all levels of the organization, rewarding purposeful behavior, and exemplifying purpose through leadership and storytelling (Younger et al., 2020).

Finally, to continuously assess how well the company is fulfilling its stated purpose, the organization should aim to measure purpose (Henderson & Steen, 2015). The evaluation phase entails the assessment of decisions and behaviors to ensure their consistency with core assumptions and adaptability. This reflects Schein's approach to continuous cultural assessment and adaptation (Schein, 2004), which is complemented by Nadella's principle of continuous learning and adaptability (Nadella et al., 2017). Purpose tracking enables a more comprehensive and genuine view of the situation, allowing for the identification of the company's strengths and weaknesses

to make improvements where necessary (Chinchilla et al., 2020). However, quantifying the intangible construct of purpose remains a challenge (Bruce & Jeromin, 2020) that is outside the focus of this study.

This process outlines the sequential steps necessary to guarantee that the purpose is defined, communicated, operationalized, and evaluated for its impact in an objective manner (Younger et al., 2020). Grounded in purpose research and cultural theory of Schein and augmented by Nadella's leadership insights, it presents a methodical approach to fostering purpose. It emphasizes the pivotal function of leadership and the necessity for a dynamic plan to maintain alignment with purpose in a dynamic environment. To summarize, the framework aligns with research on purpose development, culture, and the crucial steps associated with it, including a *top-down approach* (Kenny, 2014).

2.2 Firm Maturity

2.2.1 Definition of Firm Maturity

A company's maturity level describes the stage of growth and development it has reached, from its early foundational days to its status as an established organization (Kazanjian, 1988). The strategy, procedures, and problem-solving techniques of a company change as it develops from a start-up to a mature corporation.

2.2.2 Key Concepts around the Business Life Cycle

The corporate life cycle is a framework that describes the typical stages of growth and development that companies go through over time.

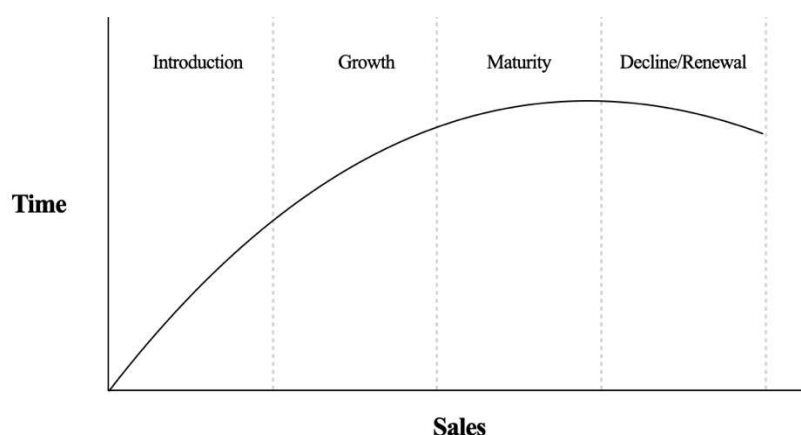


Figure 2: The Corporate Life Cycle

Several researchers have defined the business life cycle model into four stages. The four main phases of the corporate life cycle are introduction, growth, maturity, and decline (Hanks et al., 1994; Irawan, 2017; Patzelt et al., 2021).

The introduction phase marks the incubation period when a start-up is founded and a product or service is launched. Firms focus on researching markets, developing products, and building awareness (Hanks et al., 1994). In the growth phase, there is a rapid acceleration of sales and expansion into new markets. Companies scale up their operations to meet increasing demand. Profitability begins to improve, but significant resources are still needed to drive growth (Irawan, 2017). In the maturity phase, revenue growth flattens out as the product or service becomes established. Companies focus on process improvements and cost reductions to maximize profits. Innovation often declines as efforts shift to defending market share (Patzelt et al., 2021). Finally, in the decline phase, demand shrinks and sales fall. Companies struggle to remain profitable and either reinvent themselves or face closure. Some companies manage to stabilize during this phase through consolidation (Dempsey, 2018). Understanding this life cycle model helps companies anticipate upcoming phases and challenges. Managers can adjust their strategies and allocate resources according to their current stage of maturity.

As companies go through different levels of maturity, they change in different organizational dimensions. Two main categories are start-ups – young companies that are still developing their business model – and established companies – older and larger companies that have moved beyond the start-up phase. In addition, for allocation purposes and better understanding, the growth stage between the former and the latter is added as a third differentiation.

It is important to note that there are many definitions and companies that can blur the lines between a start-up and an established company. For better understanding and reasons of comparability, in this study, company maturity will be divided between "start-up" and "established company".

2.2.3 Startups

Start-ups are companies that are still in an early stage of development and are working to find the fit between product and market, gain traction, and expand their business model. They are typically less than five years old, have fewer than 50 to 100 employees, and have a flat organizational structure with dynamic roles and informal processes (Blank & Dorf, 2012; Burton et al., 2002; Rode & Vallaster, 2005). Start-ups focus on rapid growth and innovation to scale up the business quickly. Given the lack of profits in the early stages, they rely heavily on external *VC* funding (Colombo & Grilli, 2010; Sine et al., 2006). In addition, leadership is an important

variable to consider as it often changes when a startup transitions into a mature company. Startups are usually led by the founding entrepreneur(s) as CEO, who makes the key strategic decisions (Wasserman, 2003).

2.2.4 Established Companies

In contrast, established firms are older and larger companies that have matured beyond the start-up phase and have developed into stable and profitable organizations. They are usually over ten to fifteen years old, have over 100 employees, and have a hierarchical structure with formal departments and institutionalized processes (Greiner, 1997; Loderer & Waelchli, 2010; Rode & Vallaster, 2005). Instead of rapid growth, established companies tend to focus on sustainable profits and relatively slow organic growth. With their size and maturity, established companies generate profits that are reinvested as the main source of financing and reduce dependence on external capital (Barrales-Molina et al., 2014; Berger & Udell, 1998). Moreover, the CEO is usually a professional manager selected and/or bought-in by the board, rather than one of the company's founders (Greiner, 1997).

2.2.5 Overview of Key Characteristics

	Startups	Established Companies
Age	Typically less than five to ten years old (Blank & Dorf, 2012)	Typically more than ten to fifteen years old (Loderer & Waelchli, 2010)
Size	Usually under 50-100 employees (Rode & Vallaster, 2005)	Larger employee base with over 100+ employees (Rode & Vallaster, 2005)
Structure	Flat organization with informal processes and dynamic roles (Burton et al., 2002)	Clear hierarchies with formal departments and processes (Greiner, 1997)
Strategy	Focus on rapid growth & innovation; Goal to scale business model quickly (Sine et al., 2006)	Focus on sustaining profits and keep slow organic growth (Barrales-Molina et al., 2014)
Funding	Reliance on external funding and often not yet profitable (Colombo & Grilli, 2010)	Profits reinvested as the main source of financing (Berger & Udell, 1998)

Leadership	Founder-led: Startups typically have founder(s) as the CEO and strategic decision-maker (Wasserman, 2003)	Professional CEO: Often a professional manager hired by the board, not a founder (Greiner, 1997)
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Table 1: Overview of Key Characteristics

In summary, start-ups and established businesses differ significantly in terms of age, size, organizational structure, strategy, funding sources, and leadership model. These differences then bring advantages (disadvantages) and opportunities (challenges), depending on the stage of the life cycle.

2.3 Corporate Purpose and Firm Maturity

Even though the concept is not recent, research on corporate purpose has gained increasing attention in recent years as more companies look to define their reason for being that goes beyond profit maximization. Firms take action due to their awareness that customers and employees are re-evaluating and giving greater attention to the responsibilities of organizations (Knowles et al., 2022). Beyond businesses, a growing number of academic studies are focusing on the role of purpose in organizations. The results show that purpose can be a critical driver of – for instance – organizational culture (Carton, 2018), employee retention (Grant, 2008), customer loyalty (Hoppner et al., 2015), and financial performance (Gartenberg et al., 2019). However, this is only the case if the purpose is authentically implemented and lived. Otherwise, efforts risk being seen by stakeholders as inauthentic "*purpose washing*" (Voegtlin & Greenwood, 2016). That is why a lot of research has focused on purpose perception among employees and other stakeholders. Because even though it is assumed that every company starts with a certain purpose beyond profit maximization, some businesses do not truly activate it or face challenges implementing it. On the other hand, there are established companies that create a lot of added value in the world but do not link it to purpose. Both types of companies can be confronted with the challenge of developing, adapting, or reconsidering their corporate purpose. Best Buy, for example, defined its purpose statement long after it started operating. They identified “entertainment, productivity, communications, food, security, and health and wellness” as the things they want to target. The new purpose fundamentally changed the strategy and operations of the business, as Best Buy moved from transactions and selling products to holistic solutions and relationships (Gelles, 2021).

Another aspect that might affect the perception of purpose could also relate to the company’s ownership. Public shareholders enable liquidity but are committed for shorter periods and apply higher discount rates (DesJardine et al., 2021), which could weaken purpose. When Gartenberg

and Serafeim (2023) examined public and private companies, they discovered that the public companies' sense of purpose was weaker. They claim that because there is more liquidity to exit, public market investors are less committed, which results in a weaker purpose. The stronger corporate purpose of private businesses is due to the fact, that the owners are committed for the long term. This contrasted with listed companies, where corporate purpose is usually weaker. This is particularly notable for firms with many shares owned by short-term investors such as hedge funds, who emphasize immediate gain. The study has also indicated that certain management practices are linked to a stronger corporate purpose and CEO background might be an important driver. For instance, CEOs who were internally recruited and exhibited a strong sense of identification with the organization are more likely to be employed (Gartenberg & Serafeim, 2023). They also highlight the possibility of a *principle-agent problem*, which arises when the objectives of a firm's owners are not calibrated with those of managers (Jensen & Meckling, 1976). Overall, their findings on public versus private firms provide a useful comparative approach and a helpful starting point. However, they looked at purpose from an investor point of view, so there is still a gap in understanding how purpose enactment may differ specifically between startups and established companies.

Prior studies have examined the link between purpose and other variables than maturity, such as ownership, for-profit or non-profit, financial performance (Gartenberg et al., 2019), or employee satisfaction (Hollensbe et al., 2014). Furthermore, prior comparative research has already been conducted between start-ups and established companies, however not related to corporate purpose. For example, Büschgens et al. (2013) discovered that start-ups are more agile and adaptable in innovation due to the absence of inflexible structures and procedures. In contrast, established companies possess greater resources but generally encounter inertia and resistance to change. Kim (2018) claims that start-ups are often more attractive to young talent because of their flat structures, agility, and innovative culture. Established firms provide greater job security and benefits, although they tend to be more hierarchical. Furthermore, business owners explain entrepreneurial failure differently depending on whether it is a start-up or an established company (Cardon et al., 2011). Start-up founders tend to focus more on situational factors outside their control when explaining failure while entrepreneurs of established companies emphasize internal failures in leadership, strategy, or operations. The authors argue that start-up founders feel more personal responsibility and attachment to the goal and therefore attribute failures to external events.

Also, knowledge management might differ depending on the firm's growth stage, as found by Nag & Gioia (2012). Start-ups tend to develop more company-specific knowledge, while established companies rely more on general industry knowledge. Start-ups lack routines and structures, but they can quickly build up targeted firm-specific knowledge. Established companies use known best practices and general industry knowledge, but they lack company-specific knowledge that is tied to the purpose.

Bureaucratization and management intensity also evolve as start-ups develop into mature organizations, as analyzed by Baron et al. (1999). While start-ups begin with informal structures and processes that offer flexibility and employee autonomy, mature organizations tend to introduce more bureaucratic controls, administration, and management hierarchies. This can undermine the agility and employee ownership that startups rely on. In the banking industry, Bruns et al. (2008) found that start-up loan officers rely more on personal judgement and focus more on human capital such as creativity. In contrast, loan officers at established banks adhere to standardized policies and procedures. Start-ups, according to the authors, give their employees more autonomy, while established companies follow structured processes. Also, Schein (2004) contends that start-ups have a greater entrepreneurial culture, emphasizing risk-taking, adaptability, and a sense of mission, which diminishes as firms grow and become more institutionalized. Startup founders would have a significant impact on shaping values in the initial stages. Established companies must aim to maintain or revitalize their culture as they expand.

While existing literature mainly focuses on the beneficial aspects of corporate purpose, less attention has been paid to the dynamics of corporate purpose inside the corporate life cycle. Established companies may struggle more with activating and cascading purpose through complex organizational structures and global divisions compared to startups. Given their complex organizational structures, established businesses may encounter more difficulties in securing extensive employee buy-in and purpose enactment. Thus:

H1: Startups exhibit a higher perception of purpose compared to established companies.

Furthermore, corporate purpose, like organizational culture (Schein, 2004), is intrinsically connected to the figures of leaders inside the organization. Values-driven leadership and the combination of meaning and clarity can be important factors for a purpose to resonate and have an impact. Leaders can successfully activate purpose twofold: Value wise, when they are able to communicate the company's reasons for existence in society, and strategically wise, by creating a structure that allows employees to link their everyday work to that corporate purpose (Carton,

2018; Podolny et al., 2004). A start-up founder may be more intrinsically aligned with the company's purpose compared to a bought-in CEO, given their foundational role and mission-driven initiation. Therefore:

H2: Companies led by founders have a higher perception of purpose within the firm.

It is assumed that start-ups always begin with a specific intention. A clear purpose driven by the founder's goal to solve a pressing problem or change an industry. Along the life cycle of a company, however, challenges can arise. Startups can face uncertainty and resource constraints that force them to make trade-offs, especially when they scale up. As start-ups transition to established firms, priorities then shift from rapid growth to other tasks such as sustaining the firm, and the tendency towards inertia increases (Hannan & Freeman, 1984).

Airbnb is an example of companies that struggle to maintain their original purpose by growing too fast. As described by Atkin (2019), Airbnb began with the goal of creating “a world where anyone can belong anywhere”. This goal was based on a desire to help hosts and guests make new connections and feel at home in unfamiliar places. In the early days, this sense of belonging permeated Airbnb's culture and guided key decisions. However, as Airbnb grew rapidly, the pressure began to scale a unicorn startup and meet the short-term demands of investors. Purpose was compromised as a result and hard trade-offs between ideals and profit maximization occurred. As a result, parts of the Airbnb culture lost prioritization and thus impact (Atkin, 2019). When flagship examples of companies with a strong purpose focus come up, Patagonia is often mentioned. But even Patagonia, as described by the founder (Chouinard, 2016) himself, had problems with purpose due to increasing corporate maturity. Patagonia gained a reputation for sustainability and entrepreneurial activism in its early days. However, the rapid growth of the clothing manufacturer led to a gap between its environmentally friendly image and its practices. Suppliers were not adequately evaluated, products were not sold and waste levels increased. Patagonia shows how start-ups with an ideological goal can outperform their ability to maintain that purpose at scale, undermining the authenticity of their brand (Chouinard, 2016).

In other words, many startups with an inspiring purpose in their early days which inspired their decision-making can struggle to maintain it as they evolve into mature companies and, in some cases, the purpose of the company needs to be realigned (Gehman et al., 2013). As in the case of AirBnB, startups might find difficulties to balance scale and efficiency with their initial purpose as they mature. Thus:

H3: Startups exhibit a higher perception of purpose compared to companies within the growth stage.

As the aforementioned case studies also highlight, a crucial difference to Gartenberg and Serafeim (2023) is that there is a critical moment between public and non-public, namely the *IPO*. In the case of corporate maturity, however, the phase must be described with a process of transition that is much longer and trivial.

CHAPTER 3: METHODOLOGY

3.1 Research Design

The research design of this thesis adopts a mixed methods approach selected to investigate the complex dynamics of purpose enactment in start-ups and established companies. This approach enables a comprehensive, multi-layered understanding of the topic by combining the richness of the qualitative data with the volume of the quantitative analysis (Wilson & Creswell, 1996). As purpose is an emotional, intangible, qualitative construct (Hollensbe et al., 2014), qualitative primary research in the form of expert interviews will be appropriate as a starting point. The use of expert interviews, in addition to the literature review, can provide new practical as well as theoretical insights into how best to design a survey. Therefore, as a first step, qualitative, interview-based studies with purpose experts shall provide rich insight into purpose enactment. Secondly, a survey shall uncover these differences by using employee perception as a variable. A survey represents an advantageous next step for this research study, as it facilitates the collection of extensive quantitative data that can be used to identify patterns, correlations, and potential causalities between firm maturity and employees' perceptions of purpose enactment. The primary research is therefore mainly aimed at employees of startups, growth, or established companies. This method allows for a comprehensive understanding of how corporate purpose is enacted at different stages of corporate maturity and provides a solid empirical basis for validating and extending the qualitative findings from the expert interviews. To uncover valuable contrasts in lived experiences and beliefs, concrete company examples from the interviews and survey will be supplemented by cases, best practices, and past research in the form of secondary research.

