

Purpose Matters: A Review of the Purpose Statements of the FTSE350

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Purpose Matters

A Review of the the Purpose
Statements of the FTSE350

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March 2024

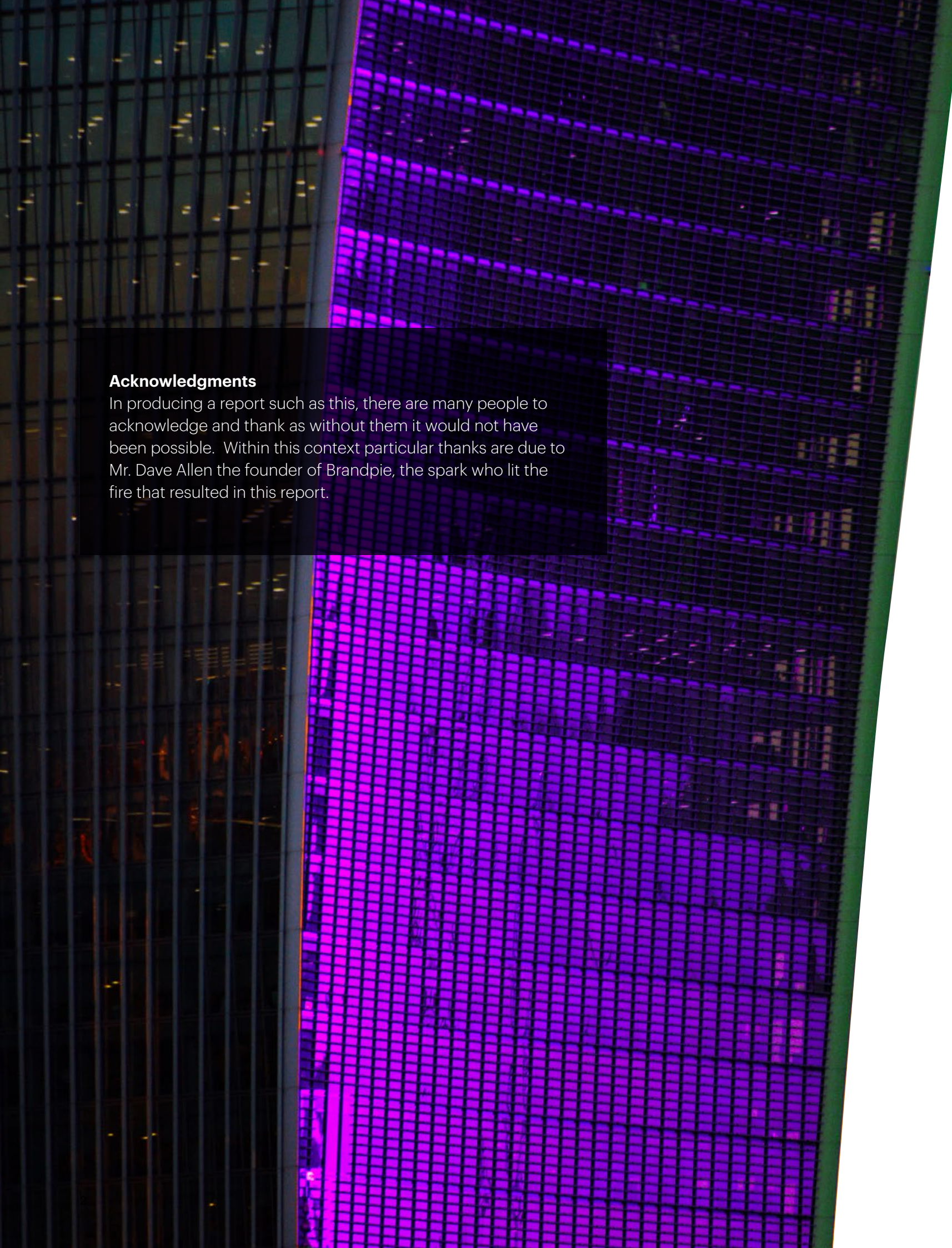


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Acknowledgments

In producing a report such as this, there are many people to acknowledge and thank as without them it would not have been possible. Within this context particular thanks are due to Mr. Dave Allen the founder of Brandpie, the spark who lit the fire that resulted in this report.

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Foreword

Companies with a strong sense of purpose have been found to have more attractive brandsⁱ, enhanced employee attractionⁱⁱ and improved growthⁱⁱⁱ. Such results highlight how purpose matters and if it infuses an organisation, can help power progress.

However, as with so many things, what is easily stated is more difficult to enact. As Brandpie's 2023 annual CEO survey^{iv} found, 89% of CEOs claim their company has a purpose yet the key challenge they face is moving from words to action, from the creation of a statement to making it relevant and actionable throughout the organisation.

Driving purpose into an organisation requires engagement beyond the C-suite and in turn this means that an actionable purpose statement should also bring clarity, focus, alignment, empowerment, and guidance on decision making. In turn this implies that a purpose statement should be succinct; connect the core of the business to the challenges the world faces, reference a broad set of stakeholders and reinforce notions of stewardship and enduring business change.

Building from this base we analysed the publicly available purpose statements of the FTSE 350 index, which is made up of the constituents on the FTSE100 and the FTSE250 indices. Our analysis of the FTSE 350 companies and their purpose statements

proceeded through three screens. The first, the difference in the financial and ESG performance of the companies in the FTSE 350 that had a publicly available purpose statement relative to those that did not have a purpose statement.

The second screen was the relative succinctness of purpose statements (their number of words). The third and final screen was to review the content of the statements and whether they aided decision making by (1) connecting to the core of the business and the problems the world faces, (2) identified stakeholders, and (3) were about now or the longer-term (the future).

The results are illuminating. They reveal that 78% of companies in the FTSE 350 have a purpose statement and that those with a statement outperform those without a purpose statement. Three powerful signals are revealed. First FTSE 350 companies with publicly available purpose statements are outperforming those without a purpose statement on key financial metrics—ROE and ROA. Thus, the companies with purpose statements are more efficiently using equity and assets to realise profits.

When considering Debt to Equity the higher ratios seen in companies with a purpose statement could indicate higher levels of innovation and investment in the future, however this requires further research. Are these companies' building resilience for the future?

Second, companies with a purpose statement are also outperforming in terms of ESG metrics indicating that they are companies that are taking a wider stakeholder perspective and making a more positive contribution to our surroundings.

Third, succinctness in purpose statement matters. Those companies that have relatively shorter statements appear to do even better on both financial and ESG metrics by outperforming those companies with longer purpose statement. In addition, when reviewing the content of the purpose statement a mixed picture appears. Some statements connect what the company does to what the world needs, some don't. Some mention stakeholders, primarily people, many do not.

Most are focused on the now rather than the future. In our observations of these

statements, many could enhance their statements and realise greater financial and ESG outcomes for their businesses. The advantage of such adjustments would be that such a purpose statement will be more effective in powering the progress of the business as ambiguity will be reduced and strategic drift avoided.

In summary, in our view, a succinct purpose statement that connects, speaks to a broad set of stakeholders, and is focussed on the long term will inspire. Showing all stakeholders that the organisation is about more than narrow self-interest will drive long-term value. Hence, while as always, there is more research to be done, this study reinforces that purpose matters.

If you would like to discuss the findings of this report please contact: [Ms. Joanne Kerr](#) or [Prof. Nick Barter](#) on LinkedIn.

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A purposeful, concise statement that connects with diverse stakeholders and focuses on long-term goals is inspiring. Emphasising the organization's commitment beyond self-interest adds lasting value. This study reinforces the significance of purpose.

