

Putting Purpose to Work: A study of purpose in the workplace

June 2016



It's no secret that employees and leaders see the importance of purpose in business. What does it really mean to bring purpose to life for employees, and why does it matter for the business?

In a time of heightened stakeholder expectations, business leaders are rightly concerned with how purpose can boost innovation and brand value—for them, the value lies in illuminating purpose on the commercial side of the business. But for leaders, it should be much deeper than that.



Fundamentally, a truly purpose-driven company must have purpose as its guidepost for decision-making—including the opportunities it decides to pursue and *not* pursue—to demonstrate commitment to responsible business leadership. What leaders should also know is that employees see purpose as a way to bring meaning to their work and understand the contributions they are making to the company, as well as society. While it is undoubtedly their imperative to prioritize the success of the business, leaders who are purely focused on the market value miss the chance to drive even greater business value by utilizing purpose to bring meaning to employees' work, a key driver of employee engagement. Identifying this gap presents an opportunity—and responsibility—for leaders to approach purpose more holistically, to optimize value for employees, shareholders, and other stakeholders.

The current era of disengaged, transient talent impacts every aspect of the business, and the need to activate purpose at work has never been more urgent. And with an ever growing demand for highly skilled labor, recruiting top talent is only getting more competitive. Millennials are direct in their demand for purposeful companies and careers: they are raising the expectations on business to deliver solutions to important societal and environmental problems through their offerings, and the table stakes are only expected to get higher with the entrance of Generation Z into the workforce. But, it turns out that purpose is also top of mind for employees across multiple generations and levels. Companies can put purpose to work by intentionally embedding purpose in three main aspects of the organization: leadership and management practices, communications, and talent strategies.

By the numbers

Data in this report is based on a unique dual survey conducted by PwC. Respondents included

1,510
full and part-time employees and

502
business leaders in the United States across

39
industries. Organizations surveyed included publicly traded and privately owned companies, partnerships, government/state-owned agencies, and non-profits.

Key insights

1.

Business leaders say that purpose is central to business success, but it's not consistently being used as a guidepost for decision-making. This is critical in demonstrating authentic, purpose-driven leadership and is the first step needed to activate purpose across the organization.

2.

Business leaders tend to focus on the value in defining and illuminating purpose for commercial success. For employees, purpose represents an avenue by which they find personal fulfillment. This disconnect is preventing companies from reaping the comprehensive potential benefit of defining what they stand for as an organization.

3.

A limited, transient pool of top talent means a greater need to increase engagement and individualize employee connection to a higher calling. Team leaders and coaches hold the greatest potential for helping employees reframe their roles to give context and bring meaning to their daily work.

4.

In order to drive this individual connection to purpose, employers must take an empathetic approach to talking about the value of their products and services and how those benefits provided to customers are a direct result of employees' day-to-day contributions. Stories capture the human aspect of their work, and facilitating dialogue around these stories encourages employees to explore this connection for themselves.

5.

Purposeful business only goes as far as its people are willing to carry it. As the agency of culture and essence behind any product or service, employees must embody the beliefs, behaviors and values that exemplify organizational purpose if it is to be sustained. This requires reinforcement through recruitment, development, and rewards strategies.

Make purpose accessible

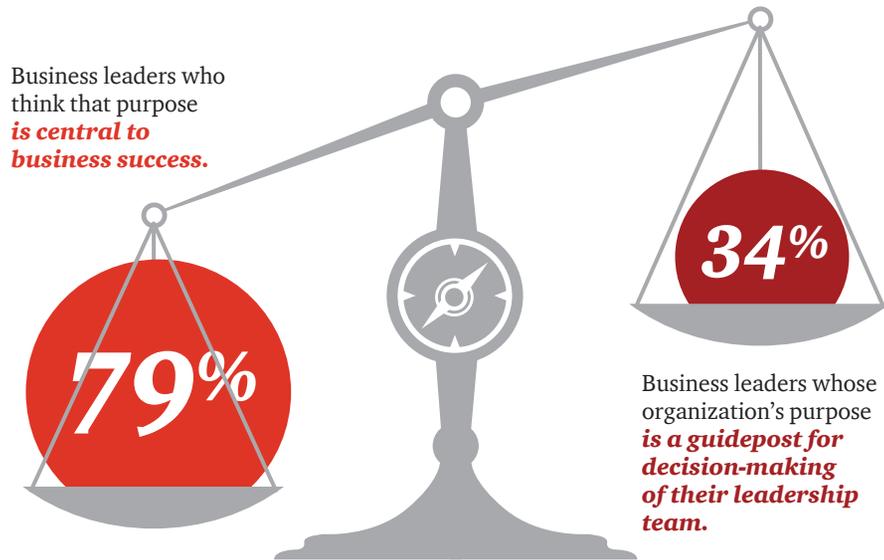
Purpose is inherently about authenticity and should emanate from the core of an organization: its leaders. Not only do employees need to hear leaders talk genuinely about why their work matters, but leaders need to show that the organization's purpose really is central to business strategy and the decisions that comprise it before employees can be confident advocates.