As explained in 2.2, firm maturity is divided into four stages of the business life cycle, while this study focuses on startups, growth-stage, and established companies. The purpose process has four phases, while this study focuses on the third one. Enacting purpose is the most crucial stage, as it describes the incorporation into the organization. At this stage, it is useful to ask

employees about their perception of purpose, as the implementation of the other two stages has not yet been completed, but they lead to the enactment stage and therefore find themselves in it. Purpose is activated when it is “aligned with strategy and business activities, and leaders’ decisions are consistent with it” (McKinsey, 2021). It entails visionary leadership, clear communication, empathetic and ethical practices, employee empowerment, and a commitment to innovation and social responsibility. By integrating these factors, a culture that promotes purpose enactment can be created (Nadella et al., 2017; Schein, 2004). The survey used in this study is an assessment tool of purpose itself. However, the assessment phase as a follow-on step is deliberately excluded from this scientific work, as purpose control and quantification deal with a separate research topic.

Based on the literature research, a purpose development framework was extracted as follows:

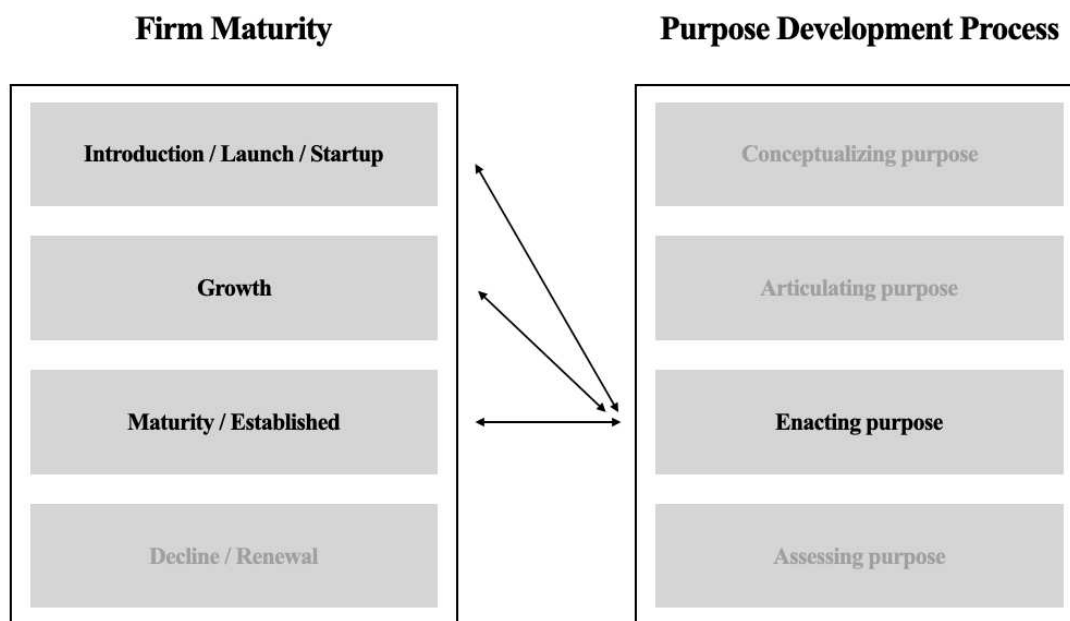


Figure 3: Conceptual Framework

The conceptual framework underlying this study draws on theories of purpose and organizational maturity, as well as motivation, organizational culture, and change management (Beer & Nohria, 2009; Schein, 2004). It places the construct of purpose enactment within the broader context of maturity in terms of employee perceptions, engagement, and cultural alignment. The survey and interview questions developed based on this framework explore how employees interpret and implement their organization's purpose, how clear the implementation of purpose is, and the systemic enablers and barriers to a purpose-driven workplace.

As shown in Figure 4, the independent variable is "firm maturity", which distinguishes between start-up, growth stage, and established companies and indicates the stage of company development. The dependent variable "purpose enactment" is assessed on the base of employee beliefs and reflects the successful implementation of the purpose in the company (Glavas & Mish, 2015). The moderating variable "leadership" can alter the intensity or direction of this relationship. Finally, demographics such as age or gender serve as control variables that are included to ensure that the observed effects are correctly attributed to the maturity of the organization (Wilson & Creswell, 1996). In summary, there is an opportunity to build on prior research by directly contrasting purpose enactment between the three organizational types.

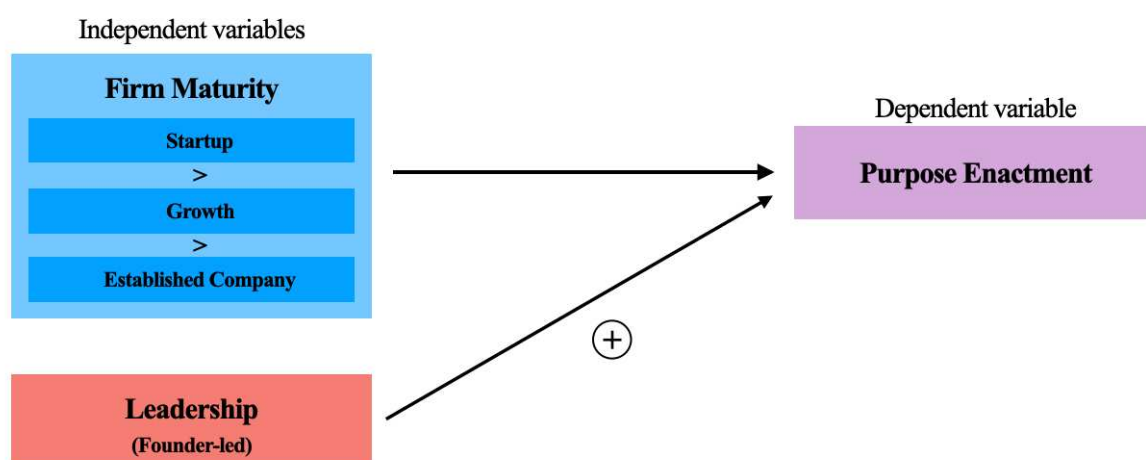


Figure 4: Expected Impact of Variables

3.2 Expert Interviews

Before distributing the survey as the main research tool, the expert interviews served as a pre-test to validate and refine the survey. Entering upon qualitative research was chosen because it allows for deeper insights and the generation of new ideas (Corbin & Strauss, 2008; Wilson & Creswell, 1996). Guided expert interviews aim to gain new perspectives and opportunities through the input of experts. In contrast to quantitative research, which collects numerical data for statistical analyses, qualitative research focuses on non-numerical data to understand concepts, opinions, and experiences. This interview is characterized by its semi-standardized structure. The interview is only supported by a guideline so that an open and flexible dialogue is possible. The questions leave room for further questions but relate to the introductory question and give the dialogue a certain direction. The guideline consists of four blocks and can be found in appendix one. Summarized, it begins with a brief purpose classification in the corporate and

life-cycle context. The focus is then placed on the prerequisites for purpose enactment, considering the advantages and disadvantages of start-ups and established companies. The specific questions arise from the preceding discussion on the current state of research and the experts' assessments. The guidelines therefore serve as orientation and assistance and allow for deviations if necessary, being the decisive advantage of the flexible customization of an expert interview (Adhabi & Anozie, 2017). Afterwards, the interviews are analyzed according to Mayring (2023), which will be described in the next abstract and can also be found in the appendix. This step ensures that the survey questions are both theoretically sound and practically relevant and that the nuances of purpose enactment as experienced by the employees are captured. The expert feedback provides a crucial layer of verification, increasing the relevance of the survey and ensuring that the questions are well-calibrated to explore the complexities of purpose enactment in the organization.

3.2.1 Analytical Approach

The first section of this study applies qualitative thematic analysis, drawing on Mayring's (2023) content analysis framework and best practices from Braun and Clarke (2006). Two expert interviews were initially transcribed and systematically coded to form the basis of the analysis. Thematic analysis offers a flexible and straightforward approach to identify and interpret patterns. Mayring's qualitative content analysis aligns with the principles of thematic analysis as portrayed by Braun and Clarke. The method involves systematically interpreting and summarizing the interview transcripts' content. Inductive Category Formation is a process of directly deriving categories from the data. It is a data-driven method where themes, patterns, and categories arise naturally from the data. Mayring's approach and Braun & Clarke's thematic analysis methodologies entail observing and studying patterns or themes that occur in qualitative data (Braun & Clarke, 2006; Mayring, 2023)

The emergent themes from this coding formed the foundation of the thematic development and focused on the insights relevant to the development of survey questions concerning activating purpose within organizations. Throughout the study, a consistent and transparent approach was maintained, with each analytical decision documented to ensure the integrity and replicability of the research (appendix one to four). This methodology guarantees that the survey is empirically grounded, enhancing its relevance and effectiveness. All the interviews are in the appendix. The outcomes and discoveries of this analysis are showcased at the start of chapter four.

3.3 Survey Development

The research begins with semi-structured interviews with two renowned experts in corporate purpose. The insights gained from these interviews are crucial for developing a robust research instrument. Following the expert interviews, a survey is distributed to a wide group of participants from various start-ups and established companies.

Surveys that aim to measure corporate purpose already exist. Gartenberg et al. (2019), for instance, used the “Great Place to Work Trust Index employee survey” which includes a section that focuses on understanding the connection between organizational values, ethics, and purpose. It assesses the credibility, respect, fairness, pride, and camaraderie that employees feel concerning their employer (Great Place to Work, 2023). The Workforce Purpose Index, developed by the employee engagement platform Imperative, assesses the extent to which employees find meaning and purpose in their work through questions on impact, growth, and pride. It aims to measure how well an organization brings its purpose to life by assessing dimensions such as leadership commitment, employee passion, and customer focus (Imperative, 2023). Culture Amp's survey includes questions to assess the connection between individual and organizational purpose. It examines whether employees understand, identify with, and feel motivated by the organization's purpose. The “Barrett Values Centre's Corporate Culture and Purpose Assessment” includes questions to measure current corporate culture and alignment with corporate purpose for various stakeholder groups (Barrett Values Centre, 2023). The “Gallup Q12 Employee Engagement Survey” measures elements related to purpose enactment, such as mission, development, or opinion formation (Gallup, 2023). These pre-existing surveys were used as a useful benchmark and basis for the survey developed in this study.

3.3.1 Survey Structure

The survey questions were carefully crafted to fulfill the overall research objectives of investigating purpose enactment in start-ups and established companies. The first section of the survey addressed demographic variables such as age, gender, industry, department, position/role, tenure, and organization type. These questions were critical to contextualize the responses and understanding how perceptions of company purpose may vary across different segments of employees (Glavas & Mish, 2015). For example, industry differences may shed light on how industry-specific challenges influence the enactment of corporate purpose, while tenure may shed light on how much employees are exposed to and understand corporate purpose.

The following sections focused on the clarity of purpose and its enactment. They formed the main part of the survey and consist of three blocks: purpose formation, enactment, and perception. These questions use a five-point Likert scale from 1=strongly agree to 5=strongly disagree. For better understanding, they were re-coded for the following analysis, so that five means strongly agree. The questions aim to identify whether employees understand and are committed to the purpose of their organization, which is closely related to the findings of Gartenberg et al. (2019). The first block “formation” is built by five questions, the second block is “enactment”, consisting of thirteen questions and “perception” has six questions.

Even though the focus is on purpose enactment, the embedding of purpose in daily activities, the first two phases are also briefly included as a foundation, especially as enactment builds on them. This ensures orientation toward the purpose process of conceptualizing, articulating, and activating, while operationalizing is excluded (Schein, 2004).

A final question deals specifically with the challenges, factors, and possible improvements for the enactment of corporate purpose in companies. The open-ended question is designed to get an even deeper understanding of purpose enactment from the employee point of view. They provide respondents with the opportunity to share detailed experiences and insights that may not emerge from the structured survey responses (Wilson & Creswell, 1996).

3.3.2 Data Collection

Data collection took place from 15.11.2023 to 04.12.2024. The survey was created with Qualtrics and distributed through social media services like LinkedIn and WhatsApp as well as emails to employees directly and companies at large. There was not a narrow target population, as every employee was able to fill in the survey. However, it was aimed at employees of firms that have a purpose statement to get insights about the enactment of that purpose. The corresponding control questions ask whether the respondent’s firm has a company statement and whether the respondent knows about it. This study used a non-random, non-probability sampling method, chosen for its cost-effectiveness and efficiency, particularly under financial and time constraints (Wilson & Creswell, 1996)

3.3.3 Analytical Approach

The quantitative data from the survey responses was collected through Qualtrics and analyzed using IBM’s SPSS. First, summary and descriptive statistics are used to give an overview of the sample. Cronbach’s Alpha was calculated to measure the degree of reliability (George & Mallery, 2019). To compare the two groups, respectively three groups (startups and established

companies as well as growth), as well as founder-led companies versus bought-in CEOs, t-tests were adopted. Finally, a linear regression model with control variables was conducted to test the hypotheses and examine the relationship between firm maturity and purpose enactment. This comprehensive statistical approach enables a robust examination of the data, providing insights into the patterns and dynamics of purpose enactment.

Ethical integrity is of the highest importance, so anonymity and confidentiality was ensured. The research design and instruments were subject to ethical review and approval to ensure compliance with ethical research standards. The survey was pre-tested and customized with a small sample of employees and purpose experts. The methodology described here aims to ensure the research is rigorous and ethical and provides valuable insights into purpose enactment in today's corporate landscape. It balances the need for in-depth qualitative understanding and the breadth of quantitative analysis, laying the foundation for meaningful conclusions and recommendations in organizational purpose and maturity (Wilson & Creswell, 1996).

3.4 Variable Creation

After the data was processed, it was sorted and categorized. The two relevant comparison groups relate to the maturity and leadership of the company, so the group includes start-ups, growth-stage companies, and established companies, as well as founder-led companies or companies with bought-in CEOs. To ensure accuracy, startups, and growth stage companies were deliberately separated, as differences were expected, and they are compared again in hypothesis three. The survey comprised three main sections which were condensed into overarching themes, each containing several questions. While this study concentrates on the second theme – enactment – the other two themes will also be discussed. It is therefore worthwhile to study all the question areas. The demographic questions were processed to enable metric usage in the full model regression at the end.

4.5 Reliability Analysis

Cronbach's alpha was calculated to determine the reliability of the questions. Although the development of the questionnaire is based on literature research, it is important to check the consistency of the answers to the questions (George & Mallery, 2019). The test was carried out for the three main topic blocks and yielded the following results.

Block	Statement per block	Scale	Cronbach's Alpha	Assessment
Formation	four	five-point Likert	0,814	Good
Enactment	thirteen	five-point Likert	0,961	Excellent
Perception	five	five-point Likert	0,896	Good

Table 2: Cronbach's Alpha

Although “formation” actually contains five questions, the last one was excluded from the test. The question related to whether employees were involved in the purpose development process. As this is mainly the task of leadership (Schein, 2004), it can be assumed that only a small portion of respondents were involved, which the answers confirm. The last question was therefore excluded, which increased Cronbach's alpha from 0,762 to 0,814 (appendix 8).

In the perception block, the last statement was worded negatively, which is why it was re-coded to ensure a consistent direction of the scale. As can be seen from the table, all three blocks have a high Cronbach's alpha of over 0.7, which is why the blocks can be described as reliable and consistently constructed.

CHAPTER 4: RESULTS & FINDINGS

4.1 Qualitative Analysis

Following the summarized content analysis and inductive category formation as outlined by Mayring (2023), the insights gathered can be classified into six categories: challenges, benefits, requirements, differences between startups and established companies, leadership, and communication. Following, only crucial elements, new insights, and their derivations are listed in this abstract. The whole analysis, structured in a table format for a better overview, can be found in appendices three and four.

One of the primary challenges lies in aligning company actions with their stated intentions and communicating purpose effectively across various organizational levels (Interviewee A, 2023). This difficulty is particularly apparent in hierarchical structures, as communication becomes increasingly complex (Interviewee A, 2023).

Benefits describe the potential opportunities of a well-articulated corporate purpose. This includes improved stakeholder engagement and competitive advantage, fostering an environment where belief in purpose inspires engagement and leads to tangible outcomes (Interviewee A, 2023; Interviewee B, 2023). In addition, one benefit was explained that has not come up yet.

Although purpose is thought to suffer through growth, purpose also has the power to navigate through the growth phase and keep the company united (Interviewee B, 2023).

