Business, Purpose & Productivity

Anna Clover and Bridgette Wessels

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Executive Summary

1. Introduction: Purpose in Business

The idea and practice of purpose in business is to produce profitable solutions to the problems of people and the planet (Mayer, 2018). The main challenge that businesses and social enterprises face is using resources more sustainably to improve business performance, market position and reputation. This challenge involves making better use of: (1) environmental capital through sustainable processes, (2) human capital, in recruiting, developing and retaining employees, and (3) social and relational capital, by ensuring a robust ecosystem through good business relationships. Changes in social attitudes about the environment, about work and what good business practices are, also feature in the turn to purpose. These affect the financial performance of businesses[1] in terms of productivity and reputation.

Although the case for taking a purpose in business approach is gaining credence, little is known about how purpose may relate to productivity and enhance it. To consider this, the project *Purpose in Business: exploring the relationship between purpose and productivity* undertook research to address the following question: In what ways can businesses, their leaders, managers and employees enact purpose to enhance productivity?

The project undertook research with four businesses and one social enterprise in Scotland. These organisations were already on a journey with purpose in business. They varied in size and sector, and each had their own specific experience of developing purpose and embedding it in their respective processes, practices and relations. The research methodology was a multiple case study approach using qualitative methods. The data was analysed thematically, and the resulting themes were synthesised to identify key aspects of how purpose features in productivity. The project gained ethical approval from the University of Glasgow Ethics Board.

2. Key Findings and Analysis

2.1. Different Ways of Developing Purpose

The research across the businesses and the social enterprise found that there are different ways into purpose-informed business, different purpose journeys and different ways of developing purpose. Purpose is highly adaptable, being shaped by factors such as organisational values, external pressures, financial imperatives, and workforce

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[1] The word 'business/es' in this report to refer to all types of work organisations – whether private, public, social enterprises or third sector, for-profit or not- for-profit.

engagement. It can be adapted to fit different sizes of businesses and the ways they operate. The adaptability of purpose means that it is open to different types of organisations.

2.2. Purpose is Seen as a Journey

There is understanding based on business experience that purpose in business is a journey. Purpose should be considered a journey for three reasons:

- Investing in purpose is iterative and needs to be built through a virtuous development process.
- Purpose is interconnected with organisational values and the sustainable use of resources. As knowledge and practices in these areas evolve, businesses must ensure these align with, and inform, their purpose.
- Leadership, management and working practices must adapt and change in relation to purpose, through a continuous process of learning, reflection and adaptation.

2.3. Purpose in Business Strategy

When purpose is embedded in business strategy, it contributes to:

- Strengthening staff recruitment and retention.
- Increasing motivation and engagement in meaningful work.
- Good workplace culture.
- Supporting problem identification, solving and skill development.
- Improving resource efficiency.
- Enhancing relationships with local communities and external stakeholder to increase resilience and adaptability.

These benefits align with improving the use of environmental, human, social and relational capital. When these are co-ordinated through purpose, they enhance productivity and contribute to financial capital. This demonstrates that purpose intersects with business performance.

2.4. Purpose in Business in Practice

The ways in which purpose is practiced is varied and can be termed as 'new ways of working with purpose'. These new ways of working are characterised by a strong awareness of purpose, a recognition of the challenges posed by the current business

environment, and an understanding of the necessity for businesses to adapt and respond to change, which drives innovation.

- Purpose is practiced in leadership and management decisions, innovations, and quality controls.
- It is practiced through training opportunities for employees inside the business as well as for the wider community via job development, apprenticeships and work experience placements.
- It is practiced in a range of community engagement projects, whether locally, nationally or internationally, that foster good business and community relations.
- It is practiced through a strong engagement with, and respect for, customers and suppliers.
- Purpose is seen in the visible and tangible outcomes of work, which add meaning to the work employees do and how communities and customers perceive the business.
- Leadership that leads with purpose, managers who manage with purpose, and employees who work with purpose generate a culture of workplace purpose.

2.5. Investing with Purpose

Purpose requires investment in terms of tangible assets, such as technologies and tools, intangibles such as investing in staff, their training and development, and in ecosystem and community relations. This investment yields positive outcomes for employees, businesses and external stakeholders.

2.6. Models of Purpose Approaches

Each of these models entails a different type of organisational approach, and leadership, management and employee practices.

These are:

- Circular economy model: shaped around integrating values and practices in a whole-business approach for the purpose of sustainability.
- Hub and spoke model: shaped around a central hub that is enacted across different spokes and where purpose unites hub and spokes.
- Co-operative model: shaped by working with a diverse workforce in complex social environments where purpose is social.
- Owner collaborative: shaped around owner-shaped practices that meet a range of purposes.
- Inspirational leader in a (global) network: shaped by strong leadership advocating ethical relations globally and locally.

2.7. Models, Practices and Enhancing Productivity

Through these models and practices, purpose-informed approaches enhance productivity in the following ways:

- Developing working practices that go beyond job redesign by operationalising purpose through ways of working.
- Balancing innovation with purpose and its underpinning values.
- Developing, communicating and enacting shared values.
- Fostering leadership and management styles that lead and manage by example.
- Supporting diversity in the workplace, by attracting and supporting graduates and young employees, investing in skilling and retaining older employees, and fostering an inclusive working environment for all.
- Using resources more efficiently and sustainably.
- Generating intangible benefits, such as positive and inclusive workplace cultures, high quality work, job satisfaction and strong business reputation, through business values and practices that develop and maintain trust with employees, customers and wider stakeholders.

3. Insights for Business

To ensure that purpose can enhance productivity, businesses need to:

- Assess their use of resources through the lens of purpose, to develop efficient, effective and sustainable productive processes.
- Consider and recognise the characteristics of leadership for purpose, those that guide the development of purpose and lead with integrity and purpose.
- Shape their working practices through purpose.
- Ensure that internal and external relations are developed through purpose.
- Develop sound evidence of their purpose, which can be used to attract investment and ascertain how purpose is contributing to sustainability.
- Take an inclusive workplace approach to enable the collaborative development of purpose.

4. Conclusion

In summary, the evidence and analysis of our research shows that purpose can enhance productivity in relation to the more sustainable use of resources, fostering good working practices and good business relations. These combine to support organisations to be more innovative, resourceful and focused. Productivity is enhanced through gaining efficiencies in the use of resources and reputable relations in business

ecosystems, as well as increasing employee wellbeing and motivation in work that feels meaningful to them. Achieving such enhancements in productivity through purpose requires paying attention to:

- Sustainable use of resources, which involves resource intelligence and efficiencies of processes and practices.
- Good and meaningful work, which requires leadership with purpose, purpose-centred management, and purpose-centred employee practices.
- Good business relations built on shared values and practices that are based on purpose.

This research found that, when these three considerations are brought together in a continuous learning journey, businesses gain productivity benefits. These benefits are aligned with the overall definition of purpose in business as creating profitable solutions for people and the planet.

Contents

Introduction

This project, *Purpose in Business: exploring the relationship between purpose and productivity*, was funded by the ESRC via the Productivity Institute's grants scheme and was conducted between March 2024 and March 2025.[2]

The project undertook research to understand in what ways businesses and their leaders, managers and employees work with purpose, and whether these ways of working with purpose can enhance productivity. The *Now is the Time for Purpose* report (Scottish Council for Government and Industry, 2023) suggests that there are some benefits to purpose in business, including efficiencies across many aspects of processes and practices. However, little is known about how purpose is developed and practiced in businesses in relation to productivity. This includes how purpose may improve the use of resources, generate a beneficial work culture, and support good relations internally and externally. These feature in in terms of using inputs such as labour, raw resources and other materials effectively and efficiently, to generate outputs such as goods, services and other tangible and intangible assets (De Been et al., 2016). If purpose can enhance productivity, it is relevant to UK economic policy, because the UK has low productivity levels, poor rates of economic growth and depletion of resources across the six capitals[3].

The *aim* of the project was twofold – to understand: (1) how business leaders, managers and employees work with purpose, and (2) in what ways purpose may enhance productivity.

The *objectives* were:

1. To undertake in-depth qualitative research to understand leader, manager and employee perspectives on purpose, and to explore with them how purpose improved the ways in which they worked and produced their goods and services.
2. To identify the ways in which different approaches to purpose can improve our understanding and assessment of what a productive business is, and what it means to be productive in the current financial, social and environmental context.
3. To assess the value of purpose in enhancing productivity.

The central research question was:

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[2] https://www.productivity.ac.uk/research/projects/purpose-in-business-empowering-employees-and-enhancing-productivity/)
[3] The six capitals as defined by the IIRC (2013) are: financial, manufactured, intellectual, human, social and relationship, and natural capital.

In what ways can businesses, their leaders, managers and employees enact purpose to enhance productivity?