Introduction

The purpose of a corporation, its why, those words, that statement has come to the fore over the last decade. An indicator of this prominence is that corporate purpose is now searched on Google nearly twice as often as it was a decade ago^v, and annual global surveys of CEOs are conducted to understand its progress^{vi}. In short, purpose matters.

However, while purpose may matter now and increasingly so over the last decade, debates about business purpose have a long history. For example, Cadbury and Sunlight Soap considered the purpose of their companies over one hundred years ago. During the late 19th century, they provided housing for their workers^{vii} and as such indicated that the purpose of the company was more than money. Then in the 20th century, the purpose of corporations was debated within the Harvard Law Review.

One side of the debate advocated for shareholder primacy, the other for a wider perspective that considered secure employment, quality products and societal wellbeing. Approximately 70 years ago, in 1954, the argument appeared settled in favour of the broader conception of purpose, with the general tenor being that organisations provide secure employment

and wider societal benefits^{viii}. Yet, less than twenty years later, Milton Friedman tipped the scales in favour of the purpose of a corporation being narrow and focused on shareholder primacy.

Since then, Friedman's position has dominated. The purpose of a corporation being shareholder primacy has been relatively uncontested. This dominance has driven business thinking, theory, and teaching^{ix}. However, more recently, there have been renewed calls for considering a wider perspective of stakeholders not just shareholders. Some of the rumblings for change have come from Larry Fink the Chair and CEO of BlackRock, the Business Roundtable of America, and the World Economic Forum. For example, the Business Roundtable of America adopted a new statement that the purpose of a corporation is to deliver value for all stakeholders^x. While the World Economic Forum's 2020 Davos Manifesto argued that the purpose of a company was to "engage all its stakeholders in shared and sustained value creation"^{xi}.

Then in 2021, Mr. Fink argued that purposeful companies outperform their peers and have better environment, social and governance (ESG) profiles^{xii}, an argument reinforced by some of the findings in this report^{xiii}. This shift is perhaps to be expected given the systemic challenges facing society and

how businesses as tools of society cannot optimise their value and help in solving those challenges if they only take a narrow shareholder primacy view.

Shifting from history to the theory of purpose, a corporation's purpose is considered its why, its guiding philosophy^{xiv}. It is a statement, and thus a language device that aims to shape the thoughts and acts of organisational stakeholders. Hence, its aim, alongside the other components of a company's narrative framework (vision, mission and values) is to guide and inform decision-making and behaviours. In this way, purpose has a significant role in shaping a business, and as might be expected, this means there is plenty of advice regarding what makes for a good statement.

For example, it has been argued that a purpose statement should be succinct and

convey "how the organization fills basic human needs," while also having the ability to linger for 100 years or more and grab the soul of each organizational member^{xv}. Similarly, it has been argued that a purpose statement should be pro-social and embody an enduring reason for the organization to exist. Thus, it should be a framing device for how decisions are made, as well as a unifier and motivator for stakeholders and a guide to the identification of long-term profitable opportunities^{xvi}.

Going further, it has been argued that purpose statements should be simple to understand, connect the culture to the strategy, owned by all stakeholders, aligned to metrics, and exemplified through marketing and communications. This has been termed a SCORE framework (simplify, connect, own, reward, exemplify)^{xvii}. In addition, it has been argued that a purpose





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An impactful purpose statement is concise, stakeholder-centered, and addresses core business challenges with a long-term focus. Our FTSE 350 analysis explores connections to ESG and financial performance, succinctness, and stakeholder engagement.

statement should be significant, aspirational, directional, unifying and motivating^{xviii}.

Further the statement should be societal, have an explicit reference to human problems, be authentic, reflect the organization's true aims, be believable, and not too grandiose. A statement should also clearly state who benefits and at the same time be engaging to the reader and grab their attention^{xix}. Last given the current social media context it has been argued that stories about the corporate purpose should be Instagramable^{xx}.

To summarise, purpose statements are expected to do a lot and it is perhaps a statement of the obvious that such a statement is unlikely to be able to do all this work without it being enacted effectively by organisational participants. Thus, the eternal challenge in organisations of aligning what they espouse with what they enact.

Nevertheless, synthesising the above and putting aside subjective value judgments such as whether a purpose statement is for example meaningful, authentic, or aspirational, what emerges is that a purpose statement should ideally be succinct, focus on stakeholders, connect to the core of the business and the challenges the world faces to enable the guiding of decisions, and

reinforce notions of stewardship, perhaps through a long-term orientation.

Building from this discussion, we reviewed the publicly available purpose statements of the FTSE 350. We analysed their purpose statements through three different screens. The first was to identify which companies in the FTSE 350 had a purpose statement and which did not and then understand if having a purpose statement correlated to ESG (Environment, Social and Governance) and financial performance. The second screen was to review the length of the purpose statements, their succinctness. The third screen was to categorise the statements by (1) whether they identified stakeholders, (2) did they or did they not connect to the core of the business and the problems the world faces, and (3) did they or did they not have a long-term (future) orientation. The results of these three pieces of analysis form the core of this report.

To close this introduction, the report proceeds by outlining the method of analysis. This is followed by the presentation of the results and then from there discussion and conclusions are drawn. It is important to note that given this study was contained to a small sample of companies, the value of this work is not in what it proves, but rather what it suggests^{xxi}.

Method of Analysis

The list of FTSE 350 companies was gathered in August of 2023. Once the list of companies was gathered, the corporate website of each was reviewed for their publicly available purpose statement. Typically, such statements are found in the 'About Us' section of the website or alternatively listed on the company's investor relations pages. When gathering this data, if the purpose statement was not immediately evident, a simple search of the site usually brought forward a result.

Once the statements were gathered, they were analysed in a manner consistent with that indicated in the introduction. Hence the first screen was to explore how companies with and without purpose statements compare when considering their ESG and financial performance. The ESG data was gathered from the Refinitiv database. From there, the second screen was to calculate the word count of each of the purpose statements and then cross-reference this to ESG and financial data.

The third screen was to code the purpose statements relative to (1) if and which stakeholders were mentioned, (2) whether the statement clearly connected to the core business of the company and the challenges the world faces, and (3) whether the statement was focused on the long-term (future) or the now. This coding was done using the software NVivo. The codebook for this was developed through discussions between the research team. Once this coding was completed, the data was then cross-referenced to ESG and financial data.