To achieve successful implementation of purpose, it is essential to establish goal clarity and align leadership values with the purpose. This alignment is crucial for guiding growth and balancing profit motives (Interviewee A, 2023; Interviewee B, 2023). These insights lead to a set of questions about the clarity of purpose, as described in the following abstract. Another requirement (and result) is purpose-driven culture. This justifies the use of literature about culture in developing the necessary frameworks in chapter three (Nadella et al., 2017; Schein, 2004).

Both interviewees argued that there are crucial differences between established companies and startups regarding purpose enactment and that the latter tend to adopt and implement purpose with greater ease than established companies. This is largely attributed to the lack of exhaustive histories, hierarchies, and other encumbrances faced by startups (Interviewees A & B, 2023).

Leadership is identified as critical in both embodying and communicating corporate purpose. Authentic leadership commitment is a key variable for purpose acceptance and integration within the organization (Interviewee A, 2023; Interviewee B, 2023). Interviewee A recommends *transformational* or *servant leadership*. *Transformational leadership* aims to inspire and motivate employees to transcend their own interests for the benefit of the organization, while encouraging a high level of commitment to the organization's purpose. This leadership style prioritizes vision, inspiration, and intellectual stimulation of employees (Longshore & Bass, 1987) *Servant leadership* prioritizes the needs of both the team and the organization over those of the leader. This approach encourages a culture of trust, empathy, and empowerment, ultimately resulting in the alignment of employees with the purpose of the organization (Greenleaf, 2005).

Lastly, effective communication is a prerequisite for ensuring that employees understand and engage with the corporate purpose, highlighting the importance of clear and adaptable messaging (Interviewee A, 2023; Interviewee B, 2023). However, communication goes beyond internal distribution. A key variable is to align the company statements with actions. To test that, employees are asked about how seriously their company aims to authentically activate purpose beyond marketing purposes (Interviewee A, 2023).

These findings contribute to support my hypothesis regarding the impact of firm maturity on corporate purpose. Startups are better equipped to enact the purpose among their employees. Also, it highlights the importance of leadership, communication, and employee engagement. The findings highlight arguments central to the effective enactment of corporate purpose and

align with prior research. Building on these insights, the survey, which is explained in the following abstract, was adapted but also became more robust through justification from experts.

4.2 Quantitative Analysis - Descriptive Statistics

This chapter deals with the analysis of the survey. Before analyzing and testing the hypotheses and running multiple regression models, the dataset is first described and prepared.

4.2.1 Missing Data & Outlier Analysis

The survey generated a total of 202 responses, 38 of which had missing data. 164 participants therefore submitted a valid response, which equates to a response rate of 81.2 %.

Outliers are observations in the data set that exhibit unusual values when compared to the other values for the same metric, according to Malhotra (2017). The "formation" block and the "perception" block each had an outlier. However, these were not removed from the dataset because they are still valuable insights and would otherwise distort the dataset (Malhotra, 2017). It will be shown that they did not have a relevant influence on the results. In any case, the block "enactment", which had no outlier, is at the center of this analysis.

4.2.2 Sample Characterization

After the data has been sorted and organized, the sample can be explained and characterized. This survey offers an informative examination of demographic and occupational characteristics within a specific population. The gender breakdown of the sample was mainly composed of 85 females (54 %) and 72 males. Additionally, the study revealed that 95 respondents (60.5%) are employed full-time, while 62 participants do not have full-time employment status. The survey encompassed a diverse range of company stages, comprising 49 start-ups (31.2 %), 21 growth-stage firms (13.4 %) and 84 established companies (53.5 %). The leadership approaches employed in these entities exhibited different styles: 87 were led by founders (55.4 %), 62 by a bought-in CEO (39.4 %), and a minority of eight fell into other categories (not specified). The sector with the highest participation was "Consulting & Strategy" with 23 participants, while the remaining participants were evenly distributed across a broad spectrum of sectors. A significant proportion of respondents, amounting to 75, belonged to the 25-34 age bracket. The majority of participants reported holding their current position for less than a year or between one to two years. The income category represented the most was between 50,000 € and 74,999 €. This survey presents a detailed summary of the respondent group's different attributes and professional interactions (appendix 7).

4.2.3 Control Question, Mean & Standard Deviation

Additionally, the first block "formation" incorporated a control question: "My company has a purpose". If respondents answered negatively, analyzing their responses would be rather meaningless, as no purpose could be activated. To distinguish between those who did and did not have a purpose, a dummy variable, "purpose" or "no purpose," was created. Seven respondents who voted "somewhat disagree" or "strongly disagree" were categorized as having "no purpose" and subsequently excluded from the analysis, leading to 157 respondents. This decision can also be supported by the fact that all three sections obtained markedly lower responses compared to participants in a company with a purpose (appendix 7).

Thus, (while the detailed statistics can be found in the appendices 7-9) the following descriptive statistics for scale variables can be presented:

Purpose		Formation	Purpose Enactment	Perception
No purpose	N	7	7	7
	Mean	1,8571	2,4945	2,7857
	Std. Deviation	,37796	,90893	,83729
Purpose	N	157	157	157
	Mean	4,0303	3,7511	3,8047
	Std. Deviation	,80381	,95527	,97259

Table 3: No Purpose and Purpose

	Firm maturity	N	Mean	Std. Deviation
Purpose Enactment	Startup	49	4,3705	,66759
	Established Company	84	3,4414	,96041

Table 4: Startups and Established Companies

	Leadership	N	Mean	Std. Deviation
Purpose Enactment	Founder-led	87	4,0822	,78022
	Bought-in CEO	62	3,3499	1,00360

Table 5: Founder-led and Bought-in CEOs

	Firm maturity	N	Mean	Std. Deviation
Purpose Enactment	Startup	49	4,3705	,66759
	Growth Stage	21	3,6117	,90445

Table 6: Startups and Growth Stage Companies

4.3 Hypothesis Testing

The overarching research question in this study is "How does purpose enactment differ between start-ups and established companies?" Based on the research question and literature review, three hypotheses were developed in the preceding section of this study. The subsequent step

involves testing these hypotheses by analyzing the survey results. The appropriate variables were linked using SPSS. As it is a comparison between groups, conducting t-tests was the first step to be taken.

In Hypothesis one, the aim is to clarify whether startups show differences in the employee's perception of purpose enactment compared to established companies. As already mentioned, in addition to the purpose enactment block, which comprises the most statements with thirteen questions, the formation and perception blocks were also formed. This ensures a holistic view of purpose in the company and provides more insight. The firm maturity variable was assessed based on the three options of startup, company within the growth stage, and established company, whereby this hypothesis is about the former and the latter. The normal distribution assumption is violated for all three blocks, the data are significantly not normally distributed. However, this limitation is negligible due to the sample size ($N > 30$). The differences are also significant according to the Mann-Whitney-U test (Wilson & Creswell, 1996).

	Firm maturity	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Purpose Enactment	Startup	,233	49	<,001	,746	49	<,001
	Established Company	,145	84	<,001	,936	84	<,001

Table 7: Purpose Enactment between Startups and Established Companies

The boxplot in Appendix 10 illustrates differences in all three categories. Additionally, the t-test in Table 7 provided evidence for the observed effect, which is statistically significant with a p-value of less than 0.001. H1 is therefore confirmed.

The following tests were utilized for this analysis (Appendix 10): Kolmogorov-Smirnov & Shapiro-Wilk, Levene's Test for Equality of Variances, t-test as well as Independent Samples Effect Sizes & Mann-Whitney-U Test.

		F	Sig.	t	df	Significance One-Sided p
		Purpose Enactment	Equal variances assumed	18,336	<,001	5,977
	Equal variances not assumed			6,557	126,897	<,001

Table 8: Independent Samples Test for H1

To test Hypothesis 2, it was followed a similar methodology to that of the previous study. Two groups were compared by assessing the leadership structure of the company, specifically whether it was founder-led or led by a bought-in CEO. The variable was then analyzed for its impact on formation, enactment, and perception using the same testing procedures.

Leadership	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Purpose Enactment Founder-led	,173	87	<,001	,883	87	<,001
Bought-in CEO	,152	62	,001	,943	62	,006

Table 9: Purpose Enactment between Founder-led and Bought-in CEOs

The results demonstrate a significant difference between the groups and the table proves statistical significance. The p-value, which is less than 0.001, shows the impact of leadership on purpose enactment. This hypothesis can be verified, too: Employees of founder-led companies perceive a higher level of purpose enactment.

		F	Sig.	t	df	Significance One-Sided p
Purpose Enactment	Equal variances assumed	10,953	,001	5,008	147	<,001
	Equal variances not assumed			4,804	110,344	<,001

Table 10: Independent Samples Test for H2

Hypothesis 3 incorporates a t-test examination that contrasts two phases of firm maturity as well. In this case, it encompasses startups and growth-stage firms, within the setting of formation, purpose enactment, and perception. This section, as well as H1 and H2, presents group statistics and analyses for equality of variances and means, delivering a comprehensive statistical analysis of the variations between these firm stages.

Firm maturity	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Purpose Enactment Startup	,233	49	<,001	,746	49	<,001
Growth Stage	,142	21	,200	,926	21	,113

Table 11: Purpose Enactment between Startups and Growth Stage Companies

The test reveals a significant difference in enactment and perception with a p-value below 0.001, but not in formation. This could be attributed to the fact that the purpose is usually determined at the inception of the company and the growth firm is still in its start-up phase at the time. However, based on this study, it can be asserted that start-ups have a greater perception of purpose as compared to companies in the growth phase.

		F	Sig.	t	df	Significance One-Sided p
Purpose Enactment	Equal variances assumed	7,674	,001	3,904	68	<,001
	Equal variances not assumed			3,461	29,754	<,001

Table 12: Independent Samples Test for H3

4.4 Interdependence between Maturity and Leadership

This analysis concentrates on univariate analysis of variance relating to H1 & H2 (Table 13) which analyses the impact and interdependence of firm maturity and leadership on purpose enactment. The research conducts an in-depth examination of between-subject factors such as firm maturity and leadership and offers detailed statistics regarding purpose enactment, the dependent variable. The analysis includes Levene's Test, a Breusch-Pagan test for heteroskedasticity and between-subjects effects. It presents estimated marginal means, pairwise comparisons, and univariate tests for various leadership types. Interpretability is limited here because the start-ups are almost exclusively founder-led companies. Regarding the interdependencies between H1 & H2, it is noted that there is a lack of start-ups with bought-in CEOs, while established firms with both types of leadership are adequately represented. The study reveals that established companies led by their founders demonstrate significantly greater purpose enactment than their counterparts, with a p-value of 0.003.

The potential issue of multicollinearity is also considered, as firm maturity and leadership styles are correlated. A variance analysis was carried out here and the stronger impact is attributed to firm maturity. However, the relevance of leadership form corresponds with Gartenberg & Serafeim's (2023) research, which discovered that internally hired CEOs in both public and non-public companies display greater engagement in purpose enactment.

Firm maturity	(I) Leadership	(J) Leadership	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval for Difference	
						Lower Bound	Upper Bound
Startup	Founder-led	Bought-in CEO	-,447	,827	,590	-2,084	1,190
Established Company	Founder-led	Bought-in CEO	,622	,206	,003	,214	1,029

Table 13: Pairwise Comparisons

4.5 Full Model Regression

Finally, a regression analysis was performed using all relevant variables. The investigation aimed to determine the impact of demographic characteristics, serving as control variables, on

the effect. To include these variables in the model as metric variables, they were initially modified to be able to include them in the model as metric variables. Specifically, they were either transformed into dummy variables or translated into a numerical, logical scale. This section includes age, gender, work status, tenure, income, growth stage, organizational status, and leadership style. It offers in-depth statistical results, involving model summaries, ANOVA, and coefficients, to provide a comprehensive understanding of how these factors influence the dependent variable (Malhotra, 2017). This regression analysis aids in comprehending the relative importance and correlations among the variables within the study's framework.

Before proceeding with the analysis, all assumptions of the multi-linear regression must be validated. This includes that the residuals are not correlated, the error is normally distributed, and the mean value is zero. In addition, proof of homoscedasticity and linearity is required. Proof can be found in Appendix 14.

Model		Unstandardized Coefficients			Sig.
		B	Std. Error	t	
1	(Constant)	4,116	,362	11,367	<,001
	Age	-,029	,086	-,336	,737
	Gender	,070	,166	,424	,672
	Working full-time	,282	,213	1,322	,188
	Tenure	-,065	,086	-,755	,451
	Income	-,103	,094	-1,105	,271
	2	(Constant)	5,077	,374	13,574
	Age	-,112	,078	-1,447	,150
	Gender	,122	,147	,825	,411
	Working full-time	,075	,191	,390	,697
	Tenure	-,040	,077	-,516	,607
	Income	-,016	,084	-,187	,852
	Growth stage	-,768	,234	-3,287	,001
	Established company	-,749	,210	-3,561	<,001
	Leadership	-,352	,196	-1,799	,074

Table 14: Full Model Regression

The constant variable in the regression shows the results when all variables are equal to zero. This means that the table is not testing start-ups. The regression analysis reveals that none of the control variables has a significant impact on purpose enactment. Only the independent variables growth stage (p-value of 0.001), established company (p-value below 0.001) and leadership (0.074; below 0.001 in Table 15) show significance. This makes the framework more robust, meaning that all three hypotheses are significant and validated.

		Forma- tion	Purpose Enactment	Percep- tion	Age	Gender	Working full-time	Tenure	Income	Lea- dership
Formation	Correlation Coefficient	--								
	Sig. (2-tailed)	.								
	N	164								
Purpose Enactment	Correlation Coefficient	,775	--							
	Sig. (2-tailed)	<,001	.							
Perception	Correlation Coefficient	,769	,895	--						
	Sig. (2-tailed)	<,001	<,001	.						
Age	Correlation Coefficient	,114	-,021	,044	--					
	Sig. (2-tailed)	,146	,785	,579	.					
Gender	Correlation Coefficient	,126	,039	,080	,161	--				
	Sig. (2-tailed)	,109	,623	,306	,040	.				
Working full-time	Correlation Coefficient	,125	,076	,097	,289	-,016	--			
	Sig. (2-tailed)	,110	,337	,216	<,001	,839	.			
Tenure	Correlation Coefficient	-,056	-,134	-,088	,372	,059	,243	--		
	Sig. (2-tailed)	,474	,087	,262	<,001	,452	,002	.		
Income	Correlation Coefficient	,089	-,052	-,059	,551	-,032	,581	,483	--	
	Sig. (2-tailed)	,263	,515	,459	<,001	,687	<,001	<,001	.	
Lea- dership	Correlation Coefficient	-,370	-,357	-,404	-,003	,098	-,015	,141	,083	--
	Sig. (2-tailed)	<,001	<,001	<,001	,969	,225	,850	,079	,311	.

Table 15: Correlations

4.6 Open Question: Improving Purpose Enactment from an Employee Perspective

Finally, this section examines the final open-ended question of the questionnaire (appendix 15). This qualitative item was designed to take a step further and analyze the essence of the employees' perspectives on the shortcomings and potential improvements in the enactment of the corporate purpose. The main issue lies in the inconsistency between the expressed corporate purpose and its implementation in operational procedures. Employees perceive a disconnect between the communicated corporate purpose and day-to-day operations, indicating that the corporate purpose is often neglected or used superficially in corporate representations without substantive action to support it. Significant barriers to the successful enactment of corporate purpose include unclear communication, executives' insufficient embodiment of the stated purpose, and a divergence between management's rhetoric and practical implementation. Furthermore, the responses highlight the common occurrence of *silo thinking* and a hierarchical style that restricts involvement and commitment towards purposeful activities. Respondents propose a variety of solutions to overcome these obstacles. Primarily, they advocate for a genuine and

clear approach from CEOs and management teams. Employees require leaders who not only explicitly state the company's purpose but also exhibit it through their actions and decision-making. A genuine portrayal of the company's purpose by management is considered a trigger for employee recognition and active participation. Presenting the company's purpose understandably and engagingly is also seen as crucial. Regular and meaningful communication strategies that not only reiterate the purpose but also bring it to life and embed it into the daily work routine could be employed. Ways to encourage a sense of ownership and alignment with purpose include embedding its importance into the company culture and encouraging discussions and initiatives that involve all team members. The feedback implies that the purpose should be presented in a more visual and practical format. This requires clear and measurable objectives and specific illustrations of how the organization's activities correspond to its purpose. Overall, these qualitative insights from employees indicate the need for an environment where purpose is not only expressed but also practiced and embraced by all members of the firm.

