



Exploring the Impact of Organizational Purpose in attracting Talents to Startups

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ABSTRACT

In today's competitive business environment, attracting top talents is a critical challenge, especially for startups. Although existing literature highlights an increasing preference for intrinsic motivators among individuals and a growing debate about purpose, the impact of a well-defined purpose on attracting talents to startups remains underexplored. This study tries to fill this gap by investigating the effect of a well-defined purpose on talent attraction within startups. Using a quantitative research approach, the study surveys 203 Gen Z and Millennial participants, including current and potential startup employees. The analysis reveals that talents are attracted to startups with a well-defined purpose. Specifically, women and Gen Z individuals are significantly more attracted to startups with a well-defined purpose than men and Millennials. Furthermore, the findings suggest that talents who perceive a strong alignment between their personal purpose and the organization's purpose are willing to accept a lower wage in order to be intrinsically motivated and engaged. The study contributes by highlighting the important role of having and communicating a clear organizational purpose in attracting diverse talents. Gender and generational differences significantly influence how talents perceive and prioritize the organization's purpose. Startups can not only improve their financial resources but also foster a purpose-driven culture by focusing on purpose alignment in the hiring process. This study addresses the research gap on the impact of purpose in startups and provides valuable guidance for startups to attract and retain top talents in a highly competitive market.

Keywords: Startups, Talent Attraction, Organizational Purpose, Corporate Purpose, Demographic Influences, Wage, Perceived Fit Theory, Talents

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RESUMO

No atual ambiente empresarial competitivo, atrair os melhores talentos é um desafio crucial, especialmente para startups. Embora a literatura destaque uma preferência crescente por motivadores intrínsecos e um debate sobre o objetivo, o impacto de um objetivo bem definido na atração de talentos para startups é pouco explorado. Este estudo investiga esse efeito, utilizando uma abordagem quantitativa com 203 participantes da Geração Z e Millennials, incluindo funcionários atuais e potenciais de startups. A análise revela que talentos são atraídos para startups com um objetivo bem definido, especialmente mulheres e indivíduos da Geração Z. Estes grupos são significativamente mais atraídos por startups com um objetivo claro do que homens e Millennials. Além disso, os resultados sugerem que talentos que percebem um forte alinhamento entre seu objetivo pessoal e o da organização estão dispostos a aceitar um salário mais baixo para se sentirem intrinsecamente motivados e empenhados. O estudo destaca a importância de ter e comunicar um objetivo organizacional claro para atrair talentos diversos. Diferenças de gênero e geração influenciam significativamente como os potenciais empregados percebem e dão prioridade ao objetivo da organização. Startups podem não só melhorar seus recursos financeiros, mas também promover uma cultura orientada para um objetivo, concentrando-se no alinhamento do objetivo no processo de contratação. Este estudo aborda a lacuna de investigação sobre o impacto do objetivo nas startups e fornece orientações valiosas para atrair e reter os melhores talentos num mercado altamente competitivo.

Palavras-chave: Startups, Atração de Talentos, Propósito Organizacional, Propósito Corporativo, Influências Demográficas, Salário, Teoria do Ajuste Percebido, Talentos

Título: Explorando o impacto do Propósito Organizacional na atração de Talentos para Startups

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LIST OF ABBREVIATIONS

Generation Z

Gen Z

1. INTRODUCTION

In today's competitive business landscape, the search for exceptional talents has become a war for talent (Chambers et al., 1998). Organizations across all industries face the increasing challenge of attracting skilled and motivated talents who have the power of choice. Startups, similar to larger corporates, also face the challenge of attracting the right individuals (ManpowerGroup, 2024). This challenge is further intensified by demographic shifts, including the retirement of the Baby Boomers and the effects of globalization, creating a global talent shortage (ManpowerGroup, 2024; McVicker, 2007). Given these challenges, startups are forced to prioritize talent attraction strategies in order to not only survive, but to remain competitive in the labor market. As talented professionals are no longer passive job seekers, they actively evaluate their options based on personal preferences. Startups need to differentiate themselves to become the employer of choice. While their offerings are relatively similar across different industries, what truly attracts talents?

The literature on talent attraction highlights the complex nature of motivational factors. Extrinsic and intrinsic motivators play central roles in attracting talents to startups. Extrinsic motivators, such as competitive salary, bonuses, promotions, job security, and comprehensive benefits, have been extensively studied and are widely recognized as strong predictors of employer attraction (Chapman et al., 2005). However, recent research reveals a growing shift towards intrinsic motivators among individuals. Intrinsic motivators are defined as non-financial factors that contribute to a deep sense of fulfillment in the workplace (Schlechter et al., 2015). These factors include meaningful work, personal interest in the role, achieving work-life balance, experiencing a supportive and inclusive work environment, and fostering a personal connection to the organization (Henderson & Steen, 2015; Schlechter et al., 2015). These intrinsic motivators are significantly influenced by an organization's identity, which comprises its core values, mission, vision, purpose, and culture.

In recent decades, the role of organizational purpose in the business world has been increasingly discussed. Traditionally, the purpose of organizations has been primarily seen as maximizing profits for shareholders (Friedman, 1970). However, this perspective has broadened to include the interests of a wider range of stakeholders such as employees, customers, suppliers, communities, and the environment (Freeman et al., 2004). An organizational purpose, which is defined as a goal beyond profit maximization, serves as a long-term orientation that is consistent

with the core values, vision, and mission of an organization. It acts as a guiding principle that gives meaning to the organization's activities (Henderson & Steen, 2015). It reflects the organization's intended contribution to society, including internal and external impact. Employees are more engaged and motivated when they internalize the organizational purpose (Henderson & Steen, 2015; Van Tuin et al., 2020; Von Ahsen & Gauch, 2022).

As startups engage in the war for talent and recent research shows a growing preference by individuals for intrinsic motivators such as meaningful work, a well-defined organizational purpose emerges as essential to attract talents to startups. However, there is a gap in the current state of literature on the impact of a well-defined purpose on talent attraction in the context of startups. This gap is particularly relevant given the increasing competition for top talents and the growing debate about the purpose of organizations. Therefore, addressing this gap is critical to advance our understanding of how startups can effectively attract and retain talents in today's competitive landscape.

To fill this gap, this thesis explores the relationship of a well-defined purpose in attracting talents to startups. The primary research question guiding this investigation is: Is a well-defined organizational purpose essential to attract talents to startups? Furthermore, existing literature suggests that gender (Burbano et al., 2023; Schlechter et al., 2015) and generation (EY, 2021) may play an important role in attracting talents, but empirical evidence specific to startups is lacking. Thus, gender and generation are investigated to determine whether they influence talent attraction in startups. Moreover, existing literature indicates that individuals who perceive an alignment between their personal purpose and the organizational purpose are willing to accept a lower wage (Henderson & Steen, 2015). This study aims to validate this theory for the startup environment, by examining the relationship between purpose alignment and the willingness to accept a lower wage among talents in startups.

This thesis uses a quantitative research approach to investigate the relationship between a well-defined organizational purpose and attracting talents to startups. The primary data is a survey targeting Gen Z and Millennial talents. The sample consists of 203 participants, including current startup employees and individuals interested in working for a startup in the future.

The thesis is divided into four chapters. First, the theoretical background provides a comprehensive overview of the relevant theoretical frameworks of organizational purpose,

talent attraction through extrinsic and intrinsic motivators, and definitions of startups, Millennials, Gen Z, and Perceived Fit, and Person-Organization Fit Theory. Second, the research methodology used to test the proposed hypotheses is explained in detail. Third, the empirical findings from the quantitative analysis are presented, including descriptive statistics, reliability analysis, testing the proposed hypotheses, and a correlation matrix. This is followed by a discussion in which the implications of the results are explored in depth, drawing connections to existing literature and offering insights into the practical implications for startups, the limitations of the study, and recommendations for future research. Finally, the thesis concludes with a summary of the key findings.

2. THEORETICAL BACKGROUND

This section provides key definitions and theories that are important to understanding the relationship between the existing literature and the research question: Is a well-defined organizational purpose essential to attract talents to startups?

2.1. Organizational Purpose

Organizational purpose can be defined as the fundamental reason for the organization's existence. In recent decades, the concept of organizational purpose has shifted from solely maximizing profits for the company's shareholders (Friedman, 1970) to a broader perspective that considers all stakeholders such as employees, customers, suppliers, the communities in which the company operates in, and the environment (Freeman et al., 2004). According to Henderson & Steen (2015), purpose is defined "as a concrete goal or objective for the firm that reaches beyond profit maximization" (p. 327). In this broader perspective, organizational purpose is a long-term orientation that aligns with the company's core values, its vision, and mission. It serves as a guiding principle that gives meaning to the organization's activities and resonates with both internal and external stakeholders (Freeman et al., 2004). Effectively communicating the purpose is crucial. However, this not only involves conveying the organizational purpose but also establishing it among employees and in the organizational culture. When employees internalize the organizational purpose, they gain a deeper and more meaningful understanding of their work, leading to higher levels of work engagement and motivation (Henderson & Steen, 2015; Van Tuin et al., 2020; Von Ahsen & Gauch, 2022).

If the purpose is not probably established within the company, it amounts to purpose washing. Purpose washing refers to the practice where companies present themselves as purpose-driven to improve their image and profitability, but their actions do not align with their claims (AlSalim & Etter, 2023). However, companies should avoid purpose washing as it can damage their reputation, both in the short and long-term, lead to mistrust among stakeholders, and potentially result in financial losses (AlSalim & Etter, 2023). Hence, companies should not only communicate their purpose, but also embody it within the organizational strategies and operations to maintain authenticity and credibility.

Purpose, vision, mission, and values are foundational elements that shape an organization's identity and direction. While these terms are sometimes used interchangeably, they each have

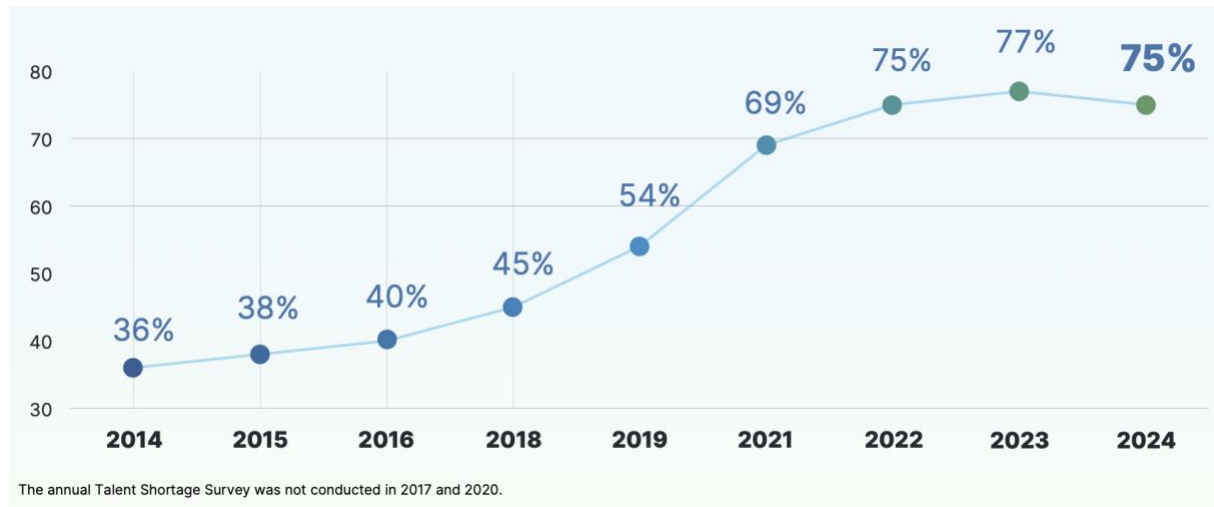
different functions and play a unique role in guiding the organization towards its goals. Purpose is deeper than vision and mission. It reflects the organization's intended contribution to society and encompasses both internal and external impact. Purpose represents the fundamental reason why an organization exists (Ellsworth, 2002). Also, purpose gives employees a sense of fulfilment. When individuals understand how their work contributes to a greater cause, they feel connected and motivated (Henderson & Steen, 2015). A vision is a forward-looking, aspirational description of what an organization aims to become. It represents the organization's ideal. The vision serves as a driver and motivator to inspire employees and stakeholders by painting a clear picture of success (Collins & Porras, 1996). It answers the question of what the organization could look like if all goals were achieved. In contrast, the mission outlines the specific actions and strategies that an organization undertakes to achieve its vision. It serves to align employees and stakeholders towards common goals and provides a clear roadmap for daily operations and decision-making (Rajasekar, 2013). Values represent the cultural norms and expected behaviors within the organizational culture that shape interactions among employees, customers, suppliers, and other stakeholders (Williams, 2002). Values encompass the "how" things are done within an organization. They should be aligned with the organization's purpose to create a consistent and authentic organizational culture (Williams, 2002).

2.2. Relevance & Impact of Organizational Purpose

As already mentioned above, startups are engaged in a war for talent (Chambers et al., 1998), competing for skilled individuals. This struggle is intensified by shifting demographic trends, such as the impending retirement of Baby Boomers, coupled with globalization, which create a gap between labor demand and supply, expected to further expand in the future (McVicker, 2007). Figure 1 shows a global increase in talent shortage over the past decade, underscoring the urgency for organizations to prioritize talent attraction. Today, 75% of global employers report difficulty in filling job positions (ManpowerGroup, 2024). The ManpowerGroup study (2024) also found that on average 73% of organizations with fewer than 50 employees struggle with finding new talents.