The subsidiary research questions were:

1. In what ways is purpose developed within different types of businesses, including social enterprises?

2. How is purpose enacted and practiced in business, what works, and what are the challenges?

3. How important is purpose in developing good relations within the workplace and the wider business ecosystem?

This report discusses our research findings that provide insights into answering these questions and concludes by discussing the main ways purpose can enhance productivity. It further provides recommendations for ways to support how purpose can enhance productivity, as well as areas for further research.

The project team was Anna Clover and Bridgette Wessels. The project also benefitted from an excellent stakeholder group of members from academic, policy and business communities (see Appendix 1 for full details). Eleonara Vanello of Peer Works supported and co-ordinated the stakeholder group meetings.

Background to Purpose in Business

Developing purpose in business, defined in terms of focusing on finding profitable solutions for people and the planet, is gaining government, business, and public attention (Mayer, 2018; Scottish Council for Government and Industry, 2022). This is in relation not only to developing 'purpose', but also in terms of ascertaining whether purpose can enhance productivity in sustainable ways. In 2022, the Scottish Government commissioned research to consider the role of purpose in Scottish business (Scottish Government, 2023). This was because business purpose rarely features in the public debate about Scotland's economic performance, although it may have an impact.

This attention to purpose was triggered by several factors across financial, social and environmental concerns that impact business performance, the quality of workplaces, the efficient use of resources, and business reputation and competitiveness. These feature in the UK's relatively poor performance in business investment, skills development, and productivity (Cowling and Wilson, 2024; De Loecker et al., 2022; Williamson et al., 2014). The prioritising of short-term shareholder interests over those of stakeholders such as employers, employees, suppliers, customers, communities, and

the environment is a further contributing aspect of poor performance (Edmans, 2020; Stout, 2012). Other factors include the climate crisis, environmental degradation, geopolitical tensions, misinformation, and lack of trust (IEP, 2023). These feature in the low economic growth and low levels of productivity in the UK, including Scotland (van Ark et al., 2023). Each of these factors relates to – and impacts on – each other, creating the context of a 'polycrisis' for business and society in which economic, social and cultural values are in play (EPI, 2023).

This context is generating a new environment for businesses, requiring them to adapt to remain competitive in the changing marketplace. More investors, employees, customers and ecosystem partners are expecting businesses to adopt sustainable approaches (Hartzmark and Sussman, 2019; Magnin and Greven, 2023; Unruh et al., 2016; Waples and Brachle, 2019). Businesses are increasingly investigating how taking a purpose-informed approach can enhance their business practices and outcomes. To date, there is variation in how organisations are working with purpose and pursuing their journeys with purpose. Less is known about how these variations in approaches to purpose by different types of organisations affect productivity (Wessels, 2025).

Productivity: Resources, Work and Business Relations

This raises the question of what productivity means in the context of the current polycrisis. Productivity can be thought about in terms of the effectiveness of productive effort, as measured in terms of the rate of output (e.g. goods, products, services) per unit of input (labour, materials, equipment, etc.). Productivity is a relationship between output and input, linked to effectiveness and efficiency. De Been et al. (2016, p. 140) argue that work processes are effective if 'the right things' are being done. That is, if all activities contribute to achieving the established goals and purpose, and the achieved result is as similar as possible to the intended result. Efficiency means 'doing things properly', whereby the intended result is achieved by using as few resources as possible. With respect to productivity, effectiveness is mainly linked to output (the best possible results), whereas efficiency is linked to input, that is, using as few resources as possible (Ibid, 2016).

In concrete terms, responding to the current polycrisis requires placing a renewed focus on how productivity is understood and practiced. Rather than concentrating solely on output, a purposeful approach to productivity emphasises good and meaningful work, sustainable growth, and the creation of long-term value. This involves attending to three areas: the sustainable use of resources, good work, and business relations.

Resource depletion and the climate emergency are having an impact on businesses in both the short term and longer term. To improve productivity means ensuring that resources are sustained, as they are essential for life – and business (McLeod et al.,

2024). For companies, this entails developing sustainable approaches to growing, processing, distributing, and managing resources, where environmental considerations are integrated into core business processes. This can take the form of things like sustainable waste management, recycling practices, commitments to lowering emissions, and transparent, ethical supply chains.

There is recognition that 'good work' enhances employee motivation, wellbeing and productivity (UN, 2015) and supports fair, sustainable growth (UN, 2015; ILO, 2014). In general terms good work and working conditions include fair wages, opportunities for growth and development and employee voice. Frameworks of Fair Work Principles in Scotland and the UK formalise these and other aspects of good work. Another aspect of work is its meaning for employees. If work is meaningful for them, it fosters better engagement and satisfaction with work and improves employee retention (Bailey et al., 2019; Allan et al., 2019; Michaelson et al., 2014). Fostering good, meaningful work and trust is complex because it involves subjective and organisational factors (Bailey et al., 2019; Lysova et al., 2019). Little is known about whether purpose features in meaningful work and how it fosters trust to support productive relationships. If purpose enhances work, it may well support productivity.

The relational character of business (Mayer, 2018) underpins reputation, trust and sustainability. Businesses that genuinely invest in social and environmental responsibilities boost their appeal to current and prospective employees, as well as suppliers, customers and other stakeholders, including investors. If businesses act ethically, they garner trust in their relations internally and externally (Hansen et al., 2011). Employees observe how companies act, and perceived authenticity in organisations' corporate responsibility contributes to employees' trust in their employers (Kim and Lee, 2022). When businesses are perceived as being socially and environmentally responsible, they attract and retain talent more easily, enhancing competitiveness (Story et al., 2016). In this way, ethical business practices, trust and reputation are closely interlinked with organisational performance and productivity.

This discussion highlights the need to move beyond simple input–output models of productivity. Practices that support sustainable resource use, good and meaningful work, and organisational trust and reputation align with the six capitals approach, providing a more comprehensive understanding of the conditions that enable sustainable productivity and value creation (IIRC, 2013).

It furthermore provokes questions about the role purpose plays in developing ethical, sustainable businesses, and its potential to foster productivity (Wessels, 2025). This focuses attention on how purpose relates with productivity to add value – across the six capitals – and in developing innovative and sustainable businesses. Little, however, is

known about the relationship between purpose and how purpose adds value to productivity processes.

Project Methodology and Methods

The research methodology was a multiple case study approach using qualitative methods (Yin, 2018). The case study organisations were selected based on size, ownership, sector, and their self-identified commitment to operating as purpose-led. At the time of the research, each organisation was already on a 'purpose in business' journey. The businesses also had a diverse employee base, covering a range of ages, genders, (dis)abilities, pay grades, full-time and part-time positions, as well as remote and on-site work. This allowed the project to generate rich data from a range of employee and employer perspectives, whilst identifying any commonalities across those owning and working in different types of businesses, across their purpose journeys. The methods used were semi-structured interviews with employees, owners and managers, followed by employee and manager validation workshops, and secondary analysis of the *Now is the Time for Purpose* report (Scottish Council for Government and Industry, 2022). Recruitment of the sample and the interviewees was facilitated by our project partner, Prosper.

The five case study businesses were all in Scotland:

- **Organisation A** – a medium-sized, multi-award-winning fashion rental and renewal company whose purpose centres on sustainability. A certified B Corp, it operates through a circular economy model, working with brands to extend the life of garments through repair, resale and cleaning. Its commitment to sustainability also shapes how it supports its employees and engages with its local community, which includes vocational training programmes and inclusive hiring practices.

- **Organisation B** – a large company managing the electricity transmission network, playing a critical role in achieving the UK's net zero target. Its purpose is grounded in this goal, which is reflected in their emphasis on sustainable and safe practices, collaboration with stakeholders, investment in communities and care and support of their workforce.

- **Organisation C** – a small, independent, B Corp-certified coffee roastery that operates in a very rural area. Family-owned, its purpose centres on sourcing and roasting high-quality, ethically produced coffee. This entails minimising their environmental impact, building long-term relationships with growers and

suppliers, providing training opportunities for local young people, and ensuring they are a quality place to work.

- **Organisation D** – a small, employee-owned vehicle modification company of campervans. Its purpose is to produce high-quality, bespoke vehicles in a supportive, collaborative workplace. They achieve this through strong customer relationships, transparent working practices, care of employees and contributions to the local community.

- **Organisation E** – a large social enterprise working across the UK to lift people out of poverty through community programmes and relational mentoring. Its purpose is rooted in creating long-term, positive change in people's lives, supported by a strong values framework that shapes decision-making, workplace culture and a colleagues-first approach.

Initially, 5 preliminary interviews were carried out with key gatekeepers in senior leadership roles, to gain insights and refine the research approach. Following this, a further 75 interviews were conducted across the five organisations. 27 of these were with employees in strategic-level roles, comprising senior team members who were responsible for high-level decision-making. Additionally, 48 interviews were held with participants in operative roles, encompassing employees in various non-senior leadership positions.

