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# **EMBEDDING PURPOSE IN ORGANIZATIONS: A GROUNDED SINGLE CASE STUDY**

TESI MAGISTRALE IN MANAGEMENT ENGINEERING

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## **1. Introduction**

Management researchers are beginning to place more focus on the explanation of why a firm exists (i.e., the concept of corporate purpose). However, because this area of research is still relatively new, there aren't any studies that specifically address how to include an organizational purpose in an already-existing firm.

As a direct result, early-stage businesses are more likely to have a very "heartfelt" purpose, even if it is implicit or unstated, because founders deeply instil a company's purpose, values, and enthusiasm. A distinct case needs to be made, nevertheless, for enduring, well-established institutions. Incumbents are now required to undergo a strategic transformation process aimed at embedding purpose at all organizational levels in order to be in line with stakeholder needs. In order to achieve this goal, it is fascinating to understand how this process functions and how to ensure that the employees and any other stakeholder parties with an interest in the firm can fully absorb the values on which the purpose is founded.

## **2. Literature Review**

### **2.1 Purpose**

Both an individual's and an organization's perspective can be used to analyse the concept of purpose. Individually, according to Viktor E. Frankl (1946), purpose is a human force that pertains to the meaning behind what we do rather than what we do or what we aim for. From the individual to the organizational perspective, the notion of purpose establishes the reason for a business' existence and the ultimate goal it seeks to achieve. In this regard, stakeholders urge that businesses have social or ethical goals beyond only maximizing profit [1] Indeed, the maximization of shareholder value was the de facto standard until August 2019, when the Business Roundtable (BRT), a group of influential CEOs that included JPMorgan Chase, Amazon, Apple, and Walmart, released a statement that put the primary interest of serving all of a company's stakeholders at the centre of its operations [2]. This can be considered as the historical turning point when organizational purpose began to pick up steam.

Hence, a company that embodies a purpose, is one that fully embraces the ideas and values that underpin it, both internally and externally. These principles and beliefs

may be pro-social, concerned with sustainability, or aimed at enhancing human existence. Companies are making an effort to follow this purposeful route, but both internal and external dynamics must be taken into account. Businesses should, on one hand, to the best extent possible, define purpose internally through organizational processes, attitudes, and practices [3]. On the other side, the primary challenge to externalizing organizational purpose is the distinction between purpose and legitimacy. Compliance with stakeholders' priorities is proof of a company's validity. Stakeholder engagement, indeed, happens when a company's purpose is aligned with the interests of its stakeholders; however, when the objective is incongruent or opposed, a resistance force or opposition emerges, which undermines internal and external interest toward the company and its activities.

## 2.2 Business School and purpose

A business school is a university educational institution where students study subjects related to business and commerce, such as economics, finance, and management. They award degrees in management or business administration. They therefore function as professional institutions, similar to law and medical schools [4]. Today, it is commonly acknowledged that these institutions should assist students apply their classroom learning to the business world, creating tomorrow's business professionals. However, on the one hand, a dearth of real-world input is one of the most glaring issues facing colleges as well as business schools. Students and external stakeholders complain that lecturers use too many abstract, analytical models that do not help students prepare for managerial work or advance their careers. Although this issue is widely acknowledged, there is less consensus on how to solve it [4]. On the other hand, there is also the over-focus on an antiquated idea of leadership to take into account, which is intimately connected to the matter of purpose. This is the end outcome of an unconscious dehumanization process that all business schools engage in [4]. Leaders coming out of these schools are extremely goal-oriented, their actions and values do not reflect moral ideologies, they do not care about society, and are characterised by a positive attitude toward greed. According to the notion of purpose, business schools have to reconcile the interests of different stakeholders and the promotion of a collaborative and dynamic approach. According to this viewpoint, business schools should no longer operate as the exclusive sources of value but rather as resource aggregators. Business schools are now expected to play a new role in network resource integration, focusing on the constant mobility of players and resources that characterize it. Therefore, business schools should refocus their efforts on developing ethical leaders by emphasizing the civil and environmental responsibility issues that the contemporary society and its stakeholder's need.