Figure 1

Global Talent Shortage



Note. From *Global Talent Shortage*, by ManpowerGroup, 2024, p. 2

Simultaneously, there has been an increased public discourse on purpose. Organizational purpose, traditionally seen as maximizing profits for shareholders (Friedman, 1970), has evolved into a broader concept encompassing the interests of all stakeholders (Freeman et al., 2004). An organizational purpose increases work engagement and motivation by providing employees with a deeper and more meaningful understanding of their work (Henderson & Steen, 2015; Van Tuin et al., 2020; Von Ahsen & Gauch, 2022). As startups struggle with the challenge of finding top talents and compete in the war for talent, purpose emerges as a compelling factor for attracting exceptional individuals. Therefore:

Hypothesis 1: A well-defined purpose is essential to attract talents to startups.

There is a common misconception in society that for-profit organizations are not purpose-driven. However, in reality, there is no conflict between having a purpose and achieving profitability. Previous research has shown that purpose-driven companies achieve better financial performance than others (Henderson & Steen, 2015; Von Ahsen & Gauch, 2022).

2.3. Talent Attraction

In today's business world, people are seen as the most important asset of an organization than ever before. This shift is particularly evident due to studies highlighting how talents and employees drive organizational success (ManpowerGroup, 2024). Thunnissen and Van

Arensbergen (2015) define talent “as a bundle of interrelated components of outstanding abilities, interpersonal characteristics, and excellent performance” (p. 195). Talents are highly motivated and ambitious, have a strong passion for their field, but are also able to communicate, enthuse, and inspire others (Thunnissen & Van Arensbergen, 2015). Given the competition for top talents, individuals with such exceptional qualities have the freedom to choose their preferred employer. This decision is influenced by financial and non-financial rewards, their extrinsic and intrinsic motivation, and their personal preferences.

Most research on employer attraction focuses primarily on extrinsic motivators and financial rewards, including specific job characteristics of the position such as competitive salary, bonuses, promotions, type of work, job security, and comprehensive benefits, and broader organization characteristics such as organizational image, size, location, and advancement opportunities within the organization (Chapman et al., 2005). According to Chapman et al. (2005), specific job characteristics and broader organizational characteristics are strong predictors of employer attraction, as individuals evaluate job opportunities based on these characteristics.

In addition to extrinsic motivators, individuals are increasingly drawn to intrinsic motivators and non-financial rewards, that enrich their deeper sense of fulfillment, significantly influencing their attraction to potential employers (Schlechter et al., 2015). Individuals seek meaningful work, personal interest in the position, balance between work and private life, a supportive and inclusive work environment, and feeling a personal connection and belonging to the potential employer (Henderson & Steen, 2015; Schlechter et al., 2015). These non-financial rewards are significantly influenced by the organizational identity, consisting of the organization’s core values, mission, vision, purpose, and culture that define and distinguish a company’s character. Among these factors, purpose stands out as a key component, serving as a guiding principle towards fulfilling its overarching mission and vision. According to Schlechter et al. (2015), female individuals are more attracted to non-financial rewards than their male counterparts. Women place a higher value on having a prosocial impact, giving their work a sense of meaning and fulfillment (Burbano et al., 2023). Research shows that meaningful work is particularly prevalent in entrepreneurial teams in startups (Schwarz & Wahl, 2023). Thus:

Hypothesis 2: Women are more attracted to startups with a well-defined purpose than men.

2.4. Startups

Startups are companies that are characterized by defining and validating their business model, their product-market fit, and gaining traction through their target customer (Picken, 2017). They are typically less than five years old, depending on the industry (Steigertahl & Mauer, 2018). Startups can be found across all sectors, ranging from software development to food, and everything in between (Steigertahl & Mauer, 2018). Startups often maintain a low hierarchy (Picken, 2017) with a small team, ranging from a handful individuals up to 20 people (Steigertahl & Mauer, 2018). According to the EU Startup Monitor Report (2018), the average employee size of European startups is 13. Although this can vary depending on factors such as industry, business model, and growth trajectory. A study analyzing more than a decade of company-level data revealed that startups tend to employ younger people, with more than 70% of employees under the age of 45 in companies between one to five years old (Ouimet & Zarutskie, 2014). Hence, the majority of employees in startups are Millennials and Generation Z (Gen Z). In contrast, almost half of employees are over 45 in established companies that have been in business for more than 20 years (Ouimet & Zarutskie, 2014). Startups are growth-oriented, aiming to achieve rapid expansion through scalable and innovative business models (Picken, 2017). During the initial years, startups face limited financial resources due to a lack of revenue, hindering their ability to cover operational expenses and invest in growth initiatives (Picken, 2017). Consequently, startups often rely on external sources of funding from business angels or venture capitalists to sustain their operations and drive their expansion (Steigertahl & Mauer, 2018). Therefore, the newly established companies face a high degree of uncertainty and risk (Kusumaningtyas et al., 2021; LeBrasseur et al., 2003; Picken, 2017). There is no guarantee of success and around 90% of startups fail within the first five years of operation (Haltiwanger, 2022; LeBrasseur et al., 2003; Picken, 2017). The main reasons for startup failure are running out of cash due to lack of funding, poor product-market fit and competition (Kusumaningtyas et al., 2021). However, there are success stories of startups (e.g. Uber or Airbnb) that have grown into established companies and play a significant role in the economy (Massis et al., 2016). In contrast to established companies, where leadership roles are often distributed among professional executives and managers, startups are primarily led by their founders. Startups are typically founded in teams of three, with the average age of the founders being 35 when founding the business (Steigertahl & Mauer, 2018). Founders play a pivotal role in directly shaping the company's purpose, strategy, and day-to-day operations (Steigertahl & Mauer, 2018).

2.5. The Generations

The term “generation” is used to describe groups of individuals born in similar time periods, who have shared experiences that shape their values and life paths. There are currently four different generations in the labor market: Baby Boomers (born 1946 – 1964), Gen X (born 1965 – 1978), Millennials (born 1979 – 1995), and Gen Z (born 1996 – 2010). Given that over 70% of startup employees are Millennials and Gen Z (Ouimet & Zarutskie, 2014), this study focuses exclusively on these two generations due to their predominant representation and relevance in the startup workforce.

2.5.1. Millennials

Millennials, often referred to as Generation Y, grew up in the digital age. They are currently the largest generation in the global workforce, characterized by being well-educated, collaborative, sociable, open-minded, and highly adaptable (Gabrielova & Buchko, 2021). They prioritize challenging work and focus on their success while also achieving a balance between work and life and flexibility (Ng et al., 2010). Their ability to adapt quickly and well to change often results in shorter tenures and frequent job changes (Martin, 2005). Millennials have a strong desire to continuously learn and grow, seeking mentorship, and individual coaching in their professional development journey (Gabrielova & Buchko, 2021). Ambitious and eager to make a difference, Millennials expect immediate feedback, place a high value on achievement and recognition for their contributions from their workplace, and prefer a technological work environment (Martin, 2005; Ng et al., 2010).

2.5.2. Gen Z

As the newest and youngest generation to enter the workforce, Gen Z is expected to significantly disrupt the workplace even more than Millennials (EY, 2021). While Gen Z shares similarities with Millennials, they also have unique characteristics, goals, and values. Growing up in an era of rapid technological advancement, Gen Z is the most technologically advanced generation yet, having grown up with the internet, smartphones, and social media from an early age. Using the available technologies is an integral part of their lives. This tech-savvy generation is emphasizing work-life balance, a flexible schedule, continuous learning, cultural fit with their workplace, and diversity and inclusion (EY, 2021; Gabrielova & Buchko, 2021). Individuals from Gen Z are characterized by having a strong entrepreneurial spirit (EY, 2021). Similar to Millennials, Gen Z is also deeply invested in social, environmental, and political issues. According to the 2021 Gen Z Segmentation Study from Ernst & Young LLP, Gen Z is

the most purpose-driven generation, prioritizing alignment of values with their employer over monetary compensation in their careers. Hence:

Hypothesis 3: Gen Z is more attracted to startups with a well-defined purpose than Millennials.

2.6. Perceived Fit

Perceived fit is another influential indicators of talent attraction (Chapman et al., 2005). It encompasses the individual's subjective evaluation of their alignment and compatibility with the organization and the position. Research findings show a positive relationship between perceived fit and attraction to organizations, highlighting the important role of fit perceptions in attracting new talents (Chapman et al., 2005; Chatman, 1989). Moreover, the perceived fit theory has evolved over time to include broader environmental factors, leading to the concept of Person-Environment Fit. This concept examines the fit between individuals and their broader work environments (Kristof-Brown et al., 2005). This concept has been expanded over time and now includes different types of fit such as Person-Vocation Fit, Person-Job Fit, Person-Organization Fit, Person-Group Fit and Person-Supervisor Fit (Kristof-Brown et al., 2005). The most relevant theory for this study is Person-Organization Fit.

2.6.1 Person-Organization Fit Theory

The Person-Organization Fit theory was developed by Chatman (1989) and is defined as the alignment between individuals and organizational values, norms, and goals. There are two primary dimensions to Person-Organization Fit: supplementary fit and complementary fit. Supplementary fit occurs when the individual and the organization share values, goals, and attitudes (Kristof, 1996; Kristof-Brown et al., 2005; Muchinsky & Monahan, 1987). This alignment fosters a deeper connection between the individual and the organization and improves mutual understanding and efficiency beyond simply fulfilling needs. On the other hand, complementary fit occurs when the individual's skills, qualities, and attributes address the needs or gaps within the organization, and vice versa (Kristof, 1996; Kristof-Brown et al., 2005; Muchinsky & Monahan, 1987). This alignment fosters a mutually beneficial relationship where both the individual and the organization can prosper and achieve their goals more effectively.

The concept of supplementary fit plays a pivotal role in investigating if a well-defined organizational purpose is essential to attract talents to startups. Central to this concept is the

congruence between individual and organization values (Chatman, 1989; Kristof, 1996). Value congruence exists when both an individual and the organization share similar values. Previous studies have shown that the presence of value congruence correlates with a stronger perception of Person-Organization Fit. Therefore, individuals are more attracted to organizations whose values match with their own and where their personal characteristics align with organizational norms (Chatman, 1989).

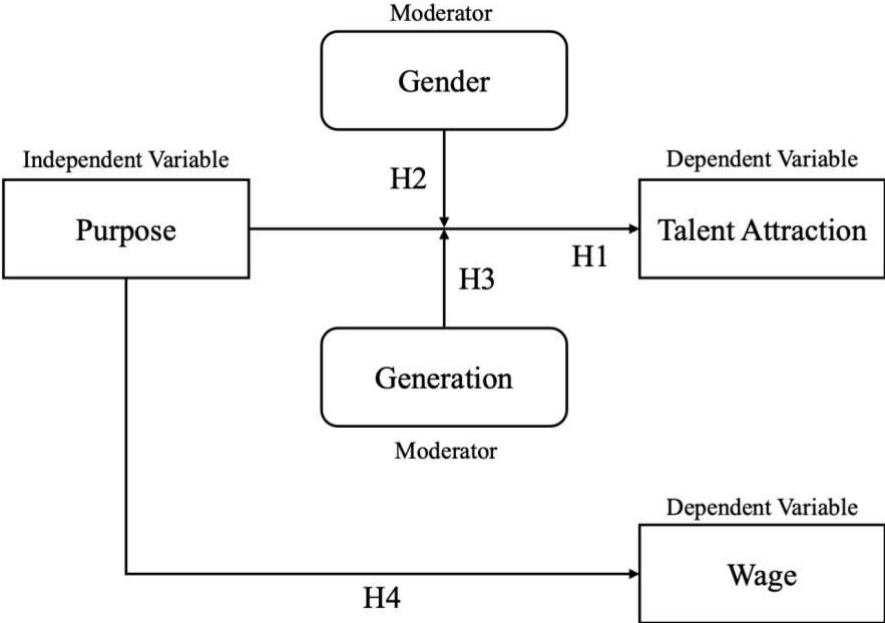
When individual and organizational characteristics are well aligned, it leads to high levels of organizational commitment, job satisfaction, job retention, organizational behaviors, and job performance (Kristof, 1996; Kristof-Brown et al., 2005; Subramanian et al., 2023). As previously mentioned, purpose-driven companies tend to generate better financial results (Henderson & Steen, 2015; Von Ahsen & Gauch, 2022). One contributing factor is that employees accept a lower wage if they experience a strong alignment between their personal purpose and the purpose of the organization. This alignment strengthens their identity and reputation (Henderson & Steen, 2015). Therefore:

Hypothesis 4: Talents accept a lower wage in startups if they perceive a strong fit between their personal purpose and the organizational purpose.