The interview datasets and secondary data were analysed using thematic analysis and were managed with NVivo 14 software. The interview data were coded thematically, while the secondary analysis of case study data entailed qualitative content analysis to identify emerging themes. Following an initial open coding process, focused codes were developed to create categories and concepts.

The researchers then held validation meetings with participants from across the case studies. The researchers ran two sessions each at Organisations A, B and E: one with employees and middle managers, and another with senior management. The first took a workshop format with interactive activities based on key quotes from the findings, allowing participants to reflect and comment on them, and explore their meaning. These sessions also helped us to identify points to share with senior teams. The senior management meetings followed as presentations followed by Question-and-Answer sessions (Q&As), tailored to strategic-level participants.

At Organisations C and D, a single meeting was held with staff from all levels present, due to the size and nature of the businesses, as well as practical considerations. These also followed the workshop format. Feedback was largely positive, confirming and extending our analysis, and strengthening our relationships with the organisations.

The researchers undertook five stakeholder workshops to discuss the findings. These were run across the project life cycle and allowed us to share our findings and analysis with industry and academic experts. A full-day co-creation workshop after the final analysis developed a business toolkit, with recommendations and guidelines for businesses seeking to begin, or to progress, their purpose journey.

The project underwent a University of Glasgow ethical review and was approved (Ref. number 400230173). It maintained high ethical standards to protect participant welfare and ensure responsible research practices. The names given in the Themes section are pseudonyms.

Themes

1. Developing Purpose Journeys

There were similarities, but also differences, in the case studies' purpose journeys, which were shaped by a variety of factors. These included market requirements, historical values, governmental demands, the passion of senior team members, and legacy planning. Across all the case studies, however, purpose had evolved in tandem with the organisation's business needs and embedded values. It may have emerged unconsciously – for example, born out of commercial demands – or more deliberately, as an expression of pre-existing values. However, in all of the companies studied, purpose was described as an ongoing process of reflection and decision-making, comprising a journey rather than a static state, commencing from different starting points.

Organisation A's purpose had developed through commercial necessity. During a period of financial uncertainty the company '*looked at how can we save money, and that encompassed environmental sustainability*' (Senior Team Member Aaron). Practical changes such as reducing landfill waste, switching to LED lighting and increasing recycling saved them money and demonstrated the value of sustainability practices. Aaron described how this had set them on the path to being purpose-informed, as over time they moved from being '*unconsciously competent… From an environmental perspective…*' to being '*conscious of what we were doing… and we eventually became consciously competent*'. In response to changes in the rental wear market, they moved towards recycling and repurposing clothing, becoming '*a circular business before we even knew it*' (Senior Team Member Oliver). This led to further positive outcomes, such as a debt-to-equity swap from creditors, that allowed them to weather the COVID-19 pandemic. In this way, their purpose journey was instigated by commercial demands and financial necessity but, as it reaped rewards, such as financial investment, the company's sustainability purpose was strengthened and came into focus, with it now forming the '*lifeblood*' of the company (Senior Team Member Russel). Understanding how to communicate their purpose and ensure it is made meaningful to all employees, especially those working in operative roles, is a continuing consideration in their purpose journey.

Organisation D's purpose journey towards being employee-owned emerged from intersecting factors. The organisation was described as having a long-standing commitment to fairness and employee welfare, rooted in the values of the business

owner, as Manager Ethan explained, '*I think the reason we are employee-owned is because we've always wanted to look after employees... the two things have become... inseparable*'. The move to employee ownership reflected these values, but was also part of a legacy plan to ensure the business would continue in its employees' interests after the founder retired. Although owner Rowan described the decision as not purely '*altruistic*', the model was discussed as reinforcing a culture where employees felt respected and invested in the company's success, leading to greater motivation and commitment to it. The ownership structure has strengthened pre-existing values and provided a framework for future planning. They are continuing to explore how to ensure their employee ownership values are upheld during a period of change in its leadership teams and with manufacturing partnerships.

These examples highlight how purpose was an evolving journey for our case studies, generated over time through deliberate reflection, daily working practices and responses to changing circumstances. Individual journeys were triggered by a variety of factors, but in every case, they existed in a state of ongoing development.

2. Resource Management and Purpose

Purpose was closely linked to how the organisations managed their resources, both tangible and intangible. This included environmental and material concerns such as waste, energy and materials, as well as how organisations supported and developed people within the business, in their local communities, and across wider stakeholder networks. Resource management was also aligned with organisational purpose in terms of how consistently that purpose was enacted internally and externally, and how the company's reputation attracted employees and shaped perceptions of its values.

Tangible Resource Management

Enacting purpose through the management of resources, and internal sustainability practices, was widely cited across the case studies. At Organisation A, waste management was an instigating factor in the genesis of their purpose, as '*we embarked on a sustainability journey which was all about waste reduction, so it was stopping items going to landfill...*' (Senior Team Member Russel). They have invested in a recycling infrastructure that includes colour-coded bins for recycling, a water reuse system, and the use of sustainably-friendly chemicals. These practices have both contributed to reducing waste management costs '*by 70%*' (Russel) and formed the basis for how operative-level employees understand and value their company's purpose, connected as it is to their day-to-day work practices: '*I know they're really, really strong on... sustainability. They*

make sure the cardboard goes in the right place… the rubbish bins, they're all colour coded…' (Warehouse Employee Sheila).

Organisation C's resource management included ensuring that their purpose was enacted internally through everyday operational decisions and across all stages of the supply chain. This was demonstrated in internal practices, such as '*the solar panels on the roof and trying to make as much of their energy as eco-efficient as they can…*' (Manager Miles), and decision-making that prioritised reducing plastic waste, as Senior Team Member Isaac outlined, '*I make decisions regularly that… make us less money so that I can have less impact on the world… we switched our oat milk… from… plastic to.. glass bottles… it's probably not as good an oat milk… reducing plastic waste… was far more important*'. Owner Philippa indicated that their status as a B-Corp company further contributed to considerations around resource management, as the certification process meant adhering to sustainability goals and required them to take '*a deeper, harder look at yourself and what you're doing*' (Philippa).

Intangible Resources: Social Resources

At Organisation A, intangible resource management included social resources. Senior Team Member Alex explained that '*our view of sustainability also includes people*'. This involved developing their workforce, investing in their local community and supporting disadvantaged groups into employment. Senior Team MemberAaron described this as having intrinsic value, but was also a strategy born out of business need following Brexit: '*we became more aware of our impact as a business socially in terms of who we recruit, and partly that was because it's the right thing to do, recruiting people from a disadvantaged background. But also we had a need*'. Their activities included providing vocational training programmes and accreditation for young people, that created '*our own talent pipeline by training people in logistics and textile care, giving them internationally recognised vocational qualifications, which is good for them*' (Aaron). In this regard, investing in their employees and offering training programmes and opportunities for young people was discussed as having intrinsic moral value but also benefitting the organisation, filling the sudden loss of available foreign workers after the UK left the European Union.

At Organisation C, employees explained that the owners prioritised building long-standing relationships with producers, valuing the stability that accompanied working with communities over sustained periods: '*the owners have been very diligent about building long-term relationships… so that we can go back to the same suppliers. They know they're getting a consistent source of income, they can reinvest back into their farms… it might not be even just one family, one farm that you're helping, it could be a whole community*' (Senior Team Member Rachael). This was portrayed as a reflection of the organisation's purpose – as Rachael put it, '*we want to have an impact here in our local community, but*

also on other people we interact with right across the supply chain', as well as creating a sense of meaning and motivation in employees' working lives, *'if I couldn't see that it was making a difference, I think my motivation would be lower!'* (Rachael). Locally, they supported a community establishment with discounted coffee and donated equipment, and ran a 'coffee academy' to give young people barista and workplace skills, which was described as being a good thing to do morally, but also a way to boost employee morale, as Owner Phillipa explained, *'it's been really great, and actually for us as a team, the whole team's involved'*. These investments were described as expressions of the organisation's purpose, which were valued by employees for both their social impact and the sense of pride and motivation they fostered.

Intangible Resources: Reputation and Purpose

Employees paid attention to how their organisations acted beyond immediate work tasks – particularly in how they engaged with clients, communities, and external partners. This shaped their perceptions of the authenticity of their organisation's purpose, was a source of pride and motivation, and furthermore played a role in attracting employees.

To achieve its sustainability aims, Organisation B worked collaboratively with local communities that were impacted by its construction programme. Manager Farid explained with pride how this was integral to their purpose and the delivery of its objectives, *'Not only do we build a scheme, but we're giving back to the community in that area as well, and that's within the same umbrella of that legacy that we're leaving behind'*. Although employees explained that the infrastructure developments had generated some tensions with local community members, working collaboratively with them was expressed as both a fundamental aspect of their purpose and as having intrinsic value, as Senior Team Member Ruth remarked, *'You just should do the right thing… You feel that culture in here a lot because actually, you know, it's just about doing the right thing'*.

