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**CORPORATE PURPOSE IN THE 21ST CENTURY:
CONCEPTUALIZATION AND EMPIRICAL EVIDENCE ON
EMPLOYEE-LEVEL CONSEQUENCES**

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“Where your talents and the needs of the world cross, there lies your vocation.”

Unknown author

It all started on a sunny day in October 2017. I was walking with my former college Dr. Tatiana Kazakova at the Binnenalster in Hamburg when she told me about a project she recently got involved in. Together with a research collaboration between business leaders and experts from Harvard University, Unilever, the World Bank, and the London School of Economics, she conducted a CEO study on purpose-driven leadership. She shared with me how CEOs of leading multinationals like Paul Polman at Unilever, Emmanuel Faber at Danone or Henrik Poulsen at Ørsted are currently embedding a purpose beyond profit-maximization in their organizations. They want to contribute to the welfare of society and planet through the core business activities of their organizations and strive to do nothing less than to reimagine capitalism. Frankly speaking, I was more than skeptical those days and did not at all understand the essence of what Tatiana was trying to tell me. Since Tatiana knew I wanted to start a PhD soon, she literally said to me that day: *“Niko, my vision for you is that you do your PhD on corporate purpose”*. At this time, I intended to do my dissertation on family firms, because I was impassioned how they strive for non-financial objectives that increase their ‘socioemotional wealth’ and nevertheless often even yield better financial performance in the long run. It took me almost one year to realize what a fascinating and impactful topic corporate purpose is, that leverages core elements of essence of family firms in an even broader context. Referring back to Tatiana’s vision, I decided to rewrite a new research exposé for my doctoral thesis focused on corporate purpose and reached out to my alma mater.

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ABSTRACT

Academics, business leaders, employees, investors, among others, increasingly call for a (re)definition of corporate purpose beyond profit maximization to create value by contributing to the welfare of society and planet. This dissertation aims to enhance the conceptual understanding of corporate purpose and provide empirical evidence on employee-level consequences. To this end, the dissertation presents five research studies using multiple methodological approaches including a literature review, a longitudinal purpose statement analysis, three real-effort natural field experiments and a longitudinal survey study. The results provide empirical evidence that corporate purpose causes various positive employee-level consequences, such as lower reservation wages, lower work misbehavior, higher extra work effort, higher work meaningfulness and is related positively to organizational commitment. In addition, the findings reveal boundary conditions, underlying mechanisms and internalization factors of corporate purpose. In a broader context, the findings provide some indications that the (re)definition of corporate purpose in commercial organizations is not ultimately at odds with creating economic value.

Wissenschaftler, Vorstände, Mitarbeiter, Investoren u.a. fordern zunehmend eine (Neu-)Definition des Corporate Purpose von Unternehmen, der über die Gewinnmaximierung hinaus geht und die Wertgenerierung durch einen Beitrag zum Wohl der Gesellschaft und des Planeten in den Mittelpunkt stellt. Das Ziel der vorliegenden Dissertation liegt darin das konzeptionelle Verständnis von Corporate Purpose zu erhöhen und empirische Evidenzen zu mitarbeiterbezogenen Auswirkungen zu liefern. Dazu umfasst die Dissertation fünf wissenschaftliche Studien, die auf unterschiedlichen methodischen Ansätzen wie einem Literatur-Review, einer mehrjährigen Purpose-Statement-Analyse, drei natürlichen Feld-Experimenten mit realem Arbeitseinsatz sowie einer Längsschnitt-Befragungsstudie basieren. Die Ergebnisse liefern empirisch fundierte Befunde, dass Corporate Purpose zu positiven mitarbeiterbezogenen Auswirkungen wie einem geringeren Reservationslohn, einem geringeren arbeitsbezogenem Fehlverhalten, einem größeren Arbeitseinsatz und einer höheren Sinnhaftigkeit der Arbeit führt sowie in einem positiven Zusammenhang zu organisationalem Commitment steht. Darüber hinaus zeigen die Ergebnisse mehrere Randbedingungen, Wirkmechanismen und Internalisierungsfaktoren von Corporate Purpose auf. In einem größeren Kontext deuten die Erkenntnisse der Dissertation darauf hin, dass die (Neu-)Definition des Corporate Purpose in kommerziellen Unternehmen nicht im Widerspruch zur Schaffung von ökonomischem Wert stehen muss.

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LIST OF ABBREVIATIONS

CEO	Chief executive officer
CSR	Corporate social responsibility
NGO	Non-governmental organization

1. INTRODUCTION

1.1 Motivation: Corporate Purpose in the 21st Century

“Let’s do the research that helps firms change the world.”

Henderson (2021, p. 5487)

Our world in the 21st century is besieged by grand global challenges (George, Howard-Grenville, Joshi, & Tihanyi, 2016; Howard-Grenville, 2021). Whether it is climate change, social inequality, scarcity of resources or public health such as the recent COVID-19 pandemic (Howard-Grenville, 2021; United Nations, 2021). Tackling these grand challenges requires substantial and sustained effort from multiple stakeholders including governments, non-governmental organizations (NGOs) and business organizations (George et al., 2016; Grodal & O’Mahony, 2017). Against this background the question arises, which role business organizations and their pursued strategies play within this global context? Over the past decades, business has overwhelmingly been regarded as a major cause of social, environmental and economic problems and not as part of their solution (Davis, 2021; Hollensbe, Wookey, Hickey, George, & Nichols, 2014; Porter & Kramer, 2011). This manifests for example in corporate scandals like manipulating emissions (such as Volkswagen’s ‘Dieselgate’), causing environmental disasters (such as BP’s Deepwater Horizon oil spill), manipulating interest rates (such as major banks’ ‘Libor scale’) or accepting insufficient occupational health and safety standards across supply chains (such as the Rana Plaza collapse) – all to generate slightly higher economic returns (Comen & Frohlich, 2020; Hollensbe et al., 2014). For the last half-century, the purpose of business organizations has come to be equated widely with the narrative of profit maximization. This view was most famously articulated by Milton Friedman (1970) in his New York Times Magazine essay titled *“The social responsibility of business is to increase its profits”*. According to this view, the sole purpose of every business organization is to maximize profit and wealth for shareholders, as long as it sticks to broad rules such as engaging in open competition (Friedman, 1962; Sundaram & Inkpen, 2004). Themes like sustainability or social value generation were – if at all – considered only as a secondary condition (Friedman, 1961). This so-called ‘Friedman doctrine’ or ‘shareholder primacy’ has become the dominant narrative for the primary objective of business organizations and is deeply rooted in business research and practice around the world (Donaldson & Preston, 1995; Freeman, 2017; Harrison, Phillips, & Freeman, 2019; Salter, 2019; Sundaram & Inkpen, 2004). For instance, the Business

Roundtable – an association of almost 200 chief executive officers (CEOs) from leading American companies – endorsed since 1997 the “*principles of shareholder primacy – that corporations exist principally to serve shareholders*” (Business Roundtable, 2019).

However, this view of the shareholder primacy and Friedman doctrine is increasingly coming under criticism and Freeman (2017, p. 451) already labeled it the “*old story of business*” (Bartlett & Ghoshal, 1994; Davis, 2021; Freeman & Ginena, 2015; Horváth, 2021; The New York Times, 2020). Instead, practitioners and academics increasingly call for (re)definition of a corporate purpose beyond profit maximization to create value by contributing to the welfare of society and planet (George et al., 2016; George, Haas, McGahan, Schillebeeckx, & Tracey, 2021; Henderson, 2021; Henderson & van den Steen, 2015; Hollensbe et al., 2014; Leaders on Purpose, 2020; White, Yakis-Douglas, Helanummi-Cole, & Ventresca, 2016). This pro-social expression of purpose embraces a higher narrative of how business organizations contribute through their core business activities to the welfare of society and tackle some of the world’s grand challenges. For instance, the consumer goods company Unilever pursues the purpose to “*make sustainable living commonplace*” (Unilever, 2021), the insulin manufacturer Novo Nordisk strives “*to drive change to defeat diabetes and other serious chronic diseases*” (Novo Nordisk, 2021) and the Danish power company Ørsted wants “*sustainable energy to empower people, businesses and societies*” (Ørsted, 2016, p. 10). These are three recent examples of business organizations that commit to a pro-social corporate purpose that reaches beyond profit maximization and are also widely recognized for authentically implementing their purpose (Corporate Knights, 2021; Jackson & Ouarzazi, 2021; Radley Yeldar, 2018; SAM, 2020). In addition to these examples, in recent years the debate about the (re)definition of corporate purpose has reached the highest level of management in many organizations. For instance, in 2019, the Business Roundtable (2019) released a new statement that “*redefines the purpose of a corporation*” in a way that directly reverses the shareholder primacy endorsed in previous statements (Harrison et al., 2019). Among 21st-century academics and practitioners, there seems to be a broad consensus that tackling the grand global challenges requires substantial effort from business organizations, since governments or NGOs will not be able to solve these challenges by themselves (GRI, UN Global Compact, & WBCSD, 2015; Howard-Grenville, Buckle, Hoskins, & George, 2014; Porter & Kramer, 2011; Stephan, Patterson, Kelly, & Mair, 2016). For business organizations, being clear about their corporate purpose is seen as the initial and most fundamental step in seriously addressing the grand challenges (George et al., 2016;

Geradts & Bocken, 2019; Henderson & Serafeim, 2020; Hollensbe et al., 2014; Jimenez, Franco, & Smith, 2021).

But what exactly is meant by corporate purpose? As I will elaborate in Chapter 2 in more detail, a review of academic and practitioner literature reveals that the concept of corporate purpose lacks an agreement on a common definition to date. Over time, different and often ambiguous conceptualizations have been applied. Across all definitions offered during the last decades, the smallest common denominator seems to be that corporate purpose is an organization's 'reason for being' (Barby et al., 2021; Bart & Baetz, 1998; Campbell & Yeung, 1991; Hollensbe et al., 2014). This emphasizes the concept's higher-level normative character and positions purpose as an organization's ultimate and enduring end (Basu, 1999; Collins & Porras, 1991; Hsieh, Meyer, Rodin, & Klooster, 2018; Kirchgeorg, Meynhardt, Pinkwart, Suchanek, & Zülch, 2017). However, since this definition remains relatively unspecific and could comprise a pro-social purpose as well as a profit-maximization purpose, more contemporary conceptualizations define corporate purpose as an "*objective for the firm that reaches beyond profit maximization*" (Gartenberg, Prat, & Serafeim, 2019, p. 1; Henderson & van den Steen, 2015, p. 327). Moving even further, a growing number of researchers and practitioners (re)define corporate purpose explicitly in terms of an organization's pro-social contribution (Bartlett & Ghoshal, 1994; British Academy, 2018; Jimenez et al., 2021; Leaders on Purpose, 2020; Mayer, 2021; Segrestin, Hatchuel, & Levillain, 2021). For instance, Leaders on Purpose (2020, p. 8) – a community of purpose-driven leaders grounded on a research collaboration between experts from Harvard University, Unilever, World Bank and London School of Economics – define purpose as "*the commitment to create value by contributing to the benefit of society*". In this dissertation I will adopt a definition that integrates different approaches identified in previous literature and define corporate purpose as follows:

Corporate purpose is an organization's reason for being in terms of an objective beyond profit maximization to create value by contributing to the welfare of society and planet.