In summary, four hypotheses are formulated to investigate the relationship between a well-defined organizational purpose in startups and its impact on attracting talents. Hypothesis 1 explores the relationship between a well-defined purpose and talent attraction in startups. This hypothesis implies that startups with a clear purpose will have greater success in attracting talents. Hypothesis 2 examines gender differences in talent attraction to startups with a well-defined purpose, proposing that gender acts as a moderator in this relationship. It is hypothesized that for women, a well-defined purpose positively moderates attraction to startups, while this effect is less pronounced for men. Hypothesis 3 explores generational preferences and suggests that generation may play a moderating role in the relationship between purpose and talent attraction in startups. It is assumed that Gen Z individuals will be more attracted to startups with a well-defined purpose compared to Millennials. Hypothesis 4 states that talents who perceive a strong fit between their personal purpose and the organizational purpose are more likely to accept a lower wage. This hypothesis implies that having a strong fit between personal and organizational purpose positively strengthens an individuals' identity and reputation. As a result, individuals are more likely to accept lower pay in exchange for

purposeful work. The following figure illustrates the four proposed hypotheses to be investigated in this study:

Figure 2
Conceptual Model



Note. Own illustration

3. RESEARCH METHODOLOGY

The following chapter describes the methodology used to answer the research question: Is a well-defined organizational purpose essential to attract talents to startups? This section explains why the chosen procedures are suitable for the analysis and necessary to obtain high quality results.

3.1. Research Design

The research design of this study adopts a quantitative approach to investigate the central role of a well-defined organizational purpose to attract talents to startups. The key strength of a quantitative research approach is to enable a structured analysis of data collected from a representative sample to explore the correlation between a startup's well-defined organizational purpose and its capacity to attract talents (Edmondson & Mcmanus, 2007). Quantitative data is necessary to test the proposed hypothesis (Edmondson & Mcmanus, 2007). Given the importance of quantitative data for testing hypotheses and the lack of available data on the impact of a well-defined purpose in talent attraction within startups, collecting primary data is essential. Consequently, a survey serves as the primary source of data to fill this research gap. Through this survey-based approach, the study aims to provide empirical findings on the importance of a well-defined purpose in attracting talents in the startup ecosystem.

3.2. Survey Structure

The survey is divided into four sections to gain insights into whether a well-defined organizational purpose is essential to attract talents to startups. The first section of the survey collected demographic data, including age, gender, nationality, and income. Additionally, control questions were included to identify if the respondents are currently employed in a startup and, if so, in which industry. For respondents who are not currently employed in a startup, another control question was included to understand if they plan to work in a startup in the future. This differentiation allows for a detailed understanding of both current employees in startups and individuals who are likely to seek employment in startups in the future.

In the second section of the survey, respondents are presented with a pair of purpose statements of two startup (Startup 1 and Startup 2) across five purpose sets. Each set of purpose statements covers a different industry (food, oil, finance, sport, and consumer goods) to reduce the bias associated with respondents' personal industry preferences. In each purpose set, the two startups

are in the same industry and perform the same core activity. However, each startup has a unique purpose. One purpose statement emphasizes a broader and deeper societal impact, while the other focuses more specifically on the company's core business and activities. For example, the purpose statement of Startup 1 emphasizes “nurturing and inspiring the human spirit, cup by cup, in every community”, reflecting a broader contribution to society. In contrast, the purpose statement of Startup 2 focuses more narrowly on the company's activities: “Producing delicious and sustainable coffee worldwide”. Although both startups produce and sell sustainable coffee, their purpose statements differ and may attract talents differently. In particular, Startup 1 has the well-defined purpose statement for the food and finance industries, while Startup 2 has the well-defined purpose statement for the furniture, oil, and sports industries. The five pairs of purpose statements can be found in Appendix 1, the ones in bold are the well-defined purpose statements of each industry. For this study, a well-defined purpose is not only related to the startup’s core business and activities but also to its intended contribution to society, including internal and external stakeholders (Freeman et al., 2004). Respondents are asked to carefully review each startup purpose and select the startup they are most attracted to.

The third section investigated whether respondents consider an organizational purpose as an essential factor when making decisions about job opportunities within startups, motivation, and past experiences influencing job decisions. Using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), respondents were asked to indicate the extent to which they agree or disagree with each of the six statements. These statements aim to determine if respondents consider an organizational purpose to be essential in deciding to join a startup. For example, statements such as “I am more likely to consider working for a startup that has a clear organizational purpose than one that does not.” and “When evaluating a job position, I always prioritize examining the organizational purpose of the startup before making any decisions”. This provides insights into whether a well-defined purpose is essential to attract talents to startups.

Both section two and section three of the survey examine the extent to which a well-defined purpose attracts talents and predicts the dependent variable “Talent Attraction”. In section two, an indirect approach is utilized by presenting respondents with a choice between two purpose statements. Participants are asked to select the purpose statement that resonates more strongly with them, allowing for a detailed exploration of whether a well-defined purpose attracts talents more strongly than a less defined one. In contrast, section three of the survey asks respondents

directly about the importance of a well-defined purpose in their decision-making process regarding job opportunities, providing a more explicit insight into the perceived importance of purpose in attracting talents.

The fourth and final section of the survey explored the trade-off talents are willing to accept between wage and the alignment of their personal purpose and the organizational purpose. The dependent variable “Wage” is predicted by giving the respondents three statements about their willingness to prioritize purposeful work and an alignment between their own personal purpose and the organizational purpose over higher financial rewards. These statements are rated on a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). One of the three statements presented to the respondents was: “I would be willing to accept a lower salary to work for a startup that has a clear organizational purpose that aligns with my personal purpose.” See Appendix 1 for the survey with all four sections.

3.3. Data Collection & Sample

The study is based on one questionnaire facilitated via the online survey software Qualtrics. The data collection period started on 17 April 2024 and ended on 24 April 2024. The survey was distributed through multiple channels to ensure broad outreach. These channels included social media platforms such as LinkedIn and WhatsApp and personalized emails directly reaching out to individuals within the startup ecosystem. In addition, the survey made use of the researcher's personal network, which includes a significant number of startup employees and individuals interested in working in the startup ecosystem, to further enhance outreach. This multifaceted approach aimed to ensure a diverse pool of respondents, consisting of employees of startups and individuals planning to work in a startup in the future. The target sample for this study consists of individuals belonging to the Gen Z or Millennial generations, aged between 18 and 45. This demographic represents the majority of the workforce within the startup ecosystem (Ouimet & Zarutskie, 2014). Participants include both employees currently working in startups and individuals interested in working in a startup. Targeting these specific demographics is crucial to addressing the research question of whether a well-defined organizational purpose is essential to attract talents to startups. Therefore, the study followed a non-probability and non-random sampling method. While this method is more accessible and cost-effective, it has a higher risk of sampling bias (Acharya et al., 2013).

3.4. Data Analysis

After collecting the responses via Qualtrics, the data was analyzed using the programming language R, widely used for analyzing quantitative data. First, descriptive statistics were generated to provide an overview of the data. Cronbach's alpha was computed for the third and fourth section of the questionnaire, each using a five-point Likert scale, to measure the reliability of the questionnaire items (Bonett & Wright, 2015). The dataset contained of two groups: employees currently working in a startup and individuals who are not currently employed in a startup but plan to working in a startup in the future, both groups represent talents within the startup ecosystem. Therefore, it was not necessary to analyze these groups separately to answer the research questions if a well-defined organizational purpose is essential to attract talents to startups. As a result, individuals not employed in a startup or not interested in working in a startup were excluded from the analysis. Respondents who were not part of the Gen Z or Millennial generations were also excluded, as more than 70% of employees working in startups are under the age of 45 (Ouimet & Zarutskie, 2014).

Finally, section two and three of the survey were analyzed to test the first proposed hypothesis, whether a well-defined purpose is essential to attract talents to startups. The second and third hypotheses were tested using t-tests to compare women and men, and Gen Z and Millennials. The analysis of the final section of the survey focused on testing the fourth proposed hypothesis. Additionally, two full regression analyses, including all control variables, were conducted to explore demographic patterns related to the dependent variables talent attraction and wage in the dataset.

3.5. Variable Creation

Before testing the four proposed hypotheses, the two dependent variables talent attraction and wage were created. The dependent variable, talent attraction, measured if respondents were attracted to the well-defined purpose statements of startups and if they prioritize assessing the organization's purpose when making job decisions in startups. This variable included four dimensions of attraction: 0 (not attracted), 1 (somewhat attracted), 2 (attracted), and 3 (strongly attracted) to evaluate if a well-defined organizational purpose is essential to attract talents to startups. The average purpose score for section two and three of the survey was then calculated to provide an aggregate measure of respondents' overall attraction to well-defined purpose statements and whether an organizational purpose serves as an essential factor in making job decisions. The talent attraction variable is higher when respondents selected the well-defined

purpose statements and emphasized an organizational purpose as essential in attracting them to startups. The table below shows the logic for creating the dependent variable talent attraction:

Table 1
Dependent Variable Talent Attraction

Average Purpose (Block 2 & 3)	Assigned Value	Description
< 3	0	Not attracted
3 – 3.5	1	Somewhat attracted
3.51 – 4.5	2	Attracted
4.51 – 5	3	Strongly attracted

Note. Own illustration

A similar approach was used to create the second dependent variable, wage. The variable captured the degree to which respondents are willing to accept a lower wage if they perceive an alignment between their personal purpose and the organization’s purpose: 0 (not willing to accept a lower wage), 1 (somewhat willing to accept a lower wage), 2 (willing to accept a lower wage), and 3 (strongly willing to accept a lower wage). This degree was calculated by averaging the respondent’s answer from the final section “Perceived Purpose Fit vs. Wage” of the survey. Table 2 illustrates the creation of the dependent variable wage.

Table 2
Dependent Variable Wage

Average Perceived Purpose Fit vs. Wage (Block 4)	Assigned Value	Description
< 3	0	Not willing to accept a lower wage
3 – 3.5	1	Somewhat willing to accept a lower wage
3.51 – 4.5	2	Willing to accept a lower wage
4.51 – 5	3	Strongly willing to accept a lower wage

Note. Own illustration

In addition, the demographic questions from section one of the survey were processed to create control variables, such as gender, generation, nationality, income, and industry, to explore potential differences between demographic groups in the perceived importance of a well-defined purpose as essential in attracting talents to startups.

4. RESULTS

This chapter presents the analysis of the collected data including descriptive statistics of the sample, reliability analyses, testing the four proposed hypotheses, two full regression models for the dependent variables talent attraction and wage, and a correlation matrix. The following results can be derived from the comprehensive analysis of the collected data: A well-defined organizational purpose is essential to attract talents to startups. Especially women and Gen Z individuals are more attracted to startup with a well-defined purpose than men and Millennials. Moreover, talents accept lower wages if they perceive a strong fit between their personal purpose and the organizational purpose.

4.1. Descriptive Statistics

The survey received a total of 247 responses, one was incomplete, and 44 responses were excluded from the analysis as they did not meet the criteria of the target sample. As the majority of employees in startups are under the age of 45 (Ouimet & Zarutskie, 2014), older respondents were excluded from the sample. Specifically, 17 respondents identified as Gen X and 11 as Baby Boomers. In total 28 respondents were not in the targeted age range. In addition, 15 participants answered that they are not employed in a startup and do not plan to work in a startup in the future. These exclusions are essential to ensure the relevance of the sample to answer the research question, if a well-defined organizational purpose is essential to attract talents to startups. After excluding irrelevant responses, 203 valid responses remained for the analysis.

Among the valid survey responses, there were four outliers observed across the survey sections. Two outliers were observed in section three and two outliers were observed in the final section of the survey. There were no outliers in the second section of the survey. These outliers were retained in the dataset as they provided valuable insights and did not significantly affect the results. The graphs illustrating the outliers can be found in Appendix 2.

The final sample included 203 responses, with an almost even gender distribution: 105 (51.72%) respondents identified as female, while 98 (48.28%) respondents identified as male. Most respondents, 156 (76.85%), reported that they are currently working in a startup while 47 (23.15%) answered that they plan to work in a startup in the future. The distribution of startup employees across industries varied, with the highest number of respondents working in “Consulting” (14.10%), followed by “IT & Software Development” (10.26%), “Consumer &

Retail” (9.62%), and other industries (13.46%). With only 7 respondents working in the construction sector, it had the lowest representation in the sample. A total of 118 (58.13%) respondents were identified as belonging to the Gen Z generation, while 85 (41.87%) were identified as Millennials. In particular, 40 (19.70%) respondents were between the age of 18 and 23, 78 (38.42%) between the age of 24 and 28, 56 (27.59%) between the age of 29 and 37, and 29 (14.29%) between the age of 38 and 45. The annual income distribution of the respondents was mainly divided into three categories: 47 (23.15%) respondents reported an income between €10,000 and €24,999, 53 (26.11%) respondents earned between €25,000 to €49,999, and 48 (23.65%) respondents reported an income between €50,000 and €74,999. Most respondents, 75.37%, were German. Detailed graphs illustrating these demographics can be found in Appendix 2.

In the second part of the survey, respondents were presented pairs of purpose statements of two startups across five different industries. The data of section two showed a strong preference of respondents for the well-defined purpose statements of startups, with 83.25% preferring the well-defined purpose statement of the finance startups, 69.95% of the food startups, 74.88% of the oil startups, 85.22% of the furniture startups, and 75.37% of the sports startups. The detailed distribution of the respondents between the two startups in the five different industries can be seen in Appendix 2. Respondents selected on average 3.887 well-defined purpose statements out of 5, indicating a clear tendency towards more well-defined purpose statements. On average, 77.73% of respondents preferred the well-defined purpose statement of the two start-ups presented in the second section of the survey. This result underscores that startups with well-defined organizational purpose statements are more attractive to talents.