## 3. Objectives and Methodology

### 3.1 Objectives and research questions

After a careful review of the literature, what seems to be missing on the concept of purpose is a study of a practical process of strategic implementation of purpose. In this regard, the idea of organizational purpose continues to be simply theoretical and devoid of any real-world support. Therefore, it is crucial to comprehend how an organization's strategy can be built on its purpose. To achieve this, an exploratory qualitative analysis on NOS, the business school of Paideia University, is conducted. Two years ago, NOS began a process of purpose embedding with the goal of creating a corporate strategy that fully embraces their new purpose statement: *"We are dedicated to motivating innovators and collaborating with them to create a better future for everyone"*. Therefore, the goal is to examine this process in order to comprehend how it was carried out, what challenges arose, and the results at the individual and organizational levels. Thus, the purpose of this study is to provide research answers to questions like "How do we implement purpose in an organization?" and "What are the consequences of adopting purpose in an organization?".

### 3.2 Context and data collection

The focus of this inquiry is on those who have experienced the change and lived with its implications on a daily basis in order to understand how purpose is incorporated in NOS and then extract a full model from that context.

Since NOS employees at all levels of hierarchy were encouraged to participate in a series of interviews, it is crucial to develop a complete analysis of the process based on the qualitative data obtained and refined during those interviews. The method is rigorous and carried out in stages to guarantee that the qualitative data can be abstracted and made as specific and objective as feasible. In particular, the *"Gioia method"*, often known as *"Grounded theory"*, is employed to perform this qualitative research [5]. The grounded theory technique is characterized by great accuracy; nevertheless, it suffers from low generalisability because it is based on single case study. Indeed, although the context is thoroughly examined, it is challenging to construct a theory that can be broadly applied to other organizations because it is a single case study.

For the purpose of this study, a variety of data are gathered from diverse sources. In order to gather crucial information on the context, practices, operational outcomes, and cultural impacts of the process under analysis, the following are examined:

- a) 14 semi-structured interviews with NOS employees;

- b) Observations gathered while attending Brain & Effort<sup>1</sup> workshops.

### 3.3 Data analysis and coding

It is necessary to filter the interviews once they have been recorded by looking at the pertinent details and probable data trends. The procedure used for this aim is as coding. Coding is the process of giving each data segment, such as a passage from an interview, a name that characterizes and categorizes it. Qualitative codes are the names given to the labels applied to data segment labels. In order to establish abstract concepts for comprehending each data segment, qualitative codes break the data into discrete segments, give them clear names, and suggest analytical management. Codes should make direct references to the data, describe the text segments to which they are linked, provide a synopsis of their contents, and highlight crucial information to aid in searching. Codes should be as succinct and understandable as feasible without sacrificing the thoroughness of the analysis to the written summary. Moving from free statements found in transcripts of conversations to analytical interpretations helpful for study is the aim of the coding process. Therefore, coding serves as the first and most important stage in creating a theoretical model that may explain and provide meaning to the qualitative data gathered. Open coding is one of the coding methods that is employed in this research. In particular, open coding entails breaking out and piecemeal textual data analysis from the transcripts and evidence gathered. The qualitative codes that specify the conceptual categories and subcategories of the segments under analysis are linked to them. First order codes, second order codes, and aggregate dimensions are the three levels on which codes are developed, moving from a more descriptive and specific label to one that is more general and analytical.

## 4. Analysis findings

This research yields a theoretical model that can be used to investigate related processes in the same or similar environments. In this sense, it is possible to determine the macro-themes on which the model is based by analysing the interviews using the coding technique. In particular, five macro-themes are identified: Past evolution and starting context, Mechanism of embedding purpose, Tensions generated in the process, Process enablers, Process outcomes.