Thereby, corporate purpose embraces a higher-level reference how an organization's core business activities create economic value in a way that also creates value for society. By coupling purpose directly with social value generation, economic value derives from delivering products and services in a reinforcing way (George et al., 2021; Hollensbe et al., 2014; Mayer, 2021). Thus, corporate purpose is not just a peripheral corporate social responsibility (CSR)

activity like charitable giving, nor is it a pure mission description of what a business does and what value it provides to customers (Bruce & Jeromin, 2020; Jimenez et al., 2021; Mayer, 2021). Furthermore, pursuing a corporate purpose does not ultimately imply lower levels of profit in the long-term, nor to give up striving for excellent economic results (Gartenberg et al., 2019; Henderson, 2021; Hollensbe et al., 2014). Overall, this understanding of corporate purpose is in line with the majority of definitions offered in recent literature and captures the zeitgeist of the discussion among academics and practitioners in the 21st century.

Where is the increasing call for a (re)discovery and (re)definition of corporate purpose in the 21st century coming from? Initially, the call was driven in particular by practitioners, including multiple organizational stakeholders, such as employees, consumers, investors, society at large as well as business leaders themselves. First, *employees* as well as job applicants increasingly search for purpose and meaning at the workplace that goes beyond just earning a monthly salary (Cassar & Meier, 2018). Especially younger generations seem to care about corporate purpose (Dhanesh, 2020; Grant, 2017; Porter Novelli/Cone, 2019b). According to a practitioner study from Deloitte (2015) among 7,800 millennials around the globe, purpose was for 6 out of 10 millennials part of the reason why they chose their current employer. Reece, Kellerman, and Robichaux (2018) further report survey results among 2,300 American workers showing that more than 9 out of 10 employees are willing to sacrifice a percentage of their lifetime income for greater meaning and purpose at work. One explanation for employees' increasing call for a sense of purpose could be found in Maslow's (1954) hierarchy of needs. As employees as well as societies at large move up the hierarchy of needs, they focus on striving for the highest level of self-fulfillment needs, such as purpose. The importance of corporate purpose to attract and retain employees gets also recognized in contemporary business practice. For instance, Lorna Donatone – former CEO Geographic Regions at the food and facility services company Sodexo – says: “*If you don't have an organizational purpose that includes the environment and society, you are not going to get or keep the best people*” (Leaders on Purpose, 2019, p. 23).

Second, *consumers* increasingly want to purchase their products and services from organizations with purpose. A global study among about 18,000 adults from Ipsos (2017) reports that 2 out of 3 respondents agree that it has become more important for them to choose brands that make a positive contribution to society. Several other practitioner studies report similar results. For instance, Accenture (2018) shows that nearly two-thirds of consumers find brands that actively communicate their purpose more attractive. Zeno (2020) reports that consumers are four times more likely to purchase from brands that have a strong purpose. And

Porter Novelli/Cone (2019a) reports that 83% of US consumers are more loyal to organizations that lead with purpose. Once again, the importance of purpose is highest among younger generations. Porter Novelli/Cone (2019b) report that 72% of Generation Z, those born between 1997 and 2012, consider a company's purpose as a criterion in their purchase decisions and 75% will even do research to see if a company is walking the talk.

Third, *investors* increasingly call for a (re)definition of corporate purpose. Upfront are institutional investors like the world's largest asset manager Blackrock and its CEO Larry Fink. In the title of his annual letter to chief executives, Fink (2018) called for "*a sense of purpose*" and claimed that "*every company must not only deliver financial performance, but also show how it makes a positive contribution to society*". His letter gained a lot of attention around the globe and was considered as an inflection point in the discussion about corporate purpose (Kramer, 2019; Sorkin, 2019). In his subsequent annual letter, Fink (2019) resumed the call and outlined the link between purpose and profit: "*every company needs a framework to navigate this difficult landscape, and that it must begin with a clear embodiment of your company's purpose in your business model and corporate strategy. Purpose is not a mere tagline or marketing campaign; it is a company's fundamental reason for being – what it does every day to create value for its stakeholders. Purpose is not the sole pursuit of profits but the animating force for achieving them. Profits are in no way inconsistent with purpose – in fact, profits and purpose are inextricably linked*". In line with Larry Fink, several other institutional and also private investors seem to focus more on corporate purpose and the generation of sustainable long-term value (Eccles & Klimenko, 2019; Porter Novelli/Cone, 2019a). This is also shown in an increasing movement towards diverse forms of impact investing (Global Impact Investing Network, 2020; Lamy, Leijonhufvud, & O'Donohoe, 2021). For the near future, Fink (2020) even predicts a significant reallocation of capital in this direction. In this context, recent academic research from Barber, Morse, and Yasuda (2021) shows that investors are even willing to accept lower financial returns when investing in assets that pursue both social and financial objectives, because they derive nonpecuniary utility from their investments.

Fourth, comprising all previously mentioned stakeholders, *society at large* also seems to increasingly demand a (re)definition of corporate purpose that aligns economic and public value creation. According to a recent practitioner study from Porter Novelli/Cone (2019a), more than 3 out of 4 surveyed Americans believe that a corporate purpose solely focused on profit generation is no longer acceptable. Companies are also expected to generate a positive impact on society. This is also reflected in diverse social movements around the globe, such as the

‘Occupy-movement’ in 2011/ 2012 protesting against social and economic inequality or the ‘Fridays for Future-movement’ demanding since 2018 political and business actions to prevent climate change (George et al., 2021; Hollensbe et al., 2014).

Lastly, *business leaders* themselves are increasingly calling for a (re)definition of corporate purpose in the 21st century. For instance, Paul Polman – former CEO of Unilever – was one of the first and most prominent thought leaders who encouraged a (re)definition of business purpose and also strived to implement it in Unilever's core business strategy labeled ‘Sustainable Living Plan’ (Forbes, 2020; Polman & Christensen, 2015). According to Polman (2015), Unilever “*committed to help provide good hygiene, safe drinking water and better sanitation for the millions of people around the world who are still denied these basic human rights. All three commitments are directly relevant to our business. All three respond to pressing societal needs. This is not about mitigation. It is about opportunity and aligning our purpose in business with this opportunity*”. Today, many business leaders joined the call to (re)define corporate purpose. This is exemplified by the Business Roundtable (2019), where 181 CEOs of leading U.S. companies from Apple to Walmart signed a statement that “*redefines the purpose of a corporation*” and directly reverses the shareholder primacy endorsed in previous statements. Similarly, the World Economic Forum in Davos was focused in 2020 on developing a “*Davos Manifesto 2020’ to reimagine the purpose and scorecards for companies*” (Cann, 2019).

Despite this increasing attention to corporate purpose in business practice, academic research on the topic is still in its infancy. To date, the field is characterized by relatively little theoretical and especially empirical progress, which leaves many questions unanswered. This is remarkable since several scholars and top-tier journals emphasized the importance of academic research on corporate purpose and initiated several calls for its (re)discovery and (re)definition in recent years. Initially, Hollensbe et al. (2014) used the editorial notes of the *Academy of Management Journal* to open up a new area of inquiry on ‘organizations with purpose’ in management research and embolden scholars to put “*greater attention to the (re)discovery of purpose*” (Hollensbe et al., 2014, p. 1228). According to them, the answer to positively transform society and tackle some of the grand challenges “*lies more fundamentally in redefining organizations as purposeful*” (Hollensbe et al., 2014, p. 1228). The authors embolden academics to urgently conduct research on the topic of corporate purpose. George et al. (2021) recently resumed the call to study corporate purpose and outlined its relevance for academic research. They claim that “*as management scholars, we have an obligation to*

dedicate our own scarce resources to a research and educational agenda that recognizes the broad role of the for-profit firm in society” (George et al., 2021, p. 22). Similarly, Harvard Professor Rebecca Henderson (2021, p. 5487) calls scholars for research on *“unfamiliar concepts, such as purpose [...], if we are to make the kind of difference we need to make”*. She continues with the appeal I used as an opening quote to illustrate the higher-level motivation of this dissertation: *“Let’s do the research that helps firms change the world”*.

This dissertation responds to several calls for rigorous academic research on corporate purpose (Gartenberg, 2021; George et al., 2021; Henderson, 2021; Hollensbe et al., 2014). To this end, I aim to enhance the conceptual understanding of corporate purpose and provide empirical evidence on employee-level consequences in a field that is dominated by rhetoric and anecdotal evidence. I adopt the employee-level focus for several reasons. First, as outlined above, employees are one of the key stakeholders driving the current debate about corporate purpose (Cassar & Meier, 2018; Deloitte, 2015; Dhanesh, 2020; Reece et al., 2018). Second, positive employee-level consequences represent an essential part of the theoretically proposed business case of purpose (Gartenberg et al., 2019; Henderson, 2021; Henderson & van den Steen, 2015; Thakor & Quinn, 2019). Third, investigating employee perceptions is considered as one of the most comprehensive approaches for research on corporate purpose (Gartenberg et al., 2019). Overall, this dissertation considers corporate purpose from an organizational and management perspective rather than a systems perspective. In particular, this research addresses how corporate purpose can be conceptualized and distinguished from related concepts (Chapter 2). As briefly outlined above, to date, the concept of corporate purpose lacks construct clarity, which hinders the development of the field. Since the current debate about corporate purpose was initially driven by practitioners, I also investigate how purpose is communicated within the guiding corporate statements in contemporary business practice (Chapter 3). Taken together, both considerations strive to enhance construct clarity of corporate purpose and provide an important foundation for future research within and beyond this dissertation. Based on this foundation, the main part of this dissertation addresses what effect corporate purpose has on different employee-level consequences, such as workers’ reservation wage (Chapter 4), work effort (Chapter 5) and organizational commitment (Chapter 6). These outcomes represent substantial assumptions of the theoretically proposed business case of corporate purpose, but to the best of my knowledge, these relationships have never been empirically investigated in academic research to date. Moving even further, this dissertation investigates multiple boundary conditions when corporate purpose has positive effects on employee-level

consequences (Chapter 4 and 0), underlying mechanisms of how these effects occur (Chapter 0 and 6) and internalization factors that drive workers' perception of their employer's corporate purpose (Chapter 6). By addressing these issues through different empirical approaches including experimental and survey designs, this dissertation provides important contributions to the field and hopefully a (small) contribution to the ultimate goal proclaimed by George et al. (2016, pp. 1891–1892) to make an *“impact through empirical analysis that truly assists the coordinated and collaborative effort toward a societal grand challenge”* or as Henderson (2021, p. 5487) stated to *“the research that helps firms change the world”*.

Prior to outlining the main parts of the research in Chapters 2 to 6, the remainder of the introduction Chapter 1 proceeds as follows. Section 1.2 provides an overview of the relevant literature on corporate purpose and its evolvement. Based on this literature overview, Section 1.3 outlines the overarching research questions of the dissertation in greater detail. As the last part of the introduction, Section 1.4 presents the structural and methodological approach of the thesis and highlights key findings and contributions.