In the third section of the survey, the mean was 4.087 with a median of 4, indicating a high level of agreement among respondents about the importance of considering the purpose of startups when making employment decisions. This finding further supports the result obtained in the section before that talents are attracted to startups with a well-defined organizational purpose.

Table 3
Descriptive Statistics of the Independent Variable Purpose

Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
1.000	4.000	4.000	4.087	5.000	5.000

Note. Output R Studio

The fourth section of the survey had an average score of 3.803 and a median of 4, implying that respondents prioritize an alignment between their personal purpose and the organization’s purpose over higher financial compensation.

Table 4

Descriptive Statistics of the Independent Variable Perceived Purpose Fit vs. Wage

Min.	1st Qu.	Median	Mean	3rd Qu.	Max.
1.000	3.000	4.000	3.803	5.000	5.000

Note. Output R Studio

4.2. Reliability Analysis

Cronbach's alpha is one of the most used measures in validating the reliability of questionnaire items (Bonett & Wright, 2015). This statistical test was used to evaluate the reliability of the questionnaire items, ensuring consistency in respondents' responses across the two five-point Likert scale blocks. The Cronbach's alpha analyses revealed a high level of internal consistency in both block three and block four of the survey. In the third block, Cronbach’s alpha is 0.896, indicating good reliability. Also, block four, “Perceived Purpose Fit vs. Wage”, which explored the respondents’ willingness to accept a lower wage if they perceive a fit between their personal purpose and the organizational purpose, achieved a Cronbach's alpha of 0.911, indicating excellent reliability. These results highlight the robustness of the questionnaire and the consistency of the responses, allowing for a reliable analysis of the collected data. Table 5 shows the results:

Table 5

Cronbach’s Alpha

Block	Number of Statements	Scale	Cronbach’s Alpha	Rating
Purpose	6	Five-point Likert	0.896	Good
Perceived Purpose Fit vs. Wage	3	Five-point Likert	0.911	Excellent

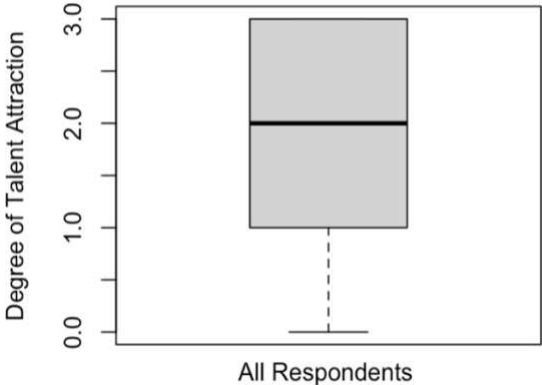
Note. Own illustration

4.3. Hypotheses Testing

To answer the research question of this study – “Is a well-defined organizational purpose essential to attract talents to startups?” – four hypotheses were formulated based on the findings of the literature review. To validate these hypotheses, the collected survey data was analyzed.

Hypothesis 1 states: "A well-defined organizational purpose is essential to attract talents to startups". This hypothesis is tested by examining respondents' perceptions in section two and three of the survey, providing key insights into the extent to which a well-defined purpose is essential for attracting them to startups. The average purpose score for the two sections was 3.987, illustrating that respondents prefer to work for startups with well-defined purpose statements and that they consider the organizational purpose of startups when making job decisions. Translating this into the dependent variable, talent attraction, the average score was 1.911, demonstrating that, on average, respondents are attracted to startups with a well-defined organizational purpose. According to the data shown in Figure 4, out of the 203 respondents, 40 (19.70%) respondents were somewhat attracted to startups with a well-defined purpose statement, 72 (35.47%) respondents were attracted, 68 (33.5%) respondents were strongly attracted, while 23 (11.33%) respondents were not attracted to startups with a well-defined purpose. Overall, this data reveals that approximately 68.97% of respondents were either attracted or strongly attracted to startups with a clear organizational purpose. This indicates that the majority of respondents are attracted to startups with a clearly defined purpose. Therefore, the first hypothesis that a well-defined organizational purpose is essential to attract talents to startups is confirmed.

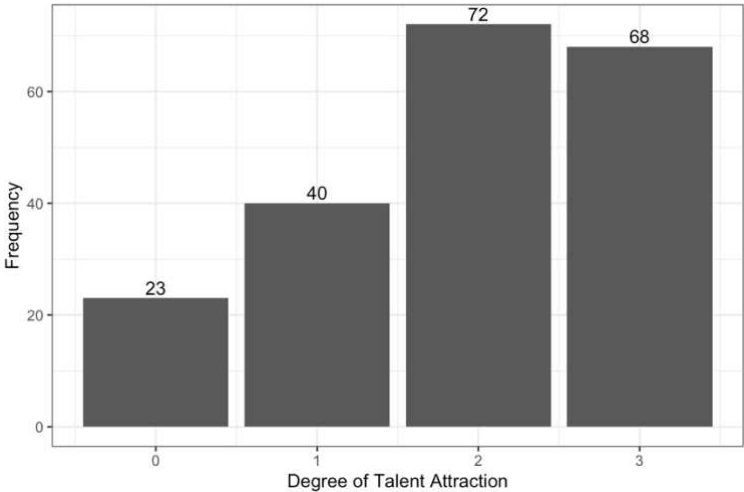
Figure 3
Degree of Talent Attraction



Note. Output R Studio

Figure 4

Distribution of Talent Attraction Degrees



Note. Output R Studio

Hypothesis 2: "Women are more attracted to startups with a well-defined purpose than men" aims to investigate whether gender plays a role in talents' attraction to startups with a well-defined purpose. On average, women were more attracted to startups with a well-defined purpose (mean = 2.162) than men (mean = 1.643). The p-value of the two-sample t-test was 0.0001846, indicating a statistically significant difference between men and women in their attraction to startups with a well-defined purpose. The 95% confidence interval (0.2508223 – 0.7872730) did not contain 0, which further supports that there is a statistically significant difference between the mean talent attraction of women and men.

Table 6

Degree of Talent Attraction between Women and Men

```
Welch Two Sample t-test

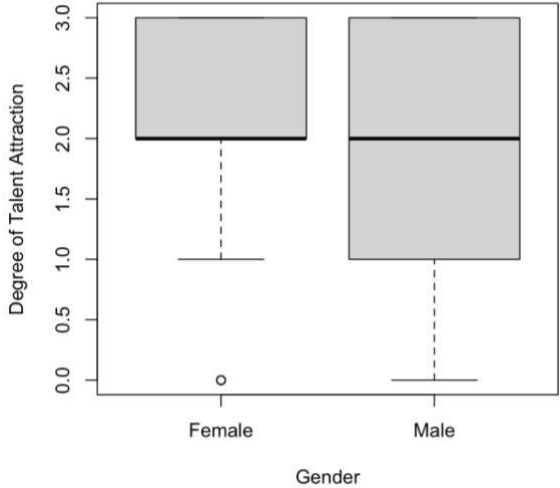
data: data_final$talent_attraction by data_final$Gender
t = 3.8184, df = 180.31, p-value = 0.0001846
alternative hypothesis: true difference in means between group Female and group Male is not equal to 0
95 percent confidence interval:
 0.2508223 0.7872730
sample estimates:
mean in group Female   mean in group Male
      2.161905           1.642857
```

Note. Output R Studio

The t-test assumes normality of the two samples (Venables et al., 2022). Therefore, Shapiro-Wilk tests were calculated for both samples to test for normality. Both Shapiro-Wilk tests returned two p-values below 0.05 (Female: p-value = 3.886e-10; Male: p-value = 3.805e-08), indicating a normal distribution of the two samples. The Mann-Whitney U test also yielded a small p-value (p-value = 0.0006411), suggesting a significant difference in talent attraction between women and men. The detailed R results of the two Shapiro-Wilk tests and the Mann-Whitney U test can be found in Appendix 4. Additionally, the boxplot in Figure 5 illustrates the different degrees of talent attraction between female and male respondents.

Figure 5

Degree of Talent Attraction between Women and Men



Note. Output R Studio

In summary, the results provide strong evidence to confirm the second hypothesis that women are more attracted to startups with a well-defined purpose than men.

Testing Hypothesis 3: “Gen Z is more attracted to startups with a well-defined purpose than Millennials”, followed a similar analytical approach as testing Hypothesis 2. A two-sample t-test was used to determine the different degrees of talent attraction between Gen Z and Millennial respondents. On average, respondents from Gen Z reported a higher degree of attraction to startups with a well-defined purpose (mean = 2.212) compared to Millennials (mean = 1.494). The p-value is below 0.05 (p-value = 4.437e-07), indicating a statistically significant difference between Gen Z and Millennials in their attraction to startups with a well-

defined purpose. Also, the 95% confidence interval (0.4486587 – 0.9868348) suggested that the difference in talent attraction between Gen Z and Millennials lies within this range.

Table 7

Degree of Talent Attraction between Gen Z and Millennials

```

Welch Two Sample t-test

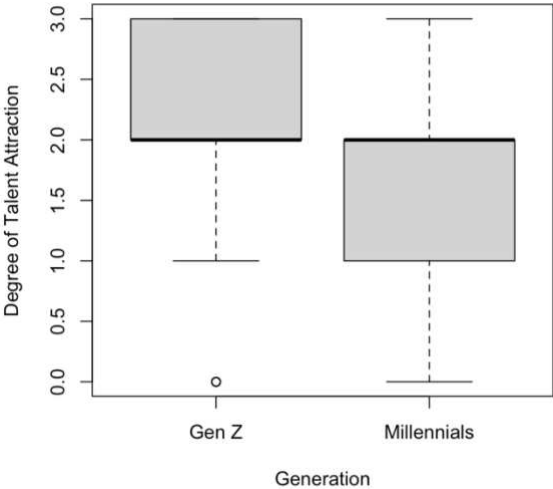
data: data_final$talent_attraction by data_final$generation
t = 5.2681, df = 158.48, p-value = 4.437e-07
alternative hypothesis: true difference in means between group Gen Z and group Millennials is not equal to 0
95 percent confidence interval:
 0.4486587 0.9868348
sample estimates:
 mean in group Gen Z mean in group Millennials
      2.211864          1.494118
  
```

Note. Output R Studio

To test for normality within the two samples, Shapiro-Wilk tests were calculated and yielded very small p-values for Gen Z (p-value = 2.167e-11) and Millennials (p-value = 5.988e-07). Thus, the two samples are normally distributed. The difference in attraction between Gen Z and Millennials is also significant according to the Mann-Whitney U test, as indicated by the p-value lower than 0.05 (p-value = 6.814e-07). Appendix 5 contains the comprehensive R results for the two Shapiro-Wilk tests and the Mann-Whitney U test. The differences in talent attraction between Gen Z and Millennial respondents are also shown in Figure 6.

Figure 6

Degree of Talent Attraction between Gen Z and Millennials



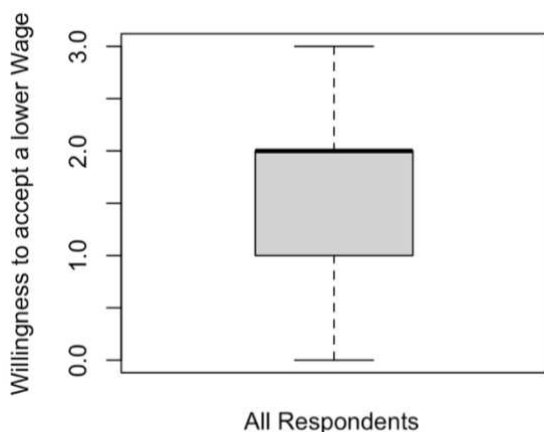
Note. Output R Studio

The third hypothesis is also validated: Talents from Gen Z are more attracted to startups with a well-defined purpose than Millennials.

Hypothesis 4: “Talents accept a lower wage in startups if they perceive a strong fit between their personal purpose and the organizational purpose” explores the trade-off respondents are willing to accept between the alignment of their personal purpose and the organizational purpose and higher financial compensation. The final section of the survey is relevant for validating this hypothesis. As mentioned above, respondents indicated a tendency to prioritize purposeful work over higher financial compensation, with an average score of 3.803. Therefore, the average score of the dependent variable wage was 1.744, highlighting the willingness of respondents to accept a lower wage if they perceive an alignment between their personal purpose and the organizational purpose. A total of 34 (16.75%) respondents were somewhat willing to accept a lower wage if they perceive an alignment between their personal purpose and the organizational purpose, 85 (41.87%) respondents were willing to accept a lower wage, 50 (24.63%) respondents were strongly willing to accept a lower wage, while 34 (16.75%) respondents were not willing to accept a lower wage if their perceive an alignment between their personal purpose and the organizational purpose. This distribution is presented in Figure 8. Hence, 66.5% of respondents were either willing or strongly willing to accept a lower wage if they perceive a fit between their personal and the organizational purpose. These results validate the fourth proposed hypothesis, that talents are willing to accept a lower wage in startups when they perceive a strong alignment between their personal purpose and the organizational purpose.