Results

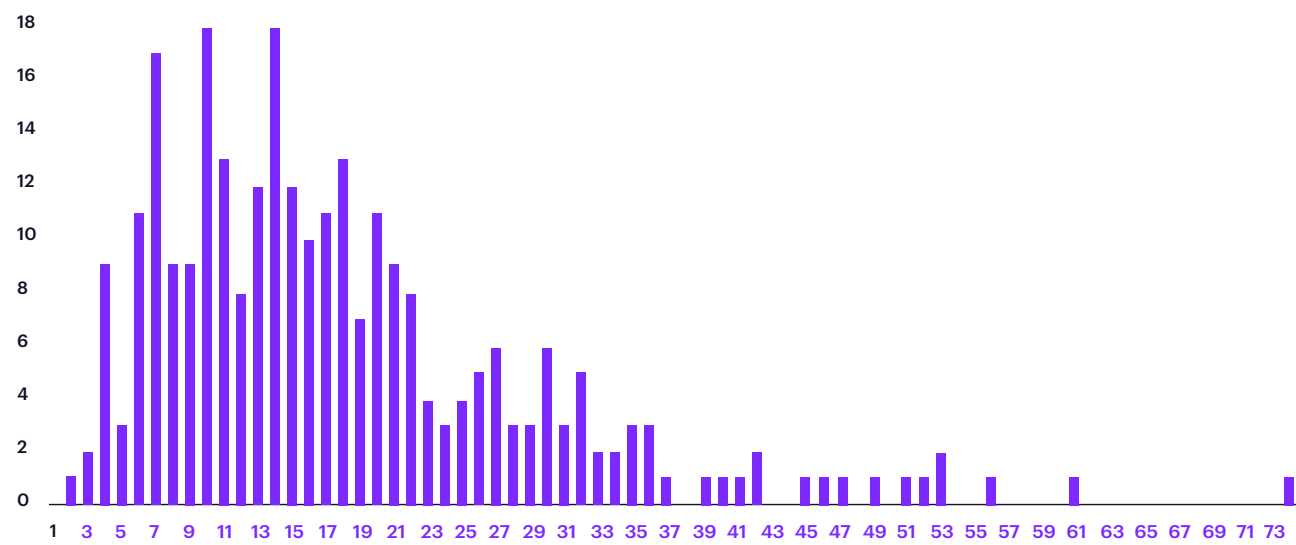
As indicated previously, 350 companies were reviewed and of these 274 (78%) had purpose statements with 76 (22%) not having an identifiable purpose statement on their website or in publicly available documentation. From here the first screen was to review companies with a purpose statement relative to those without one against ESG performance and financial metrics. The statistical analysis of this data revealed that companies with a purpose statement have a statistically higher overall ESG score relative to companies that do not have a purpose statement^{xxii}. When considering financial performance, those with a purpose statement outperformed those without a purpose statement on ROA (Return on Assets), ROE (Return on Equity) and D/E (Debt to Equity).

Within the ESG analysis, companies with a purpose statement have statistically higher individual E, S and or G scores. Then for the E (environmental) score components,

companies with a purpose statement score statistically higher on resource use, emissions, and innovation relative to companies that do not have a purpose statement. Further within the S (social) score components, companies with a purpose statement have statistically higher scores for workforce, human rights, and community relative to companies that do not have a purpose statement. Last within the G (governance) score components, companies with a purpose statement score statistically higher than companies without a purpose statement on management, shareholders and CSR strategy.

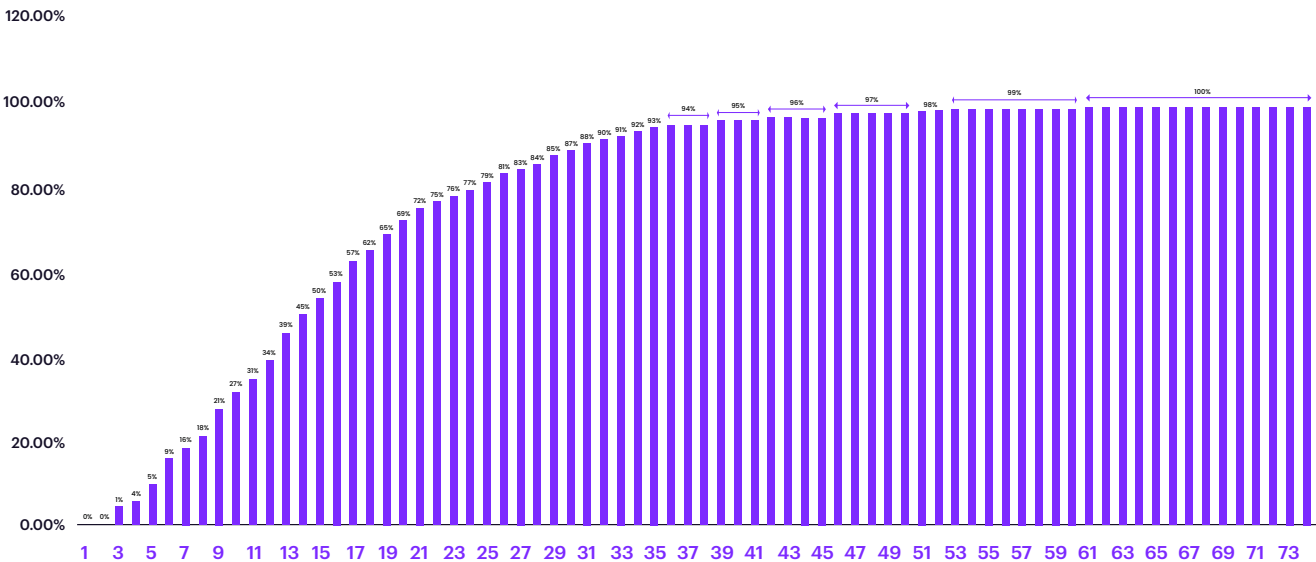
Moving from whether a company did or did not have a publicly identifiable purpose statement the second screen was to review the word count of statements (their succinctness). The spread of the purpose statements relative to the number of words in the statement can be seen in Figure 1. As the figure indicates the most popular number of words in a statement was tied at 10 and 14. The low was 2 and the high was 74 words. The average number of words in a statement was 18 and the median was 16.

FIGURE 1
FTSE 350 Purpose Statements by Word Count of Statement



When reviewing the results cumulatively, 80% of the companies had 26 words or less in their purpose statement, as indicated in Figure 2.

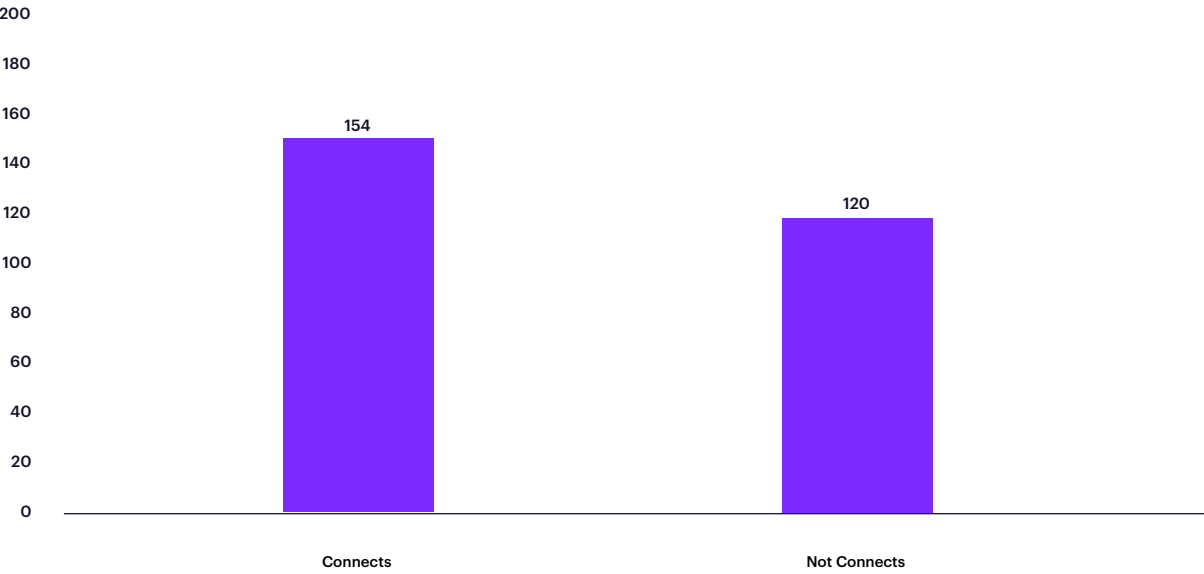
FIGURE 2
Cumulative Percentage of FTSE 350 Purpose Statements by Word Count of Statement



Once the word count of the statements was calculated the data was cross-referenced to financial and ESG performance data^{xxiii} and using the median number of words in a statement (16) as a pivot point, analysis revealed that companies with a purpose statement of 16 words or less score statistically higher on their ESG score and their financial performance relative to companies with a purpose statement that is 16 words or more in length.