1.2 Literature Overview: Evolvement of Corporate Purpose

The notion of purpose has been around for a long time (Singleton, 2011, 2014). Grounded already in ancient philosophy, the term ‘purpose’ is the common translation of the Greek word ‘telos’ used by Aristotle to denote *“the end, i.e. that for the sake of which a thing”* exists (Aristotle, 350 B.C.E, V, 2). Due to this long history, the notion of purpose has roots in several academic disciplines including philosophy, psychology, history, religion as well as organizational studies and management (Barnard, 1938; Galek, Flannelly, Ellison, Sifton, & Jankowski, 2015; George et al., 2021; Singleton, 2011; Thalheimer, 1919; Warren, 1916). In this section, I will provide an overview of the relevant literature on corporate purpose in the field of organizational studies and management. As illustrated in Figure 1, the evolvement of corporate purpose in literature can be broadly classified into three phases: an introduction phase, a fading phase and a rediscovery phase. I subsequently briefly elaborate on the role of corporate purpose in each phase and put a special focus on the most recent literature in the rediscovery phase.

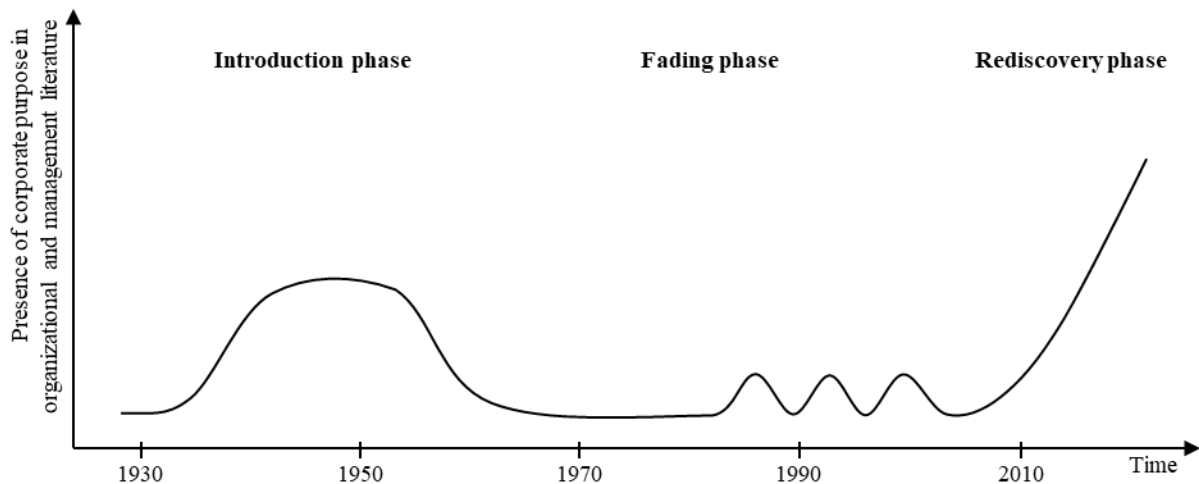


Figure 1: Indicative illustration of the evolution of corporate purpose in organizational and management literature

Introduction phase. The introduction phase evolved in the early to mid-20th century among scholars studying the functioning of organizations and the role of management. The initial introduction of purpose in organizational and management literature dates back to Barnard's (1938) book 'The functions of the executive' (Singleton, 2014). According to Barnard (1938, p. 137), "*purpose is the unifying element of formal organization*" and every effective organization "*requires an objective, a purpose, an aim [...] upon which action is to be taken*" (Barnard, 1938, pp. 42–43). As such, a purpose enables decision-making, gives meaning and coordinates individual activities within an organization (Barnard, 1938; Singleton, 2011). For Barnard (1938, p. 86) the "*necessity of having a purpose is axiomatic*" and thus the formulation and communication of an organization's purpose is considered to be one of the most essential functions of executives. Similar to Barnard (1938), Selznick (1957, p. 90) outlines the importance of "*building purpose into the social structure of the enterprise*". For him, this also represents a central responsibility of organizational leadership. In addition, Selznick (1957) argues that a narrow profit-making focus is insufficient as corporate purpose. Barnard's (1938) and Selznick's (1957) views about purpose and its importance were shared by other scholars during the introduction phase (Drucker, 1954; Frankl, 1959; Stene, 1940). A more detailed review of the notion of purpose during this time is offered by Singleton (2011). Taken together, scholars in the introduction phase assigned a central role to purpose in organizations and their effective management.

Fading phase. The introduction of purpose in organizational and management literature was followed by a fading phase that dominated the last half-century. During this phase, the initial centrality of purpose diminished and the research focus shifted towards efficiency-based

explanations of organizations and management (Gartenberg, 2021; Ghoshal & Moran, 1996; Singleton, 2011). With the evolvement of the shareholder primacy and the Friedman doctrine in the 1970s and 1980s, the default purpose of business organizations – whether by explicit statements or revealed conduct – has increasingly become defined as maximizing profits and shareholder value (British Academy, 2018; Freeman, Phillips, & Sisodia, 2020; Friedman, 1962; Harrison et al., 2019; Salter, 2019; Sundaram & Inkpen, 2004). This view that corporations exist principally to serve shareholders is grounded in part on the underlying rationale that shareholders have no specifiable contract with the organization and bear the residual risks of business failure. As a consequence, the primary duty of an organization’s managers and employees should be to provide the greatest possible return to shareholders and any deviation is considered as economic underperformance (Fama & Jensen, 1983; Friedman, 1962; Gartenberg et al., 2019; Jensen & Meckling, 1976). Against this dominant view, in particular, Christopher Bartlett and Sumantra Ghoshal published a series of articles in the 1990s calling for a rediscovery of the idea of corporate purpose in business practice and academic research (Bartlett & Ghoshal, 1993, 1994; Ghoshal, 2005; Ghoshal & Bartlett, 1994; Ghoshal, Bartlett, & Moran, 1999; Ghoshal & Moran, 1996). In their view, the focus of business has become too narrowly on maximizing profit, neglecting a company’s broader role in its social environment. They consider the definition and articulation of purpose as the first responsibility of top management (Bartlett & Ghoshal, 1994). In this context, Bartlett and Ghoshal have been among the first scholars who consider corporate purpose explicitly in pro-social terms and define it as a “*statement of a company’s moral response to its broadly defined responsibilities, not an amoral plan for exploiting commercial opportunity*” (Bartlett & Ghoshal, 1994, p. 88). According to Ghoshal and Moran (1996, p. 37), it is “*purpose that provides the ultimate source of an organization’s advantage over markets*” and therefore it should lie at the core of organizational and management research. However, Bartlett and Ghoshal’s efforts remained relatively isolated during this time and were not able to renew the discussion about corporate purpose. Overall, despite some isolated efforts, the idea of corporate purpose did not attain a central role in management and organizational research during the fading phase.

Rediscovery phase. Only in recent years, the idea of corporate purpose has reemerged in the rediscovery phase. As outlined in Section 1.1, the rediscovery of purpose is primarily driven by practitioners, such as business leaders, employees, customers, investors or society at large, who increasingly call for a sense of purpose. This is also reflected in the current state of the literature on corporate purpose, which is dominated by rhetoric and anecdotal evidence published in

practitioner-oriented journals, such as Harvard Business Review or MIT Sloan Management Review. From an academic perspective, Hollensbe et al. (2014, p. 1228) resumed Bartlett and Ghoshal's call to put "*greater attention to the (re)discovery of purpose*" in management research. They used the editorial notes of the Academy of Management Journal to open up a new area of inquiry on 'organizations with purpose'. According to Hollensbe et al. (2014, p. 1233), "*we urgently need to reframe how we collectively understand the purpose of business – the reason for which it is created and exists*". In line with the definition of corporate purpose adopted in this dissertation, Hollensbe et al. (2014, p. 1229) argue that "*by coupling purpose directly with societal success, profits would derive from delivering products and services in a model that intrinsically benefits society*". In this context, the authors discuss six values that could support organizations in achieving purpose: dignity, solidarity, plurality, subsidiarity, reciprocity and sustainability. Following the call from Hollensbe et al. (2014) for a (re)discovery of corporate purpose, a few articles have been published in academic journals in recent years.

To date, most academic research in the rediscovery phase is of a theoretical nature. Similar to Hollensbe et al. (2014), one stream of literature discusses the need for a (re)definition of corporate purpose as well as overarching frameworks for corporate purpose and the future of the organization in the 21st century (Atif Muhammad, 2019; Davis, 2021; Dhanesh, 2020; Freeman & Ginena, 2015; George et al., 2021; Grant, 2017; Harrison et al., 2019; Henderson & Serafeim, 2020; Hsieh et al., 2018; Jimenez et al., 2021; Kempster, Jackson, & Conroy, 2011; Mayer, 2021). For instance, Mayer (2021) and the British Academy (2018) argue that fundamental reasons exist to reconceptualize the purpose of business. In their view, the corporate purpose of organizations should be "*to produce profitable solutions to the problems of people and planet and not to profit from producing problems for people or planet*" (Mayer, 2021, p. 889). In this way, purpose can align enhancing the wellbeing of shareholders, society and planet, because "*profits are only legitimate if they are not earned at the expense of other parties*" (Mayer, 2021, p. 889). As such, scholars argue that purpose-driven organizations can become a vehicle for social and economic prosperity. To reform business around a corporate purpose, Mayer (2021) and the British Academy (2018) propose a framework including eight principles for law and regulation, ownership and governance, measurement and performance, and finance and investments. George et al. (2021) recently offered another theoretical framework for corporate purpose, which structures the process of purpose implementation along the three steps of purpose framing, formalization and realization and highlights several

internal and external drives. However, there are also more skeptical views on the role of corporate purpose in literature. For instance, Davis (2021) argues that corporate purpose alone will not solve all the problems of shareholder primacy or the world's grand challenges. He draws the analogy that “*when purpose and shareholder value get into a boxing ring, I will bet on shareholder value every time*” (Davis, 2021, p. 907). Beyond this theoretical research stream discussing the needs and overarching frameworks for purpose, a second, smaller stream focuses on more specific issues of corporate purpose including governance mechanisms and legal business forms (Levillain & Segrestin, 2019; Segrestin et al., 2021; Wolf & Mair, 2019) or measurement frameworks and disclosure practices (Arya, Mittendorf, & Ramanan, 2019; Barby et al., 2021). A third relevant stream of theoretical literature discusses potential outcomes related to pursuing a corporate purpose and, in particular, whether there is a business case for purpose (Gartenberg et al., 2019; Gartenberg, 2021; Henderson, 2021; Henderson & van den Steen, 2015; Thakor & Quinn, 2019). For instance, Henderson and van den Steen (2015) developed a theoretical model that shows that firms pursuing a pro-social corporate purpose beyond profit maximization can be even more profitable than others. The rationale behind this model is that employees who value pro-social actions will select into organizations with purpose, which strengthens their identity and reputation. Given these benefits of working for an organization with purpose, employees are willing to accept lower wages and exert more effort – which in the end increases profits. Thakor and Quinn (2019) offer another theoretical model demonstrating that a corporate purpose can induce employees to work harder. However, in their model, the higher work effort can only offset the cost of authentically pursuing a corporate purpose, when the utilities derived by owner and employees from pursuing a purpose are positively associated. Lastly, Henderson (2021) makes the case that embracing a corporate purpose enhances an organization's ability to innovate. However, with regard to all the theoretically proposed links between corporate purpose and performance, Henderson (2021, p. 5485) herself concedes: “*What is the evidence that this is indeed the case?*”