Similarly, employees at Organisation C described how their relationships with global partners reflected their values as an organisation, and stated that this generated pride in their work. At Organisation D, employees took pride in knowing that the community efforts they made to help clean local beaches and support a hospice reflected positively on the organisation and demonstrated their values. It contributed to the company's internal reputation, bolstering employees' confidence that the organisation's stated purpose was genuine and enacted in practice.

Each organisation's reputation also played a key role in attracting new talent. Many participants described being drawn to their organisation through word-of-mouth – hearing from friends, family or former colleagues about supportive cultures and fair treatment. This was not always tied to an understanding of environmental purpose, but

rather its social purpose – the day-to-day experience of working at the company. As Warehouse Employee Gemma explained, '*My son worked here first… he said, why don't you come over to [Organisation A]? It's a great place… He loved it here… I put my application in, and I got the job, and I've loved it since*'. Other interviewees echoed this sentiment, describing how endorsements from trusted contacts had motivated them to apply. Employees who felt cared for by their employers spoke positively about it with people in their wider network, further contributing to the companies' reputation and ability to attract and retain good staff.

We found that an organisation's sustainability purpose also played a significant role in bolstering its reputation and attractiveness for potential employees. At Organisation B, participants recounted that their perception of this aspect of a company was a significant factor that encouraged them to work there. Manager Cora described hearing about the company from a former colleague, which, in combination with its environmental purpose, attracted her to the company, '*I've found a real breath of fresh air here… it's what I've read about them… wanting to be a sustainable company…. we care about the environment, the people… the communities… that really inspired me and… made me think that's a company I'd like to be involved with.*' Purpose can also play a significant role in attracting individuals making career changes. For example, Audrey, an employee at Organisation E, had previously worked for a smaller charity. She explained that learning about Organisation E's values reassured her it was a place she wanted to join, explaining, 'I came from a much smaller social enterprise, which was also really values-led… I was really nervous about leaving an organisation like that… I was really comforted by the fact that that was very much embedded in Organisation E.' Similarly, Organisation D's sustainability purpose was described as a strong draw for people leaving the oil and gas sector. Its sustainability practices discussed as positioning the organisation at the forefront of its industry, whilst also having intrinsic moral value, as employee Roger explained, 'We are hiring quite a lot of people from the oil and gas industry… they… talk about.. the environmental aspect side of things… oil and gas maybe isn't looking as sustainable as it used to be… they're seeing the way things are going and… when their kids are grown up they can say, well, we took part in this, rather than we took part in that…' Such examples indicate how a clearly articulated purpose can play a critical role in attracting employees to organisations, particularly when it is perceived as aligning with employee's personal values.

For recent graduates, Organisation D's reputation played a further ole in differentiating it from competitors and promising opportunities for development in a growing field. As Employee Roger explained, the organisation '*was a good one because they were… so vocally supportive of… environmentally good work… So it was one of the higher ones on my list… oil and gas, you can make significantly more money… but maybe not as sustainable a job long term*'. Recent graduate Omar said he had been attracted to the company because of its reputation for driving innovation: '*[they're] the best in Scotland for that… we learn about the newer technologies… changes from the traditional designs we have… I wanted to learn how things are changing in the field*'. Thus, employees' perspectives of an organisation's sustainability purpose played a crucial role in driving new talent to the

played a vital role in attracting employees and helping them feel proud of where they worked, as well as feeling connected to the purpose and motivated in their roles.

3. Leaders, Managers and Communication

Across the case studies, regardless of size, structure and business type, leadership played a central role in articulating, modelling and communicating purpose, ensuring that it was clearly understood and perceived as authentic and meaningful across all teams.

Leaders

Employees described being inspired by senior leaders who they perceived as committed, passionate, and having a strong vision for the business. At Organisation C, Employee Rasul said, '*Our managing director, just the way he talks is with such passion… he really believes in it, and that just filters down*'. Rasul not only valued his managing director's visible passion, but also believed that it shaped the company's culture and motivated employees to connect with its purpose. Similarly, at Organisation D, Manager Jeremy described owner Rowan as '*a real inspiration*'. This was due to Rowan's strong vision for the company, which Jeremy saw reflected in his dedication to ensuring that employees were well cared-for and his ability to recognise and nurture talent. As Rowan was transitioning out of the company, Jeremy expressed his commitment to maintaining the values he had instilled, to make sure they continued to inform business practice. In this way, the passion of senior team leaders played an active role in shaping workplace cultures and employees' belief in, connection and dedication to, their organisation's purpose.

Transparency and open communication were also valued. At Organisation E, Manager Beatrice reflected on how the CEO's clarity of vision and willingness to involve employees created a sense of shared ownership: '*He talked to us about the five-year strategy… what your involvement was with that… which kept me interested*'. This approach helped employees to see how they fitted into the organisation's broader direction, and made its purpose feel tangible and shared. At Organisation B, managers described similar efforts to maintain transparency and approachability. Manager Cora spoke of '*regular town hall sessions where the managing director will do roadshows… and give a presentation and update on where we are… you're not sitting behind a desk and wondering what's happening*'. This MD was further described as being open and honest in responding to questions. Similarly, Employee Rasul from Organisation B shared an experience of suggesting an idea to a senior director: '*I'd mentioned [it] to one of the*

directors… he told me yeah, that's a really good idea… And he chased me up to ensure that it was followed up on'. These accounts revealed that, when leaders were seen as approachable, honest, and willing to listen and act upon employee input, this supported a respectful culture and encouraged deeper engagement with organisational purpose.

Employees furthermore valued seeing their leaders driving initiatives related to the purpose, and evidencing their commitment to it through actions. Manager Brianna explained that the purpose was the '*brainchild*' of a specific senior team member, who she saw as driving forward initiatives such as equal hiring practices and a focus on gender equality.

Organisation E's values were co-developed with employees, and both employees and management agreed that the values applied to everyone in the company, as Manager Jenny explained, '*Even our CEO… said, tell me if I'm not displaying the values*'. These examples indicated the importance employees placed on seeing senior leaders enact and live out their organisation's purpose, building a shared connection to its aims.

Employees across several organisations reflected on the value of senior leaders being visible and accessible, and how this strengthened their sense of connection to the company. At Organisation E, some respondents linked this to its non-hierarchical culture. Manager Jenny remarked, '*if you have a question and you want to ask our CEO, he says give me a call… meet him for coffee… There is no hierarchy*'. Manager Beatrice echoed this, noting, '*of course there is… in terms of job roles… but… what's meant is nobody's unapproachable*'. Reflecting on past experiences, she added, '*in places that I've worked in the past you would see a photo of the CEO… but you wouldn't mix in the same room as them. Whereas that's not the case here*'. She went on to say, '*it allows people to feel valued, it's that human element*', indicating that it fostered a sense of belonging and respect. Employee Ivy recounted how Organisation C's values were exhibited by the senior team as she was coping with a personally difficult period: '*I've got quite a few kids, if anything happens at home, I know they would be 100% behind me. You know, so kids ill, or like recently, like a couple of years ago, my partner then died, and they were just absolutely fantastic. So I feel loyal to them because they are really kind and considerate towards me*'. As Ivy's comment shows, feelings of trust had been established when her employers demonstrated their commitment to her wellbeing, which created a relationship of trust and belief in their purpose of taking care of employees.

Conversely, trust and belief in the purpose could be eroded when employees felt they were not well supported by senior team members. For example, Manager Arnold recalled some issues he had encountered at Organisation E, when working with an external organisation. Arnold stated that, although generally '*I think you're respected and*

looked after, which is nice', he had encountered problems with this external partner, which he felt had not been recognised or well supported by his senior team. He stated, *'we were going into meeting after meeting after meeting and we were just being hammered… it was one of those situations, we hadn't created the situation… It was created by the other side, but we were… trying to ride the storm… our manager, she was brilliant… But that's as far as it got… I think we felt a bit left alone at that point… It would have made a massive difference to the morale of the team… just to say, I understand what you're going through. One of my colleagues almost left because of it'*. In this regard, Arnold's belief that his senior team had not given him adequate support in navigating a tense situation had resulted in a sense of low morale for his team and the potential loss of an employee. This furthermore underlines the importance of senior team members' accessibility and visibility to establish and maintain trust and confidence in themselves and their company's purpose more widely.