CHAPTER 5: DISCUSSION & CONCLUSION

5.1 Discussion

The concept of organizational purpose serves as the cornerstone of this discussion. It encapsulates the principal reason why organizations exist and the positive impact they seek to achieve, which is deeply rooted in the values and aspirations of its leaders (Henderson & Steen (2015). The literature highlights the multiple benefits of an authentically activated organizational purpose, including improved employee retention, customer loyalty, and enhanced financial performance (Gartenberg et al., 2019; Grant, 2008; Hoppner et al., 2015). However, the realization of these benefits depends on the genuine enactment of this purpose. As Voegtlin & Greenwood (2016) point out, operationalizing the firm's purpose is crucial to avoid *purpose washing* and build trust. This includes making the purpose tangible at every stage and in every area, as well as at every point of interaction with stakeholders (Fink & Moeller, 2022).

The literature also reveals a gap in the comparative analysis of purpose enactment between start-ups and established companies. This study aims to fill this gap by contrasting purpose enactment in three contexts using a four-phase purpose development process: conceptualize, articulate, enact, and evaluate. The enactment phase, which is considered the most important, involves embedding purpose into the daily operations, behaviors, and culture of the organization, as described by Nadella et al. (2017) and Schein (2004). This leads to specific derivatives, which can be communicative, strategic, or operational, and can manifest in different areas such as human resources, marketing, or sales. The enactment phase includes Nadella's strategy for

social transformation and the synchronization of operations (Nadella et al., 2017). In this phase, objectivity is prioritized through management actions and policy adjustments, which is in line with Schein's idea of integrating culture into everyday practices (Schein, 2004).

In terms of maturity, established organizations have larger sizes, hierarchical structures, and structured processes, whereas start-ups are characterized by their smaller size, agility, flat structure, and often founder-led approach. Throughout a corporate lifetime, changes also take place in aspects such as strategy, leadership, and culture (Hanks et al., 1994; Rode & Vallaster, 2005). Expert interviews give more context to these findings. Interviewees A and B (2023) highlight the challenges of effectively expressing purpose within hierarchical organizations. They also note that startups, with their less rigid structures and limited histories, are more likely to adopt and implement purpose. Additionally, genuine leadership commitment is identified as a crucial factor in the integration of purpose into businesses. Podolny et al. (2004) and Carton (2018) propose that leaders can activate purpose effectively by creating a system that enables employees to link their daily work with the organization's purpose. Therefore, established businesses and startups alike recognize the importance of leadership styles.

These observations are supported by the survey data. Hypothesis 1 suggests that established businesses face more challenges than startups in achieving a strong purpose enactment. Startups, on the other hand, perceive purpose enactment to be stronger. The second hypothesis shows that employees in founder-led firms have a stronger sense of purpose enactment. This emphasizes the key role that leadership plays in integrating purpose. Leaders bear responsibility for ensuring that the purpose is implemented, assessed, and disseminated. This necessitates the use of *transformational leadership* techniques, role modelling, and aligning systems. Leaders not only establish an organization's fundamental goal but are also accountable for integrating it into the company's culture. Their conduct, style of communication, and vision establish a benchmark for deliberate participation at all levels of the organization. Successful leaders understand the nuances of organizational culture, as defined by Schein (2004), and ensure that their objectives are dynamic, inspiring dedication, creativity, and alignment with broader societal values, rather than simply declarative statements. The study indicates that founder-led established companies show more significant purpose enactment than those led by bought-in CEOs. To address the issue of multicollinearity, the study considers the correlation between firm maturity and leadership styles, with the stronger effect attributed to firm maturity. However, the importance of leadership style is significant and in agreement with the findings of Gartenberg & Serafeim's (2023) study, which concluded that internally hired CEOs in both

public and private organizations exhibit greater dedication to purpose enactment. The researchers also discovered that non-public firms have a higher sense of purpose due to the short-term interests of shareholders. They highlight the probable existence of a *principle-agent problem*. Agency problems arise when the objectives of a firm's owners are not calibrated with the decisions of managers (Jensen & Meckling, 1976). Hypothesis three predicts that startups have a higher perception of purpose compared to growth-stage firms. This is consistent with Hannan and Freeman's (1984) and Interviewee B's (2023) findings. Startups such as AirBnB encounter intense uncertainty and resource constraints that force them to make trade-offs. As start-ups evolve, priorities shift from activating purpose to rapid growth and then, when it becomes an established company, to goals such as maintaining the business (Hannan and Freeman, 1984). There is a coherence between the literature review and the primary research on the benefits offered by start-ups and/or founder-led organizations. Start-ups offer rapid career advancement opportunities and allow individuals to make a meaningful impact, whereas long-established companies offer greater job security but often have a more entrenched hierarchy (Baron et al., 1999; Bruns et al., 2008; Nag & Gioia, 2012). Schein (2004) suggests that start-ups possess a stronger entrepreneurial culture, emphasizing risk-taking, adaptability, and a sense of purpose, which declines as companies mature and become more institutionalized.

Finally, the responses to the open question confirm the findings from the existing literature, the expert interviews, and the quantitative part of the survey. The responses suggest that consistent repetition and linking back to daily activities are crucial to maintaining purpose enactment during the growth process of start-ups. There is a perceived gap between the company's stated purpose and its implementation in day-to-day operations. Employees feel that the purpose is often neglected or used superficially in the representation of the company without appropriate action being taken in practice. Obstacles include unclear communication, inadequate embodiment of the purpose by managers, and a mismatch between management rhetoric and practical implementation. *Silo thinking* and hierarchical styles are also seen as barriers that limit participation in purpose-driven activities (appendix four).

In summary, this research showcases the dynamic interplay between organizational purpose, organizational maturity, leadership style, and the effectiveness of purpose enactment. It evidences the advantages startups face in embedding purpose in their culture and operations and highlights the importance of leadership commitment and adaptability in this endeavor.

5.2 Managerial Implications

It is crucial to emphasize the central role of leadership in activating organizational purpose. To successfully guide an organization, leaders require an in-depth comprehension of its culture, including identification of its functional and dysfunctional elements, and commitment to cultural evolution (Nag & Gioia, 2012). Leaders must engage in an iterative process of re-evaluating and reshaping cultural assumptions, while also fostering a participatory environment in which every member is empowered to contribute to the organization's core purpose.

This involves setting a purpose and communicating the sentiments to influence stakeholders to embrace the purpose (Carton, 2018). Purpose enactment should be viewed as a continual process of formulation, realization, and recalibration. To facilitate cultural change towards purpose enactment, leadership approaches such as *transformational leadership* (Longshore & Bass, 1987) and *servant leadership* (Greenleaf, 2005) are recommended (Interviewee A, 2023). Approaches that encourage a culture of trust, empathy, and empowerment.

The 'Enacting Purpose Initiative' report by Younger et al. (2020) presents the SCORE framework for effective purpose implementation. The framework entails simplifying purpose, connecting purpose to strategic decisions, ensuring ownership of purpose at all levels of the organization, rewarding purpose-driven behavior, and living purpose through leadership and narrative. This framework highlights the significance of purpose in shaping strategy and the crucial role leadership plays in building trust, authenticity, and shareholder value.

As organizations expand, preserving a common purpose becomes more challenging. Nevertheless, purpose can facilitate growth by keeping the organization united and functioning as a guiding beacon (Interviewee B, 2023). This involves demonstrating purpose in actions and decisions, implementing effective communication strategies, incorporating purpose into organizational culture, and engaging all team members in purpose discussions and initiatives.

In summary, these management implications underscore the requirement for purpose-led leadership, a structured framework, and pragmatic strategies for incorporating the purpose into the organization's structure. This requires a strategic approach that balances cultural sensitivity and authentic engagement across all levels of the organization (Schein, 2004).

5.3 Limitations & Further Research

Although the study offers valuable insights into the enactment of corporate purpose in different organizational structures, it has some limitations that should be taken into account. Firstly, the sample used may not comprehensively represent the full range of organizational types and sizes.

The study concentrates primarily on start-ups and established companies, potentially disregarding mid-sized or niche organizations that may provide additional perspectives on purpose enactment. There would be significant advantages to extending the variables used for measurement to fully capture the multifaceted character of the organizational purpose and its enactment. The current measurements are insightful, but they may fail to encompass all relevant aspects, such as the impact of global cultural differences. The complex interplay of various factors that influence purpose enactment may not be fully captured by the analytical approach of the study. The study analyzed the issue of multicollinearity concerning organizational maturity and leadership style. However, due to its primarily correlational nature, the study's ability to infer causality may be limited. Future studies should aim to address the limitations by including a more diverse and larger sample that includes a wider range of organizational types and sizes. Additionally, industry-specific factors, global cultural influences, and more objective measures of organizational performance related to purpose enactment should be considered. To gain a deeper understanding of the evolution of purpose in organizations over time, long-term studies could be conducted. Investigating alternative research designs, such as experimental strategies, and analytical methodologies that can more effectively establish causal relationships would be of significant value. Additionally, future research could gain insight by scrutinizing the influence of external factors, such as economic climate, regulatory policies, and technological advancements, on shaping the objectives of a company and its undertakings.

5.4 Conclusion

This thesis examines the significant effects of firm maturity on corporate purpose, forms of leadership on effective enactment, and the path from conceptualization to practical implementation. A key finding is the comparative examination of purpose enactment between start-ups and established firms. It is evident that start-ups, with their agility and flat organizational structures, are more successful in activating purpose than their larger, more hierarchical counterparts. Moreover, successful integration of purpose relies on the form of leadership, with companies led by founders having an advantage compared to bought-in CEOs. The study highlights the difficulties that organizations encounter in sustaining a cohesive purpose at different stages of growth and the importance of leadership commitment and structural adaptability in embedding purpose in the culture and operations of the organization.

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APPENDICES

Appendix 1: Interview Guideline

General questions

- Can you share your definition of corporate purpose and why it is crucial for today's companies?
- How can we differentiate between an organization that is genuinely pursuing its corporate purpose and one that is engaging in "*purpose-washing*"?

Purpose process

- Could you walk us through the typical steps involved in developing and establishing a corporate purpose within an organization?

Enactment

- What are some common challenges companies encounter in integrating their corporate purpose into everyday business practices?
- Can you provide examples or strategies on how organizations can successfully overcome these challenges and activate their purpose?

Differences between startups and established companies

- From your experience, how does the journey of purpose development and enactment differ between startups and established companies?
- What unique advantages or challenges do startups have in this regard, compared to established companies?
- Key differences between these two company types – according to research – are age, size, structure, strategy, funding, leadership, and culture. What would you say is the most critical one or the most critical ones?

Leadership

- How critical is the role of the CEO or founder in aligning the organization with its corporate purpose? Can you share any examples or experiences?
- In your view, how does a leader's personal belief system and leadership style influence the organization's pursuit of its corporate purpose?

Recommendations and Best Practices

- Are there any specific cases or companies that you consider as exemplary in terms of activating their corporate purpose? What can we learn from them?
- What strategies would you recommend for effectively communicating and activating corporate purpose?
- How can organizations ensure consistency in reflecting their purpose in daily operations and across various departments?
- How important is the development of accountability systems to stay true to the purpose? And what would you say is the most effective? Link it to the UN Goals for instance?

Closing

- Based on your experience, what advice would you offer to companies at different stages of maturity looking to develop or strengthen their corporate purpose?
- Is there anything else you believe is crucial to this topic that we haven't discussed yet?

Appendix 2: Interview Transcript I

Interviewee: Anonymous (called Interviewee A)

Profession: Purpose consultant (Senior Manager)

Company: BCG BrightHouse – Boston Consulting Group, Inc. (purpose consultancy)

Interviewer: Nick Hellenkamp

Date: 13.11.2023, 17:05 PM to 17:20 PM

Nick Hellenkamp: All right, so welcome and thanks for taking the time to take part in this expert interview about corporate purpose and firm maturity. So at first, maybe you can give me your opinion and understanding of corporate purpose and why it is so important in today's business world.

Interviewee A: Yes, no worries. So to kick it off, how I Define corporate purpose, is probably be some sort of bigger goal that you can subordinate everything else under so you could say you can form your marketing department according to your purpose. You can enact on the purpose statement. If it's well designed it can serve two main goals in my opinion. The first one would be that your customers do care about it in today's business world. Customers are more sensitive to what a company stands for so if you have some sort of purpose statement that resonates with the audience and with your customers, I would say that's definitely an advantage apart from that employees also care and as the labor market is the way it is currently it's very really important to sort of distinguish yourself from the competition by the purpose that you pursue so I would say that are the two main factors that purpose conserve.

Nick Hellenkamp: All right, and how do you think can we differentiate between an organization that is genuinely pursuing its corporate purpose and implementing it and one that is engaging in *purpose washing* or green washing and just uses it or marketing purposes.

Interviewee A: I guess it's a tough question. I think because it's so individual depending on the purpose. But if you want me to break it down to something that can be applied to every company. I guess you would have to search for some sort of intention behavior gap. You would have to see if they really act the way they say I guess the direction of their actions is more important than reaching of the goals at least in the first stages when they implemented it, but you really have to care if they really do what they say. So if there's a gap between what they say in their purpose and they just do something really entirely different that cannot be matched. You should be suspicious.

Nick Hellenkamp: Alright, so let's say a company really wants to pursue its purpose. What are some common challenges companies encounter and integrating their corporate purpose into everyday business practices?

Interviewee A: I guess there are a few challenges that you always encounter. The resistance towards any sort of change. That's not really purpose specific. However, because you have this in every sort of change management process or every change process you have so if you want to define a purpose everyone lives, people have to adjust and that's probably something that works for every change process, but you have to keep that in mind here as well.

Interviewee A: The purpose needs to be understood, so people can identify with it. I guess that's a really important challenge you face, but apart from that. I guess also the dynamics in

leadership and in employee behavior or at least the intentions they have is also really important.

Nick Hellenkamp: So when you say understanding is important in communication, do you think when a cooperation has a lot of hierarchies it's more difficult for them to communicate the purpose to each employee?

Interviewee A: You could say so yes. If I picture a company with a really steep hierarchy, I would assume that. It would be harder. the baseline employee have some sort of feeling for it. I'm not saying it's impossible because if you have a really competent leadership team you can enact on that regardless of how many steps are below. However, it's probably safer to say that purpose can be traced easier if you work in a smaller company because they're not that many steps from the purpose enactment until the baseline staff.

00:05:00

Nick Hellenkamp: All right, so when the first part of the purpose development - where you create the purpose statement - when we ignore that for now and we concentrate on the enactment part, so the implementation in strategic decision making operations and culture: how would you say this journey differs between startups and...

Interviewee A: Yeah.

Nick Hellenkamp: established companies? Not the journey, but the implementation. What are key differences they face?

Interviewee A: Startups have the advantage that they are more agile. They are usually smaller. Usually if you do this for a huge company with thousands of people, it really takes its time. Startups are usually able to enact on things that are decided faster, so I would assume that startups...

Nick Hellenkamp: Yes.

Interviewee A: ...have an easier time given the circumstances. However, startups do have less history and less stories to draw from. So if you look at a company that has a lot of history, you could probably find more signature stories, more values, more everything. But given the fact that if we imagine that the purpose is precise and it is fitting for the company, I would say that startups probably have an easier time implementing it.

Nick Hellenkamp: That's interesting. So you say being an established company makes it easier to fill in this narrative because you have more input and content. Yeah,...

Interviewee A: Yes.

Nick Hellenkamp: ...it's really interesting.

Nick Hellenkamp: So based on literature, the differences between these two company types are age, size, structure strategy, so whether it's focuses on growth or to maintain profits, funding, cluture, leadership...

Interviewee A: Yes.

Nick Hellenkamp: So what would you say if is the most critical one or the most critical ones with regards to purpose enactment?

Interviewee A: I would say I am sort of a culture enthusiast. I will definitely say culture because I think culture stands pretty much above everything and culture can or has to be the foundation for a lot of different things. So there's this saying that "culture eats strategy for breakfast" and I guess that's really true. So you have the people look at how they behave, how they perceive anything. You tell them especially when it comes to a purpose so you can create the momentum you need within the process so you can implement it in a way that everyone feels heard and everyone can identify in some sort. So the size probably matters as well. This goes back to what we just talked about regarding the size and the agility of the company. If you have 50,000 people working for your company, you will have a harder time implementing and implementing it over the board but apart from that, I would assume that culture is the most important and probably size is the next one if I have to do some sort of hierarchy here.

Nick Hellenkamp: Thank you. And how critical would you say is the role of leadership, particularly the CEO or founder and aligning the organization with its corporate purpose? So how does a leader's personal belief system and leadership style influence the organizations? The suit of its corporate purpose, especially with the regards or considering that? In startups, you see the CEO is also often the founder. A bought-in CEO might not be that involved because yeah, he didn't found the company with this initial purpose.