Empirical research dedicated to corporate purpose is still rather rare. While some descriptive empirical studies were presented in practitioner reports (Harvard Business Review Analytic Services, 2015; Kienbaum, 2020; Porter Novelli/Cone, 2019a; Reece et al., 2018), academic research can be almost exclusively found in related fields, such as mission and vision (Bart & Baetz, 1998; Carton, Murphy, & Clark, 2014; van Balen, Tarakci, & Sood, 2019), CSR (Bode, Rogan, & Singh, 2015; Burbano, 2016; Crilly, Hansen, & Zollo, 2016), work meaningfulness (Ariely, Kamenica, & Prelec, 2008; Chadi, Jeworrek, & Mertins, 2017;

Chandler & Kapelner, 2013) or social enterprises (Achleitner, Lutz, Mayer, & Spiess-Knafl, 2013; Moss, Short, Payne, & Lumpkin, 2011; Stevens, Moray, & Bruneel, 2015). The most notable exception is Gartenberg et al. (2019), who investigated the relationship between corporate purpose and financial performance in a large-scale empirical study. They used about 500,000 survey responses from the Great Place to Work Institute and measured corporate purpose through the degree to which employees perceive their work as meaningful. Their results show that the presence of purpose in the workforce in combination with a high level of clarity from management is positively correlated with a firm's overall financial performance. The authors themselves view their paper "*as a first attempt to provide empirical evidence on the value relevance of corporate purpose*" (Gartenberg et al., 2019, p. 15). However, since they compiled their measure of purpose out of existing items from the Great Place to Work Institute's survey which are closer related to work meaningfulness than to the essence of corporate purpose, Gartenberg (2021, p. 13) herself acknowledged in a subsequent article the need for further research with "*a more direct measure of 'corporate purpose'*". In addition, Gartenberg et al. (2019) are unable to establish causality, since they lack an experimental setting with an exogenous manipulation of purpose. Despite several limitations, this pioneering work from Gartenberg et al. (2019) appears to be the most compelling empirical evidence in academic research to date. Adopting the same data source and measurement technique, Claudine Gartenberg and her colleagues recently published two additional empirical working papers. Gartenberg and Serafeim (2021) investigate the relationship between corporate purpose and ownership, finding that employees' perceived purpose is weaker in public compared to private firms. Gartenberg and Yiu (2021) study the relationship between corporate purpose and acquisitions, showing that the sense of purpose is substantially weaker in companies following recent acquisitions. In addition, they show that acquisitions associated with a stronger purpose outperform, whereas those with a weaker purpose do not. Beyond the work from Claudine Gartenberg and her colleagues, a few other empirical studies have been recently published in academic research. Bunderson and Thakor (2021) provide survey evidence that in organizations with a written purpose statement, employees are more proud to work for their employer, are happier and have higher trust in their leaders to make socially-responsible as well as well-informed business decisions. Bhattacharya, Sen, and Edinger-Schons (2019) present survey results that employees' awareness of their employer's corporate purpose enhances their sustainable behaviors mediated through a mitigation of justification strategies. Lleo, Bastons, Rey, and Ruiz-Pérez (2021) report survey data showing that purpose implementation is positively related to organizational citizenship behaviors. Parmar, Keevil, and Wicks (2019)

show in one of their four vignette studies that a purpose-focused formulation of objectives increases workers' self-determination compared to a shareholder-focused formulation. And van Tuin, Schaufeli, van den Broeck, and van Rhenen (2020) present longitudinal survey evidence that corporate purpose is an antecedent of work engagement. Taken together, while recently some first empirical studies appeared in academic literature, empirical research in general is still hampered by the challenge to measure the essence of corporate purpose and is often unable to establish causality (Gartenberg et al., 2019; Gartenberg, 2021; George et al., 2021; Jimenez et al., 2021).

In summary, the overview of the literature on corporate purpose reveals initial relevant research has been conducted, but many questions remain unanswered or lack empirical and causal evidence.

1.3 Development of Research Questions

As outlined in Section 1.1, this dissertation aims to enhance the conceptual understanding of corporate purpose and provide empirical evidence on employee-level consequences related to it. Therefore, I subsequently derive eight overarching research questions that address current gaps in research and will be answered throughout the dissertation's main Chapters 2 to 6. The research questions can be structured along four broad topics: (1) construct clarity, (2) employee-level consequences, (3) boundary conditions & underlying mechanisms and (4) internalization factors.

Construct clarity. The literature overview in Section 1.2 demonstrated that the discussion about corporate purpose recently gained momentum among academic researchers and practitioners. While the public discourse on corporate purpose has increased five-fold since the late 1990s (EY Beacon Institute, 2016), the construct itself still lacks clarity and an agreement on a common definition. To date, there are almost as many definitions of purpose as there are papers about it – with some of them being ambiguous and diverging substantially. In addition, only a few researchers explicitly distinguish their understanding of corporate purpose from related concepts like mission, vision or CSR (Bruce & Jeromin, 2020; Collins & Porras, 1991; Enacting Purpose Initiative, 2020; Jimenez et al., 2021; Mayer, 2021), while others consider these concepts as overlapping or even interchangeable (Carroll, 2021; Henderson & van den Steen, 2015; Khalifa, 2012). Taken together, this leads to a kind of 'tower of babel' effect, where confusion arises because the same term has different meanings to different people in

different contexts. In absence of construct clarity, a field cannot make theoretical and empirical progress, because scholars fail to communicate effectively and accumulate knowledge (Podsakoff, MacKenzie, & Podsakoff, 2016; Suddaby, 2010). To date, there is a lack of research that comprehensively reviews, synthesizes and integrates different definition approaches of corporate purpose offered over time and that outlines common elements as well as differences between purpose and a wide range of related concepts. To contribute to this research gap, Chapter 2 addresses the following baseline research question:

Research Question 1: How can corporate purpose be conceptualized and distinguished from related concepts? (Chapter 2)

The formalization and articulation of a purpose are widely acknowledged as essential first steps for embracing a corporate purpose (George et al., 2016; George et al., 2021; Henderson, 2021; Hsieh et al., 2018; Quinn & Thakor, 2018). This can function as a signal of an organization's strategic priorities, manifest a commitment against which an organization can be judged and provide a compass for intra-organizational alignment of activities (Grimes, Williams, & Zhao, 2019; Henderson, 2021). The articulation of purpose is commonly accompanied by a written declaration known as a 'purpose statement', which gets published on corporate websites, brochures and so forth. As such, purpose is similar to mission, vision, principles or values part of an organization's guiding corporate statements (Collins & Porras, 1991; Enacting Purpose Initiative, 2020). Despite the increasing interest in the topic of corporate purpose, to the best of my knowledge, to date, no research systematically analyzed how organizations communicate their corporate purpose, how this developed over time, how purpose statements are formulated or how they are used in relation to other guiding corporate statements. In order to further enhance the construct clarity of corporate purpose, Chapter 3 investigates the following research question:

Research Question 2: How is purpose communicated within the guiding corporate statements in contemporary business practice? (Chapter 3)

Employee-level consequences. What effect does corporate purpose have on employee-level consequences? The assumptions that workers are willing to accept lower wages and provide more work effort when working for an organization with purpose represent two of the most important elements of the theoretically proposed business case of corporate purpose (Henderson, 2021; Henderson & Serafeim, 2020; Henderson & van den Steen, 2015; Thakor & Quinn, 2019). For instance, the theoretical model proposed by Henderson and van den Steen (2015) shows that the adoption of a pro-social corporate purpose can increase a firm's

profitability, because workers are willing to accept lower wages and provide more work effort. Similarly, Thakor and Quinn (2019, p. 5) argue that the result of a corporate purpose is “*either more effort with the same wages or the same effort with lower wages*”. However, to the best of my knowledge, to date no empirical or even causal evidence exists supporting these theoretical assumptions of the business case of purpose. This lack of evidence motivates the following two research questions:

Research Question 3: *Does corporate purpose decrease workers’ reservation wage without compromising work quality and misbehavior? (Chapter 4)*

Research Question 4: *Does corporate purpose increase workers’ completion of extra work? (Chapter 5)*

Beyond reservation wage and work effort, corporate purpose holds the potential to induce several other employee-level consequences. Given the limited scope of this dissertation, I additionally focus on one of the most prominent job attitudes that was found to be a powerful predictor of employee behavior: organizational commitment (Harrison, Newman, & Roth, 2006). Previous research has found organizational commitment to be associated with positive outcomes like withdrawal intention, organizational citizenship behavior or job performance (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989; Meyer, Stanley, Herscovitch, & Topolnytsky, 2002; Organ & Ryan, 1995; Riketta, 2002). As such, organizational commitment could indirectly relate to the overall business case of purpose. However, despite some theoretical and anecdotal claims, to the best of my knowledge, the relationship between corporate purpose and organizational commitment has never been systematically analyzed. To this end, Chapter 6 investigates the following research question:

Research Question 5: *Does corporate purpose positively relate to organizational commitment? (Chapter 6)*

Boundary conditions & underlying mechanisms. When does corporate purpose induce employee-level consequences like lower reservation wages or higher completion of extra work? Theoretical and anecdotal literature implicitly points out several boundary conditions that could potentially mediate the relationship between corporate purpose and employee-level consequences (Besley & Ghatak, 2005; Blount & Leinwand, 2019; Henderson, 2021; Henderson & van den Steen, 2015; Thakor & Quinn, 2019). For instance, Thakor and Quinn (2019, p. 8) claim that for a corporate purpose “*to motivate employees to work harder for the same wages [...] it must be authentic*”. However, once again, these boundary conditions have not yet been systematically analyzed. From an academic perspective investigating boundary

conditions represents an essential element for theory development and testing (Busse, Kach, & Wagner, 2016). From a practitioner's perspective, it can reveal important insight for an effective purpose implementation. To address this gap of knowledge, the following research question will be investigated in Chapters 4 and 5 for different boundary conditions:

Research Question 6: *What are boundary conditions that moderate the relationship between corporate purpose and employee-level consequences? (Chapters 4 and 5)*

How does corporate purpose affect employee-level consequences like the completion of extra work or organizational commitment? To date little is known about the underlying mechanisms which mediate and drive the potential effects of purpose. Initial indications can only be found in related research fields, such as CSR (Jones, Willness, & Madey, 2014; Ng, Yam, & Aguinis, 2019; Turban & Greening, 1997). To further achieve this dissertation's aim to enhance the understanding of corporate purpose and its employee-level consequences, Chapters 5 and 6 address the subsequent research question:

Research Question 7: *What are underlying mechanisms that mediate the relationship between corporate purpose and employee-level consequences? (Chapters 5 and 6)*

Internalization factors. Among researchers, a broad consensus exists that a corporate purpose has to be broadly internalized within an organization in order to have an impact on behavior and performance (Gartenberg et al., 2019; Marimon, Mas-Machuca, & Rey, 2016; Wang, 2011). Purpose internalization refers to the process of absorbing a corporate purpose throughout an organization in a way that its members actually perceive the purpose and depict the organization as purpose-driven (Marimon et al., 2016; Nonaka, 1994). This view is in line with Barnard (1938, p. 87) who already stated in the 1930s that a purpose has to be perceived and believed by its contributors and that the *“inculcation of belief in the real existence of a common purpose is an essential executive function”*. Given the importance of purpose internalization, the question arises, what factors drive the internalization of a purpose within an organization and shape workers' perception of their employer's corporate purpose? Despite the evident relevance of these questions for academic research as well as business practice, to date, relatively little (especially empirical) knowledge exists with regard to the purpose internalization factors (Marimon et al., 2016; Quinn & Thakor, 2018; Rey & Bastons, 2018, 2019; Thakor & Quinn, 2019). Enhancing this knowledge motivates the last research question:

Research Question 8: *What internalization factors drive workers' perception of their employer's corporate purpose? (Chapter 6)*

Taken together, through answering these eight research questions on construct clarity, employee-level consequences, boundary conditions & underlying mechanisms and internalization factors, this dissertation intends to make significant contributions to the research field as well as to management practice.