### 4.1 Past evolution and starting context

The cultural stance and background that existed in NOS at the start of the incorporation process are examined in this part using interviews with NOS workers. According

to the study, the transformation's initial basis was its cultural and commercial setting. The interviewees highlight how the company's culture and propensity for innovation evolved in various ways during the three crucial eras of the previous NOS presidencies: the Cattaneo presidency, the Conti presidency, and finally the Baresi presidency, under which the transformation was started and is currently taking place. In particular, it seems that Cattaneo first engaged in a start-up-typical era of experimentation, involvement, and transparency. After Cattaneo's untimely passing, Conti started a period of consolidation that was more focused on management than invention but nevertheless allowed the business to expand and organize itself internally. Finally, during the leadership of Baresi, the current dean of the NOS, there was a renewed focus on innovation and, more importantly, on creating a new corporate culture through the purpose embedding process. In conclusion, the NOS environment that approached the business change under consideration is defined as one that is currently in a phase of fresh aspiration. This phase is defined as coming after a period of significant experimental freedom and creative inquiry, followed by a later period of more managerial ordering.

### 4.2 Mechanism of embedding purpose

In accordance with the analysis of the interviews, four mechanisms of purpose embedding enable NOS to infuse purpose.

#### 4.2.1 Making the process consistent with the context and vice versa

The initial mechanism of purpose embedding is linked to the requirement to prepare the environment for the process of purpose embedding. The data shows that they made internal efforts to develop and integrate a variety of arrangements required to facilitate the embedding purpose process in this regard. In particular, it was essential to make purpose and business model consistent with each other and to create a clear internal awareness of what the direction should be.

#### 4.2.2 Clarifying actions and direction to be taken

As a result of the need to establish the process's stage, there seems to be a special focus on identifying the actions and directions that must be taken to successfully complete the transition. In fact, the data clearly shows that the embedding purpose process is linked to a series of actions meant to provide a stable and transparent environment. The first area of action where it is necessary to identify the goals and course of action to be taken appears to be the programs and educational proposal outside the business school.

#### 4.2.3 Fostering a change-friendly environment

The third embedding mechanism that can be deduced from the data is the effort made by NOS to "prepare" the

<sup>1</sup> Consulting company with whom NOS collaborated to embody purpose in the organization

workplace for the future transition. In particular, the interviews highlight three different aspects on which NOS worked - with the help of Brain & Effort - to create the best work environment for the embedding purpose process. First, it is clear that the Business School is attempting to foster a form of corporate intrapreneurship. The second is the encouragement of an open workplace. Third, the drive for greater personal care and feedback culture, which ultimately promotes corporate intrapreneurship and a collaborative workplace.

#### 4.2.4 Placing people at the centre of the change

The final clearly visible embedding purpose mechanism that emerges from the interviews is an increased interest in people who appear to be engaged in the process much more than before, and especially in their human component. The development of individuals and their importance to the process itself appear to have been heavily emphasized in the workshops and resources NOS and Brain & Effort offered throughout the transition. Giving consideration to each person's values in order to make them a part of the change and an inspiration for the company's values appears to be the aim in order to instil better confidence and awareness of purpose in the company's personnel.

### 4.3 Tensions generated in the process

The research shows evidence of several tensions that have slowed the process in its becoming and still appear to complicate a homogeneous and shared spreading of purpose in the company.

#### 4.3.1 Structural tensions related to a business school reality

According to the analysis of the interviews, tensions that can be attributed to the company's structure and organization, particularly those related to its business school origins, initially make the process of embedding purpose challenging. The business school is a reality with many different souls whose interdependence is essential to the survival of the organization. The interviews reveal a dichotomy between staff and faculty in particular. The interviewees frequently speak of an independent faculty who regard themselves as superior to the staff. This attitude of superiority on the part of faculty leads staff members to feel disrespected and denigrated in their role. This behaviour appears to have two highly negative effects on the process of embedding purpose: staff demotivation and de-empowerment.

#### 4.3.2 Environmental tensions

The findings also reveal a significant conflict relating to the company's internal and external environment. Findings suggest that the Covid-19 outbreak, and the

measures taken to control it have a substantial impact on the success of the change, starting with the tensions brought on by the external environment. Interviewees who are denied the ability to immediately put into practice all those instruments relevant to the change process negatively feel the disorientation associated with the Covid phase, concurrent with the transformation performed. The data analysis also reveals tensions that are brought on by the internal environment of NOS. In particular, the evidence shows four possible sources of complications due to internal environmental factors: employees' cultural biases and inertia, leadership issues, low day-to-day perception of the ongoing change and, finally, tensions related to an overwhelming environment.