Interviewee A: Yeah, I think you're right. And it always comes down to leading by example. So if your values don't align with what the company aims to do and this is especially true for let's say leadership staff. If I have a leadership position and my values don't align with the one that are let's say inclined by the purpose. I will have issues here. But if I'm the founder of the company and I thought this all through and I decided on the purpose and my company is small. I would say that the CEO role is probably the most crucial one because you have to really lead by example, and if you don't live up to the values that you implemented in the purpose you will fail and you will not be able to implement the purpose whatsoever.

00:10:00

Interviewee A: So I would agree with you. It's about leading by example. I can recommend *transformational or servant leadership* styles. And if the CEO is also the founder the chances are really high that the values align with the purpose. So I would agree with you on that point.

Nick Hellenkamp: All right, great. So as I've already informed you this purpose expert interview guides as a starting point to create a survey to then ask employees about how they perceive purpose enactment. So what would you say are critical aspects of this survey? About what variables need to be asked in order to compare these kind of company types. Do you have anything in mind when thinking about a survey?

Interviewee A: I guess the most reliable variable would probably be something about the employee perception of the purpose because what matters in the end are the employees.

Interviewee A: If they don't feel any difference pre and post purpose introduction then you obviously have an issue. So if I was you I would really look at how the employees perceive their daily work and the perception of the company they have that they work for. I guess those are the most crucial ones that I would look at first because in the end if you would ask a CEO, they will always tell you the same story in some regard so they will always tell you about the purpose of the company and how they all stand for it, but you really have to dig deep into the base line staff and see if they feel if it actually works. So I would look at that first.

Nick Hellenkamp: So as the last question. Do you have any recommendation for a startup that is right now in the maturation growth phase from a startup to an established company and

finds himself in a state of chaos, because things start to change and maybe purpose is not a big priority anymore because shareholders emphasize profits.

Interviewee A: Yeah, in this scenario, do we have a startup that already formulated a purpose or...

Nick Hellenkamp: yes.

Interviewee A: Okay, in this case, I would consider a road map to be crucial because if your company grows you will have a lot of people coming in and they will all have some sort of idea of how to do the work and how everything works together and this also influences the purpose so you will have to make sure that everyone is on the same page and it takes a lot of effort to do that if you consistently have new people and new leadership staff as well coming in. You will really have to emphasize on the importance and you will have to do some sort of intervention. If you see that people are let's say deviating from the initial purpose that was formulated and if you cannot really see any sort of profit or any sort of profit purpose-wise in this regard. If you don't see anyone really working towards the set goal you had or not living up to the values of the purpose. Then you will have to be quick because this might spread within the company pretty fast and then you will have to do some sort of intervention talk to the people and make sure that everyone is in line because purpose in the end, if the shareholders or the investors only push for profits.

Interviewee A: This is a short-term strategy at best. You will need to keep purpose alive. If you don't do it, you will fail eventually so I would say it's also in the Investor's best interest to keep the purpose going and...

Nick Hellenkamp: but

Interviewee A: to make sure that it's something everyone identifies with something that resonates within the company.

Nick Hellenkamp: Okay, so I understand communication is a key aspect.

Interviewee A: Yes. Yes, definitely.

Nick Hellenkamp: All right. I think that helps me a lot to create this survey and gave me a lot of confirmation about what literature already gave me. So thanks a lot for your time. And I'll get back to you as soon as I have any new findings about.

00:15:00

Interviewee A: Definitely, definitely. Let me know what you find out. I'm curious.

Nick Hellenkamp: Thank you very much.

Interviewee A: You're welcome. No worries. Bye.

Appendix 3: Interview Transcript II

Interviewee: Anonymous (called Interviewee B)

Profession: Purpose consultant (C-level)

Company: human unlimited GmbH (Purpose consultancy)

Interviewer: Nick Hellenkamp

Date: 14.11.2023, 10:16 PM to 10:39 PM

Nick Hellenkamp: Perfect, all right so welcome and thanks for taking the time to take part in this expert interview about corporate purpose and firm maturity. In more detail, how purpose enactment unfolds in companies of different life cycle stages. So whether it's a startup or an established company. At first maybe you can give me your opinion and understanding of corporate purpose and why it is so important in today's business world.

Interviewee B: So purpose is the inner driver and the reason for being, it's like a huge inside energy booster who creates the energy to go ahead and move into one direction for a long time. Why is it more important than ever before: Because times got so complicated and you get lost with all the crisis coming on with all the information going on with all the different wishes of different target groups coming on. So in order to stay true to yourself, you need a kind of goal and this in marketing is called purpose.

Nick Hellenkamp: All right, so everybody's talking about purpose and every company wants to implement it, but some of them mean it and some of them just use it for *purpose washing*. What would you say? How can we differentiate between organizations that are genuinely pursuing it other than a company that is just trying to communicate it but doesn't really implement it into daily activities.

Interviewee B: Yeah, so number one: the companies having a purpose and living it are successful. The other ones aren't, at least on the long run. The other thing is if you live your purpose this leads to different kind of decisions and one decision can be we stop doing things and products and behaviors because we are guided and it's not an opinion. It actually leads to action which is the huge difference and if it leads to action, it is a moment when you gain trust and you create stories and sensibility all over the company what it is about we are doing day for day and the deeper and the clearer the image gets.

Interviewee B: The millions of decisions being taken a day all over the company by thousands of people heading nearer to one direction because they feel and understand why they do what they do. And what is the direction to go? And this made in the very end a huge impact. This is number one and the second aspect of this is if people believe that this is important what we do and it's important for myself and it is important for our clients and it's important for society. They actually do it wholeheartedly.

Interviewee B: So it's not just the function. I work here as an account member, but I'm in it with all my personality with the fighting spirit with the creativity, with innovations and ideas and persistence and all kind of things. And you see it also in the sector of human resources. The employee loyalty satisfaction, all this kind of thing makes a huge difference. So if we look at different target groups, you first find it in your company as mentioned before you find it with your clients because they have the high loyalty. There's more Goodwill and you find it also in society.

Interviewee B: Where they say? Okay, we believe you do something good to society and you add value to the life, the world, the nature, whatever it is in specific case and on the long term. They are even more successful on the stock market and that's why guys like them rethink. The CEO and chairman of Black Rock deeply believes in purpose and promotes it all over the world.

Nick Hellenkamp: So as I understand you correctly it cannot be lipstick on a gorilla and needs to be based on the DNA and beliefs and history of the company. And then it needs to be authentic and be connected to the people and if we say we have a company that is trying...

Interviewee B: And can I interrupt you? And it needs to lead to something, to different actions, behaviors and decisions. And if you have a perfect purpose, it has to be part of the agenda once a month. If you don't talk about why you do what you do and just talk about business results, it's not part of your daily life.

00:05:00

Interviewee B: If you don't stop to produce any kind of product, you've done the last hundred years, it's probably not right because there is no guidance what to do and what not to do and sometimes it also opens new opportunities for new business and services and products because purpose doesn't ask what is the need in a specific business area. It looks if there's a need in the world for something. So this is the higher topic with more opportunities.

Nick Hellenkamp: All right, so now we already talked about some common challenges and...

Interviewee B: Yeah.

Nick Hellenkamp: ...the hurdles companies need to take when integrating their corporate purpose. But if we say this first part is where we come up with the purpose. It's called the purpose formation and then we go over to communicating and actively implementing it into the daily life: What would you say common challenges companies encounter when trying to implement purpose?

Interviewee B: Do we look at the whole process now or just on enactment implementation in the very end? Yeah, yeah of a million problems.

Nick Hellenkamp: Let's focus on enactment.

Interviewee B: So number one is it's communication. Using the same word. It means different meanings to different people. So, how can we really get clear? What it's really all about and so don't depend just on words or just on values. Add emotion to it as a narrative and storytelling to it, add signature stories to it, proves of daily lives and daily decision to it so that people get the spirit and the feeling of the purpose as well as the words. Formulating it.

Interviewee B: And yeah, this is the key, number two is: make it part of the discussion in your teams and say okay if this is a purpose now, what is our mission what can we do to bring it to life in marketing, in human resources, in product development, in sales, whatever. So that you really get connected to the overall company purpose in your daily specific group work, so to speak. And then find the right proof points and the right stories, give them back in the system and create an overall picture of all departments.

Nick Hellenkamp: So what would you say are the differences between startups and established companies then, because I can imagine that the bigger the company gets, the more difficult it gets to communicate through all hierarchies for instance.

Interviewee B: Yeah, it's more difficult in every direction. It's more difficult because you have a hundred years of history and heritage with you. You have thousands of people who have different experiences working for you for decades. You have a different culture and probably different business areas. So everything is more diverse, is more complicated, is maybe also occupied in your head before, because the word trust or whatever is connected differently the

last 30 years ago. What is also more complicated is that probably you don't get the whole organization in one room. You don't have the shared experience of the whole group. You don't have immediate feedback. So everything is getting more complicated. Also the feedback loop. How is the resonance? Does it resonate with you at all emotionally though intellectually, whatever. So startups are much easier in that way. They are smaller in size. They are easier to adjust, they get an immediate impact to our people, understand that and does it lead to anything or not? That's much easier. And the problem in startups is they normally start with a business idea.

00:10:00

Interviewee B: And not with the desire or societal need so to speak. So they're starting in the world to make money in some sort of way. And if you start that way the first one to three years maybe it's more complicated to readjust it and find the bigger picture.

Nick Hellenkamp: okay, that is interesting because researchers are not sure whether every company starts with a purpose or some of them need to come up with it later on. So that is an interesting point, but we already talked about age, size and culture also. But how important would you say is the role of leadership? Because startups tend to have the founder as the CEO which started the company in the first place and established companies often have a bought in CEO that just gets a salary not really depending on the business success.

Interviewee B: Yeah. Yeah.

Nick Hellenkamp: That's good or not.

Interviewee: So in both cases leadership is key. Why? Because the whole organization looks to the people on the top. and the people on the top are also a communication platform so to speak. Because people read in phases and between the lines and in moods all this kind of things. And if you don't believe the stuff you tell, if you don't deeply believe in the purpose, people feel it immediately and won't take it seriously whether you are in a startup or in a corporate organization. So this is key and if the leadership team isn't part of the discussion and is not leading the way it won't work at all because the proof point always starts from the top.

Interviewee B: And then the other aspect you ask about: is it easier for startups? Yes, or...

Nick Hellenkamp: Okay.

Interviewee B: ...also for family companies. Yes, because they still have the sensibility for the people, for the customers, for the markets, for all kind of things. If you become a manager, you're kind of a functional job profile. You are talking to the financial community in the first place. So you are not a natural born storyteller? Probably you don't get out of your forty floor office that often. You don't play a part of the production that much. So you lose sensibility and visibility kind of thing and that makes it much harder.

Interviewee B: to prove that you are wholeheartedly with the purpose and lead also that emotional direction.

Nick Hellenkamp: Yes, yes.

Nick Hellenkamp: W could delve into many...

Nick Hellenkamp: ...many topics right now regarding recommendations and how to overcome these challenges, but I want to focus on one point and that is in the process of becoming an established company. So startups that are now in the growth phase and are growing so fast

that their startup culture from the beginning maybe is not there anymore. So what would be like recommendations for startups within the growth phase on how to keep sticking to their purpose and preventing from it getting a less important priority.

Interviewee B: yeah, so in my mind, Nick, purpose always stays the same, so that's not in danger. So if you are a three people company or a 300 people company what may be differs is the culture as you mentioned, but how is not the why.

Interviewee B: And...

Nick Hellenkamp: Okay.

Interviewee B: then we are talking about the different level. So how do we do what we do but we still are committed to our higher purpose and that won't change probably. And how can we change dramatically? Yes, of course, maybe even in values or definitely in structures, definitely in organizations, definitely in reporting or this kind of things. But if you are still committed to your why and everybody feel this to change, it's much easier. If you don't have any how and changing how then is the only thing you have people get confused. And then it feels like changing direction. No, it's not. Just changing the path on the same way to...

00:15:00

Nick Hellenkamp: So that makes purpose even more important right?

Interviewee B: Yes.

Nick Hellenkamp: Because even though you are growing and changing you have one north star you can or always refer to.

Interviewee B: And if you say we got stuck on this road we changed the road but we are still heading the same direction. It's easy and it's easy to argue with this and easy to convince people about this. If you don't have a north star and you go on a different track, it feels like not running in the different direction.

Nick Hellenkamp: Alright.

Interviewee B: Which probably confuses people.

Nick Hellenkamp: So that was really interesting. And I think it helps a lot to ask the right questions in order to see whether firm maturity has influence on corporate purpose enactment. So yeah, I'm curious about the outcome and I will let you know.

Appendix 4: Qualitative Content Analysis

Statement	Paraphrasing	Generalizing	Reduction
INTERVIEWEE A			
"Corporate purpose is probably some sort of bigger goal that you can subordinate everything else under... Customers and employees care about it... it's important to distinguish	Corporate purpose is a broader objective that overrides other goals. It's significant because both customers and employees value it, and it helps differentiate from competitors.	A company's main purpose encompasses all other objectives and appeals to stakeholders, helping in competitive distinction.	Purpose as higher goal vital for stakeholder appeal and competition. (Categories: Benefits, Requirements)

yourself from the competition."			
"You would have to search for some sort of intention behavior gap... the direction of their actions is more important than reaching of the goals at least in the first stages."	Look for discrepancies between what a company claims and what it does. Early on, the direction of actions is more crucial than achieving goals.	Assess alignment between a company's declarations and actions, with initial focus on action direction.	Align company actions and statements, focusing initially on action. (Categories: Challenges, Requirements)
"The purpose needs to be understood so people can identify with it... dynamics in leadership and employee behavior is also really important."	It's crucial that purpose is clear for identification. The dynamics of leadership and employee behavior play a significant role.	Clarity in purpose is essential for engagement; leadership and employee dynamics are key.	Clear purpose and dynamic leadership/employee behavior are crucial. (Categories: Requirements, Leadership)
"It would be harder for a company with a really steep hierarchy to communicate purpose to each employee."	Companies with steep hierarchies face challenges in effectively communicating their purpose to every employee.	Hierarchical structures prevent effective purpose communication.	Hierarchies challenge purpose communication. (Categories: Challenges, Communication)
"Startups are usually able to enact on things that are decided faster... Startups have an easier time implementing it."	Startups can quickly act on decisions and have an easier time implementing their purpose.	Startups are agile in decision-making and purpose implementation.	Startups implement purpose quickly. (Categories: Differences, Benefits)
"Culture stands pretty much above everything and culture can or has to be the foundation for a lot of different things... size probably matters as well."	Culture is a fundamental aspect that supersedes other elements in a company, and size also plays a significant role.	Organizational culture is foundational, with company size being important.	Culture is key, size matters. (Categories: Requirements, Challenges)
"Leading by example is crucial... <i>transformational</i> or <i>servant leadership</i> ...if your values don't align with the company's purpose, you will fail in implementing it."	It's vital for leaders to exemplify the company's values; misalignment between personal values and company purpose leads to failure in implementation.	Leadership alignment with company values is necessary for successful implementation.	Value alignment in leadership is essential. (Categories: Leadership, Requirements)
"The most reliable variable would probably be something about the employee perception of the purpose."	The best measure to consider is how employees perceive the company's purpose.	Employee perception is a key indicator of purpose effectiveness.	Focus on employee perception. (Categories: Benefits, Communication)
"A road map is crucial for a growing startup to ensure everyone is on the same page... purpose in the end if the	For expanding startups, a clear road map is essential for alignment, and focusing solely on profits over purpose can lead to failure.	Growth requires clear planning, with a balance between profit and purpose.	Plan growth, balance profit and purpose. (Categories: Requirements, Differences)

shareholders or the investors only push for profits... you will fail eventually."			
INTERVIEWEE B			
"Purpose is the inner driver and the reason for being it's like a huge inside energy booster who creates the energy to go ahead and move into one direction for a long time."	Purpose serves as an internal motivator and a reason for existence, acting like a powerful energy source that propels the company forward in a consistent direction.	Purpose is a central motivating force that guides a company's long-term direction.	Purpose as a core motivational force. (Category: Requirements)
"The companies having a purpose and living it are successful. The other ones aren't at least on the long run."	Companies that genuinely embody their purpose tend to be successful, whereas those that don't are not successful in the long term.	True commitment to purpose correlates with long-term success.	Genuine purpose commitment leads to success. (Category: Benefits)
"If you live your purpose this leads to different kind of decisions... it leads to action which is the huge difference."	Living a company's purpose results in different decision-making processes and leads to tangible actions, marking a significant difference.	Purpose-driven decision-making leads to actionable outcomes.	Purpose-driven actions. (Categories: Benefits, Leadership)
"If people believe that this is important what we do... They actually do it wholeheartedly."	When people believe in the importance of their work and its purpose, they engage in it wholeheartedly.	Belief in work's purpose inspires wholehearted participation.	Belief inspires engagement. (Categories: Benefits, Communication)
"It's more difficult [for established companies] because you have a hundred years of history and heritage with you... Startups are much easier in that way."	It's more challenging for established companies with long histories to implement purpose compared to startups, which find it easier due to their smaller size and less complex backgrounds.	Established companies face greater challenges in purpose implementation than startups.	Startups have more ease with purpose implementation. (Categories: Differences, Challenges)
"In both cases [startups and corporates], leadership is key... if you don't deeply believe in the purpose people feel it immediately and won't take it seriously."	Leadership is crucial in both startups and larger corporations. If leaders do not genuinely believe in the purpose, people will sense it and not take it seriously.	Authentic leadership belief in purpose is critical for its acceptance.	Leadership authenticity is vital. (Category: Leadership)
"If you are still committed to your why and everybody feels this to change it's much easier. If you don't have any how and changing how then is the only thing you have people get confused."	Maintaining commitment to the core purpose makes adapting easier. Without a clear 'how', changes can confuse people.	Clear purpose aids in managing change effectively.	Purpose clarity simplifies change management. (Categories: Requirements, Communication)