Figure 7

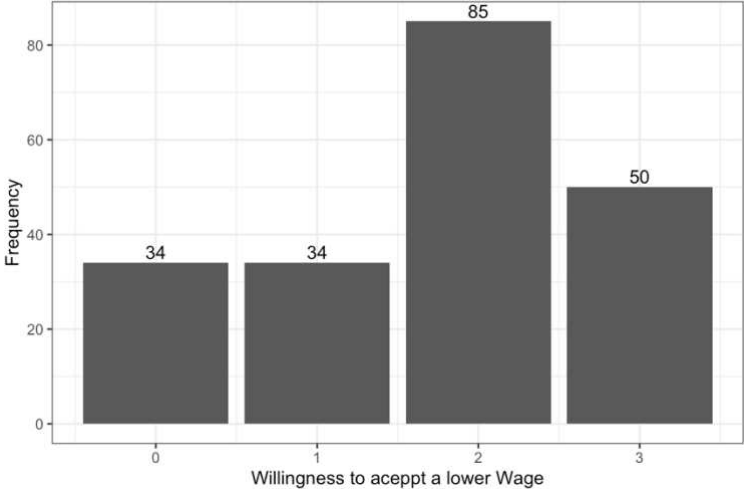
Degree of Willingness to accept a lower Wage



Note. Output R Studio

Figure 8

Distribution of Willingness to accept a lower Wage



Note. Output R Studio

4.4. Full Regression Models

In addition, two ordered logistic regressions were conducted to explore demographic patterns related to the dependent variables talent attraction and wage. This method allows for the exploration of the demographic factors: gender, nationality, generation, industry, and income, and their influence on talent attraction and the willingness to accept a lower wage. The underlying assumption of an ordered logistic regression is that the dependent variable is categorical and ordered. Both talent attraction and wage are characterized by ordinal scales with values ranging from 0 (not attracted or not willing to accept a lower wage) to 3 (strongly attracted or strongly willing to accept a lower wage). The following two regression models aim to provide evidence on how demographics influence talents’ perceptions of the importance of a well-defined organizational purpose in their decision-making process regarding job opportunities in the startup ecosystem, and their willingness to accept a lower wage if personal and organizational purpose are aligned. The coefficients, presented in log odds, highlight the decrease or increase in the likelihood of a higher talent attraction or willingness to accept a lower wage relative to the reference categories.

4.4.1. Full Regression Model Talent Attraction

The ordered logistic regression analysis for the dependent variable talent attraction revealed that the control variables gender and generation have a statistically significant (p -value < 0.05 and t -value < -2) impact on the degree to which talents are attracted to a well-defined organizational purpose of a startup. Being male is associated with a decrease in the log odds (-

1.33795399) of having a higher degree of talent attraction compared to females, when holding all other control variables constant. This means, women are more attracted to startups with a well-defined purpose than men. Millennial respondents exhibited decreased log odds (-1.28843958) of stronger talent attraction compared to Gen Z respondents, indicating that Gen Z is more attracted to startups with a well-defined purpose than Millennials. Several industries, including “Consulting”, “Finance & FinTech”, “IT & Software Development”, “Retail & Consumer Products”, “Other”, and “Unknown”, showed a statistically significant influence on the dependent variable talent attraction, indicated by p-values below 0.05 and t-values below -2. These industries were also the most represented in the data set. However, the industries “Construction”, “Education”, “Healthcare & MedTech”, “Real Estate”, and “Transportation & Logistics” were not statistically significant (p-values > 0.05 and t-values between 2 and -2). The other two control variables, nationality and income, had no impact on the degree of talent attraction (p-value > 0.05, t-value between -2 and 2). These results further validate the first three hypotheses.

Table 8

Full Regression Model Talent Attraction

	Value	Std. Error	t value	p value
GenderMale	-1.33795399	0.3037502	-4.4047834	1.058896e-05
NationalityOther	-0.35293833	0.4680533	-0.7540559	4.508157e-01
NationalityPortuguese	-0.06631368	0.4699549	-0.1411065	8.877858e-01
generationMillennials	-1.28843958	0.4683302	-2.7511347	5.938921e-03
IndustryConstruction	-1.39697550	0.9923981	-1.4076765	1.592269e-01
IndustryConsulting	-1.58403148	0.7860105	-2.0152802	4.387530e-02
IndustryEducation	-1.46679767	1.0329950	-1.4199466	1.556232e-01
IndustryEnergy&Resources	-0.20622462	0.9462557	-0.2179375	8.274778e-01
IndustryFinance&FinTech	-1.80377908	0.8584159	-2.1012881	3.561568e-02
IndustryHealthcare&MedTech	-0.80481350	0.9352053	-0.8605741	3.894726e-01
IndustryIT&SoftwareDevelopment	-2.31094186	0.8503734	-2.7175613	6.576496e-03
IndustryOther	-2.58715623	0.8034921	-3.2198900	1.282398e-03
IndustryReal Estate	-1.57806425	0.9055885	-1.7425842	8.140627e-02
IndustryRetail&ConsumerProducts	-2.40806564	0.8404888	-2.8650775	4.169072e-03
IndustryTransportation&Logistics	-1.83978666	0.9358495	-1.9659001	4.931015e-02
IndustryUnknown	-1.96058727	0.7680462	-2.5526945	1.068932e-02
Income10,000€ - 24,999€	-0.11447106	0.5358831	-0.2136120	8.308496e-01
Income100,000€ - 149,999€	-0.71889610	1.0340982	-0.6951913	4.869354e-01
Income150,000€+	0.34104041	1.8496181	0.1843842	8.537120e-01
Income25,000€ - 49,999€	-0.13019818	0.5940263	-0.2191791	8.265105e-01
Income50,000€ - 74,999€	-0.44449573	0.7507453	-0.5920726	5.538019e-01
Income75,000€ - 99,999€	-1.11637416	0.8869613	-1.2586504	2.081566e-01
IncomePrefer not to say	0.22691475	1.6058951	0.1413011	8.876321e-01
0 1	-5.81155040	0.9417072	-6.1712922	6.773411e-10
1 2	-4.20479343	0.8924271	-4.7116380	2.457336e-06
2 3	-2.31297915	0.8581130	-2.6954250	7.029890e-03

Note. Output R Studio

4.4.2. Full Regression Model Wage

The analysis of the ordered logistic regression for the dependent variable wage followed a similar analytical approach as for the dependent variable talent attraction and revealed similar trends to those observed in the analysis for talent attraction. The demographic variables gender and generation were significant predictors (p -value < 0.05 and t -value < -2), with males (-0.71196691) and Millennials (-1.61476705) being less likely to accept a lower wage if they perceive a fit between their personal purpose and the organizational purpose compared to females and Gen Z. The regression analysis revealed that the two industries “IT & Software Development” and “Consumer & Retail Products” showed significant influence on the dependent variable wage. However, the other industries did not have a significant effect on the dependent variable wage. This suggests that some specific industries might be more influential in determining the willingness to accept a lower wage among talents in startups. The other control variables nationality and income did not have a significant influence on the willingness to accept a lower wage (p -value > 0.05 , t -value between -2 and 2).

Table 9

Full Regression Model Wage

	Value	Std. Error	t value	p value
GenderMale	-0.71196691	0.2876056	-2.47549740	1.330507e-02
NationalityOther	0.83236481	0.4666789	1.78359231	7.448994e-02
NationalityPortuguese	-0.67621625	0.4780299	-1.41458998	1.571887e-01
generationMillennials	-1.61476705	0.4568291	-3.53472926	4.081932e-04
IndustryConstruction	-0.69163429	0.9747821	-0.70952711	4.779974e-01
IndustryConsulting	-1.21247887	0.7652315	-1.58446030	1.130890e-01
IndustryEducation	0.05835955	1.0037117	0.05814374	9.536341e-01
IndustryEnergy&Resources	-0.84193985	0.8452672	-0.99606350	3.192193e-01
IndustryFinance&FinTech	-0.94684892	0.8513575	-1.11216370	2.660678e-01
IndustryHealthcare&MedTech	-1.17463207	0.8269110	-1.42050598	1.554604e-01
IndustryIT&SoftwareDevelopment	-1.83902902	0.8054798	-2.28314737	2.242169e-02
IndustryOther	-1.29629440	0.7594453	-1.70689625	8.784134e-02
IndustryReal Estate	-1.09291001	0.9044983	-1.20830520	2.269299e-01
IndustryRetail&ConsumerProducts	-1.90163859	0.8033429	-2.36715665	1.792534e-02
IndustryTransportation&Logistics	-0.59548577	0.9019924	-0.66018933	5.091323e-01
IndustryUnknown	-1.20356471	0.6976687	-1.72512364	8.450519e-02
Income10,000€ - 24,999€	0.45542944	0.5130501	0.88768994	3.747076e-01
Income100,000€ - 149,999€	-0.65699383	1.0219460	-0.64288506	5.202987e-01
Income150,000€+	1.67676590	1.9060902	0.87968862	3.790280e-01
Income25,000€ - 49,999€	0.19206203	0.5595160	0.34326458	7.313994e-01
Income50,000€ - 74,999€	-0.50420393	0.7062976	-0.71386898	4.753082e-01
Income75,000€ - 99,999€	-0.37432207	0.8535130	-0.43856635	6.609758e-01
IncomePrefer not to say	0.78009347	1.4427486	0.54069953	5.887147e-01
0 1	-4.21201123	0.8288195	-5.08194042	3.735986e-07
1 2	-2.97213462	0.7975605	-3.72653188	1.941325e-04
2 3	-0.58272326	0.7707489	-0.75604810	4.496204e-01

Note. Output R Studio

4.5. Correlation Matrix

The correlation matrix in Table 10 and Figure 9 revealed that there is a positive correlation (0.609) between the dependent variables talent attraction and wage. Therefore, talents who are attracted by a well-defined organizational purpose of a startup and consider an organizational purpose as essential when making decisions about job opportunities, are more likely to accept a lower wage if they perceive an alignment between their personal purpose and the organizational purpose.

Table 10

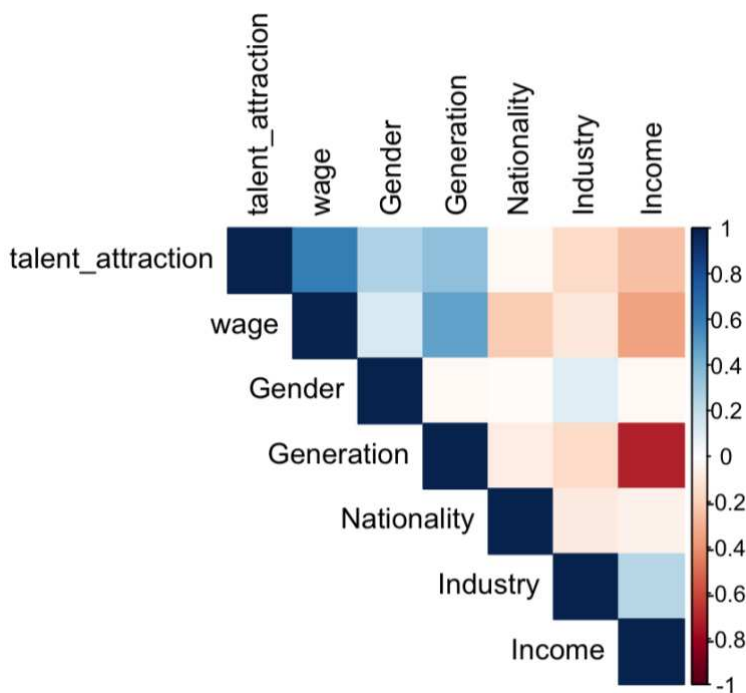
Correlation Matrix

	talent_attraction	wage	Gender	Generation	Nationality	Industry	Income
talent_attraction	1.000						
wage	0.609	1.000					
Gender	0.262	0.136	1.000				
Generation	0.358	0.477	-0.021	1.000			
Nationality	-0.030	-0.216	-0.020	-0.080	1.000		
Industry	-0.159	-0.109	0.109	-0.158	-0.082	1.000	
Income	-0.257	-0.344	-0.027	-0.716	-0.057	0.249	1.000

Note. Output R Studio

Figure 9

Correlation Matrix



Note. Output R Studio

5. DISCUSSION

This discussion addresses the theoretical and practical implications drawn from the analysis, while also pointing out the limitations of this study. Furthermore, it outlines directions for future research aimed to further understand the influence of a well-defined organizational purpose on talent attraction and talents' willingness to accept a lower wage if they perceive a purpose alignment with the organization. Finally, the chapter provides a comprehensive conclusion.

5.1. Theoretical & Practical Implications

This study contributes to the theory of attracting talents to startups by highlighting the central role of a well-defined organizational purpose in influencing individuals' employment decisions within the startup ecosystem. Additionally, the findings expand existing theoretical frameworks by emphasizing the importance of personal and organizational purpose alignment as a key factor of talents accepting a lower wage. By identifying demographic variables such as gender, generation, and specific industries as significantly predicting the degree to which talents are attracted to startups and the extent to which talents are willing to accept a lower wage when they perceive personal and organizational purpose alignment, this research deepens the understanding of how individual characteristics interact with the organizational purpose to shape talents' employment preferences. It is increasingly important to fill this gap in the existing literature, due to the growing influence of startups and the ongoing global war of talent (Chambers et al., 1998) in the business world. Moreover, this research underscores the importance of a well-defined organizational purpose as a core component of the organizational identity by revealing that a well-defined purpose is essential in attracting talents to startups.