Further companies with 16 words or less score statistically higher on the individual E, S and G scores. Then within the E score components, they score statistically higher on emissions, and resource use but not on innovation. Within the S score components, they score statistically higher on workforce, human rights, community, and product responsibility. And within the G score components they score statistically higher on management and corporate social responsibility.

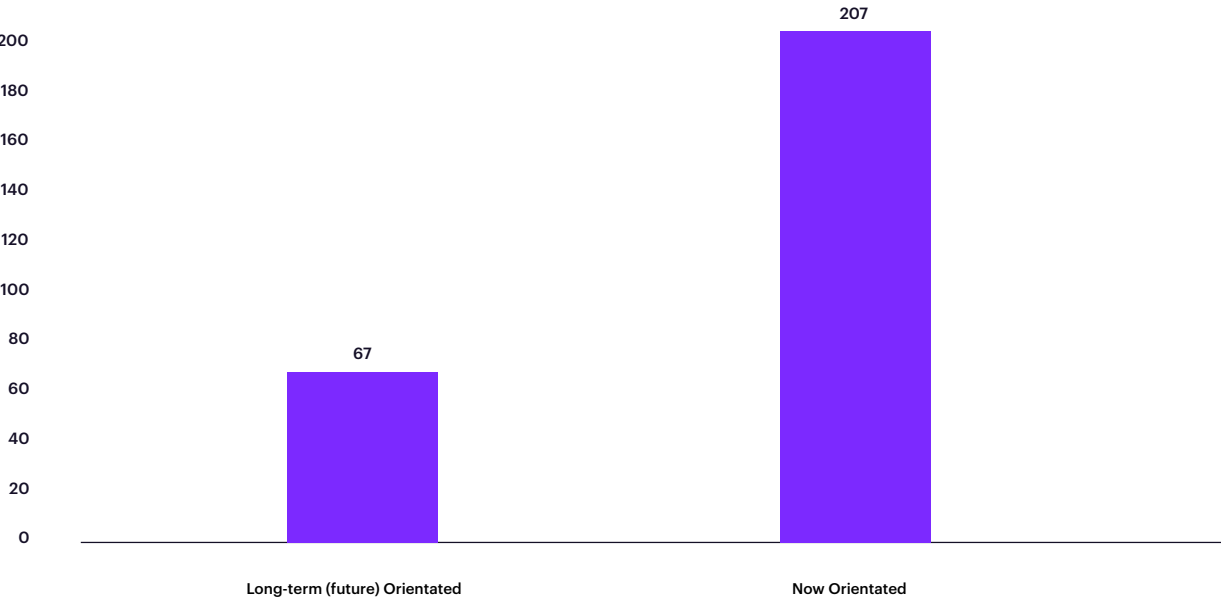
FIGURE 3
FTSE 350 Purpose Statements Content –Connect/Does Not Connect the Core Business



Moving on from succinctness, the third and final screen was to review the content of the purpose statements and; (1) if that content clearly connected to the core business of the company and the problems the world faces, (2) whether the statement was focused on the long term (future) or the now and (3) did it mention stakeholders and which ones. This analysis was conducted by coding the statements in NVivo. As can be seen in Figure 3, 154 (56%) purpose statements were identified as connecting, with 120 (44%) not.

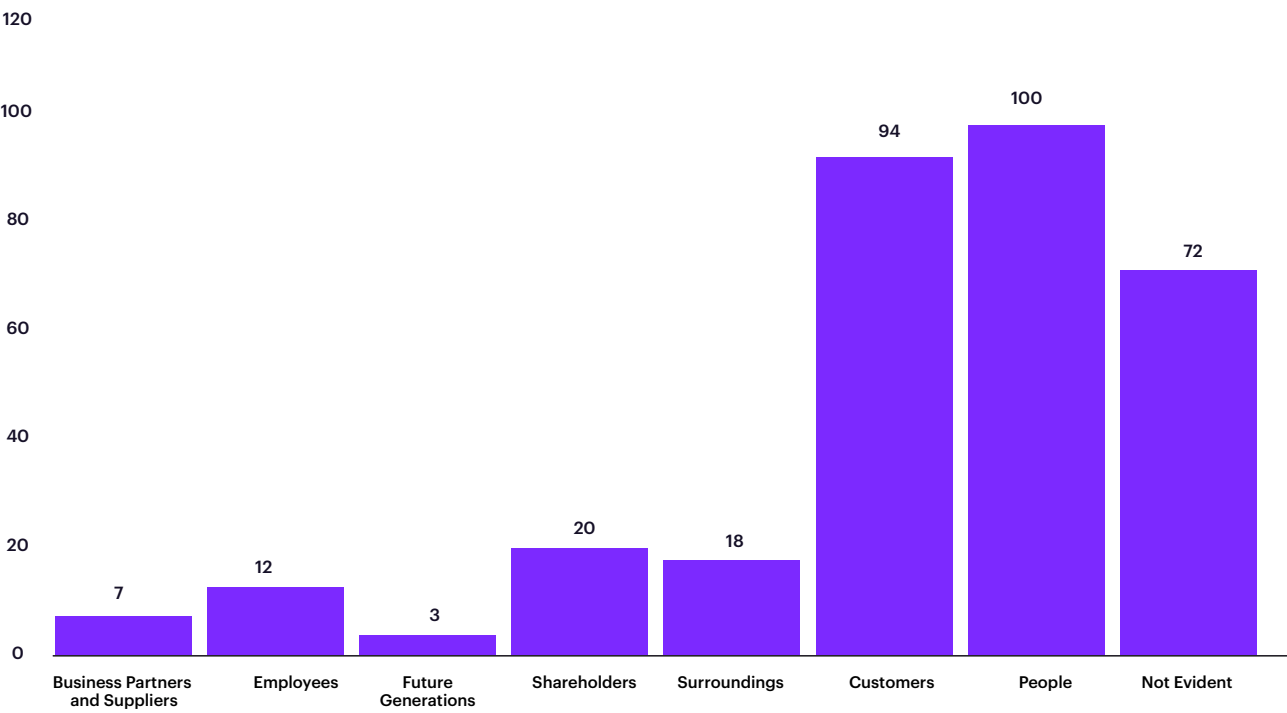
When cross-referencing to the number of words in a purpose statement, the average number of words in statements that connects was 21 compared to 14 for those statements that do not. Then, when considering whether the purpose statement was focused on the long term (future) or now, as can be seen in Figure 4, 67 (24%) had a future orientation relative to 207 (76%) having a now orientation. In cross-referencing to the number of words in a purpose statement, the average number of words in a long-term orientated statement was 22 compared to a now orientated statement having 17.

FIGURE 4
FTSE 350 Purpose Statements Content– Future Orientation or a Now Orientation



Last, when considering stakeholders, as can be seen in Figure 5, the most popular stakeholder to refer to was ‘people’. 100 purpose statements referred to ‘people’^{xxiv}, the second most popular stakeholder to refer to was ‘customers’, then ‘shareholders’, and then ‘surroundings’^{xxv}. The least mentioned were ‘employees’, ‘business partners and suppliers’ and ‘future generations’. Notably, 72 purpose statements did not mention any stakeholders at all.

FIGURE 5
FTSE 350 Purpose Statements Content – Stakeholders are Referred to in the Purpose Statements



When cross-referencing the stakeholders mentioned against the number of words in a purpose statement, the number of words in a purpose statement that mentioned each stakeholder is outlined in the table below.