1.4 Structure, Methodology and Key Contributions

To answer the eight research questions developed in Section 1.3, this dissertation comprises five separate studies, which are presented throughout Chapters 2 to 6. In some cases, the research questions are addressed in multiple chapters from different perspectives. Chapters 2 and 3 both strive to enhance construct clarity of corporate purpose and thus provide an important foundation for future research within and beyond this dissertation. Whereas Chapter 2 reviews and synthesizes previous literature, Chapter 3 adopts a more applied and practice-oriented perspective. Based on this foundation, Chapters 4 to 6 present empirical evidence on different employee-level consequences including workers' reservation wage (Chapter 4), completion of extra work (Chapter 5) and organizational commitment (Chapter 6) as well as different boundary conditions (Chapters 4 and 5), underlying mechanisms (Chapters 5 and 6) and internalization factors (Chapter 6). Thereby Chapters 4 and 5 adopt an experimental research design and Chapter 6 uses a survey-based design. The overarching research framework of this dissertation integrating all Chapters 2 to 6 as well as their major research variables, relations and operationalizations of corporate purpose is illustrated in Figure 2. It should be noted that each Chapter from 2 to 6 represents a distinct scientific contribution on its own. As such, these chapters are treated as independent studies with their own introduction, methods, results and conclusion section.

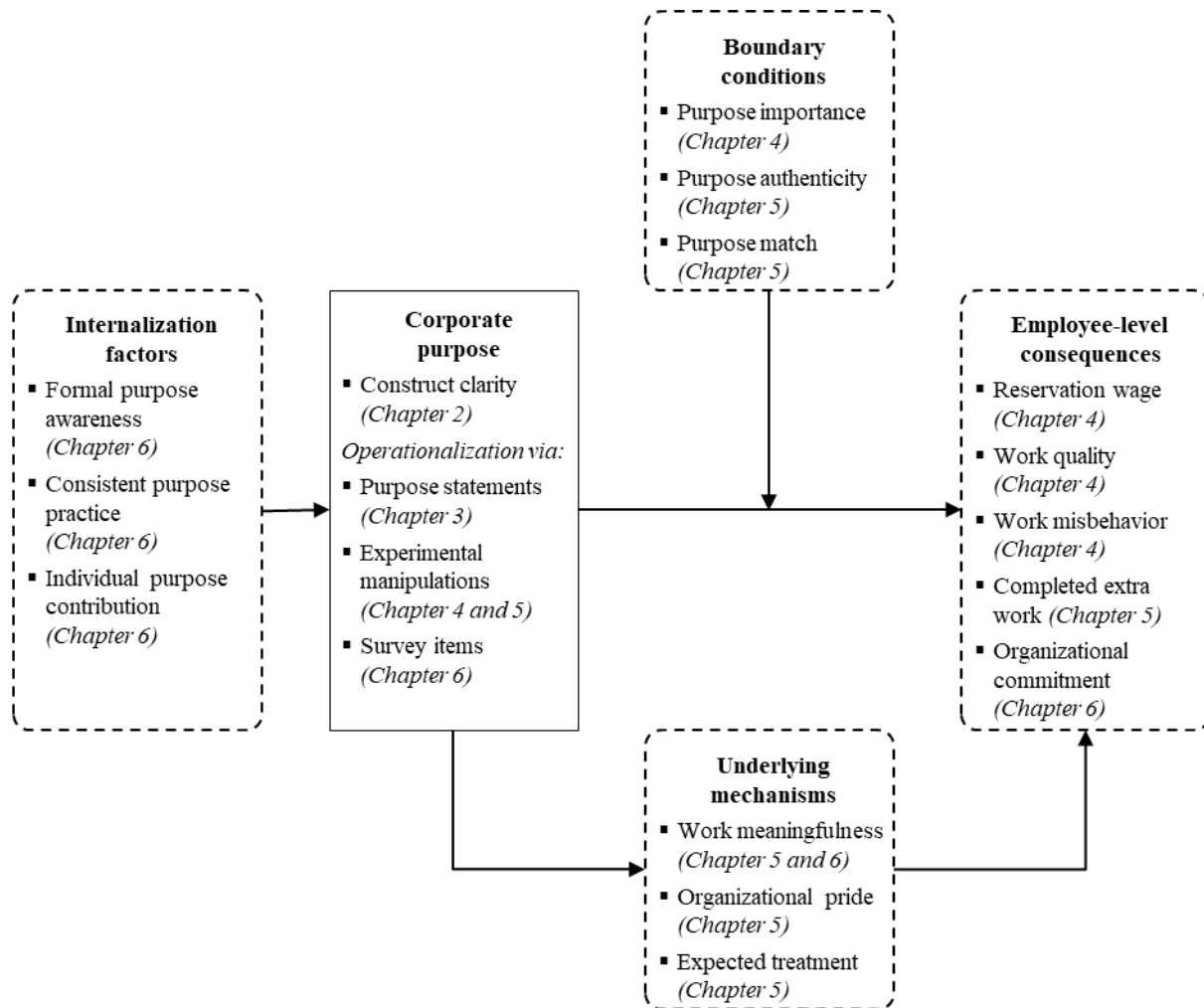


Figure 2: Overarching research framework integrating Chapters 2 to 6

Chapter 2. Given that the construct of corporate purpose is still under-conceptualized and suffers from multiple – partly diverging – understandings, this chapter responds to Research Question 1 and strives to evolve the construct of corporate purpose from a ‘tower of babel’ phenomenon towards construct clarity. To this end, Chapter 2 presents one of the first – and to the best of my knowledge the most comprehensive – review of literature on corporate purpose. Thereby it synthesizes previous literature along the basic conditions recommended by the Academy of Management Review to establish construct clarity (Suddaby, 2010). First, it proposes a holistic definition of corporate purpose that integrates different approaches identified in the literature; second, it underpins the definition with seven core characteristics of corporate purpose; third, it delineates the scope conditions of the concept; fourth, it clarifies the relationship of corporate purpose with related concepts like vision, mission or CSR by outlining common elements and difference; lastly, it summarizes the constructs coherence. Through enhancing the construct clarity of corporate purpose, Chapter 2 contributes to communicate

more effectively, avoid proliferation, accumulate knowledge, build theory and thus to further develop the field in academic research and business practice.

Chapter 3. Since the recent rediscovery of corporate purpose was initially driven by practitioners, this chapter addresses Research Question 2 and analyzes how purpose is communicated within the guiding corporate statements in contemporary business practice. Therefore, a longitudinal study was conducted in 2019 and 2020 identifying and analyzing the guiding corporate statements (including purpose, mission, vision, principles and values) publicly communicated by 90 companies listed in the two leading German stock indices. The results show that purpose is considered as a separate guiding corporate statement communicated in addition to existing statements like vision or mission. Between 2019 and 2020, the number of companies with a publicly communicated purpose almost doubled. As such, this chapter empirically confirms the increasing relevance of corporate purpose in business practice and reinforces the conceptualization proposed in Chapter 2.

Chapter 4. Can organizations with purpose pay less and get more? This question will be addressed in Chapter 4. Workers' willingness to accept lower wages and exhibit superior work behavior represent essential assumptions of the theoretical business case of purpose. However, to date, these assumptions are lacking empirical or even causal evidence. To this end, Chapter 4 investigates the effect of communicating a corporate purpose on three employee-level outcomes that constitute major cost components for most organizations: workers' reservation wage, work quality and work misbehavior. To provide causal evidence to Research Questions 3 and 6 of this dissertation, two natural field experiments as classified by Harrison and List (2004) were conducted. Acting as a typical commercial employer, almost 2,000 workers were recruited from two online labor marketplaces to perform a short, one-off task for payment. Workers were assigned randomly in two main treatment conditions manipulating whether information about their employer's corporate purpose was provided or not. The key results in both experiments show that providing information about an employer's corporate purpose causes workers to perform an identical job for lower wages. Workers that personally attribute a high importance to organizations having a pro-social purpose are found most responsive. At the same time, sacrificing wages for a corporate purpose comes at no cost of quality and even decreases the likelihood of engaging in work misbehavior. As such, these results contribute to the existing literature by providing first empirical and causal evidence in support of essential elements of the theoretical business case of purpose. In addition, this chapter directly responds to a call from Henderson (2021, p. 5486) to "*bring some of these methods [from behavioral*

economics] into field settings to explore the degree to which so-called purpose-driven firms do indeed succeed in changing the perceptions and motivations of their employees". To the best of my knowledge, this chapter represents the first academic study that uses a real-effort natural field experiment to investigate the consequences of corporate purpose.

Chapter 5. Building upon the previous chapter, Chapter 5 investigates another essential assumption of the theoretical business case of purpose: workers' willingness to provide extra work effort. This chapter addresses the questions of whether, when and how corporate purpose influences workers' willingness to complete unrequired extra work. To provide empirical evidence for these questions, a two-phase natural field experiment was conducted on an online labor marketplace with more than 600 workers participating in both phases and performing a real-effort task for payment. Acting as a typical commercial employer similarly to Chapter 4, workers were assigned into four treatment conditions manipulating the organization's purpose preach (whether a purpose statement was presented or not) and purpose practice (whether workers' actual task was framed in a neutral, authentic or non-authentic way compared to the presented purpose). The main findings show that the presentation of an employer's corporate purpose causes workers to complete more extra work. Workers whose personal preferences match with the organization's purpose are most responsive. However, in case the organization does not authentically practice its purpose preach, a backfiring effect occurs. Furthermore, the results indicate that the underlying mechanism is primarily driven by a change in workers' perceived meaning of work. Taken together, this chapter contributes to the literature by providing answers to the Research Questions 4, 6 and 7 outlined in Section 1.3. In particular, to my best knowledge, it offers the first empirical evidence on the effect of corporate purpose on workers' effort provision and additionally reveals insights on boundary conditions and underlying mechanisms. Similar to Chapter 4, the adoption of an experimental research approach is novel in the field of corporate purpose.