For Organisations A, B, D and E, employees in middle-management and team leadership roles played a key role in translating purpose into practice. This involved fostering positive workplace dynamics, maintaining communication flows, helping employees stay informed, and supporting them to see how their everyday tasks connected to the business's wider purpose. Similarly to the perceived visibility of senior leaders, employees valued the consistent presence and approachability of managers. This was seen as helping to build trust and a sense of team cohesion. At Organisation D, Manager Ethan described how, *'Fergus, who's the workshop manager, will every day chat to the guys and walk around and talk to them and make sure that they're okay, they understand what they're doing, they're happy about what they're doing, and have a chat about what's going on in their lives as well. It's not always about work'*. The value exposed in this example lay in both the effort the manager made to be visible and engaged, and in the care shown for employees' wellbeing. Similarly, at Organisation E, Manager Hazel explained how daily check-ins supported the emotional wellbeing of her team and ensured that they knew she was available to support them, which was critical as they were mentors working with vulnerable people and therefore facing daily stress.

Manager Grace, from Organisation A, commented that her own management practices were connected to how she was treated, that she felt *'respected and trusted'* by her line manager, who *'trusts that we are able to just work and… doesn't feel like he needs to check in on us every day'*. In turn, she endeavoured not to *'micro-manage'* her own team, as she *'trusts them',* and *'the trust is both ways'*. Thus, the way she was treated by her manager, who entrusted in her ability to complete tasks, was the same quality she exhibited with her own team. This was conducive to a productive team dynamic, where employees felt enabled to take ownership of their own tasks. This further indicated how senior leaderships' commitment to living out their business purpose – in this instance, keeping

a focus on employee welfare – cascaded down through management levels and played a crucial role in ensuring that the purpose was enacted through daily work practices.

This theme came up similarly in conversation with managers from Organisation B. Senior Team Member Kate explained that their purpose included '*investing in our people*'. In a discussion of management styles, Senior Manager Philip said that he considered '*empowerment and development… are more important [than salary]… being motivated and challenged*' and he saw his role as '*developing people so they fulfil their potential and are able to manage their own work, so they can understand their responsibilities, deliver them… enabling people to do that, rather than I think the old management style of telling people what to do*'. Manager Cora described the value she felt in being trusted to make decisions in her project: '*I don't feel like I'm micromanaged at all… we have authority in our own projects to go and do what we need to do*'. Moreover, she explained that this made her feel respected, particularly as an older employee. Employee Roger related this to being able to develop and grow: '*I think overall my experience has been really good. I've had very little issues in terms of people micromanaging… I've had a lot of leeway to make my own mistakes, which is good, because I learn from them, and that's part of it*'. Similarly, Employee Rasul explained how the trust that had been established with his manager enabled him to feel comfortable to speak up and share ideas. Similarly, managers at Organisation E sought to avoid 'micro-managing', but also expressed a wish to shape their own managerial styles to meet the individual needs of their employees, as Manager Leo explained, '*everyone builds relationships in different ways… I feel like you've got to be approachable, you've got to build the trust… to get the best out of people, you need to understand them… it's not a one-size-fits-all, and we don't like to micromanage, but some people like micromanaging…*' He related this approach to the organisational value of hurdling boundaries, as he thought this approach was critical in enabling his team to work at their best. In these ways, managerial approaches centred on supporting employees to take ownership of their work, to work autonomously, and to feel comfortable exploring new ways of working, which ensured that the organisation's purpose was lived out in daily work practices.

Managers and Communication

Alongside this, the managers we consulted worked hard to help their teams connect their day-to-day work with their organisation's broader aims. Isla, a manager at Organisation E, reflected on how this translation could be difficult: '*my head's in the numbers, the outcomes a lot… but it's hard to translate what that actually means and what the impact is*'. She described encouraging her team to share stories and case studies and had introduced a monthly newsletter to highlight examples of her team's impact. Organisation E used a range of strategies to support internal communication and foster

a sense of recognition. Manager Beatrice described initiatives like 'Feelgood Fridays', where team members shared their weekly accomplishments, and the organisation's Teams channel, where achievements were celebrated across the enterprise. At Organisation B, a formal process known as 'the golden thread' was used to help staff connect their own objectives with those of their team, department and the wider organisation. Jason, a Senior Team Member, explained that this enabled staff to '*trace your individual objectives… against the organisation's objectives… to tie that against one of the key priorities for Organisation B in that year*'. Enabling employees to understand how their daily work fitted with the organisation's wider goals was important because '*I want to be able to see that what I'm doing actually is having an impact on people and it is actually having an effect on the network*' (Employee Rasul).

In addition, line managers were responsible for filtering updates from the wider business and deciding what information their teams needed. Several respondents described this as a difficult balance to achieve. Alasdair, a Senior Team Member at Organisation B with management duties said, '*I'll try and communicate what I feel is relevant… but sometimes I probably miss opportunities to do that more quickly and that sometimes then leads to a little bit of… feeling like a mushroom*'. By 'mushroom' here he meant being kept in the dark and uninformed. Furthermore, some managers thought that relevant information was still not reaching everyone. Isla pondered, '*when they check their phone or laptop, they're looking at things in their immediate team first, so a lot gets lost… I try to filter important updates to my team… Sometimes mentors don't see why something is important*'. These challenges were especially visible in teams working remotely, across multiple sites, or in roles without regular access to digital platforms.

At Organisation A, warehouse employees described how updates often filtered down informally through managers and could feel incomplete. As Employee Blair explained, '*trickling down the system doesn't always work… by the time it comes to us, it's half of what we should know*'. Other interviewees were keen to have more regular and accessible updates, particularly those that showed how their work contributed to the company's overall purpose and success. In our validation meetings, employees said they would welcome newsletters, photos or examples of customer feedback to help make this more visible. These reflections suggest that, when communication is relevant and grounded in employees' own experiences, it can support stronger engagement with organisational purpose.

These examples demonstrate how senior leaders and managers used both formal and informal practices to ensure that purpose was modelled, communicated, and meaningfully linked to employees' daily work.

4. Work Relations and Workplace Cultures

Across the case studies, the project found that the organisational workplace culture, and the workplace culture of teams and working groups, was linked to finding work meaningful and feeling committed and motivated in daily work practices. In terms of relationships with colleagues, employees related positive team dynamics to feeling aligned with meeting shared goals, feeling mutual dynamics of respect and trust, feeling that colleagues cared about each other's wellbeing and that colleagues worked to support and help each other.

Perceptions of fairness were widely cited across the case studies as impacting team dynamics and relationships. However, this took different forms, in relationship to the size, structure and type of each business. Senior team members at Organisation C described treating employees fairly, by providing year-round employment in a location marked by seasonal work, and by providing employees' clarity about their pay, as Senior Team Member Isaac explained, '*it's not just important, I see it as vital to a business… if you're not paying your employees well enough and they're stressed out and they can't afford to live, you will literally never have a good business*'. This took a different form at Organisation D where, as an employee-owned business, everyone received the same bonus. This was expressed as being motivating at an individual level, since every employee had a shared interest in the company doing well, but it also provided an example of the organisation's emphasis on fairness: '*everyone gets paid a salary in relation to their role. But we have an equal share. So irrespective if you're a director or if you're an apprentice, everybody gets the same bonus*' (Senior Team Member Stanley). Employee Martha further explained that this was motivating because doing well in your role meant that you were working well for the group, and 'y*ou're rewarded in your bonus… in how you're paid. You know that what you're doing is for everybody, so it's not about individuals, it's about the whole team*'. In this respect, everyone's mutual commitment to the business's success was also aligned with strengthening workplace relationships and team dynamics.

Senior Team Member Duncan further highlighted how the employee ownership model played a role in accountability, '*if someone's not pulling their weight… management generally don't have to get involved. Peer pressure can actually have a big impact*', '*because in an employee-owned business everybody's obviously trying to be successful for the business*'. The nature of being employee-owned and the perceived fairness of the bonus system encouraged people to support, motivate and, when needed, challenge each other to maintain standards. However, it could also be a source of tension, as Employee Ivy explained, '*it's like the downfall of like a socialist model, where if you look at other people*

and they're not working as hard as they could but they get paid the same, then people who are hard-working… get a bit frustrated because some people don't work as hard'. In this regard, Organisation C's employee ownership fostered a sense of fairness, since employees received compensation connected to their collective level of commitment and hard work. This was directly related to relational dynamics, as employees discussed endeavouring for the benefit of the group. However, this could also negatively impact perceptions of fairness, and team dynamics, when that sense of fairness was not maintained by all colleagues.

As Organisation C focused on producing high-quality, bespoke items, there was no urgent pressure to meet individual targets or produce large quantities of items. These conditions were further discussed as being integral to the workplace culture, as Ethan explained, '*you can't hurry quality… being allowed to have time and not feeling too stressed out, all these things are equally as important as getting that nice big bonus at the end of the year*'. He observed that '*most of the guys would much rather feel valued and feel like they're doing a good job and be allowed to do a good job*'. Employee Greg echoed this, saying, '*it's not all rush, rush, rush… we do things methodically, we do it properly*'. Duncan, a Senior Team Member, described the ethos clearly, '*There's no pressure environment on performance, sales… all it is, is doing a good job. Being efficient and productive in the time frame*'.