At the leadership level, there is a sizable disconnect between how important purpose is *claimed* to be for business and how central purpose *actually* is to business decisions. 79% of business leaders believe that purpose is central to business success and to an organization's existence; yet, only 34% agree that purpose is a guidepost for leadership decision-making. This gap demonstrates the optimism and promise that leaders see in being purpose-driven to elevate business, but a hesitation to "walk-the-walk" and actively embed it into foundational elements of the company, such as organizational decision architecture. What this really means is that purpose must be the highest principle against which strategic decisions are evaluated, especially with regards to which activities the business pursues and doesn't pursue based on alignment with purpose. Why was the strategic decision made to vertically integrate? Why was the decision made to not expand into emerging markets? The answers should be found within your company's purpose. Without purpose as the bedrock of an organization, all efforts to build purpose constructs upon it will prove futile. When leaders practice purposeful business decisions-making and leadership, all else can follow.

How does your leadership ensure systematic alignment of its decisions with purpose?



Leadership beliefs versus action



Bases: 1,510 full and part-time employees and 502 business leaders in 39 industries around the US.
Source: PwC's *Putting Purpose to Work* Survey

Only once an organization is authentically led with purpose can employees truly begin to appreciate what it means for them and their work. This next level of activation begins with managers and coaches, who hold the power to guide employees in building a personal connection to organizational purpose.

To be fully engaged, employees need to find meaning in their daily work.¹ But fewer than half say they do. This could be because business leaders, managers, and coaches don't prioritize helping employees connect their role to the broader impact of their company's products and services. In fact, only 27% of business leaders guide supervisors to have conversations with their teams about why their work matters, a critical piece for employee engagement. Leaders appreciate the myriad of benefits that greater engagement can bring (e.g., higher customer ratings; higher profitability; increased productivity and quality; lower turnover; less absenteeism; and fewer safety incidents), but don't prioritize purpose as a means to amplifying this. No wonder engagement is dwindling.

¹ Feeling of job importance is necessary for full employee engagement according to Gallup. *Gallup Q12 Employee Engagement Survey*, Question 8 asks, "Does the mission/purpose of my company make me feel my job is important?"

According to Gallup, fewer than a third of US employees are engaged—and managers account for at least 70% of variance in these engagement scores across business units.² Employees, especially millennials, want to understand and learn about the value of their daily duties through their team leaders. And they should.