Chapter 6. According to Gartenberg et al. (2019), investigating workers' perception of their employer's corporate purpose is one of the most comprehensive research approaches to studying the concept of corporate purpose. Chapter 6 adapts this approach to address the Research Questions 5, 7 and 8. In particular, it investigates what factors drive workers' perception of their employer's corporate purpose and whether the perception of corporate purpose is positively related to workers' organizational commitment. To provide empirical evidence for the research questions, this chapter presents a two-wave longitudinal survey study on employees of a multinational company with data collections prior to and post the formal

introduction of a corporate purpose. The main findings indicate that the internalization of a corporate purpose is driven by factors like workers' awareness of their employer's formal purpose statement as well as the perceived consistency between purpose talk and practice. Furthermore, the results show that workers' perception of their employer's corporate purpose is positively related to their organizational commitment. Similar to the underlying mechanism revealed in Chapter 5, the relationship between corporate purpose and organizational commitment is mediated by work meaningfulness. Overall, Chapter 6 contributes to the literature by providing empirical evidence on internalization factors and employee-level consequences of purpose and offers managerial implications by revealing insights into how practitioners can effectively internalize a purpose within an organization.

In summary, Chapters 2 to 6 of this dissertation address the eight research questions outlined in Section 1.3 by using multiple methodological research approaches including a literature review, a longitudinal purpose statement analysis, three real-effort natural field experiments and a longitudinal survey study. In doing so, this dissertation makes two overarching contributions: First, it evolves the construct of corporate purpose from a 'tower of babel' phenomenon towards construct clarity. Through enhancing construct clarity, this dissertation provides an important foundation to further develop the field in academic research and business practice. Second, it evolves the field from anecdotal evidence towards empirical evidence. To overcome the measurement challenge of purpose, this dissertation adopts different operationalizations of corporate purpose including experimental manipulations novel to the field. The empirical findings of the thesis provide support for several theoretical assumptions of a business case of purpose. In addition, the thesis reveals empirical insights about boundary conditions, underlying mechanisms, internalization factors and thus enhances the understanding of corporate purpose.

The remainder of this dissertation proceeds as follows. Chapter 2 reviews and synthesizes previous literature to enhance the construct clarity of corporate purpose. Chapter 3 provides a glance into contemporary business practice and analyzes how corporate purpose is communicated by leading German companies. Based on this foundation, Chapter 4 experimentally investigates the effect of corporate purpose on workers' reservation wage and Chapter 5 on worker's completion of extra work. Further empirical evidence on the internalization of corporate purpose is provided in Chapter 6. Finally, this dissertation concludes in Chapter 7 by summarizing the key results and implications for future research and practice.

2. CORPORATE PURPOSE: FROM A ‘TOWER OF BABEL’ PHENOMENON TOWARDS CONSTRUCT CLARITY¹

Abstract

In recent years, interest in corporate purpose has gained momentum among both practitioners and academic researchers. Despite this, the construct of corporate purpose is still under-conceptualized and suffers from multiple – and partly divergent – understandings. Given that a field’s development is shaped by the clarity of its constructs, this paper strives to evolve the construct of corporate purpose from a ‘tower of babel’ phenomenon towards construct clarity. To this end, it reviews and synthesizes the literature on corporate purpose and proposes a holistic definition that integrates different approaches. In addition, this paper underpins the definition with seven core characteristics of corporate purpose, delineates scope conditions and elaborates on the relationship of corporate purpose with related concepts including mission, vision, corporate social responsibility, sustainability and stakeholder theory. By enhancing construct clarity, the paper paves the avenue for further research on corporate purpose and the further development of the field.

¹ This chapter is based on a working paper (single-authored) that is currently under review for publication. The full chapter is included in the examiners’ copies of this dissertation. In order to avoid plagiarism or dual publication, it is not included in the freely accessible version of this dissertation. The working paper was accepted for presentation at the 37th *Eurasia Business and Economics Society (EBES) Conference* in 2021.

3. PURPOSE IN BUSINESS PRACTICE: INSIGHTS FROM A STUDY ON GUIDING CORPORATE STATEMENTS IN THE GERMAN ECONOMY²

Abstract

Whether the Business Roundtable in the United States or the World Economic Forum in Davos – the discussion about a corporate purpose that reaches beyond profit maximization is gaining momentum worldwide. This raises the question, how corporate purpose is currently utilized within German business practice. To this end, a longitudinal study identifying and analyzing the guiding corporate statements of large and medium-sized German companies was conducted. The results show that the discussion about corporate purpose is rapidly gaining momentum in Germany, even if there is still a long way to go.

² This chapter is based on a paper (single-authored) that has been published in *Controlling - Zeitschrift für erfolgsorientierte Unternehmenssteuerung*, 33(S), 36–39 in 2021. The full chapter is included in the examiners' copies of this dissertation. In order to avoid plagiarism or dual publication, it is not included in the freely accessible version of this dissertation. The results were featured in *Harvard Business Manager*, 42(9), 12 in 2020.

4. PAYING LESS AND GETTING MORE? EVIDENCE ON THE EFFECT OF CORPORATE PURPOSE FROM TWO NATURAL FIELD EXPERIMENTS³

Abstract

Academics and business leaders are increasingly calling for a (re)definition of corporate purpose beyond profit maximization to create value by contributing to the welfare of society and planet. To this end, the present paper employs two natural field experiments on separate online labor marketplaces to investigate the effect of communicating a pro-social corporate purpose on three employee-level outcomes that constitute major cost components for most organizations: workers' reservation wage, work quality and work misbehavior. The main findings from both experiments show that the communication of a pro-social corporate purpose causes workers to accept lower wages for an identical job. Workers who personally attribute a very high importance to organizations having a pro-social purpose are found most responsive. At the same time, sacrificing wages for a corporate purpose comes at no cost of quality and even reduces the likelihood of workers engaging in work misbehavior. In a broader context, these findings provide some indications that the (re)definition of corporate purpose in commercial organizations is not ultimately at odds with the generation of profits.

³ This chapter is based on a working paper co-authored by Alwine Mohnen that is currently under review for publication. The full chapter is included in the examiners' copies of this dissertation. In order to avoid plagiarism or dual publication, it is not included in the freely accessible version of this dissertation. Please note the use of plural instead of singular throughout this chapter to refer to both authors. The working paper was accepted for presentation at the *81st Annual Meeting of the Academy of Management (AOM)* in 2021, at the *European Academy of Management (EURAM) Annual Conference* in 2021, at the *13th Annual Alliance for Research on Corporate Sustainability (ARCS) Conference* in 2021 and at the *International Conference on Economics, Business, Tourism & Social Science (ICEBTS) 2021*. At the latter it was awarded with the 'Excellent Paper Award' in the category 'Best Presentation' and 'Best Content'.

5. PRACTICE THE PURPOSE PREACH: EXPERIMENTAL EVIDENCE ON THE EFFECT OF CORPORATE PURPOSE ON WORKERS' WILLINGNESS TO GO THE EXTRA MILE⁴

Abstract

Commercial organizations increasingly (re)define their corporate purpose beyond profit maximization to create value by contributing to the welfare of society and planet. In that context, this paper employs a two-phase natural field experiment to explore whether, when and how corporate purpose affects workers' willingness to complete unrequired extra work. The main findings show that receiving information about an organization's corporate purpose causes workers to complete more extra work. Workers whose personal preferences match with the organization's purpose are most responsive. However, in case an organization does not authentically practice its purpose preach a backfiring effect can occur. Furthermore, the findings show that the underlying mechanism is driven primarily by a change in workers' perceived meaning of work. In a broader context, the findings – that workers are willing to go the extra mile when working for an organization with purpose – provide some empirical indications in support of the theoretically proposed business case of purpose.

⁴ This chapter is based on a working paper (single-authored) that is currently under review for publication. The full chapter is included in the examiners' copies of this dissertation. In order to avoid plagiarism or dual publication, it is not included in the freely accessible version of this dissertation. The working paper was accepted for presentation at the 82st Annual Meeting of the Academy of Management (AOM) in 2022, at the 41st Annual Conference of the Strategic Management Society (SMS) in 2021, at the American Economic Association (AEA) Annual Meeting in 2022, at ATINER's 19th Annual International Conference on Management in 2021 and at the 35th Eurasia Business and Economics Society (EBES) Conference in 2021. At the Annual Conference of the Strategic Management Society it was nominated for the Best Conference Paper as well as the Best PhD Paper and was recognized as Strategy Process Best Proposal Finalist.

6. PURPOSE INTERNALIZATION MATTERS: EVIDENCE FROM A LONGITUDINAL STUDY ON CORPORATE PURPOSE AND EMPLOYEE-LEVEL OUTCOMES⁵

Abstract

Despite the increasing attention to the concept of corporate purpose by business academics and practitioners, little is known about the internalization factors and employee-level consequences of a corporate purpose. To this end, we conducted a two-wave longitudinal study on employees of a multinational company with data collections prior and post the formal introduction of a corporate purpose. The main findings indicate that the internalization of a corporate purpose is mainly driven by the formal awareness of a purpose statement and a consistent purpose practice. Furthermore, workers' perception of their employer's corporate purpose is positively related to work meaningfulness and organizational commitment. Thereby work meaningfulness functions as a mediator between purpose and organizational commitment.

⁵ This chapter is based on a working paper co-authored by Alwine Mohnen that is currently under review for publication. The full chapter is included in the examiners' copies of this dissertation. In order to avoid plagiarism or dual publication, it is not included in the freely accessible version of this dissertation. Please note the use of plural instead of singular throughout this chapter to refer to both authors. The working paper was accepted for presentation at the 35th *Eurasia Business and Economics Society (EBES) Conference* in 2021.

7. CONCLUSION

Academics and business leaders increasingly call for a (re)discovery and (re)definition of a corporate purpose beyond profit maximization to create value by contributing to the welfare of society and planet. For instance, the editors of the Academy of Management Journal urged scholars to put “*greater attention to the (re)discovery of purpose*” (Hollensbe et al., 2014, p. 1228) in management research and Harvard Professor Rebecca Henderson (2021, p. 5487) recently called for further research on “*unfamiliar concepts, such as purpose*”. However, to date, academic research on corporate purpose is still in its early phases and the field is characterized by relatively little theoretical and especially empirical progress. Important reasons for the limited progress are seen in the lack of construct clarity and the challenge in measuring corporate purpose (Gartenberg et al., 2019; George et al., 2021; Jimenez et al., 2021). To this end, this dissertation aimed to enhance the conceptual understanding of corporate purpose and provide empirical evidence on employee-level consequences. Based on eight overarching research questions derived in the introduction Chapter 1.3, the dissertation presented five studies throughout Chapters 2 to 6. They provide answers to the research questions using multiple methodological research approaches including a literature review, a longitudinal purpose statement analysis, three real-effort natural field experiments and a longitudinal survey study. To conclude this dissertation, the key results of Chapters 2 to 6 are summarized in Section 7.1 and implications for future research and practice are outlined in Section 7.2.