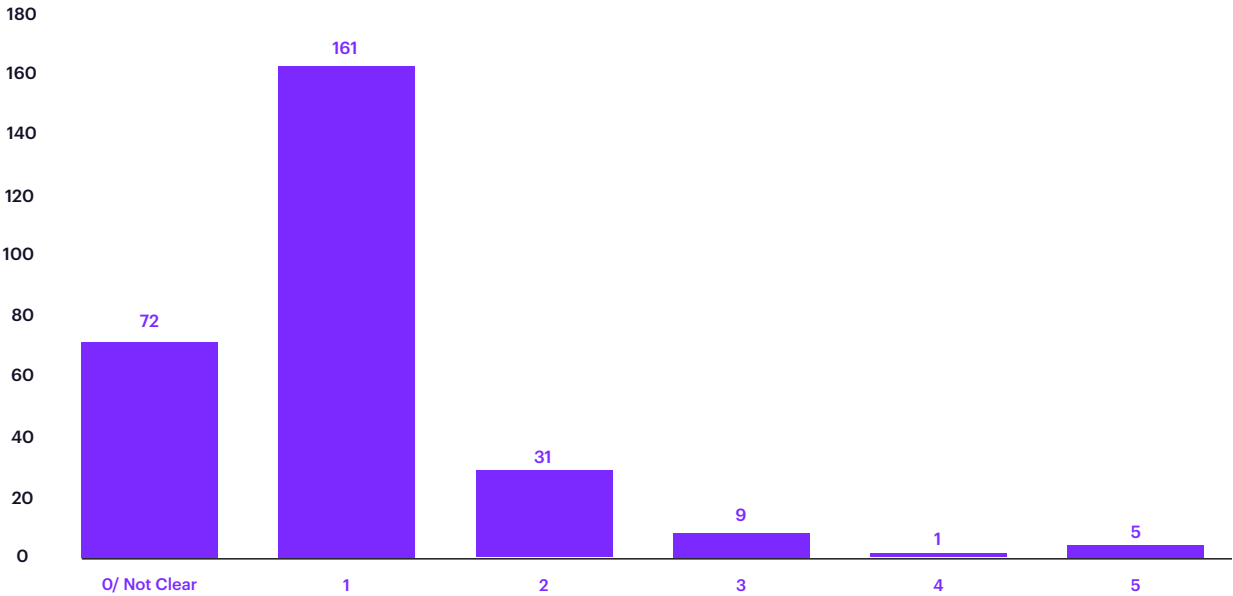
TABLE 1
Stakeholders mentioned in a Purpose Statement Relative to the Average Number of Words in the Statement

Stakeholders Mentioned	No. Purpose Statements in Sample	Average Number of Words in a Purpose Statement
Business Partners and Suppliers	7	30
Employees	12	26
Future Generations	3	24
Shareholders	20	25
Surroundings	18	18
Customers	94	22
People	100	20
Not Evident	72	11

Digging a little further into stakeholder representation, as one purpose statement could refer to more than one stakeholder, the spread of the statements relative to the number of stakeholders mentioned is shown below. As indicated in Figure 6, 161 statements refer to at least one stakeholder with only 41 referring to more than one stakeholder. Of the 161 that did mention one stakeholder 44% mentioned ‘people’, 39% mentioned customers with the remaining 17% spread across the remaining stakeholders.

When cross-referencing the number of stakeholders mentioned in a purpose statement by the number of words in the statement, if one stakeholder was mentioned the average number of words is 19, for two stakeholders 27 words and three stakeholders 27 words^{xxvi}.

FIGURE 6
FTSE 350 Purpose Statements – Number of Stakeholders Mentioned



From here, the next piece of analysis was to explore if there was any correlation between how a purpose statement was coded (stakeholders, connection, future or now) relative to financial and ESG performance. This analysis revealed no correlations.

To close, one final piece of supplementary analysis was also conducted on the coded data. This was to review the coding by industry sector. This revealed that the following industries were higher than the overall average for connecting what they do to what the world needs: energy, healthcare, real estate, materials, IT, and communications. While below average were consumer discretionary, utilities, and consumer staples.

To summarise the results, the following was revealed:

- 78% of FTSE 350 companies have publicly identifiable purpose statements.
- Financially, FTSE 350 companies with a purpose statement relative to those without a purpose statement have a statistically higher ROE, ROA percentage and D/E ratio.
- When considering ESG, FTSE 350 companies with a purpose statement relative to those without a purpose statement have.
 - A statistically higher overall ESG score.
 - A statistically higher individual E, S and G score and component scores within the E, S and G.
 - Within the E — higher scores on resource use, emissions, and environmental innovation.
 - Within the S — higher scores on workforce, human rights, and community.
 - Within the G — higher scores on management, shareholders, and CSR.
- The purpose statements of the FTSE 350 companies vary in length from 2 to 74 words with the average being 18 words, the median being 16 words, and the most popular number of words tied at 10 and 14.
- 80% of the FTSE 350 companies with a publicly available purpose statement have 26 words or less in their purpose statement.
- FTSE 350 companies with a publicly available purpose statement of 16 words or less relative to companies with a purpose statement of 17 words or more have a statistically higher ROE, ROA percentage and D/E ratio.

Discussion and Conclusion

- When considering ESG, FTSE 350 companies with a statement of 16 words or less have:
 - A statistically higher overall ESG score.
 - A statistically higher individual E, S and G score and component scores within E, S and G.
 - Within the E – higher scores on emissions and resource use.
 - Within the S – higher scores on workforce, human rights, community, and product responsibility.
 - Within the G – higher scores on management and corporate social responsibility scores.
- When reviewing the content of the purpose statements, what was found was:
 - 154 statements or 56% of those FTSE 350 companies with a purpose statement have a statement that connects to the core business and the problems the world faces, while 120 (44%) do not. Further the average number of words in a statement that connects is slightly higher at 21 compared to 14 words for a statement that does not connect.
 - When considering the time orientation of a statement, 67 (24%) of FTSE 350 companies with a purpose statement have a long-term (future) orientation relative to 207 (76%) that have a now orientation. The average number of words in a statement that has a long-term orientation is 22 compared to 17 words for a now orientation.
- When considering stakeholders.
 - 100 (36%) of those FTSE 350 companies with a purpose statement identified ‘people’ in general as a stakeholder. This was followed by ‘customers’, ‘shareholders’ and then ‘surroundings’.
 - 72 purpose statements do not mention any stakeholders.
 - The average word count of a purpose statement where no stakeholder was mentioned was 11. If one stakeholder is mentioned the average word count is 19.
 - 41 purpose statements identified more than one stakeholder, while 161 statements identified just one stakeholder.
- When considering the content of the statements relative to industry sector it was found that:
 - Industries that were higher than the overall average for connection to core business and the problems of the world were energy, healthcare, real estate, materials, IT, and communications. While below average were consumer discretionary, utilities and consumer staples.
- Last, when considering the content of a purpose statement relative to financial and ESG data no correlations were revealed. Nevertheless, while the content of that statement does not appear to correlate, theory and logic point to an effective and efficient statement being one that connects the business to the problems of the world, identifies stakeholders and is enduring and orientated towards stewardship.

Taken together, the results reveal three powerful signals that purpose powers business progress. First FTSE 350 companies with publicly available purpose statements are outperforming those without a purpose statement on key financial metrics — ROE and ROA. Thus, the companies with purpose statements are more efficiently using equity and assets to realise profits. When considering Debt to Equity the higher ratios seen in companies with a purpose statement could indicate higher levels of innovation and investment in the future, however this requires further research. Are these companies’ building resilience for the future?