With a similar focus on producing high-quality products, employees at Organisation C also related the low-pressure environment to being able to share ideas and drive innovation, as Employee Miles explained, '*there are targets and end goals, but in other companies… you don't really have much say… they go, do this, this… and that's it. But here they go, this is what we're aiming for, have you got any ideas about how we can do it?… so you feel more relaxed about trying new things and exploring different unexplored bits*'. This ethos was further contrasted by several employees to previous roles where they had been made to feel insignificant or under-valued – like '*a number*' (Manager Ethan) or exploited and expendable (Manager Jeremy). In comparison, the ethos at Organisations C and D was relayed as being '*human*' and '*fair*'. For employees at both, feeling enabled and allowed to work well, to do things '*properly*' and not be pressured contributed to their sense of feeling respected, looked after, committed and able to express ideas to drive innovation.

A shared investment in organisational values and purpose played a further role in shaping relationships. Senior Team Member Ruth linked Organisation D's clear sustainability purpose and focus on safety to '*this culture of everyone kind of taking care of each other*'. She related this to having '*a clear purpose, like here is our value, here's our goals… ultimately we know what we're all in here to do, and we're all trying to achieve that together*'. Manager Isabella expanded on this point: '*We all believe in the green power that*

we are generating… We do believe we are producing… a sustainable change in the long term… And I think that's the main driver for everybody'. Likewise, Manager Cora explained that the shared objective of knowing '*it's making a difference*' motivated her team to continue '*bringing our best*', even during challenging periods in a project.

At Organisation E, employees were united in their belief in the purpose and strong set of formalised values, which they described as guiding colleagues' interactions. In discussion, the value of kindness was widely relayed as impacting workplace cultures, as Manager Valerie explained, '*everything we do is based on our kind of kindness… Yes, our customers are really important to us, but we can't help our customers if we're not helping each other'.* This was expressed as impacting and shaping how employees interacted with each other, driving inclusivity and collaboration, and helping colleagues to feel connected across teams. Manager Imogen stated, '*It's about being friendly, being inclusive… if you've got new people in the hub, just saying "Hi, what contract are you on? I'm so-and-so, give me a shout if you need anything"'.* It was further described as an effective mindset through which to approach conflicts and resolve workplace issues. Senior Team Member Ted told us: '*We still have difficult conversations. But having them in a kind way means we approach them with emotional intelligence… where we have people's thoughts and feelings in mind',* and as a way for employees to navigate issues outside of formal management, as Manager Jenny explained, '*[there's] None of having to run to your manager because you have a problem with that person. We're very much encouraged, just go and ask them… is this what you meant? Most of the time you can just get it resolved'.* In this way, the organisational purpose can, through formalised approaches such as Organisation E's values, structure employees' approaches to relationship building, providing routes to navigate conflict and building integration within teams and across organisations.

Across the case studies, practices which focused on supporting employee wellbeing were also described as being crucial for fostering positive workplace cultures. At Organisation E, Manager Jenny highlighted the breadth of formal support in place, explaining, '*We have yoga, gym classes, a counsellor… lots of different groups focused on different things people may be facing in their life… the benefits are really good'.* These offerings were described as being core to how work was structured and supported, as she continued, '*everyone's encouraged to take time out of your day and attend these sessions… colleagues are always given the flexibility to do these things, because we know that's how we're going to get the best out of them when they feel their best'.* This framing of wellbeing as central to doing good work was echoed by other employees. Likewise, Employee Jonah stated, '*We've got a really great benefits package. So we're big on balance… The saying is, "how can you take care of somebody if you can't take care of*

yourself?"… Work isn't about being the busiest person, it's about being able to carry it out to the best of your ability'.

Manager Hazel, reflected on the importance of flexibility and remote working as part of a broader wellbeing approach: '*A big part of taking on this role was that I would be home-based… It was only after I was working here that I really found out about more of the benefits in terms of the remote-first, what that actually meant… It works really nicely, to be honest'.* Similarly, participants from Organisation A closely linked wellbeing to team relationships and supportive management. Manager Grace reflected that '*the main reason why I've been here so long [is] because it's been so good as a mother here… they've been really good with things that come up'.* She explained that flexibility and understanding around parenting responsibilities had been crucial: '*I had two female managers… they obviously understood. I have two young kids… they've been so good with that, which is 100% the main reason why I've been here so long'.* She also highlighted the strength of peer support within her team, saying, '*We're an all-female team… mostly mums as well… we've all been there, so there's definitely a sense of understanding'.* These accounts show how experiences of flexibility can enable mutual support and help retain staff over the long term. Across our interviewees' accounts, flexible working and wellbeing support were consistently linked to feelings of being trusted, respected, and being enabled to work to one's full potential.

When employees felt respected, trusted, and connected to a shared goal they were more likely to feel motivated, valued, and committed to their roles.

Analysis

5. Developing Purpose in Business

The research across the five case studies found that there are different ways into purpose-informed business, different purpose journeys, and different ways of developing purpose. Purpose is highly adaptable, being shaped and developed through a combination of factors, including:

1. Organisational values and culture.
2. External obligations and expectations.
3. Financial imperatives and wider efficiency gains.
4. Social and environmental responsibility.
5. Workforce recruitment, retention, and engagement.

The ways these are configured influence the role of purpose in business, and they configure differently according to the type of business, its size and sector, as well as its values and modus operandi. The development of purpose and its role were shaped in our case study organisations by values – and were driven by values – financial, social and

environmental. In some cases, pre-existing values acted as a vision and guide in developing their purpose. In others, changing markets, government policies, social values and economic and environmental factors had triggered reflection on values and purpose. Values were seen as contributing to the better use of capitals, supporting business relationships, having an intrinsic worth, as well as underpinning financial success by improving market position and supporting longer-term sustainable development of the business.

The case study businesses leveraged purpose to:

- Establish themselves as leaders in sustainable fashion, integrating ethical working practices with technological innovation and commercial opportunity.
- Embed community engagement in net zero strategies, ensuring an ethical transition to net zero.
- Co-develop initiatives with those with lived experience of poverty, shaping socially impactful programmes to lift people out of poverty.
- Work to improve sustainability in the coffee industry, fostering ethical supply chains.

The importance of purpose and the ways in which it is being understood within the business community means that there are different starting points, which influence how purpose is developed. The development of purpose is shaped by the challenges businesses face, including:

- Securing investment.
- Managing global supply chains.
- Maintaining trust with employees, customers, communities and other stakeholders, to achieve social outcomes.
- Delivering a bespoke customer experience.
- Fostering a motivated and committed workforce.
- Ensuring sustainability and the best use of resources.

In terms of productivity, the value of purpose is evident in how it contributes across these areas, particularly through the six capitals approach.

6. The Role of Purpose for Productivity

The research found that, when purpose was embedded in business strategy, it contributed to:

- Strengthening staff recruitment and retention.
- Increasing motivation and engagement in meaningful work.
- Good workplace culture.
- Supporting problem identification, solving and skill development.

- Improving resource efficiency.
- Enhancing relationships with local communities and external stakeholders.

Each of these supported productivity by better use of human, social, environmental and relational capital. This means the responsible and fair use of capital that produces added value by doing no harm. These relations demonstrate how purpose intersects with business performance.

Purpose requires investment in terms of tangible assets, such as technologies and tools, intangibles such as investing in staff, their training and development, and in ecosystem and stakeholder relations. Purpose is considered as a 'journey' because:

- Investing in purpose is iterative and needs to be built as a virtuous development process.
- Purpose is interconnected with organisational values and the sustainable use of resources. As knowledge and practices in these areas evolve, businesses must ensure these align with, and inform, their purpose.
- Leadership, management and working practices must adapt and change in relation to purpose, through a continuous process of learning, reflection and adaptation.

There are good frameworks that help guide these journeys, such B Corps accreditation, which require a high degree of commitment and investment. However, by taking a 'journey' approach, businesses can decide when – or if – they wish to formalise such an approach.

7. Enacting and Practicing Purpose in Business

There are several models and structures that shape how purpose in business is enacted. These models are not mutually exclusive because aspects of each model may well be integrated into business strategy and practice. Nonetheless, each of these models entails a particular type of organisation, leadership, management and employee practices.

These are:

- Circular economy model: shaped around integrating values and practices in a whole-business approach for the purpose of sustainability.
- Hub and spoke model: shaped around a central hub that is enacted across different spokes and where purpose unites hub and spokes.
- Co-operative model: shaped by working with a diverse workforce in complex social environments where purpose is social.
- Owner collaborative: shaped around owner-shaped practices that meet a range of purposes.

- Inspirational leader in a (global) network: shaped by strong leadership advocating ethical relations globally and locally.

These models illustrate that purpose fits into a range of business and organisational structures.