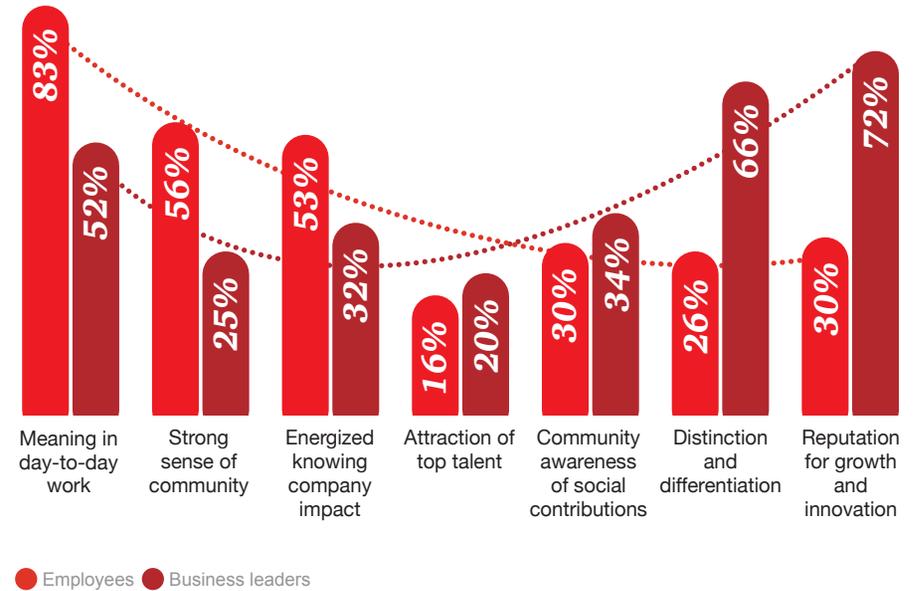
Since managers interact with their employees regularly, they have the greatest visibility into how their employees’ work contributes to the broader impact of the organization. This insight combined with their position as team leaders provides an immense opportunity to be a translator, connecting organizational purpose to the roles and responsibilities of individual team members. But team leaders need to be guided and primed to have these ongoing conversations. Coaches show similar potential to illuminate meaning in employees’ work and should also be equipped to talk candidly with their coachees about purpose. By helping employees answer, “why does my work matter?” and encouraging them to reflect on the question, “how does my work align with my personal values and aspirations?” managers and coaches provide the stepping stone employees need to understand how they as an individual make a difference in the organization and beyond.

How are you keeping a pulse on individual employee connection to company purpose?

² Randall Beck and Jim Harter, “Managers Account for 70% of Variance in Employee Engagement” (Gallup Business Journal, April 2015)

Value of purpose in the workplace

(Percentage ranking in their top 3 priorities)



Q2b for employees: How important are each of the following to you in your current job?
 Q4 for business leaders: When communicating your organization’s purpose, which of the following are the most important results?
 Bases: 1,510 full and part-time employees and 502 business leaders in 39 industries around the US.
 Source: PwC’s *Putting Purpose to Work* Survey

Emphasize the human element of purpose

Purpose is about empathy—it defines the human needs and desires that a company’s products and services ultimately fulfill. Given the inherent human aspect of purpose, how do we as individuals and as an organization connect with these human needs to better frame the impact of our work? Being social in nature, purpose is best cultivated and communicated in a personal, humanized fashion.

Employees crave an understanding of how their work makes a difference in the lives of others, especially through stories told by customers and colleagues themselves. Talking about the work of an organization through personal stories—such as customer and employee testimonials—will illustrate how employees are addressing real world issues that affect real people. When these “human interest” stories are illuminated, employees can personally identify with the impact of their company’s products and services, see the difference their own work makes in people’s lives, and be more inspired at work. The good news is that these stories already exist—they just need telling.

How are you communicating the human element of your work?



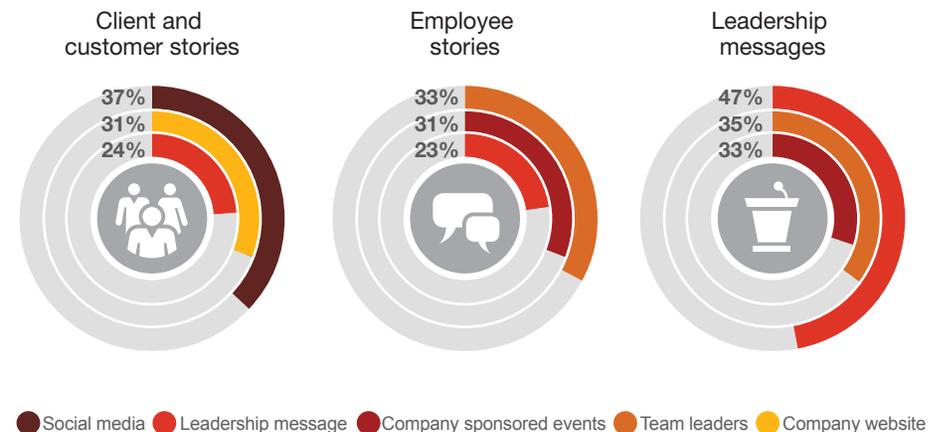
Stories become even more relatable when delivered personally. While employees across generations prefer hearing customer stories through social media, this preference is more pronounced among millennials. Social media can further elevate purpose to a real-time, discussion-worthy story around which employees can personally engage.