Second, companies with a purpose statement are also outperforming in terms of ESG metrics, indicating that they are companies that are taking a wider stakeholder perspective and making a more positive contribution to our surroundings.

Third, succinctness in purpose statement matters. Those companies that have relatively shorter statements appear to do even better on both financial and ESG

metrics by outperforming those companies with longer purpose statements.

In addition, when reviewing the content of the purpose statement a mixed picture appears. Some statements connect what the company does to what the world needs, some don’t. Some mention stakeholders, primarily people, many do not. Most are focused on the now rather than the future. In our observations of these statements, many could enhance their statements and realise greater financial and ESG outcomes for their businesses. The advantage of such adjustments would be that such a purpose statement will be more effective in powering the progress of the business as ambiguity will be reduced and strategic drift avoided.

Lastly, in our view, a succinct and enduring purpose statement that connects what an organisation does with what the world needs, will inspire.

Showing customers, employees, and investors that the organisation is about more than narrow self-interest will drive long-term value. While there is always more research to be done, this study reinforces that purpose matters.

Coding Technique and Analysis

Coding was conducted using NVivo R1 (2020) for Mac, with the data on the purpose statements being gathered from the companies’ websites.

- As indicated, the coding was conducted against three key criteria;
1. Whether the purpose statement clearly connected what the business does with what the world needs.
 2. Whether the purpose statement was focused on the long term (future) or now.
 3. Whether the purpose statement mentioned stakeholders and if so which ones. The stakeholders were ‘business partners and suppliers’, ‘employees’, ‘future generations’, ‘shareholders’, ‘surroundings’, and ‘people’. The ‘people’ code included statements that mentioned ‘society’ or ‘community’. The ‘surroundings’ code included statements that mentioned the ‘world’ or the ‘environment’.

Once initial coding was conducted by one researcher, all the coding was checked by a second and third researcher and adjustments made. To analyse the coding by word count, sector and relative to financial and ESG values, cross-tabulation queries were initially run in NVivo, then this data was extracted and cross-tabulated within Microsoft Excel against data gathered from the Refinitiv database.



Additional Tables and Figures

TABLE 2
Number of Stakeholders mentioned in a Purpose Statement Relative to the Average Number of Words in the Statement

Stakeholders Mentioned	No. Purpose Statements in Sample	Average Number of Words in a Purpose Statement
0	72	11
1	161	19
2	31	27
3	9	27
4	1	13
5	0	0

TABLE 3
Industry Sector by Average Word Count by Number of Companies in the Sector from the Sample

Industry Sector	No. Purpose Statements in Sample	Average Number of Words in a Purpose Statement
Materials	21	14
Financials	51	18
Healthcare	9	13
Energy	4	25
Consumer Discretionary	39	17
Communications	13	16
Consumer Staples	19	13
Industrials	45	20
Real Estate	20	17
Information Technology	10	22
Utilities	10	14
Investment Trusts	33	25

FIGURE 7
FTSE 350 Purpose Statements Content – Connects/Does Not Connect by Industry Sector

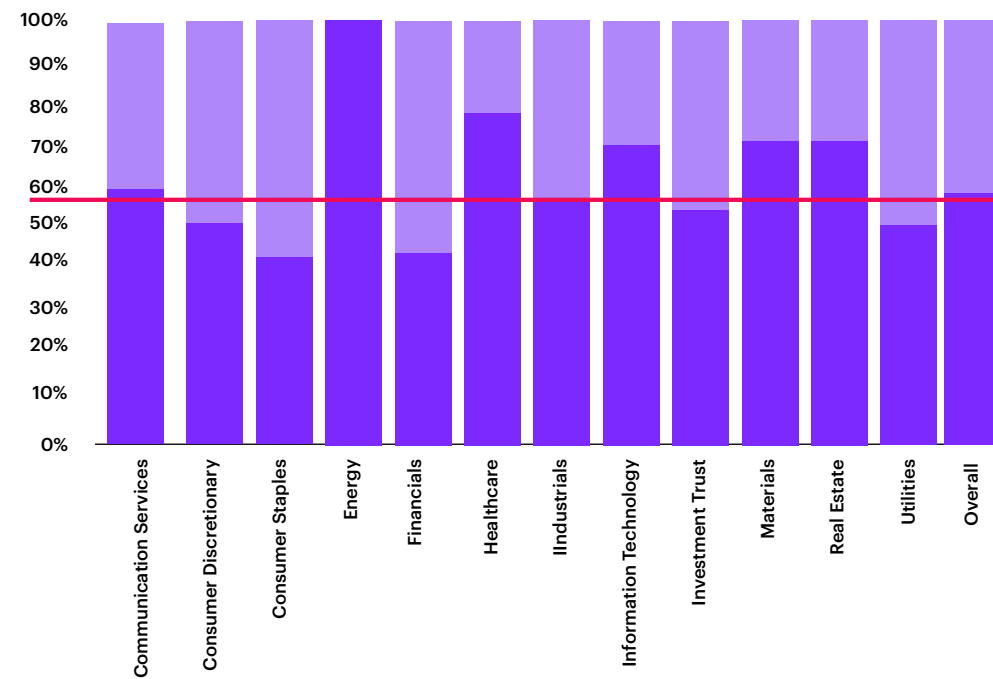


FIGURE 8
FTSE 350 Purpose Statements Content– Long Term/Now by Industry Sector

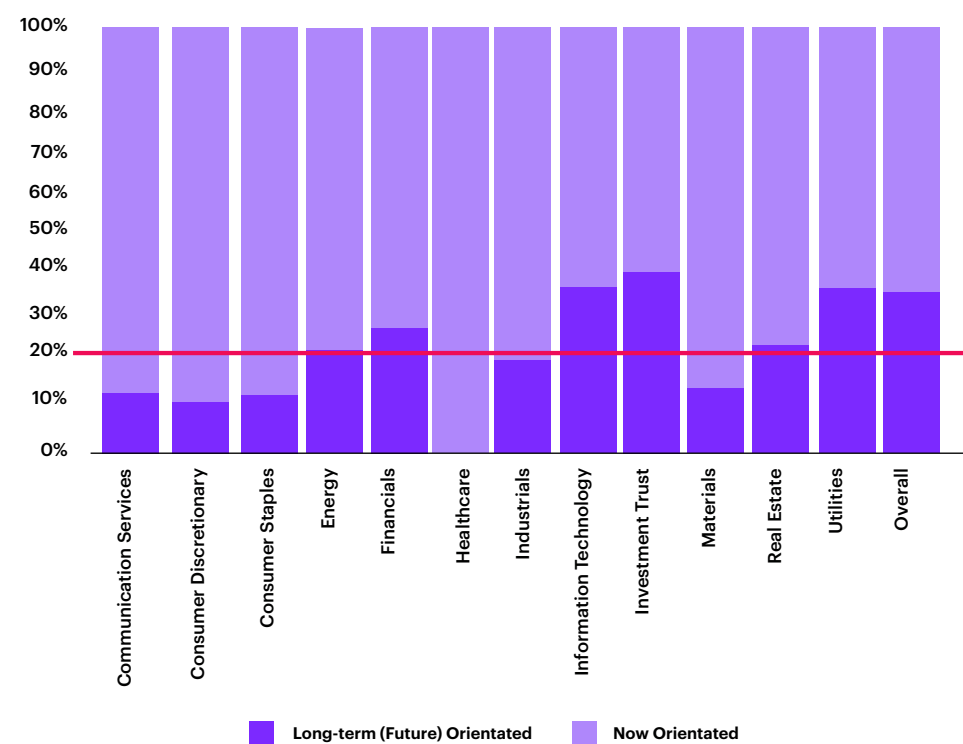


FIGURE 9
FTSE 350 Purpose Statements Content– Stakeholders Mentioned by Industry Sector