8. Leadership, Management, and Employee Practices in Purpose in Businesses

Leadership

In general terms, leadership involves developing a strong and actionable vision and strategy of – and for – purpose. This must be sustained and developed, and leaders must be aware of innovations and changes so that the way purpose is enacted can adapt to new challenges and opportunities.

Effective leadership for purpose requires several key considerations. Leadership teams seek to ensure their entire workforce understands its shared purpose, which is embedded across all aspects of the organisation. They ensure that purpose-informed practices are enacted and upheld across the business by everyone – including the leadership team. In doing so, leadership can stay attuned to innovations and market changes, and effectively position and operate their organisation through its purpose.

Management

For purpose to be effective, managers need to recognise the benefits of purpose-informed approaches and understand how to integrate them into their leadership approaches, working practices and processes. A strong understanding of purpose and its benefits is furthermore essential for effectively communicating it to employees and enabling them to put it into practice. Managers must also enable their employees to perceive how these work practices across their organisations contribute to meet shared goals. How these managerial responsibilities are approached and realised differs across businesses, depending on their size, structure and model type.

Employees

The employee experience in a purpose-informed business is distinct, in that work is understood as comprising more than just tasks and processes. Employees are aware of what the business stands for, and its values are actively translated into actions – its 'ways of doing business'. This is evident in leadership decisions, innovations, quality controls, training opportunities – for people inside the business and the wider community via apprenticeships and work experience placements – community engagement projects, customer and stakeholder relations. The visible and tangible outcomes of work have added meaning, because they play a clear part in achieving the organisation's wider purpose. From an employee perspective, purpose can link personal

values with work values and can offer opportunities to feel connected to environmental and social purposes.

New Ways of Working: Combining Changes in Leadership, Management and Employees in Working with Purpose

There are differing ways these changes are practiced, but in their various guises they are fostering what can be termed 'new ways of working with purpose'. This approach is characterised by having a strong awareness of purpose, a recognition of the challenges posed by the current polycrisis, and an understanding of the necessity for businesses to adapt and respond to change. In some cases, this adaptation also drives innovation.

Underpinning new ways of working with purpose means ensuring that a business embeds ideas about 'good work'.[4] Work as a 'domain of necessary productive activity' (Clark, 2017, p. 63) is experienced in differing ways (Bartling et al., 2012). To assess the character of work in businesses with purpose, there is a need to consider:

- Pleasure in the product of work: good work makes or brings about things that people can take pleasure in.
- Pleasure in rest after work: good work is not excessive but is enough to feel employees feel that their powers have been exercised.
- Pleasure in the work itself: good work enables people to become absorbed in work.
- Skills in terms of constantly learning, making and developing in problem finding and solving.
- Democracy (as a form of life) in the workplace, as a fostering of development possibilities by supporting the capacity of leaders, managers and employees. This is understood as everyone being sometimes expressive and other times receptive, sometimes taking initiative and sometimes following initiatives, sometimes talking, other times listening, sometimes teaching and other times learning (Clark, 2017, pp. 64-69).

This framework reflects the findings from the study and develops current thinking about work – good or bad – and the ways in which work is being addressed through policy. The research found that businesses that took a purposeful approach fostered all of the

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[4] The term 'good work' is used in several different ways: (1) work that is inherently righteous, (2) work that is done well according to the standards of its kind, (3) work that keeps workers happy and healthy, which is often sold to employers as being instrumentally valuable for keeping employees effective at their jobs, as for example in the UK Good Work Commission's reports – http://www.theworkfoundation.com/Research/Workforce-Effectiveness/Good-Work/Good-Work-Commission, and/or (4) idiosyncratic hybrid concepts, for example, the definition that good work is 'work that is both excellent in quality and socially responsible' adopted by Howard Gardner, et a., 2001), p. xi.

above. The ways this was done varied in relation to the model of purpose of each business, as described in the Themes section.

Purpose was part of the ways in which everyone engaged with work and, in so doing, it shaped the working relations between all staff, between staff and resources, and in relations with those in the business ecosystem. Purpose featured in the meaning that work had for employees, managers and leaders in relation to addressing problems and innovating actions, in the ways purpose was practiced by everyone in the business, as well as in relations with customers and suppliers.

The combination of taking pleasure in work, learning and making as skills, and practicing development through working aligns with purpose. It also brings out how purpose can enhance meaning as an intrinsic good and not as a mechanism to extract more out of workers. This adds another layer to current approaches that seek to foster fair working practices and conditions. The businesses we scrutinised in this study followed good employment practices, with some aligning these to fair work principles, such as The Fair Work Framework (2025), as well as criteria laid out in the B Corp accreditation. Creating good working conditions and fair work underpin the ways in which purpose can give work meaning over and above a wage transaction. They are also made and remade through their practices that can foster good work.

There are opportunities as well as constraints in fostering good work. Leading and managing with purpose provides an opportunity to foster good relations with employees, innovative and creative skills development, and tangible and intangible feedback loops. Constraints tend to be based on financial and funding models. These include short-term or annual funding models that impact the length of staff contracts on social enterprises and, in shared business ownerships, a business contract might demand agreement that everyone needs to work longer hours. If, however, purpose has been developed and understood as a journey, businesses are finding ways to negotiate and manage these types of fluctuations. A vital feature of using purpose successfully is by taking a whole-business approach that demonstrates integrity to and with the purpose. As knowledge develops about how to effectively run purpose-informed businesses, organisations are often taking a 'learning by doing' approach.

The ways in which purpose is influencing the experience of work across leadership, managerial and operational roles help to shape good workplace culture and work. Purpose fosters pleasure, skills and development for employees as well as businesses. These make work satisfying and alleviate feelings of 'bad work' – work where employees lack autonomy and control over their work and/or suffer poor employment practices. Job redesign seeks to move work from being overly controlled to giving employees discretion and autonomy to fulfil their tasks. This generates ways for managers to guide

employees in working with purpose. Although knowledge on this is emerging, some managers may feel uncertain about how to implement changes on a purpose journey effectively, or how to measure their success. This uncertainty is being addressed openly and ways forward are being explored, tested and implemented.

Purpose features in shaping job redesign – often organically – through the ways working with purpose creates an innovative and open workplace culture. Changes in tasks or processes happen as a business continues along its journey with purpose – and changes are understood in relation to purpose, giving meaning, discretion and voice for those working in a business.

These models and practices mean that, to enhance productivity, purpose-informed approaches shape ways of:

- Working that go beyond job redesign, that facilitate ways of working with purpose.
- Balancing innovation with purpose and the values underpinning purpose.
- Developing and communicating shared values.
- Creating a leadership and management style of 'leading and managing by example'.
- Supporting young people to enter the workforce, maintaining and reskilling older people, and having a diverse and inclusive workforce.
- Enabling better sustainable use of tangible resources.
- Enhancing intangible benefits in the form of good workplace culture, high standards of work, job satisfaction, good business reputation through business values and practices, developing and maintaining trust.

To use purpose successfully requires creating good work, having a good communication strategy and good leadership, being innovative, and creating a good place to work. These types of activities are supporting organisations to be more productive in terms of generating a good workplace culture where employees feel supported and motivated to contribute their best.

9. The Importance of Purpose in Developing Good Relations within the Workplace and within the Wider Business Ecosystem

Research and academic and policy literature is increasingly emphasising that business is based on social relationships, recognising that business is more than a set of contractual arrangements (Mayer, 2018). These relationships are both internal to a business and in its external relations, and each reinforces the other in generating trust, good practice and market position, resilience and sustainability.

One of the strengths of taking a purpose-informed approach is that it supports the development of trusted relationships that are built on shared values. Businesses which have a clear purpose are better able to develop relations across their ecosystem and supplier networks. Purpose provides a benchmark for the quality of goods and services, for the sustainable use of materials and for good working practices. This is also applicable to developing relationships with customers, as purpose facilitates trust in how businesses operate and support client values.

Purpose is also shaping the practical aspects of relationships. It can inform the ways in which a business may want to develop a talent pipeline for recruiting and upskilling employees. In the case studies we surveyed this took different forms including providing opportunities for local young people to gain work experience and developing new modular apprenticeships. Other examples included building relationships with a business's local environs, such as providing cut-price goods and services for community-based organisations, supporting community engagement with energy transitions, and ensuring good practices within ethical agriculture with people in a global supply chain.

In terms of internal relationships, purpose supports the development of shared values and provides a rationale for the ways of working within a business, its types of management approaches and leadership styles. This leads to the following outcomes:

- For employees this materialises in being supporting to understand what their role is and how their working practices fit with the purpose. By linking their personal values to the work values underpinning the organisation's purpose, this fosters motivation at work.
- Managers find that purpose helps build relationships between strategic-level approaches and senior teams, and operational-level work tasks and teams. This is materialised practically through shaping work and process practices. It also has a role to play in staff relations, as it can help managers to explain why certain decisions are made and gives managers a shared purpose with employees.
- This is extended into leadership roles. In these, purpose is useful for developing strategic relations across any kind of senior management team, whether in a large

organisation or an employee-owned business. It helps in building relations with employees and fostering better workplace relations. These values are also put into practice through purpose, as in our case studies, where we found that purpose-informed approaches were built on progressive ideas about good work.