But, these stories should go beyond the hashtag. When it comes to testimonials and leaders' views on the societal value of products and services, employees want a definitively human approach: leadership messages, discussions with team leaders, and company-sponsored events. Leadership messages are especially important in communicating big business decisions and how they align with purpose. Leaders themselves should give employees across all levels the chance to connect to their decisions and understand how purpose is woven into their choice architecture and guides their pursuits—and perhaps even more importantly, how purpose drives what the business *won't* pursue due to ill alignment. What this communicates to employees is not only sound decision-making, but also a sincere commitment to being a purpose-driven company by passing up potentially profitable opportunities that are irrelevant or in conflict with its purpose.

Somewhat unexpectedly, millennials show a stronger preference than other generations for hearing purpose-related messages through their team leaders, further underscoring the need to cultivate purpose at the team level for this rising group. For all employees, these more humanized channels are preferred over less dynamic outlets, such as company intranet, advertising, and annual reports. The bottom line is that employees want the opportunity to *personally engage* with purpose, and not just be fed anonymous, passive messages that provide no chance to connect. Personal delivery and the opportunity for dialogue is imperative.

What opportunities are you giving employees to connect with colleagues and customers on purpose?

Preferred channels for purpose messages



Employees most favor hearing about the impact of their company's products and services through client and customer stories, employee stories, and leadership messages.

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Source: PwC's *Putting Purpose to Work* Survey

Include purpose at the center of your talent strategy

Getting employees to personally connect to your purpose and engage in discussions around it are necessary ingredients to activating purpose but not sufficient. Ultimately, purpose needs to direct much of how people are managed—how they're recruited, developed, and rewarded.

A company that touts commitment to and passion for its purpose must also recruit for these same values. To attract the top—and right—talent for the company, employers must involve candidates in discussions on purpose before handing over that offer letter. The benefits of this are two-fold: you'll appeal to more candidates while also screening for those who will be actively engaged in elevating your purpose. People want to identify personally with an organization's purpose and see how their role will contribute to an impact beyond the bottom line. And you should prioritize candidates who show an ability to articulate both the financial and human value of business. To win over the most complementary talent requires changing the way you talk about your company with prospective hires by not just talking about *what* you do, but *why* you do it. Share the humanity of your work and the values that fuel your impact by illustrating the needs your company fills for a diverse range of stakeholders. Candidates who frame their skills, experience, and values in the context of contributing to this impact are the ones you want. Why? They'll be engaged, dedicated and will seek out opportunities to apply their skills for impact.

How is purpose incorporated into your recruitment strategy?



Linkage between loyalty and a sense of purpose

5.3X

Millennials are **5.3X** more likely to stay when they have a strong connection to their employer's purpose.

2.3X

Non-millennials are **2.3X** more likely to stay when they have a strong connection to their employer's purpose.

Yet, only **27%** of business leaders help employees connect their own purpose to the work of the company.



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Placing purpose at the heart of talent strategy means also cultivating the values that underpin your purpose. The first step here is to identify these values and the few critical behaviors that best embody them. In other words, what values are needed for your company to live out its purpose, and what behaviors collectively characterize those values? For example, if your purpose involves improving patient wellness, then an important value is compassion, making the act of listening, empathizing, and understanding others a critical behavior. Embedding development of these behaviors into formal and informal learning opportunities is critical to having a workforce capable of driving the impact, growth, and innovation you want. Existing outlets, such as classroom and online training, mentoring programs, and team feedback cycles are all chances to help employees strengthen these critical behaviors, personify your values, and confidently pursue purpose.

But, there is little point in developing these behaviors without evaluating them. Employees must be held accountable and recognized for demonstrating these behaviors and values by incorporating them into existing rewards systems. This also means calling out those behaviors that do not align with your company's purpose. By developing and evaluating employees against critical, purpose-driven behaviors, the company demonstrates the utmost commitment to its purpose and its people.

How are you developing and rewarding the behaviors and values that align with your company's purpose?

Aligning critical components of talent management with purpose



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Source: PwC's Putting Purpose to Work Survey

Purpose is not an initiative; it is a way of business. It must be core to the decisions, conversations, and behaviors across all levels to be authentic and deliver the wealth of advantages it promises. Now, more than ever, companies must cultivate the power of purpose if they are to succeed in a world where the opportunities—and responsibilities—of business have never been greater.

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