7.1 Summary of Key Results

The key results of Chapters 2 to 6 are summarized along the overarching research questions of this dissertation outlined in the introduction Chapter 1.3, which comprise the four broad topics (1) construct clarity, (2) employee-level consequences, (3) boundary conditions & underlying mechanisms and (4) internalization factors.

Construct clarity. Since corporate purpose still suffers from a lack of construct clarity, Research Question 1 asked how corporate purpose can be conceptualized and distinguished from related concepts. To enhance the construct clarity of corporate purpose, Chapter 2 reviewed and synthesized previous literature along the basic conditions for construct clarity recommended by the Academy of Management Review (Suddaby, 2010). As a result, this chapter proposed a

holistic definition of corporate purpose that integrates three different approaches identified in previous literature: corporate purpose as (1) an organization's reason for being, (2) an objective beyond profit maximization and (3) a pro-social contribution. To underpin this definition, Chapter 2 synthesized seven key characteristics of purpose creating a 'PURPOSE' acronym. They emphasize the normative, enduring and sense-making character of purpose, which embraces a higher-level reference of how an organization's core business activities create economic value in a way that also creates value for society. In addition, the results outlined how corporate purpose can be distinguished from related concepts. Corporate purpose is not a pure mission description of what a business does and what value it provides to customers; neither is it a vivid vision description of where an organization is going to and what future state it aspires to achieve for itself; nor is it just peripheral CSR activity like charitable giving. Purpose is logically connected to these related concepts, since mission, vision or CSR can represent means to fulfill an overarching purpose. Overall, the conceptualization of corporate purpose outlined in Chapter 2 enhances construct clarity and captures the essence of contemporary discussions among scholars and practitioners in the 21st century.

***Result 1:** Corporate purpose can be defined as an organization's reason for being in terms of an objective beyond profit maximization to create value by contributing to the welfare of society and planet (Chapter 2).*

Academics as well as practitioners widely acknowledge that the formalization and articulation of a purpose statement are essential first steps for embracing a corporate purpose (George et al., 2016; George et al., 2021; Henderson, 2021; Hsieh et al., 2018; Quinn & Thakor, 2018). Therefore, Chapter 3 addressed Research Question 2 and analyzed how purpose is communicated within the guiding corporate statements in contemporary business practice. A longitudinal study identifying and analyzing the publicly communicated guiding corporate statements from the largest 90 companies listed in German stock indices was conducted. The results showed that purpose is considered as a separate guiding corporate statement that gets communicated in addition to existing statements like mission or vision. Out of the 90 companies, 39% already communicated their contribution to the welfare of society and planet in a kind of purpose statement. This number almost doubled between 2019 and 2020, thus empirically demonstrating the increasing relevance of corporate purpose in business practice. Furthermore, the results revealed that the formulation of purpose statements comprise, in general, two components: First, an 'impact' component outlining which positive impact an organization has on the welfare of society and planet (e.g. improving people's lives); second, a

‘contribution’ component specifying how the organization generates its impact (e.g. through offering healthcare services).

***Result 2:** Corporate purpose is increasingly (almost doubling between 2019 and 2020) communicated publicly in contemporary business practice as a separate guiding corporate statement in addition to existing statements like mission or vision (Chapter 3).*

Taken together, the results of Chapter 3 reinforce the conceptualization proposed in Chapter 2 from an applied and practice-oriented perspective and thus further enhance construct clarity of corporate purpose.

Employee-level consequences. What effect does a corporate purpose have on employee-level consequences, such as workers’ reservation wage (Research Question 3), extra work (Research Question 4) and organizational commitment (Research Question 5)? To provide empirical evidence for these research questions, multiple research studies were presented throughout Chapters 4 through 6. First, Chapter 4 employed two real-effort natural field experiments with almost 2,000 crowd-workers to investigate the effect of communicating a corporate purpose on workers’ reservation wage. The results of both experiments showed that the communication of a pro-social corporate purpose causes workers to accept lower wages for an identical job. Compared with a control group, the purpose treatment effect on reservation wage represented a statistically and economically significant decrease of 8% in the first experiment and even 33% in the second experiment. At the same time, no effect of a corporate purpose was found on work quality. This result indicates that workers accepting lower wages when working for an organization with purpose comes at no cost of quality. Furthermore, the communication of a pro-social corporate purpose was found to even decrease the likelihood of workers engaging in work misbehavior. On the other hand, the communication of a typical profit-oriented purpose representing the traditional view of shareholder primacy had no significant effect on neither reservation wage, work quality nor work misbehavior.

***Result 3:** The communication of a corporate purpose causes workers to accept significantly lower wages for the same job without compromising their work quality and even decreasing their likelihood to engage in work misbehavior (Chapter 4).*

Second, Chapter 5 analyzed the effect of corporate purpose on workers’ willingness to complete extra work that goes beyond what is contractually required. To this end, a two-phase natural field experiment with more than 600 workers was conducted on an online labor marketplace. The results showed that communicating an organization’s corporate purpose causes workers to provide significantly more extra work for the same job. Compared with a control group,

workers completed on average about 53% more extra work when receiving information about an organization's corporate purpose. This increase appears also to be economically significant.

Result 4: *The communication of a corporate purpose causes workers to complete significantly more extra work for the same job (Chapter 5).*

Lastly, Chapter 6 addressed Research Question 5 and investigated the relationship between corporate purpose and organizational commitment. Therefore, a two-wave longitudinal survey was conducted with employees of a multinational company and data collections prior and post the formal introduction of a corporate purpose. The findings showed that workers' perception of their employer's corporate purpose is positively related to organizational commitment. This finding was robust to analyzing both data collections jointly with lagged variables as well as to using change scores or analyzing the data collections independently.

Result 5: *Workers' perception of their employer's corporate purpose is significantly and positively related to organizational commitment (Chapter 6).*

Taken together, Results 3, 4 and 5 of this dissertation provide empirical evidence from different studies, using different methodologies and operationalizations, but all pointing in the same direction, namely that corporate purpose is related to various positive employee-level consequences.

Boundary conditions & underlying mechanisms. Research Question 6 asked what boundary conditions moderate the relationship between corporate purpose and the employee-level consequences. The results from the natural field experiments in Chapters 4 and 5 revealed, in particular, two boundary conditions: (1) workers' personal attitude towards purpose and (2) purpose practice authenticity. The first boundary condition focused on workers' personal attitude towards purpose and was analyzed in both Chapters 4 and 5. In Chapter 4, the role of workers' general importance attributed to companies pursuing a pro-social corporate purpose was investigated, independently from the specific purpose pursued by their employer. The results indicated that workers who attribute a very high importance to purpose in general are most responsive to the purpose treatments, such that they are willing to sacrifice higher wages for working for an organization with purpose. Following up on this result, Chapter 5 explored workers' personal attitude towards a specific purpose pursued by their employer. The results showed that workers whose personal preferences match with the specific purpose of their employer are willing to provide even more extra work effort. Taken together, the findings in Chapters 4 and 5 indicate that the positive effect of corporate purpose on employee-level consequences is primarily driven by workers who personally care about purpose.

Result 6a: *Workers' personal attitude towards purpose in general (Chapters 4) as well as towards a specific purpose (Chapter 5) represent boundary conditions moderating the relationship between corporate purpose and workers' reservation wage (Chapter 4) as well as their completion of extra work (Chapter 5), such that workers with a high purpose preference accept lower wages and complete more extra work.*

The second boundary condition focused on the role of purpose practice authenticity. To this end, the natural field experiment in Chapter 5 manipulated the communication of a corporate purpose in combination with a neutral, an authentic and a non-authentic purpose practice framing. The results showed that an authentic purpose practice could not further increase workers' willingness to complete extra work in comparison to a neutral purpose practice. In contrast, a non-authentic purpose practice backfired in the form of significantly lower extra work. In line with Result 6a, the backfiring effect was particularly pronounced among workers who cared about an organization's specific purpose. A similar reverse effect was found in case of an authentic purpose practice among workers who do not support the specific purpose. Overall, the results from Chapter 5 indicate that purpose practice authenticity represents an important boundary condition between corporate purpose and its employee-level consequences.

Result 6b: *Purpose practice authenticity represents a boundary condition in the relationship between corporate purpose and workers' completion of extra work, such that in case of a non-authentic purpose practice workers complete less extra work (Chapter 5).*

Beyond the boundary conditions, Research Question 7 asked which underlying mechanisms mediate the relationship between corporate purpose and its employee-level consequences. To this end, the natural field experiment in Chapter 5 analyzed different mechanisms that could potentially drive the effect of corporate purpose on workers' willingness to complete extra work. The results of a multiple mediation analysis revealed that the main effect between purpose and workers' completed extra work was driven by an underlying mechanism that increased workers' perceived meaning of work. Following up on this finding, the results of Chapter 6 also showed that the relationship between perceived corporate purpose and organizational commitment is mediated by work meaningfulness. Thus, Chapter 5 as well as Chapter 6 provide empirical evidence from different studies with different methodologies that an increase in work meaningfulness represents an important underlying mechanism.

Result 7: *An increase in work meaningfulness represents an underlying mechanism mediating the relationship between corporate purpose and workers' completion of extra work (Chapter 5) and organizational commitment (Chapter 6).*

Internalization factors. For corporate purpose to have an impact on behavior and performance, several researchers acknowledge that it has to be broadly internalized throughout an organization in a way that its members actually perceive the purpose and depict the organization as purpose-driven (Barnard, 1938; Gartenberg et al., 2019; Marimon et al., 2016; Wang, 2011). Given the importance of purpose internalization, Research Question 8 asked what internalization factors drive workers' perception of their employer's corporate purpose. The results of a two-wave longitudinal survey study presented in Chapter 6 indicated that the internalization of a corporate purpose is impacted by three internalization factors: (1) workers' awareness of their employer's formal purpose statement, (2) workers' perception of the consistency between the formal purpose and an organization's daily practices, and (3) workers' individual contribution towards the fulfillment of the purpose. In particular, the first two factors as well as their interactions appeared to be important for internalizing a corporate purpose.

Result 8: (1) Awareness of a formal purpose statement, (2) consistency between the formal purpose and daily practices and (3) individuals' contribution to the purpose represent internalization factors that are significantly and positively related to workers' perception of their employer's corporate purpose (Chapter 6).

In summary, the key results of Chapters 2 to 6 enhance the conceptual understanding of corporate purpose and provide empirical evidence which strongly suggests that corporate purpose is related to various positive employee-level consequences. In addition, the findings offer insights into boundary conditions, underlying mechanisms and internalization factors. As such, this dissertation has several important implications for future research and practice.

7.2 Implications for Future Research and Practice

Despite the increasing interest in the idea of purpose in recent years, to date, rigorous academic research on corporate purpose is still in its infancy. Important reasons for the limited theoretical and especially empirical progress are seen in the lack of construct clarity and the challenge of operationalizing corporate purpose (Gartenberg et al., 2019; George et al., 2021; Jimenez et al., 2021). Against this current state of the field, the major contributions and implications of this dissertation for future research and practice can be broadly summarized with the following two headlines: (1) evolving the construct of corporate purpose from a 'tower of babel' phenomenon towards construct clarity and (2) evolving the field from anecdotal practitioner evidence towards empirical scientific evidence.