Thus, the ways in which purpose supports relationships impacts on outcomes by ensuring a more efficient and effective approach, which we call a 'source to sustainable use' approach.

Conclusion

The research data and analysis addressed the project's central research question: 'In what ways can businesses, their leaders, managers and employees enact purpose to enhance productivity?'

The data analysis reveals that working with purpose is highly adaptable to different types of businesses. This was shown not only in the way it was used and practiced in the case studies but was also seen in their journeys into becoming purpose-informed organisations, and the development of those journeys. Each of the five case studies demonstrated a different route into purpose and a range of reasons for taking their individual journeys. These aligned with their respective size, sector, market position, challenges and opportunities. The ways in which businesses can adapt purpose means that each has the autonomy to define and scope what purpose is for them. Thus, any organisation can decide how they will pursue purpose, negotiate and manage any competing expectations and the range of factors they may face. A key insight gained from this research is that social, environmental and financial purposes are not mutually exclusive, but instead they each support each other.

The discussion above further highlights that there are a number of benefits in taking a purpose-informed approach, which supports businesses to be more sustainable and competitive.

In answer to the central research question, the research found the following ways the case study businesses were working with purpose to enhance their productivity:

- They have taken time to develop their business purpose. Developing this purpose requires having a clear vision and set of values, evidence of market trends, decisions on investments, as well as an awareness of any relevant technological, social and cultural changes.
- They have developed a framework for their purpose and have learnt how to implement this purpose across the organisation and its ecosystem.
- They take a clear strategic approach based on purpose that informs decisions about which relations to foster in their local communities and business ecosystems.
- They have developed and maintain clear recruitment pipelines, informed by purpose.
- They keep a strong focus on staff development and retention.
- They support and develop their managers to manage with purpose, which requires giving them spaces for reflection.
- They implement ideas about good work through good employment practices and fair work frameworks.

- They have developed and continue using ways of decision-making based on purpose. These are inclusive of all staff to various degrees, taking into account each job role's level of responsibility.
- They consistently and constantly communicate clearly about their purpose – internally and externally.
- They ensure that purpose is followed by all – whether in leadership, management or employee roles. A purpose-informed approach must demonstrate integrity in order for everyone to follow and trust it.
- They make sure that their employees understand the organisation's purpose and know where their work fits into this overall purpose.
- They have embedded purpose in processes and practices, including in work practices, technological changes to address environmental concerns, ethical supply chain exchanges, ecosystem relations, and customer interactions.
- They have positioned purpose at the centre of their relations with customers, suppliers and their wider ecosystem.
- They relate to their communities, with purpose – local, national and/or international.

Based on all of the above, the research determines that, in order to ensure that purpose can enhance productivity, businesses and social enterprises need to:

- Assess their use of resources through the lens of purpose, to develop efficient, effective and sustainable productive processes.
- Consider and recognise the characteristics of leadership for purpose, those that guide the development of purpose and leads with integrity and purpose.
- Shape their working practices through purpose.
- Ensure that internal and external relations are developed through purpose.
- Develop sound evidence of their purpose, which can be used to attract investment and ascertain how purpose is contributing to sustainability.
- Take an inclusive workplace approach to enable the collaborative development of purpose.

Overall, purpose-informed approaches in businesses that have good working practices enhance productivity. Purpose enhances productivity when it is understood in relation to different kinds of capitals. In the case study organisations, this was through improved use of human, social, environmental and relational resources. Productivity was enhanced because of the better use of these resources in sustainable and renewable ways. In the case studies, the research found that these types of productivity gains also added value in terms of market position and reputation, innovation, business resilience and sustainability. This is a type of profitability that underpins and enhances the ability

to improve financial capital. Purpose-informed businesses that invest in social and environmental resources also create contexts that sustain businesses and markets.

The purpose-informed businesses examined in this project created profit through enhancing solutions for people and the planet, taking care of places, communities, resources and individuals. This shows that purpose in business can build communities and work-place citizenship to form the basis of markets which are best sustained though just and ethical practices that meet the needs of populations and support the development of fulfilling lives (Aristotle, 2020; Mayer, 2018).

In summary, the evidence and analysis of our research shows that purpose can enhance productivity in relation to the more sustainable use of resources, fostering good working practices and good business relations. These combine to support organisations to be more innovative, resourceful and focused. Productivity is enhanced through gaining efficiencies in the use of resources and reputable relations in business ecosystems, as well as increasing employee wellbeing and motivation in work that feels meaningful to them. Achieving such enhancements in productivity through purpose requires paying attention to:

- Sustainable use of resources, which involves resource intelligence and efficiencies of processes and practices.
- Good and meaningful work, which requires leadership with purpose, purpose-centred management, and purpose-centred employee practices.
- Good business relations built on shared values and practices that are based on purpose.

This research found that, when these three considerations are brought together in a continuous learning journey, businesses gain productivity benefits. These benefits are aligned with the overall definition of purpose in business as creating profitable solutions for people and the planet.

The strength of this research project is that its qualitative and in-depth employee, manager and leader-centred approach has obtained a deep understanding of the processes and practices of undertaking purpose in business. The limitation of the study is that was small-scale, only covering five businesses, all in Scotland.

Policy Recommendations

1. Develop a range of business support services and guidelines that can support businesses to develop what their purpose is, and frameworks for undertaking business with purpose.
2. Develop a purpose in business framework.
3. Develop leadership courses on leading with purpose.
4. Develop training for managers to support 'new ways of working with purpose'.
5. Develop purpose-productivity measures to enable the tracking of value.

Further Research

Further research is needed in:

- The business journey of purpose, how it develops, is maintained, changes and is sustained.
- The types of training that leaders and managers need to lead and manage with purpose.
- How to adjust job redesign approaches to frameworks of new ways of working based on purpose.
- Developing and testing indicators to measure how purpose enhances productivity.
- Identifying how purpose features in, and contributes to, making work more meaningful for employees, and what any effects of this are in terms of employee wellbeing and motivation.
- Understanding if, and if so, how, purpose improves business ecosystems and business relations, and in what ways might this improve productivity.

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Appendix 1. Full Details of the Stakeholder Group

Name	Position	Organisation
Mart Avila	CEO	CEIS
Maria Bradshaw	Head of People	Scottish Enterprise
Jackie Brierton	CEO	GrowBiz
Carolyn Carrie	CEO / Chair	WES / TPI Scotland
Gwilym Gibbons	CEO	The Crichton Trust
David Holmes	Interim Deputy Director, Fair Work and Labour Market Strategy	Scottish Government, Fair Work, Employability and Skills Directorate
Gareth Williams	Head of Policy	Prosper
Catherine McWilliam	Nation Director	IoD Scotland
Ewan Mearnes	Representative for Maria Bradshaw	Scottish Enterprise
Colin Lamb	CEO	Connect Three
Colin Lindsay	Professor of Work and Employment Studies / Deputy Director / Director	Scottish Centre for Employment Research, University of Strathclyde / PrOPEL Hub
Graham Roy	Dean of External Engagement & Professor of Economics	University of Glasgow
Darah Zahran	Representative for Maria Bradshaw	Scottish Enterprise
Marek Zemanik	Senior Public Policy Advisor	CIPD

Appendix 2. Events, Talks, and Publication

Events

In collaboration with the Scotland Productivity Forum. 2nd November 2024. *Purpose and scaling up*. Roundtable, University of Glasgow.

Talks

- *Purpose in Business and Productivity*. Project Launch: Wednesday, April 24th, 2024. University of Glasgow. UK.
- *Purpose in relation to thinking about productivity*. 8th October. 2024. Productivity Matters Conference. Edinburgh Napier University, Edinburgh. UK.
- *Scaling up and Business Purpose*. 21st November 2024. University of Glasgow.
- *Purpose and ways of working*. 28th Jan 2025. *New Ways of Working*. Workshop, Morgan Stanley, Glasgow.
- *The meaning of work and purpose in business in enhancing productivity*. 28th January 2025. Redefining Productivity: Smarter Ways of Working event at the ESRC TPI Scottish Productivity Week, Glasgow.
- *Purpose and Productivity* 31st January 2025. Prosper and Scottish Productivity Week event. Aberdeen.
- *Purpose and Productivity: research insights*. 29th April 2025. Universities and Social Economy Forum. Glasgow Caledonian University.

Publications

Wessels, B & Clover, A. (2024) *Policy Briefing paper: Purpose and Business: policy developments in Scotland*.

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