Appendix 5: Overview of Categories

Category	Definition	Summary
Challenges	Obstacles in aligning company actions with its stated purpose and in communicating purpose across organizational levels.	<ul style="list-style-type: none"> • Interviewee A: Align company actions and statements, focusing initially on action. • Interviewee A: Hierarchies challenge purpose communication. • Interviewee B: Startups have an easier time with purpose implementation.
Benefits	Advantages like enhanced stakeholder engagement and actionable outcomes from a well-defined and lived corporate purpose.	<ul style="list-style-type: none"> • Interviewee A: Central goal vital for stakeholder appeal and competition. • Interviewee A: Startups implement purpose quickly. • Interviewee B: Genuine purpose commitment leads to success. • Interviewee B: Purpose-driven actions. • Interviewee B: Belief inspires engagement.
Requirements	Essential elements for successful purpose implementation, including goal clarity and leadership-value alignment.	<ul style="list-style-type: none"> • Interviewee A: Higher purpose vital for stakeholder appeal and competition. • Interviewee A: Align company actions and statements, focusing initially on action. • Interviewee A: Clear purpose and dynamic leadership/employee behavior are crucial. • Interviewee A: Culture is key, size matters. • Interviewee A: Value alignment in leadership is essential. • Interviewee A: Plan growth, balance profit and purpose. • Interviewee B: Purpose as a core motivational force. • Interviewee B: Purpose clarity simplifies change management.
Differences (Between Startups and Established Companies)	Contrasts in how startups and established companies adopt and enact their corporate purpose.	<ul style="list-style-type: none"> • Interviewee A: Startups implement purpose quickly. • Interviewee B: Startups have an easier time with purpose implementation.

Leadership	The role of leaders in exemplifying and communicating the corporate purpose to influence its organizational integration.	<ul style="list-style-type: none"> • Interviewee A: Clear purpose and dynamic leadership/employee behavior are crucial. • Interviewee A: Value alignment in leadership is essential. • Interviewee B: Leadership authenticity is vital. • Interviewee B: Purpose-driven actions.
Communication	Effectiveness of conveying the corporate purpose throughout the organization to ensure understanding and engagement.	<ul style="list-style-type: none"> • Interviewee A: Hierarchies challenge purpose communication. • Interviewee B: Belief inspires engagement. • Interviewee B: Purpose clarity simplifies change management.

Appendix 6: Survey Questions

Title: Corporate purpose survey

Introduction and Background on Corporate Purpose

Welcome to this research study on the impact of organizational purpose. You will be presented with information relevant to the topic and then be asked to answer questions about it. Your participation today is completely voluntary and your responses are anonymous. The study should take you less than 5 minutes to complete and you can withdraw at any point. The insights gathered will serve as a valuable contribution to bridging the knowledge gap in this area, so thank you very much in advance. Please note that this survey will be best displayed on a laptop or desktop computer. (The principal investigator can be contacted at s-nlhellenkamp@ucp.pt)

By clicking the button below, you acknowledge:

Your participation in the study is voluntary.

You are at least 18 years old.

You are aware that you may choose to terminate your participation at any time for any reason.

- Yes I consent
- No I do not consent

Block 1: Demographics

Age: How old are you

- 18-24 years old
- 25-34 years old
- 35-44 years old
- 45-54 years old
- 55-64 years old
- 65+ years old

Gender: How do you describe yourself?

- Male
- Female
- Non-binary / third gender
- Prefer to self-describe (text option)
- Prefer not to say

The next step is about your employment. If you are currently unemployed but have been employed at some point in the last 12 months, you can also relate the next questions to this job position. If this is not the case and you have been unemployed for more than 12 months, you may leave the survey now.

Employment status: What best describes your employment status?

- Working full-time
- Working part-time
- Internship
- Working student
- Freelancer
- Unemployed
- Retired
- Other (text option)

Industry: Which of the following industries most closely matches the one in which you are employed?

- Drop-Down

Tenure: How long have you been working at this company?

- Less than 1 year
- 1-2 years
- 3-5 years
- 6-10 years
- More than 10 years

Income: Which of the following best describes your annual income?

- 0€ - 9,999€
- 10,000€ - 24,999€
- 25,000€ - 49,999€
- 50,000€ - 74,999€
- 75,000€ - 99,999€
- 100,000€ - 149,999€
- 150,000€+
- Prefer not to answer

Company Type: How would you classify the company you are working for?

- Startup
- Growth Stage (in-between; not a startup anymore, not an established company yet)
- Established company
- Other (text option)

Leadership: What describes your company?

- Founder-led
- Bought-in CEO
- Other

Information: Corporate Purpose refers to the overarching reason for an organization's existence beyond profit generation. It encompasses the company's mission, values, and ethical principles that guide its decision-making, strategies, and operations. A well-activated purpose is not just a statement but is integrated into all aspects of a business, influencing employee behavior, company culture, and the broader impact on society. As a strategic compass, corporate purpose steers the company toward impactful engagement, fostering a culture of positive influence and aligning employee efforts with broader societal contributions. This study seeks to understand how purpose is perceived and enacted

within your organization.

Examples of purpose statements:

- * Ikea: To create a better everyday life for the many people.
- * Coca-Cola: To refresh the world and inspire moments of optimism and happiness.
- * Google: To organize the world's information, making it universally accessible and useful.
- * Tesla: To accelerate the world's transition to sustainable energy.

Block 2: Conceptualizing purpose

Instructions: Purpose formation at your company.

Please indicate the extent to which you agree or disagree with the following statements. (1 = Strongly Disagree, 5 = Strongly Agree)

- My company has a purpose statement.
- I know the purpose of my company.
- My company's purpose is meaningful to me personally.
- My company's purpose was the reason for applying.
- I was involved in the process of purpose development.

Block 3: Activating purpose

Instructions: Please indicate the extent to which you agree or disagree with the following statements. (1 = Strongly Disagree, 5 = Strongly Agree)

- The company's purpose is clearly communicated to all employees.
- The company's purpose is clearly communicated to all stakeholders.
- I can see how my daily tasks contribute to the overall purpose of the company.
- Our company's purpose is reflected in its day-to-day operations.
- Our company's purpose guides strategic decision making.
- Our company's purpose is reflected in our products/services.
- The leadership team actively promotes the company's purpose.
- Leaders' decisions are consistent with the purpose.
- The company provides resources and support to help employees understand and engage with its purpose.
- I feel empowered to contribute to the company's purpose in my role.
- My coworkers operate according to the company's purpose in their day-to-day work.
- The company's purpose positively influences our organizational culture.
- Concrete metrics for accountability tied to purpose are implemented (to track progress/impact and to adapt).

Section 4: Employee Perception on Purpose

Instructions: Please share your perspectives on the following aspects. (1 = Strongly Disagree, 5 = Strongly Agree)

- I feel a sense of belonging and commitment to the company due to its purpose.
- The purpose of the company makes me feel proud to be a part of this organization.
- The company's purpose motivates me to do my best work.
- I believe that our company's purpose gives us a competitive advantage.
- I believe that the company lives up to its stated purpose.
- I think the company only communicates a purpose for green-washing initiatives.

Section 6: Open-ended question

- In what ways could the company improve in living out its purpose in your opinion? (Feel free to skip this question when you don't have anything in mind)

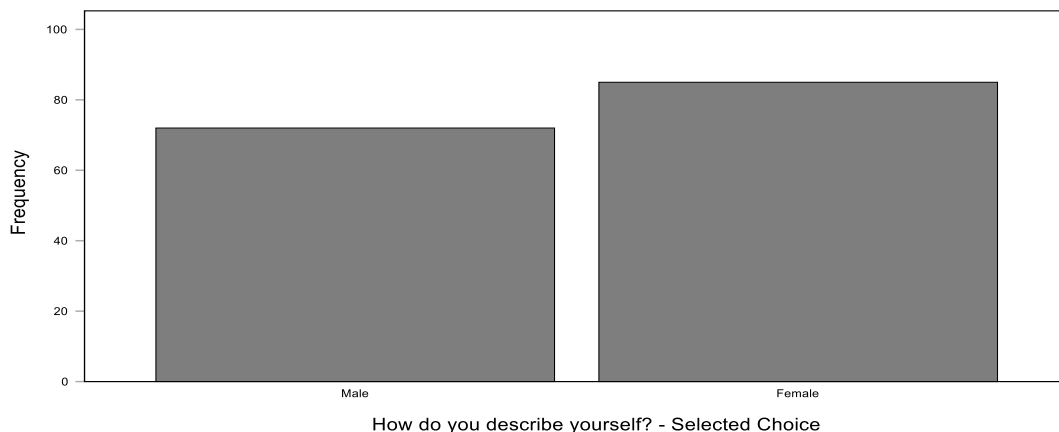
Closing Section

Thank you for your time spent taking this survey. Your response has been recorded.

Appendix 7: Sample Characteristics

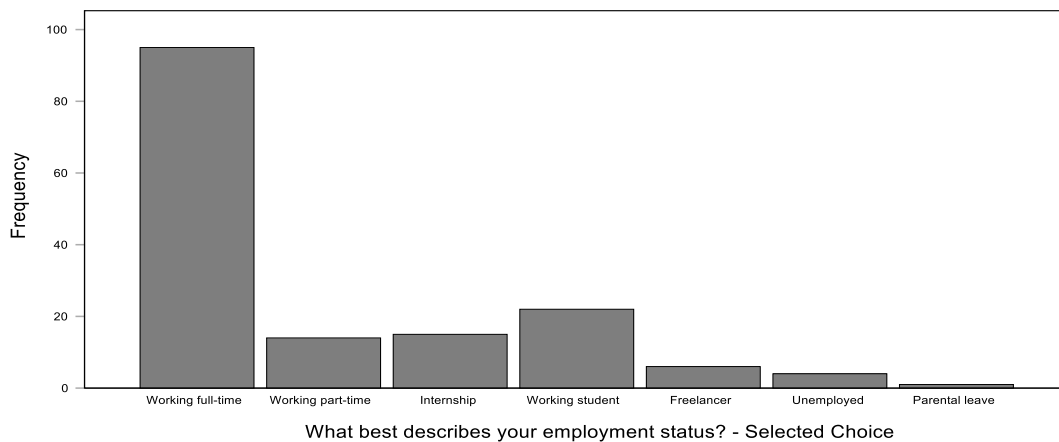
How do you describe yourself? - Selected Choice

Purpose: Purpose



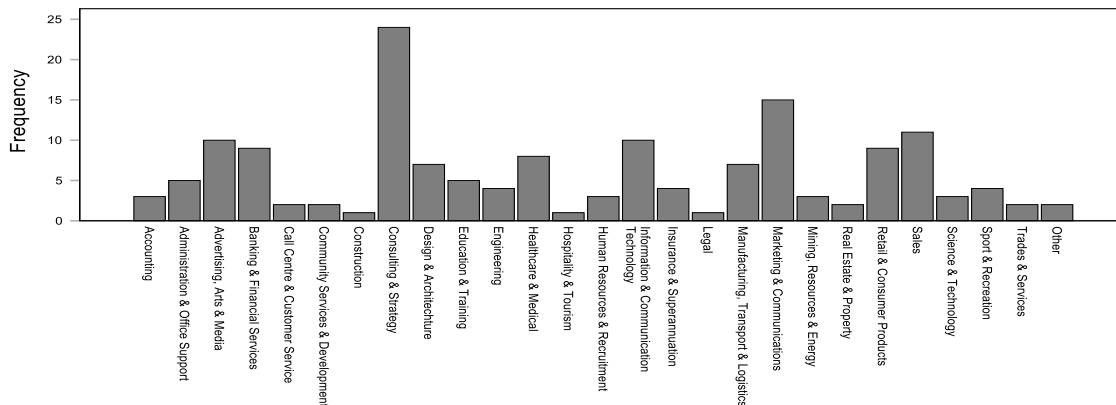
What best describes your employment status? - Selected Choice

Purpose: Purpose



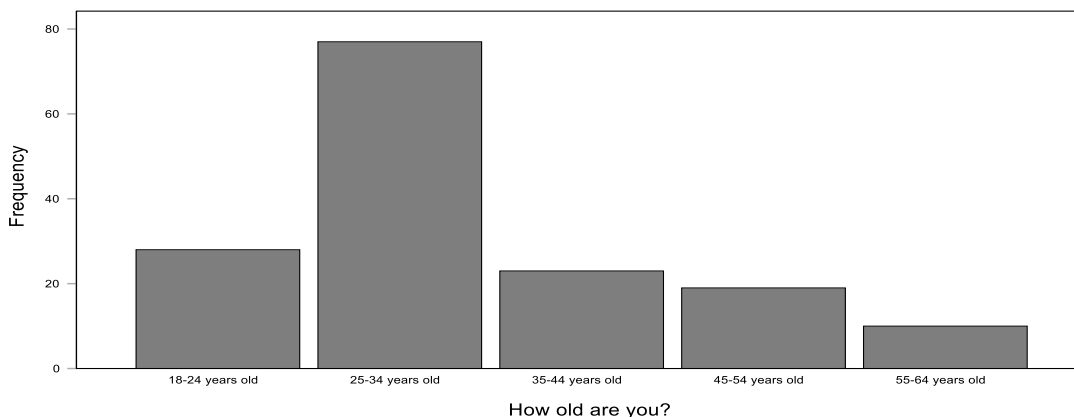
Which of the following industries most closely matches the one in which you are employed? - Selected Choice

Purpose: Purpose



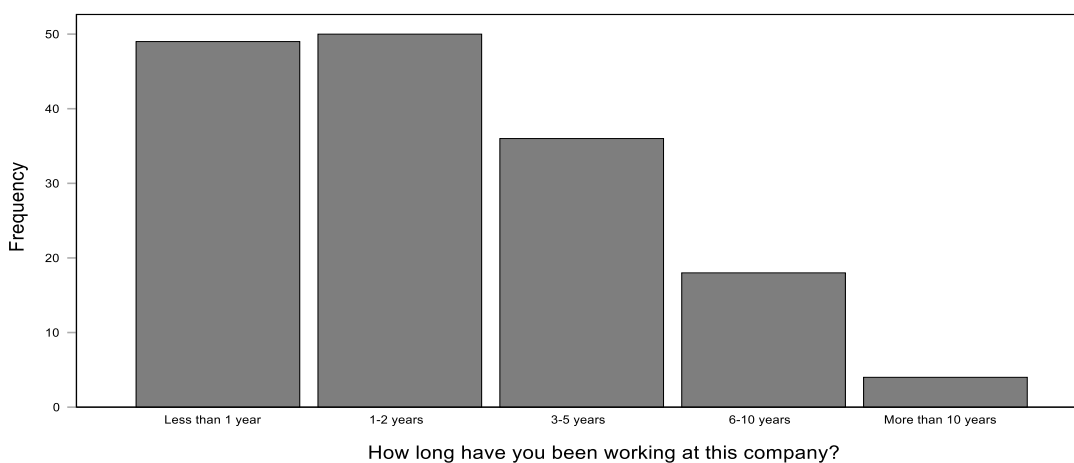
How old are you?