From a ‘tower of babel’ phenomenon towards construct clarity. While the discussion on corporate purpose gained momentum among practitioners as well as researchers, the construct itself still suffers from under-conceptualization and multiple – partly diverging – understandings. Consequently, a kind of ‘tower of babel’ effect occurs, where confusion arises because the same term has different meanings to different people in different contexts. This lack of construct clarity hindered the development of the field (George et al., 2021; Jimenez et al., 2021). Against this background, this dissertation evolves the construct of corporate purpose from a ‘tower of babel’ phenomenon towards construct clarity. In doing so, it enhances current literature in multiple ways. First, it provides to the best of my knowledge the most comprehensive review of literature on corporate purpose to date. Thereby, it creates transparency and offers a categorization scheme to compare different definition approaches adopted in previous research. I encourage future research to explicitly state which definition approach of the scheme they adopt in their own research, in order to facilitate comparisons and cumulative work. Second, this dissertation proposes a holistic definition of corporate purpose that integrates different approaches identified in the literature and underpins the definition with essential core characteristics of purpose. Third, it offers to my best knowledge the most comprehensive comparative analysis in the academic literature by outlining common elements and differences between corporate purpose and related concepts including mission, vision, CSR, stakeholder theory and hybrid organizations. Future research should clearly distinguish these concepts and consider corporate purpose as a unique management construct with logical connections to related concepts. Taking all points together, through enhancing contrast clarity, this dissertation contributes to future research by enabling scholars to communicate more effectively, avoid proliferation, accumulate knowledge, build theory and thus to further develop the field.

An enhanced construct clarity is also of relevance to practitioners, since the ‘tower of babel’ phenomenon is not limited to academic research. In business practice confusion can arise about the notion of corporate purpose, its meaning and delimitation from other related concepts (Greiner & Brosch, 2020; Kenny, 2014; Kienbaum, 2020). The proposed blueprint in this dissertation assists managers in better defining and implementing a corporate purpose within their organizations and communicate its conceptual uniqueness in relation to other concepts. In addition, the findings help managers to formulate their organization’s specific purpose statement, since they reveal patterns of how purpose statements are typically articulated in contemporary business practice.

From anecdotal practitioner evidence towards empirical scientific evidence. To date, the academic discussion about corporate purpose is dominated by rhetoric and anecdotal evidence. Empirical research is hampered due to the challenge of measuring corporate purpose and is often unable to establish causality (Gartenberg et al., 2019; Jimenez et al., 2021). This dissertation strives to overcome these challenges and evolve the field from anecdotal practitioner evidence towards empirical scientific evidence. As one of the first steps in this direction, this dissertation, its findings and methodologies make several contributions to literature. First, to my best knowledge, this dissertation provides the first empirical evidence in support of several theoretical assumptions of a business case for purpose. In particular, it shows that corporate purpose causes positive employee-level consequences including lower reservation wages, lower work misbehavior, higher extra work effort, higher work meaningfulness and is in addition positively related to organizational commitment. All these consequences directly or indirectly refer to positive bottom-line financial benefits and thus support a business case of purpose. Since this dissertation focused on major supply-side consequences of purpose, future research could investigate potential demand-side consequences of pursuing a corporate purpose like new market opportunities, innovation abilities, customer loyalty or willingness to pay. To gain an even more complete view of a potential business case, further research could also investigate the costs associated with pursuing an authentic purpose as well as the overarching long-term economic effects.

Second, this dissertation reveals empirical insights into the conditions under which the positive employee-level consequences occur, which underlying mechanisms are driving the effects and which factors foster the internalization of a corporate purpose. These insights have important implications for future research in building more comprehensive theories of purpose. In addition, it would be interesting for research to further investigate boundary conditions, such as the role of different kinds of purpose (e.g. social-focus, environmental-focus) as well as potential selection-effects whether an organization with purpose attracts different kinds of workers, potentially reinforcing the positive employee-level consequences.

Third, the methodologies adopted in this dissertation contribute to tackling the measurement challenge of corporate purpose in academic research. In order to generate the empirical data utilized in this dissertation, three different operationalization approaches were adopted. As a first approach, formal purpose statements were used as a proxy to gain an initial understanding of how contemporary business organizations articulate their corporate purpose. On the one hand, the articulation of a purpose statement is widely acknowledged as a first important step

to pursuing a corporate purpose. On the other hand, purpose statements can be subject to ‘cheap talk’ or even ‘purpose washing’ decoupled from business practice. To overcome the issue of potential ‘cheap talk’, a second operationalization approach was adopted using dedicated survey items to measure employees’ perceptions of their employer’s corporate purpose. According to Gartenberg et al. (2019), this is one of the most comprehensive approaches to studying corporate purpose. The survey-based operationalization adopted in this dissertation enhances current literature, since it responds to a call from Gartenberg (2021) and uses a more direct measure to capture the essence of corporate purpose than previously applied in most empirical research (Gartenberg et al., 2019). Future research should further test the validity and reliability of this measurement instrument. However, such survey-based measurement approaches can be subject to endogeneity challenges and are often unable to establish causality. Therefore, this dissertation adopted a third operationalization approach that exogenously manipulated corporate purpose within multiple natural field experiments. To the best of my knowledge, this dissertation is the first that brought a real-effort natural field experiment as a method of behavioral economics into the field of corporate purpose. It provides the opportunity to investigate causal effects of corporate purpose, since all other factors can be held constant. In addition, implementing the experiments on online labor marketplaces enables the observation of workers completing a typical task in their real-world working environment, without being aware of their participation in an experimental study. However, since workers only had a one-off interaction with their employer to complete a short job for a relatively small amount of payment, future research is needed to explore the extent to which this dissertation’s findings can be generalized to other contexts.

Beyond the contributions of this dissertation to the field of corporate purpose, the empirical findings also have implications for related streams of literature. In particular, they contribute to the literature of organizational behavior by enhancing the understanding of what drives and influences workers’ behavior. Adding to previous research focused on the role of nonpecuniary incentives like paying respect (Bradler, Dur, Neckermann, & Non, 2016; Grant & Gino, 2010; Kosfeld & Neckermann, 2011), charitable giving (Burbano, 2016, 2021; Cassar, 2019; Charness, Cobo-Reyes, & Sánchez, 2016; Fehrler & Kosfeld, 2014; Gerhards, 2015; Imas, 2014; Kajackaite & Sliwka, 2020; Koppel & Regner, 2014; Tonin & Vlassopoulos, 2015), task meaningfulness (Ariely et al., 2008; Chadi et al., 2017; Chandler & Kapelner, 2013; Grant, 2008) or mission in the public/ non-profit sector (Gregg, Grout, Ratcliffe, Smith, & Windmeijer, 2011; Stern, 2004; Wright, 2007), this dissertation’s findings provide support that

workers are also motivated by working for a commercial organization with purpose. In addition, the empirical findings have implications for the literature on work meaningfulness, since they show that corporate purpose is a relevant and positively related antecedent of work meaningfulness that has generally remained rather unexplored to date.

The empirical findings of this dissertation also offer several important implications for management practices. In particular, the findings can be summarized along two broad questions that managers frequently encounter: ‘Should our organization engage in the topic of corporate purpose? Does it matter?’ and in case the answer is ‘yes’, ‘How should we approach the topic of corporate purpose? What factors are important?’. With regard to the first question, the results of this dissertation provide empirical evidence reinforcing the theoretically and morally claimed importance of purpose. First, the findings show that organizations increasingly commit to a pro-social corporate purpose in public. A study among leading German firms showed that the number almost doubled between 2019 and 2020. Second, the findings indicate that for many workers, it is highly important that organizations pursue a corporate purpose beyond profit-maximization and contribute to the welfare of society and planet. As such, they are motivated to work for these kinds of organizations. Third, the findings demonstrate that corporate purpose is related to several positive employee-level outcomes like lower reservation wages, higher extra work effort or higher organizational commitment. These outcomes can comprise a source of competitive advantage for firms that hold the potential to reinforce superior long-term organizational performance. Taken together, the empirical findings of this dissertation assist managers in arguing towards their different stakeholders, such as boards, shareholders or employees, why it is important and could also be beneficial to invest in an organization’s corporate purpose.

Turning to the second question, this dissertation’s findings reveal insights for managers on how to approach the topic of corporate purpose. First, the results outline the importance of formalizing and articulating a corporate purpose. While some researchers claim that a purpose does not have to be formalized (Gartenberg et al., 2019; Gartenberg, 2021), this dissertation’s data indicates that workers’ awareness of their employer’s formal purpose statement is an important factor to successfully internalize a corporate purpose. Second, the findings highlight the role of purpose practice authenticity. Organizations should ensure that their formally articulated corporate purpose is consistent with daily decisions and practices within an organization. An authentic purpose has to be embedded in an organization’s core corporate strategy, business models, operating systems, culture and so forth. Otherwise, it could remain

purely symbolic rhetoric, which economists refer to as ‘cheap talk’ or even ‘window-dressing’ and ‘purpose-washing’. The findings of this dissertation show that a non-authentic purpose practice could even backfire on workers’ motivation. Third, the results also show that purpose does not matter to all workers equally. The positive employee-level consequences are overwhelmingly driven by those workers who deeply care about purpose. This finding has two practical implications. On the one hand, organizations should put a special focus during their recruiting processes on selecting workers who match to their corporate purpose. On the other hand, organizations should invest in change management activities while implementing a corporate purpose in order to avoid demotivating effects among existing employees who are not (yet) convinced by a specific purpose.

In conclusion, this dissertation responded to the increasing call from academics and practitioners to (re)discover and (re)define corporate purpose as an organization’s reason for being beyond profit maximization to create value by contributing to the welfare of society and planet. It aimed to enhance the conceptual understanding of corporate purpose and provide empirical evidence on employee-level consequences in a field that is dominated by rhetoric and anecdotal evidence. The findings obtained through different research methodologies including experimental and survey designs provided strong evidence that corporate purpose is a powerful source of motivation in the workplace. Workers are willing to accept lower wages, provide more work effort, demonstrate a stronger commitment and find more meaning when working for an organization with purpose – all employee-level consequences that can comprise a competitive advantage for organizations and reinforce superior organizational performance. Thus, in a broader context, the results provide some empirical indications that the (re)definition of corporate purpose in commercial organizations is not ultimately at odds with creating profits. It is my ardent hope that this dissertation and its findings can contribute to further stimulate academics as well as business leaders to accelerate the (re)definition of corporate purpose. To return to the quote from the introductory section, I would be pleased if this dissertation could make a contribution (no matter how small) towards Henderson's (2021, p. 5487) call to “*do the research that helps firms change the world*”. Facing the world’s grand challenges and knowing that the (re)definition of corporate purpose is a long-term transformation journey, it seems to be – now perhaps more than ever before – time for research as well as practice to move from calls and intentions to actions. Because as the famous German author Erich Kästner once said:

“*Es gibt nichts Gutes, außer: Man tut es.*”

Kästner (1950, p. 35)

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