#### 4.3.3 Tensions related to process nature

Finally, on field results reveal one more intriguing tension inside the process, which has boundaries in the operational area. First of all, it becomes challenging to accurately gauge the state of the ongoing purpose embedding process. In fact, given the lack of quantifiable and equally distributed results throughout time, it is challenging to create a method of monitoring progress based on a transformation of cultural and value matrix. Additionally, the themes of gradualism and expectation for the results of the embedding purpose process are frequently mentioned in the interviews. A business school depends on annual courses and initiatives will not have noticeable results for another six, twelve, or 24 months.

### 4.4 Process enablers

The study of the interviews reveals many internal corporate components that either directly or indirectly helped with the process of adopting the new purpose. In fact, two important categories of process enablers are revealed by the qualitative data analysis.

#### 4.4.1 Presence of factors capable of facilitating cultural change readiness

This distinct and widely held vision for the future of the business is frequently brought up in interviews, particularly with partners outside the institution. With its initiatives, NOS seems to have already chosen a particular course that places a heavy focus on school social responsibility. The choice, for example, to embark on the path to become a B-corp<sup>2</sup> emerges as a facilitator of awareness. In other words, a change that, based on the interviews, appears to have been preceded by significant work on the part of top management. Work that can effectively communicate the company's social commitment to the larger NOS environment.

<sup>2</sup> B Corp Certification is a designation for a business which is meeting high standards of verified performance, accountability, and transparency in all areas of its operations

#### **4.4.2 Evidence of internal cognition regarding the need to shift gears**

The analysis of the interviews shows that NOS, and especially its management, had a firm understanding of the necessity for organizational transformation in addition to promoting a culture conducive to change. The evidence makes it abundantly evident that NOS, as an international business school, struggles to attract researchers and faculty members with whom to work. Because of the widespread recognition of this issue, NOS has come to believe that organizational and internal structural change is necessary.

#### **4.5 Process outcomes**

The outcomes of the embedding process are the last macro-theme to emerge from the analysis of the interviews. Interviewees exhibit three areas of process outcomes at the corporate and individual levels, both personally and professionally.

##### **4.5.1 Higher attention over mere profit**

The information gathered during the interviews appears to particularly emphasize the value of looking beyond the business's financial aspect. Through the process of embedding purpose NOS, and consequently its staff, appear to have achieved renewed clarity and a deeper sense of putting the emphasis beyond financial gain. An emphasis that may have existed in the past, but that has become clearer and more effective as a result of the work done over the past two years.

In short, the process seems to have brought that increased sensitivity to certain issues that, according to today's latest research, is critical to properly and effectively positioning the company in the eyes of its network of stakeholders, carving out the right social role and purpose for itself.

##### **4.5.2 Advantages that the tools used in the process provided to employees' personal lives**

On a personal level, respondents underline how useful the method and resources utilized (such as those provided by Brain & Effort) were in enabling them to put into practice what at first were merely abstract concepts. However, the findings also draw attention to a very fascinating aspect. They give more weight, in particular, to elements that are not strictly professional. Indeed, throughout a number of interviews, case studies of private and intimate circumstances are discussed. In managing these situations, the tools provided by the organization are quite successful. This component of usefulness in the personal sphere comes from the analysis and supports the idea that the embedding purpose process not only transforms the business for the better but, more crucially, empowers individuals.

##### **4.5.3 Benefits that the new purpose is bringing to the organization**

The personal benefits that employees receive as a result of the purpose embedding process in analysis affect both

their professional lives and the consequent business outcomes for NOS. The investigation first reveals a favourable effect on the working environment. Respondents describe the workplace as being upbeat and accepting. An environment where relationships between co-workers and organizations are stronger and more focused on goals and work. The professional environment that is perceptible from the interviews appears to place a high value on respect for everyone's work and their ability to contribute, not only in terms of the company's financial goals but also, and perhaps more importantly, in terms of the company's ultimate social goals.