Purpose: Purpose



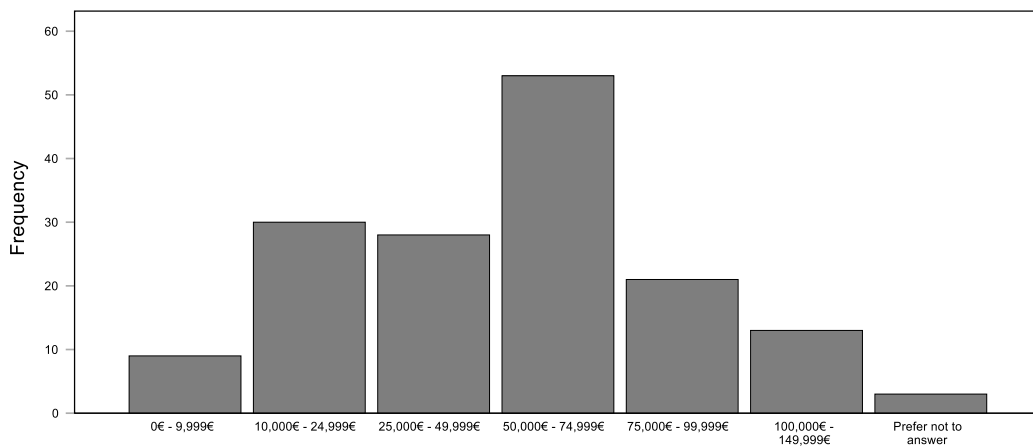
How long have you been working at this company?

Purpose: Purpose



Which of the following best describes your annual income?

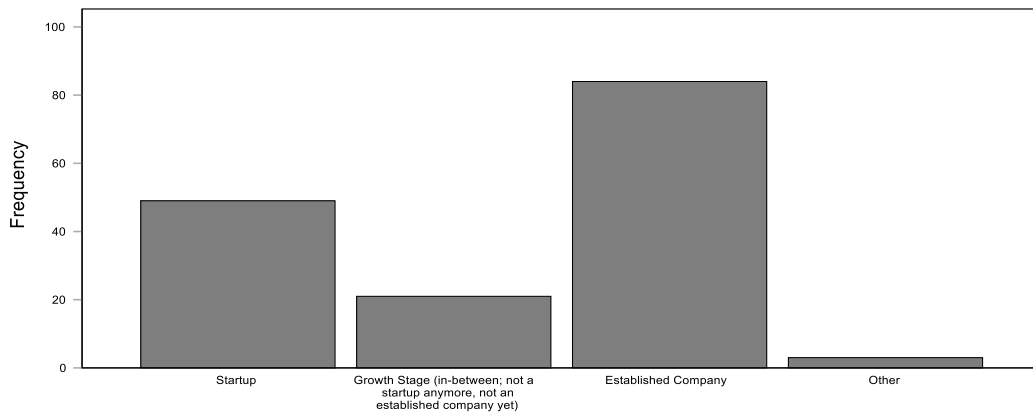
Purpose: Purpose



Which of the following best describes your annual income?

How would you classify the company you are working for? - Selected Choice

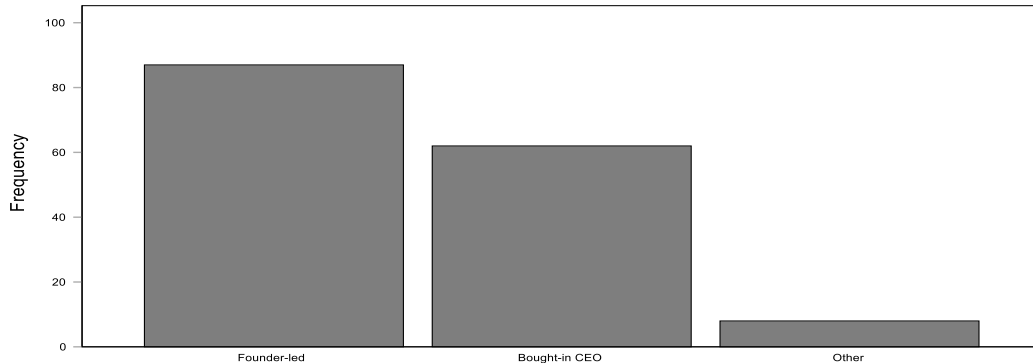
Purpose: Purpose



How would you classify the company you are working for? - Selected Choice

What best describes your company? - Selected Choice

Purpose: Purpose



What best describes your company? - Selected Choice

Appendix 8: Reliability

Block	Statement per block	Scale	Cronbach's Alpha	Assessment
Formation	5	5 point Likert	0,762	Acceptable
Formation (without the last question)	4	5 point Likert	0,814	Good
Enactment	13	5 point Likert	0,961	Excellent
Perception	5	5 point Likert	0,896	Good

Appendix 9: Control Question

Purpose		Formation	Purpose Enactment	Perception
No purpose	N	7	7	7
	Minimum	1,25	1,08	1,33
	Maximum	2,25	3,69	3,83
	Median	2,0000	2,3846	2,8333
	Mean	1,8571	2,4945	2,7857
	Std. Deviation	,37796	,90893	,83729
Purpose	N	157	157	157
	Minimum	1,50	1,23	1,17
	Maximum	5,00	5,00	5,00
	Median	4,2500	4,0769	4,0000
	Mean	4,0303	3,7511	3,8047
	Std. Deviation	,80381	,95527	,97259

Explore

Tests of Normality

Purpose		Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
No purpose	Formation	,219	7	,200	,915	7	,432
	Purpose Enactment	,142	7	,200	,972	7	,913
	Perception	,192	7	,200	,937	7	,612
Purpose	Formation	,128	157	<,001	,923	157	<,001
	Purpose Enactment	,143	157	<,001	,915	157	<,001
	Perception	,168	157	<,001	,904	157	<,001

Means

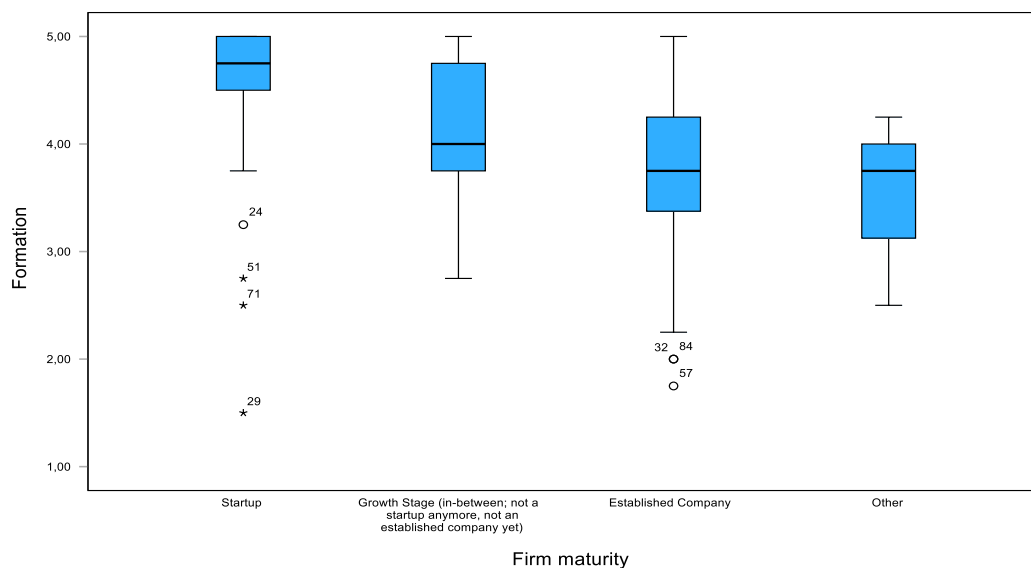
Report

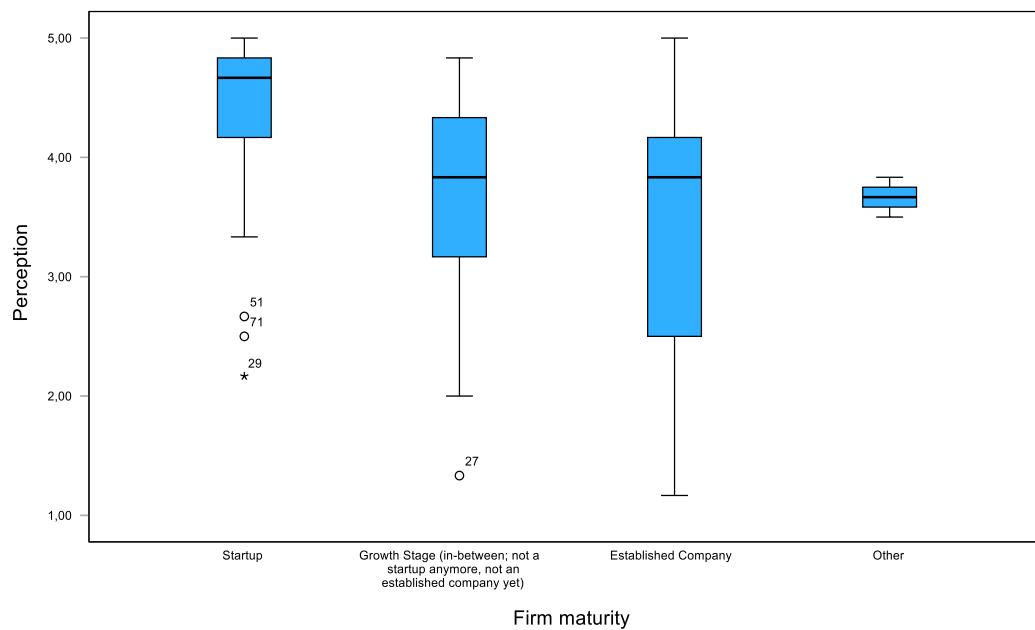
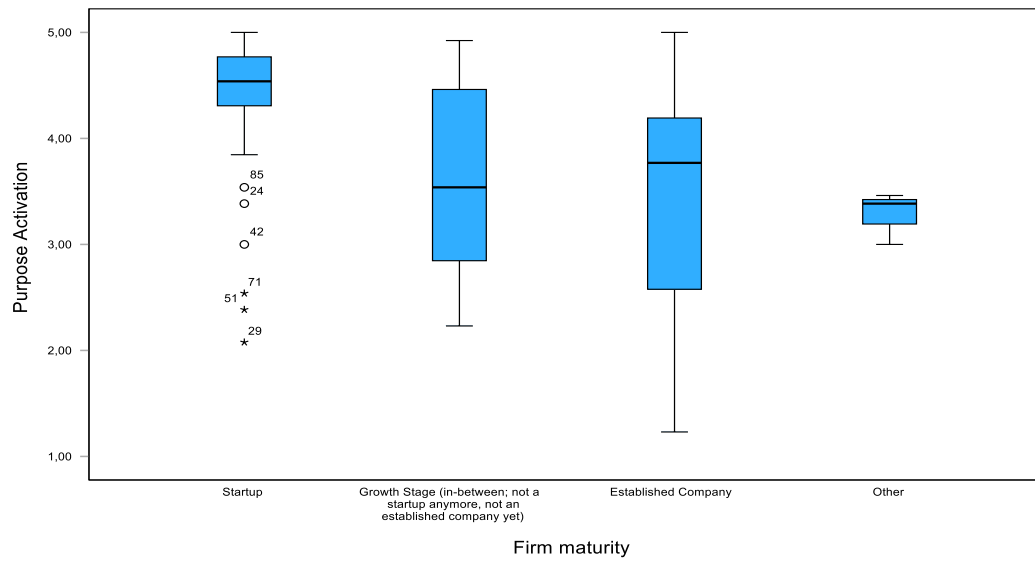
Purpose	How would you classify the company you are working for? - Selected Choice	Purpose Enactment			
		Formation	ment	Perception	
No purpose	Startup	Mean	1,7500	1,0769	2,6667
		Std. Deviation	.	.	.
		Mean	1,2500	2,7692	2,8333

	Growth Stage (in-between; not a startup anymore, not an established company yet)	Std. Deviation	.	.	.
	Established Company	Mean	2,0000	2,7231	2,8000
		Std. Deviation	,30619	,80788	1,02334
	Total	Mean	1,8571	2,4945	2,7857
		Std. Deviation	,37796	,90893	,83729
Purpose	Startup	Mean	4,5204	4,3705	4,4626
		Std. Deviation	,71048	,66759	,65992
	Growth Stage (in-between; not a startup anymore, not an established company yet)	Mean	4,0833	3,6117	3,7302
		Std. Deviation	,71734	,90445	,94792
	Established Company	Mean	3,7500	3,4414	3,4444
		Std. Deviation	,73938	,96041	,95912
	Other	Mean	3,5000	3,2821	3,6667
		Std. Deviation	,90139	,24727	,16667
	Total	Mean	4,0303	3,7511	3,8047
		Std. Deviation	,80381	,95527	,97259

Appendix 10: Hypothesis 1

Explore Firm maturity





Tests of Normality

	Firm maturity	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Formation	Startup	,280	49	<,001	,666	49	<,001
	Growth Stage (in-between; not a startup anymore, not an established company yet)	,168	21	,125	,916	21	,074
	Established Company	,118	84	,006	,963	84	,017
	Other	,276	3	.	,942	3	,537
Purpose Enactment	Startup	,233	49	<,001	,746	49	<,001
	Growth Stage (in-between; not a startup anymore, not an established company yet)	,142	21	,200	,926	21	,113
	Established Company	,145	84	<,001	,936	84	<,001
	Other	,328	3	.	,871	3	,298
Perception	Startup	,234	49	<,001	,760	49	<,001

Growth Stage (in-between; not a startup anymore, not an established company yet)	,188	21	,052	,881	21	,015
Established Company	,193	84	<,001	,920	84	<,001
Other	,175	3	.	1,000	3	1,000

T-Test

	Firm maturity	N	Mean	Std. Deviation	Std. Error Mean
Formation	Startup	49	4,5204	,71048	,10150
	Established Company	84	3,7500	,73938	,08067
Purpose Enactment	Startup	49	4,3705	,66759	,09537
	Established Company	84	3,4414	,96041	,10479
Perception	Startup	49	4,4626	,65992	,09427
	Established Company	84	3,4444	,95912	,10465

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	One-Sided p	Two-Sided p	Mean Difference	Std. Error Difference	Lower	Upper
Formation	Equal variances assumed	1,702	,194	5,880	131	<,001	<,001	,77041	,13103	,51120	1,02962
	Equal variances not assumed			5,942	103,839	<,001	<,001	,77041	,12965	,51330	1,02752
Purpose Enactment	Equal variances assumed	18,336	<,001	5,977	131	<,001	<,001	,92909	,15544	,62160	1,23659
	Equal variances not assumed			6,557	126,897	<,001	<,001	,92909	,14169	,64871	1,20948
Perception	Equal variances assumed	17,629	<,001	6,574	131	<,001	<,001	1,01814	,15489	,71174	1,32454
	Equal variances not assumed			7,229	127,349	<,001	<,001	1,01814	,14085	,73943	1,29685

Independent Samples Effect Sizes

		Standardizer	Point Estimate	95% Confidence Interval	
				Lower	Upper
Formation	Cohen's d	,72893	1,057	,680	1,430
Purpose Enactment	Cohen's d	,86470	1,074	,697	1,448
Perception	Cohen's d	,86163	1,182	,799	1,560

NPar Tests

Mann-Whitney Test

	Firm maturity	N	Mean Rank	Sum of Ranks
Formation	Startup	49	94,02	4607,00
	Established Company	84	51,24	4304,00
	Total	133		
Purpose Enactment	Startup	49	94,24	4618,00
	Established Company	84	51,11	4293,00