In addition to theoretical implications, this study also provides implications for practice. Startups can enhance their attractiveness, by having a well-defined organizational purpose and effectively communicating it to attract talents, particularly Gen Z and Millennials. Startups should ensure that their purpose statement is not only related to their core business but also to their intended contribution to society. By highlighting their purpose statement in their job vacancies and in their overall brand strategy, startups can enhance their attractiveness as employer of choice in the competitive talent landscape.

Based on the study's results, gender and generational differences were found to have a significant influence on the degree of talent attraction. Startups could develop more targeted

and inclusive recruitment strategies that take these demographic differences into account. Understanding the values and preferences of talents with different demographic characteristics, startups can adjust their recruitment strategies, communication, and employee value propositions to attract diverse talents. This personalized recruitment approach can help startups to attract and retain the right talents for their business needs, leading to greater team satisfaction and performance.

Additionally, the findings suggest that talents who perceive a fit between their personal purpose and the organizational purpose are intrinsically motivated and willing to accept a lower wage. While this suggests an opportunity for startups to potentially optimize their compensation strategies, it is important for startups to find a balance and ensure that their compensation packages remain fair and competitive to maintain employee satisfaction and retention. Moreover, prioritizing hiring talents who resonate with the startup's purpose and values can further increase employee motivation and commitment (Henderson & Steen, 2015; Van Tuin et al., 2020; Von Ahsen & Gauch, 2022). By focusing on the purpose alignment of the job applicants and the organization during the hiring process, startups can ensure that their financial resources are invested wisely. Talents who are intrinsically motivated by the organization's purpose are more likely to be deeply engaged and committed to their work, leading to higher levels of productivity and job satisfaction (Kristof, 1996; Kristof-Brown et al., 2005; Subramanian et al., 2023). As a result, startups can allocate their resources more effectively by attracting and retaining talents who are genuinely passionate about contributing to the organization's purpose. This approach not only enhances employee satisfaction and motivation but also increases performance driving long-term success.

5.2. Limitations & Future Research

While this study provides valuable insights about the impact of a well-defined organizational purpose on attracting talents in the startup ecosystem, there are several limitations that should be considered. These limitations provide opportunities for future research to further explore and address key gaps in understanding the dynamics between organizational purpose, talent attraction, and the willingness to accept a lower wage if talents perceive an alignment between their personal purpose and the organizational purpose.

First, the generalization of findings for all talents within the startup ecosystem is limited by the sample size of 203 participants, consisting primarily of German Gen Z and Millennial

individuals interested in or currently employed in startups. Therefore, the sample does not fully represent the broader population of talents in the startup ecosystem. The lack of different nationalities and the exclusion of older generations such as Gen X and Baby Boomers may limit the generalizability of the findings. Future research could benefit from expanding the sample to reflect a wider range of demographics, including older generations such as Gen X and Baby Boomers, given the growing importance of startups in various industries. This would provide insights into whether the relationship between a well-defined purpose and talent attraction holds across different age groups. In addition, recruiting participants from a more diverse range of nationalities would enhance the generalizability of the findings beyond the primarily German sample.

Second, the study revealed insights on talents' willingness to accept a lower wage for the alignment with the organization's purpose. Future research could explore the specific wage threshold or trade-offs that individuals are willing to accept in exchange for purposeful employment opportunities.

Third, certain industries showed a significant impact on talent attraction and talents' willingness to accept a lower wage, while other industries did not have a significant impact. Thus, future research could explore the extent to which the industry in which talents work influences their attraction to a well-defined purpose. This could involve examining industry-specific factors that contribute to attracting talents to a startup with a well-defined purpose and a willingness to accept a lower wage and assess whether certain industries are naturally more conducive to purpose-driven work environments.

Furthermore, future research should consider including additional variables such as company size, stage of development, and the specific nature of the purpose to better predict the degree of talent attraction and to test whether a well-defined purpose is essential. These factors may significantly influence how potential employees perceive a startup and its purpose. For example, a well-defined purpose may have a different impact in a small, early-stage startup than in a larger, more established one. In addition, the specific nature of the purpose, whether it is social, environmental, or economic, could also affect its attractiveness to different talents. Understanding how these additional factors interact with a startup's purpose can provide a more differentiated understanding of what drives talent attraction.

5.3. Conclusion

There is a growing debate on the importance of organizational purpose in the business environment. Studies have shown that purpose increases employee engagement and motivation by giving them a deeper and more meaningful understanding of their work (Henderson & Steen, 2015; Van Tuin et al., 2020; Von Ahsen & Gauch, 2022). At the same time, the war for talent intensifies, driven by the impending retirement of the Baby Boomers and the globalization, which is creating a gap between labor demand and supply (McVicker, 2007). As startups compete in the war of talent and individuals are increasingly drawn to intrinsic motivators, purpose emerges as essential in attracting talents to startups. Although purpose is a key driver of employee motivation, there is a gap in the literature regarding its role in attracting talents in the startup ecosystem. This study addresses this gap by exploring if a well-defined organizational purpose is essential to attract talents to startups. The analysis of the survey data confirmed that Gen Z and Millennial startup employees and talents interested in working in a startup in the future are significantly more attracted to startups with a well-defined organizational purpose.

The second hypothesis of this study proposed that gender has a significant influence on the degree to which talents are attracted to startups with a well-defined purpose. Existing research suggests that women are more attracted to non-financial rewards than men. Women tend to place a higher value on having a pro-social impact at their workplace (Burbano et al., 2023). The survey data revealed that women are in fact more attracted to startup with a well-defined organizational purpose. This finding is consistent with the existing research showing that women prioritize meaningful work over purely financial incentives and extends existing literature as it also applies to startups.

A previous study identified Gen Z as the most purpose-driven generation (EY, 2021). Therefore, this study examined whether Gen Z is more attracted to startups with a well-defined purpose than Millennials. The survey analysis supported this proposed hypothesis, confirming that Gen Z individuals are more attracted to startups with a well-defined purpose than Millennials. This finding highlights the importance of a clear organizational purpose in attracting younger generations entering the labor market, who are increasingly seeking meaningful work experiences.

Although not all industries showed a significant impact on talent attraction, the study identified specific industries where a well-defined purpose plays a critical role in attracting talents to startups. Industries such as “Consulting”, “IT & Software Development”, or “Retail & Consumer Products” showed a significant influence, suggesting that the impact of a startup’s well-defined purpose on talent attraction may vary across different industries. This industry-specific insight contributes to a more detailed understanding of how an organizational purpose can be adapted to attract different talents, providing valuable guidance for startups in various industries.

Henderson and Steen (2015) found that employees are willing to accept a lower wage if they experience a strong alignment between their personal purpose and the organization's purpose, as this alignment strengthens their identity and reputation. This study extended this finding to the startup environment, by hypothesizing that talents accept a lower wage in startups if they perceive a strong fit between their personal purpose and the organizational purpose. The analysis of the survey data validated this hypothesis, showing that talents who perceive a strong purpose fit are willing to make financial trade-offs to fulfill their own purpose through their work. Additionally, the analysis revealed a positive correlation between being attracted by a clear organizational purpose and the willingness to accept a lower wage if personal and organizational purpose are aligned. Thus, talents attracted to startups with a well-defined purpose are also more willing to accept a lower wage if they perceive a fit between their personal purpose and that of the organization. Gender, generation, and the industries “IT & Software Development” and “Retail & Consumer Products” also had a significant impact on talents’ willingness to accept a lower wage. This suggests that the willingness to accept lower wage in exchange for meaningful work varies across individual demographics groups of talents.

In summary, this thesis highlighted that having and effectively communicating a well-defined purpose is essential for attracting the right talents to startups. The empirical evidence suggests that both gender and generational differences significantly influence how potential employees perceive and prioritize the organization’s purpose. Women and Gen Z individuals are more attracted by a well-defined organizational purpose than men and Millennials. In addition, the study highlights that specific industries have a significant impact on how organizational purpose influences talent attraction. Talents who resonate with the organization’s purpose are more likely to be intrinsically motivated and engaged. This intrinsic motivation often leads them to accept a lower wage if they perceive a strong alignment between their personal purpose and the

purpose of the organization. Startups can ensure that their financial resources are invested wisely by focusing on purpose alignment during the hiring process. This strategic approach not only improves the financial resources of the organization, but also motivates employees and fosters a purpose-driven organizational culture that drives long-term success. Therefore, startups should prioritize clearly defining and communicating their organizational purpose to attract and retain top talents in the competitive startup ecosystem. A well-defined organizational purpose is essential to attract talents to startups.

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APPENDIX

Appendix 1: Qualtrics Online Survey Questions

Introduction

Welcome to this research study on the impact of organizational purpose. You will be introduced to the topic of this study and then be asked to answer questions about it. Your participation is completely voluntary and your answers are anonymous. The study should take you less than 5 minutes to complete and you can withdraw at any time. Please note that this survey will be best displayed on a laptop or desktop computer. The information gathered will serve as a valuable contribution to filling the knowledge gap in this area - so thank you very much in advance for taking your time!

(The principal investigator can be contacted at s-lebert@ucp.pt)

By clicking the button below, you acknowledge:

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?

- 18-23 years old (Generation Z)
- 24-28 years old (Generation Z)
- 29-37 years old (Millennials)
- 38-45 years old (Millennials)
- 46-59 years old (Generation X)
- 60+ years old (Baby Boomers)

Gender: How do you describe yourself?

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

Nationality: What is your nationality?

- German
- Portuguese
- Other (text option)

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 say

Startup: Are you currently employed in a startup?

- Yes
- No

→ If “Yes”: **Industry:** Which of the following industries most closely matches the one in which you are employed?

- Agriculture & Food
- Consulting
- Construction
- Education
- Energy & Resources
- Finance & FinTech
- Healthcare & MedTech
- IT & Software Development
- Real Estate
- Retail & Consumer Products
- Transportation & Logistics
- Other

→ If “No”: Do you plan to work in a startup?

- Yes
- No

Block 2: Startup Choice

This section will present the purpose statements of startups (Startup 1, 2). Please review each startup purpose carefully and select the startup **you are most attracted to**. There are five purpose sets to review in total. (well-defined purpose statements from startups in bold)

At which startup would you prefer to work?

Startup 1	Startup 2
Empowering every individual worldwide to build financial security and achieve their dreams through investment education.	We strive to provide the most user-friendly platform for everyone to start investing and grow their wealth.

At which startup would you prefer to work?

Startup 1	Startup 2
Nurture and inspire the human spirit, cup by cup, in every community.	Produce the most delicious and sustainable coffee worldwide.

At which startup would you prefer to work?

Startup 1	Startup 2
Meeting the world's most growing need for sustainable fuel.	Fueling sustainability and fight the climate.

At which startup would you prefer to work?

Startup 1	Startup 2
Making stylish home furniture accessible for all.	Improving the quality of everyday life for everyone around the world.

At which startup would you prefer to work?

Startup 1	Startup 2
Become the global leader in the sporting goods industry with a passion for sports and a sporting lifestyle.	Inspire everyone in the world through the power of sports.

Block 3: Purpose

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

- An organizational purpose strongly influences my interest in potential job opportunities.
- I am more likely to consider working for a startup that has a clear organizational purpose than one that does not.
- I believe that an organizational purpose is an essential factor in building a strong and motivated team.
- When evaluating a job position, I always prioritize examining the organizational purpose of the startup before making any decisions.
- In the past, the organizational purpose significantly influenced my decision to apply for or accept a job at the startup.
- I am attracted to startups that have a clear organizational purpose.

Block 4: Wage vs. Perceived Purpose Fit

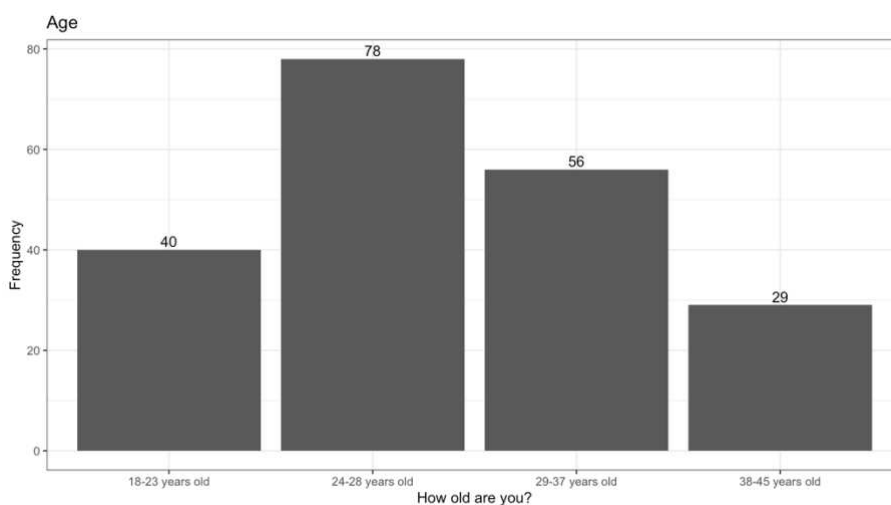
Please indicate the extent to which you agree or disagree with the following statements. (1 = Strongly disagree, 5 = Strongly agree)

- I would be willing to accept a lower salary to work for a startup that has a clear organizational purpose that aligns with my personal purpose.
- Working for a startup with an organizational purpose that aligns with my personal purpose is more important to me than receiving a higher salary.
- I prioritize job opportunities that offer meaningful work aligned with my personal purpose over those with higher financial rewards.