Moreover, the evidence points out how this new awareness is crucial for the company itself, too. NOS emerges transformed and with a pool of employees demonstrating a reborn drive for direct involvement in the company's strategic organizational issues.

## **5. Conclusions**

The model, created upon the found evidence, shows a linear advancement of transformation from the specific cultural and environmental condition within the company to the process outcomes, through mechanisms defined and exploited by the firm. Furthermore, the model puts crucial effort in underlining how the context, the nature of business school and the mechanisms adopted, have been creating tensions and enabling factors which affect the process itself in a multi-dimensional development.

### **5.1 Discussion on the results**

Overall, the research questions can be answered by the analysis that was done. In particular, the research of the NOS's purpose embedding process falls under the purview of management science, which tries to explore the idea of purpose. This study, however, examines how organizational purpose is institutionalized and brings significant contribute to literature. In light of this, it may be concluded that organizational purpose is a complex and subtle notion that, as opposed to the linear and straightforward concept that it is considered to be in the literature and can only be comprehended by its execution.

### **5.2 Managerial implications**

In addition to management implications, the research on the purpose embedding process at NOS also has consequences for institutions. First, it can be deduced from the study that a broad range of stakeholders, including experts, consulting firms, and other stakeholders, who have an interest in the organization are addressed. These implications might not just be relevant to the company as a whole. In fact, the purpose embedding method investigated takes into account a number of players in addition to managers. The inquiry,

which focuses on a process that has already begun and is in progress, is successful in exposing both the significant hurdles and obstacles that had to be overcome as well as the operationally advantageous results. This enables to establish rules that should be followed when putting comparable procedures into practice. In particular, it is clearly clear from the interviews that starting a purpose-focused strategic transformation journey requires an open and adaptable corporate culture in order to successfully accommodate change. Furthermore, the actual change-agents must be at the centre of culture. Business leaders need to be able to anticipate and prevent implementation problems in order to effectively and clearly communicate change. For example, managers must first and foremost set the important priorities for the transition process and ensure smooth business operations during this challenging time. Moreover, the research has a useful application in defining the possible advantages of the embedding purpose procedure. Advantages in the social and economic spheres are indeed highlighted. In particular, the case study highlights a better sense of interdisciplinarity and community inside the business school, which was previously lacking, in terms of social advantages. Data analysis suggests a new workplace culture that values open communication and collaboration. Additionally, there is a greater focus on the outer image of the organization and increased awareness of certain challenges. Therefore, if done correctly and in an environment that is adaptable and open to change, the process of embedding purpose has the potential to generate new impetus. From an economic perspective, it is obvious how better working conditions may enhance organizational and commercial outcomes. Closer, more sincere relationships with co-workers and a common language lead to better individual performance, which eventually improves organizational performance.

### 5.3 Limitations and future developments

The goal of the research on NOS is to examine a genuine, motivated process of strategic transformation that took place within a business school. This work has generated a theoretical model that can act as a guide for procedures of a similar nature. However, this model is applicable to the environment from which it was derived. This is actually one of the study's weaknesses because it cannot be used in other situations. In any case, this allows for additional research into the top-down deployment of such a model in order to comprehend how its characteristics may be the same as or different from those in other realities. The fact that this study is a single-case study means that we lack a benchmark by which to compare how the model retrieved might vary or be comparable in circumstances or in other business schools. Therefore, it will be left to future researchers to determine the circumstances to which this theory may be applied. Another significant limitation in the study is that the embedding purpose process studied is still in progress. This prevents the ability to fully monitor and analyse the development of the business school ex post.

Future research can use this information to lay out a detailed process, find additional components to add to the model, or change the model's fundamental assumptions. In addition, the study adopts a qualitative methodology, thus it comes with all the drawbacks of qualitative research. As a result, the model cannot be generalized since it is based on empirical data that cannot be objectified because they are gathered by researchers who are directly involved in the context of study. In this regard, there is a dearth of quantitative research in the literature and, more crucially, of performance evaluation instruments that could determine how effectively purpose values are being implemented in the setting of companies. Thus, possible directions for future research could focus on how the phenomenon of purpose embedding might be investigated quantitatively by creating a performance measuring system based on appropriate indicators.

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