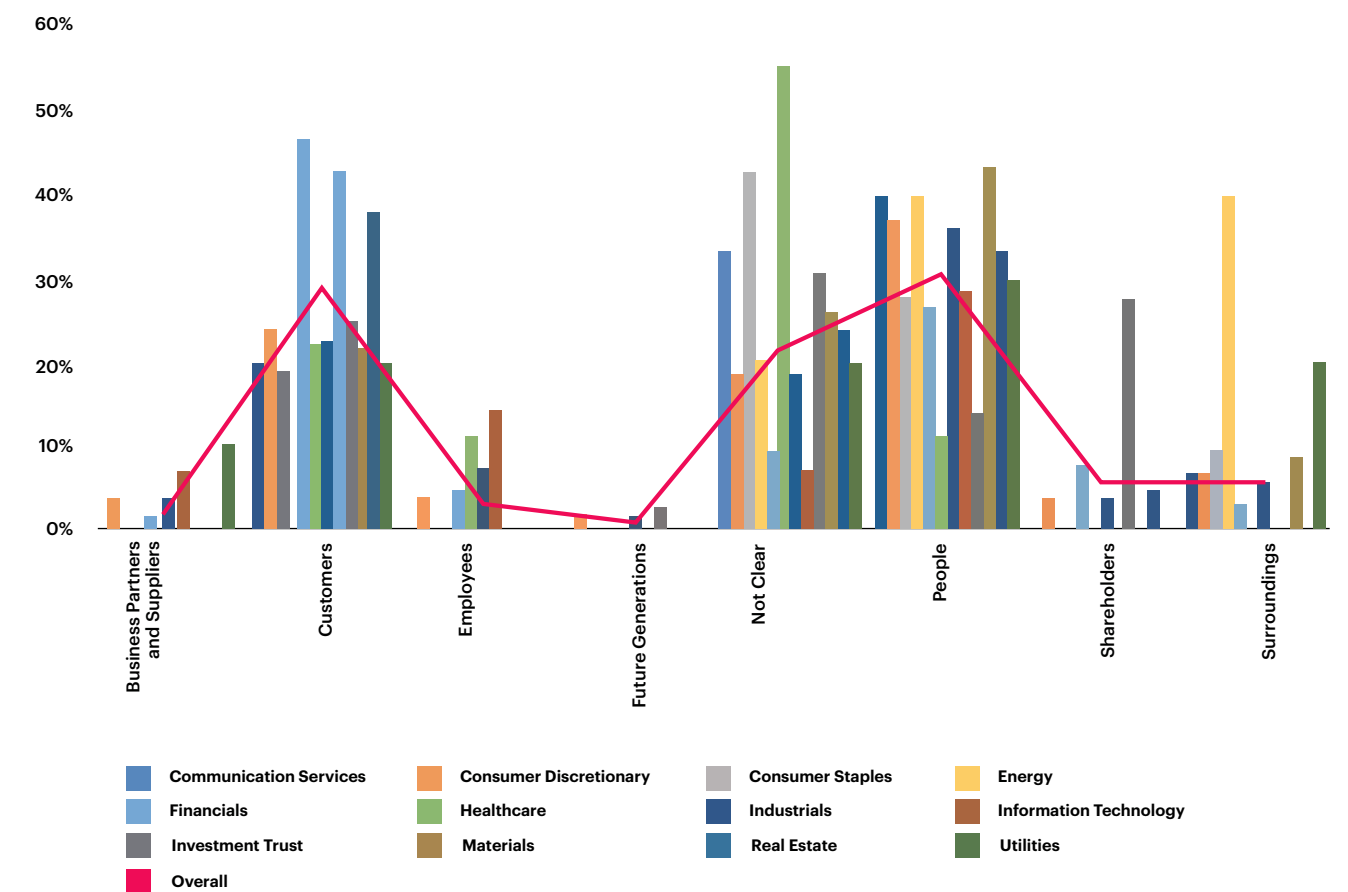


TABLE 4
Financial scores for companies with and without the purpose statement

	ROA	ROE	D/E
Companies with Purpose			
Average (a)	5.7	12.1	103.2
Min	-37.0	-194.6	0.0
Max	187.0	282.2	3646.2
Companies without Purpose			
Average (b)	-1.9	-3.8	72.8
Min	-47.2	-252.8	0.5
Max	42.6	65.8	1502.4
Difference: (a) - (b)	7.7	16.0	30.5
P-value (Difference = zero)	0.00	0.00	0.03

Note: P-value shows whether the average score of the companies with the purpose statement is statistically different from the average score of the companies without the purpose statement.

TABLE 5
ESG scores for companies with and without the purpose statement

	ESG Score	ESG Combined Score	Environmental Pillar Score	Social Pillar Score	Governance Pillar Score
Companies with Purpose					
Average	62.5	58.5	56.0	60.5	69.8
Min	7.7	7.7	1.7	1.4	12.5
Max	95.7	89.4	96.9	97.2	97.2
Companies without Purpose					
Average	43.2	42.3	35.1	45.1	46.3
Min	11.1	11.1	1.1	3.6	1.9
Max	86.4	86.4	91.8	89.0	90.0
Difference: (a) - (b)	19.3	16.2	20.9	15.3	23.6
P-value (Difference = zero)	0.00	0.00	0.00	0.00	0.00

TABLE 6
Environmental Pillar scores for companies with and without the purpose statement

	Resource Use Score	Emissions Score	Environmental Innovation Score
Companies with Purpose			
Average (a)	65.8	69.5	55.4
Min	0.4	5.0	6.0
Max	99.9	99.6	98.6
Companies without Purpose			
Average (b)	56.5	51.8	44.2
Min	13.5	1.1	13.3
Max	99.6	93.6	95.1
Difference: (a) - (b)	9.2	17.8	11.2
P-value (Difference = zero)	0.04	0.00	0.01

TABLE 7
Social Pillar scores for companies with and without the purpose statement

	Workforce Score	Human Rights Score	Community Score	Product Responsibility Score
Companies with Purpose				
Average (a)	70.9	62.9	55.1	55.6
Min	1.4	0.4	0.5	6.5
Max	99.9	99.3	99.8	99.5
Companies without Purpose				
Average (b)	51.4	51.0	42.2	52.5
Min	1.5	4.2	0.8	17.3
Max	98.5	92.2	99.7	95.5
Difference: (a) - (b)	19.5	11.9	12.9	3.2
P-value (Difference = zero)	0.00	0.01	0.00	0.24

TABLE 8
Governance Pillar scores for companies with and without the purpose statement

	Management Score	Shareholders Score	CSR Strategy Score
Companies with Purpose			
Average (a)	72.2	64.8	66.8
Min	8.8	5.7	1.1
Max	99.7	99.9	99.9
Companies without Purpose			
Average (b)	46.8	55.0	36.3
Min	1.5	1.5	1.1
Max	92.4	99.1	96.6
Difference: (a) - (b)	25.4	9.8	30.5
P-value (Difference = zero)	0.00	0.01	0.00

TABLE 9
Financial Scores for Companies with a purpose statement of <=16 words vs >16 words

	ROA	ROE	D/E
Comp. purpose word <= to 16 words (a)			
Average (a)	5.8	13.0	96.4
Min	-14.3	-194.6	0.8
Max	187.0	282.2	3646.2
Comp. purpose word > 16 words (b)			
Average (b)	3.7	8.6	58.7
Min	-37.0	-63.4	0.5
Max	39.3	71.8	489.0
Difference: (a) - (b)	2.1	4.4	37.7
P-value (Difference = zero)	0.07	0.06	0.00