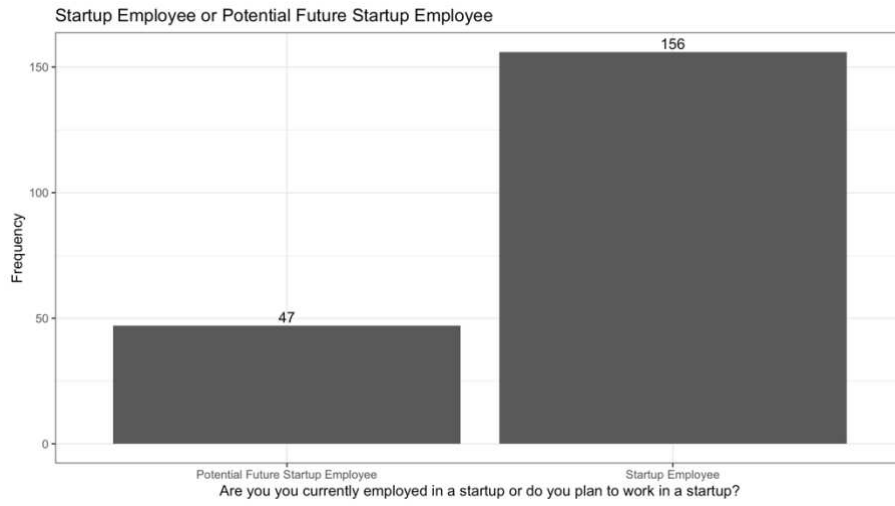
Closing

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

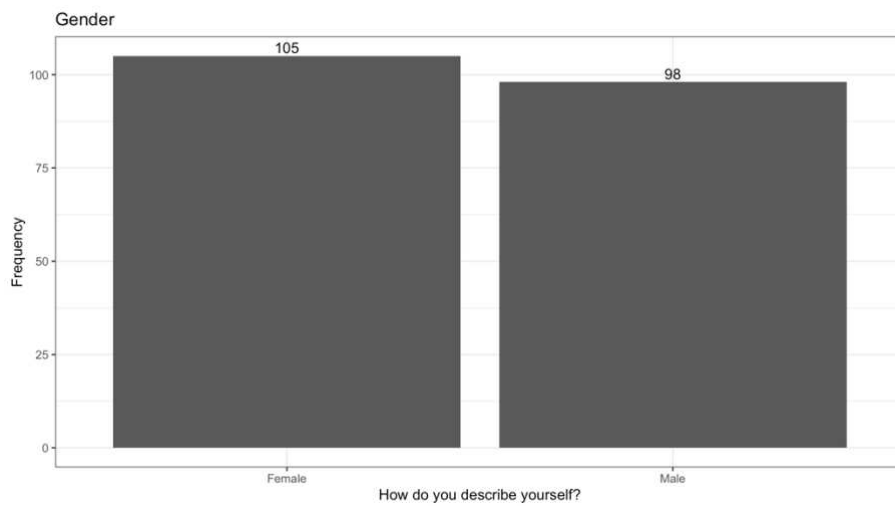
Appendix 2: Descriptive Statistics



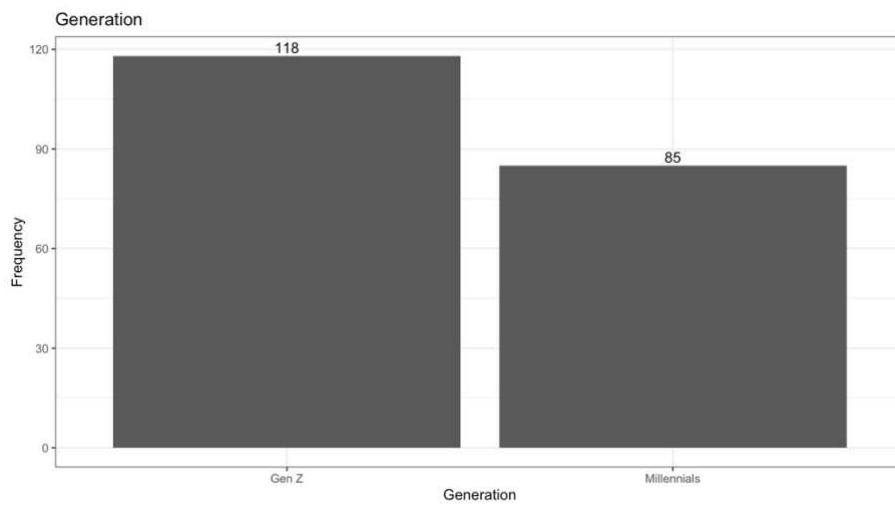
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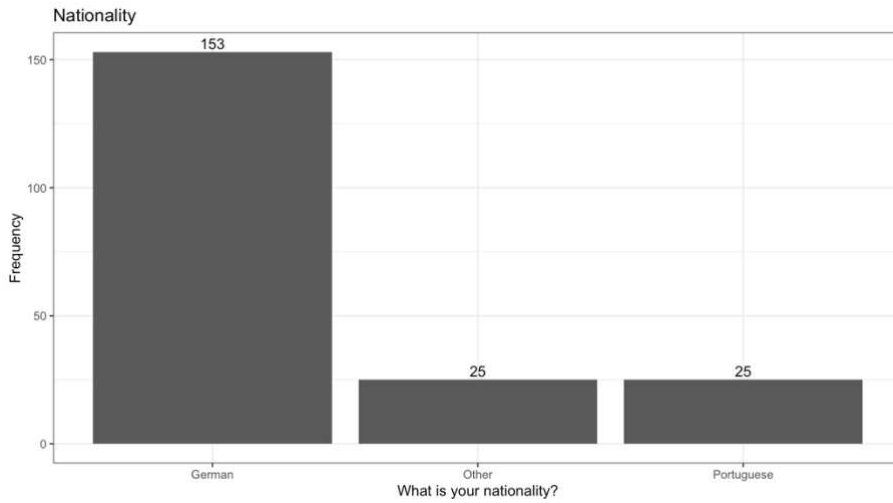
Note. Output R Studio



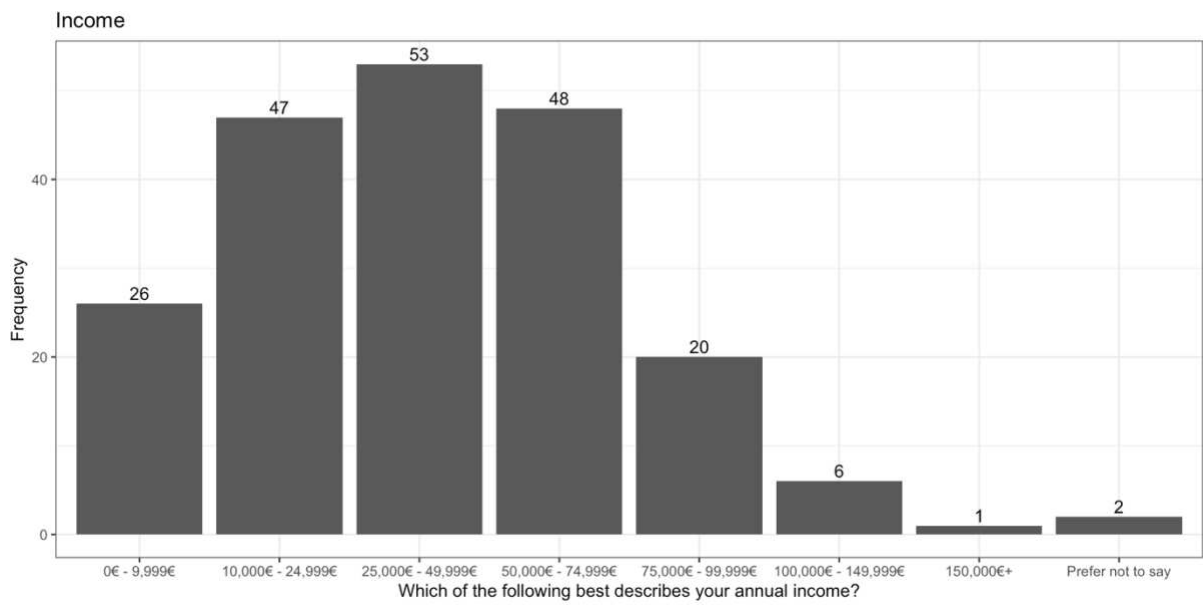
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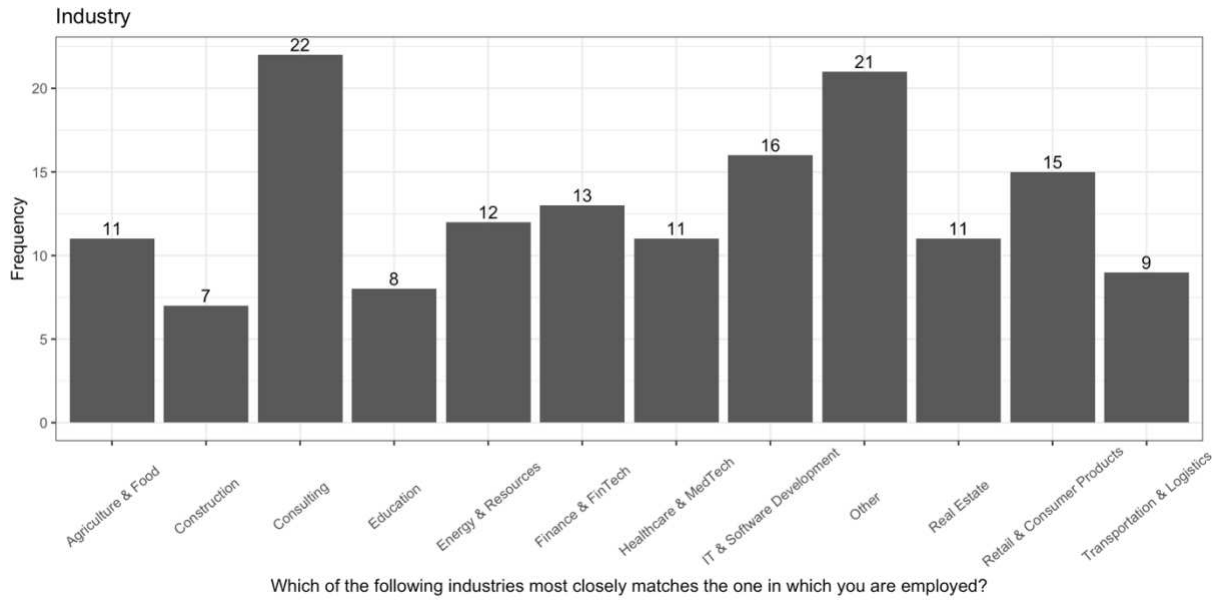
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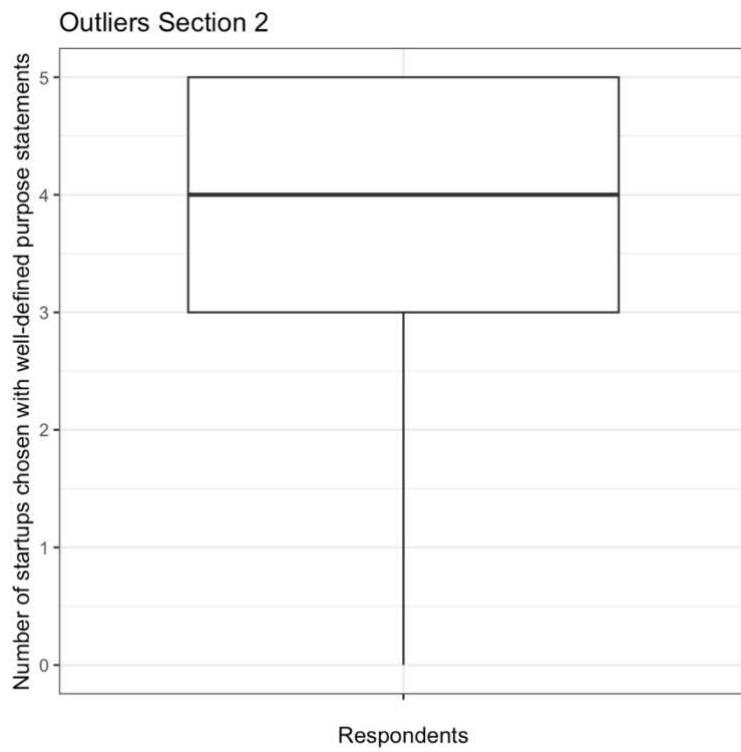
Note. Output R Studio