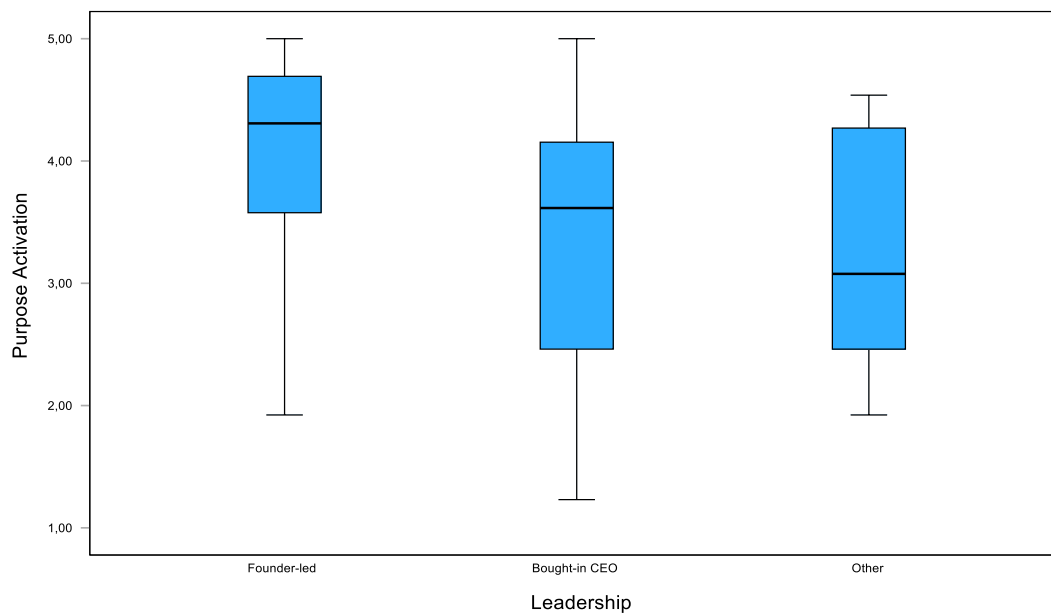
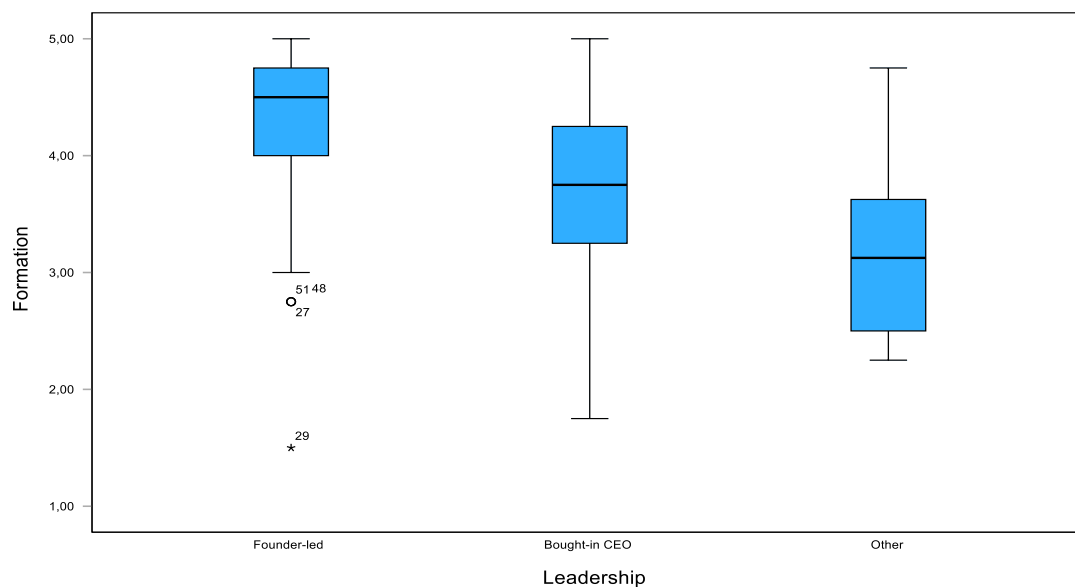
	Total	133		
Perception	Startup	49	95,65	4687,00
	Established Company	84	50,29	4224,00
	Total	133		

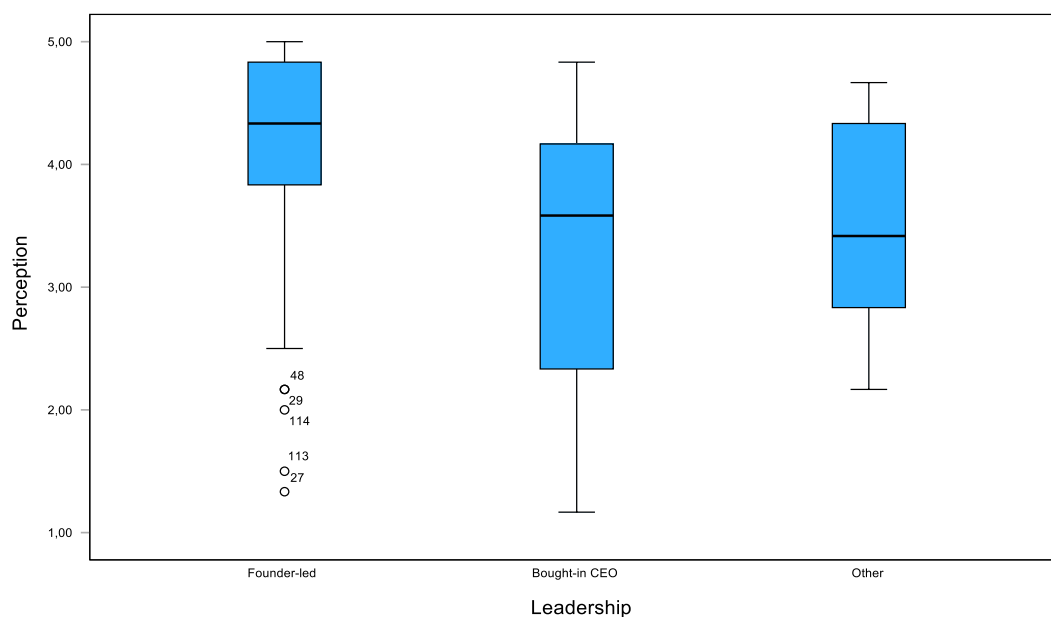
Test Statistics

	Formation	Purpose Enactment	Perception
Mann-Whitney U	734,000	723,000	654,000
Wilcoxon W	4304,000	4293,000	4224,000
Z	-6,216	-6,231	-6,568
Asymp. Sig. (2-tailed)	<,001	<,001	<,001

Appendix 11: Hypothesis 2

Explore Leadership





Tests of Normality

	Leadership	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Formation	Founder-led	,185	87	<,001	,852	87	<,001
	Bought-in CEO	,112	62	,053	,963	62	,058
	Other	,198	8	,200	,909	8	,349
Purpose Enactment	Founder-led	,173	87	<,001	,883	87	<,001
	Bought-in CEO	,152	62	,001	,943	62	,006
	Other	,213	8	,200	,900	8	,292
Perception	Founder-led	,156	87	<,001	,844	87	<,001
	Bought-in CEO	,160	62	<,001	,929	62	,001
	Other	,198	8	,200	,939	8	,597

T-Test

	Leadership	N	Mean	Std. Deviation	Std. Error Mean
Formation	Founder-led	87	4,3276	,68974	,07395
	Bought-in CEO	62	3,7218	,76435	,09707
Purpose Enactment	Founder-led	87	4,0822	,78022	,08365
	Bought-in CEO	62	3,3499	1,00360	,12746
Perception	Founder-led	87	4,1667	,80895	,08673
	Bought-in CEO	62	3,3360	,99062	,12581

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
										Lower	Upper
Formation	Equal variances assumed	,578	,448	5,051	147	<,001	<,001	,60581	,11994	,36879	,84284
	Equal variances not assumed			4,964	122,967	<,001	<,001	,60581	,12203	,36426	,84736

Purpose Enactment	Equal variances assumed	10,953	,001	5,008	147	<,001	<,001	,73235	,14623	,44337	1,02134
	Equal variances not assumed			4,804	110,344	<,001	<,001	,73235	,15245	,43023	1,03447
Perception	Equal variances assumed	10,342	,002	5,623	147	<,001	<,001	,83065	,14773	,53870	1,12259
	Equal variances not assumed			5,436	114,424	<,001	<,001	,83065	,15281	,52795	1,13334

Independent Samples Effect Sizes

		Standardizer	Point Estimate	95% Confidence Interval	
				Lower	Upper
Formation	Cohen's d	,72164	,839	,499	1,178
Purpose Enactment	Cohen's d	,87983	,832	,492	1,170
Perception	Cohen's d	,88885	,935	,590	1,276

NPar Tests

Mann-Whitney Test

	Leadership	N	Mean Rank	Sum of Ranks
Formation	Founder-led	87	50,84	4423,00
	Other	8	17,13	137,00
	Total	95		
Purpose Enactment	Founder-led	87	50,00	4350,00
	Other	8	26,25	210,00
	Total	95		
Perception	Founder-led	87	49,84	4336,00
	Other	8	28,00	224,00
	Total	95		

Test Statistics

	Formation	Purpose Enactment	Perception
Mann-Whitney U	101,000	174,000	188,000
Wilcoxon W	137,000	210,000	224,000
Z	-3,349	-2,336	-2,154
Asymp. Sig. (2-tailed)	<,001	,020	,031

Appendix 12: H1 & H2 Enactment

Levene's Test of Equality of Error Variances

		Levene Statistic	df1	df2	Sig.
Purpose Enactment	Based on Mean	15,285	2	122	<,001

Tests for Heteroskedasticity

Breusch-Pagan Test for Heteroskedasticity

Chi-Square	df	Sig.
11,869	1	<,001

Tests of Between-Subjects Effects

Dependent Variable: Purpose Enactment

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Firm_maturity	3,978	1	3,978	5,943	,016	,046
Leadership	,028	1	,028	,042	,838	,000
Firm_maturity * Leadership	1,053	1	1,053	1,573	,212	,013
Error	81,658	122	,669			
Total	1948,604	126				

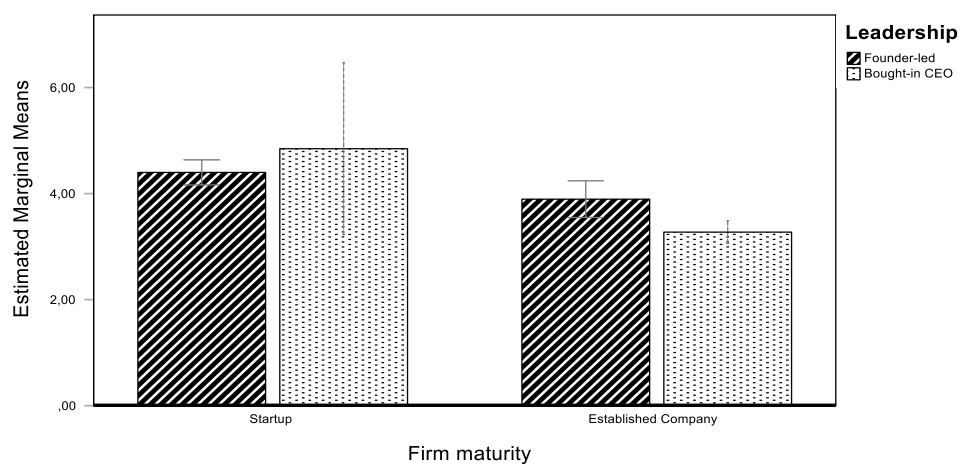
Pairwise Comparisons

Dependent Variable: Purpose Enactment

Leadership	(I) Firm maturity	(J) Firm maturity	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval for Difference	
						Lower Bound	Upper Bound
Founder-led	Startup	Established Company	,504	,211	,019	,086	,923
	Established Company	Startup	-,504	,211	,019	-,923	-,086
Bought-in CEO	Startup	Established Company	1,573	,825	,059	-,061	3,207
	Established Company	Startup	-1,573	,825	,059	-3,207	,061

Profile Plots

Estimated Marginal Means of Purpose Activation



Error bars: 95% CI

Explore

Tests of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual for ACTI	,100	126	,004	,963	126	,002

Appendix 13: Hypothesis 3

T-Test

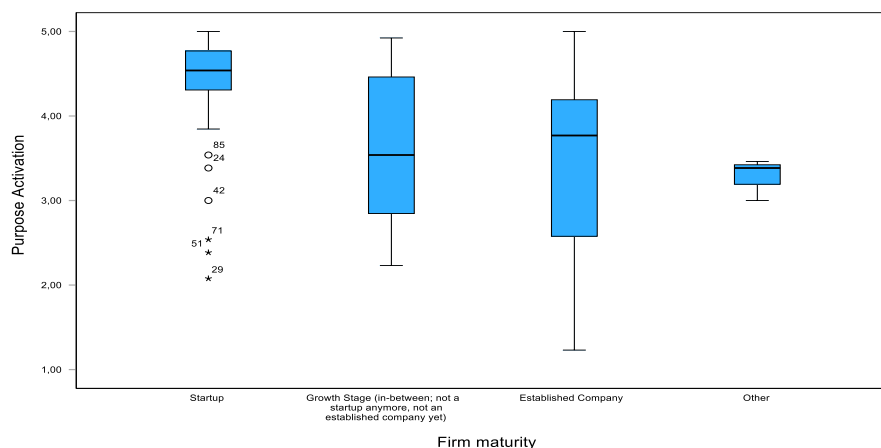
	Firm maturity	N	Mean	Std. Deviation	Std. Error Mean
Formation	Startup	49	4,5204	,71048	,10150
	Growth Stage (in-between; not a startup anymore, not an established company yet)	21	4,0833	,71734	,15654
Purpose Enactment	Startup	49	4,3705	,66759	,09537
	Growth Stage (in-between; not a startup anymore, not an established company yet)	21	3,6117	,90445	,19737
Perception	Startup	49	4,4626	,65992	,09427
	Growth Stage (in-between; not a startup anymore, not an established company yet)	21	3,7302	,94792	,20685

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means							
		F	Sig.	t	df	Significance One-Sided p	Significance Two-Sided p	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
										Lower	Upper
Formation	Equal variances assumed	,580	,449	2,352	68	,011	,022	,43707	,18584	,06624	,80791
	Equal variances not assumed			2,343	37,583	,012	,025	,43707	,18656	,05926	,81489
Purpose Enactment	Equal variances assumed	7,674	,007	3,904	68	<,001	<,001	,75877	,19434	,37096	1,14657
	Equal variances not assumed			3,461	29,754	<,001	,002	,75877	,21920	,31094	1,20659
Perception	Equal variances assumed	3,297	,074	3,714	68	<,001	<,001	,73243	,19721	,33891	1,12594
	Equal variances not assumed			3,222	28,656	,002	,003	,73243	,22732	,26726	1,19760

Independent Samples Effect Sizes

		Standardizer	Point Estimate	95% Confidence Interval	
				Lower	Upper
Formation	Cohen's d	,71251	,613	,090	1,133
Purpose Enactment	Cohen's d	,74511	1,018	,476	1,554
Perception	Cohen's d	,75610	,969	,429	1,502



Tests of Normality

	Firm maturity	Kolmogorov-Smirnov			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Formation	Startup	,280	49	<,001	,666	49	<,001
	Growth Stage (in-between; not a startup anymore, not an established company yet)	,168	21	,125	,916	21	,074
	Established Company	,118	84	,006	,963	84	,017
	Other	,276	3	.	,942	3	,537
Perception	Startup	,234	49	<,001	,760	49	<,001
	Growth Stage (in-between; not a startup anymore, not an established company yet)	,188	21	,052	,881	21	,015
	Established Company	,193	84	<,001	,920	84	<,001
	Other	,175	3	.	1,000	3	1,000

Test Statistics

	Formation	Purpose Enactment	Perception
Mann-Whitney U	303,000	254,500	218,000
Wilcoxon W	534,000	485,500	449,000
Z	-2,775	-3,342	-3,828
Asymp. Sig. (2-tailed)	,006	<,001	<,001

Appendix 14: Multiple Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	,171	,029	-,006	,96214	,029	,830	5	138	,531
2	,511	,262	,218	,84842	,232	14,158	3	135	<,001

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3,840	5	,768	,830	,531
	Residual	127,750	138	,926		
	Total	131,590	143			
2	Regression	34,414	8	4,302	5,976	<,001

Residual	97,176	135	,720		
Total	131,590	143			

Tests of Normality

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Studentized Residual	,084	144	,015	,964	144	<,001

Appendix 15: Improvements

In what ways could the company improve in living out its purpose in your opinion? (Feel free to skip this question when you don't have anything in mind)

Exemplify by the CEO	Making a clear statement that everyone would understand	Management should stand behind the statements and actually implement them.	Not just promote it during the introduction week and learning materials, less promoting more action.
Act due to the values and not against it, overcome "politics" and focus really on the purpose	Authentic CEO with a clean and transparent vision	Be more precise in what the purpose is - I know what our purpose is in the company but I could fit it in one sentence be more visual about it...give cool cases whihc show the purpose brought to live	be more visual about it...give cool cases whihc show the purpose brought to live
Change their ways of working	Communication	Communicate the purpose to the employees in an entertaining way and on a regular basis	Define verifiable goals, Better communication
To really live the mission "Green Beauty for everyone" at it's fullest, sometimes it's just used for Greenwashing in my opinion.	Further stress the importance on keeping to the purpose of the company	In general, I find it more important that working in your own team is meaningful, even if it doesn't contribute to the overall purpose.	Has to be lived by the two CEOs
Less "silo thinking", fewer top-down decisions	Not only give the leadership the oppotunity to actively live the purpose but also engage the blue vollar workforce to participate/live the purpose of the company.	Outwards the purpose is very important. With its own employees the company seems to forget some of it's values sometimes.	Purpose is a question of awarness. may company has to think about the transition of communicate the purpose to the customer of tomorrow
Restate it more often and tie back what we do to it	Starting the day in the office or at home with the purpose by small grafics, videos etc. to make the people feel the company vibes. Onboarding process leading to the purpose. Big meeting should be held with a small part of a purpose presentation.	Steward Ownership to make sure that Purpose is used to fulfill the purpose	The leadership team sometimes forget the main purpose when it comes to annual targets.