TABLE 10
ESG Scores for Companies with a purpose statement of <=16 words vs >16 words

	ESG Score	ESG Combined Score	Environmental Pillar Score	Social Pillar Score	Governance Pillar Score
Comp. purpose word <= to 16 words (a)					
Average	66.5	60.7	60.6	64.5	73.8
Min	7.7	7.7	2.1	3.8	12.5
Max	95.7	89.4	96.9	97.1	97.2
Comp. purpose word > 16 words (b)					
Average	58.0	56.0	50.7	55.9	65.4
Min	16.3	16.3	1.7	1.4	20.9
Max	92.4	81.8	96.3	97.2	95.7
Difference: (a) - (b)	8.4	4.6	10.0	8.6	8.4
P-value (Difference = zero)	0.00	0.01	0.00	0.00	0.00

TABLE 11
Environmental Pillar Scores for Companies with a purpose statement of <=16 words vs >16 words

	Resource Use Score	Emissions Score	Environmental Innovation Score
Comp. purpose word <= to 16 words (a)			
Average	68.9	71.6	56.3
Min	4.4	5.0	6.0
Max	99.7	99.2	98.6
Comp. purpose word > 16 words (b)			
Average	61.8	66.9	54.3
Min	0.4	6.4	7.7
Max	99.9	99.6	96.4
Difference: (a) - (b)	7.1	4.8	2.0
P-value (Difference = zero)	0.03	0.07	0.62

TABLE 12
Social Pillar Scores for Companies with a purpose statement of <=16 words vs >16 words

	Workforce Score	Human Rights Score	Community Score	Product Responsibility Score
Comp. purpose word <= to 16 words (a)				
Average	73.8	66.6	59.4	59.4
Min	1.4	0.5	0.5	7.2
Max	99.9	99.3	99.8	99.5
Comp. purpose word > 16 words (b)				
Average	67.7	58.4	50.2	51.3
Min	1.5	0.4	2.2	6.5
Max	99.7	95.3	99.8	99.1
Difference: (a) - (b)	6.1	8.1	9.3	8.1
P-value (Difference = zero)	0.03	0.01	0.01	0.01

TABLE 13
Governance Pillar Scores for Companies with a purpose statement of <=16 words vs >16 words

	Management Score	Shareholders Score	CSR Strategy Score
Comp. purpose word <= to 16 words (a)			
Average	76.4	66.4	72.1
Min	8.8	15.2	3.9
Max	99.6	99.6	99.5
Comp. purpose word > 16 words (b)			
Average	67.4	62.9	60.6
Min	10.6	5.7	1.1
Max	99.7	99.9	99.9
Difference: (a) - (b)	9.0	3.5	11.5
P-value (Difference = zero)	0.00	0.21	0.00

Endnotes

ⁱBarton, R., Ishikawa, M., Quiring, K. and Theofilou, B., 2018. To affinity and beyond: from me to we, the rise of the purpose-led brand. **Accenture Strategy (December 5)**. Available at https://www.accenture.com/_acnmedia/thought-leadership-assets/pdf/accenture-competitiveagility-gcpr-pov.pdf, Accessed 8th August 2022.

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ⁱⁱⁱSee: EY, 2015 The Business Case for Purpose, A Harvard Business Review Analytic Services Report. Available at: https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/digital/ey-the-business-case-for-purpose.pdf, accessed March 2022. Also see Deloitte Consulting, 2014 Culture of Purpose — Building business confidence; driving growth. Available at: <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/about-deloitte/us-leadership-2014-core-beliefs-culture-survey-040414.pdf>, accessed 8th August 2022.

^{iv}See Brandpie's 2023 survey via this link: <https://www.brandpie.com/thinking/ceo-purpose-report/2023>

^vGoogle Trends worldwide data on the search term 'corporate purpose' for July 2013 to July 2023.

^{vi}For example, see the Brandpie CEO report series: <https://www.brandpie.com/thinking/ceo-purpose-report>

^{vii}For discussion see: Hirsch, P.B., 2016. Profiting on purpose: Creating a master narrative. **Journal of Business Strategy**.

^{viii}Davis, G.F., 2009. The rise and fall of finance and the end of the society of organizations. **Academy of Management Perspectives**, 23(3), pp.27-44.

^{ix}For example see, Barter, N., 2016. Strategy Textbooks and the Environment Construct: Are the texts enabling strategists to realise sustainable outcomes? **Organization & environment**, 29(3), pp.332-366.

^xBusiness Roundtable, 2019, Statement on the Purpose of an Organization, <https://www.businessroundtable.org/purposeanniversary>, accessed 11th August 2022.

^{xi}Schwab, K., 2019, December. Davos Manifesto 2020: The universal purpose of a company in the fourth industrial revolution. In **World economic forum** (Vol. 2)

^{xii}Fink, L.D., 2021. An Annual Letter to Shareholders. **BlackRock Annual Report**, available at: <https://www.blackrock.com/us/individual/2021-larry-fink-ceo-letter>, accessed 8th August 2022.

^{xiii}This research paper whose findings are reproduced in this report outlines how when considering ESG scores companies in the ASX100 with a purpose statement generally outperform those that do not have a purpose statement: <https://www.griffith.edu.au/engage/professional-learning/content-centre/the-purpose-advantage>

^{xiv}Collins, J.C. and Porras, J.I., 2008. CMR classics: organizational vision and visionary organizations. **California management review**, 50(2), pp.117-137.

^{xv}Page 123 of Collins, J.C. and Porras, J.I., 2008. CMR classics: organizational vision and visionary organizations. **California management review**, 50(2), pp.117-137.

^{xvi}Mayer, C., 2021. The future of the corporation and the economics of purpose. **Journal of Management Studies**, 58(3), pp.887-901 and Hurth, V., Ebert, C. and Prabhu, J., 2018. Purpose: The construct and its antecedents and

consequences (No. 2). working paper.

^{xvii}Younger, R., Mayer, C. and Eccles, R.G., 2020, September. Enacting purpose within the modern corporation. In **Harvard Law School Forum on Corporate Governance**.

^{xviii}Van Ingen, R., Peters, P., De Ruiter, M. and Robben, H., 2021. Exploring the meaning of organizational purpose at a new dawn: The development of a conceptual model through expert interviews. **Frontiers in Psychology**, 12, p.675543.

^{xix}See: <https://hbr.org/2023/09/what-makes-a-great-corporate-purpose-statement>

^{xx}Dhanesh, G.S., 2020. Who cares about organizational purpose and corporate social responsibility, and how can organizations adapt? A hypermodern perspective. **Business Horizons**, 63(4), pp.585-594.

^{xxi}Fiol, C.M., 1989. A semiotic analysis of corporate language: Organizational boundaries and joint venturing. **Administrative science quarterly**, pp.277-303.

^{xxii}See tables in the appendix for the range of statistical results.

^{xxiii}See tables in the appendix for the range of statistical results.

^{xxiv}Within the coding 'people' included statements where 'people' were mentioned or 'society' or 'community' was mentioned.

^{xxv}'Surroundings' is a term we use to capture when statements mentioned the 'environment' or the 'climate' or more generally the 'world'.

^{xxvi}Please note the small sample numbers with only one company mentioning four stakeholders.

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Their diverse talents converge to provide a comprehensive perspective on addressing complex societal and environmental challenges, offering valuable insights for discussions in strategy, economics, and interdisciplinary intersections.

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