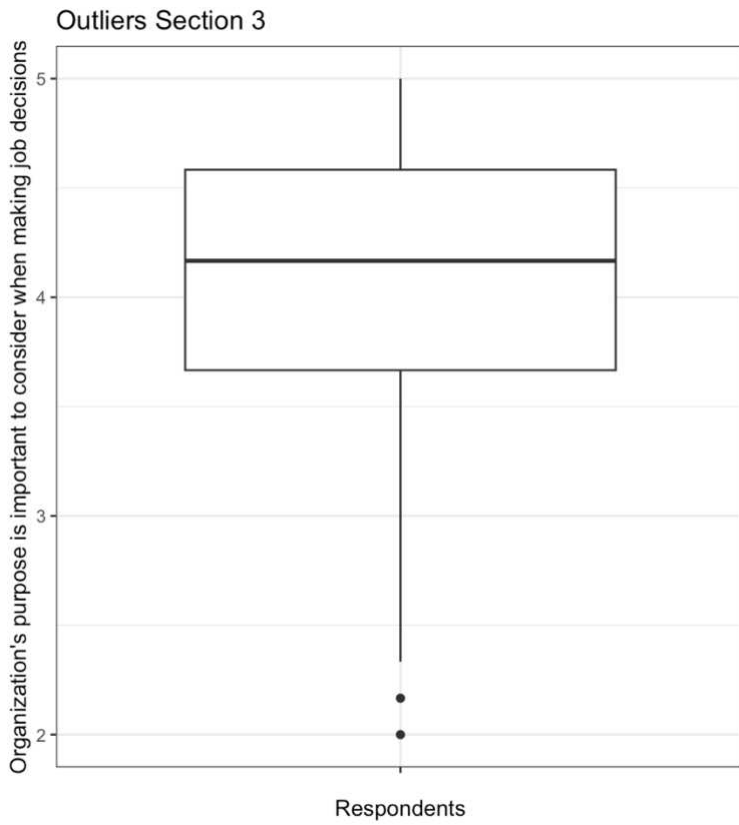
Note. Output R Studio



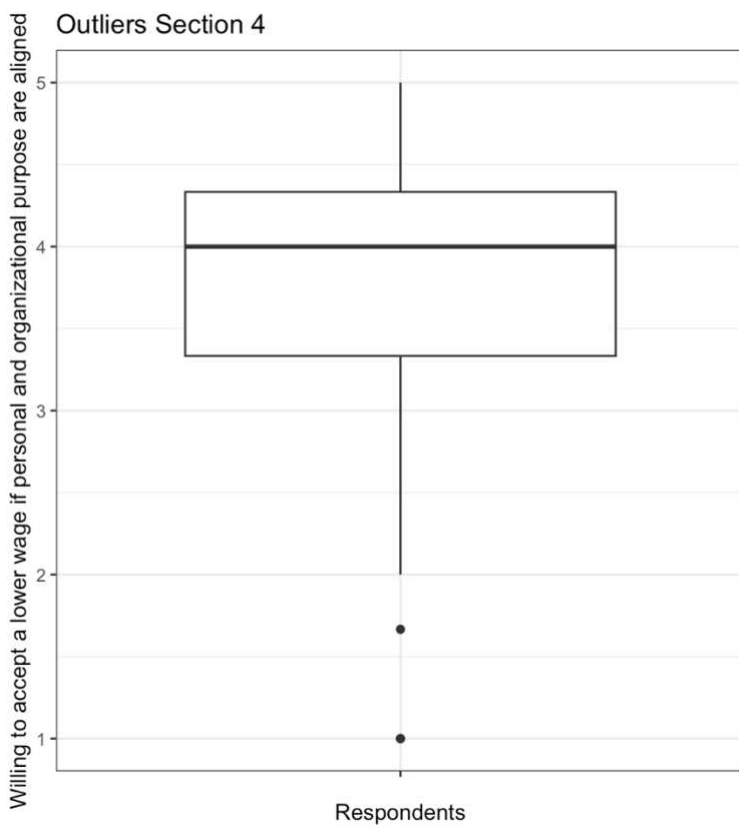
Note. Output R Studio



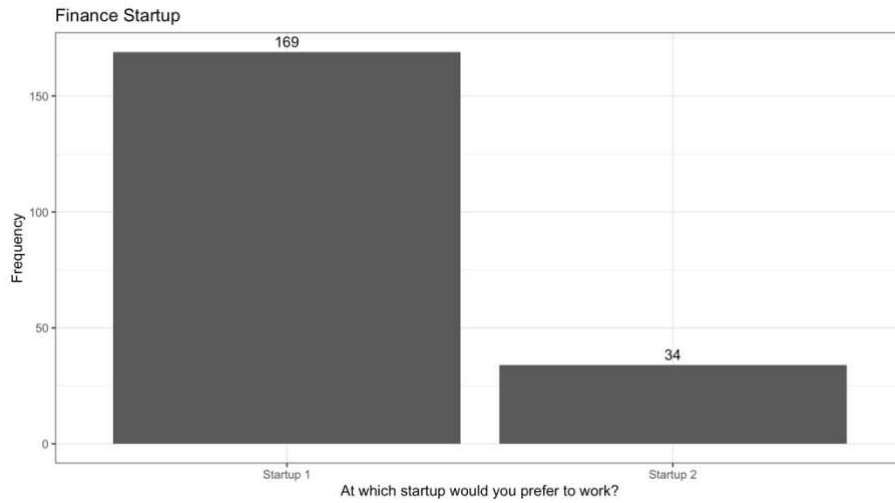
Note. Output R Studio



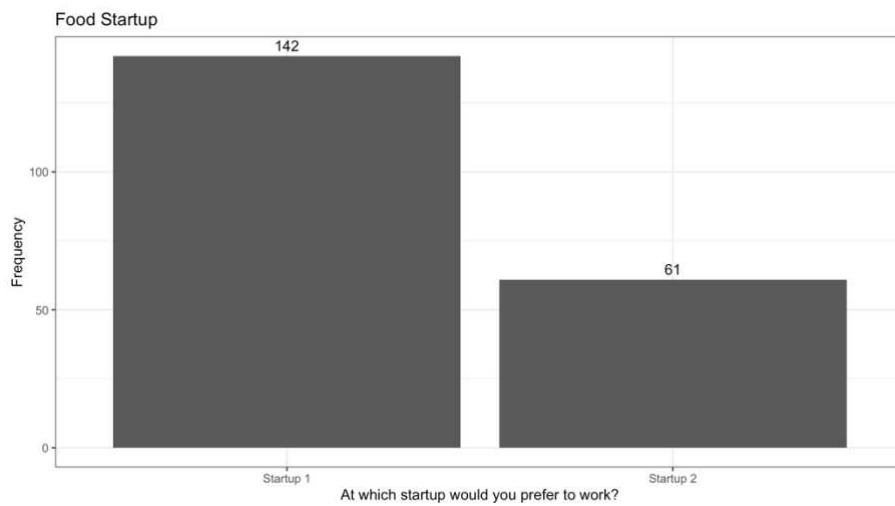
Note. Output R Studio



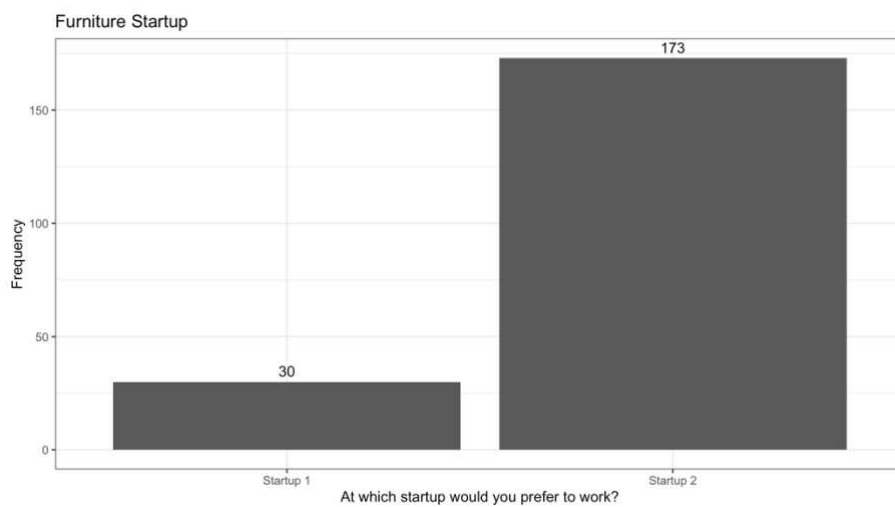
Note. Output R Studio



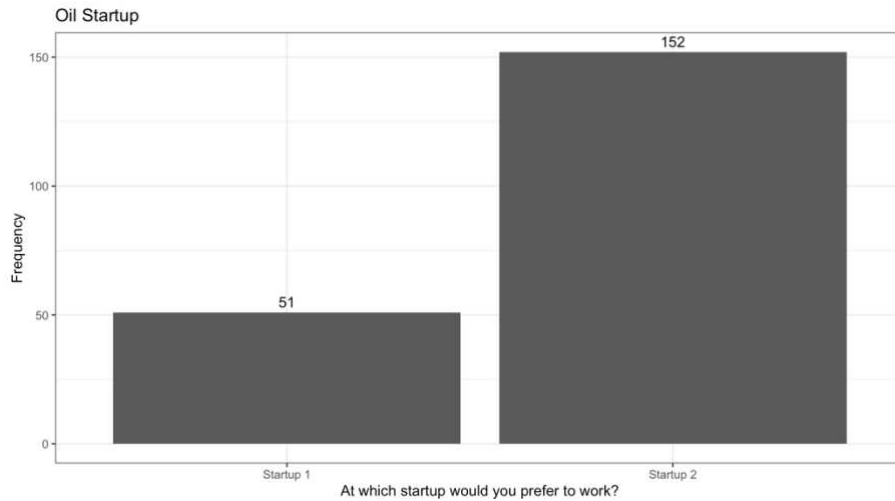
Note. Output R Studio



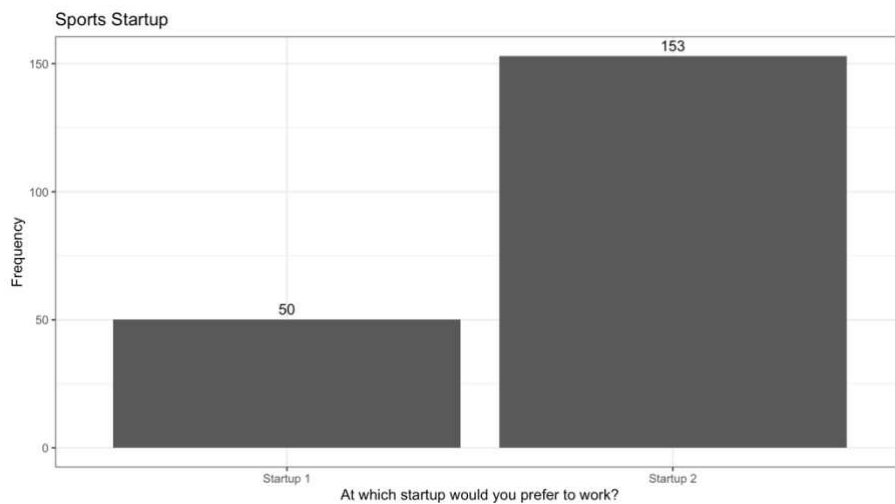
Note. Output R Studio



Note. Output R Studio



Note. Output R Studio



Note. Output R Studio

Appendix 3: Reliability Analysis

Cronbach's alpha for the third Section of the Survey

Cronbach's alpha for the 'purpose_alpha' data-set

Items: 6

Sample units: 203

alpha: 0.896

Bootstrap 95% CI based on 1000 samples

2.5% 97.5%

0.870 0.916

Note. Output R Studio

Cronbach's alpha for the fourth Section of the Survey

Cronbach's alpha for the 'wage_alpha' data-set

Items: 3
Sample units: 203
alpha: 0.911

Bootstrap 95% CI based on 1000 samples
2.5% 97.5%
0.886 0.932

Note. Output R Studio

Appendix 4: Hypothesis 2

Mann-Whitney U Test for Gender

Wilcoxon rank sum test with continuity correction

data: talent_attraction by Gender
W = 6506.5, p-value = 0.0006411
alternative hypothesis: true location shift is not equal to 0

Note. Output R Studio

Test of Normality for Male

Shapiro-Wilk normality test

data: data_final\$talent_attraction[data_final\$Gender == "Male"]
W = 0.86062, p-value = 3.805e-08

Note. Output R Studio

Test of Normality for Female

Shapiro-Wilk normality test

data: data_final\$talent_attraction[data_final\$Gender == "Female"]
W = 0.81542, p-value = 3.886e-10

Note. Output R Studio

Appendix 5: Hypothesis 3

Mann-Whitney U Test for Generation

Wilcoxon rank sum test with continuity correction

```
data: talent_attraction by generation
W = 6970.5, p-value = 6.814e-07
alternative hypothesis: true location shift is not equal to 0
```

Note. Output R Studio

Test of Normality for Gen Z

Shapiro-Wilk normality test

```
data: data_final$talent_attraction[data_final$generation == "Gen Z"]
W = 0.7996, p-value = 2.167e-11
```

Note. Output R Studio

Test of Normality for Millennials

Shapiro-Wilk normality test

```
data: data_final$talent_attraction[data_final$generation == "Millennials"]
W = 0.87381, p-value = 5.988e-07
```

Note. Output R Studio